

Erste Group Bank AG

ERSTE GROUP

(Incorporated as a stock corporation in the Republic of Austria under registered number FN 33209m)

Subscription offering of up to €25,702,000 nominal amount of existing Participation Capital Securities

This prospectus (the "Prospectus") relates to a subscription offering (the "Offering") of up to €25,702,000 nominal amount of existing bearer participation capital securities issued by Erste Group Bank AG, an Austrian stock corporation (the "Issuer" or "Erste Group Bank"), in 2009 (each, an "Offered Security", together, the "Offered Securities" and together with all participation capital securities issued by Erste Group Bank, the "Participation Capital Securities"). For every €21,000 nominal amount of Participation Capital Securities held as of 11 April 2013, 24.00 hours (midnight) CEST, each existing holder of Participation Capital Securities (a "Participant" and together, the "Participants") is offered the right (the "Subscription Right" and together, the "Subscription Rights") to purchase €1,000 nominal amount of Offered Securities. The subscription price of the Offered Securities (the "Subscription Price") is 102.7% of the nominal amount of €1,000 per Offered Security. Subscription Rights are transferrable but will not be traded. The Offered Securities, which are the subject matter of the Offering, will be acquired by Erste Group Bank on 3 May 2013 from the Republic of Austria. No new Participation Capital Securities will be issued in the context of the Offering.

The Offering consists of (i) a public subscription offering of the Offered Securities to Participants in the Republic of Austria, the Czech Republic, Slovakia and Romania, (ii) subscription offerings of the Offered Securities to Participants in other member states of the European Economic Area (the "EEA") made pursuant to an exemption under the Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003, as amended (the "Prospectus Directive"), as implemented in the member states of the EEA, from the requirement to produce a prospectus for offers of Offered Securities, and (iii) subscription offerings to institutional investors outside the EEA and the United States of America ("United States") in compliance with Regulation S ("Regulation S") under the United States Securities Act of 1933, as amended (the "Securities Act").

The Participation Capital Securities are perpetual and have no fixed maturity date. Holders of the Participation Capital Securities do not have a right to repayment of the principal amount. The Participation Capital Securities constitute participation capital (*Partizipationskapital*) in accordance with Section 23 (4) and (5) Austrian Banking Act (*Bankwesengesetz*) (the "Banking Act") which was issued by Erste Group Bank in three tranches on 10 March (one tranche) and 13 May 2009 (two tranches) and is fully paid in (the "Participation Capital"). A repayment (*Rückzahlung*) of the Participation Capital is only possible by way of (i) a reduction of the Participation Capital (*Partizipationskapitalherabsetzung*) by an analogous application of the provisions governing the reduction of share capital pursuant to the Austrian Stock Corporation Act (*Aktiengesetz*) (the "Stock Corporation Act"), (ii) a redemption (*Einziehung*) of the Participation Capital Securities pursuant to Section 102a Banking Act, or (iii) a repurchase (*Rückkauf*) of the Participation Capital Securities pursuant to Section 23 (16) Banking Act in connection with Sections 65 *et seq.* Stock Corporation Act, in each case under certain limited circumstances.

The Offered Securities do not entitle their holders to receive dividend distributions for the financial year 2012 and have full dividend rights for the financial year 2013 and for all subsequent financial years. Subject to the limitations contained in the "Terms and Conditions of the up to €2,700,000,000 Bearer Participation Capital Securities Issue of Erste Group Bank AG", as amended in October 2009, underlying the Participation Capital Securities (the "Terms and Conditions"), dividends on the Participation Capital Securities accrue annually per financial year as follows: (i) for the financial years from 1 January 2009 to 31 December 2013 at a dividend rate of 8.0% p.a., (ii) for the financial year from 1 January 2014 to 31 December 2014 at a dividend rate of 8.5% p.a., (iii) for the financial year from 1 January 2015 to 31 December 2015 at a dividend rate of 9.0% p.a., (iv) for the financial year from 1 January 2016 to 31 December 2016 at a dividend rate of 9.75% p.a., and (v) for the financial years from 1 January 2017, the dividend rates increase by one percentage point p.a. each year, provided that the annual dividend must never exceed 12-Month-EURIBOR plus ten percentage points p.a. Under the Terms and Conditions, Erste Group Bank is entitled to increase the dividend payable on the Participation Capital Securities, provided that all of its holders are treated equally. Dividend payments to holders of the Participation Capital Securities shall be made prior to distributions of dividends to shareholders of the Issuer. The dividend payable on the Participation Capital Securities depends, among other things, on the Annual Profits (as defined in the Terms and Conditions) as stated in the unconsolidated financial statements of Erste Group Bank after allocation to reserves. Unless dividend payments are made on the ordinary shares of the Issuer, the Issuer has no obligation to pay dividends on the Participation Capital Securities (irrespective of the availability of distributable profits) if it does not elect to do so, and any such failure to pay such dividends will not constitute a default of the Issuer or any other breach of the obligations under the Participation Capital Securities or for any other purpose. The Issuer is not obliged to pay unpaid dividends at a later stage, unless distributable Annual Profits were retained without either a statutory obligation or instructions from a supervisory authority, in which case the repayment amount in a repayment of the Participation Capital Securities will be increased by the number of percentage points by which the agreed dividend has fallen short.

The Participation Capital Securities participate in losses of Erste Group Bank up to their full nominal amount, as is the case with share capital, and have the right to participate in liquidation proceeds *pari passu* with Parity Capital (as defined in the Terms and Conditions), including share capital. In the event of a liquidation, dissolution or insolvency of the Issuer or proceedings for the avoidance of insolvency of the Issuer, no payments in connection with the Participation Capital Securities will be effected until all creditors (save for creditors of claims ranking *pari passu* with the Participation Capital Securities) have been satisfied or secured.

By purchasing the Offered Securities, Participants or the transferees of the Subscription Rights (together, the "Offerees"), will be deemed to have acknowledged and agreed to the Terms and Conditions. The Participation Capital Securities were issued under and are governed by Austrian law.

This Prospectus has been prepared in the English language with German-language, Czech-language, Slovak-language and Romanian-language summaries in accordance with Commission Regulation (EC) No 809/2004 of 29 April 2004 and Commission Delegated Regulation (EU) No 486/2012 of 30 March 2012 as well as Commission Delegated Regulation (EU) No 862/2012 of 4 June 2012, both amending Regulation (EC) No 809/2004 and conforms to the requirements of the Austrian Capital Markets Act 1991, as amended (*Kapitalmarktgesetz*) ("Capital Markets Act"). This Prospectus has been approved by the Austrian Financial Markets Authority (*Finanzmarktaufsichtsbehörde*) ("FMA") in its capacity as competent authority under the Capital Markets Act. The accuracy of the information contained in this Prospectus does not fall within the scope of examination by the FMA under applicable Austrian law. The FMA examines the Prospectus only in respect of its completeness, coherence and comprehensibility pursuant to Section 8a Capital Markets Act. A subscription for the Offered Securities involves certain risks. Please review the section entitled "Risk factors" beginning on page 35 of this Prospectus. This Prospectus does not describe all of the risks of a subscription for the Offered Securities, but Erste Group Bank believes that all currently known material risks relating to a subscription for the Offered Securities have been described. In connection with the public offerings to subscribe for the Offered Securities in the Czech Republic, Slovakia and Romania, Erste Group Bank has requested the FMA to provide the competent authorities in the Czech Republic, Slovakia and Romania in accordance with Article 18.1 of the Prospectus Directive, with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive and relevant implementing legislation in Austria.

Erste Group Bank does not intend to apply for the admission of the Subscription Rights or the Offered Securities to trading on any stock exchange or any multi-lateral trading facility (MTF).

The period during which the Offerees can subscribe for the Offered Securities (the "Subscription Period") will begin on 12 April 2013 and end on or about 26 April 2013. The Offered Securities are expected to be delivered in book-entry form against payment on or about 3 May 2013. Subscription Rights that are not exercised in a timely manner will lapse and be of no value. No compensation will be payable for Subscription Rights not exercised.

Holders of Subscription Rights held through a depository bank that is a member of Oesterreichische Kontrollbank Aktiengesellschaft ("OeKB") or through a financial institution that is a participant in Euroclear Bank S.A. ("Euroclear"), Clearstream Banking AG ("Clearstream"), Centrální depozitář cenných papírů, a.s. ("CDPCP") or Centrální depozitář cenných papírů SR, a.s. ("CDPCP SR") are required to exercise their Subscription Rights by instructing such bank or financial institution to subscribe for Offered Securities on their behalf. Offerees that hold Subscription Rights through Depozitarul Central SA may exercise their Subscription Rights by instructing their financial intermediaries (custodian bank/broker) that act as depositories for the Participation Capital Securities entitled to Subscription Rights.

The Subscription Rights and the Offered Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Offered Securities will be offered for subscription and sold only outside the United States to non-U.S. persons in compliance with Regulation S under the Securities Act. For a description of additional selling restrictions, see "Selling restrictions".

Important information about the Offering

This Prospectus does not constitute an offer, or a solicitation to make an offer, to subscribe for any security other than the Offered Securities offered for subscription hereby and does not constitute an offer, or a solicitation to make an offer, to subscribe for any Offered Securities in any jurisdiction in which it is unlawful to make any such offer or solicitation to such person. Neither the delivery of this Prospectus nor any sale made hereby shall under any circumstances imply that there has been no change in the affairs of Erste Group Bank or its subsidiaries or that the information contained herein is correct as of any date subsequent to the earlier of the date hereof or any date specified with respect to such information.

This Prospectus has been prepared by Erste Group Bank in connection with the Offering solely for the purpose of enabling Offerees to consider the subscription for the Offered Securities. Reproduction and distribution of this Prospectus or revelation or use of the information contained herein for any purpose other than considering the subscription for the Offered Securities is prohibited. The information contained in this Prospectus has been provided by Erste Group Bank and other sources identified herein. The delivery of this Prospectus at any time after the date hereof shall not, under any circumstances, create any implication that there has been no change in the affairs of Erste Group Bank, together with its subsidiaries and associated companies ("Erste Group"), since the date hereof or that the information set out in this Prospectus is correct as at any time since its date. No person is or has been authorised to give any information or to make any representation in connection with the offer to subscribe for the Offered Securities other than as contained in this Prospectus in connection with the Offering and, if given or made, any such information or representation should not be relied upon as having been authorised by Erste Group Bank.

In making an investment decision, Offerees must rely on their own examination of Erste Group Bank and the terms of the Offering, in particular the risks involved. Any decision to subscribe for the Offered Securities should be based solely on the information contained in this Prospectus. Information on Erste Group Bank's website, any website mentioned in the Prospectus or any website directly or indirectly linked to Erste Group Bank's or any other website mentioned in this Prospectus is not, unless explicitly stated herein, incorporated by reference into this Prospectus and any decision to subscribe for the Offered Securities should not be made in reliance on such information.

Neither Erste Group Bank nor any of its representatives make any representation to any Offeree regarding the legality of a subscription for, or the purchase of, the Offered Securities by such Offeree under appropriate legal investment or similar laws. Each Offeree should consult with his own advisers as to the legal, tax, business, financial and related aspects of the subscription for the Offered Securities.

The distribution of this Prospectus and the offer to subscribe for the Offered Securities may, in certain circumstances, be restricted by law. The Subscription Rights and the Offered Securities have not been and will not be registered under the Securities Act, or with the securities regulatory authority of any state or jurisdiction in the United States, and may not be offered, sold or otherwise transferred except pursuant to an exemption from, or in a transaction and subject to the registration requirements of the Securities Act and in compliance with any applicable state law.

Persons who come into possession of this Prospectus are required by Erste Group Bank to inform themselves about, and to comply with, any such restrictions. This Prospectus may not be used for, or in connection with, and does not constitute, any offer, or a solicitation to make an offer, to subscribe for any Offered Securities offered hereby for subscription in any jurisdiction in which such offer or solicitation would be unlawful. For a further description of certain restrictions on the offer to subscribe for the Offered Securities, see "*Selling restrictions*".

This document comprises a prospectus for the purposes of Articles 5.1 to 5.3 of the Prospectus Directive and relevant implementing legislation in Austria, in particular in respect of Section 7 Capital Markets Act and for the purpose of giving information with regard to Erste Group Bank and the Offered Securities which, according to the particular nature of Erste Group Bank and the Offered Securities, is necessary to enable Offerees to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of Erste Group Bank.

Erste Group Bank accepts responsibility for the information contained in this Prospectus. Erste Group Bank has taken all reasonable care to ensure that the information contained in this Prospectus is, to

the best of the knowledge of Erste Group Bank, in accordance with the facts and contains no omission likely to affect its import.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Financial statements incorporated by reference*"). Such documents shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

This Prospectus has been approved as a prospectus by the FMA and has been filed with the Filing Office (*Meldestelle*) at OeKB in accordance with the Capital Markets Act.

In connection with the public offerings to subscribe for the Offered Securities in the Czech Republic, Slovakia and Romania, the approval of this Prospectus by the FMA referred to above has been notified to the Czech National Bank ("CNB"), the National Bank of Slovakia ("NBS") and the National Securities Commission ("NSC"), respectively, pursuant to Section 8b (3) Austrian Capital Markets Act and in accordance with the rules applied by it for the passporting of prospectuses between member states of the European Economic Area (EEA).

This Prospectus has been prepared on the basis that all offers to subscribe for the Offered Securities, other than the offers contemplated in the Prospectus in Austria, the Czech Republic, Slovakia and Romania, once it has been approved under the Prospectus Directive, (i) will not be made as offers to the public in any member state of the EEA or (ii) will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers to subscribe for the Offered Securities. Accordingly, any person making or intending to make any offer within the EEA of Offered Securities which are the subject of the placement contemplated in this Prospectus should only do so in circumstances in which (i) such offer does not constitute an offer to the public or (ii) no obligation arises for Erste Group Bank to produce a prospectus for such offer. Erste Group Bank has not authorised and does not intend to authorise the making of any offer to subscribe for the Offered Securities through any financial intermediary.

In the United Kingdom, this Prospectus is being distributed only to, and is directed only at persons (i) who have professional experience in matters relating to investments falling within Article 19(5) of the order regarding financial promotion, issued on the basis of the Financial Services and Markets Act 2000, as amended, (the "Order"); or (ii) who fall within Article 49(2)(a) to (d) of the Order; or (iii) to whom it may otherwise be lawfully communicated (all such persons together being referred to as "Relevant Persons"). This Prospectus must not be acted on or relied on in the United Kingdom by persons who are not Relevant Persons. The Offered Securities are only available to, and any investment or investment activity to which this Prospectus relates is available only to Relevant Persons, and will be engaged in only with such persons.

For a more detailed description of selling restrictions that are applicable in respect of investors in the United States, the EEA, the United Kingdom, Australia, Canada and Japan, see "*Selling restrictions*".

Table of contents

Important information about the Offering	2
Financial statements incorporated by reference	8
Supplemental prospectus.....	8
Sources of information	8
General information.....	10
Subject matter of the Prospectus	10
Forward-looking statements	10
Industry and market data.....	11
Presentation of financial information	11
Documents on display	12
Exchange rates.....	12
Additional information.....	14
Summary of the prospectus	15
Section A – Introduction and warnings.....	15
Section B – Issuer	15
Section C – Securities	25
Section D – Risks	27
Section E – Offer	31
Risk factors.....	35
Risks related to the business of Erste Group.....	35
Risks related to the markets in which Erste Group operates	47
Risks related to the Offering and the Offered Securities.....	53
The Offering	59
Subject matter of the Offering	59
Timetable for the Offering.....	59
Subscription agent and exercise of Subscription Rights	60
Commission.....	60
Delivery and settlement.....	60
Subscription Rights not exercised and transferability	60
Exchange trading.....	61
Subscription notification.....	61
General and specific information on the Offered Securities.....	61
Dilution.....	62
Special considerations for the Offering in the Czech Republic	62
Special considerations for the Offering in Slovakia.....	63
Special considerations for the Offering in Romania	63
Reasons for the Offering and use of proceeds	64
Reasons for the Offering	64
Use of proceeds	64
Dividend policy of Erste Group Bank	65
General provisions relating to dividend payments on the Participation Capital Securities	65
Dividend policy and historical dividend payments on Participation Capital Securities.....	66
Capitalisation of Erste Group	67
Erste Group selected financial and other information.....	68
Management’s discussion and analysis of financial condition and results of operations	71
Introduction.....	71

Key factors that impact Erste Group's results of operations	72
Segment reporting	78
Significant accounting policies	80
Changes in accounting principles.....	83
Explanation of key income statement items and other financial items.....	83
Financial year ended 31 December 2012 compared with financial year ended 31 December 2011	84
Financial year ended 31 December 2011 compared with financial year ended 31 December 2010.....	101
Balance sheet on a consolidated basis as of 31 December 2012, 2011 and 2010	117
Liquidity and capital resources	119
Capital adequacy.....	123
Off-balance sheet transactions.....	128
Working capital statement	129
Recent developments.....	129
Description of Erste Group's business	130
Overview.....	130
Competitive strengths.....	130
Strategy	131
Relationship with Austrian Savings Banks	132
Haftungsverbund	133
Erste Group's Segments	135
Subsidiaries and participations.....	146
Information technology	146
Employees.....	147
Legal proceedings	148
Acquisitions	149
Material contracts	150
Insurance.....	151
Ratings	151
Land and buildings	152
Trademarks and patents.....	152
Management and governing bodies.....	153
Overview.....	153
Supervisory Board.....	154
Management Board.....	167
Certain information on the members of the Management Board and the Supervisory Board	174
Shareholders' meeting.....	174
Corporate governance.....	175
Representatives of the Supervisory Authority	176
Shareholder structure and participation programmes.....	177
Shareholder structure	177
Preferred partnership agreement between Erste Stiftung and CaixaBank, S.A.	178
Employee share ownership programmes and management share option programmes	178
Related party transactions	180
Transactions with Erste Stiftung.....	180
Transactions with CaixaBank, S.A.	180
Transactions with Management Board members and Supervisory Board members.....	181

Employee share ownership programmes and management share option programmes	181
Risk management	182
Risk policy and strategy.....	182
Risk management organisation	182
Current topics	186
Group-wide risk and capital management.....	189
Credit risk	193
Market risk	227
Liquidity risk.....	231
Operational risk	234
Description of the Participation Capital and applicable regulations	242
Development of the Participation Capital.....	242
General provisions governing the Participation Capital	242
Terms and Conditions of the Participation Capital Securities.....	247
Selected statistical information.....	254
Average balances and net interest income	254
Changes in interest income/expenses—Volume and rate analysis	255
Debt securities portfolio	256
Loan portfolio by maturity	257
Loan portfolio by sector, geographic region and risk classification.....	257
Customer deposits.....	257
Borrowings.....	258
The Austrian banking system.....	260
Overview.....	260
Savings Banks.....	260
Regulation and supervision	261
State commissioners	261
The OeNB and the European System of Central Banks.....	262
Minimum reserves	262
Statutory deposit insurance scheme	262
Haftungsverbund	262
Financial statements and audits.....	263
Capital adequacy requirements.....	263
The Banking Act	264
Interbank Market Support Act 2008 and Financial Market Stabilisation Act 2008	266
General information on Erste Group Bank and Erste Group	267
Formation, name, financial year, duration and notices	267
Object and purpose of business of Erste Group Bank	267
Structure of Erste Group.....	267
Information on significant holdings of Erste Group Bank	268
Auditors	269
Paying agent, calculation agent and subscription agent.....	269
Description of the share capital and applicable regulations.....	270
Registered capital and shares.....	270
History of the share capital	270
Shares owned by or on behalf of Erste Group Bank or a subsidiary	271
Authorised capital	271
Conditional capital	271

Authorised conditional capital.....	272
Supplementary capital and other financing instruments	272
General provisions on capital measures	273
General provisions on appropriation of profits and dividends to shareholders of Erste Group Bank.....	273
General provisions on liquidation proceeds of shareholders of Erste Group Bank	274
General provisions on subscription rights of shareholders of Erste Group Bank.....	274
General provisions with relevance for takeovers	274
General provisions on the squeezeout/sellout, merger/demerger	275
General provisions on the redemption, buy-back and conversion of shares	275
Share certificates/transferability	275
Disclosure obligations.....	276
Effective control	276
Taxation.....	277
Austria.....	277
Czech Republic	279
Romania	282
Slovakia	284
Selling restrictions	288
General.....	288
Notice to investors in the United States	288
Notice to investors in the EEA.....	288
Notice to investors in the United Kingdom	289
Notice to investors in Canada	289
Notice to investors in Australia	289
Notice to investors in Japan	289
Statement pursuant to Commission Regulation (EC) No 809/2004 and Section 8 (1) Capital Markets Act.....	291
Glossary and list of abbreviations and definitions.....	292
Annexes	A-1
Annex 1 – German translation of the summary.....	A-2
Annex 2 – Czech translation of the summary	A-25
Annex 3 – Slovak translation of the summary	A-46
Annex 4 – Romanian translation of the summary	A-69

Financial statements incorporated by reference

This Prospectus should be read and construed in conjunction with the audited consolidated financial statements, of Erste Group Bank as of and for the financial years ended 31 December 2010, 2011 and 2012 (together, the “Consolidated Financial Statements”). The Consolidated Financial Statements and the respective auditor’s reports thereon shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in the Consolidated Financial Statements shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Prospectus is published in Austria in electronic form on Erste Group Bank’s website (www.erstegroup.com) and by making available printed copies of the Prospectus and the documents incorporated by reference in the Prospectus free of charge during regular business hours at the following address of Erste Group Bank: Graben 21, 1010 Vienna, Austria. In the Czech Republic, Slovakia and Romania, the Prospectus is published in electronic form on Erste Group Bank’s website (www.erstegroup.com). The Consolidated Financial Statements and the respective auditor’s reports thereon may be inspected on Erste Group’s website under www.erstegroup-financials.com.

Supplemental prospectus

If at any time during the duration of the Offering there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of the Offered Securities and which arises or is noted between the time when the Prospectus is approved by the FMA and the final closing of the Offering to the public, Erste Group Bank is obliged by the provisions of the Prospectus Directive and Section 6 Capital Markets Act to publish a supplement to this Prospectus and to supply to the FMA for approval such number of copies of such supplement hereto as the Capital Markets Act requires. Offerees who have already submitted subscription orders prior to the publication of the supplement or replacement prospectus have the right provided under the Capital Markets Act to withdraw these offers within two working days (excluding Saturdays) following the publication of the supplement, if the significant new factor or material mistake or inaccuracy relating to information contained in this Prospectus that requires the publication of the supplement has occurred prior to the final closing of the Offering and the delivery of the Offered Securities.

Sources of information

Unless otherwise stated, financial and other data provided in this Prospectus has been taken or derived from the consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011, including the comparative financial information therein for the financial year ended 31 December 2010 (which show the figures for 2010 as restated in 2011; for further details, see “*General information—Presentation of financial information*”) provided however that the audited consolidated financial statements as of and for the financial year ended 31 December 2010 are incorporated in this Prospectus by reference. Furthermore, certain statistical and other data provided in this Prospectus has been taken or derived from reports and other documents of certain national banks in countries where Erste Group operates, namely the Austrian National Bank (*Oesterreichische Nationalbank*) (“OeNB”), the Czech National Bank (“CNB”), the National Bank of Romania (“NBR”), the National Bank of Slovakia (“NBS”), the National Bank of Hungary (“NBH”), the Croatian National Bank (“CrNB”), the National Bank of Serbia (“NBSE”) and the National Bank of Ukraine (“NBU”). In addition, certain information contained in this Prospectus derives from the following sources: the Central Statistical Office (Hungary); the Croatian Bureau of Statistic; the Czech Statistical Office; the European Central Bank (“ECB”); the European Commission; Eurostat; the Federal Reserve Bank of New York; Fitch Ratings; the Ministry of Finance of Ukraine; Moody’s Corporation; the National Institute of Statistics (Romania); the Republic of Serbia Ministry of Finance and Economy; the Romanian Banking Association; the State Statistics Service of Ukraine; the Statistical Office of the Republik of Serbia; the Slovak Statistical Office; Standard & Poors; internal information of Erste Group, Erste Group Bank and Erste Bank Oesterreich; internal calculations of Erste Group Bank; and the electronic Companies Register (*Firmenbuch*). Erste Group Bank confirms that such information has been accurately reproduced and as far as Erste Group Bank is aware and is able to ascertain from information published by the sources of such information, no facts have been omitted which

would render the reproduced information inaccurate or misleading. Credit ratings have been issued by credit rating agencies established in the European Community and registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009.

General information

Subject matter of the Prospectus

This Prospectus relates to a subscription offering of up to €25,702,000 nominal amount of existing bearer Participation Capital Securities with a nominal amount of €1,000 each and full dividend rights as from 1 January 2013 (the “Offered Securities”) to existing holders of Participation Capital Securities.

Forward-looking statements

This Prospectus contains statements under the captions “*Summary of the prospectus*”, “*Risk factors*”, “*Management’s discussion and analysis of financial condition and results of operations*”, “*Risk management*”, “*Description of Erste Group’s business*” and elsewhere which are, or may be deemed to be, “forward-looking statements”. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words “believe”, “estimate”, “anticipate”, “expect”, “intend”, “target”, “may”, “will”, “plan”, “continue” or “should” or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, goals, future events or intentions.

The forward-looking statements contained in this Prospectus include all matters that are not historical facts and include statements regarding Erste Group’s intentions, beliefs or current expectations concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industries and markets in which Erste Group operates. By their nature, forward-looking statements involve known and unknown risks and uncertainties, because they relate to events, and depend on circumstances, that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Offerees should not place undue reliance on these forward-looking statements.

Many factors could cause the actual results, performance or achievements of Erste Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of these factors are discussed in more detail under “*Risk factors*” and “*Management’s discussion and analysis of financial condition and results of operations—Key factors that impact Erste Group’s results of operations*” below. In addition, factors that could affect the future results, performance or achievements of Erste Group include:

- The impact of macroeconomic and financial market conditions, including interest rates, exchange rates, availability of liquidity and economic growth in the countries in which Erste Group operates as well as changes in the regulatory and legal environment;
- The impact of the ongoing European sovereign debt crisis and the measures taken by the EU, governments, central banks and international monetary organisations to stem or mitigate the negative effects of the crisis;
- Changes in the quality of Erste Group’s loan portfolio, value of supporting collateral and level of provisioning;
- Difficulties in securing adequate sources of liquidity for Erste Group;
- Changes in the credit ratings of Erste Group or countries where Erste Group is active;
- Governmental factors, including the costs of compliance with regulations and the impact of regulatory changes;
- Operational risks and Erste Group’s ability to recruit or retain qualified employees;
- The effectiveness of the risk management and governance arrangements under the *Haftungssverbund* and any impact that may arise from the cross-guarantee system;
- Erste Group’s ability to successfully compete in the markets in which it operates;
- Erste Group’s ability to increase or retain market share for its products and services;
- Erste Group’s ability to meet the needs of its customers and retain customer confidence in its business;

- Other risks, uncertainties and factors inherent in Erste Group's business, including those described in more detail under "*Risk factors*"; and
- Factors which are presently unknown to Erste Group or not currently considered by Erste Group to be material.

Should one or more of these risks or uncertainties materialise or occur, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated or expected. Erste Group Bank does not intend, and does not assume any obligation, to update industry information or forward-looking statements set forth in this Prospectus.

Industry and market data

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to Erste Group's business contained in this Prospectus consists of estimates based on data reports compiled by professional organisations and analysts, on data from other external sources, and on Erste Group's knowledge of sales and markets. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring Erste Group to rely on internally developed estimates.

While Erste Group Bank has compiled, extracted and reproduced market or other industry data from external sources, including third parties or industry or general publications, Erste Group Bank has not independently verified that data. Information in this Prospectus which is based on third-party sources has been accurately reproduced and, as far as Erste Group Bank is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Subject to the foregoing, Erste Group Bank cannot assure investors of the accuracy and completeness of, and take no responsibility for, such data. The source of such third-party information is cited whenever such information is used in this Prospectus.

While Erste Group Bank believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources. Erste Group Bank cannot assure potential investors as to the accuracy of such internal estimates and that a third party using different methods to assemble, analyse or compute market data would obtain the same result. Erste Group Bank does not intend, and does not assume any obligations, to update industry or market data set forth in this Prospectus. Finally, behaviour, preferences and trends in the marketplace tend to change. As a result, investors should be aware that data in this Prospectus and estimates based on that data may not be reliable indicators of future results.

Presentation of financial information

The Consolidated Financial Statements are (i) available free of charge at the specified office of Erste Group Bank or in an electronic form on Erste Group Bank's website and (ii) incorporated into this Prospectus by reference as displayed at www.erstegroup-financials.com. See "*Financial statements incorporated by reference*" above.

Certain financial data included in this Prospectus relating to the financial year ended 31 December 2010 have been restated in Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2011. In particular, the accounting for credit default swaps classified as financial guarantees in periods prior to the financial year ended 31 December 2011 was restated to classify and measure them as financial instruments at fair value through profit and loss. In addition, prior calculations as to the effective interest rates for loans and advances to customers were restated as a result of harmonising and improving certain information technology tools within Erste Group. Hence, financial information included in this Prospectus relating to the year ended 31 December 2010 is taken or derived from Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2011 unless otherwise indicated. Therefore, the financial data herein relating to the financial year ended 31 December 2010 is partially different from the financial data included in Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2010.

Erste Group prepares its consolidated financial statements on the basis of International Financial Reporting Standards as adopted by the EU ("*IFRS*").

The auditor's reports on the Consolidated Financial Statements, issued to comply with applicable Austrian regulations, are incorporated into this Prospectus by reference. For information on Erste Group Bank's auditors, see "*General Information on Erste Group Bank and Erste Group—Auditors*".

Any financial information in this Prospectus labeled as "audited" has been taken from the Consolidated Financial Statements. Any financial information in this Prospectus labeled as "unaudited" has not been taken from those Consolidated Financial Statements.

As required by Austrian law, Erste Group Bank also prepares unconsolidated financial statements under Austrian GAAP, which are not included or incorporated into this Prospectus.

The financial information set forth in this Prospectus has been rounded for ease of presentation. Accordingly, in certain cases, the sum of the numbers in a column in a table may not conform to the total figure given for that column. Percentage figures included in this Prospectus have not been calculated on the basis of rounded figures but have rather been calculated on the basis of such amounts prior to rounding.

For a definition of certain financial terms used by Erste Group in this Prospectus, see "*Glossary and list of abbreviations and definitions*".

Documents on display

For as long as this Prospectus is valid, hard copies of the following documents are available for inspection at the business address of Erste Group Bank (Graben 21, 1010 Vienna, Austria) during regular business hours and free of charge:

- (i) Erste Group Bank's articles of association in the version of the resolutions passed by the shareholders' meeting on 15 May 2012 ("Articles of Association");
- (ii) the Consolidated Financial Statements of Erste Group, including the auditor's reports thereon; and
- (iii) this Prospectus (including any supplement to this Prospectus).

Exchange rates

The exchange rates stated below are provided solely for the convenience of the reader and are not necessarily the exchange rates used by Erste Group in the preparation of its Consolidated Financial Statements incorporated by reference in this Prospectus. No representation is made that currencies stated below could have been, or could be, converted into Euro at these rates or at any other rates at all.

The following tables set out, for the periods indicated, the high, low, average and period-end reference exchange rates for the Czech Koruna, the Hungarian Forint, the Croatian Kuna and the Romanian Leu, in each case against the Euro, as published by the European Central Bank ("ECB") based on the daily concertation procedure between central banks within and outside the European System of Central Banks. For the Ukrainian Hryvnya and the Serbian Dinar exchange rates are not published by the ECB and Erste Group Bank fixings were used instead. The reference exchange rates are expressed as Czech Koruna, Hungarian Forint, Croatian Kuna, Romanian Leu, Ukrainian Hryvnya and Serbian Dinar per €1.00, respectively.

Czech Koruna (CZK) per Euro

Calendar year	Period-end rate	Average rate	High	Low
2010	25.0610	25.2730	26.3700	24.4080
2011	25.7870	24.5870	26.0310	24.0810
2012	25.1510	25.1490	25.9630	24.4330
1 January to 5 April 2013	25.7630	25.5810	25.8810	25.2180

Source: ECB

Hungarian Forint (HUF) per Euro

Calendar year	Period-end rate	Average rate	High	Low
2010	277.9500	275.4600	290.5700	261.9200
2011	314.5800	279.2400	315.6000	263.0800
2012	292.3000	289.2500	320.7800	275.1800
1 January to 5 April 2013	301.1300	296.8160	307.2500	289.1000

Source: ECB

Croatian Kuna (HRK) per Euro

Calendar year	Period-end rate	Average rate	High	Low
2010	7.3830	7.2890	7.4275	7.1890
2011	7.5370	7.4390	7.5375	7.3552
2012	7.5575	7.5216	7.5890	7.3910
1 January to 5 April 2013	7.6100	7.5853	7.6100	7.5605

Source: ECB

Romanian Leu (RON) per Euro

Calendar year	Period-end rate	Average rate	High	Low
2010	4.2873	4.2120	4.3738	4.0633
2011	4.3233	4.2390	4.3660	4.0725
2012	4.4445	4.4593	4.6470	4.3140
1 January to 5 April 2013	4.4215	4.3885	4.4363	4.3279

Source: ECB

Serbian Dinar (RSD) per Euro

Calendar year	Period-end rate	Average rate	High	Low
2010	105.7500	102.5952	96.7343	107.724
2011	106.0000	101.8822	106.704	96.5000
2012	112.0500	112.9928	119.3760	103.6000
1 January to 5 April 2013	111.7887	111.7019	112.6350	110.9500

Source: Erste Group fixing

Ukrainian Hryvnya (UAH) per Euro

Calendar year	Period-end rate	Average rate	High	Low
2010	10.6525	10.5461	11.8309	9.4480
2011	10.3609	11.1169	11.8394	10.2948
2012	10.6200	10.3486	10.7614	9.7740
1 January to 5 April 2013	10.5299	10.7077	11.0906	10.4122

Source: Erste Group fixing

The following table sets out, for the periods indicated, the high, low, average and period-end noon buying rates in the City of New York for wire transfers between the Euro and U.S. dollar as certified for customs purposes by the Federal Reserve Bank of New York expressed as U.S. dollars per €1.00. On 5 April 2013 the noon buying rate in the City of New York for wire transfers between the Euro and US dollars as certified for customs purposes by the Federal Reserve Bank of New York was USD1.3027 to €1.00.

U.S. Dollars per Euro

Calendar year	Period-end rate	Average rate ⁽¹⁾	High	Low
2010	1.3269	1.2702	1.4523	1.1959
2011	1.2952	1.3449	1.4875	1.2926
2012	1.3186	1.2366	1.3463	1.2062
1 January to 5 April 2013	1.3027	1.3173	1.3692	1.2782

Source: Federal Reserve Bank of New York

(1) With respect to each year, the average represents the average of the noon buying rates on the last business day of each month during such year. With respect to each month, the average represents the average of the daily noon buying rates for each business day during the relevant month. With respect to the period from 1 January through 5 April 2013, the average represents the average of the daily noon buying rates on each business day during the period.

Additional information

Erste Group Bank has obtained all necessary consents, approvals and authorisations in Austria in connection with the Offering.

The Offering has been authorised by a resolution of the Management Board passed on 5 April 2013.

The Participation Capital Securities are represented by several global certificates (*Sammelurkunden*), that are deposited with OeKB, Am Hof 4, 1010 Vienna, Austria.

Except as disclosed in this Prospectus, there has been no significant change in the financial or trading position of Erste Group and no material adverse change in the prospects of Erste Group Bank since 31 December 2012.

No governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Erste Group Bank is aware), during the twelve months preceding the date of this Prospectus, is expected to have, or have had in the recent past, significant effects on Erste Group Bank or Erste Group's financial position or profitability, save as disclosed in "*Description of Erste Group's business—Legal proceedings*".

Summary of the prospectus

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in sections A - E (A.1 - E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Section A – Introduction and warnings

A.1	<p>This summary should be read as an introduction to this prospectus (the “Prospectus”).</p> <p>Any decision to purchase the securities offered hereby should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the respective member states of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Erste Group Bank AG (the “Issuer” or “Erste Group Bank”, and collectively with its direct and indirect subsidiaries at the date of this Prospectus, “Erste Group”), can be held liable for the content of the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or if it does not provide, when read together with the other parts of the Prospectus, all required key information in order to aid investors when considering whether to purchase such securities.</p>	
A.2	<ul style="list-style-type: none"> • Consent by the issuer or person responsible for drawing up the prospectus to the use of the prospectus for subsequent resale or final placement of securities by financial intermediaries. • Indication of the offer period within which subsequent resale or final placement of securities by financial intermediaries can be made and for which consent to use the prospectus is given. • Any other clear and objective conditions attached to the consent which are relevant for the use of the prospectus. • Notice in bold informing investors that information on the terms and conditions of the offer by any financial intermediary is to be provided at the time of the offer by the financial intermediary. 	<p>Not applicable (consent of Erste Group Bank regarding the use of the Prospectus for a subsequent resale or final placement of securities offered hereby by financial intermediaries has not been granted.)</p>

Section B – Issuer

B.1	Legal and commercial name	The legal name of Erste Group Bank is “Erste Group Bank AG”, its commercial name is “Erste Group”. “Erste Group” also refers to Erste Group Bank and its consolidated subsidiaries.
B.2	Domicile/ Legal form/ Legislation/ Country of incorporation	Erste Group Bank is a stock corporation (<i>Aktiengesellschaft</i>) organised and operating under Austrian law, registered with the companies register (<i>Firmenbuch</i>) at the Vienna Commer-

		<p>cial Court (<i>Handelsgericht Wien</i>) under the registration number FN 33209m. Erste Group Bank's registered office is in Vienna, Republic of Austria. It has its business address at Graben 21, 1010 Vienna, Austria.</p>
<p>B.3</p>	<p>Current operations and principal business activities and principal markets in which the issuer competes</p>	<p>Erste Group is a leading banking group focused on retail and corporate customers in Austria and Central and Eastern Europe ("CEE"). Erste Group offers its customers a broad range of services that, depending on the particular market, includes deposit and current account products, mortgage and consumer finance, investment and working capital finance, private banking, investment banking, asset management, project finance, international trade finance, trading, leasing and factoring. Erste Group is among the leading banking groups in Austria, the Czech Republic, Romania and Slovakia by assets, total loans and total deposits, and has significant operations in Hungary, Croatia and Serbia. It serves approximately 17 million customers across Austria and its core CEE markets. Erste Group Bank is also the lead bank of the Austrian Savings Banks Sector. As of 31 December 2012, Erste Group had €213.8 billion in total assets and €16.3 billion in total equity and generated €3,472.8 million in operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) and €631.0 million in net profit for the year ended 31 December 2012. As of the same date, Erste Group had total participation capital of €1,756.6 million. Erste Group Bank operates as the parent company and remains the sole company of Erste Group listed on a stock exchange in the EEA.</p> <p>"Erste Group" consists of Erste Group Bank, together with its subsidiaries and participations, including Erste Bank Oesterreich in Austria, Česká spořitelna in the Czech Republic, Banca Comercială Română in Romania, Slovenská sporiteľňa in Slovakia, Erste Bank Hungary in Hungary, Erste Bank Croatia in Croatia, Erste Bank Serbia in Serbia, Erste Bank Ukraine in the Ukraine and, in Austria, Salzburger Sparkasse, Tiroler Sparkasse, s-Bausparkasse, other savings banks of the <i>Haftungsverbund</i>, Immorent, and others. In December 2012, Erste Group entered into an agreement to sell Erste Bank Ukraine to the shareholders of Fidobank. The closing of this transaction is subject to several conditions, including regulatory approvals, and is expected to occur by the end of the second quarter of 2013. Erste Group had 49,381 employees (full-time equivalents) worldwide as of 31 December 2012 (of which 1,476 were employed by Erste Group Bank).</p> <p>Erste Group believes that its business is characterized by the following competitive strengths: (i) leading market positions in retail and corporate banking; (ii) a proven and resilient business model; (iii) its being active in geographic markets with comparably low levels of GDP and banking penetration; and (iv) its recognised and trusted brand.</p> <p>Erste Group's aims to strengthen its market position in its core markets through the following strategies while maintaining its focus on strict cost management: (i) sharpening of its geographic focus on Austria and the Eastern part of the European Union through local customer lending funded by local deposits and strengthening corporate banking relationships; and (ii) its continuing to focus on customer business in core region</p>

		<p>through capital markets' activities tailored to customers' needs, a balanced approach to growth of public sector business and an interbank business focussed on banks in core markets.</p> <p>Of the seven banking sectors, the Savings Banks Sector is the third largest, accounting for approximately €165.4 billion of total assets (excluding Bank Austria) as of 30 September 2012 (source: Website of the OeNB reviewed in February 2013). The Savings Banks Sector then comprised the independent savings banks (excluding Bank Austria), with Erste Group Bank operating as the central financial institution of the Savings Banks Sector.</p>
B.4a	Most significant recent industry trends affecting the issuer and industries in which it operates	<p>Erste Group believes that the following trends are affecting the retail and corporate banking industry in Austria and Central and Eastern Europe:</p> <ul style="list-style-type: none"> • <i>Macroeconomic environment.</i> The development of real GDP, household incomes, retail spending, corporate investment, the unemployment rate and government indebtedness are all key factors which affect demand for banking services globally and in the geographic markets in which Erste Group is active. While Erste Group believes that these indicators will develop more positively in Austria and Central and Eastern Europe in the long term, especially compared to the Eurozone and the European Union, the current outperformance is limited due to the slow growth environment prevailing in Europe in 2012 and 2013. As a result of this trend, demand for banking services is likely to remain subdued in the short term in the geographic markets in which Erste Group is active. • <i>Regulatory changes and taxation.</i> The European banking industry is subject to increased regulation imposed by supranational and national regulatory bodies, including higher capital requirements, higher liquidity requirements, restrictions on leverage as well as lending. There is a broadening trend for governments to impose additional taxes and levies on banks, including financial transaction taxes. All of these measures result in higher cost of doing business and have an adverse effect on profitability. • <i>Change in customer behaviour and technological change.</i> A strengthening trend towards the increased use of electronic and mobile channels will require banks to adapt their customer-facing infrastructure, invest in new technologies, such as applications for smartphones and other mobile devices, and retrain their employees.
B.5	Description of group and the issuer's position within the group	<p>Erste Group Bank is the parent company of Erste Group. As of 31 December 2012, Erste Group Bank directly and indirectly holds interests in the following companies:</p> <ul style="list-style-type: none"> • Česká spořitelna, a.s. ("Česká spořitelna") (99.0%); • Banca Comercială Română S.A. ("BCR") (93.3%); • Slovenská sporiteľňa, a.s. ("Slovenská sporiteľňa") (100.0%); • Erste Bank Hungary Zrt ("Erste Bank Hungary") (100.0%); • Erste & Steiermärkische Bank d.d. ("Erste Bank Croatia")

		<p>(69.3%);</p> <ul style="list-style-type: none"> • ERSTE BANK AD NOVI SAD (“Erste Bank Serbia”) (80.5%); • Public Company “Erste Bank” (“Erste Bank Ukraine”) (100.0%) • Erste Bank der oesterreichischen Sparkassen AG (“Erste Bank Oesterreich”) (100.0%), including interest in Salzburger Sparkasse Bank AG (98.7%), Tiroler Sparkasse Bankaktiengesellschaft (75.0%), Bausparkasse der österreichischen Sparkassen AG (95.0%), Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft (75.0%) and Haftungsverbund GmbH (63.5%); • Brokerjet Bank AG (100.0%) • Erste Group Immorent AG (100.0%); • Erste Asset Management GmbH (100.0%); and • s IT Solutions Holding GmbH (100.0%). <p>In December 2012, Erste Group entered into an agreement to sell Erste Bank Ukraine to the shareholders of Fidobank. The closing of this transaction is subject to several conditions, including regulatory approvals, and is expected to occur by the end of the second quarter of 2013.</p>
<p>B.6</p>	<p>Persons who, directly and indirectly, have an notifiable interest in the issuer’s capital or voting rights</p>	<p>The following gives an overview of legal entities that, based on voting rights notifications provided to Erste Group Bank, directly or indirectly hold voting rights in Erste Group Bank. Changes in the voting rights percentages, however, could remain unknown to Erste Group Bank if they occurred between the applicable voting rights thresholds or the proper reports were omitted. The voting rights percentages can also change even though the number of voting rights held by the respective shareholder remains the same, e.g., due to an increase or decrease of the share capital of Erste Group Bank and the related overall number of voting rights. In light of this, it is possible, and in some cases also probable, that the reports available to Erste Group Bank do not in every case reflect the actual voting rights percentages.</p> <ul style="list-style-type: none"> • According to its most recent voting rights notification, 24.47% of the shares in Erste Group Bank were attributable to DIE ERSTE Österreichische Spar-Casse Privatstiftung (“Erste Stiftung”) as of 5 October 2012. • According to its most recent voting rights notification, 9.98% of the shares in Erste Group Bank were held by CaixaBank, S.A. (formerly Criteria Caixacorp, S.A.) as of 23 November 2011 (not taking into account the increases in the share capital of Erste Group Bank implemented after that date and the acquisition by CaixaBank, S.A. of 1,000,000 additional shares in Erste Group Bank AG from Erste Stiftung in 2012). • According to its most recent voting rights notification, 4.42% of the shares in Erste Group Bank were held by Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung as of 13 January 2013.

	<p>Different voting rights</p> <p>Direct and indirect ownership of or control over the issuer and nature of such control</p>	<p>Not applicable (the securities offered hereby do not carry voting rights and each of the shares issued by Erste Group Bank carries one vote).</p> <p>For information regarding the percentages of shares attributable to Erste Stiftung, CaixaBank, S.A. and Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung, see above. In addition, the members of Erste Group Bank's supervisory board (the "Supervisory Board") Georg Winckler (first deputy chairman) and Friedrich Lackner (delegated by the employees' council) are members of the supervisory board of Erste Stiftung. Bernhard Kainz (delegated by the employees' council of Erste Bank Oesterreich) is also a member of the supervisory board of Erste Stiftung. Moreover, Erste Group Bank's articles of association in the version adopted by the shareholders' meeting on 15 May 2012 ("Articles of Association") provide that as long as Erste Stiftung is liable for all present and future liabilities of Erste Group Bank in the case of Erste Group Bank's insolvency pursuant to Section 92 (9) Banking Act, Erste Stiftung has the right to appoint up to one-third of those Supervisory Board members who are elected by the shareholders' meeting of Erste Group Bank (the "Shareholders' Representatives"). To date, Erste Stiftung has not exercised its appointment right, so that all of the Shareholders' Representatives have been elected by the shareholders' meeting of Erste Group Bank.</p> <p>Erste Stiftung and CaixaBank, S.A. have entered into a preferred partnership agreement (the "PPA"), under which Erste Stiftung granted CaixaBank, S.A. the status of a friendly investor and preferred investment partner. Under the PPA, CaixaBank, S.A. is entitled to nominate one person for election as member of the Supervisory Board by the shareholders' meeting of Erste Group Bank, whose proposal is to be supported in the election by Erste Stiftung. In return, CaixaBank, S.A. agreed to refrain from participating in a hostile takeover bid for shares in Erste Group Bank and granted Erste Stiftung a right of first refusal and option rights with respect to the shares CaixaBank, S.A. holds in Erste Group Bank. Furthermore, Erste Stiftung agreed not to grant rights to third parties that are more favourable than those granted to CaixaBank, S.A., except in limited circumstances. The PPA does not limit the exercise by Erste Stiftung and CaixaBank, S.A. of their voting rights in Erste Group Bank. The PPA has been cleared by the Austrian Takeover Commission (<i>Übernahmekommission</i>).</p>
<p>B.7</p>	<p>Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information (as of and for the financial years ended December 31, 2012, 2011 and 2010).</p>	

Summary financial and other information

The financial data below relating to the financial years ended 31 December 2012 and 31 December 2011 have been derived from Erste Group's audited consolidated financial statements as of and for the financial years ended 31 December 2012 and 31 December 2011, respectively. Certain financial data relating to the financial year ended 31 December 2010 have been restated in Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2011. In particular, the accounting for credit default swaps classified as financial guarantees in periods prior to the financial year ended 31 December 2011 was restated to classify and measure them as financial instruments at fair value through profit and loss. In addition, prior calculations as to the effective inter-

est rates for loans and advances to customers were restated as a result of harmonising and improving certain information technology tools within Erste Group. Financial information included in this section relating to the year ended 31 December 2010 is taken or derived from the audited consolidated financial statements as of and for the financial year ended 31 December 2011. Therefore, the financial data relating to the financial year ended 31 December 2010 included in this Prospectus is partially different from the financial data included in Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2010.

Any financial information in the following tables labeled as "audited" has been taken from Erste Group's audited consolidated financial statements as of and for the financial years ended 31 December 2012 and 31 December 2011. Any financial information in the following tables labeled as "unaudited" has not been taken from those consolidated financial statements.

The following figures were subject to rounding adjustments that were carried out according to established commercial standards. As a result, the figures stated in a table may not exactly add up to the total values that may also be stated in the table.

Income statement data

The table below sets forth selected income statement data for the years ended 31 December 2012, 2011 and 2010:

Income statement data

in €million	For the year ended 31 December		
	2012 audited, unless otherwise indicated	2011 audited, unless otherwise indicated	2010 audited, unless otherwise indicated
Net interest income	5,235.3	5,569.0	5,439.2
Operating income ⁽¹⁾ (unaudited)	7,229.5	7,478.5	7,603.7
General administrative expenses	(3,756.7)	(3,850.9)	(3,816.8)
Operating result ⁽²⁾ (unaudited)	3,472.8	3,627.6	3,786.9
Pre-tax profit/loss	801.2	(322.2)	1,324.2
Net profit/loss for the year	631.0	(562.6)	1,043.3
Net profit attributable to owners of the parent	483.5	(718.9)	878.7

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) Operating income includes net interest income, net fee and commission income, and net trading result.

(2) Operating result equals operating income minus general administrative expenses.

Balance sheet data

The table below sets forth selected balance sheet data as of 31 December 2012, 2011 and 2010:

Balance sheet data

in €million	As of 31 December		
	2012 audited, unless otherwise indicated	2011 audited, unless otherwise indicated	2010 audited, unless otherwise indicated
Loans and advances to credit institutions	9,074.1	7,577.7	12,496.5
Loans and advances to customers	131,927.5	134,749.5	132,334.1
Risk provisions for loans and advances	(7,643.7)	(7,027.3)	(6,119.1)
Trading and other financial assets ⁽¹⁾ (unaudited)	47,286.2	44,007.8	39,955.5
Sundry assets ⁽²⁾ (unaudited)	33,180.0	30,698.7	27,103.0
Total assets	213,824.0	210,006.3	205,770.0
Liabilities and equity			
Deposits by banks	21,822.1	23,785.3	20,153.9
Customer deposits	123,052.9	118,880.2	117,016.3
Debt securities in issue and subordinated liabilities (unaudited)	34,750.7	36,564.2	37,136.5
Sundry liabilities ⁽³⁾ (unaudited)	17,859.8	15,596.7	14,905.2
Total equity	16,338.5	15,180.0	16,558.0

in € million	As of 31 December		
	2012	2011	2010
	audited, unless otherwise indicated		
attributable to non-controlling interests	3,483.2	3,142.9	3,443.6
attributable to owners of the parent.....	12,855.3	12,037.1	13,114.4
Total liabilities and equity	213,824.0	210,006.3	205,770.0

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

- (1) Trading and other financial assets is the subtotal of the line items trading assets, financial instruments—at fair value through profit or loss, financial assets—available for sale and financial assets—held to maturity.
- (2) Sundry assets is the subtotal of line item cash and balances with central banks, derivative financial instruments, equity method investments, intangible assets, property and equipment, investment property, current tax assets, deferred tax assets, assets held for sale and other assets.
- (3) Sundry liabilities is the subtotal of line items value adjustments from portfolio fair value hedges, derivative financial instruments, trading liabilities, provisions, current tax liabilities, deferred tax liabilities, other liabilities and liabilities associated with assets held for sale.

Selected operational information

The table below sets forth certain information relating to selected operational information as of and for the years ended 31 December, 2012, 2011 and 2010:

Key ratios

	As of and for the year ended		
	31 December		
	2012	2011	2010
	audited, unless otherwise indicated		
Return on equity (ROE) ⁽¹⁾ (in %)	3.8	—	6.7
Dividend pay-out ratio ⁽²⁾ (in %) (unaudited)	32.6	—	30.1
Cost/income ratio ⁽³⁾ (in %)	52.0	51.5	50.2
Risk costs ⁽⁴⁾ (in %) (unaudited)	1.48	1.68	1.55
Tier-1 capital (in € million) ⁽⁵⁾	12,223	11,909	12,219
Core tier-1 capital (in € million) ⁽⁶⁾	11,848	10,681	11,019
Core tier-1 ratio—total risk ⁽⁷⁾ (in %)	11.2	9.4	9.2
Tier-1 ratio—total risk ⁽⁸⁾ (in %)	11.6	10.4	10.2
Solvency ratio ⁽⁹⁾ (in %)	15.5	14.4	13.5

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, except that the figures shown under "Dividend pay-out ratio" and "Risk costs" are based on internal calculations or information of Erste Group Bank.

- (1) The return on equity (ROE) is the ratio of net profit/loss for the year attributable to owners of the parent as a percentage of average equity attributable to owners of the parent. The average equity attributable to owners of the parent is calculated based on the equity attributable to owners of the parent outstanding as of the close of each of the twelve months of the year.
- (2) Dividend pay-out ratio represents dividends paid (for 2012 dividend intended to be proposed to the annual shareholders' meeting of Erste Group Bank) to owners of the parent (excluding dividends paid on participation capital) for the respective year divided by net profit for the year attributable to owners of the parent.
- (3) The cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income, and net trading result).
- (4) Risk costs are the annualised net allocations to provisions in relation to average (on a quarterly basis) customer loans.
- (5) Tier-1 capital includes hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act.
- (6) Core tier-1 capital is the tier-1 capital excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act.
- (7) Core tier-1 ratio—total risk is the ratio of core tier-1 capital (excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (8) Tier-1 ratio—total risk is the ratio of tier-1 capital (including hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (9) The solvency ratio is the ratio of total eligible qualifying capital to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.

Description of significant change to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information.

Certain financial data included in this Prospectus relating to the financial year ended 31 December 2010 have been restated in Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2011. In particular, the accounting for credit default swaps classified as financial guarantees in periods prior to the financial year ended 31 December 2011 was restated to classify and measure them as financial instruments at fair value through profit and loss. In addition, prior calculations as to the effective interest rates for loans and advances to customers were restated as a result of harmonising and improving certain information technology tools within Erste Group. Hence, unless otherwise indicated, financial information included in this Prospectus relating to the year ended 31 December 2010 is taken or derived from Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2011. Therefore, the financial data herein relating to the financial year ended 31 December 2010 is partially different from the financial data included in Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2010.

The following changes in Erste Group's financial condition and results of operation, as shown on the basis of net interest income, risk provisions for loans and advances, net fee and commission income, general administrative expenses, operating result and net profit/loss for the year attributable to owners of the parent occurred in the financial years ended 31 December 2012, 2011 and 2010.

Financial years ended 31 December 2012 and 2011

In 2012, net interest income decreased from €5,569.0 million in 2011 by €333.7 million, or 6.0%, to €5,235.3 million. In 2012, total interest and similar income decreased by €555.5 million, or 5.9%, from €9,350.6 million in 2011 to €8,795.1 million in 2012. The decrease in total interest and similar income was mainly driven by reduced interest income from lending and money market transactions with customers, which decreased by €468.7 million, or 7.3%, from €6,426.5 million in 2011 to €5,957.8 million in 2012. This development was due to the low interest rate environment and subdued credit demand, particularly for consumer loans. In 2012, total interest and similar expenses decreased by €13.4 million, or 5.6%, from €3,789.6 million in 2011 to €3,576.2 million in 2012. Among the main factors for this development was the decline in interest expenses on debt securities in issue, which decreased by €105.7 million, or 10.2%, from €1,032.2 million in 2011 to €926.5 million in 2012, reflecting both lower interest rates and reduced average volume of such liabilities. The lower level of interest rates also caused the reduction of interest expenses on customer deposits, which decreased by €90.7 million, or 5.0%, from €1,831.8 million in 2011 to €1,741.1 million in 2012 despite higher average volumes of customer deposits. In 2012, risk provisions for loans and advances decreased by €286.9 million, or 12.7%, from €2,266.9 million in 2011 to €1,980.0 million in 2012. This decrease was primarily attributable to a decline in risk provisions for loans and advances in Hungary (extraordinary provisions of €450.0 million in 2011) and in the Czech Republic, which, together with lower risk provisions for loans and advances to customers in Austria, more than offset the increase in risk provisions for loans and advances in Romania and Croatia. In 2012, net fee and commission income

decreased by €66.4 million, or 3.7%, from €1,787.2 million in 2011 to €1,720.8 million in 2012. This development was primarily attributable to a decline in the securities business (primarily in Austria and the Czech Republic), as well as in lending business (mainly in the Czech Republic) and insurance brokerage whereas Erste Group's factoring subsidiary Intermarket Bank AG which has been consolidated since 1 August 2011 contributed to net fee and commission income. In 2012, net trading result improved by €151.1 million, from €122.3 million in 2011 to €273.4 million in 2012. This development was mainly attributable to the prior year's changes in the fair value of the CDS investment portfolio of the International Business (closed out in the meantime), which had a negative impact of €182.6 million. General administrative expenses declined by €94.2 million, or 2.4%, from €3,850.9 million in 2011 to €3,756.7 million in 2012, despite increasing inflation rates during 2012. Personnel expenses decreased by €39.6 million, or 1.7%, from €2,323.7 million in 2011 to €2,284.1 million in 2012 due to a reduced headcount, which declined by 1,071 employees (full-time equivalents), or 2.1%, from 50,452 employees (full-time equivalents) as of 31 December 2011 to 49,381 employees (full-time equivalents) as of 31 December 2012. The reduction was mainly due to reorganisation measures in Hungary, Romania and the Ukraine. In 2012, other operating result improved from negative €1,589.9 million in 2011 to negative €724.3 million in 2012. This improvement was primarily due to significantly lower goodwill impairments of €514.9 million, of which €469.4 million related to Banca Comercială Română and €45.5 million related mostly to certain Austrian subsidiaries, compared to €1,064.6 million in 2011, of which, in particular, €692.8 million was related to Banca Comercială Română and €312.7 million was related to Erste Bank Hungary and €52.7 million was related to certain Austrian subsidiaries. Other taxes increased from €163.5 million in 2011 to €269.1 million in 2012, largely as a result of banking taxes in Austria, Slovakia and Hungary. In Slovakia, a banking tax was newly introduced in 2012 and resulted in a charge of €31.5 million for 2012. In Hungary, the banking tax amounted to €47.3 million in 2012, while in 2011 it was offset against losses resulting from allowing the early repayment of foreign currency loans at a fixed exchange rate below then prevailing exchange rates in the market. In Austria, the banking tax was raised by 25% and totalled €165.2 million in 2012. In 2012, the overall result from all categories of financial instruments and financial assets improved from negative €93.0 million in 2011 to €32.7 million in 2012. The positive performance was primarily due to higher gains on sales and lower negative valuation effects in the available-for-sale portfolio.

Net profit for the year attributable to owners of the parent for the financial year 2012 amounted to €483.5 million whereas a net loss attributable to owners of the parent of €718.9 million occurred in the financial year 2011.

In 2012, total assets increased by €3,817.7 million, or 1.8%, from €210,006.3 million as of 31 December 2011 to €213,824.0 million as of 31 December 2012. The increase in total assets was primarily driven by an increase in financial assets as a result of preparatory actions to meet anticipated Basel 3 liquidity requirements as of 2014 as well as investments of surplus liquidity from the growth of customer deposits. Loans and advances to credit institutions increased from €7,577.7 million as of 31 De-

December 2011 to €9,074.1 million as of 31 December 2012 as a result of excess liquidity depositing. Increases in assets held for sale from €87.2 million as of 31 December 2011 to €708.1 million as of 31 December 2012 were triggered by classification of Erste Bank Ukraine as disposal group held for sale in accordance with IFRS 5 following the signing of the sale agreement in December 2012.

Financial years ended 31 December 2011 and 2010

In 2011, net interest income increased from €5,439.2 million in 2010 by €129.8 million, or 2.4%, to €5,569.0 million in 2011. Total interest and similar income increased by €529.0 million, or 6.0%, from €8,821.6 million in 2010 to €9,350.6 million in 2011. The increase in total interest and similar income primarily reflected the increase in interest income from financial assets at fair value through profit or loss, which increased from €48.6 million in 2010 to €322.3 million in 2011. In 2011, total interest and similar expenses increased by €386.2 million, or 11.3%, from €3,403.4 million in 2010 to €3,789.6 million in 2011. The increase in total interest and similar expenses primarily reflected higher expenses on deposits by banks and customer accounts on the back of higher volumes. In 2011, risk provisions for loans and advances increased by €245.9 million, or 12.2%, from €2,021.0 million in 2010 to €2,266.9 million in 2011. This increase was primarily attributable to extraordinary provisions in Hungary in the amount of €450.0 million as a consequence of new legislation in Hungary allowing for the early repayment of foreign currency loans at non-market rates and an increase in the NPL coverage ratio. In Austria, the Czech Republic and Slovakia, the trend in risk costs was positive and partially offset the significant increase in Hungary. In 2011, net fee and commission income decreased by €55.3 million, or 3.0%, from €1,842.6 million in 2010 to €1,787.2 million in 2011. This decrease was primarily due to declines in the securities business, primarily in Austria, as well as in building society brokerage and investment banking business. General administrative expenses increased by €34.1 million, or 0.9%, from €3,816.8 million in 2010 to €3,850.9 million in 2011. Personnel expenses increased by €9.9 million, or 2.6%, from €2,263.8 million in 2010 to €2,323.7 million in 2011. This increase was partly due to severance payments in the Czech Republic, provisions for severance payments in Hungary and Romania and the integration of Informations-Technologie Austria GmbH into s IT Solutions AT as of 1 July 2010. Other operating result decreased by €1,150.5 million from negative €439.3 million in 2010 to negative €1,589.9 million in 2011. This was primarily due to the impairment of goodwill in 2011 in a total amount of €1,064.6 million. Of this amount, in particular, €692.8 million was related to Banca Comercială Română as a result of lower banking sector profitability in Romania, €312.7 million was related to the write-off in September 2011 of the entire amount of goodwill related to Erste Bank Hungary following difficult economic conditions in Hungary and the adoption of legislation allowing the early repayment of foreign currency loans at a fixed exchange rate below then prevailing exchange rates in the market and €52.7 million was related to certain Austrian subsidiaries, particularly regional savings banks and asset management activities. Other taxes increased by €91.6 million from €71.9 million in 2010 to €163.5 million in 2011 primarily due to banking taxes. In Austria, the banking tax was introduced in 2011 and resulted in a charge of

		<p>€132.1 million for Erste Group Bank.</p> <p>In 2011, net profit/loss for the year attributable to owners of the parent decreased by €1,597.6 million, from a net profit for the year attributable to owners of the parent of €878.7 million in 2010 to a net loss for the year attributable to owners of the parent of €718.9 million in 2011. The decrease primarily reflects the significant decrease in pre-tax profit/loss for the year from a pre-tax profit of €1,324.2 million in 2010 to a pre-tax loss for the year of €322.2 million in 2011.</p> <p>In 2011, total assets increased by €4,236.3 million, or 2.1%, from €205,770.0 million as of 31 December 2010 to €210,006.3 million as of 31 December 2011. The increase in total assets was driven by a 61.2% increase in cash and balances with central banks from €5,839.4 million as of 31 December 2010 to €9,412.9 million as of 31 December 2011, primarily as a result of temporary additional liquidity from the “Long-Term Refinancing Operation” (LTRO) of the ECB. At the same time, loans and advances to credit institutions decreased by 39.4% from €12,496.5 million as of 31 December 2010 to €7,577.7 million as of 31 December 2011 as a consequence of the reduction of the non-core business.</p>
B.8	Selected key pro forma financial information	Not applicable (no pro forma financial information is required).
B.9	Profit forecast or estimate	Not applicable (no profit forecast or estimate has been made).
B.10	Nature of any qualifications in the audit opinions on the historical financial information	Not applicable (there are no qualifications).
B.11	Insufficiency of the issuer’s working capital for its present requirements	Not applicable (the working capital is sufficient).

Section C – Securities

C.1	Type and class of the securities being offered and/or admitted to trading	<p>Up to €25,702,000 nominal amount of existing bearer participation capital securities issued by Erste Group Bank in 2009 (each €1,000 nominal amount, an “Offered Security”, together, the “Offered Securities” and together with all participation capital securities issued by Erste Group Bank, the “Participation Capital Securities”) from the holdings of Erste Group Bank are being offered. For every €21,000 nominal amount of Participation Capital Securities held as of 11 April 2013, 24.00 hours (midnight) CEST, each existing holder of Participation Capital Securities (a “Participant” and together, the “Participants”) is offered the right (the “Subscription Right” and together, the “Subscription Rights”) to purchase €1,000 nominal amount of Offered Securities.</p> <p>The Participation Capital Securities constitute participation capital (<i>Partizipationskapital</i>) in accordance with Section 23 (4) and (5) Austrian Banking Act (<i>Bankwesengesetz</i>) (the “Banking Act”) which was issued by Erste Group Bank in three tranches on 10 March (one tranche) and 13 May 2009 (two tranches) and is</p>
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	Security identification number	<p>fully paid in (the "Participation Capital"). The Participation Capital Securities were issued under and are governed by Austrian law.</p> <p>Participation Capital Securities other than the Offered Securities: AT0000A0D4T3</p> <p>Offered Securities: AT0000A0D4T3</p> <p>Subscription Rights: AT0000A100F9</p>
C.2	Currency of the securities issue	Euro
C.3	Number of shares issued and fully paid and issued but not fully paid / par value per share	Erste Group Bank has issued 394,568,647 no-par value voting bearer shares (ordinary shares) with a notional value of €2.00 each and 1,763,744 bearer Participation Capital Securities, each with a nominal amount of €1,000. All of these shares and Participation Capital Securities are fully paid in.
C.4	Rights attached to the securities	<p>The Offered Securities do not entitle their holders to receive dividend distributions for the financial year 2012 and have full dividend rights for the financial year 2013 and for all subsequent financial years. Prior to the Offering, the right of the holders of the Participation Capital Securities to receive dividend payments for the financial year 2012 has been separated from the Participation Capital Securities (including the Offered Securities). This 2012 dividend right has been assigned a separate International Securities Identification Number ("ISIN"), which differs from the ISIN of the Participation Capital Securities.</p> <p>Subject to the limitations contained in the "Terms and Conditions of the up to €2,700,000,000 Bearer Participation Capital Securities Issue of Erste Group Bank AG", as amended in October 2009, underlying the Participation Capital Securities (the "Terms and Conditions"), dividends on the Participation Capital Securities accrue annually per financial year as follows: (i) for the financial years from 1 January 2009 to 31 December 2013 at a dividend rate of 8.0% p.a., (ii) for the financial year from 1 January 2014 to 31 December 2014 at a dividend rate of 8.5% p.a., (iii) for the financial year from 1 January 2015 to 31 December 2015 at a dividend rate of 9.0% p.a., (iv) for the financial year from 1 January 2016 to 31 December 2016 at a dividend rate of 9.75% p.a., and (v) for the financial years from 1 January 2017, the dividend rates increase by one percentage point each year, provided that the annual dividend must never exceed 12-Month-EURIBOR plus ten percentage points p.a.</p> <p>The dividend payable on the Participation Capital Securities depends, among other things, on the annual profits as stated in the unconsolidated financial statements of Erste Group Bank after allocation to reserves. Unless dividend payments are made on the ordinary shares of the Issuer, the Issuer has no obligation to pay dividends on the Participation Capital Securities (irrespective of the availability of distributable profits) if it does not elect to do so, and any such failure to pay such dividends will not constitute a default of the Issuer or any other breach of the obligations under the Participation Capital Securities or for any other purpose.</p> <p>The holders of the Participation Capital Securities do not hold any voting rights but have the right to take part in Erste Group</p>

		Bank's shareholders' meetings and request information which is required for a proper assessment of an agenda item. They are entitled to participate in the liquidation proceeds of Erste Group Bank, ranking <i>pari passu</i> with Erste Group Bank's shareholders.
C.5	Restrictions on the free transferability of the securities	Not applicable (the Participation Capital Securities and the Subscription Rights are freely transferable in accordance with applicable law and applicable rules of Oesterreichische Kontrollbank Aktiengesellschaft ("OeKB") in its role as central securities depository).
C.6	Application for admission to trading on a regulated market / identity of regulated markets where securities are to be traded	Not applicable (the Participation Capital Securities are not listed or traded on any stock exchange or multi-lateral trading facility (MTF) and Erste Group Bank does not intend to apply for the admission of the Subscription Rights or the Offered Securities to trading on any stock exchange or any multi-lateral trading facility (MTF)).
C.7	Dividend policy	Erste Group Bank has historically paid dividends on the Participation Capital Securities every year since their issuance in 2009 at a dividend rate of 8.0% p.a. Past dividends are not an indication of future dividends to be paid by Erste Group Bank on its Participation Capital Securities. Erste Group Bank intends to continue to pay dividends on the Participation Capital Securities. However, the timing and amount of future dividend payments, if any, will depend upon Erste Group Bank's future earnings and prospects, capital requirements and financial condition and such other factors as the management board of Erste Group Bank (the "Management Board") and its Supervisory Board consider relevant, as well as the approval of shareholders. There can be no assurances that any dividends will be paid in the future.

Section D – Risks

D.1	Key risks that are specific to the issuer or its industry	<p>Risks related to the business of Erste Group</p> <ul style="list-style-type: none"> • Difficult macroeconomic and financial market conditions may have a material adverse effect on Erste Group's business, financial condition, results of operations and prospects. • Erste Group has been and may continue to be affected by the ongoing European sovereign debt crisis, and it may be required to take impairments on its exposures to the sovereign debt of certain countries. • Erste Group has experienced and may in the future continue to experience a deterioration in credit quality, particularly as a result of financial crises or economic downturns. • Erste Group is subject to significant counterparty risk, and defaults by counterparties may lead to losses that exceed Erste Group's provisions. • Erste Group is exposed to declining values of the collateral supporting commercial and residential real estate loans. • Market fluctuations and volatility may adversely affect the value of Erste Group's assets, reduce profitability and make it more difficult to assess the fair value of certain of its assets.
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		<ul style="list-style-type: none"> • Erste Group is subject to the risk that liquidity may not be readily available. • Rating agencies may suspend, downgrade or withdraw a rating of Erste Group Bank or of a country where Erste Group is active, and such action might negatively affect the refinancing conditions for Erste Group Bank, in particular its access to debt capital markets. • New regulatory or governmental requirements and changes in perceived levels of adequate capitalisation, liquidity levels and leverage could subject Erste Group to increased capital and liquidity requirements or standards and require it to obtain additional capital or liquidity in the future. • Erste Group's risk management strategies and internal control procedures may leave it exposed to unidentified or unanticipated risks. • Erste Group's business entails operational risks. • Erste Group may have difficulty recruiting or retaining qualified employees. • Any failure or interruption in or breach in security of Erste Group's information systems, and any failure to update such systems, may result in lost business and other losses. • Erste Group Bank may be required to provide financial support to troubled banks in the <i>Haftungsverbund</i>, which could result in significant costs and a diversion of resources from other activities. • Changes in interest rates are caused by many factors beyond Erste Group's control, and such changes can have significant adverse effects on its financial results, including net interest income. • Since a large part of Erste Group's operations, assets and customers are located in CEE countries that are not part of the Eurozone, Erste Group and its customers are exposed to currency risks. • Erste Group may be required to recognise further impairment charges resulting from previous acquisitions. • A change of the ECB's collateral standards could have an adverse effect on the funding of Erste Group and access to liquidity. • Erste Group operates in highly competitive markets and competes against large international financial institutions as well as established local competitors. • Erste Group Bank's major shareholder may be able to control shareholder actions. • Contractual arrangements with the Republic of Austria may affect the business of Erste Group. • Compliance with anti-money laundering, anti-corruption and anti-terrorism financing rules involves significant costs and efforts and non-compliance may have severe legal and reputational consequences. • Changes in consumer protection laws as well as the application or interpretation of such laws might limit the fees and
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		<p>other pricing terms that Erste Group may charge for certain banking transactions.</p> <ul style="list-style-type: none"> • The integration of potential future acquisitions may create additional challenges. <p>Risks related to the markets in which Erste Group operates</p> <ul style="list-style-type: none"> • The departure of any one or more countries from the Eurozone could have unpredictable consequences for the financial system and the greater economy, potentially leading to declines in business levels, write-downs of assets and losses across Erste Group's business. • Erste Group operates in emerging markets that may experience rapid economic or political changes, either of which may adversely impact its financial performance and results of operations. • Committed EU funds may not be released or further aid programmes may not be adopted by the EU. • Loss of customer confidence in Erste Group's business or in banking businesses generally could result in unexpectedly high levels of customer deposit withdrawals, which could have a material adverse effect on the Group's results, financial condition and liquidity. • Liquidity problems experienced by certain CEE countries may adversely affect the broader CEE region and could negatively impact Erste Group's business results and financial condition. • Governments in countries in which Erste Group operates may react to financial and economic crises with increased protectionism, nationalisations or similar measures. • Erste Group may be adversely affected by slower growth or recession in the banking sector in which it operates as well as slower expansion of the Eurozone and the EU. • The legal systems and procedural safeguards in many CEE countries and, in particular, in the Eastern European countries are not yet fully developed. • Applicable bankruptcy laws and other laws and regulations governing creditors' rights in various CEE countries may limit Erste Group's ability to obtain payments on defaulted loans and advances. • Erste Group may be required to participate in or finance governmental support programs for credit institutions or finance governmental budget consolidation programmes, including through the introduction of banking taxes and other levies.
D.3	Key risks that are specific to the securities	<p>Risks related to the Offering and the Offered Securities</p> <ul style="list-style-type: none"> • Participants who elect not to participate or are not entitled to participate in the Offering will not be compensated for the change of the ratio between the Participation Capital and the share capital of Erste Group Bank that has occurred since 2009. • Erste Group Bank's ability to pay dividends on the Participation Capital Securities will depend on the availability of dis-

		<p>tributable profits and may not occur even if such profits were available.</p> <ul style="list-style-type: none"> • Rights of holders of the Participation Capital Securities may differ from rights of holders of similar securities of a corporation organised in a jurisdiction other than Austria. • Erste Group has not decided how holders of the Participation Capital Securities will be protected against dilution in the future. • In the event that the Participation Capital Securities are repaid, the investment in Participation Capital Securities might prove to have a lower yield than expected. • The Participation Capital Securities are perpetual and can only be repaid by Erste Group Bank under certain circumstances. • The Participation Capital Securities participate in Erste Group Bank's losses up to their full nominal amount. • The obligations of Erste Group Bank under the Participation Capital Securities constitute unsecured and deeply subordinated obligations which are junior to the claims of all unsubordinated and subordinated creditors of Erste Group Bank. • The right of holders of the Participation Capital Securities to receive payments under the Participation Capital Securities will be structurally or effectively subordinated to claims of existing and future creditors of Erste Group Bank's subsidiaries. • There is no liquid secondary market for the Participation Capital Securities, which impedes the ability of their holders to sell the Participation Capital Securities at fair market prices. • Offerees assume the risk that the credit spread of Erste Group Bank changes. • Holders of the Participation Capital Securities may be exposed to market price risk in any sale of Participation Capital Securities. • Holders of the Participation Capital Securities are exposed to the risk that the value of the Participation Capital Securities falls as a result of changes in the market interest rate. • Due to potential inflation in the future, the real yield of an investment in Participation Capital Securities may be reduced. • Holders of the Participation Capital Securities are subject to the risk of detrimental changes of foreign exchange rates and adverse tax consequences. • Offerees must rely on the procedures and the functionality of the relevant clearing system for the Participation Capital Securities. • The Participation Capital Securities carry no voting rights. • Payment claims related to the principal of the Participation Capital Securities become time-barred after ten years.
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Section E – Offer

E.1	Total net proceeds and estimate of total expenses of the offer, including estimated expenses charged to the investor by the issuer or the offeror	<p>If all Subscription Rights that have not been waived will be exercised, Erste Group Bank expects the net proceeds of the Offering to be approximately €26.4 million. The proceeds from the Offering will be used in their entirety for payment of the purchase price for the Offered Securities to be acquired from the Republic of Austria in an amount equal to the total amount of Offered Securities subscribed for in the Offering. Erste Group Bank estimates total expenses of the Offering to be approximately €0.7 million (excluding VAT).</p> <p>Erste Group Bank will not charge any fees for the subscription for the Offered Securities. Depositary banks, custodians or other financial intermediaries through which Offerees may hold their Subscription Rights may charge customary bank commission for the exercise of the Subscription Rights on behalf of the Offerees.</p>
E.2a	Reasons for the offer, use of proceeds, estimated net amount of the proceeds	<p>Pursuant to the Terms and Conditions and the relevant provisions of the Banking Act, in case of any measures by which the existing ratio between the property rights of the holders of the Participation Capital Securities and those of Erste Group Bank's shareholders is changed, appropriate compensation must be provided to the Participation Capital Securities holders. Within the framework of certain of its employee share ownership programmes, Erste Group Bank issued an aggregate of 1,453,621 new shares from conditional capital since the completion of a similar subscription offering to re-establish the ratio between the share capital of Erste Group Bank and its Participation Capital in 2009.</p> <p>In September and November 2011, Erste Group Bank entered into several heads of agreement and share purchase agreements with four regional Romanian investment funds (Societatea de Investitii Financiare) on the acquisition of up to 30.12% of the shares in BCR against cash payments and transfer of newly issued shares in Erste Group Bank in several tranches. Implementing four share purchase agreements, Erste Group Bank issued an aggregate of 16,102,263 new shares from authorised capital in four capital increases on 23 November 2011, 10 December 2011, 15 December 2011 and 28 February 2012 against contributions in kind of a total of 2,060,418,643 shares in BCR, thereby increasing Erste Group Bank's share capital from €756,932,768 (as of 22 November 2011) to €789,137,294 (as of 31 December 2012). Negotiations between Erste Group Bank and one other regional Romanian investment fund regarding the entry into a share purchase agreement on the basis of the heads of agreement of September 2011 were terminated in February 2013. Due to the four capital increases against contributions in kind and the issuance of shares from conditional capital, the ratio between the share capital of Erste Group Bank and its Participation Capital, which existed at the time when the Participation Capital was issued, changed to the detriment of the Participation Capital Securities holders. The Offering of the Subscription Rights for additional Participation Capital Securities is intended to compensate for such change in the ratio and, from the perspective of Participation Capital Securities holders participating in the Offering, re-establish the ratio after a similar subscription offering in 2009. For this purpose, Erste Group Bank</p>

Termination and suspension of the Offering / extension of the Subscription Period

annulled, modified, cancelled or revoked, except for as provided in Section 6 of the Austrian Capital Markets Act 1991, as amended (*Kapitalmarktgesetz*) ("Capital Markets Act").

Subscription Rights that are not exercised within the Subscription Period will lapse and be of no value. Offerees holding their Subscription Rights through a depository bank, a custodian or another financial intermediary are advised to inform themselves about the deadline for exercising their Subscription Rights imposed by their respective depository bank custodian or other financial intermediary (disposition period). Such disposition period may end before the end of the Subscription Period on or about 26 April 2013.

The Offering may be terminated or suspended, and the Subscription Period may be extended at the absolute discretion of Erste Group Bank at any time. Any extension of the Subscription Period, or termination or suspension of the Offering will be published via electronic media, in the official gazette section of the *Wiener Zeitung (Amtsblatt zur Wiener Zeitung)*, on Erste Group Bank's website (www.erstegroup.com) and, to the extent required under the Capital Markets Act, as a supplement to this Prospectus, in each case as soon as possible thereafter. In addition, (i) in the Czech Republic publication will be made on the website of Česká spořitelna, a.s. (www.csas.cz), (ii) in Slovakia on the website of Slovenská sporiteľňa, a.s. (www.slsk.sk), and (iii) in Romania on the website of Depozitarul Central SA (www.depozitarulcentral.ro) and of BCR (www.bcr.ro).

Offerees who have submitted subscription orders will not be notified individually. In the event of a termination of the Offering, Subscription Rights already exercised will become void and any payment made for the subscription will be returned to the respective Offeree without interest. If an Offeree submits an invalid subscription or the Offering is terminated, claims with respect to bank fees and other costs incurred by an Offeree in connection with the Offering will be governed by the contractual relationship between such Offeree and the financial institution that accepted the subscription.

Subscription agent and exercise of Subscription Rights

Erste Group Bank will act as subscription agent for the Offering. The Offerees are invited to exercise their Subscription Rights within the Subscription Period during regular counter opening hours at one of the branches of Erste Group Bank or via their depository banks, custodians or other financial intermediaries by issuing a corresponding instruction.

Holders of Subscription Rights held through a depository bank that is a member of OeKB or through a financial institution that is a participant in Euroclear Bank S.A. ("Euroclear"), Clearstream Banking AG ("Clearstream"), Centrální depozitář cenných papírů, a.s. ("CDCP") or Centrálny depozitár cenných papierov SR, a.s. ("CDCP SR") are required to exercise their Subscription Rights by instructing such bank or financial institution to subscribe for Offered Securities on their behalf. Offerees that hold Subscription Rights through Depozitarul Central SA may exercise their Subscription Rights by instructing their financial intermediaries (custodian bank/broker) that act as depositaries for the Participation Capital Securities entitled to Subscription Rights.

No compensation will be payable for Subscription Rights not

	Delivery and settlement of Offered Securities	exercised. The Offered Securities are represented by several global certificates without dividend coupons that have been deposited with OeKB, Am Hof 4, A-1010 Vienna, Austria. The Offered Securities will be made available as co-ownership interests (<i>Miteigentumsanteile</i>) or co-ownership rights (<i>Miteigentumsrechte</i>) in the respective global certificates and are expected to be delivered in book-entry form through the facilities of OeKB, Euroclear, Clearstream, CDCP and CDCP SR against payment of the Subscription Price per acquired Offered Security on or about 3 May 2013.
	Underwriters / placement agents	No underwriters or placement agents have been appointed for the Offering.
E.4	Interests that are material to the offer including conflicting interests	Not applicable (no interests that are material to the offer including conflicting interests exist).
E.5	Name of the person or entity offering to sell the security / Lock-up agreements: the parties involved; and indication of the period of the lock up	The Offered Securities are offered by Erste Group Bank. Not applicable (no lock-up agreements are in place with respect to the Participation Capital Securities).
E.6	Amount and percentage of immediate dilution resulting from the offer	Not applicable (no new securities of Erste Group Bank will be issued in the Offering).
E.7	Estimated expenses charged to the investor by the issuer or the offeror	Erste Group Bank will not charge any fees for the subscription for the Offered Securities. Depository banks, custodians or other financial intermediaries through which Offerees may hold their Subscription Rights may charge customary bank commission for the exercise of the Subscription Rights on behalf of the Offerees.

Risk factors

Offerees should consider carefully the risks set forth below and the other information contained in this Prospectus prior to making any investment decision with respect to the Offered Securities. Each of the risks highlighted below could have a material adverse effect on Erste Group's business, operations, financial condition, results of operations, liquidity and prospects which, in turn, could have a material adverse effect on the amount of principal and dividends which Offerees would receive in respect of the Offered Securities. In addition, each of the risks highlighted below could adversely affect the value of the Offered Securities and, as a result, Offerees could lose some or all of their investment. The order in which the following risks are presented does not indicate the likelihood of their occurrence, nor the scope of any potential impairment these risks may cause to Erste Group's business, operations, financial condition, results of operations, liquidity and prospects. The risks mentioned may materialise individually or cumulatively.

Offerees should note that the risks described below are not the only risks Erste Group faces. Erste Group has described only those risks relating to its business, operations, financial condition, results of operations, liquidity and prospects that it considers to be material and of which it is currently aware. There may be additional risks that Erste Group currently considers not to be material or of which it is currently not aware, and any of these risks, alone or together with risks mentioned below, could have the effects set forth above.

Risks related to the business of Erste Group

Difficult macroeconomic and financial market conditions may have a material adverse effect on Erste Group's business, financial condition, results of operations and prospects.

From the second half of 2007 through 2009, disruptions in global capital and credit markets, coupled with the re-pricing of credit risk, created difficult conditions in financial markets and continue to have considerable effects on these markets. These conditions resulted in historically high levels of volatility across many markets (including capital markets), volatile commodity prices, decreased or no liquidity, widening of credit spreads and lack of price transparency in certain markets. These conditions also significantly reduced the availability of private financing for both financial institutions and their customers, compelling many financial institutions and industrial companies to turn to governments and central banks to provide liquidity. Among other factors, significant write-downs of asset values by financial institutions on mortgage-backed securities and other financial instruments, combined with the imposition of higher capital and other regulatory requirements, have led many financial institutions to seek additional capital, to merge or be merged with larger and stronger institutions, to be nationalised and, in some cases, to fail. Although the global economy recovered slightly throughout 2010, 2011 and 2012, widespread concerns with levels of public sector debt around the world, and with the stability of numerous banks in certain European countries, including, in particular Spain, Greece, Portugal, Italy and Ireland and more recently Cyprus and Slovenia, had a negative impact on macroeconomic conditions.

In response to the global financial crisis, the government of the United States, a number of European governments, the European Central Bank ("ECB") and international monetary organisations have taken unprecedented steps to help stabilise the financial system and increase the flow of credit in the global economy. There can be no assurances as to the actual impact that these measures and related actions will have on the financial markets, on consumer and corporate confidence generally and on Erste Group specifically. Since the second half of 2010, the indebtedness of certain Eurozone countries has raised concerns about the stability of the European financial sector and has contributed and may continue to contribute to a slowdown in economic growth in many countries across the region. Additionally, restructuring programmes adopted by some highly indebted EU countries, which include cuts in governmental spending, may result in lower growth rates in these countries as well as the Eurozone in the short and medium term. In 2011, the anxieties about the Eurozone situation increased and the ratings of Eurozone countries and banks were lowered at the end of 2011 and the beginning of 2012. In 2012, such anxieties continued due to the requirement to recapitalize the Spanish banking sector and growing concerns about the effectiveness and consequences of the restructuring programmes adopted by certain Eurozone countries, as well as due to the uncertainty as to the necessity for further financial aid for certain Eurozone countries or the Eurozone banking sector.

More recently, since September 2012, there has been an increase in the scale of global central bank intervention in an attempt to prevent further deterioration of economic growth and to respond to concerns about the effects of the European sovereign debt crisis. The ECB announced a plan to buy unlimited amounts of government bonds of distressed countries, such as Spain and Italy, partially in exchange for their request for and acceptance of a formal programme including certain austerity reforms. Also in September 2012, the Federal Reserve in the United States announced “QE3”, a third round of quantitative easing to stimulate economic growth, involving the purchase of USD40 billion of agency-backed mortgages each month for an indefinite period of time. The impact of the ECB’s and the U.S. Federal Reserve’s actions is currently unknown and these actions may or may not result in the expected benefits for the relevant economies.

Erste Group and its customers continue to remain vulnerable to other external financial and economic factors beyond their primary markets, such as the recent instability of numerous European banks and concerns regarding the ability of certain EU member states, including Spain, Greece, Portugal, Italy and Ireland and more recently Cyprus and Slovenia, to service their sovereign debt obligations, as well as concerns regarding the risk of contagion to other, currently more stable, countries, particularly Germany. These adverse developments have continued to cause considerable turbulence in the global financial and credit markets in 2012 and 2013. While steps taken by the ECB and EU member states, among others, appear to have stabilised the situation, should negative trends intensify, a reintroduction of national currencies in one or more Eurozone countries or, in particularly dire circumstances, the abandonment of the Euro could occur. These factors could have a material adverse effect on financial markets and economic conditions throughout the world, including Erste Group’s home markets, and, in turn, the market’s anticipation of these impacts could have a material adverse effect on Erste Group’s business, financial condition and liquidity. In particular, these factors could disrupt payment systems, money markets, long-term and short-term fixed income markets, foreign exchange markets, commodities markets and equity markets, adversely affect the cost and availability of funding and, ultimately, endanger the free movement of capital in the single market.

Erste Group’s performance will continue to be influenced by conditions in the global, and especially European, economy. The outlook for the European and global economy over the near to medium term remains challenging, which also impacts prospects for stabilisation and improvement of economic and financial conditions in Central and Eastern Europe.

Erste Group has been and may continue to be affected by the ongoing European sovereign debt crisis, and it may be required to take impairments on its exposures to the sovereign debt of certain countries.

In recent years, the sovereign debt markets in the Eurozone have experienced substantial stress as the financial markets have begun to perceive a number of countries as presenting an increased credit risk. These concerns have been particularly prominent with respect to Greece, Ireland, Italy, Portugal and Spain, and more recently Cyprus and Slovenia, and were threatening the recovery from the global financial and economic crisis. These concerns have persisted in light of increasing public debt loads and stagnating economic growth in these and other European countries both within and outside the Eurozone, including countries in Central and Eastern Europe. Despite a number of measures taken by European governments, the ECB and European regulators to control and mitigate the negative effects of the crisis, the business environment in general, and the financial markets in particular, weakened as the uncertainty surrounding the sovereign debt crisis and EU efforts to resolve the crisis continued to intensify.

Erste Group is also exposed to the credit risk of financial institutions which may be dependent on governmental support to continue their operations. The availability of government funds or the willingness of governments for such support is unclear given current levels of public debt in several Eurozone countries. In addition, hedging instruments, including credit default swaps, could provide ineffective if restructurings of outstanding sovereign debt avoid credit events that would trigger payment under such instruments or if the amounts ultimately paid under such instruments do not correspond to the full amount of net exposure after hedging. Any restructuring of outstanding sovereign debt may result in potential losses for Erste Group and other participants in transactions that are not covered by payouts on hedging instruments that Erste Group has entered or may enter into to protect against the risk of default.

Erste Group has experienced and may in the future continue to experience a deterioration in credit quality, particularly as a result of financial crises or economic downturns.

Erste Group is, and may in the future continue to be, exposed to the risk that borrowers may not repay their loans according to their contractual terms, that the collateral or income stream securing the payment of these loans may be insufficient, or that legislation is imposed setting fixed exchange rates for loans in foreign currencies. In 2011, an increasing percentage of these exposures deteriorated in quality as a result of the unfavourable economic environment, and a considerable number of these exposures, particularly in Romania and Hungary, continued to deteriorate in 2012. This is particularly true for customer loans in currencies other than the local currency of the customer's jurisdiction. As the value of the local currency declines versus the foreign currencies of such loans, as occurred in certain CEE countries during the economic downturn, the effective cost of the foreign currency denominated loan to the local customer may increase substantially, which can lead to delinquent payments on customer loans, migration of previously highly-rated loans into lower-rated categories and, ultimately, increases in non-performing loans and impairment charges. The effects of the global economic and financial crisis, such as stagnating or declining growth rates or negative gross domestic product ("GDP") development, significantly reduced private consumption and corporate investment, rising unemployment rates and decreasing private and commercial property values in certain regions, have had in recent years a particularly negative effect on the credit quality of Erste Group's loan portfolio in certain countries in which it operates.

Deterioration in Erste Group's credit quality and increases in non-performing loans may result in increased risk costs for Erste Group. Erste Group's risk costs are based on, among other things, its analysis of current and historical probabilities of default and loan management methods and the valuation of underlying assets and expected available income of clients, as well as other management assumptions. Erste Group's analyses and assumptions may prove to be inadequate and might result in inaccurate predictions of credit performance.

Erste Group maintains provisions on its balance sheet to cover estimated probable incurred credit losses inherent in its loan portfolio. In accordance with IFRS, Erste Group accounts for defaults of customers by making risk provisions, which include both specific risk provisions for loans (for which objective evidence of impairment exists) and portfolio risk provisions for loans (for which no objective evidence of impairment exists (incurred but not detected)). These provisions reflect Erste Group's estimates of losses in its loan portfolio. If a higher than expected proportion of Erste Group's customers default or if the average amount lost as a result of defaults is higher than expected or if individual corporate customers unexpectedly default, actual losses due to customer defaults will exceed the amount of provisions already taken and Erste Group's operating result will be adversely affected.

Despite an overall increase in risk costs at the group level in 2011, in certain CEE countries the increase in non-performing loans and the increase in required loan write-offs has led to decreasing non-performing loans (NPL) coverage ratios (ratio of risk provisions for loans and advances to customers on Erste Group's balance sheet as a percentage of non-performing loans and advances to customers). While risk costs in 2012 generally decreased at the group level, risk provisions for loans and advances to customers in Romania and Croatia and, as a result of a higher NPL ratio (ratio of non-performing loans and advances to customers as a percentage of total loans and advances to customers) in lending to large corporate customers and real estate loans, in Erste Group Bank increased. Erste Group seeks to maintain an NPL coverage ratio that, in management's judgement, is appropriate to cover potential credit losses. However, there can be no assurances that the current NPL coverage ratio will not decline in the future, that annual risk costs will not rise or that the NPL coverage ratio will prove to be sufficient.

A deterioration in credit quality may continue in certain countries where Erste Group operates and could even intensify if economic conditions remain difficult or if improving business climates are temporary. In addition, unanticipated political events or a continued lack of liquidity in certain CEE economies could result in credit losses which exceed the amount of Erste Group's loan loss provisions.

Each of the above factors has had in the past and could have in future periods a material adverse effect on Erste Group's results of operations, financial condition and capital base.

Erste Group is subject to significant counterparty risk, and defaults by counterparties may lead to losses that exceed Erste Group's provisions.

Like other financial institutions, Erste Group is exposed to the risk that third parties who owe it money, securities or other assets will not perform their obligations. This exposes Erste Group to the risk of counterparty defaults, which have historically been higher during periods of economic downturn.

In the ordinary course of its business, Erste Group is exposed to a risk of non-performance by counterparties in the financial services industry. This exposure can arise through trading, lending, deposit-taking, clearance and settlement and many other activities and relationships. These counterparties include brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. Many of these relationships expose Erste Group to credit risk in the event of default of a counterparty. In addition, Erste Group's credit risk may be exacerbated when the collateral it holds cannot be realised upon or is liquidated at prices below the level necessary to recover the full amount of the loan or cover the full amount of derivative exposure. Many of the hedging and other risk management strategies utilised by Erste Group also involve transactions with financial services counterparties. A weakness or insolvency of these counterparties may impair the effectiveness of Erste Group's hedging and other risk management strategies. Erste Group will incur losses if its counterparties default on their obligations. If a higher than expected proportion of Erste Group's counterparties default, or if the average amount lost as a result of defaults is higher than expected, actual losses due to counterparty defaults will exceed the amount of provisions already taken and results of operation will be adversely affected. If losses due to counterparty defaults significantly exceed the amounts of Erste Group's provisions or require an increase in provisions, this could have a material adverse effect on Erste Group's business, financial condition and results of operations.

Counterparty risk between financial institutions has increased from time to time in recent years as a result of volatility in the financial markets. Concerns about potential defaults by one financial institution can lead to significant liquidity problems, losses or defaults by other financial institutions as the commercial and financial soundness of many financial institutions is interrelated due to credit, trading and other relationships. Even a perceived lack of creditworthiness may lead to market-wide liquidity problems. This risk is often referred to as "systemic risk", and it affects banks and all different types of intermediaries in the financial services industry. Systemic risk could lead to a need for Erste Group as well as other banks in the markets in which Erste Group operates to raise additional capital while at the same time making it more difficult to do so. Systemic risk could therefore have a material adverse effect on Erste Group's business, financial condition, results of operations, liquidity or prospects.

Erste Group is exposed to declining values of the collateral supporting commercial and residential real estate loans.

Erste Group has significant exposure to commercial and residential real estate loans. Commercial and residential real property prices in many of the countries where Erste Group operates declined in recent years, reflecting economic uncertainty. Commercial and residential property developers were forced to cease or delay construction of planned projects due to a lack of customers or, as a result of declining values of the collateral supporting the projects, their inability to finance construction. This led to reductions in prices of residential and commercial real estate and contractions in the residential mortgage and commercial lending markets in many countries. Erste Group's commercial property and residential real estate loan portfolios may suffer additional impairment losses if property values decline further in the future, collateral cannot be enforced or, as a result of weaknesses in Erste Group's collateral management or work-out processes, collateral values prove to be insufficient. Increasing unemployment rates could also lead to higher default rates and impairment losses on non-property commercial and consumer loans. If either of these risks were to materialise, it could have a material adverse effect on Erste Group's financial condition and results of operations.

Market fluctuations and volatility may adversely affect the value of Erste Group's assets, reduce profitability and make it more difficult to assess the fair value of certain of its assets.

Financial markets have been subject to significant stress conditions since mid-2007, where steep falls in perceived or actual values of assets held by banks and other financial institutions have been accompanied by a severe reduction in market liquidity. These events have negatively affected the value of the financial assets available for sale and the financial assets held-to-maturity particularly in 2011, adversely affecting Erste Group's results of operations for that period. Future deteriorations in economic and financial market conditions could lead to additional impairment charges or revaluation

losses in future periods. Despite a recovery in economic and financial market conditions during 2012 in most of the markets in which Erste Group is active, the value of financial assets may continue to fluctuate significantly or materially impact Erste Group's capital and comprehensive income if the fair value of financial assets declines.

Market volatility and illiquidity may make revaluation of certain exposures difficult, and the value ultimately realised by Erste Group may be materially different from the current or estimated fair value. In addition, Erste Group's estimates of fair value may differ materially both from similar estimates made by other financial institutions and from the values that would have been used if a market for these assets had been readily available. Any of these factors could require Erste Group to recognise further revaluation losses or realise impairment charges, any of which may adversely affect its business, financial condition, results of operations, liquidity or prospects.

Erste Group is subject to the risk that liquidity may not be readily available.

Erste Group, like many other banks, relies on customer deposits to meet a substantial portion of its funding requirements. The majority of Erste Group's deposits are retail deposits, a significant proportion of which are demand deposits. Such deposits are subject to fluctuation due to factors outside Erste Group's control, and Erste Group can provide no assurances that it will not experience a significant outflow of deposits within a short period of time. Because a significant portion of Erste Group's funding comes from its deposit base, any material decrease in deposits could have a negative impact on Erste Group's liquidity unless corresponding actions were taken to improve the liquidity profile of other deposits or to reduce liquid assets, which may not be possible on economically beneficial terms, if at all.

As credit providers, group companies of Erste Group are exposed to market liquidity risk, which arises from an inability to easily sell an asset because there is inadequate market liquidity or market disruption. They are also exposed to funding liquidity risk, which is an exposure to losses arising out of a change in the cost of refinancing, or from a spread over a certain horizon and confidence level, or from insolvency of counterparties, which may result in difficulties in meeting future payment obligations, either in full, on time or on economically beneficial terms.

Credit and money markets worldwide have experienced and continue to experience a reluctance of banks to lend to each other because of uncertainty as to the creditworthiness of the borrowing bank. Even a perception among market participants that a financial institution is experiencing greater liquidity risk may cause significant damage to the institution, since potential lenders may require additional collateral or other measures that further reduce the financial institution's ability to secure funding. This increase in perceived counterparty risk has led to further reductions in the access of Erste Group, along with other banks, to traditional sources of liquidity, and may be compounded by further regulatory restrictions on capital structures and calculation of regulatory capital ratios.

If Erste Group has difficulty in securing adequate sources of short- and long-term liquidity or if there were material deposit outflows this would have a material adverse effect on its business, financial condition and results of operations.

Rating agencies may suspend, downgrade or withdraw a rating of Erste Group Bank or of a country where Erste Group is active, and such action might negatively affect the refinancing conditions for Erste Group Bank, in particular its access to debt capital markets.

Erste Group Bank's credit ratings are important to its business. A rating is the opinion of a rating agency on the credit standing of an issuer, *i.e.*, a forecast or an indicator of a possible credit loss due to insolvency, delay in payment or incomplete payment to the investors. It is not a recommendation to buy, sell or hold securities. Such credit ratings have been issued by credit rating agencies established in the European Community and registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009. Erste Group Bank's long-term credit ratings are: Standard & Poor's, A (outlook negative); Moody's, A3 (outlook negative); and Fitch Ratings, A (outlook stable).

A rating agency may in particular suspend, downgrade or withdraw a rating. A rating may also be suspended or withdrawn if Erste Group were to terminate the agreement with the relevant rating agency or to determine that it would not be in its interest to continue to supply financial data to a rating agency. A downgrading of the rating may lead to a restriction of access to funds and, consequently, to

higher refinancing costs. A rating could also be negatively affected by the soundness or perceived soundness of other financial institutions.

A rating agency may also suspend, downgrade or withdraw a rating concerning one or more countries where Erste Group operates or may publish unfavourable reports or outlooks for a region or country where Erste Group operates. Moreover, if a rating agency suspends, downgrades or withdraws a rating or publishes unfavourable reports or outlooks on Austria, such as S&P's downgrade of Austria in January 2012 (which has recently been changed to a stable outlook), this could increase the funding costs of Erste Group.

Any downgrade of the credit rating of Erste Group Bank or any member of Erste Group, or of the Republic of Austria or any other country in which Erste Group has significant operations, could have a material adverse effect on its liquidity and competitive position, undermine confidence in Erste Group, increase its borrowing costs, limit its access to funding and capital markets or limit the range of counterparties willing to enter into transactions with Erste Group and would as a consequence have a material adverse effect on its business, financial condition and results of operations.

New regulatory or governmental requirements and changes in perceived levels of adequate capitalisation, liquidity levels and leverage could subject Erste Group to increased capital and liquidity requirements or standards and require it to obtain additional capital or liquidity in the future.

In response to the global economic and financial crisis and the ongoing European sovereign debt crisis, a number of initiatives relating to the regulatory requirements applicable to European banks, including Erste Group, have been adopted or are in the process of being developed. These include the following:

- *Basel 2.5.* In the wake of the global economic and financial crisis, in mid-2010, the Basel Committee on Banking Supervision (the "Basel Committee") finalized new rules regarding the capital requirements applicable to trading activities. These rules, commonly referred to as Basel 2.5, have significantly increased applicable capital requirements by introducing new risk measures and by mandating specified capital treatment for certain identified asset classes. They also include a stressed value-at-risk requirement (VaR) that is intended to mitigate the cyclicity of the minimum regulatory capital framework. On a European level the Basel 2.5 framework has been adopted by Directive 2009/111/EC of 16 September 2009, together with a remuneration framework for bank managers.
- *Basel 3 and CRR/CRD IV.* In December 2010, the Basel Committee published its final standards on the revised capital adequacy framework, known as Basel 3, which also tighten the definition of capital and require banks to maintain capital buffers. On 10 July 2011, the European Commission proposed a Europe-wide implementation of Basel 3 through a legislative package referred to as CRR/CRD IV. Basel 3 and CRR/CRD IV will further increase the quality and quantity of required capital, increase capital against derivative positions and introduce a new liquidity framework as well as a leverage ratio. The implementation of these measures through EU legislation continues to be in flux, as major differences have emerged among EU member states on specific details of the new framework.
- *European Banking Authority's Capital Exercise.* On 26 October 2011, in response to ongoing market concerns over the ability of banks to absorb potential losses associated with sovereign debt, brought into focus by the ongoing European sovereign debt crisis, the Council of the European Union agreed to require a group of 70 large banks in the European Economic Area to create an exceptional and temporary capital ratio of 9% of core tier-1 capital. This exceptional and temporary capital ratio was calculated in accordance with the Basel 2.5 rules and specifically took into account certain European Banking Authority ("EBA") definitions (e.g., non-consideration of private participation capital in a total amount of €540 million) against banks' credit, operational and market risks, after accounting for certain criteria including the valuation of sovereign debt. The EBA, together with national banking regulators, completed the process of calculating individual capital buffers for the relevant banks. As of June 30, 2012, Erste Group's EBA capital ratio was 9.9%.
- *Changes in Recognition of Own Funds.* Due to regulatory changes, various own funds instruments issued in the past will lose regulatory recognition as own funds or drop into lower categories than those in which they were initially recognised. For example, certain hybrid capital in-

struments will, over time, be phased out as additional tier-1 capital, and the participation capital subscribed by the Republic of Austria (€1,224 million) will lose regulatory recognition as common equity tier-1 capital in 2017.

- *Stricter and Changing Accounting Standards.* Prospective changes in accounting standards as well as those imposing stricter or more extensive requirements to carry assets at fair value, could also impact Erste Group's capital needs. For example, IFRS 10, which has been endorsed by the EU and becomes effective for Erste Group's financial years beginning on or after 1 January 2014, establishes a single control model that applies to all entities and will require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by a parent.
- *EU Recovery and Resolution Directive.* The European Commission has proposed that EU member states transpose most of the requirements of the Recovery and Resolution Directive ("RRD") into national law. The RRD establishes a framework for the recovery and resolution of credit institutions and will require EEA credit institutions to draw up "recovery and resolution plans" which set out certain arrangements and measures that may be taken to restore the long-term viability of the financial institution in the event of a material deterioration of its financial position.
- *Austrian Supervisory Guidance.* In March 2012, the Austrian Financial Markets Authority (*Finanzmarktaufsichtsbehörde*) ("FMA") published supervisory guidance on the strengthening of the sustainability of the business models of large, internationally active Austrian banks, which included the requirement for Austrian parent financial institutions to submit recovery and resolution plans before the end of 2012 in order to proactively prepare for European frameworks under discussion. The supervisory guidance also foresees increased capitalisation requirements for banking groups reflected in the full implementation of the quantitative and qualitative Basel 3 rules with respect to common equity tier-1 capital, *i.e.*, a common equity tier-1 capital ratio of 7% beginning in 2013. In this respect, the FMA has indicated that it will implement an additional common equity tier-1 capital requirement to banking groups at a consolidated level of up to 3% beginning in 2016, while the level of such an additional common equity tier-1 capital requirement will depend on the systemic relevance of the particular banking group. In addition, strengthened local stable funding bases of subsidiaries through so-called "loan-to-local stable funding ratios", *i.e.*, the funding of loans through the local deposit base will be required.

Additional and new regulatory requirements may be adopted in the future, and the regulatory environment in many markets in which Erste Group operates continues to develop and change, including, for example, the recent proposal of a single supervisory mechanism and more integrated banking union within the EU. The substance and scope of any such new laws and regulations as well as the manner in which they will be adopted, enforced or interpreted may increase Erste Group's financing costs and could have an adverse effect on Erste Group's business, financial condition, results of operations and prospects.

In addition to complying with minimum regulatory capital requirements on a consolidated level for the entire Erste Group, Erste Group Bank itself is also subject to minimum regulatory capital requirements on an unconsolidated basis. In addition, members of Erste Group which are subject to local supervision in their country of incorporation may, on a single-entity and on a consolidated level, be required to comply with applicable local regulatory capital requirements. It is therefore possible that individual entities within Erste Group or sub-groups require more regulatory capital, even though the regulatory capital of Erste Group on a consolidated basis is sufficient.

In the course of the global financial crisis, the rules on regulatory capital for credit institutions have come under scrutiny by legislators, regulators and advisory bodies (*e.g.*, the Basel Committee). Legislative or regulatory changes in the current definitions of what is deemed to qualify as core tier-1 capital (such as minority interests or Erste Group Bank's Participation Capital Securities not held by the Republic of Austria) could reduce Erste Group's core tier-1 ratio or otherwise reduce the regulatory capital of Erste Group Bank or Erste Group on a single entity or consolidated level. There can be no assurances that, in the event of a change of the applicable rules, adequate grandfathering or transition periods will be implemented to allow Erste Group to repay or replace such derecognised core tier-1 or other regulatory capital instruments in a timely fashion or on favourable terms.

Erste Group may therefore need to obtain additional capital in the future. Such capital, whether in the form of additional equity or other capital recognised as regulatory capital, may not be available on

attractive terms or at all. Further, any such regulatory development may expose Erste Group to additional costs and liabilities, require it to change how it conducts its business or otherwise have a negative impact on its business, the products and services it offers and the value of its assets. There can be no assurances that Erste Group would be able to increase its capital ratios sufficiently or on time. If Erste Group is unable to increase its capital ratios sufficiently, its ratings may drop and its cost of funding may increase, the occurrence of which could have a material adverse effect on its business, financial condition and results of operations.

Erste Group's risk management strategies and internal control procedures may leave it exposed to unidentified or unanticipated risks.

Erste Group's risk management techniques and strategies have not been, and may in the future not be, fully effective in mitigating Erste Group's risk exposure in all economic market environments or against all types of risks, including risks that it fails to identify or anticipate. Furthermore, regulatory audits or other regular reviews of the risk management procedures and methods have in the past detected, and may in the future detect, weaknesses or deficiencies in Erste Group's risk management systems. Some of Erste Group's quantitative tools and metrics for managing risks are based upon its use of observed historical market behavior. Erste Group applies statistical and other tools to these observations to arrive at quantifications of risk exposures. During the recent financial crisis, the financial markets experienced unprecedented levels of volatility (rapid changes in price direction) and the breakdown of historically observed correlations (the extent to which prices move in tandem) across asset classes, compounded by extremely limited liquidity. In this volatile market environment, Erste Group's risk management tools and metrics failed to predict some of the losses it experienced and may in the future under similar conditions of market disruption fail to predict future important risk exposures. In addition, Erste Group's quantitative modeling does not take all risks into account and makes numerous assumptions regarding the overall environment, which may or may not materialise. As a result, risk exposures have arisen and could continue to arise from factors not anticipated or correctly evaluated in Erste Group's statistical models. This has limited and could continue to limit Erste Group's ability to manage its risks, especially in light of the ongoing European sovereign debt crisis, many of the outcomes of which are currently unforeseeable. If circumstances arise that Erste Group did not identify, anticipate or correctly evaluate in developing its statistical models, losses could be greater than the maximum losses envisaged under its risk management system. Furthermore, the quantifications do not take all risks or market conditions into account. If the measures used to assess and mitigate risks prove insufficient, Erste Group may experience material unanticipated losses, which could have a material adverse effect on its business, financial condition and results of operations.

Erste Group's business entails operational risks.

Erste Group is exposed to operational risk, which is the risk of loss resulting from inadequacy or failure of internal processes or systems or from external events. Erste Group is susceptible to, among other things, fraud by employees or outsiders, including unauthorised transactions and operational errors, clerical or record-keeping errors and errors resulting from faulty computer or telecommunications systems. Given Erste Group's high volume of transactions, fraud or errors may be repeated or compounded before they are discovered and rectified. Consequently, any inadequacy of Erste Group's internal processes or systems in detecting or containing such risks could result in unauthorised transactions and errors, which may have a material adverse effect on Erste Group's business, financial condition, results of operations and prospects. Erste Group may also suffer service interruptions from time to time due to failures by third-party service providers and natural disasters, which are beyond its control. Such interruptions may result in interruptions in services to Erste Group's subsidiaries and branches and may impact customer service.

Erste Group may have difficulty recruiting or retaining qualified employees.

Erste Group's existing operations and ability to enter new markets depend on its ability to retain existing employees and to identify and recruit additional individuals who are not only familiar with the local language, customs and market conditions, but also have the necessary qualifications and level of experience in banking. In many of the CEE markets in which Erste Group currently operates, the pool of individuals with the required set of skills is smaller than in most Western European countries. Increasing competition for labour in Erste Group's core markets from other international financial institutions may also make it more difficult for Erste Group to attract and retain qualified employees and may lead to rising labour costs in the future. Moreover, if caps or further restrictions under CRDIII or, in the

future, CCR/CRDIV were to be imposed on salaries or bonuses paid to executives of Erste Group Bank or its subsidiaries (including caps imposed by governments in connection with extending support to Erste Group), Erste Group's ability to attract and retain high-quality personnel could be limited and could result in losses of qualified personnel. If Erste Group is unable to attract and retain new talent in key strategic markets or if competition for qualified employees increases its labour costs, this could have a material adverse effect on Erste Group's business, financial condition and results of operations.

Any failure or interruption in or breach in security of Erste Group's information systems, and any failure to update such systems, may result in lost business and other losses.

Erste Group relies heavily on information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in its risk management, general ledger, deposit servicing or loan origination systems. If Erste Group's information systems, including its back-up systems, were to fail, even for a short period of time, or its business continuity plans for cases of emergency would prove ineffective, it could be unable to serve some customers' needs on a timely basis and could thus lose their business

Likewise, a temporary shutdown of Erste Group's information systems could result in costs that are required for information retrieval and verification. There can be no assurances that such failures or interruptions will not occur or that Erste Group can adequately address them if they do occur. Accordingly, the occurrence of such failures or interruptions could have a material adverse effect on Erste Group's business, financial condition, results of operations and prospects. In addition, there can be no assurances that the rollout or implementation of any new systems or processes will provide the desired benefit to Erste Group's business, or will not involve failures or business interruptions that could have a material adverse effect on its business, financial condition, results of operations and prospects. To a limited extent, Erste Group has outsourced certain IT services and operations to external service providers and may in the future expand the scope of outsourcing arrangements in order to optimise its costs structure and increase flexibility. Unsatisfactory quality of the external providers' services could heighten or exacerbate risks associated with the failure or interruption of its information systems as well as result in additional operational deficiencies or reputational risk.

Erste Group Bank may be required to provide financial support to troubled banks in the *Haftungsverbund*, which could result in significant costs and a diversion of resources from other activities.

In 2002, the *Haftungsverbund* was formed pursuant to the *Grundsatzvereinbarung* among the majority of Austrian savings banks. The purpose of the *Haftungsverbund* was to establish a joint early-warning system as well as a cross-guarantee for certain liabilities of the member savings banks and to strengthen the cooperation of the Savings Banks sector in the Austrian market.

Under the *Haftungsverbund*, Erste Group Bank and all other member savings banks are obliged to provide financially troubled members with specified forms of financial and management support and, in the event of a member's insolvency, to contribute to the repayment of certain protected deposits. Under the *Haftungsverbund*, member savings banks are also required to follow specific credit and risk management guidelines for providing and managing loans, which are effectively set and monitored indirectly by Erste Group Bank although Erste Group Bank does not exercise direct operational control over the management of the member savings banks. These requirements are often more detailed and strict than those previously in place at certain of the individual savings banks. In light of IFRS 10 that will be effective for financial years beginning 1 January 2014, Erste Group Bank, in order to continue the consolidation of the savings banks, may be required to strengthen the power in the provisions of the agreement governing the *Haftungsverbund*. Erste Group Bank may be required to provide support and repay certain protected deposits even where there has been non-compliance by one or more members of the *Haftungsverbund* with the risk management requirements, although Erste Group Bank may exercise little direct control over the management of the member savings bank. Consequently, Erste Group Bank's ability to manage the risk associated with the financial obligations it has assumed under the *Haftungsverbund* will depend on its ability to enforce the risk management requirements of the system. Erste Group Bank may be obliged to provide liquidity, take other measures and incur significant costs in the event that another savings bank in the *Haftungsverbund* experiences financial difficulties or becomes insolvent or in order to prevent one of the savings banks from experiencing financial difficulties. This could require Erste Group Bank to utilise resources in a

manner that could have a material adverse effect on Erste Group Bank's business, financial condition and results of operations.

Changes in interest rates are caused by many factors beyond Erste Group's control, and such changes can have significant adverse effects on its financial results, including net interest income.

Erste Group derives the majority of its operating income from net interest income. Interest rates are sensitive to many factors beyond Erste Group's control, such as inflation, monetary policies set by central banks and national governments, the liberalisation of financial services and increased competition in the markets in which Erste Group operates, domestic and international economic and political conditions, as well as other factors. Changes in interest rates can affect the spread between the rate of interest that a bank pays to borrow funds from its depositors and other lenders and the rate of interest that it charges on loans it extends to its customers. If the interest margin decreases, net interest income will also decrease unless Erste Group is able to compensate such decrease by increasing the total amount of funds it lends to its customers. A decrease in rates charged to customers will often have a negative effect on margins, particularly when interest rates on deposit accounts are already very low, since a bank may have little ability to make a corresponding reduction in the interest it pays to lenders. An increase in rates charged to customers can also negatively impact interest income if it reduces the amount of customer borrowings. For competitive reasons, Erste Group may also choose to raise rates of interest it pays on deposits without being able to make a corresponding increase in the interest rates it charges to its customers. Finally, a mismatch in the structure of interest-bearing assets and interest-bearing liabilities in any given period could, in the event of changes in interest rates, reduce Erste Group's net interest margin and have a material adverse effect on its net interest income and, thereby, its business, results of operation and financial condition.

Since a large part of Erste Group's operations, assets and customers are located in CEE countries that are not part of the Eurozone, Erste Group and its customers are exposed to currency risks.

A large part of Erste Group Bank's and Erste Group's operations, assets and customers are located in CEE countries that are not part of the Eurozone (*i.e.*, that do not use the Euro as their functional currency), and financial transactions in currencies other than the Euro give rise to foreign currency risks. In addition to loans denominated in local CEE currencies, many of Erste Group's retail and corporate customers in Hungary, Romania, the Ukraine, Croatia, Serbia and Austria have taken out loans which are denominated in currencies other than their relevant local currencies (primarily in EUR, USD and CHF). To the extent that the local currencies decline in value, or in the future will decline in value, relative to the currency in which such loans were made, borrowers will need to convert a larger amount of local currency into the currency in which the loan is denominated in order to make payments of principal and interest on the loan. In this scenario, Erste Group anticipates a higher number of loan defaults in these countries. Alternatively, local governments may undertake measures that affect currency levels and exchange rates and impact Erste Group's credit exposure to such currencies, such as the Swiss National Bank's setting of a minimum exchange rate against the Euro in September 2011 or Hungary's introduction of a law allowing consumers to repay foreign currency loans at fixed exchange rates below market exchange rates. Moreover, there can be no assurances that similar measures will not be introduced or imposed on other customer segments or countries as well.

In addition, the equity investments that Erste Group Bank has in its non-Eurozone subsidiaries, and the income and assets, liabilities and equity of non-Eurozone subsidiaries, when translated into Euro, may also be lower due to devaluation of their local currencies *vis-à-vis* the Euro. Erste Group hedges its foreign currency exposure related to capital investments in its foreign subsidiaries only to a limited extent. These and other effects of currency devaluation could have a material adverse effect on Erste Group Bank's and Erste Group's business, financial condition, capital ratios, results of operations and prospects.

Erste Group may be required to recognise further impairment charges resulting from previous acquisitions.

For the financial year 2011, Erste Group wrote down approximately €1.1 billion in goodwill, of which €692.8 million was goodwill related to BCR and €312.7 million was goodwill related to Erste Bank Hungary. For the financial year 2012, Erste Group wrote down approximately €514.9 million in goodwill, of which an amount of €469.4 million was goodwill related to BCR and €45.5 million was goodwill

related to certain subsidiaries in Austria. The carrying amounts of intangible assets related to goodwill and brand on Erste Group's consolidated balance sheet as of 31 December 2012 was approximately €1.9 billion.

The carrying amount of goodwill on Erste Group's consolidated balance sheet would be reduced in the event that the effects of an economic downturn, persistent stagnation or slower return to projected economic growth, increased competition or any other adverse event caused Erste Group's estimate of the businesses' future cash flows to be revised downwards or if the rate used to discount the cash flows is increased. Depending on the size of the reduction in goodwill, such a reduction could have a material adverse effect on Erste Group's results of operations in that period, on the reported amount of its assets and on its equity, and on Erste Group's ability to pay dividends on the Offered Securities.

A change of the ECB's collateral standards could have an adverse effect on the funding of Erste Group and access to liquidity.

As a result of the funding pressures arising from the European sovereign debt crisis, there has been increased intervention by a number of central banks, in particular the ECB. Among other measures, the ECB has agreed to provide low-interest secured loans to European financial institutions for up to three years and lowered the requirements for collateral. As of the date of this Prospectus, the ECB accepts certain instruments, including *Pfandbriefe*, issued by Erste Group Bank as collateral for its tenders. If the ECB were to restrict its collateral standards or if it would increase the rating requirements for collateral securities, this could increase Erste Group's funding costs and limit Erste Group's access to liquidity, especially where deposits or other sources of liquidity are inadequate in the short term, and accordingly have an adverse effect on Erste Group's business, financial condition and results of operations.

Erste Group operates in highly competitive markets and competes against large international financial institutions as well as established local competitors.

Erste Group faces significant competition in all aspects of its business, both in Austria and Central and Eastern Europe. Erste Group competes with a number of large international financial institutions and local competitors. If Erste Group is unable to respond to the competitive environment in these markets with product and service offerings that are profitable, it may lose market shares in important parts of its business or incur losses on some or all of its activities.

The trend towards consolidation in the global financial services industry, which has increased due to the recent financial and economic crisis, is creating competitors with extensive ranges of product and service offerings, increased access to capital and greater efficiency and pricing power. These global financial institutions may be more appealing to customers, especially large corporate customers, because of their larger international presence or financial resources. In addition, in some markets, in particular Austria and Hungary, Erste Group faces competition from established local banks which operate a larger number of branches, offer customers a broader range of banking and financial products and services, and benefit from relationships with a large number of existing customers.

Erste Group faces strong competition in Austria not only from UniCredit Bank Austria AG ("Bank Austria") and the Raiffeisen banks, but also from large international banks and new entrants from neighbouring countries. As a result of this competition, in particular in the retail segment, net interest margins have historically been very low. Failure to maintain net interest margins at current levels may have a significant negative impact on the Group's financial condition and results of operations.

As banking markets in CEE mature, Erste Group expects increased competition from global financial institutions and local competitors, with the level of increased competition likely to vary from country to country. Erste Group's ability to compete effectively will depend on the ability of its businesses to adapt quickly to market and industry trends. If Erste Group fails to compete effectively, or if governmental action in response to financial crises or economic downturns results in it being placed at a competitive disadvantage, Erste Group's business, financial condition and results of operations may be adversely affected.

Erste Group Bank's major shareholder may be able to control shareholder actions.

According to its most recent voting rights notification, 24.47% of the shares in Erste Group Bank were attributed to Erste Stiftung as of 5 October 2012. In addition, Erste Stiftung has the right to appoint one third of the members of the Supervisory Board of Erste Group Bank who were not delegated by

the employees' council. To date, Erste Stiftung has not exercised its appointment right, so that all of the Supervisory Board members who were not delegated by the employees' council have been elected by the shareholders' meeting. However, Erste Stiftung has voted, and is committed to voting, in favour of the minority representative on the Supervisory Board who is selected by retail shareholders through a separate pre-election supervised by a notary public. In addition, under the preferred partnership agreement between Erste Stiftung and CaixaBank, S.A., Erste Stiftung has agreed to vote in favour of one Supervisory Board member proposed by CaixaBank, S.A.

In addition, because voting is based on the number of shares present or represented at a shareholders' meeting rather than the total number of shares outstanding, the ability of major shareholders to influence a shareholder vote on subjects which require a majority vote will often be greater than the percentage of outstanding shares owned by them. Under Austrian corporate law and the Articles of Association, a shareholder that holds more than 25% of Erste Group Bank's shares is able to block a variety of corporate actions requiring shareholder approval, such as the creation of authorised or conditional capital, changes in the purpose of Erste Group Bank's business, mergers, spin-offs and other business combinations. As a result, Erste Stiftung will likely be able to exert significant influence on the outcome of any shareholder vote and may, depending on the level of attendance at a shareholders' meeting, be able to control the outcome of most decisions requiring shareholder approval.

Pursuant to its founding charter, the aims of the Erste Stiftung are to safeguard the future of Erste Group as an independent organisation and to donate a part of its income to the common welfare of the region within which Erste Group operates. It is possible that in pursuing these objectives Erste Stiftung may exercise or be expected to exercise influence over Erste Group in ways that may not be in the interest of other shareholders.

Contractual arrangements with the Republic of Austria may affect the business of Erste Group.

On 26 February 2009, Erste Group Bank and its subsidiary Erste Bank der oesterreichischen Sparkassen AG ("Erste Bank Oesterreich") entered into an agreement in principle (*Grundsatzvereinbarung*) with the Republic of Austria, which was subsequently amended on 9 March 2009 and 27 October/23 November 2009 (the "*Grundsatzvereinbarung*"). Under the *Grundsatzvereinbarung*, the Republic of Austria agreed to subscribe for a specific type of tier-1 capital: participation capital to be issued by Erste Group Bank and hybrid capital to be issued by Erste Bank Oesterreich. Pursuant to this agreement, the Republic of Austria subscribed for Participation Capital Securities with a total nominal amount of €1.224 billion in 2009, while no hybrid capital of Erste Bank Oesterreich has been subscribed for. The *Grundsatzvereinbarung* contains certain covenants and undertakings *vis-à-vis* the Republic of Austria, *inter alia*, related to the issuance of such tier-1 capital, its terms and conditions and the conduct of business of Erste Group Bank and Erste Bank Oesterreich, which will apply as long as such tier-1 capital securities are held by the Republic of Austria and may restrict the conduct of business. Such covenants, *inter alia*, include an obligation to ensure, to the extent permitted by civil law, that employees and members of corporate bodies do not receive inappropriate compensation, premiums or other inappropriate benefits, and no bonuses are paid to the management for years in which the Republic of Austria does not receive the full dividend on the tier-1 capital subscribed by it. Furthermore, it must be ensured that the business policies are aimed at sustaining the business, in particular that a threshold of the minimum own funds ratio pursuant to Basel 2 plus two percentage points is met, and that the tier-1 ratio (tier-1 capital before regulatory deductions to total risk) does not fall below 7%. In addition, services must be offered on market terms to avoid distortions of competition. The covenants also include extensive disclosure requirements and reporting obligations *vis-à-vis* the Republic of Austria. If such covenants and undertakings are not complied with, the *Grundsatzvereinbarung* provides for contractual fines. If the Republic of Austria deems a covenant or undertaking breached, the burden of proof that no breach has occurred has been reversed. In addition, the Republic of Austria could compel compliance with covenants and undertakings under the *Grundsatzvereinbarung* by instituting court proceedings. All of these contractual restrictions limit the flexibility with respect to the conduct of business, which may have a material adverse effect on Erste Group's business, financial condition and results of operations.

Compliance with anti-money laundering, anti-corruption and anti-terrorism financing rules involves significant costs and efforts and non-compliance may have severe legal and reputational consequences.

Erste Group is subject to rules and regulations regarding money laundering, corruption and the financing of terrorism. These rules and regulations have been tightened in recent years and may be further

tightened and more strictly enforced in the future. Monitoring compliance with anti-money laundering, anti-corruption and anti-terrorism financing rules can result in a significant financial burden on banks and other financial institutions and can pose significant technical problems. Erste Group cannot guarantee that it is in compliance with all applicable anti-money laundering, anti-corruption and anti-terrorism financing rules at all times or that its Group-wide anti-money laundering, anti-corruption and anti-terrorism financing standards are being consistently applied by its employees in all circumstances. Any violation of anti-money laundering, anti-corruption or anti-terrorism financing rules, or even alleged violations, may have severe legal, monetary and reputational consequences and could have a material adverse effect on Erste Group's business, financial condition and results of operations.

Changes in consumer protection laws as well as the application or interpretation of such laws might limit the fees and other pricing terms that Erste Group may charge for certain banking transactions.

Changes in consumer protection laws or the interpretation of consumer protection laws by courts or governmental authorities could limit the fees that Erste Group may charge for certain of its products and services and thereby result in lower commission income. Moreover, as new laws and amendments to existing laws are adopted in order to keep pace with the continuing transition to market economies in some of the CEE countries in which Erste Group operates, existing laws and regulations as well as amendments to such laws and regulations may be applied inconsistently or interpreted in a manner that is more restrictive. Several subsidiaries of Erste Group in CEE countries have been named in their respective jurisdictions as defendants in a number of lawsuits and in regulatory proceedings filed by individual customers, regulatory authorities or consumer protection agencies and associations. Some of the lawsuits are class actions. The lawsuits mainly relate to allegations that certain contractual provisions, particularly in respect of consumer loans, violate mandatory consumer protection laws and regulations. The allegations relate to the enforceability of certain fees as well as of contractual provisions for the adjustment of interest rates and currencies. Moreover, any such changes in consumer protection laws or the interpretation of such laws by courts or governmental authorities could impair Erste Group's ability to offer certain products and services or to enforce certain clauses and reduce Erste Group's net commission income and have an adverse effect on its results of operations.

The integration of potential future acquisitions may create additional challenges.

Erste Group may in the future seek to make acquisitions to support its business objectives and complement the development of its business in its existing and new geographic markets. Such strategic transactions demand significant management attention and require Erste Group to divert financial and other resources that would otherwise be available for its existing business, and the benefits of potential future acquisitions may take longer to realise than expected and may not be realised fully or at all. There can be no assurances that Erste Group will be able to successfully pursue, complete and integrate any future acquisition targets. In addition, there can be no assurances that it will be able to identify all actual and potential liabilities to which an acquired business is exposed prior to its acquisition. Any of these factors could lead to unexpected losses following the acquisition, which may have a material adverse effect on Erste Group's business, financial condition and results of operations.

Risks related to the markets in which Erste Group operates

The departure of any one or more countries from the Eurozone could have unpredictable consequences for the financial system and the greater economy, potentially leading to declines in business levels, write-downs of assets and losses across Erste Group's business.

Should a Eurozone country conclude that it must exit the common currency, the resulting need to reintroduce a national currency and restate existing contractual obligations could have unpredictable financial, legal, political and social consequences. Given the highly interconnected nature of the financial system within the Eurozone and the levels of exposure Erste Group has to public and private counterparties across Europe, its ability to plan for such a contingency in a manner that would reduce its exposure to non-material levels is limited. If the overall economic climate deteriorates as a result of one or more departures from the Eurozone, nearly all of Erste Group's segments could be materially adversely affected.

If European policymakers are unable to contain the European sovereign debt crisis, Erste Group's results of operations and financial position would likely be materially adversely affected as Erste

Group may be required to take further write-downs on its sovereign debt exposures and other assets as the macroeconomic environment deteriorates. In addition, the possibility exists that one or more members of the Eurozone may leave the common currency, resulting in the reintroduction of one or more national currencies in such countries. The effects of such an event are difficult to anticipate and may have a substantial negative effect on Erste Group's business and outlook, including as a consequence of adverse impacts on economic activity both within and outside the Eurozone.

The deterioration of the sovereign debt market in the Eurozone and Central and Eastern Europe, particularly the increasing costs of borrowing affecting many Eurozone states late in 2011 and downgrades in credit rating of most Eurozone countries in 2011 and 2012, indicate that the sovereign debt crisis can affect even the financially most stable countries in the Eurozone. While the costs of borrowing declined again throughout 2012, considerable doubt remains whether actions taken by European policymakers will be sufficient to contain or overcome the crisis over the medium to longer term. In particular, further credit rating downgrades of EU member states, such as France and Austria, may threaten the effectiveness of the European Financial Stability Facility ("EFSF") or the European Stability Mechanism ("ESM"). Since the EFSF's and ESM's credit ratings are based on the ratings of its financing members, the reduction of these members' ratings may increase the borrowing costs of the EFSF or ESM such that its ability to raise funds to assist Eurozone governments would be reduced. In addition, the austerity programmes introduced by a number of countries across the Eurozone in response to the sovereign debt crisis may have the effect of dampening economic growth over the short, medium or long term. Declining rates of economic growth in Eurozone countries could exacerbate their difficulties in refinancing their sovereign debt as it comes due, further increasing pressure on other Eurozone governments.

Erste Group operates in emerging markets that may experience rapid economic or political changes, either of which may adversely impact its financial performance and results of operations.

Erste Group operates in emerging markets throughout Central and Eastern Europe. In recent years, certain of these countries have undergone substantial political, economic and social change. As is typical for emerging markets, they do not have in place the full business, legal and regulatory structures that would commonly exist in more mature free market economies. As a result, Erste Group's operations are exposed to risks common to regions undergoing rapid political, economic and social change, including currency fluctuations, exchange control restrictions, an evolving regulatory environment, inflation, economic recession, local market disruption and labour unrest. Macroeconomic events, such as recession, deflation or hyper-inflation, may lead to an increase in defaults by Erste Group's customers, which would adversely impact Erste Group's results of operations and financial condition. Political or economic instability resulting from, or causing, the occurrence of any of these risks would also adversely affect the market for Erste Group's products and services. The level of risk that Erste Group faces differs significantly by country.

The following paragraphs contain brief descriptions of certain material risks Erste Group is exposed to in its primary CEE markets, any of which could have a material adverse effect on Erste Group's business, financial condition or results of operations. These descriptions should be read in conjunction with the other risk factors and do not purport to be complete.

Czech Republic subsegment

As of 31 December 2012, the Czech Republic subsegment recorded total loans and advances to customers of €17,890.7 million and total customer deposits of €25,598.2 million and generated pre-tax profit of €656.2 million in the financial year ended 31 December 2012.

Real GDP in the Czech Republic grew by 2.3% in 2010 before declining to 1.9% in 2011 and 1.0% in 2012 (source: Czech Statistical Office). Over the same period, GDP per capita climbed from €14,200 at the end of 2010 to €14,800 at the end of 2011 and €14,500 at the end of 2012 (source: Czech Statistical Office). Private consumption growth in the Czech Republic, which had increased by 0.9% in 2010, increased by 0.7% in 2011 and fell by 2.4% in 2012 (source: Czech Statistical Office). After low price increases in 2009, consumer price inflation climbed from 1.5% in 2010 to 1.9% in 2011 and 3.3% in 2012, primarily driven by higher energy and food prices as well as by price deregulation (source: Czech Statistical Office). Unemployment, which stood at 7.3% at the end of 2010, dropped to 6.7% at the end of 2011 and stood at 6.9% by the end of 2012 (source: CNB). The government current account balance as a share of GDP was 2.3% as of 31 December 2012 (source: Eurostat).

Romania subsegment

As of 31 December 2012, the Romania subsegment recorded total loans and advances to customers of €10,682.4 million and total customer deposits of €7,594.9 million and generated pre-tax loss of €378.6 million in the financial year ended 31 December 2012.

Real GDP in Romania declined by 1.1% in 2010 before growing by 2.2% in 2011 and stagnating in 2012 (source: National Institute of Statistics). Over the same period, GDP per capita rose from €5,800 at the end of 2010 to €6,100 at the end of 2011 and €6,150 at the end of 2012 (source: National Institute of Statistics and internal calculations of Erste Group Bank). Private consumption growth in Romania stabilised in 2010, declining only by 0.2% after large swings in previous years, and grew by 1.1% and 0.7% in 2011 and 2012, respectively (source: National Institute of Statistics). Consumer price inflation decreased from 6.1% in 2010 to 5.8% in 2011 and 5.0% in 2012 (source: National Institute of Statistics). Unemployment, which stood at 7.3% at the end of 2010 remained almost constant at 7.4% at the end of 2011 and 2012 (source: Eurostat). The government current account balance as a share of GDP was 3.5% as of 31 December 2012 (source: Eurostat).

Slovakia subsegment

As of 31 December 2012, the Slovakia subsegment recorded total loans and advances to customers of €6,598.4 million and total customer deposits of €7,620.3 million and generated pre-tax profit of €210.6 million in the financial year ended 31 December 2012.

Real GDP in Slovakia grew by 4.4%, 3.2% and 2.0% in 2010, 2011 and 2012, respectively (source: Slovak Statistical Office). Over the same period, GDP per capita climbed from €12,100 at the end of 2010 to €12,700 at the end of 2011 and €13,100 at the end of 2012 (source: Slovak Statistical Office and internal calculations of Erste Group Bank). Nevertheless, private consumption growth in Slovakia declined by 0.8% in 2010, 0.4% in 2011 and also 0.4% in 2012 (source: Slovak Statistical Office). After a period of historically low price increases, consumer price inflation rose from 1.0% in 2010 to 3.9% in 2011 and 3.6% in 2012 primarily due to increases in regulated prices of commodities, increases in VAT in 2011 and higher food prices (source: Slovak Statistical Office). Unemployment, which stood at 14.4% at the end of 2010, had dropped to 13.5% by the end of 2011 and increased slightly to 13.9% by the end of 2012 (source: Slovak Statistical Office). The government current account balance as a share of GDP was 2.1% as of 31 December 2012 (source: Eurostat).

Hungary subsegment

As of 31 December 2012, the Hungary subsegment recorded total loans and advances to customers of €6,184.6 million and total customer deposits of €4,018.4 million and generated pre-tax loss of €46.2 million in the financial year ended 31 December 2012.

Real GDP in Hungary grew by 1.3% and 1.6% in 2010 and 2011, respectively, and declined by 1.7% in 2012 (source: Central Statistical Office). Over the same period, GDP per capita climbed from €9,700 at the end of 2010 to €10,000 at the end of 2011 and declined slightly to €9,800 at the end of 2012 (source: Central Statistical Office). Nevertheless, private consumption in Hungary declined by 2.7% in 2010, by 1.7% in 2011 and by 2.0% in 2012 (source: Central Statistical Office). Consumer price inflation fell from 4.9% in 2010 to 3.9% in 2011 but increased again to 5.7% in 2012 primarily due to commodity price increases, increases in VAT in 2011 and a weaker Hungarian forint (source: Central Statistical Office). Unemployment, which stood at 11.2% at the end of 2010, declined to 10.9% by the end of 2011 and stood at 10.8% by the end of 2012 (source: Central Statistical Office). The government current account balance as a share of GDP was 1.7% as of 31 December 2012 (source: European Commission).

Croatia subsegment

As of 31 December 2012, the Croatia subsegment recorded total loans and advances to customers of €5,908.9 million and total customer deposits of €4,155.8 million and generated pre-tax profit of €55.5 million in the financial year ended 31 December 2012.

Real GDP in Croatia fell by 1.4% in 2010 before stagnating in 2011 and falling again by 2.0% in 2012 (source: Croatian Bureau of Statistic). Over the same period, GDP per capita climbed from €10,200 at the end of 2010 to €10,450 at the end of 2011 and stood at €10,350 at the end of 2012 (source: Croa-

tian Bureau of Statistic). Private consumption declined by 0.9% in 2010 but grew modestly in 2011 by 0.2% and declined by 2.7% in 2012 (source: Croatian Bureau of Statistic). Consumer price inflation rose from 1.1% in 2010 to 2.3% in 2011 and 3.4% in 2012, while unemployment increased over the same period from 11.8% at the end of 2010 to 13.4% at the end of 2011 and 15.4% by the end of 2012 (source: Croatian Bureau of Statistic). The government current account balance as a share of GDP was 0.5% as of 31 December 2012 (source: CrNB and Croatian Bureau of Statistic). Croatia is expected to become an EU member state on 1 July 2013 upon successful completion of negotiations with the European Union.

Serbia subsegment

As of 31 December 2012, the Serbia subsegment recorded total loans and advances to customers of €569.2 million and total customer deposits of €497.0 million and generated pre-tax profit of €8.5 million in the financial year ended 31 December 2012.

Real GDP in Serbia grew by 1.0% and by 1.6% in 2010 and 2011, respectively, but declined by 1.9% in 2012 (source: Statistical Office of the Republic of Serbia). Over the same period, GDP per capita climbed from €3,800 at the end of 2010 to €4,300 at the end of 2011 and amounted to €4,150 at the end of 2012 (source: Statistical Office of the Republic of Serbia). After dropping to 6.1% growth in 2010, consumer price inflation rose significantly to 11.2% in 2011 and stood at 7.4% in 2012 amid rising food and energy prices and placing Serbia significantly above its regional peers in terms of inflation (source: Statistical Office of the Republic of Serbia). Unemployment also climbed from 19.2% at the end of 2010 to 23.0% by the end of 2011 and reached 24.0% by the end of 2012 (source: Statistical Office of the Republic of Serbia). The government current account balance as a share of GDP was 11.3% as of 31 December 2012 (source: Republic of Serbia Ministry of Finance and Economy and Statistical Office of the Republic of Serbia).

Ukraine subsegment

As of 31 December 2012, the Ukraine subsegment recorded total loans and advances to customers of €425.9 million and total customer deposits of €274.0 million and generated pre-tax loss of €44.1 million in the financial year ended 31 December 2012. In December 2012, Erste Group entered into an agreement to sell Erste Bank Ukraine to the shareholders of Fidobank. The closing of this transaction is subject to several conditions, including regulatory approvals, and is expected to occur by the end of the second quarter of 2013.

Real GDP in the Ukraine recovered after a steep decline in 2009, growing 4.2% in 2010, 5.2% in 2011 and stagnated in 2012 (source: State Statistics Service of Ukraine). From 2010 to 2011 and 2012, GDP per capita climbed from €2,200 at the end of 2010 to €2,750 at the end of 2011 and €2,800 at the end of 2012 with strong private consumption growth of 7.0% in 2010, 14.0% in 2011 and 9.0% in 2012 (source: State Statistics Service of Ukraine). Consumer price inflation continued to decline from 9.4% in 2010 to 8.0% in 2011 and 0.8% in 2012 (source: State Statistics Service of Ukraine). Unemployment, which stood at 8.1% at the end of 2010, slightly eased to 8.0% by the end of 2011 and 7.9% by the end of 2012 (source: State Statistics Service of Ukraine). The government current account balance as a share of GDP was 8.6% as of 31 December 2012 (source: Ministry of Finance of Ukraine).

Committed EU funds may not be released or further aid programmes may not be adopted by the EU.

In addition to Greece, Ireland and Portugal, some of the CEE countries in which Erste Group operates, including Serbia and Romania, have been promised funds for infrastructure and other projects in substantial amounts by the EU and international credit institutions, including the European Bank for Reconstruction and Development ("EBRD"), the International Monetary Fund ("IMF") and the European Investment Bank ("EIB"). If these funds are not released, are released only in part or with delay, or if no further aid will be made available by the EU and the international credit institutions, the relevant national economies could be adversely affected, which would, in turn, negatively affect Erste Group's business in the respective countries.

Loss of customer confidence in Erste Group's business or in banking businesses generally could result in unexpectedly high levels of customer deposit withdrawals, which could have a material adverse effect on the Group's results, financial condition and liquidity.

The availability of Erste Group's customer deposits to fund its loan portfolio is subject to potential changes in certain factors outside Erste Group's control, such as a loss of confidence of depositors in either the economy in general, the financial services industry or Erste Group specifically, ratings downgrades and significant further deterioration in economic conditions. These factors could lead to a reduction in Erste Group's ability to access customer deposit funding on appropriate terms in the future and to sustained deposit outflows, both of which would adversely impact Erste Group's ability to fund its operations. Any loss in customer confidence in Erste Group's banking businesses, or in banking businesses generally, could significantly increase the amount of deposit withdrawals in a short period of time. Should Erste Group experience an unusually high level of withdrawals, this may have an adverse effect on Erste Group's results, financial condition and prospects and could, in extreme circumstances, prevent Erste Group from funding its operations. In such extreme circumstances Erste Group may not be in a position to continue to operate without additional funding support, which it may be unable to access.

Liquidity problems experienced by certain CEE countries may adversely affect the broader CEE region and could negatively impact Erste Group's business results and financial condition.

Certain countries where Erste Group has operations may encounter severe liquidity problems. In the past, Romania, Serbia and the Ukraine have all turned to international institutions for assistance, and other countries in the CEE may be forced to do the same. If such liquidity problems should occur, this could have significant consequences throughout the region, including foreign banks withdrawing funds from their CEE subsidiaries, thereby weakening local economies and affecting customers of Erste Group who borrow from a number of different banks. This could also lead to an increase of defaults throughout the economy or by Erste Group customers and, accordingly, could have a material adverse effect on Erste Group's business, financial condition and results of operation.

Governments in countries in which Erste Group operates may react to financial and economic crises with increased protectionism, nationalisations or similar measures.

Governments in countries in which Erste Group operates could take various protectionist measures to protect their national economies, currencies or fiscal income in response to financial and economic crises, including among other things:

- allow for loans denominated in foreign currencies like €, USD or CHF to be converted into local currencies at below market rates, such as occurred in Hungary in 2011, or allow loans to be assumed by government entities, potentially resulting in a reduction in value for such loans;
- set limitations on the repatriation of profits (either through payment of dividends to their parent companies or otherwise) or export of foreign currency;
- set out regulations limiting interest rates and fees for services that can be charged and other terms and conditions;
- prohibit money transfers abroad by banks receiving state support measures (e.g., loans granted to banks from sovereigns or covered by sovereign deposit guarantees);
- introduce or increase banking taxes or legislation imposing levies on financial transactions or income generated through banking services or extend such measures previously introduced on a temporary basis; and
- nationalisation of local banks, with or without compensation, in order to stabilise the banking sector and the economy.

Any of these or similar state actions could have a material adverse effect on Erste Group's business, financial condition and results of operations.

Erste Group may be adversely affected by slower growth or recession in the banking sector in which it operates as well as slower expansion of the Eurozone and the EU.

Banking sector growth in the countries in which Erste Group operates has significantly declined compared to years prior to 2008. As the economies in Central and Eastern Europe mature, particularly in the Czech Republic and Slovakia, growth in the banking sector can be expected to slow further in these regions. Of the countries in which Erste Group has significant operations, the Czech Republic, Hungary and Slovakia joined the EU in 2004; Romania joined in 2007, and Croatia is expected to join the EU in 2013. Economic growth in the region may be further constrained in coming years by continuing effects of the recent credit crisis and recession, as well as a slowing expansion of the Eurozone and the EU and increasing constraints on the EU budget, which may reduce various subsidies to CEE countries. In addition, EU legal, fiscal and monetary regulations may limit a country's ability to respond to local economic conditions. Moreover, some of these countries are expected to raise tax rates and levies to EU standards or introduce new taxes in order to provide social protection for unemployed workers and others affected by the economic downturn and to put public sector finance on a more sustainable basis, which could also limit their growth rates.

The legal systems and procedural safeguards in many CEE countries and, in particular, in the Eastern European countries are not yet fully developed.

The legal and judicial systems in some of the markets where Erste Group operates are less developed than those of other European countries. Commercial law, competition law, securities law, company law, bankruptcy law and other areas of law in these countries have been and continue to be subject to constant changes as new laws are being adopted in order to keep pace with the transition to market economies. In this regard, the laws of some of the jurisdictions where Erste Group operates may not be as favourable to investors' interests as the laws of Western European countries or other jurisdictions with which prospective investors may be familiar. Existing laws and regulations in some countries in which Erste Group operates may be applied inconsistently or may be interpreted in a manner that is restrictive and non-commercial. It may not be possible, in certain circumstances, to obtain legal remedies in a timely manner in these countries. The relatively limited experience of a significant number of judges and magistrates practising in these markets, particularly with regard to securities laws issues, and the existence of a number of issues relating to the independence of the judiciary may lead to unfounded decisions or to decisions based on considerations that are not founded in the law. In addition, resolving cases in the judicial systems of some of the markets where Erste Group operates may at times involve very considerable delays. This lack of legal certainty and the inability to obtain effective legal remedies in a timely manner may adversely affect Erste Group's business.

Applicable bankruptcy laws and other laws and regulations governing creditors' rights in various CEE countries may limit Erste Group's ability to obtain payments on defaulted loans and advances.

Bankruptcy laws and other laws and regulations governing creditors' rights vary significantly among countries in the CEE. In some countries, the laws offer significantly less protection for creditors than the bankruptcy regimes in Western Europe. In addition, it is often difficult to locate all of the assets of an insolvent debtor in CEE countries. Erste Group's local subsidiaries have at times had substantial difficulties receiving payouts on claims related to, or foreclosing on collateral that secures, extensions of credit that they have made to entities that have subsequently filed for bankruptcy protection. In the event of further economic downturns, these problems could intensify, including as a result of changes in law or regulations intended to limit the impact of economic downturns on corporate and retail borrowers. These problems, if they were to persist or intensify, may have an adverse effect on Erste Group's business, results of operations and financial condition.

Erste Group may be required to participate in or finance governmental support programs for credit institutions or finance governmental budget consolidation programmes, including through the introduction of banking taxes and other levies.

If a major bank or other financial institution in Austria or the CEE markets where Erste Group has significant operations were to suffer significant liquidity problems, risk defaulting on its obligations or otherwise potentially risk declaring bankruptcy, the local government might require Erste Group Bank or a member of Erste Group to provide funding or other guarantees to ensure the continued existence of such institution. This might require Erste Group Bank or one of its affiliates to allocate resources to

such assistance rather than using such resources to promote other business activities that may be financially more productive, which could have an adverse effect on Erste Group's business, financial condition or results of operations. For example, in January 2011, Austria introduced a banking tax to support financial market stability and secure the long-term health of Austrian banks. In 2011 and 2012, the Austrian banking tax to be paid by Erste Group amounted to €132.1 million and €165.2 million, respectively. In Slovakia, a banking tax was newly introduced in 2012 and resulted in a charge of €31.5 million for 2012. In Hungary, the banking tax amounted to €47.3 million in 2012, while in 2011 it was offset against losses resulting from legislation in Hungary allowing for the early repayment of foreign currency loans at non-market rates. Other countries may introduce such taxes as well. In addition, the European Commission has proposed to introduce a EU financial transaction tax within the EU by 2014, and EU member states have agreed that such financial transaction tax may be introduced only by certain EU member states, including Austria, Slovakia and Hungary, rather than throughout the EU in a uniform manner. Such requirements, taxes or other measures could have a material adverse effect on Erste Group's results of operations and financial condition.

Risks related to the Offering and the Offered Securities

Participants who elect not to participate or are not entitled to participate in the Offering will not be compensated for the change in the ratio between the Participation Capital and the share capital of Erste Group Bank that has occurred since 2009.

Erste Group Bank is conducting the Offering in compliance with the "Terms and Conditions of the up to €2,700,000,000 Bearer Participation Capital Securities Issue of Erste Group Bank AG", as amended in October 2009, underlying the Participation Capital Securities (the "Terms and Conditions") and the relevant provisions of the Banking Act, which provide that if by any measure the existing ratio between the property rights of the Participants and those connected with other own funds of Erste Group Bank is changed, appropriate compensation must be provided. The rationale behind these provisions is that the claims of the Participation Capital Securities holders and of Erste Group Bank's shareholders to participate in, e.g., the liquidation proceeds of Erste Group Bank, rank *pari passu*. Therefore, a relative increase in the nominal amount of Erste Group Bank's share capital in relation to its Participation Capital reduces the potential liquidation proceeds available to each Participation Capital Securities holder, which may have an adverse effect on the market value of the Participation Capital Securities. Due to several increases in Erste Group Bank's share capital during 2011 and 2012, the ratio between the share capital of Erste Group Bank and its Participation Capital, which existed at the time of the last compensation granted in 2009, changed to the detriment of the Participants. Therefore, the Offering of the Subscription Rights for additional Participation Capital Securities is intended to compensate for such change in the ratio and, from the perspective of Participation Capital Securities holders participating in the Offering, re-establish the initial ratio.

Subscription Rights that are not exercised within the Subscription Period will lapse with no value and the holders thereof will not be entitled to any compensation. If an Offeree or its financial intermediary fails to follow the procedures necessary to exercise the Subscription Rights, the Subscription Rights will lapse with no value and will no longer exist. Accordingly, Offerees and financial intermediaries must ensure that they comply with all required exercise instructions. Participants who hold their Participation Capital Securities through one or more custodians or other intermediaries may have difficulty exercising or transferring their Subscription Rights in a timely manner or at all, if such custodians or intermediaries impose their own notice periods for exercise or transfer or do not provide information or instructions promptly to such Participants or to their counterparties. Furthermore, Offerees in certain jurisdictions, may not be entitled to exercise Subscription Rights unless the Subscription Rights or the related Participation Capital Securities are registered or qualified for sale under the relevant legislation or regulatory framework.

To the extent that Participants do not exercise their Subscription Rights, or exercise such Subscription Rights only partially, the change in the ratio between the Participation Capital and the share capital of Erste Group Bank as well as the related proportionate decrease in value of the Participation Capital Securities will not be compensated for in whole or in part.

Erste Group Bank's ability to pay dividends on the Participation Capital Securities will depend on the availability of distributable profits and may not occur even if such profits were available.

Erste Group Bank's ability to pay dividends on the Participation Capital Securities is influenced by a number of factors, primarily Erste Group Bank receiving sufficient dividends from its subsidiaries. The payment of dividends to Erste Group Bank by its subsidiaries is, in turn, subject to restrictions, including regulatory requirements and the existence of sufficient distributable reserves and cash held in Erste Group Bank subsidiaries. The ability of these subsidiaries to pay dividends and, thus the level of distributions Erste Group Bank receives from its investments in other entities, are subject to applicable local laws and regulatory requirements (in particular, capital adequacy requirements) and other restrictions, including, but not limited to, applicable tax laws. These laws and restrictions could limit the payment of future dividends and distributions to Erste Group Bank by its subsidiaries, which could restrict Erste Group Bank's ability to fund other operations or to pay a dividend to the holders of the Participation Capital Securities.

In addition, Erste Group Bank may in the future decide to issue other financial instruments entitled to receive remuneration payments that rank senior to dividends payable on the Participation Capital Securities. In this case, the remuneration paid on such instruments would decrease Erste Group Bank's distributable profit and, accordingly, the amount of funds available to make dividend payments on the Participation Capital Securities. Therefore, to the extent that Erste Group Bank's distributable profits are insufficient to pay the dividend on the Participation Capital Securities and any senior securities, the dividend on such senior securities will be paid first and the holders of the Participation Capital Securities may receive only a reduced dividend or no dividend at all. Also, even when Erste Group Bank is obliged to make dividend payments under the Terms and Conditions, it may be barred from doing so if regulatory requirements have not been fulfilled.

Furthermore, according to the Terms and Conditions, Erste Group Bank is subject to a series of step-ups of the dividend payable on the Participation Capital Securities, starting on 1 January 2014. The dividend rate is currently 8.0% p.a. In light of the series of increases of the predefined dividend amounts, Erste Group Bank could face increasing difficulties in reaching the levels of distributable profits required to make such dividend payments. Should the amount of funds available to Erste Group Bank in a particular financial year not allow for a distribution of dividends at levels provided for in the Terms and Conditions, holders of Participation Capital Securities would not receive any dividend payments for such year. In particular, since dividend payments on the Participation Capital Securities are non-cumulative, the holders of the Participation Capital Securities will not be entitled to receive such cancelled dividend payments in a subsequent financial year, even if sufficient distributable profits will then be available (regarding a possible increase of the repayment amount of the Participation Capital Securities in such a case). Therefore, the investment in the Participation Capital Securities might have a lower yield than expected.

Moreover, even if sufficient distributable profits are available to Erste Group Bank, it is not required under the Terms and Conditions to make payments of dividends on the Participation Capital Securities if it elects in its sole discretion not to do so, e.g., if Erste Group Bank's shareholders' meeting does not resolve upon a dividend payment for a given year. Therefore, there can be no assurances that dividend payments will be made at any time while the Participation Capital Securities are outstanding.

Rights of holders of the Participation Capital Securities may differ from rights of holders of similar securities of a corporation organised in a jurisdiction other than Austria.

Erste Group Bank is a stock corporation organised under the laws of Austria. The rights of the Participation Capital Securities holders are governed by the Terms and Conditions and by Austrian law. These rights may differ in some respects from the rights of holders of similar securities of corporations organised in jurisdictions other than Austria. In addition, it may be difficult for holders of the Participation Capital Securities to enforce the securities laws of other jurisdictions, or to prevail in a claim against the Erste Group Bank based on those laws. Furthermore, no assurances can be given as to the impact of any possible future judicial decisions or changes to Austrian laws (or laws applicable in Austria), or administrative practice.

Erste Group has not decided how holders of the Participation Capital Securities will be protected against dilution in the future.

The Banking Act and the Terms and Conditions provide that if by any measure the existing ratio between the property rights of the holders of the Participation Capital Securities and those connected with other own funds of Erste Group Bank is changed, appropriate compensation must be provided. Thus, if the rights of the Participation Capital Securities holders were to be proportionally reduced (e.g., due to a share capital increase), appropriate dilution protection would need to be put in place for the benefit of holders of the Participation Capital Securities, e.g., by granting subscription rights for additional existing Participation Capital Securities as it is now the case with the Offering. However, it cannot be determined how Erste Group Bank would decide to protect the Participation Capital Securities holders against any future dilution.

In the event that the Participation Capital Securities are repaid, the investment in Participation Capital Securities might prove to have a lower yield than expected.

The Participation Capital Securities are perpetual securities in respect of which there is no fixed maturity date. In accordance with the Terms and Conditions, Erste Group Bank has the right to repay the Participation Capital Securities at any time prior to its liquidation. Such repayment will be made at par, or at 150% of the nominal amount if repayment occurs after 31 December 2018, and holders of Participation Capital Securities will not participate in an increase of value of the Participation Capital Securities exceeding such repayment threshold.

If Erste Group Bank repays the Participation Capital Securities, the investment in these securities might prove, due to an earlier than expected repayment, to have a lower yield than expected. In particular, Erste Group Bank might exercise its repayment right if the yield on comparable securities in the capital markets falls, which means that the investor may only be able to reinvest the repayment proceeds in comparable investments with a lower yield.

The Participation Capital Securities are perpetual and can only be repaid by Erste Group Bank under certain circumstances.

The Participation Capital Securities have no fixed final maturity date and their holders have no rights to call for their repayment (*Rückkauf*). Although Erste Group Bank may repay the Participation Capital Securities under certain circumstances, there may be limitations on its ability to do so.

For example, Erste Group Bank is obliged to repay the Participation Capital Securities at an amount of 100% of the nominal amount no later than (and including) 31 December 2018, and thereafter at 150% of the nominal amount. In addition, if Erste Group Bank does not pay dividends in full or in part on the Participation Capital Securities even if it has sufficient distributable profits to do so, if there was no statutory obligation or any instructions from a supervisory authority to retain distributable profits, the repayment amount will be further increased by the dividend shortfall.

However, with respect to a dividend for the financial year preceeding the year in which the repayment of the Participation Capital Securities is effected, Erste Group Bank will only be obliged to increase the repayment amount by the dividend shortfall for the respective year if a shareholders' meeting of Erste Group Bank (which at least had the chance to resolve on the distribution of dividends) has taken place prior to the repayment date. Offerees should therefore note that, in case of a repayment of the Participation Capital Securities, they may neither receive dividends nor be compensated for the dividend shortfall by way of an increase of the repayment amount for a time period that spans from the beginning of the previous financial year to the day prior to the shareholders' meeting resolving on the distribution of dividends on the Participation Capital Securities.

Moreover, under Austrian law, there are additional restrictions for the full or partial redemption (*Einziehung*) or the repurchase (*Rückkauf*) of own participation capital issued by a credit institution. There are certain additional legal formalities to be complied with in the case of a redemption of participation capital, e.g., the requirement of a shareholders' resolution to be passed by a majority of 75% of the share capital represented at the shareholders' meeting adopting such resolution. The shareholders' meeting of Erste Group Bank authorised the Management Board until 12 May 2015 to redeem the Participation Capital or, under certain circumstances, parts thereof. In terms of a repurchase, participation capital issued by a credit institution may be repurchased by such credit institution and its subsidiaries up to a maximum amount of 10% of the total value of participation capital issued. The shareholders' meeting of Erste Group Bank authorised the Management Board until 11 November 2013 to

repurchase Participation Capital Securities up to a maximum amount of the total value of Participation Capital Securities issued. Furthermore, the Stock Corporation Act stipulates additional restrictions for the repurchase of own participation capital by a company and funding provided by the issuer or its subsidiaries for a purchase by a third party.

All of these restrictions on repayment may make it more difficult for Erste Group Bank to repay the Participation Capital Securities, in particular if a repayment has not been effected prior to the date on which Erste Group Bank will be required to repay the Participation Capital Securities at 150% of their nominal value. Therefore, Participants should be aware that they may be required to bear the financial risks of an investment in the Participation Capital Securities for an indefinite period of time.

The Participation Capital Securities participate in Erste Group Bank's losses up to their full nominal amount.

The Participation Capital Securities participate, *pro rata* with Erste Group Bank's common shares, in Erste Group Bank's losses up to their full nominal amount. Accordingly, if a loss will be set-off against Erste Group Bank's nominal share capital, the Participation Capital Securities will participate likewise in the set-off. Should Erste Group Bank suffer losses, a nominal capital decrease could be resolved upon, in which case the principal of the Participation Capital Securities would decrease *pro rata* with the share capital. Future dividends would then be calculated on the basis of the Participation Capital Securities' reduced nominal amount.

The obligations of Erste Group Bank under the Participation Capital Securities constitute unsecured and deeply subordinated obligations which are junior to the claims of all unsubordinated and subordinated creditors of Erste Group Bank.

The obligations of Erste Group Bank under the Participation Capital Securities constitute unsecured and deeply subordinated obligations, which rank *pari passu* only among each other and with obligations of Erste Group Bank's shareholders. Furthermore, claims of Erste Group Bank are not permitted to be offset against payment obligations of Erste Group Bank under the Participation Capital Securities and no contractual collateral may be provided by Erste Group Bank or a third person in respect of any liabilities constituted by the Participation Capital Securities. No subsequent agreement may limit the subordination of the Participation Capital Securities. In the event of a liquidation, dissolution or insolvency of Erste Group Bank or proceedings for the avoidance of its insolvency, such obligations will be subordinated to the claims of all unsubordinated and subordinated creditors of Erste Group Bank (other than claims of Erste Group Bank's shareholders) so that in any such event no amounts will be payable under such obligations until the claims of all unsubordinated and subordinated creditors of Erste Group Bank (other than Erste Group Bank's shareholders) will have been satisfied in full.

Any remaining amounts will be shared *pari passu* among the shareholders of Erste Group Bank and the holders of the Participation Capital Securities and the risk exists that in case of Erste Group Bank's liquidation, dissolution or insolvency or proceedings for the avoidance of its insolvency the Participation Capital Securities holders will receive only a very small share of the respective proceeds (or none at all).

The right of holders of the Participation Capital Securities to receive payments under the Participation Capital Securities will be structurally or effectively subordinated to claims of existing and future creditors of Erste Group Bank's subsidiaries.

The Participation Capital Securities are structurally subordinated to existing and future obligations of Erste Group Bank's subsidiaries. A holder of Participation Capital Securities does not have any claim as a creditor against any of Erste Group Bank's subsidiaries. Generally, indebtedness and other liabilities, including trade payables, whether secured or unsecured, and claims of shareholders of those subsidiaries will be effectively senior to the claims of Participation Capital Securities holders against those subsidiaries. In the event of an insolvency, liquidation or other reorganisation of any of Erste Group Bank's subsidiaries, holders of their debt and their creditors will typically be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Erste Group Bank as common equity holder.

There is no liquid secondary market for the Participation Capital Securities, which impedes the ability of their holders to sell the Participation Capital Securities at fair market prices.

The Participation Capital Securities are not admitted to trading on a stock exchange or any multi-lateral trading facility (MTF) and Erste Group Bank also does not intend to apply for a listing, which considerably limits the availability of pricing information for the Participation Capital Securities. Furthermore, no liquid secondary over-the-counter market for the Participation Capital Securities has developed so far. Should a liquid secondary market for the Participation Capital Securities develop in the future, no assurances can be given that it will continue to exist. The liquidity of a market for the Participation Capital Securities will depend, among other things, on the number of Participation Capital Securities holders, Erste Group's financial performance and the market for similar securities. In an illiquid market, a holder might not be able to sell its Participation Capital Securities at any time at fair market prices or at prices that will provide it with a yield comparable to similar investments that have a developed secondary market. The possibility to sell the Participation Capital Securities might additionally be restricted by local securities or other laws. Therefore, Offerees should be aware that they may be required to bear the financial risks of an investment in the Participation Capital Securities for an indefinite period of time.

Offerees assume the risk that the credit spread of Erste Group Bank changes.

A credit spread is the margin payable by the issuer to the holder of a security as a premium for the assumed credit risk. Credit spreads are offered and sold as premiums on current risk-free interest rates or as discounts on the price.

Factors influencing the credit spread include, among other things, the creditworthiness and rating of the issuer, probability of default, recovery rate, remaining term to maturity of the security and obligations under any collateralisation or guarantee and declarations as to any preferred payment or subordination. The liquidity situation, the general level of interest rates, overall economic developments, and the currency in which the relevant obligation is denominated may also have a negative effect.

Offerees are exposed to the risk that the credit spread of Erste Group Bank widens resulting in a decrease in the market value of the Participation Capital Securities.

Holders of the Participation Capital Securities may be exposed to market price risk in any sale of Participation Capital Securities.

The development of the market value of the Participation Capital Securities depends on various factors, such as changes of market interest rate levels, overall economic developments, inflation rates or the lack of, or excess demand for, the Participation Capital Securities. Offerees are therefore exposed to the risk of a decrease of the market value of their Participation Capital Securities which materialises if they sell the Participation Capital Securities.

Holders of the Participation Capital Securities are exposed to the risk that the value of the Participation Capital Securities falls as a result of changes in the market interest rate.

Holders of Participation Capital Securities with a fixed dividend rate subject to the availability of distributable profits and dividend step-ups are exposed to the risk that the value of such Participation Capital Securities falls as a result of changes in the market interest rate. While the nominal dividend rate of the Participation Capital Securities, subject to the availability of distributable profits and certain dividend step-ups, is fixed during the life of such securities, the current interest rate on the capital market for issues of the same maturity (*i.e.*, the market interest rate) typically changes on a daily basis. As the market interest rate changes, the value of Participation Capital Securities also changes, but in the opposite direction. If the market interest rate increases, the value of Participation Capital Securities typically falls, until the yield of such securities is approximately equal to the market interest rate. If the market interest rate falls, the value of Participation Capital Securities typically increases, until the yield of such securities is approximately equal to the market interest rate.

Due to potential inflation in the future, the real yield of an investment in Participation Capital Securities may be reduced.

The value of assets, such as the Participation Capital Securities or income therefrom, may effectively decrease as potential inflation in the future may reduce the purchasing power of the currency in which they are denominated. Inflation causes the rate of return to decrease in value. If the inflation rate ex-

ceeds the dividends paid on the Participation Capital Securities, the yield on the Participation Capital Securities will become negative.

Holders of the Participation Capital Securities are subject to the risk of detrimental changes of foreign exchange rates and adverse tax consequences.

The Participation Capital Securities are denominated and payable in Euro, and every holder of the Participation Capital Securities outside the Eurozone is subject to the risk that following detrimental changes of the exchange rate between the Euro and such holder's home currency because of economic, political and other factors over which Erste Group Bank has no control, the effective yield of the investment in the Participation Capital Securities may be reduced. There is furthermore a risk that authorities with jurisdiction over the currency in which a Participation Capital Securities holder's financial activities are denominated, may impose or modify exchange controls with the effect that holders may receive less dividend or principal than expected. Furthermore, dividend payments on the Participation Capital Securities, or profits realised by its holders upon the sale or repayment of Participation Capital Securities, may be subject to taxation in such holder's home jurisdiction or in other jurisdictions in which it is required to pay taxes, further reducing the effective yield of the investment in the Participation Capital Securities.

Offerees must rely on the procedures and the functionality of the relevant clearing system for the Participation Capital Securities.

The Participation Capital Securities are represented by several global certificates which are deposited with clearing systems, in particular Oesterreichische Kontrollbank Aktiengesellschaft (OeKB). Definitive Participation Capital Securities will not be issued. Therefore, Participation Capital Securities have to be purchased and sold through such clearing systems and Erste Group Bank does not assume any responsibility as to whether the Participation Capital Securities are actually transferred to or from the Participation Capital Securities portfolio of its relevant holder. Offerees must rely on the functionality of the relevant clearing system.

The Participation Capital Securities carry no voting rights.

Under Austrian law, the Participation Capital Securities carry no voting rights. Holders of Participation Capital Securities are only permitted to request information in the course of the shareholders' meeting of Erste Group Bank, but may not participate in the adoption of resolutions of the shareholders' meeting. Offerees should therefore be aware that the shareholders' meeting of Erste Group Bank may adopt resolutions that are not in line with, or even contrary to, the interest of Participation Capital Securities holders, and that they would in general not be entitled to challenge such resolutions.

Payment claims related to the principal of the Participation Capital Securities become time-barred after ten years.

According to general Austrian law provisions, payment claims for the principal of the Participation Capital Securities would become time-barred if they are not enforced in court within 30 years after their due date. However, as such provision is not mandatory law, the Terms and Conditions provide that payment claims relating to the principal of the Participation Capital Securities become time-barred within ten years after their due date. If holders of the Participation Capital Securities do not enforce payment claims relating to the principal of the Participation Capital Securities within ten years after their due date, such claims would become time-barred and holders of Participation Capital Securities could not claim such payments from Erste Group Bank.

The Offering

Subject matter of the Offering

The subject matter of the Offering are up to €25,702,000 nominal amount of existing Participation Capital Securities with a nominal amount of €1,000 each from the holdings of Erste Group Bank, which are being offered for subscription to existing holders of Participation Capital Securities (the "Participants") at a Subscription Price of 102.7% of the nominal amount of €1,000 per Offered Security. Based on the subscription ratio of 21:1 (the "Subscription Ratio"), Participants or the transferees of the Subscription Rights, respectively (together, the "Offerees") may subscribe for €1,000 nominal amount of Offered Securities for every €21,000 nominal amount of Participation Capital Securities held by the Participants as of 11 April 2013, 24.00 hours (midnight) CEST (or the equivalent number of Subscription Rights). Participants who do not hold a number of Participation Capital Securities divisible by 21 will not be able to exercise their Subscription Rights in full.

The Offering consists of (i) a public subscription offering of the Offered Securities to Participants in the Republic of Austria, the Czech Republic, Slovakia and Romania, (ii) subscription offerings of the Offered Securities to Participants in other member states of the EEA made pursuant to an exemption under the Prospectus Directive, as implemented in the member states of the EEA, from the requirement to produce a prospectus for offers of Offered Securities, and (iii) subscription offerings to institutional investors outside the EEA and the United States in compliance with Regulation S under the Securities Act. The Offering is not subject to any conditions.

The Offerees are invited to exercise their Subscription Rights during the Subscription Period, which commences on 12 April 2013 and ends on or about 26 April 2013. The exercise of a Subscription Right by an Offeree is irrevocable and cannot be annulled, modified, cancelled or revoked except for as provided in Section 6 Capital Markets Act.

The Offering may be terminated or suspended, and the Subscription Period may be extended at the absolute discretion of Erste Group Bank at any time. Any extension of the Subscription Period, or termination or suspension of the Offering will be published via electronic media, in the official gazette section of the *Wiener Zeitung (Amtsblatt zur Wiener Zeitung)*, on Erste Group Bank's website (www.erstegroup.com) and, to the extent required under the Capital Markets Act, as a supplement to this Prospectus, in each case as soon as possible thereafter. Offerees who have submitted subscription orders will not be notified individually. In the event of a termination of the Offering, Subscription Rights already exercised will become void and any payment made for the subscription will be returned to the respective Offeree without interest. If an Offeree submits an invalid subscription or the Offering is terminated, claims with respect to bank fees and other costs incurred by an Offeree in connection with the Offering will be governed by the contractual relationship between such Offeree and the financial institution that accepted the subscription.

The Offered Securities will be acquired by Erste Group Bank on 3 May 2013 from the Republic of Austria, following its waiver to exercise its Subscription Rights. No new Participation Capital Securities will be issued in the context of the Offering.

The Participation Capital Securities were issued under and are governed by Austrian law.

No underwriters or placement agents have been appointed for the Offering.

Timetable for the Offering

The anticipated timetable for the Offering is as follows:

11 April 2013	Approval of the Prospectus by the Austrian Financial Markets Authority (<i>Finanzmarktaufsichtsbehörde</i>) (FMA)
	Notification of the approved Prospectus to the competent authorities in the Czech Republic (the CNB), Slovakia (the NBS) and Romania (the NSC)
	Publication of the Prospectus in Austria in electronic form on Erste Group Bank's website (www.erstegroup.com) and by making available printed copies of the Prospectus free of charge during regular business

hours at the following address of Erste Group Bank: Graben 21, 1010 Vienna, Austria.

Publication of the Prospectus in the Czech Republic, Slovakia and Romania in electronic form on Erste Group Bank's website (www.erstegroup.com)

12 April 2013	Publication of the subscription notice related to the Offering in the official gazette section of the <i>Wiener Zeitung (Amtsblatt zur Wiener Zeitung)</i> and in an electronic form on Erste Group Bank's website (www.erstegroup.com)
	Commencement of the Subscription Period
26 April 2013	End of the Subscription Period
29 April 2013	Announcement of the results of the Offering on Erste Group Bank's website
3 May 2013.....	Expected book-entry delivery of the Offered Securities against payment of the Subscription Price

Subscription agent and exercise of Subscription Rights

Erste Group Bank will act as subscription agent for the Offering. The Offerees are invited to exercise their Subscription Rights within the Subscription Period during regular counter opening hours at one of the branches of Erste Group Bank or via their depository banks, custodians or other financial intermediaries by issuing a corresponding instruction.

Holders of Subscription Rights held through a depository bank that is a member of Oesterreichische Kontrollbank AG ("OeKB") or through a financial institution that is a participant in Euroclear Bank S.A. ("Euroclear"), Clearstream Banking AG ("Clearstream"), Centrální depozitář cenných papírů, a.s. ("CDCP") or Centrálny depozitár cenných papierov SR, a.s. ("CDCP SR") are required to exercise their Subscription Rights by instructing such bank or financial institution to subscribe for Offered Securities on their behalf. Offerees that hold Subscription Rights through Depozitarul Central SA may exercise their Subscription Rights by instructing their financial intermediaries (custodian bank/broker) that act as depositories for the Participation Capital Securities entitled to Subscription Rights.

Commission

Depository banks, custodians or other financial intermediaries through which Offerees may hold their Subscription Rights may charge customary bank commission for the exercise of the Subscription Rights on behalf of the Offerees. Erste Group Bank will not charge any fees for the subscription for the Offered Securities.

Delivery and settlement

The Offered Securities are represented by several global certificates without dividend coupons that have been deposited with OeKB, Am Hof 4, A-1010 Vienna, Republic of Austria. The Offered Securities will be made available as co-ownership interests (*Miteigentumsanteile*) or co-ownership rights (*Miteigentumsrechte*) in the respective global certificates and are expected to be delivered in book-entry form through the facilities of OeKB, Euroclear, Clearstream, CDCP and CDCP SR against payment of the Subscription Price per acquired Offered Security on or about 3 May 2013.

Subscription Rights not exercised and transferability

Subscription Rights that are not exercised within the Subscription Period will lapse and be of no value. Offerees holding their Subscription Rights through a depository bank, a custodian or another financial intermediary are advised to inform themselves about the deadline for exercising their Subscription Rights imposed by their respective depository bank custodian or other financial intermediary (disposi-

tion period). Such disposition period may end before the end of the Subscription Period on or about 26 April 2013. No compensation will be payable for Subscription Rights not exercised.

The Subscription Rights are freely transferable in accordance with applicable law and applicable rules of OeKB in its role as central securities depository.

Exchange trading

Erste Group Bank will not apply for the admission of the Subscription Rights or the Offered Securities to trading on any stock exchange or any multi-lateral trading facility (MTF).

Subscription notification

On or about 12 April 2013, Erste Group Bank will publish on its website (www.erstegroup.com) and in the official gazette section of the *Wiener Zeitung (Amtsblatt zur Wiener Zeitung)* a subscription notice related to the Offering, inviting the Offerees to exercise their Subscription Rights and setting forth the Subscription Period, the Subscription Price, the Subscription Ratio, the procedure for the exercise of the Subscription Rights and other information.

General and specific information on the Offered Securities

Dividend and share in the liquidation proceeds

The Offered Securities do not entitle their holders to receive dividend distributions for the financial year 2012 and have full dividend rights for the financial year 2013 and for all subsequent financial years. Prior to the Offering, the right of the holders of the Participation Capital Securities to receive dividend payments for the financial year 2012 has been separated from the Participation Capital Securities (including the Offered Securities). This 2012 dividend right has been assigned a separate International Securities Identification Number ("ISIN"), which differs from the ISIN of the Participation Capital Securities.

Subject to the limitations contained in the Terms and Conditions, dividends on the Participation Capital Securities accrue annually per financial year as follows: (i) for the financial years from 1 January 2009 to 31 December 2013 at a dividend rate of 8.0% p.a., (ii) for the financial year from 1 January 2014 to 31 December 2014 at a dividend rate of 8.5% p.a., (iii) for the financial year from 1 January 2015 to 31 December 2015 at a dividend rate of 9.0% p.a., (iv) for the financial year from 1 January 2016 to 31 December 2016 at a dividend rate of 9.75% p.a., and (v) for the financial years from 1 January 2017, the dividend rates increase by one percentage point each year, provided that the annual dividend must never exceed 12-Month-EURIBOR plus ten percentage points p.a. Under the Terms and Conditions, Erste Group Bank is entitled to increase the dividend payable on the Participation Capital Securities, provided that all of its holders are treated equally.

Dividend payments to holders of the Participation Capital Securities shall be made prior to distributions of dividends to shareholders of Erste Group Bank. The dividend payable on the Participation Capital Securities depends, among other things, on the Annual Profits (as defined in the Terms and Conditions) as stated in the unconsolidated financial statements of Erste Group Bank pursuant to the Austrian Commercial Code (*Unternehmensgesetzbuch*) ("UGB") after allocation to reserves. Unless dividend payments are made on the ordinary shares of Erste Group Bank, Erste Group Bank has no obligation to pay dividends on the Participation Capital Securities (irrespective of the availability of distributable profits) if it does not elect to do so, and any such failure to pay such dividends will not constitute a default of Erste Group Bank or any other breach of the obligations under the Participation Capital Securities or for any other purpose. Erste Group Bank is not obliged to pay unpaid dividends at a later stage, unless distributable Annual Profits were retained without either a statutory obligation or instructions from a supervisory authority, in which case the repayment amount in a repayment of the Participation Capital Securities will be increased by the number of percentage points by which the agreed dividend has fallen short.

The Participation Capital Securities participate in losses of Erste Group Bank up to their full nominal amount, as is the case with Erste Group Bank's share capital, and have the right to participate in liquidation proceeds *pari passu* with Parity Capital (*gleichrangiges Kapital*) (as defined in the Terms and Conditions), including share capital. In the event of a liquidation, dissolution or insolvency of Erste Group Bank or proceedings for the avoidance of insolvency of the Issuer, no payments in connection with the Participation Capital Securities will be effected until all creditors (save for creditors of claims

ranking *pari passu* with the Participation Capital Securities) have been satisfied or secured. See “*Dividend policy of Erste Group Bank*”.

Information rights of holders of the Participation Capital Securities

Holders of the Participation Capital Securities do not hold any voting rights. However, pursuant to the Banking Act and the Terms and Conditions, they have the right to take part in Erste Group Bank’s shareholders’ meetings and request information which is required for a proper assessment of an agenda item, subject to the provisions of the Stock Corporation Act. The disclosure of such information may only be declined to the extent that such disclosure (i) based on a reasonable commercial assessment, would be significantly damaging to Erste Group Bank or an affiliate, (ii) would constitute a criminal offense, or (iii) has already been provided on Erste Group Bank’s registered website in the form of questions and answers throughout at least seven days prior to the beginning of the relevant shareholders’ meeting.

Form and certification of the Offered Securities

Pursuant to the Terms and Conditions, all Participation Capital Securities are issued in bearer form with a nominal amount of €1,000 each. The Offered Securities are represented by several global certificates without dividend coupons that have been deposited with Oesterreichische Kontrollbank AG (OeKB), Am Hof 4, A-1010 Vienna, Austria. Any right of the holders of the Participation Capital Securities to an individual certification of their Participation Capital Securities is excluded in the Terms and Conditions.

International Securities Identification Number (ISIN)

International Securities Identification Number (ISIN) of the Participation Capital

Securities other than the Offered Securities.....	AT0000A0D4T3
International Securities Identification Number (ISIN) of the Offered Securities.....	AT0000A0D4T3
International Securities Identification Number (ISIN) of the Subscription Rights.....	AT0000A100F9

Dilution

No newly issued Participation Capital Securities are being offered in the Offering. Therefore, Participants who do not exercise their Subscription Rights will not suffer dilution of their holdings in Erste Group Bank’s Participation Capital as a result of this Offering.

However, due to several increases of Erste Group Bank’s share capital between 2009 and 2012, the ratio between the share capital of Erste Group Bank and its Participation Capital, which existed at the time when the Participation Capital was issued, changed to the detriment of the Participants (see “*Reasons for the Offering and use of proceeds*”). Since the claims of the Participation Capital Securities holders and of Erste Group Bank’s shareholders to participate in, e.g., the liquidation proceeds of Erste Group Bank rank *pari passu*, a relative increase in the nominal amount of Erste Group Bank’s share capital in relation to its Participation Capital reduces the potential liquidation proceeds of each Participation Capital Securities holder, which may have an adverse effect on the market value of the Participation Capital Securities. Therefore, the Offering of the Subscription Rights for additional Participation Capital Securities is intended to compensate for such change in the ratio, as required under the Terms and Conditions and the Banking Act, and, from the perspective of Participation Capital Securities holders participating in the Offering, re-establish the ratio after a similar subscription offering in 2009. To the extent that Participants do not exercise their Subscription Rights, or only partially exercise such Subscription Rights, the change of the ratio between the Participation Capital and the share capital of Erste Group Bank as well as the related proportionate decrease in value of the Participation Capital Securities will not be compensated for in whole or in part, see “*Reasons for the Offering and use of proceeds*”.

Special considerations for the Offering in the Czech Republic

Czech Offerees who take part in the Offering are required to follow the instructions provided by Česká spořitelna, or their respective financial intermediary and information published by CDCP. It will be at the discretion of Česká spořitelna how to administer the Offering in the Czech Republic. No assurances can be given that the Offered Securities will be properly delivered unless the Czech Offeree and its custodian comply with all relevant instructions of Česká spořitelna, or its respective financial interme-

diary and CDCP. Offerees should be aware that the disposition period, during which they may exercise their Subscription Rights, may terminate prior to the end of the Subscription Period.

Should Erste Group Bank decide to modify the terms of the Offering, such change will be published on Erste Group Bank's website (www.erstegroup.com) and on the website of Česká spořitelna (www.csas.cz). Offerees will not be notified individually.

The Offerees in the Czech Republic are advised to liaise with their respective custodians as to the form and time of exercise of their Subscription Rights.

Special considerations for the Offering in Slovakia

Slovak Offerees who take part in the Offering are required to follow the instructions provided by Slovenská sporiteľňa a.s., or their respective financial intermediary. It will be at the discretion of Slovenská sporiteľňa a.s. how to administer the Offering in Slovakia. No assurances can be given that the Offered Securities will be properly delivered unless the Slovak Offeree and its custodian comply with all relevant instructions of Slovenská sporiteľňa a.s., or its respective financial intermediary. Offerees should be aware that the disposition period, during which they may exercise their Subscription Rights, may terminate prior to the end of the Subscription Period.

Should Erste Group Bank decide to modify the terms of the Offering, such change will be published on Erste Group Bank's website (www.erstegroup.com) and on the website of Slovenská sporiteľňa a.s. (www.sisp.sk). Offerees will not be notified individually.

The Offerees in Slovakia are advised to liaise with their respective custodians as to the form and time of exercise of their Subscription Rights.

Special considerations for the Offering in Romania

Romanian Offerees who take part in the Offer are required to follow the instructions provided by their respective financial intermediary (custodian bank or broker). No assurances can be given that the Offered Securities will be properly delivered unless the Romanian Offeree and its financial intermediary (custodian bank or broker) comply with all relevant instructions of the related international custodian. Depozitarul Central SA will provide information on the offer in Romania (the form and content of such information to be agreed with Depozitarul Central SA).

Offerees should be aware that the disposition period, during which they may exercise their Subscription Rights, may terminate prior to the end of the Subscription Period.

Should Erste Group Bank decide to modify the terms of the Offering, such change will be published on Erste Group Bank's website (www.erstegroup.com), on the website of Depozitarul Central SA (www.depozitarulcentral.ro) and on the website of BCR (www.bcr.ro). Offerees will not be notified individually.

The Offerees in Romania are advised to liaise with their respective financial intermediary (custodian bank or broker) as to the form and time of exercise of their Subscription Rights.

Reasons for the Offering and use of proceeds

Reasons for the Offering

Pursuant to the Terms and Conditions and the relevant provisions of the Banking Act, in case of any measures by which the existing ratio between the property rights of the holders of the Participation Capital Securities and those of Erste Group Bank's shareholders is changed, appropriate compensation must be provided to the Participation Capital Securities holders. Within the framework of certain of its employee share ownership programmes (ESOPs) and management share option programmes (MSOPs), Erste Group Bank issued an aggregate of 1,453,621 new shares from conditional capital for capital increases under the ESOPs and MSOPs since the completion of a similar subscription offering to re-establish the ratio between the share capital of Erste Group Bank and its Participation Capital in 2009.

In September and November 2011, Erste Group Bank entered into several heads of agreement and share purchase agreements with four regional Romanian investment funds (*Societatea de Investitii Financiare*) on the acquisition of up to 30.12% of the shares in Banca Comercială Română S.A. ("BCR") against cash payments and transfer of newly issued shares in Erste Group Bank in several tranches. See "*Description of Erste Group's business—Acquisitions—Details regarding significant acquisitions during the last three years*". Implementing four share purchase agreements, Erste Group Bank issued an aggregate of 16,102,263 new shares from authorised capital in four capital increases on 23 November 2011, 10 December 2011, 15 December 2011 and 28 February 2012 against contributions in kind of a total of 2,060,418,643 shares in BCR, thereby increasing Erste Group Bank's share capital from €756,932,768 (as of 22 November 2011) to €789,137,294 (as of 31 December 2012). See "*Description of the share capital and applicable regulations—History of the share capital*". Negotiations between Erste Group Bank and one other regional Romanian investment fund regarding the entry into a share purchase agreement on the basis of the heads of agreement of September 2011 were terminated in February 2013. Due to the four capital increases against contributions in kind from authorised capital and the issuance of shares from conditional capital, the ratio between the share capital of Erste Group Bank and its Participation Capital, which existed at the time when the Participation Capital was issued, changed to the detriment of the Participation Capital Securities holders. The Offering of the Subscription Rights for additional Participation Capital Securities is intended to compensate for such change in the ratio and, from the perspective of Participation Capital Securities holders participating in the Offering, re-establish the ratio after a similar subscription offering in 2009. For this purpose, Erste Group Bank has agreed with the Republic of Austria to purchase the number of Participation Capital Securities which is required for the Offering from the holdings of the Republic of Austria, following its waiver to exercise its Subscription Rights.

Use of proceeds

If all Subscription Rights that have not been waived will be exercised, Erste Group Bank expects the net proceeds of the Offering to be approximately €26.4 million. The proceeds from the Offering will be used in their entirety for payment of the purchase price for the Offered Securities to be acquired from the Republic of Austria in an amount equal to the total amount of Offered Securities subscribed for in the Offering. Erste Group Bank estimates total expenses of the Offering to be approximately €0.7 million (excluding VAT).

Dividend policy of Erste Group Bank

General provisions relating to dividend payments on the Participation Capital Securities

The Offered Securities do not entitle their holders to dividend distributions for the financial year 2012 and carry full dividend rights for the financial year 2013 and for all subsequent financial years. Any dividend payments on the Participation Capital Securities are dependent upon Erste Group Bank's distributable Annual Profits (as defined in the Terms and Conditions) for the preceding financial year – as stated in its unconsolidated financial statements pursuant to the Austrian Commercial Code (*Unternehmensgesetzbuch*) ("UGB"). Erste Group Bank's Annual Profits distributable for such purpose are calculated by determining, in accordance with Austrian GAAP, the net income of the bank for the preceding financial year (determined on an after tax basis – *Jahresüberschuss*) plus any transfers made by Erste Group Bank, at its sole discretion, from its revenue reserves (*Gewinnrücklagen*), or, as applicable, minus allocations made by Erste Group Bank, either required by law (e.g., liability reserve or reserve for treasury shares) or in its sole discretion, to its revenue reserves (*Gewinnrücklagen*), all in compliance with Section 23 (4) no. 3 Banking Act and Austrian GAAP, the UGB and other applicable Austrian laws then in effect. Whereas any such transfers from and allocations to restricted (*gebundene*) reserves are subject to detailed provisions and may only be effected to cover any loss (or as the case may be, to provide for future losses), transfers and allocations in respect of disposable (*nicht gebundene*) reserves may, at Erste Group Bank's discretion, be effected for other purposes, such as (in the case of transfers) an increase or (in the case of allocations) a decrease in Erste Group Bank's Annual Profits distributable for such purpose. Any dividend may only be paid to the holders of Participation Capital Securities to the extent that it is covered by Erste Group Bank's Annual Profits.

The Annual Profits stated in Erste Group Bank's unconsolidated financial statements differ from those stated in the consolidated financial statements, apart from the application of different accounting standards, in particular because the profits of Erste Group Bank will, in addition to its own result, depend primarily (i) on the receipt of dividend payments from its subsidiaries and associated companies, and (ii) on valuations of subsidiaries and associated companies.

In addition, Erste Group Bank must comply with capital adequacy requirements both on an individual and consolidated basis which might limit the distribution of dividends on Participation Capital Securities. Most subsidiaries and associated companies must also meet capital adequacy requirements in their home countries both on an individual and a consolidated basis.

The Annual Profits of Erste Group Bank will be determined as follows: With respect to any financial year of Erste Group Bank, the Management Board prepares financial statements, which include a proposal for the appropriation of the Erste Group Bank's profits by increasing or dissolving reserves in order to establish distributable earnings. Such financial statements must be audited and are then submitted to the Supervisory Board for its approval. If the Supervisory Board approves the financial statements, these become final. If the Supervisory Board does not approve the financial statements, such financial statements must be confirmed by Erste Group Bank's shareholders' meeting.

Subject to the above described limitations, dividends on the Participation Capital Securities accrue annually per financial year as follows: (i) for the financial years from 1 January 2009 to 31 December 2013 at a dividend rate of 8.0% p.a., (ii) for the financial year from 1 January 2014 to 31 December 2014 at a dividend rate of 8.5% p.a., (iii) for the financial year from 1 January 2015 to 31 December 2015 at a dividend rate of 9.0% p.a., (iv) for the financial year from 1 January 2016 to 31 December 2016 at a dividend rate of 9.75% p.a., and (v) for the financial years from 1 January 2017, the dividend rates increase by one percentage point p.a. each year, provided that the annual dividend must never exceed 12-Month-EURIBOR plus ten percentage points p.a. Under the Terms and Conditions, Erste Group Bank is entitled to increase the dividend payable on the Participation Capital Securities, provided that all of its holders are treated equally.

Dividend payments to holders of the Participation Capital Securities shall be made prior to distributions of dividends to shareholders of Erste Group Bank. Unless dividend payments are made on the ordinary shares of Erste Group Bank, Erste Group Bank has no obligation to pay dividends on the Participation Capital Securities (irrespective of the availability of distributable Annual Profits) if it does not elect to do so, and any such failure to pay such dividends will not constitute a default of Erste Group Bank or any other breach of the obligations under the Participation Capital Securities or for any other purpose. Erste Group Bank will not be obliged to pay unpaid dividends at a later stage, unless

distributable Annual Profits were retained without either a statutory obligation or instructions from a supervisory authority, in which case the repayment amount in a repayment of the Participation Capital Securities will be increased by the number of percentage points by which the agreed dividend has fallen short.

Dividend policy and historical dividend payments on Participation Capital Securities

Erste Group Bank has historically paid dividends on the Participation Capital Securities every year since their issuance in 2009 at a dividend rate of 8.0% p.a. Past dividends are not an indication of future dividends to be paid by Erste Group Bank on its Participation Capital Securities. Erste Group Bank intends to continue to pay dividends on the Participation Capital Securities. However, the timing and amount of future dividend payments, if any, will depend upon Erste Group Bank's future earnings and prospects, capital requirements and financial condition and such other factors as the Management Board and the Supervisory Board of Erste Group Bank consider relevant, as well as the approval of shareholders. There can be no assurances that any dividends will be paid in the future.

For information purposes only, dividend payment information regarding the payment of dividends on the Participation Capital Securities in 2010, 2011 and 2012, for the financial years 2009, 2010 and 2011, respectively, is set forth below:

	Dividend payments in the year		
	2012	2011	2010
Annual dividend rate (in %)	8.0	8.0	8.0
Dividend per Participation Capital Security in €(nominal amount: €1,000) ..	80.0	80.0	80.0

Source: Minutes of the annual shareholders' meetings 2010, 2011 and 2012 of Erste Group Bank.

Pursuant to agenda item 2 of the annual shareholders' meeting of Erste Group Bank scheduled for 16 May 2013, the Management Board and the Supervisory Board propose to the shareholders' meeting to resolve upon a dividend payment on the Participation Capital Securities for the financial year 2012 in the amount of 8.0% of the nominal amount (€1,000) of the Participation Capital Securities (i.e., €80 per Participation Capital Security).

Capitalisation of Erste Group

The following table sets forth, as of 31 December 2012, the consolidated total capitalisation of Erste Group prepared in accordance with IFRS and the qualifying capital pursuant to the Banking Act on an actual basis. This table should be read in conjunction with “*Management’s discussion and analysis of financial condition and results of operations—Liquidity and capital resources—Capital adequacy*”. Since 31 December 2012, there has been no material change to the information contained in the table below.

In € million, unless otherwise indicated	As of 31 December 2012 audited, unless otherwise indicated
Capitalisation	
Share capital	790
Participation capital	1,757
Additional paid-in capital	6,472
Retained earnings	3,836
Owners of the parent	12,855
Non-controlling interests	3,483
Total equity (including non-controlling interests)	16,338
Subordinated issues and deposits	3,696
Supplementary capital	1,292
Hybrid issues	378
Own issues repurchased	(43)
Total secured debt (unaudited) ⁽¹⁾	11,915
Total long-term unsecured debt ⁽²⁾ (unaudited)	17,512
Total capitalisation⁽³⁾ (unaudited)	51,088
Qualifying capital as determined pursuant to the Banking Act	
Tier-1 capital⁽⁴⁾	12,223
Qualifying supplementary capital (tier-2)	4,074
50% deduction for non-consolidated credit and financial institutions pursuant to Section 23 (13) 3 and 4 Banking Act	(107)
50% deduction of securitisations pursuant to Section 23 (13) 4d Banking Act	(12)
100% deductions of holdings in insurances pursuant to Section 23 (13) 4a Banking Act ...	(164)
Short-term subordinated capital (tier-3)	297
Total eligible qualifying capital	16,311
Capital requirement	8,426
Surplus capital	7,885
Cover ratio ⁽⁵⁾ (in %)	193.6
Tier-1 capital	12,223
Core tier-1 capital	11,848
Core tier-1 ratio—total risk ⁽⁶⁾ (in %)	11.2
Tier-1 ratio—total risk ⁽⁷⁾ (in %)	11.6
Solvency ratio ⁽⁸⁾ (in %)	15.5

Source: Audited consolidated financial statements of Erste Group Bank for financial year ended 31 December 2012, except that the figures shown under “Total secured debt”, “Total long-term unsecured debt” and “Total Capitalisation” are based on internal calculations or information of Erste Group Bank.

- (1) Total secured debt refers to obligations from mortgage and municipal bonds.
- (2) Total long-term unsecured debt refers to obligations from bonds, certificates of deposit, other certificates of deposit/name certificates, other and own issues repurchased.
- (3) Since 31 December 2012, Erste Group Bank has issued no shares.
- (4) Tier-1 capital includes hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act.
- (5) Cover ratio is the ratio of total eligible qualifying capital to capital requirement.
- (6) Core tier-1 ratio—total risk is the ratio of core tier-1 capital (excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (7) Tier-1 ratio—total risk is the ratio of tier-1 capital (including hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (8) The solvency ratio is the ratio of total eligible qualifying capital to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.

Erste Group selected financial and other information

The financial data provided below has been taken or derived from Erste Group's audited consolidated financial statements as of and for the financial years ended 31 December 2012 and 31 December 2011, including comparative financial information as of and for the financial year ended 31 December 2010, which were prepared in accordance with IFRS, or is based on internal calculations or information of Erste Group Bank. The non-controlling interests include, among others, savings banks in which Erste Group Bank holds a non-controlling interest or no interest but over which it exercises control under the *Haftungsverbund*.

Any financial information in the following tables labeled as "audited" has been taken from the Consolidated Financial Statements. Any financial information in the following tables labeled as "unaudited" has not been taken from those Consolidated Financial Statements.

Balance Sheet

in €million	2012	As of 31 December 2011 audited	2010
Assets			
Cash and balances with central banks.....	9,740.5	9,412.9	5,839.4
Loans and advances to credit institutions	9,074.1	7,577.7	12,496.5
Loans and advances to customers.....	131,927.5	134,749.5	132,334.1
Risk provisions for loans and advances	(7,643.7)	(7,027.3)	(6,119.1)
Derivative financial instruments.....	13,289.4	10,930.8	8,507.9
Trading assets.....	5,178.0	5,875.8	5,535.5
Financial assets—at fair value through profit or loss.....	715.8	1,813.1	2,434.2
Financial assets—available for sale	22,417.7	20,245.3	17,751.1
Financial assets—held to maturity	18,974.7	16,073.6	14,234.7
Equity method investments	174.1	173.1	223.5
Intangible assets	2,893.9	3,532.0	4,674.6
Property and equipment.....	2,227.9	2,360.8	2,445.6
Investment property	1,022.9	1,139.3 ⁽¹⁾	1,163.1 ⁽²⁾
Current tax assets	127.6	115.7	116.5
Deferred tax assets	657.5	701.9	616.8
Assets held for sale	708.1	87.2	52.5
Other assets.....	2,338.1	2,245.1 ⁽¹⁾	3,463.2 ⁽²⁾
Total assets	213,824.0	210,006.3	205,770.0
Liabilities and equity			
Deposits by banks.....	21,822.1	23,785.3	20,153.9
Customer deposits	123,052.9	118,880.2	117,016.3
Debt securities in issue	29,427.3	30,781.6	31,298.5
Value adjustments from portfolio fair value hedges.....	1,220.0	914.7 ⁽¹⁾	502.0 ⁽²⁾
Derivative financial instruments.....	10,878.4	9,336.6	8,398.8
Trading liabilities	481.0	535.6	215.7
Provisions	1,487.7	1,580.1	1,544.5
Current tax liabilities.....	53.0	33.7	68.4
Deferred tax liabilities.....	323.5	344.8	328.1
Other liabilities.....	3,077.3	2,851.3 ⁽¹⁾	3,847.7 ⁽²⁾
Liabilities associated with assets held for sale	338.9	0.0 ⁽¹⁾	0.0 ⁽²⁾
Subordinated liabilities	5,323.4	5,782.6	5,838.0
Total equity	16,338.5	15,180.0	16,558.0
attributable to non-controlling interests.....	3,483.2	3,142.9	3,443.6
attributable to owners of the parent	12,855.3	12,037.1	13,114.4
Total liabilities and equity	213,824.0	210,006.3	205,770.0

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

- (1) Due to reclassifications in the consolidated financial statements as of and for the financial year ended 31 December 2012 taken from the comparative figures as of 31 December 2011 contained in the balance sheet of the consolidated financial statements as of and for the financial year ended 31 December 2012.
- (2) Due to reclassifications in the consolidated financial statements as of and for the financial year ended 31 December 2012 taken from the comparative figures as of 1 January 2011 contained in the balance sheet of the consolidated financial statements as of and for the financial year ended 31 December 2012.

Income statement and key ratios

in € million, unless otherwise indicated	For the year ended 31 December		
	2012	2011	2010
	audited, unless otherwise indicated		
Net interest income	5,235.3	5,569.0	5,439.2
Risk provisions for loans and advances	(1,980.0)	(2,266.9)	(2,021.0)
Net fee and commission income	1,720.8	1,787.2	1,842.5
Net trading result.....	273.4	122.3	321.9
General administrative expenses	(3,756.7)	(3,850.9)	(3,816.8)
Other operating result	(724.3)	(1,589.9)	(439.3)
Result from financial instruments—at fair value through profit or loss	(3.6)	0.3	(6.0)
Result from financial assets—available for sale	56.2	(66.2)	9.2
Result from financial assets—held to maturity	(19.9)	(27.1)	(5.5)
Pre-tax profit/loss	801.2	(322.2)	1,324.2
Taxes on income.....	(170.2)	(240.4)	(280.9)
Net profit/loss for the year	631.0	(562.6)	1,043.3
attributable to non-controlling interests.....	147.5	156.3	164.6
attributable to owners of the parent	483.5	(718.9)	878.7
Earnings per share in €.....	0.87	(2.28)	1.97
Dividend pay-out ratio ⁽¹⁾ (in %) (unaudited).....	32.6	—	30.1
Return on equity (ROE) ⁽²⁾ (in %)	3.8	—	6.7
Cost/income ratio ⁽³⁾ (in %).....	52.0	51.5	50.2
Net interest margin ⁽⁴⁾ (in %) (unaudited).....	2.80	2.97	3.08

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011 including comparative financial information for the financial year ended 31 December 2010, except that figures shown under "Dividend pay-out ratio" and "Net interest margin" are based on internal calculations or information of Erste Group Bank.

- (1) Dividend pay-out ratio represents dividends paid (for 2012 dividends intended to be proposed to the annual shareholders' meeting of Erste Group Bank) to owners of the parent (excluding dividends paid on participation capital) for the respective year divided by net profit for the year attributable to owners of the parent.
- (2) The return on equity (ROE) is the ratio of net profit/loss for the year attributable to owners of the parent as a percentage of average equity attributable to owners of the parent. The average equity attributable to owners of the parent is calculated based on the equity attributable to owners of the parent outstanding as of the close of each of the twelve months of the year.
- (3) The cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income, and net trading result).
- (4) Net interest margin is net interest income as a percentage of interest-bearing assets (total assets less cash and balances with central banks, derivative financial instruments, property and equipment and intangible assets, current and deferred tax assets, assets held for sale, investment property and other assets), calculated as an average for the respective period based on month-end balance sheet data.

Capitalisation as presented by Erste Group

in €million, unless otherwise indicated	As of 31 December		
	2012	2011 audited	2010
Core tier-1 capital	11,848	10,681	11,019
Hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act.....	375	1,228	1,200
Qualifying supplementary capital (tier-2)	4,074	4,415	3,983
50% deduction for non-consolidated credit and financial institutions pursuant to Section 23 (13) 3 and 4 Banking Act.....	(107)	(125)	(153)
50% deduction of securitisations pursuant to Section 23 (13) 4d Banking Act.....	(12)	(36)	(27)
100% deductions of holdings in insurances pursuant to Section 23 (13) 4a Banking Act.....	(164)	(162)	(176)
Short-term subordinated capital (tier-3)	297	414	374
Total eligible qualifying capital	16,311	16,415	16,220
Risk-weighted basis pursuant to Section 22 (1) Banking Act ⁽¹⁾	105,323	114,019	119,844
Core tier-1 ratio—total risk ⁽²⁾ (in %)	11.2	9.4	9.2
Tier-1 ratio—total risk ⁽³⁾ (in %).....	11.6	10.4	10.2
Solvency ratio ⁽⁴⁾ (in %).....	15.5	14.4	13.5

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, including comparative financial information for the financial year ended 31 December 2010.

- (1) The risk-weighted basis pursuant to Section 22 (1) Banking Act, also referred to as base for the capital requirement pursuant to Section 22 (1) Banking Act, is the sum of (i) the risk pursuant to Section 22 (1) 1 Banking Act (credit risk), (ii) the risk pursuant to Section 22 (1) 2 Banking Act (market risk) (iii) the risk pursuant to Section 22 (1) 3 Banking Act (commodities risk and foreign exchange-risk, including the risk arising from gold positions, each for positions outside the trading book) and (iv) the risk pursuant to Section 22 (1) 4 Banking Act (operational risk).
- (2) Core tier-1 ratio—total risk is the ratio of core tier-1 capital (excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) 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 (including hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (4) Solvency ratio is the ratio of total eligible qualifying capital to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.

Management's discussion and analysis of financial condition and results of operations

The following discussion should be read in conjunction with Erste Group's consolidated financial statements and the accompanying notes incorporated by reference in this Prospectus as well as the other financial information included elsewhere in this Prospectus, in particular the data presented in "Selected statistical information" and "Risk management". The discussion below includes an analysis of Erste Group's financial condition and historical results of operation. It also includes descriptions of certain factors that have affected, and may continue to affect, Erste Group's business, results of operation and financial condition. The impact of these and other potential factors may vary significantly in the future.

In addition, the following discussion includes forward-looking statements, which, although based on assumptions that Erste Group Bank considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of some of those risks and uncertainties, see "Forward-looking statements" and "Risk factors".

Financial data in this section relating to the financial years ended 31 December 2012 and 31 December 2011 are taken or derived from Erste Group's audited consolidated financial statements as of and for the financial years ended 31 December 2012 and 31 December 2011, respectively, or are based on the accounting records, internal calculations or information of Erste Group Bank. However, certain financial data relating to the financial year ended 31 December 2010 have been restated in Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2011. In particular, the accounting for credit default swaps classified as financial guarantees in periods prior to the financial year ended 31 December 2011 was restated to classify and measure them as financial instruments at fair value through profit and loss. In addition, prior calculations as to the effective interest rates for loans and advances to customers were restated as a result of harmonising and improving certain information technology tools within Erste Group. Financial information included in this section relating to the year ended 31 December 2010 is taken or derived from the audited consolidated financial statements as of and for the financial year ended 31 December 2011. Therefore, the financial data relating to the financial year ended 31 December 2010 is partially different from the financial data included in Erste Group's audited consolidated financial statements as of and for the financial years ended 31 December 2010.

Any financial information in the following tables labeled as "audited" has been taken from the Consolidated Financial Statements. Any financial information in the following tables labeled as "unaudited" has not been taken from those Consolidated Financial Statements.

The summary of significant accounting policies and estimates according to which Erste Group's audited consolidated financial statements were prepared is provided below under "Significant accounting policies".

The financial information set forth in the text and tables below has been rounded for ease of presentation. Accordingly, in certain cases, the sum of the numbers in a column in a table may not conform to the total figure given for that column. Percentage figures included in the text and tables below have not been calculated on the basis of rounded figures but have rather been calculated on the basis of such amounts prior to rounding.

Introduction

Erste Group is a leading banking group focused on retail and corporate customers in Austria and Central and Eastern Europe ("CEE"). Erste Group offers its customers a broad range of services that, depending on the particular market, includes deposit and current account products, mortgage and consumer finance, investment and working capital finance, private banking, investment banking, asset management, project finance, international trade finance, trading, leasing and factoring. Erste Group is among the leading banking groups in Austria, the Czech Republic, Romania and Slovakia by assets, total loans and total deposits, and has significant operations in Hungary, Croatia and Serbia. It serves approximately 17 million customers across Austria and its core CEE markets. Erste Group Bank is also the lead bank of the Austrian Savings Banks Sector. As of 31 December 2012, Erste Group had €213.8 billion in total assets and €16.3 billion in total equity and generated €3,472.8 million in operating result (operating income (the sum of net interest income, net fee and commission income

and net trading result) minus general administrative expenses) and €631.0 million in net profit for the year ended 31 December 2012. As of the same date, Erste Group had total participation capital of €1,756.6 million.

The legal predecessor of Erste Group Bank was established in 1819 as an association savings bank (*Vereinsparkasse*) under the name “Verein der Ersten österreichischen Spar-Casse” and, as the name suggests, was the first savings bank in Austria (“*erste*” means “first” in German). It was subsequently renamed “DIE ERSTE österreichische Spar-Casse—Bank” and transferred its banking business into a stock corporation with the name “DIE ERSTE österreichische Spar-Casse Bank Aktiengesellschaft” (“Die Erste”) in 1993. Die Erste changed its name to “Erste Bank der oesterreichischen Sparkassen AG” in October 1997, following the merger of GiroCredit Bank Aktiengesellschaft der Sparkassen (“GiroCredit”) and Die Erste, which resulted in the creation of the then second largest banking group in Austria. In August 2008, the Austrian retail and SME banking activities of Erste Group Bank were de-merged and continued to operate under the name Erste Bank der oesterreichischen Sparkassen AG (“Erste Bank Oesterreich”), while the parent company changed its name to Erste Group Bank AG. Erste Group Bank operates as the parent company and remains the sole company of Erste Group listed on a stock exchange in the EEA.

“Erste Group” consists of Erste Group Bank, together with its subsidiaries and participations, including Erste Bank Oesterreich in Austria, Česká spořitelna, a.s. (“Česká spořitelna”) in the Czech Republic, BCR in Romania, Slovenská sporiteľňa, a.s. (“Slovenská sporiteľňa”) in Slovakia, Erste Bank Hungary Zrt (“Erste Bank Hungary”) in Hungary, Erste & Steiermärkische Bank d.d. (“Erste Bank Croatia”) in Croatia, Erste Bank a.d. (formerly Novosadska Banka a.d.), Novi Sad (“Erste Bank Serbia”) in Serbia, Public Company “Erste Bank” (“Erste Bank Ukraine”, formerly Bank Prestige, from January 2007) in the Ukraine and, in Austria, Salzburger Sparkasse, Tiroler Sparkasse, s-Bausparkasse, other savings banks of the *Haftungsverbund* (see “*Description of Erste Group’s business—Haftungsverbund*”), Immorent, and others. In December 2012, Erste Group entered into an agreement to sell Erste Bank Ukraine to the shareholders of Fidobank. The closing of this transaction is subject to several conditions, including regulatory approvals, and is expected to occur by the end of the second quarter of 2013.

Erste Group had 49,381 employees (full-time equivalents) worldwide as of 31 December 2012 (of which 1,476 (full-time equivalents) were employed by Erste Group Bank).

Key factors that impact Erste Group’s results of operations

Erste Group believes that the following factors have affected, and may continue to affect, its business, results of operations and financial condition. The impact of these and other factors may vary significantly in the future.

Economic and banking environments in Austria and Central and Eastern Europe

Erste Group operates predominantly in Austria and Central and Eastern Europe. Accordingly, Erste Group’s results of operations and financial condition have been and will continue to be significantly affected by Austrian and Central and Eastern European political and economic factors. Moreover, macroeconomic factors such as GDP growth, inflation rates, interest rates and currency exchange rates, as well as unemployment rates, average income levels and the general financial situation of consumers and businesses, together with various other factors, have a material impact on Erste Group’s business prospects.

Austria

Austria recorded real GDP growth of 2.7% in 2011, which was well above the 1.5% average rate of GDP growth in the 27 EU countries (source: Eurostat). For 2012, Austria’s GDP grew by 0.7 % compared to an average decline of 0.3% for the EU (source: Eurostat). With GDP per capita of €35,800 in 2011 and 36,700 in 2012, Austria is among the most prosperous countries in the EU (EU average of €28,300 in 2011 and €28,500 in 2012 (source: Eurostat). In 2012, Austria recorded an average unemployment rate of 4.3% after 4.2% in 2011, both well below the 2011 and 2012 average EU unemployment rates of 9.6% and 10.5% respectively (source: Eurostat). Consumer price inflation in Austria amounted to 3.6% and 2.5% during 2011 and 2012, respectively (source: Eurostat).

The Austrian commercial banking industry, and in particular the retail banking sector, is highly competitive, with a large number of banks, substantial pricing pressure, relatively high operating costs and relatively low profit margins (before risk costs). In addition, with total domestic assets of Austrian banks amounting to approximately 231% of GDP in 2011 and approximately 219% of GDP in 2012 (source: Eurostat and OeNB), growth in banking services is limited due to the existing high degree of penetration. Nevertheless, Erste Bank Oesterreich and the savings banks increased their customer base from 3.2 million customers in 2011 to 3.3 million customers in 2012, and Erste Group's total retail and SME loans and advances to customers in Austria declined slightly by 0.1% to approximately €65.7 billion in 2012.

Central and Eastern Europe

Central and Eastern Europe is a large and diverse region that has generally experienced strong economic growth over the past two decades. However, local banking services remain relatively underdeveloped throughout parts of the region and the increasing demand for banking services in the region continues to offer opportunities for growth. Erste Group has significant banking subsidiaries in the Czech Republic, Romania, Slovakia, Croatia and Hungary, and, to a lesser extent, Serbia. Consistent with Erste Group's strategic focus on the markets in the Eastern part of the European Union and countries with a prospect of joining the European Union, these countries are the current focus of its operations and planned operations in Central and Eastern Europe. All of these countries started with relatively low levels of GDP when their markets began to open up after 1989, and many of them experienced relatively high rates of GDP growth in the years leading up to the global economic and financial crisis. For example, the average annual real GDP growth rates in the Czech Republic, Romania and Slovakia were 5.3%, 6.7% and 7.4%, respectively, during the five-year period ended 31 December 2008 (source: Czech Statistical Office, National Institute of Statistics and Slovak Statistical Office). In 2009, there was a marked deterioration in the CEE region's key economic indicators and its growth prospects as the global economic and financial crisis strongly affected its economies. For example, in 2009, GDP in each of the Czech Republic, Romania and Slovakia decreased significantly by 4.5%, 6.6% and 4.9%, respectively (source: Czech Statistical Office, National Institute of Statistics and Slovak Statistical Office). In 2010, GDP growth rates in the Czech Republic, Romania and Slovakia improved to 2.6%, negative 1.6% and 4.2%, respectively; in 2011, GDP growth rates in those three countries were 1.6%, 2.5% and 3.3%, respectively ((source: Czech Statistical Office, National Institute of Statistics and Slovak Statistical Office)). In 2011, growth in Central and Eastern Europe was driven primarily by the export sector, with the Czech Republic and Slovakia benefitting from increased exports of manufactured products, such as vehicles, machinery and electrical equipment. Unemployment rates declined in both countries along with private consumption growth and government spending, resulting in decreases in real GDP growth from 2010 to 2011. Romania also returned to modest growth in 2011, due in large part to strong agricultural output. In 2012, GDP growth rates in the Czech Republic and Slovakia declined to 1.0% and 2.0%, respectively (source: Czech Statistical Office and Slovak Statistical Office), primarily as a result of weaker exports. In 2012, GDP in Romania was stagnant (source: National Institute of Statistics)

By contrast, Hungary's and Croatia's economies struggled to fully recover from the global economic and financial crisis. GDP growth rates in Hungary and Croatia reached 1.3% and negative 1.3%, respectively, in 2010 and improved only slightly to 1.6% and 0.3% in 2011 (source: Croatian Bureau of Statistic and Central Statistical Office). In 2011, unemployment in Hungary and Croatia remained at elevated levels at 10.9% and 13.4%, respectively, and private consumption growth in each country remained almost unchanged (source: Croatian Bureau of Statistic and Central Statistical Office). In 2012, GDP in Hungary and Croatia declined by 1.7% and 2.0%, respectively (Croatian Bureau of Statistic and Central Statistical Office), when both economies entered a recession.

While historical GDP growth has led to a considerable degree of overall economic convergence with Western Europe, which Erste Group generally expects to continue over the long term, economic recovery and improvement in financial conditions have not been uniform throughout Central and Eastern Europe, which is a region characterised by a considerable degree of heterogeneous developments. However, the global economic and financial crisis has, despite the underlying growth trend in banking and financial services, led to a phase of consolidation throughout Central and Eastern Europe. Over time, Erste Group expects that economic growth and the growth of banking services in the CEE region may normalise at lower but more sustainable levels than prior to the crisis but still exceed growth levels in Western Europe. Accordingly, Erste Group expects that the trend of convergence between the banking markets in Austria and in Central and Eastern Europe will continue.

European and global economic conditions

The European and global banking industries were severely affected by the global economic and financial crisis that started in the second half of 2007 and contributed to significant revaluations and write-downs of assets by financial institutions. One of the primary effects of the global economic and financial crisis on the Austrian and CEE banking systems was an increase in loan delinquency rates and the level of non-performing loans. As of 31 December 2010, 2011 and 2012, the total amount of Erste Group's non-performing loans and advances to customers were €10,050 million, €11,388 million and €12,098 million, respectively.

Although the global economy somewhat recovered in 2010 and the first half of 2011, widespread concern with levels of public sector debt and with the stability of banks in certain European countries, including Spain, Greece, Portugal, Italy and Ireland and more recently Cyprus and Slovenia, had a negative impact on macroeconomic conditions. During the second half of 2011 and the first half of 2012, global economic conditions weakened as real GDP declined in many economies. After tentative signs of recovery during the first quarter of 2012, concerns regarding European sovereign debt risk increased as a result of political uncertainty in Greece and challenging fiscal outlooks in Spain and Italy. These conditions contributed to wider credit spreads, lower global equity prices and higher levels of volatility. While certain of these developments may not impact Erste Group directly because, among other reasons, it does not operate in these countries, they impact Erste Group indirectly because economies in the European Union are closely interconnected and certain of Erste Group's customers in Austria and in CEE may be exposed to risk in such countries. Furthermore, Erste Group's customers remain exposed to other external financial, economic and political events, and Erste Group's performance will continue to be influenced by conditions in the European and international economies. The outlook for the global economy over the near to medium term remains challenging, which also impacts prospects for stabilisation and improvement of economic and financial conditions in Erste Group's core markets. See *"Risk factors—Risks related to the business of Erste Group—Difficult macroeconomic and financial market conditions may have a material adverse effect on Erste Group's business, financial condition, results of operations and prospects"*.

Regulatory environment

EU and national laws, regulations, policies and interpretations of laws relating to the banking sector and financial institutions have come under increased scrutiny by legislators, regulators and advisory bodies and are continuously evolving and changing, especially in levels of adequate capitalisation and leverage. Many of these changes or anticipated developments, including the recent proposal of a single supervisory mechanism and more integrated banking union within the EU, have affected and will continue to affect the regulatory environment of Erste Group's business significantly. Erste Group's business is characterized by regulatory requirements to maintain certain capital and liquidity ratios, which may require Erste Group to reduce its risk-weighted assets, may limit the further growth of Erste Group's business or may require Erste Group to obtain additional capital or liquid funds in the future. Further, regulatory developments frequently expose Erste Group to additional costs and liabilities, require it to change how it conducts its business or may otherwise have a negative impact on its business, the products and services it offers and the value of its assets. If Erste Group is unable to increase its capital ratios sufficiently, its ratings may drop and its cost of funding may increase.

In the wake of the global economic and financial crisis, in mid-2010, the Basel Committee on Banking Supervision (the "Basel Committee") finalized new rules regarding the capital requirements applicable to trading activities. These rules, commonly referred to as Basel 2.5, have significantly increased applicable capital requirements by introducing new risk measures and by mandating specified capital treatment for certain identified asset classes. In December 2010, the Basel Committee published its final standards on the revised capital adequacy framework, known as Basel 3, which also tighten the definition of capital, require banks to maintain capital buffers and introduce liquidity ratios. Also in 2011, the European Commission proposed a Europe-wide implementation of Basel 3 through a legislative package referred to as CRR/CRD IV, which will further increase the quality and quantity of required capital, increase capital requirements for derivative positions and introduce a new liquidity framework as well as a leverage ratio. The implementation of these measures through EU legislation continues to be in flux, as major differences have emerged among EU member states on specific details of the proposed framework. In addition, the European Banking Authority ("EBA"), in response to ongoing market concerns over the ability of banks to absorb potential losses associated with sovereign debt, brought into focus by the ongoing European sovereign debt crisis, required a group of 70 large banks in the European Economic Area, including Erste Group, to create an exceptional and

temporary capital ratio of 9% of core tier-1 capital. This exceptional and temporary capital ratio was calculated in accordance with the Basel 2.5 rules and specifically took into account certain European Banking Authority (“EBA”) definitions (e.g., non-consideration of private participation capital in a total amount of €540 million) against banks’ credit, operational and market risks, after accounting for certain criteria including the valuation of sovereign debt. Due to regulatory changes, various own funds instruments issued in the past will lose regulatory recognition as own funds or drop into lower categories than those in which they were initially recognised. For example, certain hybrid capital instruments will, over time, be phased out as additional tier-1 capital, and the Participation Capital Securities subscribed by the Republic of Austria will lose regulatory recognition in 2017 thus reducing Erste Group’s core tier-1 ratio or otherwise reduce the regulatory capital of Erste Group Bank or Erste Group on a single entity or consolidated level. In addition, the European Commission has proposed that, upon adoption, EU member states transpose most of the requirements of the Recovery and Resolution Directive (“RRD”) into national law. The RRD establishes a framework for the recovery and resolution of credit institutions and will require EEA credit institutions to draw up “recovery and resolution plans” which set out certain arrangements and measures that may be taken to restore the long-term viability of the financial institution in the event of a material deterioration of its financial position. Moreover, in March 2012, the FMA published supervisory guidance on the strengthening of the sustainability of the business models of large, internationally active Austrian banks, which included the requirement for Austrian parent financial institutions to submit recovery and resolution plans before the end of 2012 in order to proactively prepare for European frameworks under discussion. The supervisory guidance also foresees increased capitalisation requirements for banking groups reflected in the full implementation of the quantitative and qualitative Basel 3 rules with respect to common equity tier-1 capital, i.e., a common equity tier-1 capital ratio of 7% beginning in 2013. In this respect, the FMA has indicated that it will implement an additional common equity tier-1 capital requirement to banking groups at a consolidated level of up to 3% beginning in 2016, while the level of such an additional common equity tier-1 capital requirement will depend on the systemic relevance of the particular banking group. In addition, strengthened local stable funding bases of subsidiaries through so-called “loan-to-local stable funding ratios”, i.e., the funding of loans through the local deposit base will be required. See “*The Austrian banking system*”, “*Selected information on certain CEE banking systems*” and “*Risk factors—Risks related to the business of Erste Group—New governmental or regulatory requirements and changes in perceived levels of adequate capitalisation and leverage could subject Erste Group to increased capital requirements or standards and require it to obtain additional capital in the future*”.

In addition, several countries in which Erste Group operates have introduced special banking taxes. In Austria, the banking tax was introduced in 2011 and, following a 25% increase in 2012, Erste Group’s Austrian banking tax amounted to €165.2 million in 2012 after €132.1 million in 2011. In Slovakia, a banking tax was newly introduced in 2012 and resulted in a charge of €31.5 million for 2012. In Hungary, the banking tax amounted to €47.3 million in 2012, while in 2011 it was offset against losses resulting from legislation allowing the early repayment of foreign currency loans at a fixed exchange rate below then prevailing exchange rates in the market. Furthermore, the European Commission has proposed to introduce an EU financial transaction tax within the EU by 2014, and EU member states have agreed that a financial transaction tax may be introduced only by certain EU member states, including Austria, Slovakia and Hungary, rather than throughout the EU in a uniform manner. These banking taxes and potential financial transaction taxes directly impact Erste Group’s other operating result, and increases in banking taxes or the imposition of new banking and financial transaction taxes on Erste Group’s subsidiaries negatively affect its results of operations.

Stable net interest income and deposit base

Erste Group’s focus on retail banking provides it with a comparatively stable deposit base and funding base for its lending business, which provides a stable stream of net interest income. Despite the disruptions and turbulences in financial markets in recent years, Erste Group believes that the volatility in the financial markets and uncertain economic conditions attracted customers to the security of deposit accounts, such as savings and term deposits. Customer deposits increased during 2010, 2011 and 2012 in nearly all of Erste Group’s customer segments, and overall customer deposits grew by 1.6% from a total €117.0 billion as of 31 December 2010 to a total of €118.9 billion as of 31 December 2011, and further by 3.5% to a total of €123.1 billion as of 31 December 2012. A stable deposit base supports Erste Group’s retail lending which, in turn, results in a steady stream of interest income. Interest income from lending and money market transactions with customers, the primary driver of Erste Group’s net interest income, increased from a total of €6,333.6 million for the year ended 31 December 2010 to a total of €6,426.5 million for the year ended 31 December 2011, and decreased to a total

of €5,957.8 million for the year ended 31 December 2012. The decrease in net interest income from 2011 to 2012 reflected several factors, *inter alia*, lower retail lending volumes due to customers' reluctance to borrow or otherwise incur debt under conditions of financial uncertainty, stricter standards in Erste Group for the granting of loans, anticipated stricter capital requirements, the continued reduction of interest-bearing non-core assets in the International Business as well as higher volumes of customer deposits. Total retail and SME loans increased by only 0.9% from 2010 to 2011 and decreased by 0.7% from 2011 to 2012 (not including discontinued operations from Erste Bank Ukraine) despite historically low interest rates in several countries, such as Austria and the Czech Republic.

Interest rates

Net interest income accounts for a significant portion of Erste Group's operating income, and the level of interest rates is one of the key drivers of net interest income. Interest rates earned and paid on Erste Group's interest-bearing assets and interest-bearing liabilities reflect shifts in short-term interest rates set by central banks as well as changes in long-term interest rates, current and expected future levels of inflation. As Erste Group's net interest margin reflects the difference between the average rate earned on its interest-bearing assets and the average rate payable on its interest-bearing liabilities, changes in interest rates can have a significant impact on its net interest margin. The net interest margin does not, however, reflect risk costs in connection with risk provisions for loans and advances.

Fluctuations in short-term and long-term interest rates impact Erste Group's net interest income differently based upon the re-pricing profile of Erste Group's interest-bearing liabilities and interest-bearing assets. Erste Group's re-pricing profile depends upon the pricing terms applicable to its particular products, the mix of funding and lending instruments in Erste Group's portfolio and the extent of its use of interest rate-related derivatives. As a general matter, a decrease in interest rates negatively impacts Erste Group's net interest income. Erste Group's portfolio is not characterized by a high degree of sensitivity to changes in Euro interest rates because re-pricing effects on interest-bearing liabilities and interest-bearing assets are largely offset. A higher degree of sensitivity exists with more interest-bearing money market-linked assets denominated in Czech corona and a higher share of administered products in interest-bearing liabilities. Administered liabilities, such as demand deposits, frequently offer an attractive funding base as interest rates paid are relatively low and insensitive to changes in market interest rates. If market interest rates decline further, the re-pricing potential is therefore limited. If, however, market interest rates increase, administered liabilities are relatively insensitive to changes in interest rates so that interest rates paid on interest-bearing liabilities do not increase in line with increases in interest rates earned on interest-bearing assets. As a result, the overall net interest margin increases in such an environment.

Net interest income increased by 2.4% from 2010 to 2011 and decreased by 6.0% from 2011 to 2012. Over the same period, short-term interest rates remained at or near historic lows in Austria, Slovakia and the Czech Republic and declined overall in nearly all of Erste Group's other core markets in Central and Eastern Europe. This low interest rate environment, combined with subdued credit demand for consumer loans, has contributed to a contracting overall net interest margin at the group level from 3.08% in 2010 to 2.97% in 2011 and 2.80% in 2012.

Risk provisions for loans and advances

Erste Group's financial results are significantly affected by the level of risk provisions for loans and advances. The amount of risk provisions for loans and advances depends on the credit quality of loans and advances, which is influenced, among other things, by the development of general economic conditions and tends to deteriorate when general economic development is weak. The level of risk provisions for loans and advances for retail loans particularly depends on developments in unemployment rates and levels of disposable income and may be exacerbated by foreign currency developments if loans have been granted to individuals in non-local currencies and such individuals do not have corresponding foreign currency income. The amount of risk provisions also depends on expected recovery ratios and the expected value of available collateral which in turn depend on general economic conditions and prospects.

As of 31 December 2011, total risk provisions for loans and advances increased by €908 million, or 14.8%, from €6,119 million as of 31 December 2010 to €7,027 million as of 31 December 2011. The increase in 2011 was primarily attributable to extraordinary provisions in Hungary in the amount of €450.0 million as a consequence of new legislation in Hungary allowing for the early repayment of foreign currency loans at non-market rates and an increase in the NPL coverage ratio. As of 31 De-

December 2012, risk provisions for loans and advances increased to €7.644 billion, mainly due to higher volumes of non-performing loans in several countries in Central and Eastern Europe during 2012, particularly in Romania and Croatia. At the same time, the ratio of Erste Group's non-performing loans (NPL ratio or ratio of non-performing loans and advances to customers as a percentage of total loans and advances to customers) increased from 7.6% as of 31 December 2010 to 8.5% and 9.2% as of 31 December 2011 and 2012, respectively. As of 31 December 2012, coverage of the non-performing credit risk exposures (non-performing credit exposure coverage ratio or ratio of credit risk provisions as a percentage of non-performing credit risk exposure) had increased to 62.6% from 61.1% as of 31 December 2011 and 60.1% as of 31 December 2010.

Goodwill impairment and changes in the value of securities

For the financial year ended 31 December 2011, the carrying amount of goodwill on Erste Bank's consolidated balance sheet declined by €1,087 million from €3,259 million as of 31 December 2010 to €2,172 million as of 31 December 2011. The decline was primarily attributable to a goodwill impairment charge of €692.8 million related to Banca Comercială Română as a result of lower banking sector profitability in Romania and a negative macroeconomic outlook. It also included a €312.7 million write-off in September 2011 of the entire amount of goodwill related to Erste Bank Hungary following difficult economic conditions in Hungary and the adoption of legislation allowing the early repayment of foreign currency loans at a fixed exchange rate below then prevailing exchange rates in the market. For the financial year ended 31 December 2012, Erste Bank wrote down additional goodwill in a total amount of €514.9 million, primarily related to Banca Comercială Română and certain other participations. As of 31 December 2012, Erste Group's consolidated balance sheet included €1,626 million of goodwill, predominantly comprised of goodwill of €597.4 million from Banca Comercială Română in Romania, goodwill of €543.1 million from Česká spořitelna in the Czech Republic and goodwill of €226.3 million from Slovenská sporiteľňa in Slovakia.

Reclassification of CDS portfolio

In 2011, due to volatility in the capital and financial markets, the management of Erste Group analysed the outstanding portfolio of credit default swaps that were held within its International Business with a view to Erste Group's strategic business orientation. Based on this analysis, the accounting of these instruments classified in prior periods as financial guarantees was restated to classify and measure them as financial instruments at fair value through profit and loss. The restatement of Erste Group's CDS portfolio resulted in a reduction of total comprehensive income in an amount of €131.8 million for 2010. As of 31 December 2011, the outstanding notional value of this portfolio held within the International Business had been reduced to €57 million. During 2012, all remaining positions matured or were sold. As a result, as of 31 December 2012 there were no remaining positions from the former financial guarantees portfolio, whereas CDS in the trading book on single names and credit indices are exclusively used for hedging of underlying exposures and for customer business.

General administrative expenses

Erste Group's results of operations also depend on its ability to control general administrative expenses. In line with its general objective to manage costs strictly, Erste Group maintained its general administrative expenses at relatively constant levels (€3,816.8 million in 2010, €3,850.9 million in 2011 and €3,756.7 million in 2012). As a result, Erste Group's cost/income ratio, *i.e.*, the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income, and net trading result) was at 50.2% in 2010, 51.5% in 2011 and 52.0% in 2012. For the financial year ended 31 December 2012, personnel expenses accounted for 60.8% of Erste Group's total general administrative expenses, compared to 60.3% and 59.3% in 2011 and 2010, respectively. Personnel expenses are primarily driven by the number of Erste Group's employees as well as wages and salaries, social security contributions and underlying trends related to collective bargaining agreements and social security legislation. Other administrative expenses, which include IT expenses, office space and operating expenses, advertising and marketing costs as well as legal and consulting expenses also comprise a significant portion of general administrative expenses. These other administrative expenses accounted for 29.4% of Erste Group's total general administrative expenses in 2012, compared to 29.9% in 2011 and 30.5% in 2010. In 2011 and 2012, cost savings were achieved in these expenses through reductions in IT costs and lower office-related expenses, respectively. The final component of Erste Group's total general administrative expenses is depreciation and amortisation, which is primarily linked to software and other

intangible assets, real estate and office furniture and equipment and accounted for 10.1%, 9.7% and 9.8% of general administrative expenses in 2010, 2011 and 2012, respectively. Erste Group is able to directly influence certain parts of its cost base, for example through cost efficiency programs, bonus management, marketing expenditures and the level of investment in expanding its business. In addition, external factors exist that influence Erste Group's cost base which include wage inflation, administration costs, increases in VAT tax rates for products and services sourced by Erste Group as well as rental and other operating expense inflation.

Effects of currency fluctuations

Erste Group prepares its consolidated financial statements in Euro, which is also the functional currency of Erste Group Bank. However, except for Erste Group's Austrian and Slovak entities, all other entities within Erste Group have functional currencies other than the Euro and prepare their financial statements in their respective local currencies. When preparing its consolidated balance sheet, Erste Group Bank translates non-Euro denominated assets and liabilities into Euro at the exchange rates quoted by the central bank in each country on the relevant balance sheet date. Statements of comprehensive income for Erste Group entities with non-Euro functional currencies are translated into Euro at monthly average exchange rates. Therefore, changes in exchange rates may impact Erste Group's statement of income and shareholders' equity. Moreover, exchange rate movements may affect capital adequacy either positively or negatively. For example, if the Euro appreciates against other currencies in the CEE countries in which Erste Group operates, assets, liabilities, risk-weighted assets and capital in foreign currencies convert into smaller Euro-denominated amounts. Conversely, if the Euro depreciates against other currencies in the CEE countries in which Erste Group operates, then assets, liabilities, risk-weighted assets and capital in foreign currency convert into greater Euro-denominated amounts. However, the impact of currency fluctuations on the calculation of capital adequacy ratios depends on the relative contribution of the respective subsidiary to Erste Group's regulatory capital and risk-weighted assets denominated in non-local currencies.

Erste Group is also exposed to currency fluctuations through its lending activities in currencies other than the relevant local currency. For example, as of 31 December 2012, Erste Group had outstanding loans and advances denominated in Swiss francs and U.S. dollars in aggregate amounts of €12,800.7 million and €1,641.7 million primarily to customers in Austria, Croatia, Hungary and the Ukraine. Following the sale of Erste Bank Ukraine, which is expected to close in the course of 2013, the portion of loans in U.S. dollars is likely to decrease. As of 31 December 2012, Erste Group also had outstanding loans and advances to customers outside of Austria and Slovakia in Euro. If local currencies decline in value relative to the Swiss franc, the U.S. dollar or the Euro and customers do not have corresponding income in Swiss francs and U.S. dollars, customers need to convert larger amounts of their local currency into Swiss francs or U.S. dollars in order to make interest and principal payments on loans. As this consequently exposes Erste Group to an increased risk of default on such loans and, in turn, increased risk costs, Erste Group has taken several measures aimed at reducing the overall level of risk and risk costs in connection with loans and advances in non-local currencies. In particular, Erste Group has ceased granting foreign currency loans to customers who do not have corresponding foreign currency income, has introduced campaigns, especially in Austria, to encourage customers to convert foreign currency loans to local currency loans and, more generally, is increasingly focused on local currency lending funded from locally available liquidity. In addition, Erste Group has discontinued granting Swiss francs and Euro loans to customers in Hungary. As of 31 December 2012, 9.7% and 1.2% of Erste Group's total loans and advances to customers were denominated in Swiss francs and U.S. dollars, respectively. As of 31 December 2012, 33.3% of Erste Group's total loans and advances to customers booked outside of Austria and Slovakia were denominated in Euro.

Segment reporting

Segment reporting of Erste Group follows the presentation and measurement requirements according to IFRS.

Retail & SME

The Retail & SME segment includes business with all retail customers and small and medium enterprises ("SME"). It is subdivided into the subsegments focusing on Erste Group's local customer business and encompasses Austria and CEE as regions. The Austria region is split into the Erste Bank Oesterreich subsegment (including Salzburger Sparkasse, Tiroler Sparkasse and Sparkasse Hain-

burg-Bruck-Neusiedl in which Erste Bank Oesterreich holds majority interests) and the savings banks subsegment consolidated under the *Haftungsverbund*.

The CEE region is subdivided into subsegments according to the major local subsidiaries operating in the CEE countries, comprising BCR (Romania), Česká spořitelna (Czech Republic), Slovenská sporiteľňa (Slovakia), Erste Bank Hungary (Hungary), Erste & Steiermärkische bank d.d. ("Erste Bank Croatia") (Croatia), Erste Bank a.d. (formerly Novosadska Banka a.d.) ("Erste Bank Serbia") (Serbia), and Public Company "Erste Bank" ("Erste Bank Ukraine", formerly Bank Prestige) (Ukraine). In December 2012, Erste Group entered into an agreement to sell Erste Bank Ukraine to the shareholders of Fidobank. The closing of this transaction is subject to several conditions, including regulatory approvals, and is expected to occur by the end of the second quarter of 2013.

Group Corporate & Investment Banking

The Group Corporate and Investment Banking (GCIB) segment includes the large corporate business, the real estate business of Erste Group with large corporate customers, equity capital markets (from the second quarter of 2012) as well as the investment banking subsidiaries in Central and Eastern Europe and the International Business (excluding treasury activities). The leasing subsidiary Erste Group Immorent is also included in this segment. GCIB offers a wide range of services, including debt financing, equity capital markets, merger and acquisition financing and advisory services, debt advisory, infrastructure finance, project finance, syndication, real estate development, lending and leasing and transaction banking. The International Business of GCIB is designed as the opportunistic portfolio that covers lending and investment activities outside of Erste Group's core markets and is responsible for business development with banks and non-bank financial institutions. In accordance with Erste Group's strategic objective to discontinue non-core activities, the International Business portfolio will continue to be reduced over time.

Group Markets

The Group Markets (GM) segment comprises the Group Treasury and Group Capital Markets businesses and includes the treasury activities of Erste Group Bank, the CEE subsidiaries, the foreign branch offices in Hong Kong, New York, Berlin and Stuttgart as well as the result of Erste Asset Management. Group Capital Markets has a focus on key markets of Erste Group's retail and corporate business. In the case of institutional clients, Group Capital Markets covers the full customer relationship and all interactions with the clients. Institutional sales teams have been established in Germany, Poland and the United Kingdom. In addition, Group Capital Markets is the internal trading unit for all standard treasury products, such as foreign exchanges, commodities and money market transactions, and capital market products, such as bonds, interest rate derivatives, and credit and equity products.

Corporate Center

The Corporate Center (CC) segment is split into two parts: (1) Effects from intra-group eliminations between segments and subsegments are reported separately as "intra-group eliminations". Intra-group eliminations consist of internal revenues and expenses charged between subsegments and eliminated at group level. The underlying transactions mainly relate to internal services from IT, procurement, facility management services to banking subsidiaries, rental income from operating lease and investment properties and derivative businesses. Intra-group elimination between businesses within the same subsegment is allocated to the respective subsegment. (2) Furthermore, the Corporate Center segment comprises balance sheet management, dividends (elimination of dividends at group level) and refinancing costs of fully-consolidated subsidiaries, general administrative expenses for group center functions that cannot be directly allocated to another segment or a particular subsegment and the Austrian banking tax payable by Erste Group Bank. In addition, the Corporate Center segment includes the results of non-profit companies (particularly service businesses) and subsidiaries that cannot be directly allocated to another segment or a particular subsegment, straight-line amortisation of customer relationships (particularly, BCR, Erste Card Club, and Ringturm KAG, as well as one-off effects which, in order to ensure comparability, are not allocated to another segment or a particular subsegment. Moreover, the Corporate Center segment includes the equity which is not allocated to any other segment or subsegment.

Significant accounting policies

Erste Group prepares its consolidated financial statements in accordance with IFRS. Erste Group's management selects and applies certain accounting policies that management believes are important for the understanding of Erste Group's financial condition and results of operations.

The following paragraphs describe those accounting policies that management believes are important for the understanding of Erste Group's consolidated financial statements and that involve the most complex judgements and assessments. The estimates and assumptions used are based on historical experience and other factors, such as planning as well as expectations and forecasts of future events that are currently deemed to be reasonable. As a consequence of the uncertainty associated with these assumptions and estimates, actual results could in future periods lead to adjustments in the carrying amounts of the related assets or liabilities. A more detailed description of Erste Group's accounting policies can be found in the notes to the consolidated financial statements incorporated by reference in this Prospectus.

Consolidation

All material investments in subsidiaries are fully consolidated. IAS 27 (Consolidated and Separate Financial Statements) defines a subsidiary as an entity controlled by the parent entity, with control presumed to exist if the parent owns more than one half of the voting power.

Erste Group Bank is a member of the *Haftungsverbund* of the Austrian savings banks sector. At 31 December 2012 almost all of Austria's savings banks, in addition to Erste Group Bank and Erste Bank Oesterreich, formed part of the *Haftungsverbund*.

The provisions of the agreement governing the *Haftungsverbund* are implemented by a steering company, *Haftungsverbund GmbH* ("Steering Company"). Erste Group Bank indirectly always holds at least 51% of the share capital of the Steering Company, through Erste Bank Oesterreich. Two of the four members of the Steering Company's management, including the CEO, who has the decisive vote, are appointed by Erste Bank Oesterreich. The Steering Company is vested with the power to monitor the common risk policies of its members. If a member encounters serious financial difficulties—this can be discerned from the specific indicator data that is continually generated—the Steering Company has the mandate to provide support measures and/or to intervene, as required, in the business management of the affected member savings bank. As Erste Group Bank owns the controlling interest in the Steering Company, it exercises control over the members of the *Haftungsverbund*. In accordance with IFRS, all *Haftungsverbund* members are therefore fully consolidated.

Investments in companies over which Erste Group Bank exercises a significant influence (associated undertakings, or "associates") are accounted for under the equity method. As a rule, significant influence is given by an ownership interest of between 20% and 50%. Under the equity method, an interest in an associate is recognised in the balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity. The group's share of the associate's profit or loss is recognised in the income statement. Entities accounted for under the equity method are recognised largely on the basis of annual financial statements at and for financial years ended 31 December.

Financial instruments

IAS 39 (Financial Instruments: Recognition and Measurement) establishes principles for recognising and measuring information about financial instruments. It requires that all financial assets and liabilities, including all derivative instruments, are shown on the balance sheet. Financial instruments are initially recognised at fair value, which generally is the transaction price of the consideration given or received for the instrument.

Fair value option

Financial instruments which are not held for trading and are designated as measured at fair value, with changes in fair value recognised in profit or loss are reported here. Erste Group uses the fair value option for financial assets managed on a fair value basis and for hybrid financial liabilities.

Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

The best indication of the fair value of financial instruments is provided by quoted market prices in an active market. Where quoted market prices in an active market are available, they are used to measure the financial instrument (level 1 of the fair value hierarchy). The measurement of fair value at Erste Group is based primarily on external sources of data (stock market prices or broker quotes in highly liquid market segments). Where no market prices are available, fair value is determined on the basis of valuation models that are based on observable market information (level 2 of the fair value hierarchy). In some cases the fair value of financial instruments can be determined neither on the basis of market prices nor on valuation models that rely entirely on observable market data. In this case, individual valuation parameters not observable in the market are estimated on the basis of reasonable assumptions (level 3 of the fair value hierarchy).

Erste Group employs only generally accepted, standard valuation models. Net present values are determined for linear derivatives (e.g., interest rate swaps, cross-currency swaps, foreign exchange forwards and forward rate agreements) by discounting the replicating cash flows. Plain vanilla OTC options (on shares, currencies and interest rates) are valued using option pricing models of the Black-Scholes class; complex interest rate derivatives are measured using Hull-White and/or Brace Gatarek Musiela (BGM) models. Erste Group uses only valuation models which have been tested internally and for which the valuation parameters (such as interest rates, exchange rates and volatility) have been determined independently.

Risk provisions

Financial assets, including loans, accounted for at amortised cost, are evaluated for impairment, and required provisions are estimated in accordance with IAS 39. Impairment exists if the book value of a claim or a portfolio of claims exceeds the present value of the cash flows actually expected in future periods. These cash flows include scheduled interest payments, principal repayments or other payments due (for example on guarantees), including liquidation of collateral where available.

The total provision for credit losses consists of two components: specific counterparty provisions, and collectively assessed provisions. The specific counterparty component applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows expected to be received based on the incurred losses. In estimating these cash flows, management exercises judgements about a counterparty's financial situation and the net realisable value of any underlying collateral or guarantees in Erste Group's favour. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable is determined. Collectively assessed credit risk provisions cover credit losses inherent in portfolios of claims with similar economic characteristics where there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. In assessing the need for collective loan loss provisions, management considers factors such as credit quality, portfolio size, concentrations and economic factors. In order to estimate the required provision, Erste Group makes assumptions both to define the way it models inherent losses and to determine the required input parameters based on historical experience and current economic conditions.

The accuracy of the provisions that Erste Group makes depends on how well Erste Group estimates future cash flows for specific counterparty provisions and the model assumptions and parameters used in determining collective provisions. While this necessarily involves judgement, management believes that Erste Group's provisions are reasonable and supportable.

Derivative instruments and hedge accounting

IAS 39 sets out rules for hedge accounting applicable to derivative instruments and hedged items.

If a derivative instrument is designated as a fair value hedge, changes in the derivative instrument's fair value are recognised as income or loss, as are changes in the fair value of the related hedged item with respect to the hedged risk. If the derivative instrument no longer meets the criteria for hedge accounting, the adjustment to its carrying value is amortised through profit and loss over the period of maturity.

If a derivative instrument is designated as a hedge of the variability in expected future cash flows related to particular risks, changes in the fair value of the derivative instrument are reported in other comprehensive income until the hedged item is recognised in the income statement. The ineffective portion of the hedge is recognised in the income statement immediately.

In line with Erste Group's risk management policies, its hedging activities focus on two main control variables—net interest income and market value risk. Erste Group uses cash flow hedges to mitigate interest rate risk and uses fair value hedges to reduce market risk.

Goodwill

Goodwill arises on consolidation of subsidiaries. As required by IFRS 3 (in conjunction with IAS 36 and IAS 38), an annual impairment test is carried out for all cash-generating units ("CGUs") to review the value of existing goodwill. A CGU is the smallest identifiable group of assets that generates cash inflows from continuing use which are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is tested for impairment by comparing the recoverable amount of each CGU to which goodwill has been allocated with its carrying amount. The carrying amount of a CGU is based on the amount of net asset value allocated to a CGU, taking into account any goodwill and unamortised intangible assets recognised for the CGU at the time of business combination. The recoverable amount is the higher of a CGU's fair value less costs to sell and its value in use. Where available, the fair value less costs to sell is determined based on recent transactions, market quotations or appraisals. The value in use is determined using a discounted cash flow model (DCF model), which incorporates the specifics of the banking business and its regulatory environment. In determining value in use, the present value of future earnings distributable to shareholders is calculated.

The estimation of future earnings distributable to shareholders is based on financial plans for the CGUs as agreed by the management taking into account the fulfilment of the respective regulatory capital requirements. The planning period is five years. Any forecast earnings beyond the planning period are derived based on the earnings of the last year of the planning period and a long-term growth rate, which is based on macroeconomic parameters for each CGU. The present value of such forecast earnings is reflected in the terminal value. The terminal value is calculated as a perpetual income estimated on the basis of economically sustainable cash flow.

Where the recoverable amount of a CGU is less than its carrying amount, the difference is recognised as an impairment loss in the income statement under the line item "Other operating result". The impairment loss is allocated first to write down the CGU's goodwill. Any remaining impairment loss reduces the carrying amount of the CGU's other assets, though not to an amount lower than their fair value less costs to sell. There is no need to recognise an impairment loss if the recoverable amount of the CGU is higher than or equal to its carrying amount. Impairment losses relating to goodwill cannot be reversed in future periods.

Income taxes

Erste Group operates in many jurisdictions and is subject to a variety of tax regimes. For temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base, as well as for tax loss carry forwards, Erste Group recognises deferred tax assets and liabilities.

Income tax on temporary differences is recognised as a deferred tax asset or a deferred tax liability. However, the recognition of deferred tax assets is limited to the extent that in the medium-term probable future taxable profits will be available against which the deductible temporary differences and tax loss carry forwards can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies such as future revenue and margin growth, currency fluctuations and inflation.

Accounting for post-employment and other long-term employee benefits

In accordance with IAS 19 (Employee Benefits), Erste Group's post-employment and other long-term employee benefits are defined benefit plans. To determine provisions related to them the projected unit method is applied. Pension provisions pertain only to employees that are already retired, since all pension obligations to current employees were transferred to retirement funds prior to 2000.

Future obligations are determined based on actuarial expert opinions. The calculation takes into account not only those pensions and vested rights to future pension payments known at the balance sheet date, but also involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases.

The liability recognised from a defined benefit plan represents the present value of the obligation less the fair value of the plan assets available for the direct settlement of obligations. At Erste Group, the plan assets consist of qualifying insurance policies purchased to back severance and jubilee benefit provisions.

Actuarial gains or losses in pension and severance benefit provisions are recognised directly in other comprehensive income for the period in which they occur (IAS 19.93A). Actuarial gains or losses in provisions for jubilee benefits are recognised in profit or loss in the period during which they occur.

Share-based payments

Erste Group grants shares and share options to employees and managers as compensation for their services, under employee share ownership programmes (each, an “ESOP”). These share-based payments are recognised and measured in accordance with IFRS 2 (Share-based Payment). Shares and share options granted under the ESOPs are measured at fair value at grant date. Any expense incurred in granting shares at a discounted price (the difference between issue price and fair value) under the ESOPs is recognised immediately in profit or loss under personnel expenses. Fair value is determined by means of generally accepted option pricing models (Black-Scholes, Binomial model).

Changes in accounting principles

During the period 1 January 2010 to 31 December 2012 covered by this Prospectus, no new standards or amendments were issued or became effective which resulted in retrospective application of accounting policies. In 2011, Erste Group restated its financial statements due to the reclassification of its credit default swaps portfolio from financial guarantees into derivatives and effective interest rate application. Furthermore, in 2010 and 2012, Erste Group introduced new line items in its balance sheet for derivatives and investment properties.

For further information on changes in accounting principles, see the Consolidated Financial Statements of Erste Group incorporated into this Prospectus by reference.

Explanation of key income statement items and other financial items

Net interest income includes items of interest and similar income, interest and similar expenses and income from equity method investments.

Interest and similar income mainly includes interest income from loans and advances to credit institutions and customers, from balances at central banks and from fixed-interest securities in all portfolios. It also includes current income from shares and other equity-related securities (particularly dividends) classified as available for sale and rental income from investment properties.

Interest and similar expenses mainly include interest paid on deposits by banks and customer deposits, on deposits of central banks and on debt securities in issue and subordinated liabilities (including hybrid issues). Furthermore, depreciation on investment properties held for rental purposes is included here.

Income equity method investments is likewise included in net interest income. Impairment losses, reversal of impairment losses and realised gains and losses on equity method investments are included under other operating result.

Risk provisions for loans and advances include allocations to and releases of specific and portfolio risk provisions for loans and advances, of portfolio provisions for held-to-maturity financial assets and of specific and portfolio provisions for credit risk bearing off-balance sheet exposures. Also reflected in this item are direct write-offs of loans and advances as well as recoveries on written-off loans and advances. Amounts allocated to and released from other risk provisions that do not pertain to lending business are reported in other operating result.

Net fee and commission income consists of income and expenses from services business accrued in the reporting period. It includes income and expenses mainly from fees and commissions payable or receivable for payment transfers, securities business and lending business, as well as from insurance brokerage and foreign exchange transactions.

Net trading result includes all results from securities classified as held for trading, from derivatives not designated for hedge accounting and foreign exchange transactions. These include realised gains and losses, unrealised changes in fair value and dividend income. Interest income and expenses are

generally reported in net interest income. However, the net trading result contains interest income and expenses from derivatives held in the trading book.

General administrative expenses represent the following expenses accrued in the reporting period: personnel and other administrative expenses, as well as depreciation and amortisation. Not included are any amortisation of customer relationships and impairment of goodwill. Personnel expenses include wages and salaries, bonuses, compulsory and voluntary social security contributions, staff-related taxes and levies, and expenses for severance benefits (*i.e.*, termination benefits), pensions and jubilee benefits (including amounts allocated to and released from provisions). Other administrative expenses include IT expenses, expenses for office space, office operating expenses, advertising and marketing, expenditures for legal and consulting as well as other sundry administrative expenses.

Other operating result reflects all other operating income and expenses not attributable to Erste Group's ordinary activities. This includes especially losses from the impairment of goodwill and other intangible assets or gains from any reversal of impairment losses, as well as results from the sale of property and equipment and amortisation and impairment of customer relationships. In addition, other operating result encompasses the following: expenses for other taxes and for deposit insurance contributions; income from the release of and expenses for allocations to other provisions/risks; impairment losses on and reversal of impairment losses of associates accounted for at equity, as well as realised gains and losses from the disposal of associates accounted for at equity.

Result from financial instruments—at fair value through profit or loss contains changes in prices of assets and liabilities designated at fair value through profit or loss. Furthermore, this position contains changes in prices of derivatives which are related to financial liabilities designated at fair value through profit or loss.

Result from financial assets—available for sale comprises realised gains and losses from sales as well as impairment losses and reversals of impairment losses from financial assets available for sale. However, interest and dividend elements on these assets are not part of this position.

Result from financial assets—held to maturity is composed of impairment losses and reversals of impairment losses of financial assets held to maturity as well as income or loss from the sale of financial assets held to maturity. However, this position does not include incurred but not reported losses recognised for financial assets held to maturity on a portfolio level, which are part of the position "Risk provisions for loans and advances".

Pre-tax profit/loss comprises net interest income, risk provisions for loans and advances, net fee and commission income, net trading result, general administrative expenses, other operating result, result from financial instruments at fair value through profit and loss and result from financial assets available for sale and held to maturity. In cases when profit or loss from discontinued operations is presented, this is the pre-tax profit/loss from continuing operations.

Taxes on income consist of current and deferred taxes. In cases when profit or loss from discontinued operations is presented, taxes on income do not comprise taxes from discontinued operations.

Net profit/loss for the year represents profit/loss after taxes on income. It is further split into the part attributable to non-controlling interests and the part attributable to owners of the parent.

Financial year ended 31 December 2012 compared with financial year ended 31 December 2011

Overview

The following table shows Erste Group's certain consolidated income statement items for the financial years ended 31 December 2012 and 2011:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012	2011	change
	audited		in %
Net interest income	5,235.3	5,569.0	(6.0)
Risk provisions for loans and advances.....	(1,980.0)	(2,266.9)	(12.7)
Net fee and commission income.....	1,720.8	1,787.2	(3.7)
Net trading result.....	273.4	122.3	>100.0
General administrative expenses.....	(3,756.7)	(3,850.9)	(2.4)
Other operating result	(724.3)	(1,589.9)	54.4

Result from financial instruments—at fair value through profit or loss	(3.6)	0.3	>(100.0)
Result from financial assets—available for sale	56.2	(66.2)	>100.0
Result from financial assets—held to maturity	(19.9)	(27.1)	26.6
Pre-tax profit/loss	801.2	(322.2)	>100.0
Taxes on income	(170.2)	(240.4)	29.2
Net profit/loss for the year	631.0	(562.6)	>100.0
attributable to non-controlling interests	147.5	156.3	(5.6)
attributable to owners of the parent	483.5	(718.9)	>100.0

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

Net Interest Income

The following table presents a breakdown of the components of Erste Group's net interest income for the financial years ended 31 December 2012 and 2011:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Interest income			
Lending and money market transactions with credit institutions	944.5	1,077.4	(12.3)
Lending and money market transactions with customers	5,957.8	6,426.5	(7.3)
Bonds and other interest-bearing securities	1,383.9	1,331.9	3.9
Other interest and similar income	7.3	10.3	(29.1)
Current income			
Equity-related securities	56.1	77.8	(27.9)
Investments			
Non-consolidated subsidiaries	17.4	11.2	55.4
Other investments	20.1	19.2	4.7
Investment properties	73.2	74.0	(1.1)
Interest and similar income	8,460.3	9,028.3	(6.3)
Interest income from financial assets—at fair value through profit or loss	334.8	322.3	3.9
Total interest and similar income	8,795.1	9,350.6	(5.9)
Interest expenses			
Deposits by banks	(642.3)	(654.6)	(1.9)
Customer deposits	(1,741.1)	(1,831.8)	(5.0)
Debt securities in issue	(926.5)	(1,032.2)	(10.2)
Subordinated liabilities	(204.9)	(239.5)	(14.4)
Other	(2.8)	(8.9)	(68.5)
Interest and similar expenses	(3,517.6)	(3,767.0)	(6.6)
Interest expenses from financial liabilities—at fair value through profit or loss	(58.6)	(22.6)	>100.0
Total interest and similar expenses	(3,576.2)	(3,789.6)	(5.6)
Income from equity method investments	16.4	8.0	>100.0
Total	5,235.3	5,569.0	(6.0)

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

Total interest and similar income

In 2012, total interest and similar income decreased by €555.5 million, or 5.9%, from €9,350.6 million in 2011 to €8,795.1 million in 2012. The decrease in total interest and similar income was mainly driven by reduced interest income from lending and money market transactions with customers, which decreased by €468.7 million, or 7.3%, from €6,426.5 million in 2011 to €5,957.8 million in 2012. This development was due to the low interest rate environment and subdued credit demand, particularly for consumer loans. Interest income from lending and money market transactions with credit institutions similarly decreased as result of low interest rates by €132.9 million, or 12.3%, from 1,077.4 million in 2011 to €944.5 million in 2012. The overall decrease in total interest and similar income was partially offset by higher interest income from bonds and other interest-bearing securities, which increased by

€52.0 million, or 3.9%, from €1,331.9 million in 2011 to €1,383.9 million in 2012 due to the acquisition of highly liquid assets in preparation for the new Basel 3 liquidity rules and investment of excess liquidity.

Total interest and similar expenses

In 2012, total interest and similar expenses decreased by €213.4 million, or 5.6%, from €3,789.6 million in 2011 to €3,576.2 million in 2012. Among the main factors for this development was the decline in interest expenses on debt securities in issue, which decreased by €105.7 million, or 10.2%, from €1,032.2 million in 2011 to €926.5 million in 2012, reflecting both lower interest rates and reduced average volume of such liabilities. The lower level of interest rates also caused the reduction of interest expenses on customer deposits, which decreased by €90.7 million, or 5.0%, from €1,831.8 million in 2011 to €1,741.1 million in 2012 despite higher average volumes of customer deposits. Interest expenses from subordinated liabilities decreased by €34.6 million, or 14.4%, from €239.5 million in 2011 to €204.9 million in 2012 as result of lower average volume and lower interest rates. The overall decrease in interest expenses was partially offset by the increase in interest expenses from financial liabilities at fair value through profit or loss, where expenses increased by 36.0 million (more than 100.0%) from 22.6 million in 2011 to 58.6 million in 2012 due to valuation effects.

The net interest margin (net interest income as a percentage of average interest-bearing assets) narrowed from 2.97% in 2011 to 2.80% in 2012. The net interest margin in the CEE region declined from 4.21% in 2011 to 3.94% in 2012. A similar development was seen also in the Austrian region, where the net interest margin declined from 2.09% in 2011 to 2.01% in 2012.

Risk provisions for loans and advances

The following table presents the development of risk provisions for loans and advances for the financial years ended 31 December 2012 and 2011:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012	2011	change
	audited		in %
Allocation to risk provisions for loans and advances	(3,203.7)	(3,111.8)	3.0
Release of risk provisions for loans and advances.....	1,364.0	1,016.5	34.2
Direct write-offs of loans and advances	(237.3)	(223.6)	6.1
Recoveries on written-off loans and advances	97.0	52.0	86.5
Total.....	(1,980.0)	(2,266.9)	(12.7)

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2012, risk provisions for loans and advances decreased by €286.9 million, or 12.7%, from €2,266.9 million in 2011 to €1,980.0 million in 2012. This decrease was primarily attributable to a decline in risk provisions for loans and advances in Hungary (extraordinary provisions of €450.0 million in 2011) and in the Czech Republic, which, together with lower risk provisions for loans and advances to customers in Austria, more than offset the increase in risk provisions for loans and advances in Romania and Croatia. In 2012, risk costs in relation to the average volume of customer loans amounted to 148 basis points (2011: 168 basis points). See "Risk management—Credit risk—Credit risk review and monitoring".

Net fee and commission income

The following table presents a breakdown of the components of net fee and commission income for the financial years ended 31 December 2012 and 2011:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012	2011	change
	audited		in %
Lending business	263.4	279.9	(5.9)
Payment transfers	862.3	863.3	(0.1)
Card business	202.2	205.6	(1.7)
Securities business	356.9	373.4	(4.4)
Investment fund transactions	195.2	205.6	(5.1)
Custodial fees	39.7	36.5	8.8

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012	2011	change
	audited		in %
Brokerage.....	122.0	131.3	(7.1)
Insurance brokerage	99.3	105.0	(5.4)
Building society brokerage	31.2	33.7	(7.4)
Foreign exchange transactions	25.2	24.8	1.6
Investment banking business.....	20.4	13.1	55.7
Other	62.1	94.0	(33.9)
Total.....	1,720.8	1,787.2	(3.7)

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2012, net fee and commission income decreased by €66.4 million, or 3.7%, from €1,787.2 million in 2011 to €1,720.8 million in 2012. This development was primarily attributable to a decline in the securities business (primarily in Austria and the Czech Republic), as well as in lending business (mainly in the Czech Republic) and insurance brokerage whereas Erste Group's factoring subsidiary Intermarket Bank AG which has been consolidated since 1 August 2011 contributed to net fee and commission income. Positive contributions came from investment banking business (mainly in Austria and the Czech Republic). Net fee and commission income from payment transfers remained almost stable.

Net trading result

The following table presents a breakdown of the components of net trading result for the financial years ended 31 December 2012 and 2011:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012	2011	change
	audited		in %
Securities and derivatives trading	74.2	(33.4)	>100.0
Foreign exchange transactions	199.2	155.7	27.9
Total.....	273.4	122.3	>100.0

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2012, net trading result improved by €151.1 million, from €122.3 million in 2011 to €273.4 million in 2012. This development was mainly attributable to the prior year's changes in the fair value of the CDS investment portfolio of the International Business (closed out in the meantime), which had a negative impact of €182.6 million. Contributions from foreign exchange business increased by €43.5 million in 2012 compared to 2011.

General administrative expenses

The following table presents the components of general administrative expenses for the financial years ended 31 December 2012 and 2011:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012	2011	change
	audited		in %
Personnel expenses.....	(2,284.1)	(2,323.7)	(1.7)
Other administrative expenses	(1,106.1)	(1,152.4)	(4.0)
Depreciation and amortisation	(366.5)	(374.8)	(2.2)
Total.....	(3,756.7)	(3,850.9)	(2.4)

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

General administrative expenses declined by €94.2 million, or 2.4%, from €3,850.9 million in 2011 to €3,756.7 million in 2012, despite increasing inflation rates during 2012. Personnel expenses decreased by €39.6 million, or 1.7%, from €2,323.7 million in 2011 to €2,284.1 million in 2012 due to a reduced headcount, which declined by 1,071 employees (full-time equivalents), or 2.1%, from 50,452 employees (full-time equivalents) as of 31 December 2011 to 49,381 employees (full-time equivalent).

lents) as of 31 December 2012. The reduction was mainly due to reorganisation measures in Hungary, Romania and the Ukraine. Major cost savings were achieved in other administrative expenses (mainly IT and office-related expenses), which declined by €46.3 million, or 4.0%, from €1,152.4 million in 2011 to €1,106.1 million in 2012, and in depreciation and amortisation, which was down by €8.3 million, or 2.2%, from €374.8 million in 2011 to €366.5 million in 2012.

Other operating result

The following table presents a breakdown of the components of other operating result for the financial years ended 31 December 2012 and 2011:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Other operating income.....	842.8	195.1	>100.0
Other operating expenses.....	(1,567.1)	(1,785.0)	(12.2)
Total.....	(724.3)	(1,589.9)	54.4
thereof			
Result from real estate/movables/properties/software	(73.0)	(84.3)	13.4
Allocation/release of other provisions/risks	25.9	(35.2)	>100.0
Expenses for deposit insurance contributions	(80.7)	(87.2)	(7.5)
Amortisation of customer relationships	(69.2)	(69.0)	0.3
Other taxes	(269.1)	(163.5)	64.6
Impairment of goodwill.....	(514.9)	(1,064.6)	(51.6)
Result from repurchases of liabilities measured at amortised cost...	413.4	0.1	>100.0
Result from other operating expenses/income.....	(156.7)	(86.2)	81.8
Total.....	(724.3)	(1,589.9)	54.4

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2012, other operating result improved from negative €1,589.9 million in 2011 to negative €724.3 million in 2012. This improvement was primarily due to significantly lower goodwill impairments of €514.9 million, of which €469.4 million related to Banca Comercială Română and €45.5 million related mostly to certain Austrian subsidiaries, compared to €1,064.6 million in 2011, of which, in particular, €692.8 million was related to Banca Comercială Română and €312.7 million was related to Erste Bank Hungary and €52.7 million was related to certain Austrian subsidiaries. Other taxes increased from €163.5 million to €269.1 million, largely as a result of banking taxes in Austria, Slovakia and Hungary. In Slovakia, a banking tax was newly introduced in 2012 and resulted in a charge of €31.5 million for 2012. In Hungary, the banking tax amounted to €47.3 million in 2012, while in 2011 it was offset against losses resulting from allowing the early repayment of foreign currency loans at a fixed exchange rate below then prevailing exchange rates in the market. In Austria, the banking tax was raised by 25% and totalled €165.2 million in 2012. In addition, other operating result in 2012 was negatively impacted by an impairment loss for non-current assets in the disposal group and a provision for onerous contract, together amounting to €75.0 million and resulting from the agreement on the sale of Erste Bank Ukraine.

In 2012, other operating result also included straight-line amortisation of intangible assets (*i.e.*, customer relationships) of €69.2 million (2011: €69.0 million) as well as expenses for deposit insurance contributions of €80.7 million (2011: €87.2 million). Positive contributions in 2012 resulted from repurchases of liabilities measured at amortised cost (buyback of tier-1 and tier-2 instruments), which generated one-off income of €413.4 million.

Result from financial instruments and financial assets

The following table presents a breakdown of the components of result from financial instruments and financial assets for the financial years ended 31 December 2012 and 2011:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited otherwise indicated	2011 unless otherwise indicated	change in %
Result from financial instruments—at fair value through profit or loss			
Gain/(loss) from measurement/sale of financial assets designated for fair value through profit or loss	40.0	(49.2)	>100.0
Gain/(loss) from measurement/sale of financial liabilities designated for fair value through profit or loss	(97.5)	12.1	>(100.0)
Gain/(loss) from derivatives used for Fair Value Option	53.9	37.4	44.1
Total	(3.6)	0.3	>(100.0)
Result from financial assets—available for sale			
Gain/(loss) from sale of financial assets available for sale	121.9	64.1	90.2
Impairment/reversal of impairment of financial assets available for sale	(65.7)	(130.3)	49.6
Total	56.2	(66.2)	>100.0
Result from financial assets—held to maturity			
Income from sale of financial assets held to maturity	7.7	8.7	(11.5)
Reversal of impairment loss of financial assets held to maturity	0.0	1.3	(100.0)
Loss from sale of financial assets held to maturity	(14.3)	(27.8)	(48.6)
Impairment of financial assets held to maturity	(13.3)	(9.3)	43.0
Total	(19.9)	(27.1)	26.6
Total result from financial instruments and financial assets (unaudited)	32.7	(93.0)	>100.0

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures labeled as “unaudited” and in the column “change in %” are based on internal calculations or information of Erste Group Bank.

In 2012, the overall result from all categories of financial instruments and financial assets improved from negative €93.0 million in 2011 to €32.7 million in 2012. The positive performance was primarily due to higher gains on sales and lower negative valuation effects in the available-for-sale portfolio.

Net profit/loss for the year attributable to owners of the parent

Net profit for the year attributable to owners of the parent for the financial year 2012 amounted to €483.5 million whereas a net loss attributable to owners of the parent of €718.9 million occurred in the financial year 2011.

Segmental Overview for the financial year ended 31 December 2012 compared with the financial year ended 31 December 2011

Results by Segment

Retail & SME

The following table presents the results of operations for the Retail & SME segment for all countries in which Erste Group had operations in the financial years ended 31 December 2012 and 2011:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income	4,318.5	4,716.3	(8.4)
Risk provisions for loans and advances	(1,629.4)	(2,076.7)	(21.5)
Net fee and commission income	1,591.5	1,642.0	(3.1)
Net trading result	97.6	58.8	66.0
General administrative expenses	(3,215.2)	(3,278.8)	(1.9)
Other result ⁽¹⁾	(243.7)	(405.5)	39.9
Pre-tax profit/loss	919.3	656.0	40.1
Taxes on income	(246.1)	(263.8)	(6.7)
Net profit/loss for the year	673.2	392.2	71.6
attributable to non-controlling interests	134.2	144.4	(7.1)

attributable to owners of the parent	539.0	247.7	>100.0
Average risk-weighted assets	70,311	74,934	(6.2)
Average attributed equity	4,919	4,117	19.5
Cost/income ratio ⁽²⁾ (in %)	53.5	51.1	—
ROE ⁽³⁾ (in %)	11.0	6.0	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

Austria

Erste Bank Oesterreich

The following table presents the results of operations for the Erste Bank Oesterreich subsegment as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income	617.8	665.9	(7.2)
Risk provisions for loans and advances.....	(96.2)	(101.4)	(5.1)
Net fee and commission income	339.0	320.6	5.7
Net trading result	(4.2)	20.2	>(100.0)
General administrative expenses.....	(614.7)	(609.4)	0.9
Other result ⁽¹⁾	13.4	(63.7)	>100.0
Pre-tax profit/loss	255.1	232.2	9.9
Taxes on income	(55.8)	(50.3)	10.9
Net profit/loss for the year	199.3	181.9	9.6
attributable to non-controlling interests	6.9	4.3	60.5
attributable to owners of the parent	192.4	177.6	8.3
Average risk-weighted assets	13,045	13,708	(4.8)
Average attributed equity	1,284	1,088	18.0
Cost/income ratio ⁽²⁾ (in %)	64.5	60.5	—
ROE ⁽³⁾ (in %)	15.0	16.3	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2012, net interest income decreased by €48.1 million, or 7.2%, from €665.9 million in 2011 to €617.8 million in 2012, primarily due to lower income from lending to customers reflecting the development of interest rates. As of 31 December 2012, customer deposits increased by €1.2 billion, or 4.1%, to €30.0 billion, and loans and advances to customers decreased by €0.1 billion, or 0.5%, to €28.1 billion. Net fee and commission income increased by €18.4 million, or 5.7%, during 2012 despite a decline in the securities business. This improvement mainly resulted from higher fees in the retail business as well as the first-time consolidation of Intermarket Bank AG in August 2011. The decline in net trading result from €20.2 million in 2011 to negative €4.2 million in 2012 was primarily driven by negative valuation results in 2012. In 2012, general administrative expenses increased by

€5.3 million, or 0.9%, which was mainly due to the first-time consolidation of Intermarket Bank AG in 2011 and higher IT expenses. As a result, the cost/income ratio increased from 60.5% in 2011 to 64.5% in 2012. Risk provisions for loans and advances decreased by €5.2 million, or 5.1%, from €101.4 million to €96.2 million, reflecting the continuing stabilisation of the loan portfolio.

The improvement in other result by €77.1 million from negative €63.7 million in 2011 to €13.4 million in 2012 was mainly driven by valuation gains, income from the sale of securities held in the available-for-sale portfolio and the sale of real estate. In 2011, other financial assets had been affected significantly by valuation losses. Banking taxes increased from €7.7 million in 2011 to €9.7 million in 2012.

Savings Banks

The following table presents the condensed income statements for the Savings Banks subsegment as included in the Retail & SME segment (consisting of those savings banks which as a result of their membership in the *Haftungsverbund* are consolidated) for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income	940.0	1,015.6	(7.4)
Risk provisions for loans and advances.....	(225.9)	(250.4)	(9.8)
Net fee and commission income.....	398.0	390.2	2.0
Net trading result.....	19.9	12.2	63.1
General administrative expenses.....	(932.2)	(930.9)	0.1
Other result ⁽¹⁾	2.5	(81.9)	>100.0
Pre-tax profit/loss.....	202.3	154.7	30.8
Taxes on income.....	(61.5)	(40.1)	53.4
Net profit/loss for the year	140.8	114.6	22.9
attributable to non-controlling interests	119.3	108.7	9.8
attributable to owners of the parent	21.5	5.9	>100.0
Average risk-weighted assets	23,444	24,451	(4.1)
Average attributed equity	370	304	21.7
Cost/income ratio ⁽²⁾ (in %).....	68.7	65.6	—
ROE ⁽³⁾ (in %).....	5.8	1.9	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

The decline in net interest income from €1,015.6 million in 2011 by €75.6 million, or 7.4%, to €940.0 million in 2012 was mainly due to lower income from financial assets due to interest rate developments. Net fee and commission income rose by €7.8 million, or 2.0%, to €398.0 million in 2012, driven by payment transfers and the lending business. The net trading result improved from €12.2 million in 2011 by €7.7 million to €19.9 million in 2012, reflecting higher income from foreign exchange trading. General administrative expenses increased only slightly by €1.3 million, or 0.1%, to €932.2 million. The cost/income ratio stood at 68.7% in 2012 compared to 65.6% in 2011.

Risk provisions decreased by €24.5 million, or 9.8%, from €250.4 million in 2011 to €225.9 million in 2012. A significant improvement in other result from negative €81.9 million in 2011 to €2.5 million in 2012 was largely due to gains on disposal of securities in the available-for-sale portfolio in 2012 and valuation losses in the securities portfolio in 2011. Banking taxes amounted to €8.1 million in 2012 (2011: €6.5 million). Net profit attributable to owners of the parent increased from €5.9 million in the financial year 2011 to €21.5 million in the financial year 2012.

CEE

The CEE region includes the results from the retail and SME business of the subsegments Czech Republic (Česká spořitelna), Romania (BCR), Slovakia (Slovenská sporiteľňa), Hungary (Erste Bank Hungary), Croatia (Erste Bank Croatia), Serbia (Erste Bank Serbia) and Ukraine (Erste Bank Ukraine). The contributions made by the Group Markets (GM) and Group Corporate and Investment Banking (GCIB) business in the subsegments are reported under the respective segments.

The following table presents the results of operations for the CEE region as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income	2,760.7	3,034.8	(9.0)
Risk provisions for loans and advances.....	(1,307.3)	(1,724.9)	(24.2)
Net fee and commission income.....	854.5	931.2	(8.2)
Net trading result.....	81.9	26.4	>100.0
General administrative expenses.....	(1,668.3)	(1,738.4)	(4.0)
Other result ⁽¹⁾	(259.6)	(259.9)	0.1
Pre-tax profit/loss.....	461.9	269.1	71.6
Taxes on income.....	(128.8)	(173.4)	(25.7)
Net profit/loss for the year	333.1	95.7	>100.0
attributable to non-controlling interests	8.0	31.5	(74.6)
attributable to owners of the parent	325.1	64.2	>100.0
Average risk-weighted assets	33,821	36,775	(8.0)
Average attributed equity	3,264	2,724	19.8
Cost/income ratio ⁽²⁾ (in %).....	45.1	43.5	—
ROE ⁽³⁾ (in %).....	10.0	2.4	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the region. The average attributed equity of each region represents the economic capital of the region, which is assigned on the basis of credit risk, market risk and operational risk.

Czech Republic

The following table presents the results of operations for the Czech Republic subsegment (Česká spořitelna) as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income	1,113.8	1,183.2	(5.9)
Risk provisions for loans and advances.....	(139.6)	(210.5)	(33.7)
Net fee and commission income.....	447.2	496.5	(9.9)
Net trading result.....	19.9	(45.5)	>100.0
General administrative expenses.....	(691.9)	(713.9)	(3.1)
Other result ⁽¹⁾	(93.2)	(122.0)	23.6
Pre-tax profit/loss.....	656.2	587.8	11.6
Taxes on income.....	(135.7)	(122.4)	10.9
Net profit/loss for the year	520.5	465.4	11.8
attributable to non-controlling interests	2.5	9.2	(72.8)
attributable to owners of the parent	518.0	456.2	13.5
Average risk-weighted assets	12,521	12,951	(3.3)
Average attributed equity	1,266	1,065	18.9

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012	2011	change
	audited		in %
Cost/income ratio ⁽²⁾ (in %)	43.8	43.7	—
ROE ⁽³⁾ (in %)	40.9	42.8	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income in the Czech Republic subsegment declined from €1,183.2 million in 2011 by €69.4 million, or 5.9%, to €1,113.8 million in 2012 mainly as a result of decreasing market interest rates and changes in the balance sheet structure (higher portion of lower margin products, such as mortgage loans, and lower portion of consumer loans). Net fee and commission income decreased from €496.5 million in 2011 by €49.3 million, or 9.9%, to €447.2 million in 2012 mainly due to lower income from lending business and payment transfers. The net trading result improved from negative €45.5 million in 2011 by €65.4 million to €19.9 million. This increase in net trading result was primarily attributable to negative valuation effects related to the pension fund and lower income from foreign exchange trading in 2011. General administrative expenses declined by €22.0 million, or 3.1%, to €691.9 million in 2012 due to releases of bonus accruals and lower depreciation costs.

As portfolio quality continued to stabilise, risk provisions for loans and advances decreased by €70.9 million, or 33.7%, to €139.6 million in 2012. Also, the positive outcome of a litigation matter contributed to the improvement. The other result improved from negative €122.0 million in 2011 by €28.8 million to negative €93.2 million in 2012. This improvement was primarily driven by higher income from financial assets at FV, AFS and HTM.

Romania

The following table presents the results of operations for the Romania subsegment (BCR) as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012	2011	change
	audited		in %
Net interest income	572.4	672.3	(14.9)
Risk provisions for loans and advances.....	(737.2)	(499.3)	47.6
Net fee and commission income	120.3	130.1	(7.5)
Net trading result.....	70.5	49.3	43.0
General administrative expenses.....	(355.9)	(376.4)	(5.4)
Other result ⁽¹⁾	(48.7)	(30.9)	(57.6)
Pre-tax profit/loss.....	(378.6)	(54.8)	>(100.0)
Taxes on income	65.3	23.7	>100.0
Net profit/loss for the year	(313.3)	(31.1)	>(100.0)
attributable to non-controlling interests	(19.0)	(8.7)	>(100.0)
attributable to owners of the parent	(294.3)	(22.5)	>(100.0)
Average risk-weighted assets	8,156	9,167	(11.0)
Average attributed equity	779	556	40.1
Cost/income ratio ⁽²⁾ (in %)	46.6	44.2	—
ROE ⁽³⁾ (in %)	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the

sum of net interest income, net fee and commission income and net trading result).

- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

The result of the Romania subsegment was again affected by the adverse economic environment. Net interest income declined by €99.9 million, or 14.9%, to €572.4 million in 2012, mainly driven by weak consumer credit demand and narrowing margins on retail and corporate loans. The decline in net fee and commission income by €9.8 million, or 7.5%, from €130.1 million in 2011 to €120.3 million in 2012 was mainly attributable to lower income from payment transfers. The increase in the net trading result by €21.2 million from €49.3 million in 2011 to €70.5 million in 2012 largely resulted from revaluation gains on currency positions. General administrative expenses declined from €376.4 million in 2011 by €20.5 million, or 5.4%, to €355.9 million in 2012, but currency-adjusted were stable. Restructuring provisions in the amount of €24.1 million were created at year-end 2012. Those restructuring provisions were covered by cost savings achieved through optimisation measures.

Additional provisioning requirements in the retail, corporate and real estate business resulted in an increase in risk provisions for loans and advances from €499.3 million in 2011 by €237.9 million, or 47.6%, to €737.2 million in 2012, mainly due to the increase in non-performing loan volumes. The NPL coverage ratio increased to 58.6% as of 31 December 2012 compared to 50.1% at year-end 2011. The decline in the other result from negative €30.9 million in 2011 by €17.8 million, or 57.6%, to negative €48.7 million in the financial year 2012 was mainly due to one-off income from the liquidation of the subsidiary Anglo-Romanian Bank Ltd. in 2011.

Slovakia

The following table presents the results of operations for the Slovakia subsegment (Slovenská sporiteľňa) as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income	424.9	445.7	(4.7)
Risk provisions for loans and advances.....	(53.4)	(73.6)	(27.4)
Net fee and commission income.....	110.0	112.2	(2.0)
Net trading result.....	2.8	(4.6)	>100.0
General administrative expenses.....	(236.0)	(224.0)	5.4
Other result ⁽¹⁾	(37.7)	(40.2)	6.2
Pre-tax profit/loss.....	210.6	215.5	(2.3)
Taxes on income.....	(41.0)	(42.3)	(3.1)
Net profit/loss for the year	169.6	173.2	(2.1)
attributable to non-controlling interests	0.3	0.0	—
attributable to owners of the parent	169.3	173.2	(2.3)
Average risk-weighted assets	4,148	4,825	(14.0)
Average attributed equity	430	401	7.2
Cost/income ratio ⁽²⁾ (in %).....	43.9	40.5	—
ROE ⁽³⁾ (in %)	39.4	43.2	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2012, net interest income in the Slovakia subsegment declined by €20.8 million, or 4.7%, from €445.7 million in 2011 to €424.9 million in 2012. This decrease resulted mainly from a change in the investment strategy for financial assets and a slight decline in retail business margins. Slovenská sporiteľňa increased its housing loan volume by approximately €450 million during 2012. Net fee and

commission income also decreased by €2.2 million, or 2.0%, from €112.2 million in 2011 to €110.0 million in 2012, mostly due to lower asset management commissions. The net trading result improved from negative €4.6 million in 2011 to 2.8 million in 2012. General administrative expenses increased by €12.0 million, or 5.4%, from €224.0 million to €236.0 million due to higher IT depreciation charges. This increase resulted in an increase of the cost/income ratio from 40.5% in 2011 to 43.9% in 2012.

Risk provisions for loans and advances decreased substantially by €20.2 million, or 27.4%, from €73.6 million in 2011 to €53.4 million in 2012, reflecting an improved market environment and a better risk profile of customers in the SME, retail and real estate business. The improvement in other result by €2.5 million in 2012 was primarily driven by valuation effects from financial assets, lower revaluation of real estate as well as lower deposit insurance contributions. Banking taxes amounted to €26.5 million in 2012 (no banking tax in 2011).

Hungary

The following table presents the results of operations for the Hungary subsegment (Erste Bank Hungary) as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income	335.2	402.7	(16.8)
Risk provisions for loans and advances.....	(215.0)	(812.0)	(73.5)
Net fee and commission income.....	91.9	97.8	(6.0)
Net trading result.....	(15.9)	19.1	>(100.0)
General administrative expenses.....	(169.5)	(200.5)	(15.5)
Other result ⁽¹⁾	(72.9)	(56.9)	(28.1)
Pre-tax profit/loss.....	(46.2)	(549.8)	91.6
Taxes on income.....	(8.9)	(16.8)	(47.0)
Net profit/loss for the year	(55.1)	(566.6)	90.3
attributable to non-controlling interests	0.0	0.0	—
attributable to owners of the parent	(55.1)	(566.6)	90.3
Average risk-weighted assets	3,775	4,147	(9.0)
Average attributed equity	386	345	11.9
Cost/income ratio ⁽²⁾ (in %).....	41.2	38.6	—
ROE ⁽³⁾ (in %).....	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income in the Hungary subsegment decreased by €67.5 million, or 16.8%, from €402.7 million in 2011 to €335.2 million in 2012. The decline in net interest income was primarily attributable to decreasing margins and lending volumes as well as legislation allowing the early repayment of foreign currency loans at a fixed exchange rate below then prevailing exchange rates in the market. In 2012, net fee and commission income decreased by €5.9 million to €91.9 million. This development was caused by lower commission income from the lending business. The decline in net trading result from €19.1 million in 2011 to negative €15.9 million in 2012 was largely attributable to a change in reporting of interest income from securities held for trading and lower income from foreign exchange trading. Due to the restructuring measures implemented in the fourth quarter of 2011, general administrative expenses decreased from €200.5 million in 2011 to €169.5 million in 2012.

Risk provisions for loans and advances declined from €812.0 million in 2011 by €597.0 million to €215.0 million in 2012. This substantial reduction was due to the one-off allocation of additional provisions in the third quarter 2011 triggered by legislation allowing the early repayment of foreign currency

loans at a fixed exchange rate below then prevailing exchange rates in the market. Other result deteriorated by €16.0 million from negative €56.9 million in 2011 to negative €72.9 million in 2012. The negative effect of the banking tax in the amount of €47.3 million in 2012 was only partly offset by lower revaluation losses on collateral for loans and the release of restructuring provisions. In 2011, it was possible to offset the banking tax against the costs of repayment of foreign-currency loans at non-market rates. Net loss for the year attributable to owners of the parent amounted to €55.1 million in 2012 compared to €566.6 million in 2011.

Croatia

The following table presents the results of operations for the Croatia subsegment (Erste Bank Croatia) as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012	2011	change
	audited		in %
Net interest income	253.7	261.8	(3.1)
Risk provisions for loans and advances.....	(137.4)	(109.3)	25.7
Net fee and commission income.....	65.6	76.7	(14.5)
Net trading result.....	9.4	11.2	(16.1)
General administrative expenses.....	(132.8)	(141.1)	(5.9)
Other result ⁽¹⁾	(3.0)	(10.2)	70.6
Pre-tax profit/loss.....	55.5	89.0	(37.6)
Taxes on income.....	(9.8)	(16.1)	(39.1)
Net profit/loss for the year	45.7	72.9	(37.3)
attributable to non-controlling interests	22.0	29.5	(25.4)
attributable to owners of the parent	23.7	43.4	(45.4)
Average risk-weighted assets	4,040	4,321	(6.5)
Average attributed equity	288	251	14.7
Cost/income ratio ⁽²⁾ (in %).....	40.4	40.4	—
ROE ⁽³⁾ (in %).....	8.2	17.3	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2012, the operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) of the Croatia subsegment declined by €12.7 million. Net interest income decreased from €261.8 million in 2011 by €8.1 million to €253.7 million in 2012 due to narrowing corporate and retail loan margins. Due to the transfer of the credit card processing subsidiary to the Corporate Center segment, net fee and commission income declined by €11.1 million, or 14.5%, from €76.7 million in 2011 to €65.6 million in 2012. A decrease in net trading result from €11.2 million in 2011 by €1.8 million, or 16.1%, to €9.4 million in 2012 was caused by negative valuation effects. An improvement in general administrative expenses by 5.9% to €132.8 million in 2012 was attributable to the transfer of the credit card processing subsidiary as well as lower IT expenses. Other result improved by €7.2 million in 2012 primarily due to the selling gain from Master Card shares.

Serbia

The following table presents the results of operations for the Serbia subsegment (Erste Bank Serbia) as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012	2011	change
	audited		in %
Net interest income	37.1	36.4	1.9
Risk provisions for loans and advances.....	(9.0)	(9.5)	(5.3)
Net fee and commission income.....	13.3	13.0	2.3
Net trading result.....	2.4	0.1	>100.0
General administrative expenses.....	(33.6)	(33.8)	(0.6)
Other result ⁽¹⁾	(1.7)	(1.2)	(41.7)
Pre-tax profit/loss.....	8.5	5.0	70.0
Taxes on income.....	1.5	0.0	—
Net profit/loss for the year	10.0	5.1	96.1
attributable to non-controlling interests	2.2	1.5	46.7
attributable to owners of the parent	7.8	3.6	>100.0
Average risk-weighted assets	493	606	(18.6)
Average attributed equity	42	41	2.4
Cost/income ratio ⁽²⁾ (in %).....	63.6	68.1	—
ROE ⁽³⁾ (in %).....	18.8	8.7	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

The improvement in net interest income from €36.4 million in 2011 by 1.9% to €37.1 million in 2012 was primarily driven by an increase in retail and corporate customer lending volumes as well as larger retail deposit margins. Net trading result improved from €0.1 million in 2011 by €2.3 million to €2.4 million in 2012 as a result of growing income from foreign exchange business. General administrative expenses remained stable at €33.6 million in 2012. This led to a significant improvement of the cost/income ratio from 68.1% in 2011 to 63.6% in 2012. Other result deteriorated slightly by €0.5 million in 2012, primarily due to a write-down of properties in April 2012.

Ukraine

The following table presents the results of operations for the Ukraine subsegment (Erste Bank Ukraine) as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012	2011	change
	audited		in %
Net interest income	23.6	32.6	(27.6)
Risk provisions for loans and advances.....	(15.7)	(10.7)	46.7
Net fee and commission income.....	6.2	4.9	26.5
Net trading result.....	(7.2)	(3.2)	>(100.0)
General administrative expenses.....	(48.6)	(48.8)	(0.4)
Other result ⁽¹⁾	(2.4)	1.6	>(100.0)
Pre-tax profit/loss.....	(44.1)	(23.6)	(86.9)
Taxes on income.....	(0.2)	0.5	>(100.0)
Net profit/loss for the year	(44.3)	(23.2)	(90.9)
attributable to non-controlling interests	0.0	0.0	—
attributable to owners of the parent	(44.3)	(23.2)	(90.9)
Average risk-weighted assets	688	757	(9.1)
Average attributed equity	74	66	12.1
Cost/income ratio ⁽²⁾ (in %).....	215.0	142.4	—

ROE⁽³⁾ (in %) — — —

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Declining lending volumes and margins as well as lower income from the securities business caused net interest income in the Ukraine subsegment to decrease from €32.6 million in 2011 by €9.0 million, or 27.6%, to €23.6 million in 2012. Increased income from payment transfers led to an improvement in net fee and commission income by €1.3 million to €6.2 million in 2012. Primarily as a result of lower income from foreign exchange businesses, net trading result declined by €4.0 million from negative €3.2 million in 2011 to negative €7.2 million in 2012. General administrative expenses decreased slightly to €48.6 million in 2012. Currency-adjusted, operating expenses declined by 6.8%. The increase in risk provisions for loans and advances by €5.0 million, or 46.7% to €15.7 million in 2012 resulted from direct write-offs. Other result deteriorated by €4.0 million to negative €2.4 million in 2012 due to losses on disposals related to the available-for-sale portfolio. Net loss for the year attributable to owners of the parent amounted to €44.3 million compared to €23.2 million in 2011.

As the Ukraine is not seeking membership in the European Union in the medium term, Erste Group does not consider it to be a core market. Consequently, an agreement to sell Erste Bank Ukraine to the shareholders of Fidobank was concluded in December 2012. The closing of this transaction is subject to several conditions, including regulatory approvals, and is expected to occur by the end of the second quarter of 2013. Until the transfer of ownership, Erste Bank Ukraine is planned to continue its current business strategy. The impairment loss for non-current assets in the disposal group and a provision for onerous contract, together amounting to €75.0 million in 2012 and resulting from the agreement on the sale of Erste Bank Ukraine is reported under “other result” in the Corporate Center segment.

GCIB

The following table presents the results of operations for the GCIB segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012	2011	change
	audited		in %
Net interest income	495.9	543.2	(8.7)
Risk provisions for loans and advances.....	(347.2)	(178.2)	94.8
Net fee and commission income.....	87.1	118.8	(26.7)
Net trading result.....	4.4	(129.2)	>100.0
General administrative expenses.....	(196.9)	(191.5)	2.8
Other result ⁽¹⁾	(101.6)	(46.7)	>(100.0)
Pre-tax profit/loss.....	(58.3)	116.4	>(100.0)
Taxes on income.....	4.4	(31.3)	>100.0
Net profit/loss for the year	(53.9)	85.1	>(100.0)
attributable to non-controlling interests	1.7	11.4	(85.1)
attributable to owners of the parent	(55.6)	73.8	>(100.0)
Average risk-weighted assets	20,830	24,429	(14.7)
Average attributed equity	2,085	1,956	6.6
Cost/income ratio ⁽²⁾ (in %).....	33.5	35.9	—
ROE ⁽³⁾ (in %).....	—	3.8	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income decreased by €47.3 million, or 8.7%, to €495.9 million in 2012. This development was exclusively attributable to considerably lower volumes in International Business and the real estate and investment banking businesses, which were not offset by the stable development in the large corporate business. Net fee and commission income decreased by €31.7 million, or 26.7%, to €87.1 million in 2012. This decrease was attributable to a reduction in new business and declining income from real estate project development activities. Net trading result increased from negative €129.2 million in 2011 by €133.6 million to €4.4 million in 2012. In 2011, net trading result had been impacted by negative valuation results relating to the International Business' CDS investment portfolio, which has meanwhile been closed out completely. General administrative expenses increased by €5.4 million, or 2.8%, from €191.5 million in 2011 to €196.9 million in 2012. This development was driven primarily by organisational change (*i.e.*, the shifting of businesses from the Group Markets segment to the Group Corporate and Investment Banking segment).

The operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) improved by €49.2 million, or 14.4%, from €341.3 million in 2011 to €390.5 million in 2012. Risk provisions for loans and advances increased by €169.0 million, or 94.8%, to €347.2 million in 2012. This increase was mainly due to higher risk provisions in the real estate business and in the large corporate business in Austria and Romania. Negative valuation results and losses on disposals relating to the real estate business and from the continued reduction of International Business assets led to a decline in other result by €54.9 million to negative €101.6 million in 2012. Net profit for the year attributable to owners of the parent declined by €129.4 million from €73.8 million in the financial year 2011 to negative €55.6 million in 2012. The cost/income ratio improved from 35.9% in 2011 to 33.5% in 2012.

Group Markets

The following table presents the results of operations for the Group Markets (GM) segment for the financial years ended 31 December 2012 and 2011:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income	183.7	197.4	(6.9)
Risk provisions for loans and advances.....	0.0	(12.0)	(100.0)
Net fee and commission income	124.7	126.6	(1.5)
Net trading result.....	202.9	155.2	30.7
General administrative expenses.....	(215.9)	(244.8)	(11.8)
Other result ⁽¹⁾	2.0	10.2	(80.4)
Pre-tax profit/loss.....	297.4	232.7	27.8
Taxes on income.....	(61.7)	(55.6)	11.0
Net profit/loss for the year	235.7	177.0	33.2
attributable to non-controlling interests	8.1	10.4	(22.1)
attributable to owners of the parent	227.6	166.6	36.6
Average risk-weighted assets	2,697	2,743	(1.7)
Average attributed equity	350	312	12.2
Cost/income ratio ⁽²⁾ (in %).....	42.2	51.1	—
ROE ⁽³⁾ (in %)	65.0	53.4	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income decreased by €13.7 million, or 6.9%, to €183.7 million in 2012, which was primarily attributable to the global money market and government bonds businesses. Net fee and commission income amounted to €124.7 million in 2012. The decline by €1.9 million, or 1.5%, against 2011 resulted mainly from the asset management business. Net trading result increased by €47.7 million, or 30.7%, to €202.9 million in 2012, mostly on the back of the good performance of the Credit Trading business dealing with customers-oriented trading in credit products and the Rates Trading business dealing with trading and structuring of interest rate-linked products. General administrative expenses decreased by €28.9 million, or 11.8%, to €215.9 million in 2012. This decline was due to cost reductions across all businesses and to organisational changes (transfer of businesses from the Group Markets segment to Group Corporate and Investment Banking segment). Operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) improved by €61.0 million, or 26.0%, to €295.4 million in 2012. The cost/income ratio improved from 51.1% in 2011 to 42.2% in 2012. Net profit for the year attributable to owners of the parent increased by €61.0 million, or 36.6%, to €227.6 million in 2012.

Corporate Center

The following tables set out summary financial information for the Corporate Center segment for the years ended 31 December 2012 and 2011:

Corporate Center excluding intra-group eliminations in €million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income	303.9	160.6	89.2
Risk provisions for loans and advances.....	(3.4)	0.0	—
Net fee and commission income	299.8	248.4	20.7
Net trading result.....	(57.0)	34.5	>(100.0)
General administrative expenses.....	(550.9)	(547.1)	0.7
Other result ⁽¹⁾	(349.6)	(1,223.6)	71.4
Pre-tax profit/loss.....	(357.2)	(1,327.2)	73.1
Taxes on income	133.2	110.3	20.8
Net profit/loss for the year	(224.0)	(1,216.9)	81.6
attributable to non-controlling interests	3.5	(9.9)	>100.0
attributable to owners of the parent	(227.5)	(1,207.0)	81.2
Average risk-weighted assets	9	970	(99.1)
Average attributed equity	5,395	6,654	(18.9)
Cost/income ratio ⁽²⁾ (in %).....	—	—	—
ROE ⁽³⁾ (in %)	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 with comparative financial information for the financial year ended 31 December 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2012, net interest income in the Corporate Center segment (excluding intra-group eliminations) increased by €143.3 million, or 89.2%, from €160.6 million in 2011 to €303.9 million in 2012, primarily driven by positive contributions from asset liability management. During the same period, net fee and commission income increased by €51.4 million, or 20.7%, to €299.8 million in 2012, which was largely attributable to lower expenditures in connection with own issuance activities. Net trading result dropped from €34.5 million in 2011 to negative €57.0 million in 2012, mainly due to lower positive valuation effects in asset liability management.

The other result improved by €874.0 million from negative €1,223.6 million in 2011 to negative €349.6 million in 2012, which was largely driven by proceeds from buying back tier-1 and tier-2 instruments (hybrid capital and subordinated loans) in the amount of €413.4 million in 2012 (recognised as result from repurchases of liabilities measured at amortised cost within other operating result). 2011 was impacted by goodwill impairments of €692.8 million for BCR, €312.7 million for Erste Bank Hungary

and €52.7 million on certain Austrian subsidiaries. In 2012, further goodwill impairments for BCR in the amount of €469.4 million and for certain Austrian subsidiaries in the amount of €45.5 million were recorded. Banking tax paid by the Erste Group Bank increased from €117.5 million in 2011 to €146.9 million in 2012. In 2012, other result also included an impairment loss for non-current assets in the disposal group and a provision for onerous contract, together amounting to €75.0 million and resulting from the agreement on the sale of Erste Bank Ukraine.

Intra-group eliminations ⁽⁴⁾	Financial year ended 31 December		
	2012	2011	change
in €million (unless otherwise indicated)	audited		in %
Net interest income	(66.7)	(48.5)	(37.5)
Risk provisions for loans and advances.....	0.0	0.0	—
Net fee and commission income.....	(382.3)	(348.6)	(9.7)
Net trading result.....	25.5	3.0	>100.0
General administrative expenses.....	422.2	411.3	2.7
Other result ⁽¹⁾	1.3	(17.2)	>100.0
Pre-tax profit/loss.....	0.0	0.0	—
Taxes on income.....	0.0	0.0	—
Net profit/loss for the year	0.0	0.0	—
attributable to non-controlling interests	0.0	0.0	—
attributable to owners of the parent	0.0	0.0	—
Average risk-weighted assets	0.0	0.0	—
Average attributed equity	0.0	0.0	—
Cost/income ratio ⁽²⁾ (in %).....	—	—	—
ROE ⁽³⁾ (in %)	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 with comparative financial information for the financial year ended 31 December 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.
- (4) The split of the Corporate Center segment into "Corporate Center excluding intra-group eliminations" and "Intra-group eliminations" is available only for the financial year ended 31 December 2012 with comparative financial information for the financial year ended 31 December 2011.

Financial year ended 31 December 2011 compared with financial year ended 31 December 2010

Overview

The following table shows Erste Group's condensed consolidated income statement for the financial years ended 31 December 2011 and 2010:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
Net interest income	5,569.0	5,439.2	2.4
Risk provisions for loans and advances.....	(2,266.9)	(2,021.0)	12.2
Net fee and commission income.....	1,787.2	1,842.5	(3.0)
Net trading result.....	122.3	321.9	(62.1)
General administrative expenses.....	(3,850.9)	(3,816.8)	0.9
Other operating result	(1,589.9)	(439.3)	>(100.0)
Result from financial instruments—at fair value through profit or loss	0.3	(6.0)	>100.0
Result from financial assets—available for sale	(66.2)	9.2	>(100.0)
Result from financial assets—held to maturity.....	(27.1)	(5.5)	>(100.0)
Pre-tax profit/loss.....	(322.2)	1,324.2	>(100.0)

Taxes on income	(240.4)	(280.9)	(14.6)
Net profit/loss for the year	(562.6)	1,043.3	>(100.0)
attributable to non-controlling interests	156.3	164.6	(5.5)
attributable to owners of the parent	(718.9)	878.7	>(100.0)

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

Net Interest Income

The following table presents a breakdown of the components of Erste Group's net interest income for the financial years ended 31 December 2011 and 2010:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2011 audited	2010	change in %
Interest income			
Lending and money market transactions with credit institutions ..	1,077.4	1,090.9	(1.2)
Lending and money market transactions with customers	6,426.5	6,333.6	1.5
Bonds and other interest-bearing securities	1,331.9	1,139.3	16.9
Other interest and similar income	10.3	10.8	(4.6)
Current income			
Equity-related securities	77.8	93.6	(16.9)
Investments			
Non-consolidated subsidiaries	11.2	8.2	36.6
Other investments	19.2	18.4	4.3
Investment properties	74.0	78.2	(5.4)
Interest and similar income	9,028.3	8,773.0	2.9
Interest income from financial assets—at fair value through profit or loss	322.3	48.6	>100.0
Total interest and similar income	9,350.6	8,821.6	6.0
Interest expenses			
Deposits by banks	(654.6)	(532.6)	22.9
Customer deposits	(1,831.8)	(1,661.7)	10.2
Debt securities in issue	(1,032.2)	(890.1)	16.0
Subordinated liabilities	(239.5)	(304.4)	(21.3)
Other	(8.9)	(10.1)	(11.9)
Interest and similar expenses	(3,767.0)	(3,398.9)	10.8
Interest expenses from financial liabilities—at fair value through profit or loss	(22.6)	(4.5)	>100.0
Total interest and similar expenses	(3,789.6)	(3,403.4)	11.3
Income from equity method investments	8.0	21.0	(61.9)
Total	5,569.0	5,439.2	2.4

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

Total interest and similar income

In 2011, total interest and similar income increased by €529.0 million, or 6.0%, from €8,821.6 million in 2010 to €9,350.6 million in 2011. The increase in total interest and similar income primarily reflected the increase in interest income from financial assets at fair value through profit or loss, which increased from €48.6 million in 2010 to €322.3 million in 2011. This was due to the shift of interest income from trading assets from net trading result to net interest income caused by the change in presentation. Accordingly, trading assets were accounted for as interest-bearing assets in 2011. While lending and money market transactions with credit institutions and with customers remained largely at constant levels, the increase in total interest and similar income was also, to a lesser extent, attributable to the increase of interest income from bonds and other interest-bearing securities, which increased by 16.9% from €1,139.3 million in 2010 to €1,331.9 million in 2011 primarily as a result of higher investments in AfS and HtM portfolios driven by the need to invest increasing deposit funds as well as preparations to meet anticipated liquidity requirements under Basel 3. The decline in current

income from equity-related securities from €93.6 million to €77.8 million in the same period partially offset the overall increase in total interest and similar income. This was primarily due to the overall decrease in the portfolio.

Total interest and similar expenses

In 2011, total interest and similar expenses increased by €386.2 million, or 11.3%, from €3,403.4 million in 2010 to €3,789.6 million in 2011. The increase in total interest and similar expenses primarily reflected higher expenses on deposits by banks and customer accounts on the back of higher volumes. The decrease in interest expense from subordinated liabilities was primarily caused by the decrease of the average volumes of such subordinated liabilities. Higher interest expenses from debt securities in issue reflected volume increases in financing through debt securities in issue, mainly mortgage and municipal bonds.

The net interest margin (net interest income as a percentage of average interest-bearing assets) decreased from 3.08% in 2010 to 2.97% in 2011. Net interest margin in CEE declined from 4.56% in 2010 to 4.21% in 2011 while it increased slightly in the Austrian business from 2.05% in 2010 to 2.09% in 2011.

Risk provisions for loans and advances

The following table presents the development of risk provisions for loans and advances for the financial years ended 31 December 2011 and 2010:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
Allocation to risk provisions for loans and advances	(3,111.8)	(2,887.9)	7.8
Release of risk provisions for loans and advances.....	1,016.5	933.3	8.9
Direct write-offs of loans and advances	(223.6)	(93.8)	>100.0
Recoveries on written-off loans and advances	52.0	27.4	89.8
Total.....	(2,266.9)	(2,021.0)	12.2

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2011, risk provisions for loans and advances increased by €245.9 million, or 12.2%, from €2,021.0 million in 2010 to €2,266.9 million in 2011. This increase was primarily attributable to extraordinary provisions in Hungary in the amount of €450.0 million as a consequence of new legislation in Hungary allowing for the early repayment of foreign currency loans at non-market rates and an increase in the NPL coverage ratio. In Austria, the Czech Republic and Slovakia, the trend in risk costs was positive and partially offset the significant increase in Hungary. In Romania, risk provisions for loans and advances remained elevated primarily due to a deterioration in the SME portfolio. See "*Risk management—Credit risk—Credit risk review and monitoring*."

Net fee and commission income

The following table presents a breakdown of the components of net fee and commission income for the financial years ended 31 December 2011 and 2010:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
Lending business	279.9	243.8	14.8
Payment transfers	863.3	847.3	1.9
Card business	205.6	182.1	12.9
Securities business	373.4	421.7	(11.5)
Investment fund transactions	205.6	215.8	(4.7)
Custodial fees	36.5	43.0	(15.1)
Brokerage.....	131.3	162.9	(19.4)
Insurance brokerage	105.0	112.0	(6.3)
Building society brokerage	33.7	40.1	(16.0)
Foreign exchange transactions	24.8	26.1	(5.0)
Investment banking business.....	13.1	25.9	(49.4)

Other	94.0	125.6	(25.2)
Total	1,787.2	1,842.5	(3.0)

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2011, net fee and commission income decreased by €55.3 million, or 3.0%, from €1,842.5 million in 2010 to €1,787.2 million in 2011. This decrease was primarily due to declines in the securities business, primarily in Austria, as well as in building society brokerage and investment banking business. The increase in income from payment transfers was due, in large part, to increases in card transactions in the Czech and Croatian subsidiaries. The increase in lending business was primarily attributable to two technical effects, namely the increased scope of consolidation and loan sales in Romania in 2010 that distorted the basis of the comparison.

Net trading result

The following table presents a breakdown of the components of net trading result for the financial years ended 31 December 2011 and 2010:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
Securities and derivatives trading	(33.4)	103.9	>(100.0)
Foreign exchange transactions	155.7	218.0	(28.6)
Total	122.3	321.9	(62.0)

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2011, net trading result decreased by €199.6 million, or 62.0%, from €321.9 million in 2010 to €122.3 million in 2011. The decrease in securities and derivatives trading primarily resulted from changes in the fair value of the CDS portfolio of the International Business, which was almost completely closed out by the fourth quarter of 2011 and had an impact of €182.6 million in 2011. The decrease in net trading result was also due to declines in foreign exchange transactions and the shift of interest income from trading assets, which in 2011 is reported in net interest income rather than net trading result as in 2010.

General administrative expenses

The following table presents the components of general administrative expenses for the financial years ended 31 December 2011 and 2010:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
Personnel expenses.....	(2,323.7)	(2,263.8)	2.6
Other administrative expenses	(1,152.4)	(1,165.9)	(1.2)
Depreciation and amortisation	(374.8)	(387.1)	(3.2)
Total	(3,850.9)	(3,816.8)	0.9

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2011, general administrative expenses increased by €34.1 million, or 0.9%, from €3,816.8 million in 2010 to €3,850.9 million in 2011.

Personnel expenses increased by €59.9 million, or 2.6%, from €2,263.8 million in 2010 to €2,323.7 million in 2011. This increase was partly due to severance payments in the Czech Republic, provisions for severance payments in Hungary and Romania and the integration of Informations-Technologie Austria GmbH into s IT Solutions AT as of 1 July 2010. The latter had a positive effect on other administrative expenses, which fell by 1.2% from €1,165.9 million in 2010 to €1,152.4 million in 2011.

Other operating result

The following table presents a breakdown of the components of other operating result for the financial years ended 31 December 2011 and 2010:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
Other operating income.....	195.1	157.4	24.0
Other operating expenses.....	(1,785.0)	(596.7)	>100.0
Total	(1,589.9)	(439.3)	>(100.0)
thereof			
Result from real estates/movables/properties/software	(84.3)	(77.9)	(8.2)
Allocation/release of other provisions/risks	(35.2)	(17.2)	>(100.0)
Expenses for deposit insurance contributions.....	(87.2)	(66.2)	31.7
Amortisation of customer relationships	(69.0)	(69.5)	(0.7)
Other taxes	(163.5)	(71.9)	>100.0
Impairment of goodwill.....	(1,064.6)	(51.9)	>100.0
Result from other operating expenses/income.....	(86.1)	(84.7)	(1.7)
Total	(1,589.9)	(439.3)	>(100.0)

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2011, other operating result decreased by €1,150.6 million from negative €439.3 million in 2010 to negative €1,589.9 million in 2011. This was primarily due to the impairment of goodwill in 2011 in a total amount of €1,064.6 million. Of this amount, in particular, €692.8 million was related to Banca Comercială Română as a result of lower banking sector profitability in Romania, €312.7 million was related to the write-off in September 2011 of the entire amount of goodwill related to Erste Bank Hungary following difficult economic conditions in Hungary and the adoption of legislation allowing the early repayment of foreign currency loans at a fixed exchange rate below then prevailing exchange rates in the market and €52.7 million was related to certain Austrian subsidiaries, particularly regional savings banks and asset management activities.

Other taxes increased by €91.6 million from €71.9 million in 2010 to €163.5 million in 2011 primarily due to banking taxes. In Austria, the banking tax was introduced in 2011 and resulted in a charge of €132.1 million for Erste Group Bank. In 2011, Hungary permitted netting of the banking tax against losses resulting from the early repayment of foreign currency loans on preferential terms (2010: €49.8 million). Expenses for impairments (corresponding to the result from real estates/movables/properties/software within other operating result) increased from €77.9 million to €84.3 million due primarily to write-downs on assets accepted as collateral in Hungary.

Result from financial instruments and financial assets

The following table presents a breakdown of the components of result from financial instruments and financial assets for the financial years ended 31 December 2011 and 2010:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
	unless otherwise indicated		
Result from financial instruments—at fair value through profit or loss			
Gain/(loss) from measurement/sale of financial instruments at fair value through profit or loss	0.3	(6.0)	>100.0
Total (unaudited)	0.3	(6.0)	>100.0
Result from financial assets—available for sale			
Gain/(loss) from sale of financial assets available for sale	64.1	67.6	(5.2)
Impairment/reversal of impairment of financial assets available for sale.....	(130.3)	(58.4)	>(100.0)
Total	(66.2)	9.2	>(100.0)
Result from financial assets—held to maturity			

	Financial year ended 31 December		
	2011	2010	change in %
in €million (unless otherwise indicated)	audited unless otherwise indicated		
Income from sale of financial assets held to maturity	8.7	6.6	31.8
Reversal of impairment loss of financial assets held to maturity .	1.3	0.0	—
Loss from sale of financial assets held to maturity.....	(27.8)	0.0	—
Impairment of financial assets held to maturity	(9.3)	(12.1)	(23.1)
Total	(27.1)	(5.5)	>(100.0)
Total result from financial instruments and financial assets (unaudited)	(93.0)	(2.3)	>(100.0)

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" and or labeled as "unaudited" are based on internal calculations or information of Erste Group Bank.

In 2011, the total result from financial instruments and financial assets declined by €90.7 million from negative €2.3 million in 2010 to negative €93.0 million in 2011. This decline was primarily attributable to impairments and losses on the sale of Greek bonds in the available-for-sale and held-to-maturity portfolios in the amount of €59.5 million, of which €23.5 million were attributable to the Savings Banks subsegment.

Net profit/loss for the year attributable to owners of the parent

In 2011, net profit/loss for the year attributable to owners of the parent decreased by €1,597.6 million, from a net profit for the year attributable to owners of the parent of €878.7 million in 2010 to a net loss for the year attributable to owners of the parent of €718.9 million in 2011. The decrease primarily reflects the significant decrease in pre-tax profit/loss for the year from a pre-tax profit of €1,324.2 million in 2010 to a pre-tax loss for the year of €322.2 million in 2011.

Segmental Overview for the financial year ended 31 December 2011 compared with the financial year ended 31 December 2010

Results by Segment

Retail & SME

The following table presents the results of operations for the Retail & SME segment for all countries in which Erste Group had operations in the financial years ended 31 December 2011 and 2010:

	Financial year ended 31 December		
	2011	2010	change in %
in €million (unless otherwise indicated)	audited		
Net interest income	4,716.3	4,623.9	2.0
Risk provisions for loans and advances.....	(2,076.7)	(1,844.6)	12.6
Net fee and commission income.....	1,642.0	1,633.0	0.6
Net trading result.....	58.8	176.2	(66.6)
General administrative expenses.....	(3,278.8)	(3,264.8)	0.4
Other result ⁽¹⁾	(405.5)	(278.1)	(45.8)
Pre-tax profit/loss	656.0	1,045.6	(37.3)
Taxes on income.....	(263.8)	(235.3)	12.1
Net profit/loss for the year	392.2	810.4	(51.6)
attributable to non-controlling interests	144.4	146.7	(1.6)
attributable to owners of the parent	247.7	663.7	(62.7)
Average risk-weighted assets	74,934	74,952	0.0
Average attributed equity	4,117	4,123	(0.1)
Cost/income ratio ⁽²⁾ (in %).....	51.1	50.7	—
ROE ⁽³⁾ (in %)	6.0	16.1	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

(1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

Austria

Erste Bank Oesterreich

The following table presents the results of operations for the Erste Bank Oesterreich subsegment as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
Net interest income	665.9	655.2	1.6
Risk provisions for loans and advances.....	(101.4)	(148.3)	(31.6)
Net fee and commission income	320.6	334.0	(4.0)
Net trading result.....	20.2	11.5	75.7
General administrative expenses.....	(609.4)	(606.8)	0.4
Other result ⁽¹⁾	(63.7)	(25.7)	>(100.0)
Pre-tax profit/loss	232.2	219.9	5.6
Taxes on income	(50.3)	(46.1)	9.1
Net profit/loss for the year	181.9	173.8	4.7
attributable to non-controlling interests	4.3	6.9	(37.7)
attributable to owners of the parent	177.6	166.9	6.4
Average risk-weighted assets	13,708	14,389	(4.7)
Average attributed equity	1,088	1,143	(4.8)
Cost/income ratio (in %) ⁽²⁾	60.5	60.6	—
ROE ⁽³⁾ (in %)	16.3	14.6	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income increased by €10.7 million, or 1.6%, from €655.2 million in 2010 to €665.9 million in 2011, primarily due to an increase in customer deposits and higher margins. Deposits by customers increased by €1.2 billion, or 4.5%, to €28.7 billion, and loans and advances to customers increased by €1.0 billion, or 3.7%, to €28.2 billion. Net fee and commission income declined by €13.4 million, or 4.0%, during 2011, as a result of a more subdued securities business in line with the overall development of the financial markets. This was partially offset by an increase in net trading result from €11.5 million in 2010 to €20.2 million in 2011, which was due to a shift of derivatives result from net interest income to net trading result. In 2011, general administrative expenses increased by €2.6 million, or 0.4%, which was mainly due to the first-time consolidation of Intermarket Bank AG in 2011. As a result, the cost/income ratio remained almost flat at 60.5% (2010: 60.6%). Risk provisions for loans and advances decreased substantially by €46.9 million, or 31.6%, from €148.3 million to €101.4 million, reflecting the improved risk profile in the Retail & SME segment.

The decline in other result from negative €25.7 million in 2010 to negative €63.7 million in 2011 was primarily due to higher write-downs on and losses from the disposal of securities not held for trading (including Greek bonds) with an aggregate effect of €11.0 million as well as the introduction of the banking tax in Austria (€7.7 million).

Savings Banks

The following table presents the results of operations for the Savings Banks subsegment as included in the Retail & SME segment (consisting of those savings banks which as a result of their membership in the *Haftungsverbund* are consolidated) for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011 audited	2010	change in %
Net interest income	1,015.6	960.6	5.7
Risk provisions for loans and advances.....	(250.4)	(303.3)	(17.4)
Net fee and commission income	390.2	393.8	(0.9)
Net trading result.....	12.2	27.2	(55.1)
General administrative expenses.....	(930.9)	(930.9)	0.0
Other result ⁽¹⁾	(81.9)	(24.4)	>(100.0)
Pre-tax profit/loss.....	154.7	123.0	25.8
Taxes on income	(40.1)	(32.6)	23.0
Net profit/loss for the year	114.6	90.4	26.8
attributable to non-controlling interests	108.7	95.8	13.5
attributable to owners of the parent	5.9	(5.4)	>100.0
Average risk-weighted assets	24,451	23,949	2.1
Average attributed equity	304	291	4.5
Cost/income ratio ⁽²⁾ (in %).....	65.6	67.4	—
ROE ⁽³⁾ (in %)	1.9	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income increased by €55.0 million, or 5.7%, from €960.6 million in 2010 to €1,015.6 million in 2011. This increase was primarily due to positive deposit margin developments and the reclassification of interest income from trading assets, which contributes higher margins, from net trading result to net interest income, which had a significant effect. This reclassification of interest income from net trading result to net interest income amounted to €3.9 million. Net fee and commission income declined by €3.6 million, or 0.9%, from €393.8 million in 2010 to €390.2 million in 2011 mainly driven by lower income from lending business. The decrease in net trading result from €27.2 million in 2010 to €12.2 million in 2011 was largely due to adverse market conditions during the year, particularly in the third quarter, as well as to the shift of interest income from trading assets from net trading result to net interest income.

The decrease in other result from negative €24.4 million in 2010 to negative €81.9 million in 2011 was mainly caused by losses on the sale of securities and write-downs on securities not held in the trading portfolio.

CEE

The CEE region includes the results from the retail and SME business of the subsegments Czech Republic (Česká spořitelna), Romania (BCR), Slovakia (Slovenská sporiteľňa), Hungary (Erste Bank Hungary), Croatia (Erste Bank Croatia), Serbia (Erste Bank Serbia) and Ukraine (Erste Bank Ukraine). The contributions made by the Group Markets (GM) and Group Corporate and Investment Banking (GCIB) business in the subsegments are reported under the respective segments.

The following table presents the results of operations for the CEE region as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
Net interest income	3,034.8	3,008.0	0.9
Risk provisions for loans and advances.....	(1,724.9)	(1,393.0)	23.8
Net fee and commission income.....	931.2	905.2	2.9
Net trading result.....	26.4	137.5	(80.8)
General administrative expenses.....	(1,738.4)	(1,727.1)	0.7
Other result ⁽¹⁾	(259.9)	(228.0)	(14.0)
Pre-tax profit/loss.....	269.1	702.7	(61.7)
Taxes on income.....	(173.4)	(156.6)	10.7
Net profit/loss for the year	95.7	546.2	(82.5)
attributable to non-controlling interests	31.5	43.9	(28.2)
attributable to owners of the parent	64.2	502.3	(87.2)
Average risk-weighted assets	36,775	36,614	0.4
Average attributed equity	2,724	2,689	1.3
Cost/income ratio ⁽²⁾ (in %).....	43.5	42.6	—
ROE ⁽³⁾ (in %).....	2.4	18.7	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the region. The average attributed equity of the region represents the economic capital of each region, which is assigned on the basis of credit risk, market risk and operational risk.

Czech Republic

The following table presents the results of operations for the Czech Republic subsegment (Česká spořitelna) as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
Net interest income	1,183.2	1,087.2	8.8
Risk provisions for loans and advances.....	(210.5)	(365.8)	(42.5)
Net fee and commission income.....	496.5	476.8	4.1
Net trading result.....	(45.5)	62.5	>(100.0)
General administrative expenses.....	(713.9)	(709.8)	0.6
Other result ⁽¹⁾	(122.0)	(83.3)	(46.5)
Pre-tax profit/loss.....	587.8	467.4	25.8
Taxes on income.....	(122.4)	(82.7)	48.0
Net profit/loss for the year	465.4	384.7	21.0
attributable to non-controlling interests	9.2	5.9	55.9
attributable to owners of the parent	456.2	378.9	20.4
Average risk-weighted assets	12,951	12,422	4.3
Average attributed equity	1,065	1,025	3.9
Cost/income ratio ⁽²⁾ (in %).....	43.7	43.6	—
ROE ⁽³⁾ (in %).....	42.8	37.0	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the

sum of net interest income, net fee and commission income and net trading result).

- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, Česká spořitelna's net interest income increased by €96.0 million, or 8.8%, from €1,087.2 million in 2010 to €1,183.2 million in 2011. The increase primarily reflects improvements in the asset mix, such as substitution of interbank loans with higher interest-yielding assets, namely securities in the held-to-maturity portfolio. Net fee and commission income increased by €19.7 million, or 4.1%, from €476.8 million in 2010 to €496.5 million in 2011 mainly due to higher fees from current account and card products, as well as improved results from securities transactions.

Net trading result declined significantly from €62.5 million in 2010 to negative €45.5 million in 2011. This decrease was primarily attributable to the overall negative development in the financial markets, negative market valuations of the pension funds and a decrease in income from foreign exchange trading. The particularly strong result in 2010 reflected one-time deals with large customers in the corporate area (municipalities), and foreign currency exchange effects in the banking book due to strong appreciation of the Czech corona against the Euro.

Other result further deteriorated from negative €83.3 million in 2010 to negative €122.0 million in 2011 due to higher write-downs on securities not held for trading (negative effect of €13.0 million), a lower result from the fair value portfolio (negative effect of €6.0 million), lower gains from sales of apartments and properties (negative effect of €8.0 million) and higher deposit insurance contributions due to change of contribution rates in the second half of 2010 (negative effect of €8.0 million).

Romania

The following table presents the results of operations for the Romania subsegment (BCR) as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
Net interest income	672.3	798.6	(15.8)
Risk provisions for loans and advances.....	(499.3)	(506.7)	(1.5)
Net fee and commission income.....	130.1	134.4	(3.2)
Net trading result.....	49.3	24.0	>100.0
General administrative expenses.....	(376.4)	(375.2)	0.3
Other result ⁽¹⁾	(30.9)	(50.2)	38.4
Pre-tax profit/loss.....	(54.8)	24.8	>(100.0)
Taxes on income.....	23.7	(6.7)	>100.0
Net profit/loss for the year	(31.1)	18.1	>(100.0)
attributable to non-controlling interests	(8.7)	9.6	>(100.0)
attributable to owners of the parent	(22.5)	8.5	>(100.0)
Average risk-weighted assets	9,167	9,059	1.2
Average attributed equity	556	517	7.5
Cost/income ratio ⁽²⁾ (in %).....	44.2	39.2	—
ROE ⁽³⁾ (in %)	—	1.6	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income in the Romanian retail and SME segment decreased by €126.3 million, or 15.8%, from €798.6 million in 2010 to €672.3 million in 2011. This decrease was mainly due to the retail business, which suffered from decreasing volumes, especially on unsecured loans, lower up-front fees and decreased margins in subsidised mortgage lending. The corporate business was nega-

tively affected by higher provisions for interest, lower margins as a result of contract renegotiations and promotions, decreasing volumes especially of unsecured loans and lower margins in subsidised mortgage lending. The decrease was partially offset by the rise in net trading result from €24.0 million in 2010 to €49.3 million in 2011, which resulted primarily from revaluation gains in foreign exchange trading.

The improvement in other result from negative €50.2 million in 2010 to negative €30.9 million in 2011 was largely the result of one-off income from the liquidation of the subsidiary Anglo-Romanian Bank Ltd. (€23.5 million).

Slovakia

The following table presents the results of operations for the Slovakia subsegment (Slovenská sporiteľňa) as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2011 audited	2010	change in %
Net interest income	445.7	426.8	4.4
Risk provisions for loans and advances.....	(73.6)	(123.2)	(40.3)
Net fee and commission income.....	112.2	106.6	5.3
Net trading result.....	(4.6)	4.0	>(100.0)
General administrative expenses.....	(224.0)	(222.2)	0.8
Other result ⁽¹⁾	(40.2)	(20.5)	(96.1)
Pre-tax profit/loss.....	215.5	171.6	25.6
Taxes on income.....	(42.3)	(34.9)	21.2
Net profit/loss for the year	173.2	136.7	26.7
attributable to non-controlling interests	0.0	0.1	(100.0)
attributable to owners of the parent	173.2	136.5	26.9
Average risk-weighted assets	4,825	5,231	(7.8)
Average attributed equity	401	432	(7.2)
Cost/income ratio ⁽²⁾ (in %).....	40.5	41.3	—
ROE ⁽³⁾ (in %).....	43.2	31.6	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income in the Slovak retail and SME business increased by €18.9 million, or 4.4%, from €426.8 million in 2010 to €445.7 million in 2011. The increase was primarily driven by an increase in mortgage lending and improved income from financial investments. Slovenská sporiteľňa increased its housing loan volume by approximately €430 million during 2011, and new consumer loans increased by 16.0% compared to 2010. Net fee and commission income also increased by €5.6 million, or 5.3%, from €106.6 million in 2010 to €112.2 million in 2011, mostly due to higher income from payment transfers. Risk provisions for loans and advances decreased substantially by €49.6 million, or 40.3%, from €123.2 million in 2010 to €73.6 million in 2011, reflecting an improved macroeconomic situation and a better risk profile of customers.

These improvements were partially offset by a decrease in net trading result from €4.0 million in 2010 to negative €4.6 million in 2011, driven by revaluation of CDS in 2011, and by a slight increase in general administrative expenses of €1.8 million, or 0.8%. The decrease by €19.7 million in other result from negative €20.5 million in 2010 to negative €40.2 million in 2011 was due to higher write-downs on real estate as well as revaluation losses on trading assets in relation to securities in the available-for-sale portfolio.

Hungary

The following table presents the results of operations for the Hungary subsegment (Erste Bank Hungary) as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
Net interest income	402.7	387.1	4.0
Risk provisions for loans and advances.....	(812.0)	(244.3)	>100.0
Net fee and commission income	97.8	97.8	0.0
Net trading result.....	19.1	23.2	(17.7)
General administrative expenses.....	(200.5)	(202.6)	(1.0)
Other result ⁽¹⁾	(56.9)	(68.3)	16.7
Pre-tax profit/loss.....	(549.8)	(7.1)	>(100.0)
Taxes on income	(16.8)	(14.9)	12.8
Net profit/loss for the year	(566.6)	(22.0)	>(100.0)
attributable to non-controlling interests	0.0	(0.2)	100.0
attributable to owners of the parent	(566.6)	(21.8)	>(100.0)
Average risk-weighted assets	4,147	4,703	(11.8)
Average attributed equity	345	388	(11.1)
Cost/income ratio ⁽²⁾ (in %).....	38.6	39.9	—
ROE ⁽³⁾ (in %)	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income in the Hungarian retail and SME segment increased by €15.6 million, or 4.0%, from €387.1 million in 2010 to €402.7 million in 2011. This was driven by higher unwinding effects performed under IAS 39, which led to a corresponding increase in risk provisions, as well as currency-related effects. The decline in net trading result from €23.2 million in 2010 to €19.1 million in 2011 mainly resulted from lower income from the foreign currency retail loan book.

Risk provisions for loans and advances increased significantly from €244.3 million in 2010 to €812.0 million in 2011. This increase was primarily attributable to extraordinary one-time provisions. A provision in the amount of €200.0 million was created to cover expected losses from the early repayment of foreign currency loans at non-market rates, as permitted under new legislation in Hungary. In 2011, the Hungarian government passed legislation enabling retail customers to repay foreign currency loans at fixed rates below the then prevailing market exchange rates. Approximately 20% of eligible customers opted for the early repayment, which resulted in a loss of approximately €200 million and was covered by the risk provisions created in the third quarter of 2011. As 30% of the losses were deductible from the 2011 banking tax, the banking tax burden for 2011 was reduced to zero. Additional risk provisions were also created to increase the NPL coverage ratio in view of the economic outlook and uncertain political climate in Hungary. The required recognition of higher write-downs on collateral for loans and advances to customers to the extent owned by Erste Bank Hungary and restructuring costs had a negative effect on other result.

Croatia

The following table presents the results of operations for the Croatia subsegment (Erste Bank Croatia) as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
Net interest income	261.8	247.9	5.6
Risk provisions for loans and advances.....	(109.3)	(106.0)	3.1
Net fee and commission income.....	76.7	74.0	3.6
Net trading result.....	11.2	9.7	15.5
General administrative expenses.....	(141.1)	(139.0)	1.5
Other result ⁽¹⁾	(10.2)	(4.8)	>(100.0)
Pre-tax profit/loss.....	89.0	81.8	8.8
Taxes on income.....	(16.1)	(17.0)	(5.3)
Net profit/loss for the year	72.9	64.7	12.7
attributable to non-controlling interests	29.5	28.1	5.0
attributable to owners of the parent	43.4	36.7	18.3
Average risk-weighted assets	4,321	3,903	10.7
Average attributed equity	251	227	10.6
Cost/income ratio ⁽²⁾ (in %).....	40.4	41.9	—
ROE ⁽³⁾ (in %).....	17.3	16.2	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income of Erste Bank Croatia increased by €13.9 million, or 5.6%, from €247.9 million in 2010 to €261.8 million in 2011, primarily due to higher lending volumes and improved margins, particularly in the deposit business. Net fee and commission income also increased by €2.7 million, or 3.6%, from €74.0 million in 2010 to €76.7 million in 2011 as a result of higher income from the cards business primarily from Erste Card Club. Net trading result improved by 15.5% from €9.7 million in 2010 to €11.2 million in 2011 as a result of higher income from foreign exchange trading. A need for higher provisioning in the real estate business caused risk provisions for loans and advances to customers to increase from €106.0 million in 2010 by €3.3 million to €109.3 million in 2011.

Serbia

The following table presents the results of operations for the Serbia subsegment (Erste Bank Serbia) as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
Net interest income	36.4	27.5	32.4
Risk provisions for loans and advances.....	(9.5)	(8.2)	15.9
Net fee and commission income.....	13.0	11.5	13.0
Net trading result.....	0.1	2.4	(95.8)
General administrative expenses.....	(33.8)	(31.0)	9.0
Other result ⁽¹⁾	(1.2)	(0.8)	(50.0)
Pre-tax profit/loss.....	5.0	1.5	>100.0
Taxes on income.....	0.0	0.0	—
Net profit/loss for the year	5.1	1.5	>100.0
attributable to non-controlling interests	1.5	0.4	>100.0
attributable to owners of the parent	3.6	1.0	>100.0
Average risk-weighted assets	606	634	(4.4)
Average attributed equity	41	42	(2.4)
Cost/income ratio ⁽²⁾ (in %).....	68.1	74.9	—

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
ROE ⁽³⁾ (in %)	8.7	2.4	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income of Erste Bank Serbia increased by €8.9 million, or 32.4%, from €27.5 million in 2010 to €36.4 million in 2011. This increase was primarily attributable to an increase in lending volumes and improved margins in the deposit business as well as rising income from short-term investments in local government bonds. Net trading result decreased from €2.4 million to €0.1 million due to lower income from foreign exchange trading. General administrative expenses increased from €31.0 million to €33.8 million primarily due to rising inflation and higher severance payments. The cost/income ratio nevertheless improved to 68.1% (2010: 74.9%) due to higher operating income. Other result declined from negative €0.8 million to negative €1.2 million, mainly due to higher deposit insurance contributions.

Ukraine

The following table presents the results of operations for the Ukraine subsegment (Erste Bank Ukraine) as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2011 audited	2010	change in %
Net interest income	32.6	32.9	(0.9)
Risk provisions for loans and advances.....	(10.7)	(38.8)	(72.4)
Net fee and commission income.....	4.9	4.1	19.5
Net trading result.....	(3.2)	11.7	>(100.0)
General administrative expenses.....	(48.8)	(47.1)	3.6
Other result ⁽¹⁾	1.6	(0.1)	>100.0
Pre-tax profit/loss.....	(23.6)	(37.3)	36.7
Taxes on income.....	0.5	(0.2)	>100.0
Net profit/loss for the year	(23.2)	(37.5)	38.1
attributable to non-controlling interests	0.0	0.0	—
attributable to owners of the parent	(23.2)	(37.5)	38.1
Average risk-weighted assets	757	664	14.0
Average attributed equity	66	59	11.9
Cost/income ratio ⁽²⁾ (in %).....	142.4	96.7	—
ROE ⁽³⁾ (in %)	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" and under "Cost/income ratio (in %)" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, Erste Bank Ukraine's net interest income decreased by €0.3 million, or 0.9%, from €32.9 million in 2010 to €32.6 million in 2011 as lower lending volumes were offset by higher interest income from financial assets. Stabilisation of the portfolio led to a significant reduction of risk provisions for

loans and advances to customers by €28.1 million in 2011. Higher income from payment transfers and insurance brokerage resulted in an improvement of net fee and commission income by €0.8 million in 2011. The net trading result declined by €14.9 million from €11.7 million in 2010 to a negative €3.2 million in 2011, which was largely due to the shift of interest income from trading assets to net interest income. General administrative expenses increased by €1.7 million, or 3.6%, from €47.1 million in 2010 to €48.8 million in 2011, driven mainly by higher IT and personnel expenses.

GCIB

The following table presents the results of operations for the GCIB segment for the financial years ended 31 December 2011 and 2010:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
Net interest income	543.2	574.2	(5.4)
Risk provisions for loans and advances.....	(178.2)	(176.4)	1.0
Net fee and commission income.....	118.8	108.3	9.7
Net trading result.....	(129.2)	(128.5)	(0.5)
General administrative expenses.....	(191.5)	(183.9)	4.1
Other result ⁽¹⁾	(46.7)	(32.4)	(44.1)
Pre-tax profit/loss.....	116.4	161.4	(27.9)
Taxes on income.....	(31.3)	(30.7)	2.0
Net profit/loss for the year	85.1	130.7	(34.9)
attributable to non-controlling interests	11.4	14.9	(23.5)
attributable to owners of the parent	73.8	115.8	(36.3)
Average risk-weighted assets	24,429	25,421	(3.9)
Average attributed equity	1,956	2,035	(3.9)
Cost/income ratio ⁽²⁾ (in %).....	35.9	33.2	—
ROE ⁽³⁾ (in %).....	3.8	5.7	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income in the GCIB segment decreased by €31.0 million, or 5.4%, from €574.2 million in 2010 to €543.2 million in 2011. This decrease was primarily attributable to the continuing reduction of business volume in the International Business. Net fee and commission income improved by €10.5 million, or 9.7%, from €108.3 million in 2010 to €118.8 million in 2011, mainly due to growth in the real estate business in Austria. The net trading result was largely unchanged in 2011 from the previous year and was affected during 2011 by the negative impact of changes in the fair value of the CDS investment portfolio of the International Business of €182.6 million. Risk provisions for loans and advances increased by only 1.0% from €176.4 million in 2010 to €178.2 million in 2011. While risk provisions increased in the real estate and large corporate business, they were largely set off by the significant decline of such provisions in the International Business as a result of portfolio reduction. In 2011, the decrease of €14.3 million, or 44.1%, in other result was due to higher write-downs and losses on asset sales in the International Business.

Group Markets

The following table presents the results of operations for the Group Markets (GM) segment for the financial years ended 31 December 2011 and 2010:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %

Net interest income	197.4	156.4	26.2
Risk provisions for loans and advances.....	(12.0)	0.0	—
Net fee and commission income.....	126.6	157.1	(19.4)
Net trading result.....	155.2	246.3	(37.0)
General administrative expenses.....	(244.8)	(233.7)	4.7
Other result ⁽¹⁾	10.2	1.8	>100.0
Pre-tax profit/loss.....	232.7	327.9	(29.0)
Taxes on income.....	(55.6)	(67.6)	(17.8)
Net profit/loss for the year	177.0	260.3	(32.0)
attributable to non-controlling interests	10.4	15.2	(31.6)
attributable to owners of the parent	166.6	245.1	(32.0)
Average risk-weighted assets	2,743	2,943	(6.8)
Average attributed equity	312	324	(3.7)
Cost/income ratio ⁽²⁾ (in %).....	51.1	41.7	—
ROE ⁽³⁾ (in %)	53.4	75.7	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income in the Group Markets segment increased by €41.0 million, or 26.2%, from €156.4 million in 2010 to €197.4 million in 2011. The increase was primarily due to the shift of funding costs and interest income from trading assets from net trading result to net interest income. Net trading result decreased by €91.1 million, or 37.0%, from €246.3 million in 2010 to €155.2 million in 2011. The decrease was mainly attributable to the effect of shifting funding costs and interest income from trading assets from net trading result to net interest income (negative effect of €55.8 million). The remaining amount of the overall decrease was attributable to government bonds trading, alternative investments and credit trading and structuring. General administrative expenses increased by 4.7% from €233.7 million in 2010 to €244.8 million in 2011 as a result of new offices in Germany (fixed-income sales) and higher costs in asset management and in Central and Eastern Europe.

Corporate Center

The following table presents the results of operations for the Corporate Center segment for the financial years ended 31 December 2011 and 2010:

in €million (unless otherwise indicated)	Financial year ended 31 December		
	2011	2010	change
	audited		in %
Net interest income	112,1	84.8	32.2
Risk provisions for loans and advances.....	0.0	(0.1)	100.0
Net fee and commission income.....	(100.2)	(55.8)	(79.6)
Net trading result.....	37.5	27.8	34.9
General administrative expenses.....	(135.9)	(134.5)	1.0
Other result ⁽¹⁾	(1,240.8)	(132.9)	>(100.0)
Pre-tax profit/loss.....	(1,327.2)	(210.8)	>(100.0)
Taxes on income.....	110.3	52.6	>100.0
Net profit/loss for the year	(1,216.9)	(158.1)	>(100.0)
attributable to non-controlling interests	(9.9)	(12.2)	18.9
attributable to owners of the parent	(1,207.0)	(146.0)	>(100.0)
Average risk-weighted assets	970	1,400	(30.7)
Average attributed equity	6,654	6,595	0.9
Cost/income ratio ⁽²⁾ (in %).....	274.7	237.1	15.9
ROE ⁽³⁾ (in %)	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with compara-

tive financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank. The split of the Corporate Center segment into "Corporate Center excluding intra-group eliminations" and "Intra-group eliminations" is available only for the financial year ended 31 December 2012 with comparative financial information for the financial year ended 31 December 2011.

- (1) Other result consists of 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) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income in the Corporate Center segment increased by €27.3 million, or 32.2%, from €84.8 million in 2010 to €112.1 million in 2011, primarily driven by positive contributions from asset liability management. During the same period, net fee and commission income further decreased by €44.4 million, or 79.6%, from negative €55.8 million in 2010 to negative €100.2 million in 2011 mainly due to profit consolidation, which also has a small effect on general administrative expenses.

Other result decreased by €1,107.9 million from negative €132.9 million in 2010 to negative €1,240.8 million in 2011. This decrease was primarily attributable to one-time goodwill write-downs of €692.8 million for the Romanian subsidiary BCR, €312.7 million for the Hungarian subsidiary Erste Bank Hungary and €52.7 million on Austrian subsidiaries. The Austrian banking tax in the amount of €117.5 million was also reported under other result.

Balance sheet on a consolidated basis as of 31 December 2012, 2011 and 2010

The following table sets forth Erste Group's balance sheet as of the dates indicated. For a further analysis of certain items of Erste Group's balance sheet, see "Selected Statistical and Other Information".

in € million (unless otherwise indicated)	As of 31 December				
	2012	% change	2011	% change	2010
Assets					
Cash and balances with central banks.....	9,740.5	3.5	9,412.9	61.2	5,839.4
Loans and advances to credit institutions	9,074.1	19.7	7,577.7	(39.4)	12,496.5
Loans and advances to customers.....	131,927.5	(2.1)	134,749.5	1.8	132,334.1
Risk provisions for loans and advances.....	(7,643.7)	8.8	(7,027.3)	14.8	(6,119.1)
Derivative financial instruments.....	13,289.4	21.6	10,930.8	28.5	8,507.9
Trading assets.....	5,178.0	(11.9)	5,875.8	6.1	5,535.5
Financial assets—at fair value through profit or loss.....	715.8	(60.5)	1,813.1	(25.5)	2,434.2
Financial assets—available for sale	22,417.7	10.7	20,245.3	14.1	17,751.1
Financial assets—held to maturity	18,974.7	18.0	16,073.6	12.9	14,234.7
Equity method investments	174.1	0.6	173.1	(22.6)	223.5
Intangible assets	2,893.9	(18.1)	3,532.0	(24.4)	4,674.6
Property and equipment.....	2,227.9	(5.6)	2,360.8	(3.5)	2,445.6
Investment property	1,022.9	(10.2)	1,139.3 ⁽¹⁾	(2.0)	1,163.1 ⁽²⁾
Current tax assets.....	127.6	10.3	115.7	(0.7)	116.5
Deferred tax assets	657.5	(6.3)	701.9	13.8	616.8
Assets held for sale	708.1	>100.0	87.2	66.1	52.5
Other assets.....	2,338.1	4.1	2,245.1 ⁽¹⁾	(35.2)	3,463.2 ⁽²⁾
Total assets	213,824.0	1.8	210,006.3	2.1	205,770.0
Liabilities and equity					
Deposits by banks.....	21,822.1	(8.3)	23,785.3	18.0	20,153.9
Customer deposits	123,052.9	3.5	118,880.2	1.6	117,016.3
Debt securities in issue	29,427.3	(4.4)	30,781.6	(1.7)	31,298.5
Value adjustments from portfolio fair value hedges	1,220.0	33.4	914.7 ⁽¹⁾	82.2	502.0 ⁽²⁾
Derivative financial instruments.....	10,878.4	16.5	9,336.6	11.2	8,398.8
Trading liabilities	481.0	(10.2)	535.6	>100.0	215.7
Provisions	1,487.7	(5.8)	1,580.1	2.3	1,544.5
Current tax liabilities.....	53.0	57.3	33.7	(50.7)	68.4
Deferred tax liabilities.....	323.5	(6.2)	344.8	5.1	328.1

in €million (unless otherwise indicated)	As of 31 December				
	2012	% change	2011	% change	2010
Other liabilities.....	3,077.3	7.9	2,851.3 ⁽¹⁾	(25.9)	3,847.7 ⁽²⁾
Liabilities associated with assets held for sale ...	338.9	—	0.0 ⁽¹⁾	—	0.0 ⁽²⁾
Subordinated liabilities	5,323.4	(7.9)	5,782.6	(0.9)	5,838.0
Total equity	16,338.5	7.6	15,180.0	(8.3)	16,558.0
attributable to non-controlling interests	3,483.2	10.8	3,142.9	(8.7)	3,443.6
attributable to owners of the parent.....	12,855.3	6.8	12,037.1	(8.2)	13,114.4
Total liabilities and equity	213,824.0	1.8	210,006.3	2.1	205,770.0

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

- (1) Due to reclassifications in the consolidated financial statements as of and for the financial year ended 31 December 2012 taken from the comparative figures as of 31 December 2011 contained in the balance sheet of the consolidated financial statements as of and for the financial year ended 31 December 2012.
- (2) Due to reclassifications in the consolidated financial statements as of and for the financial year ended 31 December 2012 taken from the comparative figures as of 1 January 2011 contained in the balance sheet of the consolidated financial statements as of and for the financial year ended 31 December 2012

Total assets

In 2012, total assets increased by €3,817.7 million, or 1.8%, from €210,006.3 million as of 31 December 2011 to €213,824.0 million as of 31 December 2012. The increase in total assets was primarily driven by an increase in financial assets as a result of preparatory actions to meet anticipated Basel 3 liquidity requirements as of 2014 as well as investments of surplus liquidity from the growth of customer deposits. Loans and advances to credit institutions increased from €7,577.7 million as of 31 December 2011 to €9,074.1 million as of 31 December 2012 as a result of excess liquidity depositing. Increases in assets held for sale from €87.2 million as of 31 December 2011 to €708.1 million as of 31 December 2012 were triggered by classification of Erste Bank Ukraine as disposal group held for sale in accordance with IFRS 5 following the signing of the sale agreement in December 2012. The increase in total assets was offset by lower volumes of loans and advances to customers due to the reduction in International Business and real estate business as well as a result of legislation in Hungary that allowed for loans denominated in foreign currencies, such as Euro, U.S. dollar and Swiss francs to be converted to Hungarian forint at below market rates. The decrease in financial assets at fair value through profit or loss to €715.8 million as of 31 December 2012 reflected the reduction of non-core assets. The decrease in intangible assets from €3,532.0 million as of 31 December 2011 by 18.1% to €2,893.9 million as of 31 December 2012 was driven by goodwill impairments.

In 2011, total assets increased by €4,236.3 million, or 2.1%, from €205,770.0 million as of 31 December 2010 to €210,006.3 million as of 31 December 2011. The increase in total assets was driven by a 61.2% increase in cash and balances with central banks from €5,839.4 million as of 31 December 2010 to €9,412.9 million as of 31 December 2011, primarily as a result of temporary additional liquidity from the “Long-Term Refinancing Operation” (LTRO) of the ECB. At the same time, loans and advances to credit institutions decreased by 39.4% from €12,496.5 million as of 31 December 2010 to €7,577.7 million as of 31 December 2011 as a consequence of the reduction of the non-core business. Higher amounts of cash and balances with central banks at the account of lower amounts of loans and advances to credit institutions were caused by low interbank activity at year-end. Another driver of the increase in total assets was loans and advances to customers, which increased from €132,334.1 million as of 31 December 2010 by 1.8% to €134,749.5 million as of 31 December 2011. The increase in loans and advances to customers was primarily attributable to increases in Austria and Slovakia, where housing loan volumes increased. Investment securities held within the various categories of financial assets had increased by 10.8% at the end of 2011 mainly due to the need to invest the inflow of deposits and to continue enhancing the liquidity position in preparation of anticipated future liquidity rules under Basel 3. The decrease in intangible assets from €4,674.6 million as of 31 December 2010 by 24.4% to €3,532.0 million as of 31 December 2011 was caused by the impairment of goodwill primarily related to the Hungarian, Romanian and certain Austrian subsidiaries in a total amount of €1,064.6 million.

Total liabilities and equity

In 2012, total liabilities and equity increased by €3,817.7 million, or 1.8%, from €210,006.3 million as of 31 December 2011 to €213,824.0 million as of 31 December 2012. The increase in total liabilities was primarily driven by growth in customer deposits mainly in Austria, the Czech Republic, Slovakia

and Hungary. The increase in total liabilities was partially offset by lower volumes of deposits by banks, which went down from €23,785.3 million as of 31 December 2011 to €21,822.1 million as of 31 December 2012 as a result of lower funding requirements. Debt securities in issue decreased from €30,781.6 million as of 31 December 2011 to €29,427.3 million as of 31 December 2012. The increase in total equity from €15,180.0 million as of 31 December 2011 by 7.6% to €16,338.5 million as of 31 December 2012 was primarily driven by the net profit for the year 2012 as well as by an improvement in the available-for-sale reserve.

In 2011, total liabilities and equity increased by €4,236.3 million, or 2.1%, from €205,770.0 million as of 31 December 2010 to €210,006.3 million as of 31 December 2011. The increase in total liabilities was driven by an 18.0% increase in deposits by banks from €20,153.9 million as of 31 December 2010 to €23,785.3 million as of 31 December 2011 in connection with the LTRO measures of the ECB, under which Erste Group borrowed €3 billion in December 2011. Customer deposits increased by 1.6% from €117,016.3 million as of 31 December 2010 to €118,880.2 million as of 31 December 2011, primarily as a result of increased deposits of corporate customers in Austria. The increase in total liabilities was partially offset by the decrease in total equity from €16,558.0 million as of 31 December 2010 by 8.3% to €15,180.0 million as of 31 December 2011, mainly driven by the net loss reported for 2011 and dividend payments for the financial year 2010.

Liquidity and capital resources

Sources of funding

Erste Group relies principally on a three-pronged approach to funding, which, in order of significance, comprises: (i) customer deposits, (ii) debt securities in issue and (iii) deposits by banks. As of 31 December 2012, these three sources accounted for 82% of total liabilities and equity.

Erste Group's funding and liquidity profile reflects its business model that primarily focuses on the retail and corporate customer business in Austria and Central and Eastern Europe with the main source of funding consisting of customer deposits in an aggregate amount of €123.1 billion and a loan-to-deposit ratio (loans and advances to customers as a percentage of customer deposits) of 107.2%, each as of 31 December 2012.

Erste Group is a leading banking group focused on retail and corporate customers in Austria and Central and Eastern Europe and believes that it has a diversified deposit base across its core markets which creates a relatively stable funding base for its operations. In addition, as of 31 December 2012, Erste Group had a total of €29.4 billion in debt securities in issue outstanding (down from €30.8 billion as of 31 December 2011). Erste Group's third source of funding comes from interbank deposits and other amounts due to credit institutions. As of 31 December 2012 and 31 December 2011, the deposits by banks totalled €21.8 billion and €23.8 billion, respectively.

Customer deposits

As of 31 December 2012, approximately 58% of total assets are funded by customer deposits. Erste Group's customer deposits benefit from a high level of diversification, as more than two thirds originate from retail customers. The overall modelled maturity of demand deposits was approximately five years as of December 2012. Over the past few years, customer deposits proved to be particularly stable despite economic and financial crises. Although weekly volatilities of net deposit cash flows may amount to more than €2.0 billion across Erste Group, at least 95% of demand deposits remained with Erste Group at any point in time.

For the ordinary course of business scenario, the liquidity and interest behaviour of demand deposits is modelled based on statistical analysis using volatility of volume, changes of market rates and changes of the interest paid to customers. The analysis is regularly validated. For stressed scenarios (market stress, idiosyncratic and combined scenarios) additional outflow assumptions for products with defined and undefined maturities are taken into account depending on the nature of the product, the country of origin and the currency denomination. These stressed assumptions are partly based on statistical analysis and expert judgment.

The following table sets out the customer deposits split by clients, currencies, maturity and interest type. In terms of customer composition, retail is dominant, but is complemented by significant positions in the corporate and public sector segments. Customers typically make deposits in local currency, which explains the high share of Euro- and CEE local currency-based deposits. While the majority

of customer deposits are demand deposits, their behavioural maturity typically exceeds their contractual maturities. Almost all customer deposits carry a variable interest rate.

	Domestic 2012	Domestic 2011	Domestic 2010	Abroad 2012	Abroad 2011	Abroad 2010	Total 2012	Total 2011	Total 2010
in €million									
					audited				
Savings deposits	41,931	41,508	41,347	14,358	13,229	12,974	56,289	54,737	54,321
Other deposits									
Public sector.....	985	908	987	3,353	2,814	3,293	4,338	3,722	4,280
Commercial customers...	12,198	12,450	11,118	13,979	12,893	13,072	26,177	25,343	24,190
Private customers ⁽¹⁾	6,024	5,505	5,263	29,525	28,888	28,382	35,549	34,393	33,645
Sundry.....	328	318	279	372	367	301	700	685	580
Total other	19,535	19,181	17,647	47,229	44,962	45,048	66,764	64,143	62,695
Total.....	61,466	60,689	58,994	61,587	58,191	58,022	123,053	118,880	117,016

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, including comparative financial information for the financial year ended 31 December 2010.

(1) Shown as "Other deposits" in the audited consolidated financial statements as of and for the financial year ended 31 December 2012.

While loans are almost fully covered by deposits at the level of Erste Group, the situation varies at the local subsidiary level. Subsidiary banks in several countries, such as the Czech Republic and Slovakia, have loan-to-deposit ratios below 100%, while subsidiary banks in other countries, such as Romania, Hungary and Croatia have loan-to-deposit ratios in excess of 100%. While Hungary and Romania improved their loan-to-deposit ratios since 2008, the deterioration in Croatia, especially since 2010, is almost exclusively due to the integration of Erste Card Club, a credit card company, into the Croatian subsidiary.

Debt securities in issue

Debt securities in issue represent principally long-term funding through the issuance of bonds. The relative share in funding total assets through debt securities in issue remained relatively stable at approximately 14% as of 31 December 2012, underscoring Erste Group's continued strong ability to attract market-based senior unsecured and covered bond funding. Approximately 82% of debt securities in issue had remaining maturities in excess of one year as of 31 December 2012 and one third had remaining maturities in excess of five years. This debt has an aggregate redemption amount of €13.3 billion by the end of 2015, with total redemption amounts of no more than €5 billion annually.

In 1998, Erste Group Bank launched a debt issuance programme (DIP) of up to €30 billion for the issuance of debt instruments in various currencies and with a wide array of available structures and maturities. In 2012, 77 new issues with a total volume of approximately €5.1 billion were issued under the DIP. In addition, in July 2010, a programme to offer bonds to retail customers was implemented. In 2012, 151 new issues with a total volume of approximately €1.2 billion were floated under both programmes. In 2012, issues under both programmes totalling approximately €5.5 billion were redeemed. As of 31 December 2012, approximately €24.1 billion were outstanding under both programmes, thereof approximately €21.0 billion under the DIP corresponding to a DIP utilisation of approximately 70%.

In January 2009, Erste Group Bank established a €6 billion DIP in respect of issues guaranteed by the Republic of Austria pursuant to a framework agreement for bond issues entered into with the Republic of Austria (see "*Description of Erste Group's business—Material contracts—Framework agreement for guaranteed bonds*"). Under this programme, Erste Group Bank has the right to issue bonds with an aggregate volume of €6 billion that will be guaranteed by the Republic of Austria. As of 31 December 2012, Erste Group Bank had issued four series of bonds guaranteed by the Republic of Austria, three series with a total nominal amount of €4.0 billion and one series with a total nominal amount of CHF 75 million. Of these bonds, €1.0 billion remained outstanding at 31 December 2012.

Deposits by banks

Erste Group's reliance on interbank funding or deposits by banks has decreased significantly since 2005, falling from approximately 22% of total assets as of 31 December 2005 to approximately 10% as of 31 December 2012. The increase since 2010 is exclusively related to Erste Group's participation in the ECB's long-term refinancing operation (LTRO) in the total amount of €4.2 billion (€3 billion in 2011 and €1.2 billion in 2012).

Liquidity buffer

The liquidity buffer is the main instrument to cover for unexpected cash outflows arising from the withdrawal of client deposits and disruptions in short-term wholesale funding markets. The liquidity buffer consists of cash, securities and other instruments eligible at central banks for refinancing operations (secured funding). Other instruments include credit claims and unsold own issues. The centralised liquidity management in Erste Group means that local entities keep their liquidity buffer mainly in local (non-Euro) currency while Erste Group Bank is responsible for the foreign currency buffer.

Erste Group keeps investing in the liquidity buffer in order to maintain full coverage of unsecured short-term funding sources, and to be able to comply with internal and external liquidity requirements, especially anticipated liquidity requirements under Basel 3. The coverage of short-term wholesale funding (remaining maturities below one year) by free eligible collateral has been steadily increasing in the last years. As of 31 December 2012, Erste Group held central bank eligible collateral in an aggregate amount of approximately €43 billion. As of 31 December 2012, an amount of approximately €9 billion thereof was encumbered, while an amount of approximately €34 billion was unencumbered.

Cash flow

The following table sets forth the composition of Erste Group Bank's cash flow for the financial years ended 31 December 2012, 2011 and 2010:

in €million	Financial year ended 31 December		
	2012	2011 audited	2010
Cash flow from operating activities	3,962	6,721	320
Cash flow from investing activities	(3,413)	(2,458)	191
Cash flow from financing activities	(215)	(576)	(693)
Cash and cash equivalents ⁽¹⁾ at beginning of period	9,413	5,839	5,996
Cash and cash equivalents ⁽¹⁾ at end of period	9,740	9,413	5,839
Cash flows related to taxes, interest and dividends	5,066	5,329	5,084

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011 with comparative financial information for the financial year ended 31 December 2010.

(1) Cash and cash equivalents are equal to cash in hand and balances held with central banks.

Cash flow from operating activities

Cash flow from operating activities is derived from net profit/loss for the year and adjusted for non-cash items in net profit/loss for the year. Such adjustments include depreciation, amortisation, impairment and reversal of impairment, revaluation of assets, allocation to and release of provisions as well as gains/losses from the sale of assets. Cash flow from operating activities is further adjusted by changes in operating assets and liabilities. Operating assets and liabilities consist of assets and liabilities that are part of Erste Group's normal business activities.

In 2012, the cash inflow from operating activities decreased from €6,721 million in 2011 by €2,759 million to €3,962 million in 2012, mainly due to an increase in loans and advances to credit institutions and a decrease in deposits by banks. In 2011, the cash inflow from operating activities increased from €320 million in 2010 by €6,401 million to €6,721 million in 2011, primarily due to an increase in deposits by banks.

Cash flow from investing activities

Investing activities include acquisitions and divestments of non-current assets, such as property and equipment, as well as intangible and financial assets.

In 2012, the cash outflow from investing activities amounted to €3,413 million due to higher cash outflows for the acquisition of financial assets held to maturity and associated companies (resulting in a net cash outflow amounting to €3,160 million). In 2011, the cash outflow from investing activities was €2,458 million due to higher cash outflows for the acquisition of financial assets held to maturity and associated companies compared to cash inflows resulting from proceeds of disposal of financial assets held to maturity and associated companies (resulting in a net cash outflow amounting to €2,066 million).

Cash flow from financing activities

Financing activities are activities that result in changes in equity and subordinated liabilities, such as the issuance of new shares, the payment of dividends, as well as the issuance or amortisation of subordinated liabilities.

In 2012, the cash outflow from financing activities amounted to €215 million, largely due to dividends paid to equity holders of the parent and non-controlling interests, together amounting to €179 million. In 2011, the cash outflow from financing activities amounted to €576 million, primarily due to such dividend payments in the amount of €441 million.

Cash and cash equivalents

Cash and cash equivalents are equal to cash in hand and balances held with central banks. The yearly development of cash and cash equivalents represents the development of cash flows from operating, investing and financing activities, and the effects of currency translation.

In 2012, cash and cash equivalents increased slightly by €327 million, from €9,413 million at the beginning of the period to €9,740 million at the end of the period. In 2011, cash and cash equivalents increased by €3,574 million, from €5,839 million at the beginning of the period to €9,413 million at the end of the period.

Capital Expenditures

Erste Group frequently works on projects related, *inter alia*, to core banking systems, business intelligence and data warehouse systems, card processing as well as electronic and mobile channels to adapt its customer-facing infrastructure and technologies, such as applications for smartphones and other mobile devices, that aim at improving Erste Group's competitive position by differentiating Erste Group from competitors. In addition, to ensure compliance with regulatory requirements, Erste Group is continuously enhancing technical solutions for strategic projects, such as Basel 3, IFRS 9, Market Risk Management, Liquidity Risk Management, Limit Management and Exposure Reporting and Compliance. See "*Description of Erste Group's business—Information technology*". Such IT project are frequently financed directly from cash flow from operating activities.

Currently, Erste Group is building its new headquarters "Erste Campus" for all entities located in Vienna. Upon completion which is currently planned for 2016, approximately 4,000 employees are expected to use the new office building centrally located in the new district "Quartier Belvedere". See "*Description of Erste Group's business—Land and buildings*". Construction of "Erste Campus" was commenced in 2012 by Erste Group Immorent AG as project developer. While at the unconsolidated level of Erste Group Immorent AG, the project represents an ordinary real estate commercial finance, at the consolidated level of Erste Group Bank, the project is financed from cash flow.

Total equity attributable to owners of the parent and subordinated liabilities

The following table shows the total equity attributable to owners of Erste Group Bank as of 31 December 2012, 2011 and 2010:

in €million	As of 31 December		
	2012	2011 audited	2010
Total equity attributable to owners of the parent			
Subscribed capital	2,547	2,539	2,513
Share capital	790	782	756
Participation capital	1,757	1,757	1,757
Additional paid-in capital	6,472	6,413	6,177
Retained earnings and other reserves	3,836	3,085	4,424
thereof cash flow hedge reserve	41	35	11
thereof available for sale reserve	227	(316)	(278)
thereof currency translation	(555)	(541)	(312)
thereof deferred tax reserve	(4)	77	64
Total equity attributable to owners of the parent	12,855	12,037	13,114

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011 with comparative financial information for the financial year ended 31 December 2010.

Total equity attributable to owners of the parent increased by €818 million, or 6.8%, from €12,037 million as of 31 December 2011 to €12,855 million as of 31 December 2012. This increase was driven primarily by the net profit for the year 2012 as well as an improvement in the available-for-sale reserve.

In 2011, total equity attributable to owners of the parent decreased by €1,077 million or 8.2% to €12,037 million. This decrease was mainly driven by a net loss of €719 million and lower exchange rates of several CEE currencies against the Euro resulting in a decrease in the currency translation reserve of €229 million. Furthermore, total equity attributable to owners of the parent was negatively affected by the decrease in the available for sale reserve in an amount of €38 million in 2011. The net loss of €719 million in 2011 was primarily a result of impairments of goodwill in an amount of €1,065 million.

In 2010, total equity attributable to owners of the parent increased by €740 million or 6.0% to €13,114 million. The increase resulted largely from an increase in retained earnings in 2010. This increase mainly reflects the net profit for 2010 less dividends paid.

The following table shows the subordinated liabilities as of 31 December 2012, 2011 and 2010:

in € million	As of 31 December		
	2012	2011 audited	2010
Subordinated liabilities	5,323	5,783	5,838

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011 with comparative financial information for the financial year ended 31 December 2010.

The following table shows a breakdown of the carrying amount of subordinated liabilities by remaining maturities:

in € million	On demand	Up to 3 months	More than 3 months year and up to 1 year			Greater than 5 years
			Up to 1 year	More than 1 year and up to 5 years	More than 5 years	
Subordinated liabilities as of 31 December 2012 .	0	517	47	1,285	3,474	
Subordinated liabilities as of 31 December 2011 .	0	17	89	573	5,104	
Subordinated liabilities as of 31 December 2010 .	0	66	295	631	4,846	

Source: Internal calculations or information of Erste Group Bank.

Capital adequacy

Erste Group complies with regulatory capital adequacy requirements on the basis of capital ratios under the Banking Act. Erste Group Bank must comply with capital adequacy requirements both on a consolidated and on an individual (non-consolidated) basis. Erste Group applies Basel 2 since 1 January 2007. For more information on the capital adequacy requirements to which Erste Group is subject, see “*The Austrian banking system—Regulation and supervision—Capital adequacy requirements*”.

Total eligible qualifying capital (own funds) are calculated adding up tier-1 capital and qualifying supplementary capital, also called tier-2 capital, plus short-term subordinated capital, also referred to as tier-3 capital less regulatory deductions according to the Banking Act.

The major components of consolidated tier-1 capital are paid-in capital (share capital and participation capital), reserves (disclosed reserves including the liability reserve according to Section 23 (6) Banking Act), non-controlling interests (minority interests), hybrid capital, the differential amount resulting from the consolidation of own capital and participations and the funds for general banking risk, less balance sheet losses and intangible assets. Participation capital issued by Erste Group Bank qualifies as tier-1 capital for Erste Group Bank on an individual basis and for Erste Group on a consolidated basis. Hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act qualifies as tier-1 capital for Erste Group on a consolidated basis (hybrid tier-1-capital is included in tier-1 capital up to an amount corresponding to 50% of total tier-1 capital, within these limits, convertible instruments without fixed maturity up to 100%, non convertible instruments without fixed maturity up to 70% and instru-

ments with an incentive to redeem without a fixed maturity up to 30%). Tier-2 capital consists primarily of qualifying eligible supplementary liabilities, revaluation reserves, qualifying eligible subordinated liabilities and, if available, the IRB surplus according to Basel 2. Short-term subordinated capital, also referred to as tier-3 capital can only be used to meet the capital requirements for the trading book and open foreign exchange currency positions. Deductions according to Section 23 (13) No. 3 Banking Act (deductions of held shares and own-funds components in non-consolidated credit institutions or financial institutions in which a participation of more than 10% is held), Section 23 (13) No. 4 Banking Act (deductions of held shares and own-funds components in credit institutions or financial institutions in which a participation of 10% or less than 10% is held, if the total amount for these deductions exceeds 10% of the sum of tier-1 and tier-2 capital after deductions), 23 (13) No. 4c Banking Act (IRB-shortfall) and 23 (13) No. 4d (calculated exposure amount for securitisation positions which is applied at a weight of 1250%) are deducted by 50% from the tier-1 capital and 50% from the tier-2 capital. The deduction according to Section 23 (13) No. 4a Banking Act (participations and instruments related to such participations pursuant to Article 73b Austrian Insurance Supervision Act (*Versicherungsaufsichtsgesetz—VAG*) held by a credit institution in insurance undertakings, reinsurance undertakings and insurance holding companies) are deducted only from tier-2 capital.

Erste Group also presents core tier-1 capital, which is defined as tier-1 capital excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act.

In order to compute risk-weighted assets and certain off-balance sheet items (together, the “RWA”), Erste Group is using both the standardised approach and the IRB approach. Furthermore, capital requirements for all types of risk in the trading book, for commodities risk and foreign-exchange risk and for the operational risk are calculated.

The standardised approach is used for those assets where permanent partial use is applied. Within the standardised approach the assets are assigned to asset classes and therein into categories of relative credit risk (0%, 10%, 20%, 35%, 50%, 75%, 100% or 150%). The exposure value is reduced by the effects of credit risk mitigation due to collateral. The remaining exposure value is multiplied by the percentage weight applicable to its risk category to arrive at the risk-weighted value. Off-balance sheet items, such as financial guarantees, letters of credit, swaps and other financial derivatives, are included (swaps and other derivatives at their fair values). Then the value is adjusted according to the risk classification of the type of instrument either by 0%, 20%, 50% or 100%. As with on-balance sheet assets, each off-balance sheet item is assigned to a credit risk category depending on the type of counterparty or the debtor and multiplied by the applicable percentage weight.

The following table shows the amount of RWA computed using the IRB and standardised approaches for Austria and the CEE as of 31 December 2012:

In € million	Standardised approach	IRB approach	Total
Group	22,936	67,498	90,434
Austria	8,546	43,174	51,720
CEE	14,390	24,324	38,714

Source: Internal information of Erste Group Bank.

Erste Group has established a regular RWA forecast and active management of RWA that is integral to Erste Group’s Internal Capital Adequacy Assessment Process (“ICAAP”), which is required under Pillar 2 of the Basel framework and aims at assuring capital adequacy and sustainability at all times, see “*Risk management—Group-wide risk and capital management—Overview*”. The forecast is based predominantly on the analysis of foreign exchange effects, effects from Basel 2 parameter recalibrations, as well as portfolio migrations due to re-ratings and pure volume changes as a consequence of developments in the business.

Erste Group member banks are currently applying or plan to apply the IRB approach beginning at various times (see “*Risk management—Credit risk—Regulatory capital requirement for credit risk—Basel 2*”). In addition, Erste Group has undertaken an initiative to improve processes, methodologies and data quality to optimise RWA in its existing portfolio.

For assets where an internal rating is available, Erste Group is using the Internal Ratings Based Approach. The risk weight of an exposure depends on the “probability of default” (“PD”), the “loss given default” (“LGD”) and the maturity of an exposure (except for retail exposures where the maturity is not considered for the risk weight calculation and LGD and the credit conversion factor (“CCF”) is estimated internally). The PD is a result of the rating. The LGD is per default 45% for senior exposures

and 65% for subordinated exposures. For the Basel 2 asset classes Corporate, Sovereign and Financial Institutions, the maturity of the exposure is per default 0.5 years for repurchase transactions, for securities or commodities lending and for borrowing transactions, 2.5 years for all other exposures.

The risk-weighted assets are calculated by multiplying the exposure value after the effects of credit risk mitigation with the risk weight resulting from the parameters PD, LGD and maturity.

Erste Group received regulatory approval to use the AMA (Advanced Measurement Approach) at group level for calculation of the regulatory capital charge for following entities: (i) Erste Group Bank AG (approval granted in 2009), (ii) Erste Bank der oesterreichischen Sparkassen AG (approval granted in 2009), (iii) Česká spořitelna a.s. (approval granted in 2009), (iv) Slovenská sporiteľňa a.s. (approval granted in 2009), (v) Erste Bank Hungary Zrt. (approval granted in 2009), (vi) Banca Comercială Română (approval granted in 2010), (vii) Erste & Steiermärkische Bank d.d (approval granted in 2010), (viii) Erste Leasing Group Hungary (approval granted in 2010), (ix) Bausparkasse der österreichischen Sparkassen AG (approval granted in 2011), (x) Stavebni sporitelna Ceske sporitelny, a.s. (approval granted in 2011), (xi) Steiermärkische Sparkasse Bank AG (approval granted in 2012), (xii) Kärntner Sparkasse Aktiengesellschaft (approval granted in 2012), (xiii) Salzburger Sparkasse Bank AG (approval granted in 2012), (xiv) Tiroler Sparkasse Bankaktiengesellschaft Innsbruck (approval granted in 2012) and (xv) Brokerjet Bank AG (approval granted in 2012). Additionally, the entities listed as (i) through (x) above received approval for the use of insurance contracts for the mitigation in the AMA pursuant to Section 22 (1) Austrian Banking Act.

The regulatory capital, calculated by using the AMA, is not reduced by the expected loss and no correlation effects are considered. For other entities in Erste Group the basic indicator approach ("BIA") is used (the capital charge is computed by multiplying the three-year average of the operating income by 15%).

The following table shows the components of Erste Group's total eligible qualifying capital, the capital requirement and regulatory capital ratios under the Banking Act. The scope of consolidation for accounting purposes in accordance with IFRS and for regulatory purposes are not identical with differences in relation to *de minimis* entities, non-financial companies and insurance companies which are not fully consolidated for regulatory purposes. Therefore, the components of the regulatory equity deviate from those of the equity prepared on the basis of IFRS. In the first quarter of 2013, Erste Group will calculate consolidated regulatory capital and consolidated regulatory capital requirements for the very first time based on IFRS. Based on pro-forma figures as of year-end 2012 no significant impact on regulatory core capital and regulatory capital ratios is expected from the first-time application of IFRS.

in €million, unless otherwise indicated	As of 31 December		
	2012	2011 audited	2010
Subscribed capital.....	2,553	2,545	2,520
Share capital.....	789	781	756
Participation capital.....	1,764	1,764	1,764
Reserves.....	9,320	9,181	8,944
Deduction of Erste Group Bank shares held within the Group.....	(632)	(627)	(758)
Consolidation difference.....	(2,205)	(3,074)	(2,437)
Non-controlling interests (excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act).....	3,438	3,322	3,430
Intangible assets.....	(507)	(505)	(500)
50% deduction for non-consolidated credit and financial institutions pursuant to Section 23 (13) 3 and 4 Banking Act.....	(107)	(125)	(153)
50% deduction of IRB-shortfall pursuant to Section 23 (13) 4c Banking Act.....	0	0	0
50% deduction of securitisations pursuant to Section 23 (13) 4d Banking Act.....	(12)	(36)	(27)
Additional deduction for instruments measured at fair value pursuant to Section 23 (13) 4e Banking Act.....	0	0	0
Core tier-1.....	11,848	10,681	11,019

	As of 31 December		
	2012	2011 audited	2010
in € million, unless otherwise indicated			
Hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act.....	375	1,228	1,200
Tier-1 capital	12,223	11,909	12,219
Eligible subordinated liabilities	4,055	4,018	3,909
Revaluation reserve	0	0	0
Excess risk provisions.....	19	397	74
Qualifying supplementary capital (Tier-2)	4,074	4,415	3,983
50% deduction for non-consolidated credit and financial institutions pursuant to Section 23 (13) 3 and 4 Banking Act.....	(107)	(125)	(153)
50% deduction of IRB-shortfall pursuant to Section 23 (13) 4c Banking Act	0	0	0
50% deduction of securitisations pursuant to Section 23 (13) 4d Banking Act	(12)	(36)	(27)
100% deductions of holdings in insurances pursuant to Section 23 (13) 4a Banking Act.....	(164)	(162)	(176)
Short-term subordinated capital (Tier- 3)	297	414	374
Total eligible qualifying capital	16,311	16,415	16,220
Capital requirement.....	8,426	9,122	9,587
Surplus capital.....	7,885	7,293	6,633
Cover ratio (in %)	193.6	179.9	169.2
Core tier-1 ratio—total risk (in %) ⁽¹⁾	11.2	9.4	9.2
Tier-1 ratio—total risk (in %) ⁽²⁾	11.6	10.4	10.2
Solvency ratio (in %) ⁽³⁾	15.5	14.4	13.5

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011 with comparative financial information for the financial year ended 31 December 2010.

- (1) Core tier-1 ratio—total risk is the ratio of core tier-1 capital (excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (2) Tier-1 ratio—total risk is the ratio of tier-1 capital (including hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (3) Solvency ratio is the ratio of total eligible 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 is shown below:

	As of 31 December					
	2012		2011		2010	
in € million	Calculation base/total risk ⁽¹⁾	Capital require- ment ⁽²⁾	Calculation base/total risk ⁽¹⁾	Capital require- ment ⁽²⁾	Calculation base/total risk ⁽¹⁾	Capital require- ment ⁽²⁾
	audited					
Risk pursuant to Section 22 (1) 1 Banking Act ⁽³⁾	90,434	7,235	97,630	7,811	103,950	8,316
a) Standardised approach.....	22,936	1,835	26,461	2,117	27,412	2,193
b) Internal ratings based approach	67,498	5,400	71,169	5,694	76,538	6,123
Risk pursuant to Section 22 (1) 2 Banking Act ⁽⁴⁾	3,583	287	5,060	405	4,668	373
Risk pursuant to Section 22 (1) 3 Banking Act ⁽⁵⁾	131	10	119	9	11	1
Risk pursuant to Section 22 (1) 4 Banking Act ⁽⁶⁾	11,175	894	11,210	897	11,215	897
Total	105,323	8,426	114,019	9,122	119,844	9,587

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011, including comparative financial information for the financial year ended 31 December 2010.

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

Development in 2012

Core tier-1 capital

Core tier-1 capital increased in 2012 by an amount of €1,167 million. The increase against 2011 mainly resulted from the net impact of accumulated results with an amount of €370 million at year end 2012 and increase of retained earnings due to full recognition of collateral for defaulted loans in Romania in an amount of approximately €700 million within the first quarter of 2012.

Positive developments of exchange rates in currencies throughout Central and Eastern Europe against the Euro resulted in an increase in core tier-1 capital by €57 million.

Regulatory deduction for holdings in non-consolidated credit and financial institutions pursuant to Section 23 (13) 3 and 4 Banking Act decreased by €18 million and deduction for securitisations pursuant to Section 23 (13) 4e Banking Act decreased by €24 million.

Hybrid tier-1 capital

In the first half year of 2012, Erste Group bought back hybrid tier-1 capital instruments. Due to this buyback programme of Erste Group hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act decreased by €853 million in 2012.

Tier-2 capital

Eligible subordinated liabilities increased in 2012 by an amount of €37 million. New issues in a total amount of €958 million, mainly subordinated capital, increased eligible tier-2 capital while changes within remaining maturities decreased the eligibility by a total amount of €496 million and the buyback of subordinated tier-2 capital in an amount of €425 million decreased the eligible amount of the tier-2 capital.

In 2012, excess risk provisions decreased by €378 million from €397 million as of 31 December 2011 to €19 million as of 31 December 2012 mainly due to implementation of a new ELBE model for Austria and a new LGD model in all countries in August, which led to an EL increase especially in the Savings Banks and Erste Bank Hungary subsegments.

Development in 2011

Core tier-1 capital

In 2011, core tier-1 capital decreased by €338 million. In 2011, Erste Group increased its participation in BCR from 69.4% to 89.9% through the acquisition of shares from holders of non-controlling interests. €373 million was paid to holders of the non-controlling interests as consideration for acquisition of a total 13.7% of the voting shares in BCR. In addition, a put option was provided to the holders of non-controlling interests. Consideration of €88 million was settled in cash and €256 million was settled by issuance of Erste Group Bank shares. The contractual consideration for the put option in the amount of €29 million was settled in cash. The carrying amount for the additional acquired shares was €433 million. The €60 million difference between the costs of acquisition and the carrying amount for the additional acquired shares was recognised in equity among retained earnings. The purchase price of €373 million increased the carrying amount that is deducted from core tier-1 capital for purposes of calculating the consolidation difference and therefore decreased the core tier-1 capital. Erste Group Bank issued new shares in exchange for shares in BCR and therefore paid-in capital and share premium of Erste Group Bank increased by €256 million. The net impact of the increase of the participation in BCR therefore amounted to a decrease of core tier-1 capital by €84 million.

Negative developments of exchange rates in currencies throughout Central and Eastern Europe against the Euro resulted in a decrease in core tier-1 capital by €117 million. The net impact of accumulated year-end results and the release of retained earnings due to negative results on core tier-1 capital amounted to negative €200 million.

The major positive impact was a decrease in deductions due to a repayment of loans from Erste Stiftung to savings banks, that are required to be deducted from core tier-1 capital.

Hybrid tier-1 capital

Hybrid tier-1 capital increased by €28 million in 2011 due to the positive exchange rate developments of the Japanese yen and British pound against the Euro.

Tier-2 capital

Eligible subordinated liabilities increased by an amount of €109 million in 2011. New issues in a total amount of €414 million, mainly subordinated capital, increased eligible tier-2 capital while changes within remaining maturities decreased the eligibility by a total amount of €307 million.

The IRB surplus (excess risk provisions) increased by €323 million from €74 million as of 31 December 2010 to €397 million as of 31 December 2011 primarily due to allocation of risk provisions, mainly in Erste Bank Hungary, which is the main reason for the increase in tier-2 capital in 2011.

Development in 2010

Core tier-1 capital

As of 31 December 2010, core tier-1 capital after deductions amounted to €11,019 million. The increase against 2009 mainly resulted from an allocation to reserves in a total amount of €743 million out of net profit for the year. In 2010, the IRB shortfall turned into a surplus. Therefore, a deduction pursuant to Section 23 (13) No. 4c Banking Act decreased by €30 million against the amount as of 31 December 2009 recorded in the consolidated financial statements as of and for the financial year ended 31 December 2010.

Hybrid tier-1 capital

As of 31 December 2010, hybrid tier-1 capital amounted to €1,200 million, mainly due to newly issued hybrid tier-1 capital of Erste Group Bank (€18 million) and positive exchange rate developments in hybrid tier-1 capital denominated in Japanese yen and British pound.

Tier-2 capital

In 2010, eligible subordinated liabilities decreased by an amount of €250 million against the amount as of 31 December 2009 recorded in the consolidated financial statements as of and for the financial year ended 31 December 2010, mainly due to changes within remaining maturities (negative €159 million), early redemptions (negative €347 million) which were partially off set by new issues of subordinated capital that increased eligible subordinated capital by a total of €252 million.

Off-balance sheet transactions

In the normal course of its business, Erste Group engages in a variety of financial transactions that either are not recorded on the balance sheet or are recorded on the balance sheet in amounts that differ from the full contract or notional amounts. These transactions involve varying elements of market, credit and liquidity risk and include off-balance sheet guarantees and undrawn credit and loan commitments.

The following table shows a summary of Erste Group's off-balance sheet exposures as of 31 December 2010, 2011 and 2012:

in € million	As of 31 December		
	2012	2011 audited	2010
Financial guarantees	6,363	6,920	7,826
Irrevocable commitments	14,415	18,579	19,445
Total	20,779	25,499	27,271

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011 with comparative financial information for the financial year ended 31 December 2010.

Financial guarantees are contracts that contingently require Erste Group to make payments to a guaranteed party if that party incurs a loss because a specified debtor fails to make a payment. Erste Group's guarantees and warranties are generally in the form of standby letters of credit and liquidity

obligations. The amount of financial guarantees decreased by €906 million between 2010 and 2011 and decreased further by €557 million between 2011 and 2012.

Irrevocable commitments are unused credit lines that have been granted to customers and that are recorded as commitments. They represent externally committed credit lines which could be used by customers but which have not yet been called.

For further information on these obligations, see “*Risk Management—Credit risk—Contingent credit liabilities by product*” and “*Risk Management—Liquidity risk—Analysis of liquidity risk—Financial liabilities*”.

Working capital statement

Erste Group Bank is of the opinion that the working capital available for Erste Group is sufficient for its present requirements, that is for at least a period of twelve months from the date of the publication of this Prospectus.

Recent developments

There have been no material developments since 31 December 2012.

Description of Erste Group's business

Overview

Erste Group is a leading banking group focused on retail and corporate customers in Austria and Central and Eastern Europe ("CEE"). Erste Group offers its customers a broad range of services that, depending on the particular market, includes deposit and current account products, mortgage and consumer finance, investment and working capital finance, private banking, investment banking, asset management, project finance, international trade finance, trading, leasing and factoring. Erste Group is among the leading banking groups in Austria, the Czech Republic, Romania and Slovakia by assets, total loans and total deposits, and has significant operations in Hungary, Croatia and Serbia. It serves approximately 17 million customers across Austria and its core CEE markets. Erste Group Bank is also the lead bank of the Austrian Savings Banks Sector. As of 31 December 2012, Erste Group had €213.8 billion in total assets and €16.3 billion in total equity and generated €3,472.8 million in operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) and €631.0 million in net profit for the year ended 31 December 2012. As of the same date, Erste Group had total participation capital of €1,756.6 million.

The legal predecessor of Erste Group Bank was established in 1819 as an association savings bank (*Vereinsparkasse*) under the name "Verein der Ersten österreichischen Spar-Casse" and, as the name suggests, was the first savings bank in Austria ("*erste*" means "first" in German). It was subsequently renamed "DIE ERSTE österreichische Spar-Casse—Bank" and transferred its banking business into a stock corporation with the name "DIE ERSTE österreichische Spar-Casse Bank Aktiengesellschaft" ("Die Erste") in 1993. Die Erste changed its name to "Erste Bank der oesterreichischen Sparkassen AG" in October 1997, following the merger of GiroCredit Bank Aktiengesellschaft der Sparkassen ("GiroCredit") and Die Erste, which resulted in the creation of the then second largest banking group in Austria. In August 2008, the Austrian retail and SME banking activities of Erste Group Bank were de-merged and continued to operate under the name Erste Bank der oesterreichischen Sparkassen AG ("Erste Bank Oesterreich"), while the parent company changed its name to Erste Group Bank AG. Erste Group Bank operates as the parent company and remains the sole company of Erste Group listed on a stock exchange in the EEA.

"Erste Group" consists of Erste Group Bank, together with its subsidiaries and participations, including Erste Bank Oesterreich in Austria, Česká spořitelna in the Czech Republic, Banca Comercială Română in Romania, Slovenská sporiteľňa in Slovakia, Erste Bank Hungary in Hungary, Erste Bank Croatia in Croatia, Erste Bank Serbia in Serbia, Erste Bank Ukraine in the Ukraine and, in Austria, Salzburger Sparkasse, Tiroler Sparkasse, s-Bausparkasse, other savings banks of the *Haftungsverbund* (see "*—Haftungsverbund*"), Immorent, and others. In December 2012, Erste Group entered into an agreement to sell Erste Bank Ukraine to the shareholders of Fidobank. The closing of this transaction is subject to several conditions, including regulatory approvals, and is expected to occur by the end of the second quarter of 2013.

Erste Group had 49,381 employees (full-time equivalents) worldwide as of 31 December 2012 (of which 1,476 (full-time equivalents) were employed by Erste Group Bank).

Competitive strengths

Erste Group believes that its business is characterized by the following competitive strengths:

Leading market positions in retail and corporate banking. Erste Group is a market leader in retail banking in Austria and a number of CEE countries. As of 31 December 2012, it had a retail market share, in terms of retail loans and retail deposits by volume, of approximately 19.0% and 18.4% in Austria (source: OeNB), approximately 23.7%, 26.5% and 18.3% in retail loans and 27.7%, 25.7% and 20.4% in retail deposits in key EU member states in Central and Eastern Europe, such as the Czech Republic, Slovakia and Romania (sources: CNB, NBS and NBR), and approximately 14.3% and 14.0% in retail loans and 8.3% and 13.0% in retail deposits in Hungary and Croatia (sources: NBH and CrNB). As of the same date, Erste Group had a corporate banking market share, in terms of corporate loans and corporate deposits by volume, of approximately 16.7% and 20.2% in Austria (source: OeNB), approximately 19.3%, 10.9% and 23.2% in corporate loans and 10.5%, 9.7% and 14.1% in corporate deposits in key EU member states in Central and Eastern Europe, such as the Czech Republic, Slovakia and Romania (sources: CNB, NBS and NBR), and approximately 7.6% and

15.9% in corporate loans and 6.5% and 11.8% in corporate deposits in Hungary and Croatia (sources: NBH and CrNB). Erste Group pursues a focused regional market approach in all of the markets in which it operates, and its strong market positions allow it to act as a local currency liquidity provider in nearly all of those markets. Overall, Erste Group serves approximately 17 million customers, more than 90% of whom live in the EU, through a region-wide network of approximately 3,100 branches and a number of alternative, mainly digital distribution channels, including internet and mobile banking.

Proven and resilient business model. Erste Group pursues a proven and balanced business model focused on providing banking services on a sustainable basis to private individuals, businesses and the public sector in Austria and the Eastern part of the European Union, including countries expected to join the European Union. The resilience of its business model is, among other ways, reflected in its history of profitable operating performance through economic cycles, which has enabled Erste Group to absorb higher risk costs in difficult economic environments. Erste Group believes that the sustainability of its business model is further reflected in its ability to fund customer loans almost entirely by customer deposits, with most of the customer deposits being retail deposits. Erste Group's loan-to-deposit-ratio (loans and advances to customers as a percentage of customer deposits) amounted to 107.2% as of 31 December 2012 compared to 113.3% and 113.1% as of 31 December 2011 and 2010, respectively.

Active in geographic markets with comparably low levels of GDP and banking penetration. Erste Group offers retail and corporate banking services in a region of approximately 65 million inhabitants (Austria, Czech Republic, Slovakia, Hungary, Romania, Hungary, Croatia and Serbia), the majority of whom live in countries with comparably low levels of GDP and banking penetration. Erste Group expects the demand for both basic banking services and more sophisticated banking products, such as wealth and asset management services, to increase over time, offering opportunities for organic growth in the future. In addition, Erste Group also expects to benefit from cross-selling opportunities among its existing customer base. In countries like the Czech Republic, Romania, Hungary and Slovakia, GDP per capita in 2012 ranged from €6,150 in Romania to €14,500 in the Czech Republic (source: Eurostat), and the ratio of total assets to GDP in 2012 ranged from 62.4% in Romania to 124.0% in the Czech Republic (sources: Eurostat and Czech Statistical Office). Similarly, the size of an average mortgage, home equity loan or unsecured consumer loan is relatively low compared to the EU average.

Recognised and trusted brand. Erste Group Bank was established as the first Austrian savings bank in 1819, and the "Erste" name has become a recognised brand in all of Erste Group's core markets. The founders aimed to bring affordable banking services to wide sections of the population. This goal is, in Erste Group's view, just as valid today as it was some 190 years ago, and since then, Erste Group has continued this tradition. Erste Group believes that its business is strongly supported by the brand name recognition of its banking operations in Austria and CEE and that its brand names are among the most recognised and trusted in those markets. Furthermore, Erste Group believes that this was a reason why during times of financial market distress in recent years, customers deposited additional funds with Erste Group on an aggregate basis rather than withdrawing funds.

Strategy

Erste Group's aims to strengthen its market position in its core markets through the following strategies while maintaining its focus on strict cost management:

Sharpen geographic focus on Austria and the Eastern part of the European Union. Erste Group's geographic focus in its retail and corporate banking business is aimed at its core markets located in Austria and the Eastern part of the European Union and countries expected to join the European Union. Erste Group intends to continue to strengthen its focus on this region, including in potential new markets in the Eastern part of the European Union, such as Poland, while reducing the breadth of its service offerings in locations beyond these countries, such as the Ukraine. In particular, Erste Group intends to focus on the following elements:

- **Local customer lending funded by local deposits.** Together with a broader offering of local savings and pension products, Erste Group is working to promote self-funding from local deposits in order to achieve a balance between deposits and loans across currencies and geographies in those core markets where such self-funding from local deposits not already occurs. Erste Group's focus on sustainability means that going forward, among other things, it will lim-

it foreign currency loans to customers who have corresponding foreign currency income or who are appropriately hedged against currency volatility by other instruments.

- *Strengthening corporate banking relationships.* Erste Group strives to strengthen its relationships with its large local and international corporate and SME banking customers. Erste Group's aim is for its corporate customers to choose it as their principal bank and regard Erste Group as their first and primary point of contact for all of their banking needs. To cater to their different requirements, SMEs and local corporate customers are served locally in branches or separate commercial centres while large corporate customers are serviced by Group Corporate and Investment Banking. Erste Group plans to expand its advisory services, with a focus on supporting its corporate customers in capital markets transactions and complementing the financing activities in the real estate business.

Continue to focus on customer business in core region. The basis of Erste Group's banking operations is its customer business in Central and Eastern Europe, and while its geographic focus is on Austria and the Eastern part of the European Union and countries expected to join the European Union, Erste Group aims to expand its capital markets and interbank activities as well as its public sector business to be able to meet its customers' needs as effectively as possible.

- *Capital markets' activities tailored to customers' needs.* Erste Group intends to tailor its capital markets business to the specific needs of its retail and corporate customers as well as government entities and financial institutions to which it provides capital markets services. This includes providing customers with professional access to capital markets and support for their trading activities. Erste Group's capital market activities for retail and corporate customers are intended to concentrate on key markets such as Austria, the Czech Republic, Slovakia, Romania, Hungary and Croatia. For its institutional clients, Erste Group intends to offer further support by designated teams of specialists in Germany, Poland, Turkey, Hong Kong and London for a selected range of products. Helping to develop more efficient capital markets in certain of the countries where Erste Group operates is an important strategic objective, particularly against the background of new regulatory guidelines which require local funding of the banking business.
- *Balanced approach to growth of public sector business.* Transport and energy infrastructure and municipal services remain prerequisites for sustainable economic growth in the regions in which Erste Group is active. Therefore, Erste Group intends to further support its municipal, regional and sovereign public sector customers in their infrastructure, development and project financing as well as capital markets transactions. In the future, Erste Group aims to bundle its resources in its core markets and to continue to focus on investments in sovereign bonds issued by Austria and countries in Central and Eastern Europe. In that way, Erste Group intends to follow a balanced approach to growing its public sector business while focusing on infrastructure development and job creation in its core markets.
- *Interbank business focussed on banks in core markets.* Erste Group's interbank business aims to play an integral role in meeting the liquidity needs of Erste Group's customers. With its focus on banks that operate in Erste Group's core markets, bank exposures will in the future only be held for liquidity or balance sheet management purposes or to directly support Erste Group's customer business.

Relationship with Austrian Savings Banks

The Savings Banks Sector comprises all savings banks in Austria except for Unicredit Bank Austria AG ("Bank Austria"), which is legally organised as a savings bank and participates in the savings banks deposit insurance system. The Sparkassen-Prüfungsverband, Vienna, is the statutory auditor of the savings banks.

The Banking Act requires savings banks to maintain with Erste Group Bank, as the central financial institution of the savings bank group, a specified amount of their savings deposits and other Euro deposits ("Liquidity Reserve"). Despite a legal change by the European Commission that permits the savings banks to keep their Liquidity Reserves with banks other than the relevant central financial institution, as of 31 December 2012, Erste Group Bank was a net liquidity provider to the savings banks on a consolidated basis.

Erste Group Bank provides a wide range of services and products to the savings banks and their customers. These services and products include syndication services, risk management advice, support

in legal matters, retail mortgage, investment fund products, portfolio and asset management services, as well as securities-related services and a common IT platform and a common management reporting system.

Haftungsverbund

In 2002, the *Haftungsverbund* was formed pursuant to the *Grundsatzvereinbarung* among the majority of the member banks in the Austrian Savings Banks Sector. The *Haftungsverbund*, as an integral part of the joint marketing strategy and co-operation of the Savings Banks Sector, is based on three pillars:

- A uniform business and market policy, including, *inter alia*, joint product development and centralisation of processing functions, a uniform risk policy (including standardised credit risk classification), coordinated liquidity management and common standards of control;
- a joint early-warning system designed to identify financial difficulties at member savings banks at an early stage, which also provides support mechanisms, including intervention in management to prevent such member savings banks from becoming insolvent; and
- a cross-guarantee for certain liabilities of member savings banks.

In 2007 and 2008, Erste Group Bank entered into further agreements, including the supplementary agreement (*Zusatzvereinbarung*), with all members of the Savings Banks Sector (except for Allgemeine Sparkasse Oberösterreich). These agreements confer on Erste Group Bank, on a contractual basis, the possibility to exercise a controlling influence over these savings banks. They were approved by the Austrian competition authority as mergers (*Zusammenschluss*) within the meaning of the EU Merger Regulation and the Austrian Cartel Act (*Kartellgesetz*). These mergers are designed to further strengthen the group's unity and performance, in particular by taking a joint approach in the development of common management information and control systems and integration of central functions. The Steering Company participates, *inter alia*, in appointing members of the management board, approves the annual budget and investment plans and approves the general business policy principles of the shareholders.

Pursuant to the *Haftungsverbund* agreements and supplementary agreements, Haftungsverbund GmbH ("Steering Company") is vested with the power to set the common risk policies of its members and to monitor and enforce adherence to these policies. The 49 Austrian savings banks (including Erste Group Bank and Erste Bank Oesterreich but excluding Allgemeine Sparkasse Oberösterreich) that are part of the *Haftungsverbund* hold the entire share capital of the Steering Company. Erste Group Bank effectively controls the Steering Company through its 63.5% interest (held directly or indirectly through its wholly-owned subsidiary Erste Bank Oesterreich and several Austrian savings banks in which Erste Bank Oesterreich holds majority interests) in the share capital and nomination rights for the board of managing directors (*Geschäftsführung*). The Steering Company is responsible for resolving on measures to support member savings banks in financial difficulties, to make, as a trustee of the *Haftungsverbund*, compensation payments to customers, and to enforce certain information and control rights *vis-à-vis* member savings banks. In addition to the provisions of the *Haftungsverbund* agreements and the *Zusatzvereinbarung*, activities of the *Haftungsverbund* are also governed by several rule books setting forth detailed provisions in the fields of risk management, treasury, internal control and audit.

The Steering Company has four corporate bodies: the board of managing directors (*Geschäftsführung*), the advisory board (*Beirat*), the shareholders' committee (*Gesellschafterausschuss*), and the shareholders' meeting (*Gesellschafterversammlung*). The board of managing directors comprises four managing directors, two of whom are nominated by Erste Bank Oesterreich and two of whom are nominated by the other member savings banks. The chairman of the board of managing directors, who is nominated by Erste Bank Oesterreich, casts the deciding vote in the event of a deadlock. The shareholders' committee consists of fifteen members, eight of whom are nominated by Erste Bank Oesterreich and seven of whom are nominated by the member savings banks. The shareholders' committee is primarily responsible for advising and assisting the savings banks with regard to questions concerning the application of the *Zusatzvereinbarung* and for providing mediation in the event of disputes concerning the *Zusatzvereinbarung* that arise between the Steering Company and the shareholders or among the shareholders. In order to implement joint business and marketing strategies, working committees for various fields have been established, such as internal audits, accounting, infrastructure and risk management. The chairperson of each working committee is an employee of Erste Group Bank or Erste Bank Oesterreich.

The *Haftungsverbund* is designed to enable a common risk management approach and implementation across the Savings Banks Sector. This includes establishing general principles of business conduct, the determination of risk capacity for each member savings bank and the setting of risk limits. The Steering Company's governance rights include the following: prior approval by the Steering Company of appointments to the management boards of member savings banks; prior approval by the Steering Company of annual budgets and capital expenditure plans; prior approval of significant changes of a member savings bank's business; and, in the event of continuing non-compliance with material provisions of the *Haftungsverbund* agreements and policies, expulsion from the *Haftungsverbund*.

The member savings banks share an IT platform and a common management reporting system. This allows the Steering Company to generate comprehensive reports regarding the operations and financial condition of each member savings bank, data regarding key performance indicators as well as risk profiles on both an individual savings bank and an aggregate basis. Depending on the information being collected, these analyses are performed on a quarterly, monthly and even daily basis.

A key focus of the *Haftungsverbund* is the early warning system. If the risk monitoring systems indicate that a member savings bank could experience financial difficulties, the Steering Company will alert this member savings bank and discuss remedial measures. To date, the *Haftungsverbund* has been able to deal with situations of concern through the early warning system.

If a member encounters financial difficulties, the Steering Company has the power to intervene in the management of the affected member savings bank and to require other member savings banks to provide such support and assistance as the Steering Company determines. Financial difficulties are deemed to exist in the following scenarios: (i) if the core capital ratio (as defined in the Banking Act) drops below 5% or the solvency ratio (as defined in the Banking Act) falls below 8.5% for the prior three months, (ii) if there is a material annual loss before tax and reserves which should be classified as sustainable, (iii) if a 20% drop in managed customers' funds occurs compared to the respective monthly period of the preceding year or if such funds have, compared to the two preceding years, decreased to an extent that indicates a material and lasting loss of market share or (iv) if the return on equity in the preceding financial year is below the average of twelve months' EURIBOR over the preceding three full financial years. The Steering Company may order and implement support measures in the event that a member savings bank experiences financial difficulties. Such support measures include, *inter alia*, the implementation of certain restructuring measures, the engagement of outside advisors, injections of liquidity, the granting of subordinated loans, the assumption of guarantees, and the contribution of equity. In providing any such support measures, the Steering Company may require that the management board of a member savings bank in financial difficulties is supplemented by additional members until the financial difficulties have been resolved or that individual members of the management board of such member savings bank be removed and substituted.

In the event that a member savings bank becomes insolvent, the other members guarantee, through the Steering Company, the payment of all amounts owed to customers by the insolvent member, including:

- all deposits (as defined in Section 1 (1) No. 1 Banking Act);
- all monetary claims based on credit balances resulting from funds left in an account or from temporary positions in the course of banking transactions and repayable according to the applicable legal and contractual provisions; and
- all monetary claims from the issuance of securities,

unless the relevant amounts are owed to a credit institution. This guarantee is also subject to the cumulative limit on members' obligations.

Each of the member savings bank has made a commitment to contribute funds up to a maximum cumulative amount of 1.5% of the member's risk-weighted assets, determined on a non-consolidated basis and based on the most recently approved financial statements of the member, plus 75% of the member's anticipated pre-tax profits for the current financial year in the event of insolvency of a member savings bank. In the event of assistance, any individual member of the *Haftungsverbund* is only obliged to contribute to the extent that such contribution does not result in a violation of the regulatory requirements applicable to that member of the *Haftungsverbund*.

Each member savings bank has a right to terminate the *Grundsatzvereinbarung* and the supplementary agreements if it notifies Erste Group Bank within a period of twelve weeks after the occurrence of

a change of control at Erste Group Bank. A change of control at Erste Group Bank is defined as any acquisition of more than 25% of the voting rights in or outstanding shares of Erste Group Bank by a non-member of the Savings Bank Sector. If a termination of the *Grundsatzvereinbarung* and the *Zusatzvereinbarung* becomes effective, the relevant member savings bank would cease to be a member of the *Haftungsverbund*.

Erste Group's consolidated financial statements as of and for the fiscal years ended 31 December 2012 comprise all members of the Savings Banks Sector. In May 2010, Erste Bank Oesterreich and Allgemeine Sparkasse Oberösterreich entered into a separate cross-guarantee agreement.

In light of IFRS 10 that will be effective for financial years beginning 1 January 2014, Erste Group Bank, in order to continue the consolidation of the savings banks, may be required to strengthen the power in the provisions of the agreement governing the *Haftungsverbund*. Moreover, future consolidation of the savings banks will be influenced by an internal decision with respect to developments in the regulatory environment, namely whether non-controlling interests will be considered as part of the own funds.

Erste Group's Segments

Following the reporting structure of Erste Group, the segment report is divided into four segments: Retail & SME, Group Corporate & Investment Banking, Group Markets, and Corporate Center.

The Retail & SME segment is divided into two regions – Austria and CEE – each of which is split into subsegments. The Austrian region is subdivided into the Erste Bank Oesterreich subsegment (including its subsidiaries and majority-owned savings banks) and the Austrian savings banks subsegment (comprised of the other savings banks consolidated under the *Haftungsverbund* agreement). The CEE region is subdivided into subsegments according to the major subsidiaries operating in the respective CEE country. These subsegments include: Banca Comercială Română (Romania), Česká spořitelna (Czech Republic), Slovenská spořitel'ňa (Slovakia), Erste Bank Hungary (Hungary), Erste Bank Croatia (Croatia), Erste Bank Serbia (Serbia), and Erste Bank Ukraine (Ukraine). In December 2012, Erste Group entered into an agreement to sell Erste Bank Ukraine to the shareholders of Fidobank. The closing of this transaction is subject to several conditions, including regulatory approvals, and is expected to occur by the end of the second quarter of 2013. These subsegments comprise the local corporate (SME) and retail and private banking business activities in the respective countries.

The Group Corporate & Investment Banking (GCIB) segment includes all large corporate customers in Erste Group's markets with annual revenues in excess of €175 million. This threshold is adjusted for Erste Group's CEE markets to reflect lower GDP per capita levels in the CEE countries. It also includes the International Business (excluding treasury operations), the real estate business (including the leasing subsidiary Immorent) and the investment banking activities (including equity capital markets).

The Group Markets segment includes Erste Group's Group Treasury business and the Capital Markets business (which includes all capital markets activities except for equity capital markets).

The Corporate Center segment includes group functions and services such as marketing, organisation and information technology, as well as other departments supporting the execution of Erste Group's strategy. Consolidation effects and certain non-operating items are also recorded under this segment. In addition, the balance sheet management unit of Erste Group Bank is included in the Corporate Center segment. The results of the local asset/liability management units, however, remain with the respective local businesses.

Retail & SME

The Retail & SME segment includes business with private individuals and SME in the Austria and CEE regions. The Austria region is further subdivided into the Erste Bank Oesterreich subsegment and the savings banks subsegment. The CEE region is sub-divided into the Czech Republic, Romania, Slovakia, Hungary, Croatia, Serbia and Ukraine subsegments.

Erste Group's Retail and SME Business in Austria

Erste Bank Oesterreich, together with the Savings Banks, forms one of the largest banking groups in Austria. In the core business areas, *i.e.*, deposits and lending, emphasis is on private and local corpo-

rate customers and public authorities. 3.2 million customers are served through a network of more than 1,000 branches, 33 commercial customer centers, eight branches particularly designed for company founders, and twenty private banking advisory centers.

The product range comprises mainly consumer and corporate loans, mortgages, personal accounts, payment cards, direct banking services, investment and savings products, consulting and sale of financial market products, and private banking services. In addition, tailor-made financial solutions (including special financing for infrastructure products for municipalities) are offered to local authorities and clients in the non-profit sector. As of 31 December 2012, the market shares in total assets, retail loans and retail deposits amounted to 17.3%, 19.0%, and 18.4%, respectively (source: OeNB). The market shares in corporate loans and corporate deposits stood at 16.7% and 20.2% (source: OeNB).

Real GDP in Austria grew by 2.1%, 2.7% and 0.7% in 2010, 2011 and 2012, respectively (source: Eurostat). Over the same period, GDP per capita climbed from €34,200 at the end of 2010 to €35,800 at the end of 2011 and €36,700 at the end of 2012 (source: Eurostat). Nevertheless, private consumption growth in Austria decreased from 1.7% in 2010 to 0.7% in 2011 and 0.4% in 2012 (source: Eurostat). Consumer price inflation, which had remained almost unchanged in 2009, rose from 1.7% in 2010 to 3.6% in 2011 and 2.5% in 2012 primarily due to increases in energy prices and rising real estate prices (source: Eurostat). Unemployment, which stood at 4.4% at end of the 2010, declined to 4.2% at the end of 2011 and stood at 4.3% by the end of 2012 (source: Eurostat). The government current account balance as a share of GDP decreased from 3.4% in 2010 to 0.6% in 2011 and increased again to 2.0% in 2012.

Erste Bank Oesterreich

In addition to Erste Bank Oesterreich itself, the Erste Bank Oesterreich subsegment includes the Austrian savings banks in which Erste Bank Oesterreich holds majority interests (Salzburger Sparkasse, Tiroler Sparkasse and Sparkasse Hainburg-Bruck-Neusiedl) as well as Erste Bank Oesterreich's real estate and mortgage business. s-Bausparkasse, which focuses on financing for retail customers and non-profit and commercial developers, is a key contributor to the real estate and mortgage business.

Erste Bank Oesterreich's business is focused on retail and corporate customers as well as the public sector. In addition, Erste Bank Oesterreich maintains a private banking unit that is among the market leaders in Austria.

In its business with retail customers, the most important products are housing loans and micro loans as well as current accounts, term deposits, savings accounts and a variety of asset management products. By volume, housing loans are predominantly granted by s-Bausparkasse. For its various deposit products, Erste Bank Oesterreich offers a variety of service innovations, such as smart-phone apps for savings accounts and internet banking. Moreover, Erste Bank Oesterreich offers insurance products in cooperation with Vienna Insurance Group and leasing products in cooperation with Erste Group's subsidiary EBV Leasing.

The following table sets out summary financial information for the Erste Bank Oesterreich subsegment for the years ended 31 December 2012, 2011 and 2010:

in €million (unless otherwise indicated)	Year ended 31 December		
	2012	2011	2010
	audited, unless otherwise indicated		
Pre-tax profit/loss	255.1	232.2	219.9
Net profit/loss for the year attributable to owners of the parent.....	192.4	177.6	166.9
Operating result ⁽¹⁾ (unaudited).....	337.9	397.3	393.9
Cost/income ratio ⁽²⁾ (in %).....	64.5	60.5	60.6
ROE ⁽³⁾ (in %).....	15.0	16.3	14.6

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010.

(1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses.

(2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).

(3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average at-

tributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Savings Banks

The Savings Banks subsegment includes 44 Austrian savings banks (excluding Erste Group Bank, Erste Bank Oesterreich, Salzburger Sparkasse, Tiroler Sparkasse and Sparkasse Hainburg-Bruck-Neusiedl but including Allgemeine Sparkasse Oberösterreich) with 744 branch offices across the country. The savings banks are universal banks serving retail customers, self-employed professionals and SMEs as well as corporate customers, the public sector and non-profit organisations. The savings banks' close cooperation in certain key business areas is reflected in their common corporate identity and harmonised business and market practices.

Erste Group Oesterreich holds no or only minor shareholdings in these savings banks, but these banks are consolidated due to their membership in the *Haftungsverbund*. As described above, savings banks that are majority-owned by Erste Bank Oesterreich (Salzburger Sparkasse, Tiroler Sparkasse and Sparkasse Hainburg-Bruck-Neusiedl) are included in the Erste Bank Oesterreich subsegment.

The following table sets out Erste Bank Oesterreich's ownership in and total assets of savings banks that are consolidated due to their membership in the *Haftungsverbund* and included in the Savings Banks subsegment as of 31 December 2012:

in € million (unless otherwise indicated)	Ownership in %	Total Assets
Sparkasse Mühlviertel-West	40.00	526.7
Allgemeine Sparkasse Oberösterreich	29.78	12,108.1
Steiermärkische Bank und Sparkasse	25.00	14,693.8
Sparkasse Kremstal-Pyhrn	30.00	519.5
Kärntner Sparkasse	25.00	4,667.7
Sparkasse Voitsberg-Köflach.....	4.45	436.3

Source: Internal information of Erste Group, Erste Group Bank and Erste Bank Oesterreich.

The following table sets out summary financial information for the Savings Banks subsegment (consisting of those savings banks which as a result of their membership in the *Haftungsverbund* are consolidated) for the years ended 31 December 2012, 2011 and 2010:

in € million (unless otherwise indicated)	Year ended 31 December		
	2012	2011	2010
Pre-tax profit/loss	202.3	154.7	123.0
Net profit/loss for the year attributable to owners of the parent.....	21.5	5.9	(5.4)
Operating result ⁽¹⁾ (unaudited).....	425.7	487.1	450.7
Cost/income ratio ⁽²⁾ (in %).....	68.7	65.6	67.4
ROE ⁽³⁾ (in %)	5.8	1.9	(1.9)

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Erste Group's Retail and SME Business in CEE

Czech Republic

The Czech Republic subsegment primarily includes the retail and SME business of Česká spořitelna and its subsidiary operations. Česká spořitelna is a universal bank serving approximately 5.3 million retail and SME clients. As of 31 December 2012, it operated a network of 657 branches and 1,445

ATMs and transactional terminals. The network also includes eighteen mortgage centers, fifteen regional corporate centers for SME clients, and a total of eighteen centers for private banking clients (including Erste premier). Česká spořitelna is a leading retail bank in the Czech Republic and the largest among Erste Group's operations in Central and Eastern Europe. In addition to its universal and private banking services, it is also active in fund management, securities trading, factoring and foreign exchange dealing.

Česká spořitelna maintained its leading position in 2012 in retail banking and continued to rank among the three largest banks in terms of total assets. As of 31 December 2012, the bank's market share by total assets remained stable and represented 20.2% (source: CNB). Česká spořitelna is the leading bank in the Czech Republic in terms of retail loans with a market share of 23.7 % and retail deposits with a market share of 27.7%, each as of year-end 2012 (source: CNB). The market shares in corporate loans and corporate deposits were at 19.3% and 10.5%, respectively (source: CNB).

Real GDP in the Czech Republic grew by 2.3% in 2010 before declining to 1.9% in 2011 and 1.0% in 2012 (source: Czech Statistical Office). Over the same period, GDP per capita climbed from €14,200 at the end of 2010 to €14,800 at the end of 2011 and €14,500 at the end of 2012 (source: Czech Statistical Office). Private consumption growth in the Czech Republic, which had increased by 0.9% in 2010, increased by 0.7% in 2011 and fell by 2.4% in 2012 (source: Czech Statistical Office). After low price increases in 2009, consumer price inflation climbed from 1.5% in 2010 to 1.9% in 2011 and 3.3% in 2012, primarily driven by higher energy and food prices as well as by price deregulation (source: Czech Statistical Office). Unemployment, which stood at 7.3% at the end of 2010, dropped to 6.7% at the end of 2011 and stood at 6.9% by the end of 2012 (source: CNB). The government current account balance as a share of GDP was 2.3% as of 31 December 2012 (source: Eurostat).

The following table sets out summary financial information for the retail and SME portion of the Czech Republic business, of which Česká spořitelna represents a major part, for the years ended 31 December 2012, 2011 and 2010:

in €million (unless otherwise indicated)	Year ended 31 December		
	2012 audited, unless otherwise indicated	2011	2010
Pre-tax profit/loss	656.2	587.8	467.4
Net profit/loss for the year attributable to owners of the parent.....	518.0	456.2	378.9
Operating result ⁽¹⁾ (unaudited).....	889.0	920.3	916.7
Cost/income ratio ⁽²⁾ (in %).....	43.8	43.7	43.6
ROE ⁽³⁾ (in %).....	40.9	42.8	37.0

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Romania

The Romania subsegment primarily includes the retail and SME business of Banca Comercială Română (BCR) and its subsidiaries. BCR is the leading financial services group in Romania. As of 31 December 2012, the bank served approximately 3.5 million retail and corporate customers through its network of 623 branches and 41 commercial centers, online and phone banking. BCR also operates the largest national network of ATMs and POS terminals, numbering approximately 2,400 and approximately 14,400 units, respectively, as of the end of 2012. In addition to its full array of retail and corporate banking services, BCR is also active in the leasing, pension fund and brokerage business and maintains a private banking unit.

In 2011, BCR incurred a pre-tax loss of €54.8 million which was primarily a result of the continuing weakness in consumer credit demand and lower margins in subsidised mortgage lending that led to a decrease in the operating result. In 2012, BCR incurred a pre-tax loss of €378.6 million which was

primarily attributable to a higher level of risk provisions for loans and advances and a decrease in the operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses).

As of December 2012, BCR was the market leader in terms of total assets (19.3%), retail loans (18.3%) retail deposits (20.4%) and in corporate loans (23.2%), while ranking second in corporate deposits (14.1%) (source: Romanian Banking Association). BCR's retail business concentrated on secured lending and on resuming the sales of consumer loans in local currency. The main secured product of BCR is based on the state programme "Prima Casa" and as of November 2012 onwards, only offers local currency lending, while "Prima Casa" loans granted before November 2012 will continue to be denominated in Euro. On the liabilities side, BCR kept its market position both in retail and corporate deposits. BCR's corporate business focused on the selective lending to large corporate customers in the energy industry, manufacturing businesses, infrastructure projects as well as export and other sectors driven by foreign direct investments and SME customers. In addition, financing of the public sector and municipalities and co-financing EU-funded projects remained a priority of BCR throughout 2012.

Real GDP in Romania declined by 1.1% in 2010 before growing by 2.2% in 2011 and stagnating in 2012 (source: National Institute of Statistics). Over the same period, GDP per capita rose from €5,800 at the end of 2010 to €6,100 at the end of 2011 and €6,150 at the end of 2012 (source: National Institute of Statistics and internal calculations of Erste Group Bank). Private consumption growth in Romania stabilised in 2010, declining only by 0.2% after large swings in previous years, and grew by 1.1% and 0.7% in 2011 and 2012, respectively (source: National Institute of Statistics). Consumer price inflation decreased from 6.1% in 2010 to 5.8% in 2011 and 5.0% in 2012 (source: National Institute of Statistics). Unemployment, which stood at 7.3% at the end of 2010 remained almost constant at 7.4% at the end of 2011 and 2012 (source: Eurostat). The government current account balance as a share of GDP was 3.5% as of 31 December 2012 (source: Eurostat).

The following table sets out summary financial information for the retail and SME portion of the Romania business, of which BCR represents a major part, for the years ended 31 December 2012, 2011 and 2010:

in € million (unless otherwise indicated)	Year ended 31 December		
	2012 audited, unless otherwise indicated	2011 audited, unless otherwise indicated	2010
Pre-tax profit/loss	(378.6)	(54.8)	24.8
Net profit/loss for the year attributable to owners of the parent.....	(294.3)	(22.5)	8.5
Operating result ⁽¹⁾ (unaudited).....	407.3	475.3	581.8
Cost/income ratio ⁽²⁾ (in %).....	46.6	44.2	39.2
ROE ⁽³⁾ (in %).....	—	—	1.6

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010.

(1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses.

(2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).

(3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Slovakia

The Slovakia subsegment primarily includes the retail and SME business of Slovenská sporiteľňa and its subsidiaries. Slovenská sporiteľňa has the longest tradition of providing services as a savings bank in Slovakia. By the end of 2012, the bank served approximately 2.4 million clients, equaling roughly 50% of the Slovak population, through a network of 297 branches and 773 ATMs. Slovenská sporiteľňa also maintains a private banking unit.

Slovenská sporiteľňa's product range comprises mainly consumer and corporate loans, mortgages, personal accounts, payment cards, direct banking services, savings and investment products, consulting and sale of financial market products, and private banking services. At the end of 2012, Slovenská

sporiteľňa had a market share of 20.2% by total assets. In the retail business, Slovenská sporiteľňa is the market leader with market shares in retail loans of 26.5% and in retail deposits of 25.7%, respectively (source: NBS). The market shares in corporate loans and corporate deposits stood at 10.9% and 9.7%, respectively (source: NBS).

Real GDP in Slovakia grew by 4.4%, 3.2% and 2.0% in 2010, 2011 and 2012, respectively (source: Slovak Statistical Office). Over the same period, GDP per capita climbed from €12,100 at the end of 2010 to €12,700 at the end of 2011 and €13,100 at the end of 2012 (source: Slovak Statistical Office and internal calculations of Erste Group Bank). Nevertheless, private consumption growth in Slovakia declined by 0.8% in 2010, 0.4% in 2011 and also 0.4% in 2012 (source: Slovak Statistical Office). After a period of historically low price increases, consumer price inflation rose from 1.0% in 2010 to 3.9% in 2011 and 3.6% in 2012 primarily due to increases in regulated prices of commodities, increases in VAT in 2011 and higher food prices (source: Slovak Statistical Office). Unemployment, which stood at 14.4% at the end of 2010, had dropped to 13.5% by the end of 2011 and increased slightly to 13.9% by the end of 2012 (source: Slovak Statistical Office). The government current account balance as a share of GDP was 2.1% as of 31 December 2012 (source: Eurostat).

The following table sets out summary financial information for the retail and SME portion of Erste Group's business in Slovakia, of which Slovenská sporiteľňa represents a major part, for the years ended 31 December 2012, 2011 and 2010:

in €million (unless otherwise indicated)	Year ended 31 December		
	2012 audited, unless otherwise indicated	2011	2010
Pre-tax profit/loss	210.6	215.5	171.6
Net profit/loss for the year attributable to owners of the parent.....	169.3	173.2	136.5
Operating result ⁽¹⁾ (unaudited).....	301.7	329.3	315.2
Cost/income ratio ⁽²⁾ (in %).....	43.9	40.5	41.3
ROE ⁽³⁾ (in %).....	39.4	43.2	31.6

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Hungary

Erste Group's Hungary subsegment primarily comprises the retail and SME business of Erste Bank Hungary. Erste Bank Hungary operates a network of 141 branches and commercial centers and approximately 430 ATMs. Additional sales channels include approximately 350 post offices. Erste Bank Hungary also maintains a private banking unit. As of December 31, 2012, Erste Bank Hungary served approximately 900,000 customers. At the end of 2012, Erste Bank Hungary had market shares of 8.8% by total assets, 14.3% by retail loans, 8.3% by retail deposits, 7.6% by corporate loans and 6.5% by corporate deposits (source: NBH).

The product range comprises mainly housing finance, consumer and corporate loans, personal accounts, payment cards, direct banking services, investment and savings products, consulting and sale of financial market products, and private banking services. In addition, specialised programmes and consulting is offered for entrepreneurs and local corporate customers, as well as tailor-made financial services for municipalities and the non-profit sector.

In 2011, the Hungarian government enacted legislation that allowed for loans denominated in foreign currencies, such as Euro, U.S. dollar and Swiss francs to be converted to Hungarian forint at below market rates, which contributed to the significant pre-tax loss in the year 2011. During 2012, Erste Bank Hungary continued to operate in an environment of unstable regulatory and legal conditions, while customer demand for loans and banking services in the Hungarian market continued to decline. Governmental measures relating to the regulation of foreign exchange mortgage lending combined

with a stagnant economy led to a decrease in new lending volumes in the market by 80% compared to pre-crisis levels. As a consequence, Erste Bank Hungary adjusted the size of its operations and improved the efficiency of its processes. Erste Bank Hungary continued to reduce its portfolio of loans denominated in Swiss francs.

In 2012, Erste Bank Hungary acquired the wealth management unit of BNP Paribas with approximately 400 clients and assets under management in an aggregate amount of HUF60 billion. With this transaction, Erste Bank Hungary significantly strengthened its position in the area of private banking services.

Real GDP in Hungary grew by 1.3% and 1.6% in 2010 and 2011, respectively, and declined by 1.7% in 2012 (source: Central Statistical Office). Over the same period, GDP per capita climbed from €9,700 at the end of 2010 to €10,000 at the end of 2011 and declined slightly to €9,800 at the end of 2012 (source: Central Statistical Office). Nevertheless, private consumption in Hungary declined by 2.7% in 2010, by 1.7% in 2011 and by 2.0% in 2012 (source: Central Statistical Office). Consumer price inflation fell from 4.9% in 2010 to 3.9% in 2011 but increased again to 5.7% in 2012 primarily due to commodity price increases, increases in VAT in 2011 and a weaker Hungarian forint (source: Central Statistical Office). Unemployment, which stood at 11.2% at the end of 2010, declined to 10.9% by the end of 2011 and stood at 10.8% by the end of 2012 (source: Central Statistical Office). The government current account balance as a share of GDP was 1.7% as of 31 December 2012 (source: European Commission).

The following table sets out summary financial information for the retail and SME portion of Erste Group's business in Hungary, of which Erste Bank Hungary represents a major part, for the years ended 31 December 2012, 2011 and 2010:

in € million (unless otherwise indicated)	Year ended 31 December		
	2012	2011	2010
Pre-tax profit/loss	(46.2)	(549.8)	(7.1)
Net profit/loss for the year attributable to owners of the parent.....	(55.1)	(566.6)	(21.8)
Operating result ⁽¹⁾ (unaudited).....	241.7	319.1	305.5
Cost/income ratio ⁽²⁾ (in %).....	41.2	38.6	39.9
ROE ⁽³⁾ (in %).....	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Croatia

Erste Group's Croatia subsegment primarily comprises the retail and SME business of Erste Bank Croatia and its subsidiaries. Erste Bank Croatia is among the country's largest universal banks and serves approximately one million customers through its nationwide network of 150 branches and distribution channels, such as internet, mobile communications and ATMs. In addition, Erste Bank Croatia distributes a broad range of related financial products in the areas of asset management, life insurance, securities brokerage, leasing and pension funds, and operates a private banking unit.

The product range comprises mainly consumer and corporate loans, mortgages, personal accounts, payment cards, direct banking services, investment and savings products, consulting and sale of financial market products, and private banking services. In addition, tailor-made financial solutions (including special financing for infrastructure products for municipalities) are offered to local authorities and clients in the non-profit sector. As of 31 December 2012, the market shares in total assets, retail loans and retail deposits amounted to 14.9%, 14.0%, and 13.0%, respectively (source: CrNB). The market shares in corporate loans and corporate deposits stood at 15.9% and 11.8% (source: CrNB).

Real GDP in Croatia fell by 1.4% in 2010 before stagnating in 2011 and falling again by 2.0% in 2012 (source: Croatian Bureau of Statistic). Over the same period, GDP per capita climbed from €10,200 at the end of 2010 to €10,450 at the end of 2011 and stood at €10,350 at the end of 2012 (source: Croatian Bureau of Statistic). Private consumption declined by 0.9% in 2010 but grew modestly in 2011 by 0.2% and declined by 2.7% in 2012 (source: Croatian Bureau of Statistic). Consumer price inflation rose from 1.1% in 2010 to 2.3% in 2011 and 3.4% in 2012, while unemployment increased over the same period from 11.8% at the end of 2010 to 13.4% at the end of 2011 and 15.4% by the end of 2012 (source: Croatian Bureau of Statistic). The government current account balance as a share of GDP was 0.5% as of 31 December 2012 (source: CrNB and Croatian Bureau of Statistic). Croatia is expected to become an EU member state on 1 July 2013 upon successful completion of negotiations with the European Union.

The following table sets out summary financial information for the retail and SME portion of Erste Group's business in Croatia, of which Erste Bank Croatia represents a major part, for the years ended 31 December 2012, 2011 and 2010:

in €million (unless otherwise indicated)	Year ended 31 December		
	2012 audited, unless otherwise indicated	2011	2010
Pre-tax profit/loss	55.5	89.0	81.8
Net profit/loss for the year attributable to owners of the parent.....	23.7	43.4	36.7
Operating result ⁽¹⁾ (unaudited).....	195.9	208.6	192.6
Cost/income ratio ⁽²⁾ (in %).....	40.4	40.4	41.9
ROE ⁽³⁾ (in %).....	8.2	17.3	16.2

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Serbia

Erste Bank Serbia's subsegment primarily comprises the retail and SME business of Erste Bank Serbia. Erste Bank Serbia has approximately 300,000 customers and a network of 68 branches and commercial centers for corporate customers. Erste Bank Serbia focuses primarily on catering to the traditional banking needs of a broad retail and mid-market corporate customer base, which has allowed it to establish a strong presence in Serbia's major business centers.

The product range comprises mainly mortgages, cash and consumer loans, personal accounts, credit and debit cards, direct banking services, investment and savings products, and consulting and sale of financial market products. In addition, local corporate customers are also offered short- and long-term financing, domestic and international payment operations, project financing, and letters of credits and guarantees. As of 31 December 2012, the market shares in total assets, retail loans and retail deposits amounted to 2.6%, 3.3%, and 2.5%, respectively (source: NBSE). The market shares in both corporate loans and corporate deposits stood at 2.7% (source: NBSE).

Real GDP in Serbia grew by 1.0% and by 1.6% in 2010 and 2011, respectively, but declined by 1.9% in 2012 (source: Statistical Office of the Republic of Serbia). Over the same period, GDP per capita climbed from €3,800 at the end of 2010 to €4,300 at the end of 2011 and amounted to €4,150 at the end of 2012 (source: Statistical Office of the Republic of Serbia). After dropping to 6.1% growth in 2010, consumer price inflation rose significantly to 11.2% in 2011 and stood at 7.4% in 2012 amid rising food and energy prices and placing Serbia significantly above its regional peers in terms of inflation (source: Statistical Office of the Republic of Serbia). Unemployment also climbed from 19.2% at the end of 2010 to 23.0% by the end of 2011 and reached 24.0% by the end of 2012 (source: Statistical Office of the Republic of Serbia). The government current account balance as a share of GDP was

11.3% as of 31 December 2012 (source: Republic of Serbia Ministry of Finance and Economy and Statistical Office of the Republic of Serbia).

The following table sets out summary financial information for the retail and SME portion of Erste Group's business in Serbia, of which Erste Bank Serbia forms a major part, for the years ended 31 December 2012, 2011 and 2010:

in € million (unless otherwise indicated)	Year ended 31 December		
	2012 audited, unless otherwise indicated	2011	2010
Pre-tax profit/loss	8.5	5.0	1.5
Net profit/loss for the year attributable to owners of the parent.....	7.8	3.6	1.0
Operating result ⁽¹⁾ (unaudited).....	19.2	15.7	10.4
Cost/income ratio ⁽²⁾ (in %).....	63.6	68.1	74.9
ROE ⁽³⁾ (in %)	18.8	8.7	2.4

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Ukraine

Erste Bank Ukraine serves approximately 300,000 customers through a nationwide network of 120 branches. Erste Bank Ukraine offers a broad range of standard banking services, including deposit-taking, current accounts, treasury services and loans to its retail and corporate customers. As of 31 December 2012, the market shares in total assets, retail loans and retail deposits amounted to 0.7%, 1.2%, and 0.4%, respectively (source: NBU). The market shares in corporate loans and corporate deposits stood at 0.4% and 0.7% (source: NBU). In 2011, Erste Bank Ukraine incurred a pre-tax loss of €23.6 million which was primarily a result of the negative operating result and increased risk costs. In 2012, Erste Bank Ukraine incurred a pre-tax loss of €44.1 million which was primarily attributable to a decrease in volume of loans and advances to customers and the net interest margin, higher risk provisions for loans and advances as well as the depreciation of the Ukrainian hryvnya against the U.S. dollar.

During 2012, operating under significant regulatory and market instability, Erste Bank Ukraine managed to restructure its funding base and thus reduced its reliance on intra-group funding. Its loan-to-deposit ratio improved substantially as the deposit base increased by volume while its loan portfolio decreased. In its business with retail customers, the demand for consumer lending products increased during 2012, while mortgage lending continued its downward trend. In its corporate banking business demand for lending products increased. Deposits and transaction banking services for retail and corporate customers increased. The market for deposits, however, was characterized by severe price competition. Erste Bank Ukraine pursued new corporate lending business only on a selective basis, focusing on mid-sized clients with good risk profiles and operating in the most profitable industries.

As the Ukraine is not seeking membership in the European Union in the medium term, Erste Group does not consider it to be a core market. Consequently, an agreement to sell Erste Bank Ukraine to the shareholders of Fidobank was concluded in December 2012. The closing of this transaction is subject to several conditions, including regulatory approvals, and is expected to occur by the end of the second quarter of 2013. Until the transfer of ownership, Erste Bank Ukraine is planned to continue its current business strategy.

Real GDP in the Ukraine recovered after a steep decline in 2009, growing 4.2% in 2010, 5.2% in 2011 and stagnated in 2012 (source: State Statistics Service of Ukraine). From 2010 to 2011 and 2012, GDP per capita climbed from €2,200 at the end of 2010 to €2,750 at the end of 2011 and €2,800 at the end of 2012 with strong private consumption growth of 7.0% in 2010, 14.0% in 2011 and 9.0% in 2012 (source: State Statistics Service of Ukraine). Consumer price inflation continued to decline from

9.4% in 2010 to 8.0% in 2011 and 0.8% in 2012 (source: State Statistics Service of Ukraine). Unemployment, which stood at 8.1% at the end of 2010, slightly eased to 8.0% by the end of 2011 and 7.9% by the end of 2012 (source: State Statistics Service of Ukraine). The government current account balance as a share of GDP was 8.6% as of 31 December 2012 (source: Ministry of Finance of Ukraine).

The following table sets out summary information for the retail and SME portion of Erste Group's business in Ukraine, of which Erste Bank Ukraine represents a major part, for the years ended 31 December 2012, 2011 and 2010:

in € million (unless otherwise indicated)	Year ended 31 December		
	2012 audited, unless otherwise indicated	2011	2010
Pre-tax profit/loss	(44.1)	(23.6)	(37.3)
Net profit/loss for the year attributable to owners of the parent.....	(44.3)	(23.2)	(37.5)
Operating result ⁽¹⁾ (unaudited).....	(26.0)	(14.5)	1.6
Cost/income ratio ⁽²⁾ (in %).....	215.0	142.4	96.7
ROE ⁽³⁾ (in %).....	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Group Corporate and Investment Banking

The Group Corporate and Investment Banking (GCIB) segment comprises Erste Group's large corporate business including the real estate business focusing on large corporate customers, equity capital markets, the investment banking business and the International Business (excluding treasury activities) which covers lending and investment activities outside Erste Group's core markets. The leasing subsidiary Erste Group Immorent is also included in this segment.

Erste Group aims at deepening relationships with core clients by combining an industry sector coverage approach and broadening the product range to match its customers' needs. Overall, a staff of approximately 1,150 product specialists offers services in debt financing, equity capital markets, mergers and acquisitions, debt advisory, acquisition finance, infrastructure finance, project finance, syndication, real estate development, lending and leasing, as well as transaction banking.

The following table sets out summary financial information for the Group Corporate and Investment Banking segment for the years ended 31 December 2012, 2011 and 2010:

in € million (unless otherwise indicated)	Year ended 31 December		
	2012 audited, unless otherwise indicated	2011	2010
Pre-tax profit/loss	(58.3)	116.4	161.4
Net profit/loss for the year attributable to owners of the parent.....	(55.6)	73.8	115.8
Operating result ⁽¹⁾ (unaudited).....	390.5	341.3	370.1
Cost/income ratio ⁽²⁾ (in %).....	33.5	35.9	33.2
ROE ⁽³⁾ (in %).....	—	3.8	5.7

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).

- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

Group Markets

The Group Markets (GM) segment comprises the Group Treasury and Group Capital Markets businesses and includes the treasury activities of Erste Group Bank and its CEE subsidiaries as well as of the foreign branch offices in Hong Kong, New York, Berlin and Stuttgart. The asset management subsidiary Erste Asset Management is also included in this segment.

Group Capital Markets is focused on debt capital market products for retail and corporate clients as well as government entities and financial institutions. Group Capital Markets is the internal trading unit for all standard treasury products, such as foreign exchanges, commodities and money market transactions, and capital market products, such as bonds, interest rate derivatives, and credit and equity products. In addition, institutional sales teams have been established in Germany, Poland and the United Kingdom.

In line with one of Erste Group's core strategies, treasury products complete the product range offered to and demanded by retail customers. The retail business is adaptive to market developments and its prime focus is to address customers' needs, while ensuring a product range, which is tangible and offers security to retail customers.

The following table sets out summary financial information for the Group Markets segment for the years ended 31 December 2012, 2011 and 2010:

in €million (unless otherwise indicated)	Year ended 31 December		
	2012 audited, unless otherwise indicated	2011	2010
Pre-tax profit/loss	297.4	232.7	327.9
Net profit/loss for the year attributable to owners of the parent.....	227.6	166.6	245.1
Operating result ⁽¹⁾ (unaudited).....	295.4	234.4	326.1
Cost/income ratio ⁽²⁾ (in %).....	42.2	51.1	41.7
ROE ⁽³⁾ (in %).....	65.0	53.4	75.7

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

Corporate Center

The Corporate Center segment is split into two parts: (1) Effects from intra-group eliminations between segments and subsegments are reported separately as "intra-group eliminations". Intra-group eliminations consist of internal revenues and expenses charged between subsegments and eliminated at group level. The underlying transactions mainly relate to internal services from IT, procurement, facility management services to banking subsidiaries, rental income from operating lease and investment properties and derivative businesses. Intra-group elimination between businesses within the same subsegment is allocated to the respective subsegment. (2) Furthermore, the Corporate Center segment comprises balance sheet management, dividends (elimination of dividends at group level) and refinancing costs of fully-consolidated subsidiaries, general administrative expenses for group center functions that cannot be directly allocated to another segment or a particular subsegment and the Austrian banking tax payable by Erste Group Bank. In addition, the Corporate Center segment includes the results of non-profit companies (particularly service businesses) and subsidiaries that cannot be directly allocated to another segment or a particular subsegment, straight-line amortisation of customer relationships (particularly, BCR, Erste Card Club, and Ringturm KAG, as well as one-off effects which, in order to ensure comparability, are not allocated to another segment or a particular

subsegment. Moreover, the Corporate Center segment includes the equity which is not allocated to any other segment or subsegment.

The following tables set out summary financial information for the Corporate Center segment for the years ended 31 December 2012, 2011 and 2010. Because split of the Corporate Center segment into "Corporate Center excluding intra-group eliminations" and "Intra-group eliminations" is available only for the financial year ended 31 December 2012 with comparative financial information for the financial year ended 31 December 2011, respective financial information for the financial years ended 31 December 2012 and 2011 on the one hand and for the financial year ended 31 December 2010 on the other hand is not comparable.

Corporate Center excluding intra-group eliminations	Year ended 31 December		
	2012	2011	2010⁽¹⁾
in € million (unless otherwise indicated)	audited, unless otherwise indicated		
Pre-tax profit/loss	(357.2)	(1,327.2)	(210.8)
Net profit/loss for the year attributable to owners of the parent.....	(227.5)	(1,207.0)	(146.0)
Operating result ⁽²⁾ (unaudited).....	(4.2)	(103.6)	(77.7)
Cost/income ratio ⁽³⁾ (in %).....	—	—	—
ROE ⁽⁴⁾ (in %).....	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010.

Intra-group eliminations⁽¹⁾	Year ended 31 December	
	2012	2011
in € million (unless otherwise indicated)	audited, unless otherwise indicated	
Pre-tax profit/loss	0.0	0.0
Net profit/loss for the year attributable to owners of the parent.....	0.0	0.0
Operating result ⁽²⁾ (unaudited).....	(1.3)	17.2
Cost/income ratio ⁽³⁾ (in %).....	—	—
ROE ⁽⁴⁾ (in %).....	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 with comparative financial information for the financial year ended 31 December 2011.

- (1) The split of the Corporate Center segment into "Corporate Center excluding intra-group eliminations" and "Intra-group eliminations" is available only for the financial year ended 31 December 2012 with comparative financial information for the financial year ended 31 December 2011.
- (2) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses.
- (3) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (4) ROE (return on equity) is calculated as net profit/loss attributable for the year to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

Subsidiaries and participations

The subsidiaries and participations of Erste Group are displayed in a simplified group chart, see "*General information on Erste Group Bank and Erste Group—Structure of Erste Group*".

Information technology

Organisation and IT is responsible for providing project and bank IT operations services to Erste Group. The result of Erste Group's organisation and IT is included in the Corporate Center segment. As of 31 December 2012, organisation and IT had 4,082 employees (full-time equivalents).

Overall IT organisation in each country is managed within the respective bank in that country. IT services, which include IT development and support and IT operations, are provided to a large extent by Erste Group banks' IT subsidiaries. These IT subsidiaries provide centralised support to several Erste Group Bank subsidiaries through application development or IT operations competence centres.

Erste Group's most significant competence centres, including the banks they support and the services they provide, are:

- *s IT Solutions Austria* provides application development and support services in the area of channels, payments, bank steering and risk to nearly all of Erste Group Bank's bank subsidiaries; it also provides data centre housing services specifically to Erste Group Bank, Erste Bank Oesterreich, the Austrian savings banks, Česká spořitelna, Slovenská sporiteľňa, BCR, Erste Bank Ukraine as well as general application development and IT operations services to Erste Group Bank, Erste Bank Oesterreich and the Austrian savings banks;
- *Erste Group IT Slovakia* provides application development and support services in core banking and front-end functions to Česká spořitelna, Slovenská sporiteľňa, Erste Bank Hungary and Erste Bank Ukraine; and
- *s IT Solutions Croatia* provides complete IT operations services to both Erste Bank Croatia and Erste Bank Serbia, with Erste Bank Croatia's IT department providing general IT development and support services to each of these banks.

Erste Group's organisation and IT recently completed projects related to core banking systems at Slovenská sporiteľňa and Erste Bank Croatia and is currently working on a similar project at Erste Bank Hungary. Erste Group's business intelligence and data warehouse systems have been scaled up in line with Erste Group regional expansion and growing business needs. Following the IT infrastructure consolidation strategy, a majority of Erste Group's IT infrastructure has been relocated to the group data centre in Vienna, Austria.

A recently launched strategic project is intended to consolidate cards processing on a group-wide platform. Moreover, several innovative projects for electronic banking channels that have been launched recently or are being developed aim at improving Erste Group's competitive position by differentiating Erste Group from competitors.

To ensure compliance with regulatory requirements, Erste Group's organisation and IT is currently enhancing technical solutions for strategic projects such as Basel 3, IFRS 9, Market Risk Management, Liquidity Risk Management, Limit Management and Exposure Reporting and Compliance.

Erste Group's systems and IT infrastructure are set up in a fully redundant manner based on a so-called sibling concept so that disruption to Erste Group's business can be avoided through secondary data centers if primary systems should fail. Erste Group's primary data center is located in Vienna, while the secondary data center is in another district with additional data centers of Erste Group in Bukarest, Kiev, Zagreb, Bjelovar, Prague, Budapest and Bratislava. As part of Erste Group's emergency planning, all systems are backed up at least on a daily basis and subject to regular extensive recovery testing.

Currently, Erste Group has, based on a country and vendor selection process, outsourced certain IT services and operations outside of its core competence to external service providers. The limited scope of such outsourcing arrangements may be expanded in the future in order to further optimise Erste Group's cost structure and to increase flexibility, see "*Risk factors—Risks related to the business of Erste Group—Any failure or interruption in or breach of Erste Group's information systems, and any failure to update such systems, may result in lost business or other losses.*"

Employees

As of 31 December 2012, Erste Group had 49,381 employees (full-time equivalents), of whom 1,476 were employed by Erste Group Bank in Austria.

The following table shows Erste Group's number of employees (full-time equivalents) as of the dates stated below:

	At 31 December 2012	At 31 December 2011	At 31 December 2010
Erste Group Total	49,381	50,452	50,272
Austria	16,060 ⁽¹⁾	16,189 ⁽²⁾	16,068 ⁽³⁾
thereof Erste Group Bank	1,476	1,508	1,329

	At 31 December 2012	At 31 December 2011	At 31 December 2010
thereof Erste Bank Oesterreich	2,366	2,451	2,429
CEE	31,281	32,214	31,690
thereof BCR	8,289	9,245	9,112
thereof Česká spořitelna	11,014	10,661	10,711
thereof Slovenská sporiteľňa	4,185	4,157	4,004
thereof Erste Bank Hungary	2,690	2,948	2,900
thereof Erste Bank Croatia	2,629	2,599	2,317
thereof Erste Bank Serbia	944	919	910
thereof Erste Bank Ukraine	1,530	1,685	1,736
Other	2,040	2,049	2,514

Source: Internal information of Erste Group, Erste Group Bank and Erste Bank Oesterreich.

- (1) Including 7,448 employees (full-time equivalents) of savings banks under the *Haftungsverbund* and 4,771 employees (full-time equivalents) of Erste Group entities in Austria other than Erste Group Bank and Erste Bank Oesterreich.
- (2) Including 7,416 employees (full-time equivalents) of savings banks under the *Haftungsverbund* and 4,814 employees (full-time equivalents) of Erste Group entities in Austria other than Erste Group Bank and Erste Bank Oesterreich.
- (3) Including 7,580 employees (full-time equivalents) of savings banks under the *Haftungsverbund* and 4,730 employees (full-time equivalents) of Erste Group entities in Austria other than Erste Group Bank and Erste Bank Oesterreich.

In Austria, savings banks employees below management level generally have employment arrangements which are negotiated each year collectively between the Austrian Savings Bank Association (*Österreichischer Sparkassenverband*) and the relevant union. The current agreement with the employees of Erste Group Bank, who are members of the Savings Banks Sector employee group, came into effect on 1 April 2012 and will continue to be in effect permanently, as far as the revaluation of salaries is concerned, until 31 March 2013, as supplemented by other agreements between Erste Group Bank and its employees' council dealing with various matters, including contributions to pension funds. Employees of Erste Group Bank, who were employees of Österreichisches Credit Institut (ÖCI) when it was acquired by and merged into GiroCredit in 1992 are still partly covered by the collective arrangement reached between the association for commercial banks and the commercial bank sector employee group.

On 1 January 1999, Erste Group Bank (the then existing Erste Bank der oesterreichischen Sparkassen AG) implemented a defined contribution pension scheme, which is independent from the governmental pension system, and the pension claims of all employees who had not retired on or before 1 January 1999 were transferred to a pension fund. Until 31 December 1998, a defined benefit pension scheme was in place.

Legal proceedings

Erste Group Bank and some of its subsidiaries are involved in legal disputes, most of which have arisen in the ordinary course of banking business. These proceedings are not expected to have a significant negative impact on the financial position or profitability of Erste Group or Erste Group Bank. Erste Group is also subject to the following ongoing proceedings:

Hungarian Holocaust litigation

In 2010, a group of plaintiffs filed a putative class action complaint, in a Federal court in Chicago, on behalf of alleged victims of the Holocaust or their heirs, alleging that several Hungarian banks improperly benefited from the seizure of assets of Jewish customers during World War II. The assets claimed total \$2 billion in 1944 dollars. Although Erste Group Bank is not alleged to have participated in the alleged misappropriation of Jewish assets, it is nevertheless named as a defendant in the litigation, as plaintiffs allege that Erste Group Bank is the legal successor to a number of banks that were active during that time in Greater Hungary. Erste Group Bank has denied all of the material allegations against it, including, but not limited to, allegations of successorship. The case is currently in the discovery phase, and Erste Group Bank intends to take all steps necessary to defend itself against this complaint.

Consumer protection claims

Several banking subsidiaries of Erste Group in Central and Eastern Europe have been named in their respective jurisdictions as defendants in a number of lawsuits and in regulatory proceedings filed by individual customers, regulatory authorities or consumer protection agencies and associations. Some of the lawsuits are class actions. The lawsuits mainly relate to allegations that certain contractual provisions, particularly in respect of consumer loans, violate mandatory consumer protection laws and regulations. The allegations relate to the enforceability of certain fees as well as of contractual provisions for the adjustment of interest rates and currencies.

Acquisitions

Overview

A key growth driver for Erste Group's business and its consolidated results of operations has been the acquisition of banking subsidiaries in its core markets and the Ukraine.

The most significant of these acquisitions since 2000 are shown in the table below:

Entity acquired (country)	Year(s)	Shares ⁽¹⁾ held as per 31 December 2012
Česká spořitelna, a.s. (Czech Republic)	2000-2012	99.0%
Rijeka banka d.d. (Croatia) ⁽³⁾	2002	69.3%
Postabank és Takarékpénztár Rt. (Hungary) ⁽⁴⁾	2003	100.0%
Slovenská sporiteľňa, a.s. (Slovakia)	2001-2005	100.0%
ERSTE BANK AD NOVI SAD (Serbia)	2005	80.5%
Banca Comercială Română S.A. (Romania)	2006-2012	93.3%
Bank Prestige (Ukraine) ⁽⁵⁾	2007	100.0%
Ringturm Kapitalanlagegesellschaft (Austria)	2009	95.0%

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012, except for information under "Entity acquired (country)" and "Year(s)" which is based on internal information of Erste Group Bank.

(1) Representing total interest, *i.e.*, shares held directly and indirectly by Erste Group Bank.

(2) Voting rights amount to 99.5%.

(3) Merged with Erste & Steiermärkische Bank d.d. ("Erste Bank Croatia") in 2004.

(4) Merged with Erste Bank Hungary Zrt ("Erste Bank Hungary") in 2005.

(5) Renamed Public Company "Erste Bank" ("Erste Bank Ukraine"). In December 2012, Erste Group entered into an agreement to sell Erste Bank Ukraine to the shareholders of Fidobank. The closing of this transaction is subject to several conditions, including regulatory approvals, and is expected to occur by the end of the second quarter of 2013.

Details regarding significant acquisitions during the last three years

Erste Group made no significant acquisitions or disposals in 2010.

In September and November 2011, Erste Group Bank entered into several share purchase agreements with four regional Romanian investment funds (*Societatea de Investiții Financiare*) on the acquisition of their shares in BCR against cash payments and transfer of newly issued shares in Erste Group Bank in several tranches.

Implementing the four share purchase agreements, Erste Group Bank issued an aggregate of 16,102,263 new shares from authorised capital in four capital increases on 23 November 2011, 10 December 2011, 15 December 2011 and 28 February 2012 against contributions in kind of a total of 2,060,418,643 shares in BCR, thereby increasing Erste Group Bank's share capital from €756,932,768 (as of 22 November 2011) to €789,137,294 (as of 31 December 2012). As a result, Erste Group in 2011 increased its participation in BCR from 69.4% to 89.9% through the acquisition of shares from holders of non-controlling interests. €373 million was paid to holders of the non-controlling interests as consideration for acquisition of a total 13.7% of the voting shares in BCR. In addition, a put option was provided to the holders of non-controlling interests. Consideration of €88 million was settled in cash and €256 million was settled by issuance of Erste Group Bank shares. The contractual consideration for the put option in the amount of €29 million was settled in cash. The carrying amount for the additional acquired shares was €433 million. The €60 million difference between

the costs of acquisition and the carrying amount resulting from the acquired shares was recognised in equity among retained earnings. In 2012, Erste Group further increased its participation in BCR from 89.9% to 93.3% by capital increases against contributions in kind and acquisition of shares from holders of non-controlling interests. See “*Reasons for the Offering and use of proceeds—Reasons for the Offering*”.

Negotiations between Erste Group Bank and the fifth regional Romanian investment fund regarding the entering into a share purchase agreement on the basis of the heads of agreement of September 2011 were terminated in February 2013.

Material contracts

Since 31 December 2010, Erste Group Bank and its subsidiaries have not entered into any material contracts, other than contracts entered into in the ordinary course of business, except for the following agreements that, albeit entered into in 2009, were in place during the periods after 31 December 2010:

Framework agreement for guaranteed bonds

Pursuant to a framework agreement for bond issues entered into with the Republic of Austria on 8 January 2009, Erste Group Bank established a €6 billion debt issuance program in respect of bonds guaranteed by the Republic of Austria. Under this programme, Erste Group Bank was able to issue bonds guaranteed by the Republic of Austria in an aggregate volume of up to €6 billion until 31 December 2009. As of the date of this Prospectus, approximately €1 billion of bonds issued under the debt issuance program remain outstanding and will mature in February 2014.

The bonds issued under the programme are subject to certain terms: In particular, the liquidity obtained through bond issues must be used to supply credit to support the economy. The proceeds could not be used for aggressive growth measures, and Erste Group Bank’s business strategy, which must continue to be focused on sustainability, is not permitted to include terms that are not customary for the market. Furthermore, Erste Group Bank must ensure that remuneration policies do not encourage the taking of excessive risks. The framework agreement provides that the maturity of any individual bond issue may not exceed five years. The guarantee of the Republic of Austria is explicit, unconditional, irrevocable and unsubordinated, and it warrants due and timely payment. For the state guarantee, Erste Group Bank agreed to pay 50 basis points plus the median value of its CDS spread (reference period 1 January 2007 to 31 August 2008). This corresponds to an overall fee of approximately 90 basis points.

Grundsatzvereinbarung with the Republic of Austria

On 26 February 2009, Erste Group Bank and its subsidiary Erste Bank Oesterreich entered into the *Grundsatzvereinbarung* with the Republic of Austria, which was subsequently amended on 9 March 2009 and 27 October/23 November 2009. Under the *Grundsatzvereinbarung*, the Republic of Austria agreed to subscribe for specific types of tier-1 capital, *i.e.*, participation capital to be issued by Erste Group Bank and hybrid capital to be issued by Erste Bank Oesterreich (together, “Tier-1 Capital”). Pursuant to this agreement, the Republic of Austria subscribed for Participation Capital Securities with a total nominal amount of €1.224 billion in 2009, while no hybrid capital of Erste Bank Oesterreich has been subscribed for. The *Grundsatzvereinbarung* contains certain covenants and undertakings *vis-à-vis* the Republic of Austria, *inter alia*, related to the issuance of the Tier-1 Capital, its terms and conditions and the conduct of business of Erste Group Bank and Erste Bank Oesterreich, which will apply as long as such Tier-1 Capital securities are held by the Republic of Austria and may restrict the conduct of business. Such covenants, *inter alia*, include an obligation to ensure, to the extent permitted by civil law, that employees and members of corporate bodies do not receive inappropriate compensation, premiums or other inappropriate benefits, and no bonuses are paid to the management for years in which the Republic of Austria does not receive the full dividend on the Tier-1 Capital subscribed by it. Furthermore, it must be ensured that the business policies are aimed at sustaining the business, in particular that a threshold of the minimum own funds ratio pursuant to Basel 2 plus two percentage points is met, and that the tier-1 capital ratio does not fall below 7%. In addition, services must be offered on market terms to avoid distortions of competition. The covenants also include extensive disclosure requirements and reporting obligations *vis-à-vis* the Republic of Austria.

If such covenants and undertakings are not complied with, the *Grundsatzvereinbarung* provides for contractual fines. If the Republic of Austria deems a covenant or undertaking breached, the burden of

proof that no breach has occurred has been reversed. In addition, the Republic of Austria could compel compliance with covenants and undertakings under the *Grundsatzvereinbarung* by instituting court proceedings.

Furthermore, the *Grundsatzvereinbarung* provides for a right of first refusal of Erste Group Bank with respect to Participation Capital Securities held by the Republic of Austria. In addition, for as long as the Republic of Austria holds Participation Capital Securities, Erste Group Bank must offer it to repurchase (*zurückkaufen*) a part of its Participation Capital Securities (which part equals the ratio of the overall issued and outstanding Participation Capital Securities to the amount of Participation Capital Securities held by the Republic of Austria) in the case that Erste Group Bank repurchases Participation Capital Securities from private investors. This obligation does not apply if the total nominal amount of Participation Capital Securities held by Erste Group Bank as a result of repurchase from private investors does not exceed €10,000,000. The *Grundsatzvereinbarung* is subject to the EU state aid regime.

Cooperation between Erste Group Bank and Vienna Insurance Group

Erste Group Bank and Vienna Insurance Group AG Wiener Versicherung Gruppe (“VIG”) are parties to a general distribution agreement concerning the framework of the cooperation of Erste Group and VIG in Austria and Central and Eastern Europe with respect to bank and insurance products. In case of a change of control of Erste Group Bank, VIG has the right to terminate the general distribution agreement, and in case of a change of control of VIG, Erste Group Bank has a reciprocal right. A change of control is defined, with respect to Erste Group Bank, as the acquisition of Erste Group Bank by any person other than DIE ERSTE österreichische Spar-Casse Privatstiftung or Austrian savings banks of 50% plus one share of Erste Group Bank’s voting shares, and with respect to VIG, as the acquisition of VIG by any person other than Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group of 50% plus one share of VIG’s voting shares. If VIG elects to terminate the general distribution agreement after a change of control of Erste Group Bank has occurred, it may choose to ask for a reduction of the original purchase price that it and its group companies have paid for the shares in the CEE insurance companies of Erste Group. The rebate corresponds to the difference between the purchase price and the embedded value and is reduced to zero on a linear scale from 26 March 2013 to 16 March 2018.

Erste Group Bank and VIG are furthermore parties to an asset management agreement, pursuant to which Erste Group undertakes to manage certain parts of VIG’s and its group companies’ securities assets. In case of a change of control (as defined above), each party has a termination right. If Erste Group Bank elects to terminate the asset management agreement following such a change of control of VIG, because the new controlling shareholders of VIG no longer support the agreement, it may choose to ask for a full refund of the purchase price that it has paid for 95% of Ringturm Kapitalanlagegesellschaft m.b.H., the asset management company performing the services under the asset management agreement. The refund decreases on a linear scale down to zero from October 2013 to October 2018.

Insurance

Erste Group Bank maintains insurance coverage under groupwide insurance programmes that its management board deems to be appropriate. The insurance programmes include liability insurance, errors and omissions, property insurance for any kind of property, such as buildings and equipment, insurance against internal and external fraud and against robbery, burglary and theft. In addition, Erste Group Bank also has an insurance policy to cover liability of its directors, officers and other key members of management and an employment practices liability insurance.

In the view of Erste Group Bank’s management board, the existing insurance coverage, including the levels and conditions of coverage, provides reasonable protection taking into account the costs for the insurance coverage and the potential risks of its business operations. Erste Group Bank cannot, however, provide any assurances that losses will not be incurred or that claims will not be filed against it which may exceed its existing insurance coverage.

Ratings

Erste Group Bank’s long-term credit ratings at the date of the approval of this Prospectus are: Standard & Poor’s, A (outlook negative); Moody’s, A3 (outlook negative); and Fitch Ratings, A (outlook stable). A credit rating is not a recommendation to buy, sell or hold securities. Such credit ratings have

been issued by credit rating agencies established in the European Community and registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009. See *“Risk factors—Risks related to the business of Erste Group—Rating agencies may suspend, downgrade or withdraw a rating of Erste Group Bank or of a country where Erste Group Bank is active, and such action might negatively affect the refinancing conditions for Erste Group Bank, in particular its access to debt capital markets”*.

Land and buildings

As of 31 December 2012, the carrying amount of land and buildings (used by Erste Group) amounted to €1,800 million and the carrying amounts of land and buildings (used by Erste Group) and investment property totaled €2,823 million. The majority of buildings owned by Erste Group are used by Erste Group. Real estate owned by Erste Group is only encumbered to a negligible extent. Currently, Erste Group is building its new headquarters “Erste Campus” for all entities located in Vienna. Upon completion which is currently planned for 2016, approximately 4.000 employees are expected to use the new office building centrally located in the new district “Quartier Belvedere”.

Trademarks and patents

Several slogans incorporating the phrase “Erste Bank” and “Erste Group Bank” were registered as trade marks in Austria and several other countries, in particular the core countries in which Erste Group is active. Additional trademarks utilised by members of Erste Group were registered in the relevant countries. Erste Group is the owner of several domain names, including “erstegroup” and “erstebank” in connection with the top level domain “com” and certain local top level domains (“at”, “cz”, “sk”, “hu”, “hr”, “rs” and “ro”), the domains “sparkasse.at”, “sparefroh.at”, “sparefroh.or.at”, “spark7.at”, “spark7.com” as well as local domain names, such as “csas.cz”, “slsp.sk” and “novban.co.yu”. Patents are not relevant for the business operation of Erste Group.

Management and governing bodies

Overview

Erste Group Bank's governing bodies are its Management Board (*Vorstand*), its Supervisory Board (*Aufsichtsrat*) and its shareholders' meeting (*Hauptversammlung*). The powers of these governing bodies are determined by the Stock Corporation Act, the Articles of Association and the by-laws (*Geschäftsordnungen*) of the Management Board, the Supervisory Board and its various committees.

Day-to-day management of Erste Group Bank is vested in the Management Board, which represents Erste Group Bank with respect to third parties and delegates some of its tasks to employees. The Supervisory Board, which supervises the Management Board, is vested with the authority to appoint and remove the members of the Management Board. Under Austrian law, a simultaneous membership on both the management board and the supervisory board of the same company is not permitted. Although the Supervisory Board may not directly manage Erste Group Bank, the Stock Corporation Act, the Articles of Association and the by-laws of the Supervisory Board and the Management Board require the consent of the Supervisory Board before the Management Board is permitted to take certain actions. These actions include:

- granting of loans and other exposures and entering into related party transactions, all of which require an approval under Sections 27 and 28 Banking Act, or Sections 80 and 95 (5) no. 12 Stock Corporation Act, respectively;
- certain capital measures;
- acquisition and sale of businesses or real property (other than bail-out purchases), encumbrances of real property, investments in securities and inter-bank deposits, issuance of certain securities, participation in security issuances by third parties, all beyond certain limits which are determined by the Supervisory Board;
- establishment and closing of branches, establishment and abandonment of business areas and product groups;
- determination of general principles of Erste Group Bank's business policy;
- adoption of the annual budget, including the investment plan, and of overruns of the investment plan by more than 10%;
- granting of a general power of representation (*Prokura*) or a commercial power of representation for all of the business operations (*Handlungsvollmacht zum gesamten Geschäftsbetrieb*); and
- granting of stock options to senior management, Management Board and Supervisory Board members.

Supervision of the Management Board by the Supervisory Board is exercised by the examination of regular reports which must be provided by the Management Board. The Management Board is required to report to the Supervisory Board at least annually regarding fundamental questions of future business policy. The Management Board is also required to report to the Supervisory Board regularly, at least quarterly, on the progress of business operations and on the results of the business against forecast. The Supervisory Board may also require special reports on the business and operations of Erste Group Bank.

Members of the Management Board and the Supervisory Board owe duties of loyalty and due care to Erste Group Bank. Each member of these governing bodies must consider a broad spectrum of interests, particularly those of Erste Group Bank and its shareholders, employees and creditors. In addition, the Management Board must also take into consideration the shareholders' rights to equal treatment and equal access to information. The members of the Management Board or the Supervisory Board are jointly and severally liable to Erste Group Bank for damages for any breach of their duties.

In general, the Stock Corporation Act does not provide a shareholder with any direct recourse against the members of the Management Board or the Supervisory Board in the event that they are believed to have breached their duties. Apart from insolvency or tort claims, only Erste Group Bank itself has the right to claim damages from the members of either the Management Board or the Supervisory Board. Erste Group Bank may waive this right or settle these claims only if five or more years have passed since the alleged breach and if the shareholders approve the waiver or settlement at a share-

holders' meeting by a simple majority of the votes cast, and provided that opposing shareholders do not hold, in the aggregate, 20% or more of Erste Group Bank's share capital (under certain circumstances, this threshold is reduced to 10% or 5%) and do not have their opposition formally recorded in the minutes maintained by an Austrian notary public.

A shareholder or a group of shareholders with an aggregate shareholding of at least 10% of the share capital of Erste Group Bank may, among other things:

- request a court to revoke the appointment of members of the Supervisory Board for cause; and
- request the assertion of damage claims on behalf of the Erste Group Bank against members of the Management Board, members of the Supervisory Board or certain third parties, unless the claim is obviously unfounded.

Furthermore, a shareholder or a group of shareholders with an aggregate shareholding of at least 5% of the share capital of Erste Group Bank may, among other things, request the assertion of damage claims of Erste Group Bank against members of the Management Board, the Supervisory Board or third parties, if a special audit report reveals facts which may lead to damage claims against the aforementioned persons.

Supervisory Board

General

In general, the supervisory board of an Austrian stock corporation may have from three to twenty members. Members of the supervisory board are either elected by the shareholders' meeting or appointed by one or more shareholders if they have been granted the right to do so in the articles of association. In addition, employees' representatives or group employees' representatives, respectively, are entitled (but not obligated) to appoint to the supervisory board one employees' representative for every two shareholders' representatives.

Pursuant to the Articles of Association, the Supervisory Board of Erste Group Bank consists of at least three and a maximum of twelve members who were elected by the shareholders' meeting (each, a "Shareholders' Representative" and together, the "Shareholders' Representatives"). Under the Articles of Association, as long as Erste Stiftung, Erste Group Bank's major shareholder, is liable for all present and future liabilities of Erste Group Bank in the case of Erste Group Bank's insolvency pursuant to Section 92 (9) Banking Act, Erste Stiftung has the right to appoint up to one-third of the Shareholders' Representatives. To date, Erste Stiftung has not exercised its appointment right, so that all of the Shareholders' Representatives have been elected by the shareholders' meeting. One of the Shareholders' Representatives is a representative of the private shareholders. Suitable persons are publicly invited by announcements in newspapers to apply for this position. Prior to a shareholders' meeting deciding on the election of the private shareholders' representative, private shareholders first hold a separate election (supervised by an Austrian notary public) among the candidates. At the shareholders' meeting, Erste Stiftung announces its support for the winner of such election and then exercises its voting rights in the shareholders' meeting to elect such nominee accordingly.

The remaining one-third of the Supervisory Board members is delegated by the employees' council, as required by Austrian law. Members of the Supervisory Board who are delegated by the employees' council are full-time employees of Erste Group Bank unlike the Shareholders' Representatives.

Unless a shorter term has been determined by the shareholders' meeting, the term of office of a Shareholders' Representative shall end at the end of the shareholders' meeting which resolves upon the discharge for the actions of such member of the Supervisory Board in the fourth financial year following the election. A re-election is permissible. No person may be elected as member of the Supervisory Board who (i) already holds eight seats in supervisory boards of (other) listed companies; the function as chairperson is counted twice or (ii) has been a member of the Management Board in the last two years, unless the election of such member is based on a proposal of shareholders representing a majority of more than 25% of the votes cast in Erste Group Bank and no other member of the Supervisory Board has been a member of the Management Board in the last two years. The Articles of Association set forth certain personal qualification requirements, which are a precondition to the membership in the Supervisory Board. Only persons of age and unrestricted capacity may be members of the Supervisory Board. In addition, persons who (i) have reached the age of 70 years, (ii) hold more than 5% of the voting capital of other credit institutions, or (iii) are members of corporate bodies and employees of other banks if such banks are direct competitors of Erste Group Bank (un-

less they exercise these functions with the consent of the Supervisory Board or upon Erste Group Bank's instructions) may not be members of the Supervisory Board. Pursuant to the Articles of Association, the appointment of a Shareholders' Representative can be revoked before the end of the member's respective term by a resolution of the shareholders' meeting, which requires a majority of 75% of the votes cast and a majority of 75% of the share capital represented at such meeting.

The Supervisory Board elects a chairperson and a first and a second deputy chairperson from among its members. The chairperson is responsible for convening the meetings of the Supervisory Board. Resolutions of the Supervisory Board are usually adopted in such meetings. The chairperson or one of its deputies acts as chair of the meetings. The Supervisory Board is quorate if the meeting has been duly convened and if at least half of the Shareholders' Representative, including the chairperson or one of its deputies, are present, unless the Articles of Association or the law require a higher quorum. Resolutions are passed by simple majority of the votes cast, unless the Articles of Association or the law require a higher majority. In the event of a tie vote, the chairperson of the Supervisory Board, or in its absence the first deputy chairperson, or in the absence of the first deputy chairperson, the second deputy chairperson, has the casting vote.

Current members of the Supervisory Board

Currently, the Supervisory Board consists of ten members elected by the shareholders of Erste Group Bank and five employee representatives. The current members of the Supervisory Board are listed below, together with information on their term of office and their principal activities outside Erste Group.

Name	Position	First appointed on	Appointment expires on
Friedrich Rödler.....	Chairman	4 May 2004 (as member of the Supervisory Board); 15 May 2012 (as chairman of the Supervisory Board)	Annual shareholders' meeting in 2014
Georg Winckler	First deputy chairman	27 April 1993 (as member of the Supervisory Board); 11 May 2005 (as first deputy chairman of the Supervisory Board)	Annual shareholders' meeting in 2015
Theresa Jordis	Second deputy chairwoman	26 May 1998 (as member of the Supervisory Board); 3 September 2005 (as second deputy chairwoman of the Supervisory Board)	Annual shareholders' meeting in 2013
Bettina Breiteneder	Member	4 May 2004	Annual shareholders' meeting in 2014
Jan Homan.....	Member	4 May 2004	Annual shareholders' meeting in 2014
Juan Maria Nin Génova	Member	12 May 2009	Annual shareholders' meeting in 2014
Brian Deveraux O'Neill.....	Member	31 May 2007	Annual shareholders' meeting in 2017
Wilhelm Rasinger	Member	11 May 2005	Annual shareholders' meeting in 2015

Name	Position	First appointed on	Appointment expires on
John James Stack.....	Member	31 May 2007	Annual shareholders' meeting in 2017
Werner Tessmar-Pfohl.....	Member	6 May 2008	Annual shareholders' meeting in 2013
Andreas Lachs	Employee representative	9 August 2008	not applicable
Friedrich Lackner	Employee representative	24 April 2007	not applicable
Bertram Mach.....	Employee representative	9 August 2008	not applicable
Barbara Smrcka	Employee representative	9 August 2008	not applicable
Karin Zeisel	Employee representative	9 August 2008	not applicable

Source: Internal Information of Erste Group Bank.

The members of the Supervisory Board can be reached at Erste Group Bank's business address Graben 21, A-1010 Vienna, Austria.

The following table sets out the names of all companies and partnerships of which each of the current members of the Supervisory Board has been a member of the administrative, management or supervisory board or partner (as the case may be) at any time in the five years prior to the date of this Prospectus:

Name	Name of relevant company/partnership	Position held	Position still held?
Friedrich Rödler	DACA-Privatstiftung	MB member	Yes
	Erste Bank der oesterreichischen Sparkassen AG	SB member	Yes
	Erste Bank Hungary Zrt.	SB member	Yes
	PricewaterhouseCoopers Tirol Wirtschaftsprüfungsgesellschaft mbH	Executive director	Yes
	PricewaterhouseCoopers Vorarlberg Wirtschaftsprüfungsgesellschaft mbH	Executive director	Yes
	PwC Advisory Services GmbH	Executive director	Yes
	PwC Austria Holding AG Wirtschaftsprüfungsgesellschaft	MB member	Yes
	PwC Beteiligungsgesellschaft mbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft	Executive director	Yes
	PwC Burgenland Wirtschaftsprüfung und Steuerberatung GmbH	Executive director	Yes
	PwC Europe AG Wirtschaftsprüfungsgesellschaft	MB member	Yes
	PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH	Executive director	Yes
	PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH	Executive director	Yes
	PwC Österreich GmbH Wirtschaftsprüfungsgesellschaft	Executive director	Yes

Name	Name of relevant company/partnership	Position held	Position still held?
	PwC PricewaterhouseCoopers Wirtschaftsprüfung und Steuerberatung GmbH	Executive director	Yes
	PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH	Executive director	Yes
	PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH	Executive director	Yes
	PwC Transaction Services Wirtschaftsprüfung GmbH	Executive director	Yes
	PwC Wirtschaftsprüfung GmbH	Executive director	No
	RFR Consulting Wirtschaftsprüfung und Steuerberatung GmbH	Executive director	Yes
Dr. Georg Winckler	Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung	SB chairman	Yes
	DIE ERSTE Österreichische Spar-Casse Privatstiftung	SB chairman	Yes
	Educational Testing Service (ETS), Princeton/New Jersey	Member of the board of trustees	Yes
	Innovationszentrum Universität Wien GmbH	SB member	No
	Steiermärkische Bank und Sparkassen Aktiengesellschaft	SB member	No
	UNIQA Versicherungen AG	SB deputy chairman	Yes
	Wenckheim Privatstiftung	MB member	Yes
Dr. Theresa Jordis	Allegretto Beteiligungsverwaltungs GmbH	MB member	Yes
	ANTEGNA Beteiligungsverwaltungs GmbH	MB member	Yes
	Arlberg Privatstiftung	MB chairwoman	Yes
	Austrian Airlines AG	SB member	Yes
	BORCKENSTEIN PRIVATSTIFTUNG	MB chairwoman	Yes
	DORDA BRUGGER JORDIS Rechtsanwälte GmbH	MB member	Yes
	Gemeinnützige Privatstiftung für Brustgesundheit	MB member	No
	Hollenburg Privatstiftung	MB chairwoman	Yes
	JN Privatstiftung	MB member	No
	Jos. R. Privatstiftung	MB deputy chairwoman	Yes
	Karl Josef Privatstiftung	MB member	No
	KREMSLEHNER Privatstiftung	MB chairwoman	Yes
	MELKER Privatstiftung	MB chairwoman	Yes
	Miba Aktiengesellschaft	SB chairwoman	Yes
	MITTERBAUER Privatstiftung	MB chairwoman	Yes
	Mitterbauer Beteiligungs—Aktiengesellschaft	SB chairwoman	Yes
	ÖLP Österreichische Luftverkehrs-Privatstiftung	MB member	Yes
	Peter und Paul Privatstiftung	MB member	Yes
	Prinzhorn Holding GmbH	SB chairwoman	Yes
	PUPA Privatstiftung	MB chairwoman	Yes
	SCHNEIDER Privatstiftung	MB chairwoman	Yes
	Stephanie "Besitzgesellschaft" mbH	MB member	Yes
	Stephanie Privatstiftung	MB chairwoman	Yes
	Thomas Prinzhorn Privatstiftung	MB chairwoman	No
	Wolford Aktiengesellschaft	SB chairwoman	Yes
	Österreichische Industrieholding AG	SB member	Yes
Bettina	A-Garagenbesitz und Vermietungs GmbH	Executive director	Yes

Name	Name of relevant company/partnership	Position held	Position still held?
Breiteneder	BIP Immobilien Development GmbH (previously, AlphaBeta 1 Beteiligungsverwaltung AG)	Executive director	Yes
	Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung	SB member	No
	B-Beteiligungs GmbH	Executive director	Yes
	BB-Beratungs- und Beteiligungs GmbH	Executive director	Yes
	BB Wald und Wiesen GmbH	Executive director	Yes
	BB Wald und Wiesen GmbH & Co. KG	Executive director	Yes
	B & W Liegenschaftsverwertungs GmbH	Executive director	Yes
	Bewa Autoverleih GmbH	Executive director	Yes
	BIP CEE Immobilien GmbH	Executive director	Yes
	BIP Verwaltungs- und Beteiligungsgesellschaft mbH	Executive director	Yes
	BIP-Garagengesellschaft Breiteneder Ges.m.b.H.	Executive director	Yes
	BIP-Immobilienverwaltung Gesellschaft m.b.H.	Executive director	Yes
	BIP-Park & Ride Hütteldorf GmbH	Executive director	Yes
	BIP Projektentwicklungs GmbH	Executive director	Yes
	BIP-Tiefgarage Promenade Bau- und Betriebs GmbH	Executive director	Yes
	DZ-Donauzentrum Besitz- und Vermietungs-GmbH	Executive director	No
	Gain Capital SA, SICAV-FIS Real Estate Car Parks I	Member of the board of directors	Yes
	Garage Hanuschspital Errichtungs GmbH	MB member	Yes
	Güterzentrum Weitendorf Gesellschaft m.b.H.	MB member	Yes
	Immobilienprojektentwicklungs GmbH	Executive director	No
	JB & B-Beteiligungs GmbH	Executive director	Yes
	JBB PS Breiteneder Gesellschaft m.b.H.	Executive director	Yes
	KB 190 Bau- und Projektentwicklungs GmbH	Executive director	Yes
	KFJ Garagenbetriebsgesellschaft m.b.H.	Executive director	Yes
	Laurenzgasse 8-10 GmbH & Co. KG	Executive director	Yes
	LOGINVEST Beteiligungs GmbH	Executive director	No
	MH 31 GmbH	Executive director	Yes
	Objekt Opernring 13-15 Liegenschaftsverwertung GmbH	Executive director	Yes
	PARK LIVING FASANGARTEN GMBH	Executive director	Yes
	Park-Tiefgaragen Bau- und Betriebsgesellschaft m.b.H.	Executive director	Yes
	Pratergarage Errichtungs- und Betriebsgesellschaft m.b.H.	Executive director	Yes
	TKV Teil- und Kreditvermittlungs GmbH	Executive director	Yes
TPG-Beteiligungs GmbH	Executive director	Yes	
Vivenotgasse 56 Immobilien GmbH	Executive director	Yes	
Wiener Garagenbau- und Betriebs GmbH	Executive director	Yes	
ZS Einkaufszentren Errichtungs- und Vermietungs-Aktiengesellschaft	SB chairwoman	Yes	
Jan Homan	Alfred Umdasch Privatstiftung	MB member	Yes
	Allianz Elementar Versicherungs-Aktiengesellschaft	SB member	Yes
	Alucommerz AG	SB member	No
	BillerudKorsnäs AB	SB member	Yes
	Constantia Aloform GmbH	Advisory council member	No
	Constantia Colmar Inc.	SB member	Yes
Constantia Flexibles GmbH	SB chairman	Yes	

Name	Name of relevant company/partnership	Position held	Position still held?
	Constantia Flexibles Group GmbH	SB chairman	Yes
	Constantia Flexibles Holding GmbH	MB member	No
	Constantia Hueck Folien GmbH & Co KG	Advisory council member	No
	Constantia Inter AG	MB member	No
	Constantia Patz Ges.m.b.H	Advisory council member	No
	Danapak Flexibles AS	SB member	No
	Drukkerij Verstraete NV	Advisory council member	Yes
	Globalpack Mexico	SB member	No
	Slovenská sporiteľňa, a.s.	SB member	Yes
	Teich AG	MB chairman	No
	Teich Russia Unternehmensbeteiligungs GmbH	MB member	No
Juan Maria Nin Génova	Banco BPI, S.A.	Member of board of directors	Yes
	Banco de Sabadell, S.A.	Advisory board member	No
	CaixaBank, S.A.	Deputy chairman and CEO	Yes
	“La Caixa” Foundation	Deputy chairman	Yes
	Criteria Caixaholding S.A.	Deputy chairman	Yes
	Gas Natural SDG, S.A.	Member of board of directors	Yes
	Repsol YPF	Member of board of directors	Yes
	VidaCaixa Grupo, S.A.U. (Insurances)	Member of board of directors	Yes
Brian Deveraux O’Neill	CorpBanca, S.A.	Board member	No
	Emigrant Bank	Board member	Yes
	Gafisa S.A.	Board member	No
	JP Morgan Chase Corp.	Investment banking, Canada & Latin America	No
	JP Morgan Chase Corp.	Vice chairman, investment banking	No
	Latin America Agribusiness Development Corporation	Vice chairman of the board	No
	Mercantil Commercebank, Florida	Board member	No
Wilhelm Rasinger	“Am Klimtpark” LiegenschaftsverwaltungsgmbH	Executive director	Yes
	BÖHLER-UDDEHOLM Aktiengesellschaft	SB member	No
	CEE Immobilien Development AG	SB member	No
	Friedrichshof Wohnungsgenossenschaft reg. Gen.mbh	SB chairman	Yes
	Hatec Privatstiftung	SB member	Yes
	Inter-Management Unternehmensberatung Gesellschaft m.b.H.	Executive director	Yes
	S IMMO AG	SB member	Yes
	S & T System Integration & Technologie Distribution AG	SB member	No
	Wienerberger AG	SB member	Yes

Name	Name of relevant company/partnership	Position held	Position still held?
John James Stack	Ally Financial Inc.	Member of board of directors	Yes
	Ally Bank	Member of board of directors	Yes
	CERGE-EI	Member of board of directors	Yes
	Česká spořitelna, a.s.	MB chairman	No
	Česká spořitelna Foundation	SB member	No
	Mutual of America Life Insurance Company	SB member	Yes
	Shorebank International	SB member	No
Dr. Werner Tessmar-Pfohl	Borckenstein AG	SB member	No
	GRAWE-Vermögensverwaltung	SB member	No
	Grazer Wechselseitige Versicherung Aktiengesellschaft	SB member	No
	MITTERBAUER Privatstiftung	MB member	No
	OSA Textilhandelsgesellschaft m.b.H.	MB member	Yes
	Sattler AG	MB member	No
	Sattler AG	SB chairman	Yes
	Steiermärkische Bank und Sparkassen Aktiengesellschaft	SB chairman	Yes
	Tessmar-Pfohl GmbH	MB member	Yes
	Teufelberger Holding Aktiengesellschaft	SB deputy chairman	Yes
Andreas Lachs	VBV-Pensionskasse AG	SB member	Yes
Friedrich Lackner	DIE ERSTE Österreichische Spar-Casse Privatstiftung	SB member	Yes
Bertram Mach	none	—	—
Barbara Smrckanone		—	—
Karin Zeisel	none	—	—

Source: Internal information of Erste Group Bank.

Friedrich Rödler (Chairman of the Supervisory Board). Born in 1950, Mr. Rödler studied technical mathematics and computer science at the Vienna University of Technology (*Technische Universität Wien*), graduating in 1975, and business administration and tax law at the Vienna University of Economics and Business Administration (*Wirtschaftsuniversität Wien*), graduating in 1976. In 1980, Mr. Rödler was admitted as tax adviser (*Steuerberater*) and in 1982 as certified auditor (*Wirtschaftsprüfer*). He started his career with Arthur Andersen Austria in 1976. Since 1990, Mr. Rödler has held various positions with PwC PricewaterhouseCoopers Austria (and other group companies), where he currently is Country Senior Partner. Mr. Rödler has been a member of the Supervisory Board since 2004 and its chairman since 2012.

Georg Winckler (First deputy chairman of the Supervisory Board). Born in 1943, Mr. Winckler studied economics at the Princeton University and the University of Vienna (*Universität Wien*), where he obtained a doctorate in 1968. He started his career in 1967 at the Austrian Institute of Economic Research (*Österreichisches Institut für Wirtschaftsforschung, Wifo*) in Vienna. Between 1968 and 1975, Mr. Winckler was research assistant at the Department of Economics at the University of Vienna (*Universität Wien*), where he became (full) Professor of Economics in 1978 and was rector between 1999 and 2011. He also was Visiting Professor at the University of Graz (*Universität Graz*), the University of Fribourg (*Université de Fribourg*), Switzerland, the University of Linz (*Universität Linz*), Georgetown

University, Washington D.C., and the Comenius University in Bratislava. He has been a member of the Supervisory Board since 1993 and its deputy chairman since 2005.

Theresa Jordis (Second deputy chairwoman of the Supervisory Board). Born in 1949, Ms. Jordis studied law at the University of Vienna (*Universität Wien*), where she obtained a doctorate in 1971. In 1981, Ms. Jordis passed her bar exam. Since 1981, she practices law. Ms. Jordis is the founding partner of the law firm DORDA BRUGGER JORDIS Rechtsanwälte GmbH. She has been a member of the Supervisory Board since 1998 and its deputy chairwoman since 2003.

Bettina Breiteneder. Born in 1970, Ms. Breiteneder studied business administration at the Vienna University of Economics and Business Administration (*Wirtschaftsuniversität Wien*), graduating in 1994. Since 1994, she has been working with BIP Breiteneder Immobilien Parkring, a group of companies owned by her family. Ms. Breiteneder has been a member of the Supervisory Board since 2004.

Jan Homan. Born in 1947, Mr. Homan studied economics at the Vienna University of Economics and Business Administration (*Wirtschaftsuniversität Wien*), graduating in 1972. He started his career with Chase Manhattan Bank in Frankfurt am Main, New York and Düsseldorf in 1972. Other previous appointments include positions at Bank Société Générale Alsacienne in Vienna, Sandvik Austria GmbH, Vienna, and Hartmann Druckfarben GmbH, Vienna. Between 1991 and 2004, Mr. Homan was CEO of Teich Group, Weinburg, and between 2004 and January 2011 CEO of Constantia Flexibles Group, Weinburg. He has been a member of the Supervisory Board since 2004.

Juan Maria Nin Génova. Born, in 1953, Mr. Nin Génova graduated in law and economics at the University of Deusto, Bilbao in 1975 and obtained a master in law from the London School of Economics and Political Sciences in 1978. He started his career as programme director of the Spanish team which negotiated the accession of Spain to the European Community (1978-1980) and in 1980 joined Banco Hispano Americano. Other previous appointments include the position of the CEO of Banco Sabadell (2002-2007). Since 2007, Mr. Nin Génova has been the President and CEO of "La Caixa" and since July 2011, he has also been the Deputy Chairman and CEO of CaixaBank, S.A. He is member of the board of directors of the University of Deusto. He has been a member of the Supervisory Board since 2009.

Brian Deveraux O'Neill. Born in 1953, Mr. O'Neill obtained a bachelor's degree from the University of San Diego in 1975 and a Master of Business Administration (MBA) from Thunderbird School of Global Management in 1976. He started his career with JP Morgan Chase, where he held various positions between 1977 and 2007, including as member of the management committee for Latin America and Canada. Additionally, he was Deputy Assistant Secretary of the U.S. Department of the Treasury (2007-2009). Since 2009, he has been vice chairman of Lazard International and managing director of Lazard Freres & Co., New York. Mr. O'Neill has been a member of the Supervisory Board since 2007.

Wilhelm Rasinger. Born in 1948, Mr. Rasinger studied business administration at the Vienna University of Economics and Business Administration (*Wirtschaftsuniversität Wien*), where he obtained his master degree in 1972 and a doctorate in 1976. He started his career in 1972 as project manager at the Hernstein Institute for Management and Leadership (*Hernstein Institut für Management und Leadership*), Vienna. Other previous appointments include the position of a management consultant with IBB Internationale Unternehmensberatung, Vienna (1977-1983) and of Allianz Insurance (Allianz Elementar Versicherungs-Aktiengesellschaft), Vienna (1983-1993). Since 1982, he is a lecturer at the Vienna University of Technology (*Technische Universität Wien*). Since 1993, Mr. Rasinger has been managing partner of Inter-Management Unternehmensberatung GmbH, Vienna, and "Am Klimtpark" Liegenschaftsverwaltung GmbH, Vienna. He is chairman of the Austrian Association of Investors (*IVA – Interessenverband für Anleger*). He has been a member of the Supervisory Board since 2005.

John James Stack. Born in 1946, Mr. Stack earned a BA degree in 1968 from Iona College (New Rochelle, NY) majoring in mathematics and economics. He received a Master of Business Administration in 1970 from the Harvard Business School (Boston, MA). He started his career in the New York City Mayor's Office in 1970 and worked for six years in New York City and State governments. In 1977, he joined Chemical Bank and spent 22 years in increasingly senior positions at Chemical Bank and its successor institution Chase Bank serving consumer, small business and middle market clients in the United States. From 2000 to 2007, Mr. Stack was the Chairman and CEO of Česká spořitelna, a.s, the Czech Republic. He has been a member of the Supervisory Board since 2007.

Werner Tessmar-Pfohl. Born in 1942, Mr. Tessmar-Pfohl studied world trade at the Vienna University of Economics and Business Administration (*Wirtschaftsuniversität Wien*), graduating in 1964, and

obtained a doctorate in economics in 1968. He started his career in 1968 by joining the family-owned SATTLER Textilwerke OHG. Between 1976 and 2001, he held different management positions with the SATTLER Group. He was chairman of the Styrian section of the Federation of Austrian Industries (*Vereinigung der Österreichischen Industrie, Landesgruppe Steiermark*) and vice chairman of the Federation of Austrian Industries (*Vereinigung der Österreichischen Industrie*). Between 2001 and 2007, he was chairman of the management board of SATTLER AG and since 2007, he has been chairman of its supervisory board. He has been a member of the Supervisory Board since 2008.

Andreas Lachs. Born in 1964, Mr. Lachs studied business information technology at the University of Vienna (*Universität Wien*), graduating in 1991. In 1993, he obtained a Master of Business Administration (MBA) from Columbia University Business School, New York. He started his career in 1994 as an analyst with the Creditanstalt Group, Vienna. In 1997, Mr. Lachs joined GiroCredit Bank Aktiengesellschaft der Sparkassen, Vienna (a legal predecessor of Erste Group Bank). He currently holds the position of a market risk manager at Erste Group Bank. Since 2007, Mr. Lachs has been a member of Erste Group Bank's employees' council, and since 2011, its deputy chairman. He has been a member of the Supervisory Board since 2008.

Friedrich Lackner. Born in 1952, Mr. Lackner started his career with Girozentrale und Bank der österreichischen Sparkassen AG, Vienna (a legal predecessor of GiroCredit Bank Aktiengesellschaft der Sparkassen, Vienna, and Erste Group Bank), in 1972. Mr. Lackner is a settlement specialist (*Spezialist Abwicklung*) in the Group Operations Retail and Corporate Division of Erste Group Bank (currently on leave due to his position on Erste Group Bank's employees' council). Since 2007, he is chairman of Erste Group Bank's employees' council. In 2009, Mr. Lackner became chairman of the executive committee (*Präsidium*) of the group employees' council of Erste Group. He has been a member of the Supervisory Board since 2007.

Bertram Mach. Born in 1951, Mr. Mach studied economics at the University of Vienna (*Universität Wien*). In 1978, he started his career with Girozentrale und Bank der österreichischen Sparkassen AG, Vienna (a legal predecessor of GiroCredit Bank Aktiengesellschaft der Sparkassen, Vienna, and Erste Group Bank), in the area of international business. Mr. Mach is deputy chairman of the employees' council of Erste Group Bank and has been its member (and member of the employees' councils of Erste Group Bank's legal predecessors) since 1980. Since 2008, he has been a member of the Supervisory Board.

Barbara Smrcka. Born in 1969, Ms. Smrcka started her career with Österreichisches Credit-Institut AG, Vienna (a legal predecessor of GiroCredit Bank Aktiengesellschaft der Sparkassen, Vienna, and Erste Group Bank), in 1989, where her last position was procurement manager and procurement accountant. In 2001, the procurement department was outsourced (including an assignment of employees (*Arbeitnehmerüberlassung*)) to BMG Warenbeschaffung GmbH (now Procurement Services GmbH), Vienna, where Ms. Smrcka held various positions including Head of Customer Support & Services and Head of IT. Since August 2012, she holds a position in the staff unit Special Projects and Organisation. Since 2008, Ms. Smrcka has been deputy chairwoman of Erste Group Bank's employees' council and member of the Supervisory Board.

Karin Zeisel. Born in 1961, Ms. Zeisel started her career with a legal predecessor of Erste Group Bank in 1979. She currently holds the position of an advisor to Erste Time Bank, a platform for volunteers operated by Erste Group Bank and Austrian savings banks. Ms. Zeisel has been a member of the employees' council of Erste Group Bank (and its legal predecessors) since 1996 and its deputy chairwoman since 2003. She also is a member of the Federal Executive Board of Österreichischer Gewerkschaftsbund (ÖGB, the Austrian Trade Union Federation) and deputy chairwoman of the trade union GPA – djp (Trade Union of Private Employees – Print Journalism Paper). Since 2007, Ms. Zeisel has been a member of the Supervisory Board.

Supervisory Board committees

The Supervisory Board has established certain committees from among its members, some of which are required to be established by law. The current Supervisory Board committees comprise an audit committee, a remuneration committee, a nomination committee, an executive committee, a risk management committee and a construction committee. The decision-making powers of the respective committees are regulated in the by-laws of the Supervisory Board and the by-laws of each of the committees adopted by the Supervisory Board. Each committee is composed of a chairperson, a deputy chairperson and further Shareholders' Representatives as well as Supervisory Board members delegated by the employees' council, one of whom may also be appointed deputy chairperson.

Generally, each committee is quorate if the meeting has been duly convened and if at least half of the Shareholders' Representatives are present, unless the Articles of Association or the law require a higher quorum. As a general rule, resolutions are passed by simple majority of the votes cast, unless the Articles of Association or the law require a higher majority. In the event of a tie vote, the chairperson of the committee has the casting vote. If a resolution is not passed unanimously, each member of the committee can demand to refer the matter to the Supervisory Board. Each committee must regularly report to the Supervisory Board.

Audit committee

The audit committee is responsible, among other things, for the supervision of the accounting process; the supervision of the effectiveness of the internal control, the internal audit system and the risk management system; the proposal for the appointment of the auditors; the supervision of the annual audit and the annual group audit; the assessment and supervision of the independency of the auditors; and reviewing and preparing the approval of the annual financial statements and the consolidated financial statements of Erste Group Bank. Meetings of the audit committee shall take place at least four times a year.

The current members of the audit committee are:

Name	Position
Georg Winckler	Chairman of the committee
Theresa Jordis	Deputy chairwoman of the committee
Wilhelm Rasinger	Member
Friedrich Rödler.....	Member
Bettina Breiteneder	Substitute member
Friedrich Lackner	Member (delegated by the employees' council)
Andreas Lachs	Member (delegated by the employees' council)
Barbara Smrcka	Substitute member (delegated by the employees' council)

Source: Minutes of the meeting of the Supervisory Board dated 27 June 2012.

Remuneration committee

The remuneration committee, among other things, approves the general principles of the remuneration policy, reviews them periodically and is responsible for their implementation. It also monitors the remuneration policy, remuneration practices, incentive schemes related to remuneration and the payout of variable remuneration to Management Board members and senior management. Meetings of the remuneration committee shall take place at least twice a year.

The current members of the remuneration committee are:

Name	Position
Friedrich Rödler.....	Chairman of the committee
Georg Winckler	Deputy chairman of the committee
Theresa Jordis	Member
Juan Maria Nin Génova	Member
Brian Deveraux O'Neill.....	Member
John James Stack.....	Member
Jan Homan	Substitute member
Friedrich Lackner	Member (delegated by the employees' council)
Bertram Mach.....	Member (delegated by the employees' council)
Karin Zeisel	Member (delegated by the employees' council)
Barbara Smrcka	Substitute member (delegated by the employees' council)

Source: Minutes of the meeting of the Supervisory Board dated 27 June 2012.

Nomination committee

The nomination committee, among other things, submits proposals to the Supervisory Board for the appointment of new Management Board and Supervisory Board members, deals with relationships

between Erste Group Bank and members of the Management Board, with the exception of resolutions regarding the appointment or the revocation of the appointment of Management Board members as well as the granting of stock options for shares of Erste Group Bank. The chairperson of the Supervisory Board shall always be the chairperson of the nomination committee. Meetings of the nomination committee shall take place whenever necessary.

The current members of the nomination committee are:

Name	Position
Friedrich Rödler.....	Chairman of the committee
Georg Winckler	Deputy chairman of the committee
Theresa Jordis	Member
Friedrich Lackner	Member (delegated by the employees' council)
Bertram Mach.....	Member (delegated by the employees' council)
Karin Zeisel	Substitute member (delegated by the employees' council)

Source: Minutes of the meeting of the Supervisory Board dated 27 June 2012.

Executive committee

The executive committee can be mandated at any time by the Supervisory Board to deal with specific topics (e.g., capital measures) in order to prepare a decision by the Supervisory Board on that subject. The Supervisory Board may also authorize the executive committee to make a final decision. In the case of an emergency and in order to avert serious damage, the chairperson may convene the executive committee to become active in Erste Group Bank's interest even without a specific mandate of the Supervisory Board. Meetings of the executive committee shall take place whenever necessary.

The current members of the executive committee are:

Name	Position
Friedrich Rödler.....	Chairman of the committee
Georg Winckler	Deputy chairman of the committee
Theresa Jordis	Member
Juan Maria Nin Génova	Member
Wilhelm Rasinger	Substitute member
Friedrich Lackner	Member (delegated by the employees' council)
Bertram Mach.....	Member (delegated by the employees' council)
Andreas Lachs	Substitute member (delegated by the employees' council)

Source: Minutes of the meeting of the Supervisory Board dated 27 June 2012.

Risk management committee

The risk management committee is responsible, among other things, for granting approval in all those cases where loans and investments or major investments within the meaning of Section 27 Banking Act reach an amount requiring the Management Board to obtain the approval of the Supervisory Board. It is also charged with granting approval to large exposures pursuant to Section 27 Banking Act, if such an investment to credit institutions exceeds 10% of the own funds of Erste Group Bank or if the investment amounts to at least 10% of the consolidated own funds of Erste Group. Within the limits of its powers, the committee may grant approvals in advance to the extent permitted by law. In addition, it is responsible for the supervision of the risk management of Erste Group Bank and deals with risk management activity reports, reports on litigation, larger IT projects, workout reports, and reports on important audits of Erste Group Bank's subsidiaries by supervisory authorities. The committee also approves the establishment and closing of Erste Group Bank's branches, the granting of a general power of representation (*Prokura*) or a commercial power of representation for all of the business operations (*Handlungsvollmacht zum gesamten Geschäftsbetrieb*) and supervises the entire equity investment portfolio of Erste Group Bank, unless the audit committee is authorised to do so. Meetings of the risk management committee shall take place at least once a month.

The current members of the risk management committee are:

Name	Position
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Friedrich Rödler.....	Chairman of the committee
Georg Winckler	Deputy chairman of the committee
Bettina Breiteneder	Member
Jan Homan	Member
Theresa Jordis	Member
Wilhelm Rasinger	Member
Werner Tessmar-Pfohl.....	Substitute member
Andreas Lachs	Member (delegated by employees' council)
Bertram Mach.....	Member (delegated by employees' council)
Karin Zeisel	Member (delegated by employees' council)

Source: Minutes of the meeting of the Supervisory Board dated 27 June 2012.

Construction committee

The construction committee is responsible for advising the Management Board and for preparing resolutions to be adopted by the Supervisory Board with respect to "Erste Campus", the future headquarters of Erste Group. Meetings of the construction committee shall take place at least twice a year.

The current members of the construction committee are:

Name	Position
Bettina Breiteneder	Chairwoman of the committee
Friedrich Rödler.....	Deputy chairman of the committee
Werner Tessmar-Pfohl.....	Member
Georg Winckler	Member
Friedrich Lackner	Member (delegated by employees' council)
Barbara Smrcka	Member (delegated by employees' council)

Source: Minutes of the meeting of the Supervisory Board dated 27 June 2012.

Remuneration of the Supervisory Board members

The remuneration of the Supervisory Board members consists of a fixed annual compensation and variable attendance fees. By its resolution of 15 May 2012, the shareholders' meeting granted the members of the Supervisory Board an annual compensation for the 2012 financial year in the aggregate amount of €700,000, whereby the distribution of this fixed compensation component was left to the discretion of the Supervisory Board.

Based on this resolution, the Supervisory Board at its constituting meeting on 15 May 2012 set the following annual compensation structure for the financial year 2012 (except for employees' representatives):

Compensation in € except for number of persons	Number	Allowance per person	Total allowance
Chairperson ⁽¹⁾	1	100,000	100,000
Deputy chairperson ⁽²⁾	2	75,000	150,000
Members	9	50,000	450,000
Total	12⁽³⁾	–	700,000

Source: Internal Information of Erste Group Bank.

(1) Named as "Chairman" in the consolidated financial statements as of and for the financial year ended 31 December 2012.

(2) Named as "Vice Chairman" in the consolidated financial statements as of and for the financial year ended 31 December 2012.

(3) Currently, the Supervisory Board consists of ten members elected by the shareholders' meeting and five members delegated by the employees' council.

The definite compensation of each member of the Supervisory Board is calculated by dividing the applicable annual allowance by twelve and multiplying the result by the number of months during which the respective Supervisory Board member served in the applicable position during the year.

In addition, the shareholders' meeting resolved on 15 May 2012 that attendance fees shall be paid to the Supervisory Board members (except for employees representatives), which were set at €1,000 per meeting of the Supervisory Board or one of its committees.

From 1 January to 31 December 2012, the following amounts of compensation were paid to the current members of the Supervisory Board (during the same period, the former members of the Supervisory Board Heinz Kessler and Elisabeth Gürtler received compensation for the year 2011 in the amount of €100,000 and €50,000, respectively; in addition the former members of the Supervisory Board Heinz Kessler and Elisabeth Gürtler received attendance fees for the year 2012 in the amount of €14,000 and €2,000, respectively):

Supervisory Board member	Compensation for the		Attendance fees	Total
in €	year 2011	for the year 2012		
Georg Winckler	75,000	31,000		106,000
Theresa Jordis	75,000	29,000		104,000
Bettina Breiteneder	50,000	20,000		70,000
Jan Homan	50,000	10,000		60,000
Juan María Nin Génova	50,000	5,000		55,000
Brian Deveraux O'Neill	50,000	7,000		57,000
Wilhelm Rasinger	50,000	27,000		77,000
Friedrich Rödler	50,000	36,000		86,000
John James Stack	50,000	6,000		56,000
Werner Tessmar-Pfohl	50,000	12,000		62,000
Andreas Lachs	0	0		0
Friedrich Lackner	0	0		0
Bertram Mach	0	0		0
Barbara Smrcka	0	0		0
Karin Zeisel	0	0		0

Source: Internal Information of Erste Group Bank

In addition, from 1 January to 31 December 2012 certain members of the Supervisory Board received the following compensation for board positions in subsidiaries of Erste Group Bank (Friedrich Rödler: Erste Bank der oesterreichischen Sparkassen AG (€13,500) and Werner Tessmar-Pfohl: Steiermärkische Bank und Sparkassen AG (€28,400)).

There are no service contracts between Erste Group Bank and/or its subsidiaries and Supervisory Board members providing for benefits upon termination, other than the employment contracts of the members delegated by the employees' council (see "*Description of Erste Group's business—Employees*").

Erste Group Bank has entered into directors' and officers' insurance agreements in its name, covering the members of the Supervisory Board, based on prevailing market conditions.

Pension, retirement and similar benefits of the Supervisory Board members

There are no amounts set aside or accrued by Erste Group Bank for pension, retirement and similar benefits of the Supervisory Board members as of 31 December 2012.

Shareholdings of the members of the Supervisory Board

As of 31 December 2012, the current members of the Supervisory Board had the following shareholdings or options for shares in Erste Group Bank:

Supervisory Board member	Number of shares	Number of options on shares
Georg Winckler	2,500	0
Bettina Breiteneder	0	0
Jan Homan	4,400	0
Juan María Nin Génova	0	0
Wilhelm Rasinger	15,303	0
Theresa Jordis	2,900	0
Friedrich Rödler	1,702	0

Supervisory Board member	Number of shares	Number of options on shares
John James Stack.....	32,761	0
Werner Tessmar-Pfohl.....	1,268	0
Andreas Lachs.....	52	0
Friedrich Lackner.....	500	50
Bertram Mach.....	95	0
Barbara Smrcka.....	281	0
Karin Zeisel.....	35	100
Brian Deveraux O'Neill.....	0	0

Source: Internal information of Erste Group Bank.

The options on shares in Erste Group Bank were not granted due to the holders' capacity as Supervisory Board members but are due to other functions held within Erste Group in accordance with the ESOPs. Erste Group Bank is not aware of any restrictions agreed upon by the Supervisory Board members on the disposal of their holdings in Erste Group Bank's shares or options on shares in Erste Group Bank.

Participation Capital holdings of the members of the Supervisory Board

As of 31 December 2012, the following current members of the Supervisory Board had the following Participation Capital holdings in Erste Group Bank:

Supervisory board member	Nominal amount
Friedrich Rödler.....	82,000
Georg Winckler.....	5,000
Wilhelm Rasinger.....	20,000

Source: Internal information of Erste Group Bank.

Erste Group Bank is not aware of any restrictions agreed upon by the Supervisory Board members on the disposal of their holdings in Erste Group Bank's Participation Capital.

Management Board

General

The management board of an Austrian stock corporation is appointed by the supervisory board for a maximum period of five years, however, members of the management board may be re-appointed. The members of the management board may be dismissed by the supervisory board for significant reasons, such as gross negligence or deliberate breach of duties. The shareholders themselves are, in principle, not entitled to appoint or dismiss the members of the management board.

The Management Board has, in principle, no obligation to obey orders or directives, originating either from the shareholders' meeting or from the Supervisory Board. Certain transactions referred to in the Stock Corporation Act, the Articles of Association and the by-laws of the Supervisory Board and the Management Board require the prior consent of the Supervisory Board. If such transactions are executed without the consent of the Supervisory Board, the Management Board is liable towards Erste Group Bank for any resulting damage. The transactions, however, are effective with respect to third parties.

The Stock Corporation Act provides for no minimum or maximum number of members of the management board. Pursuant to the Articles of Association, the Management Board shall have three to nine members. The Articles of Association set forth certain personal qualification requirements, which are a precondition to the appointment as a member of the Management Board. Only persons of age and unrestricted capacity may be members of the Management Board. Additionally, persons who (i) have reached the age of 65 years, (ii) hold more than 5% of the voting capital of other credit institutions, (iii) are members of corporate bodies and employees of other banks if such banks are direct competitors of Erste Group Bank (unless they exercise these functions with the consent of the Supervisory Board or upon Erste Group Bank's instructions), (iv) are excluded from carrying out a trade (*Gewerbe*) according to Section 13 (1) to (3), (5) and (6) Austrian Trade Code (*Gewerbeordnung*), (v)

have a continuous agency relationship with Erste Group Bank, (vi) are related to a member of the Management Board or the Supervisory Board in direct line and first degree of relationship or who are married to or cohabit with a member of the Management Board or the Supervisory Board, or (vii) are members of "VEREIN – DIE ERSTE österreichische Spar-Casse Privatstiftung", may not be appointed as members of the Management Board or re-appointed for further terms. Members of the Management Board are full-time employees of Erste Group Bank.

The by-laws (*Geschäftsordnung*) of the Management Board are established by the Management Board and must be approved by the Supervisory Board. The Supervisory Board must appoint one Management Board member as chairperson and may also appoint a deputy chairperson of the Management Board. Meetings of the Management Board shall take place once a week. The chairperson, or in its absence the deputy chairperson, or in the case the deputy chairperson is absent, the Management Board member who is most senior by the term of office, is responsible for convening the meetings. The chairperson, its deputy or the Management Board member who is most senior by the term of office acts as chair of the meetings. The Management Board is quorate if at least half of its members are present. Certain important resolutions require the presence of all members or at least the opinion statement of all members prior to a vote. Resolutions are passed by simple majority of the votes cast, unless the Articles of Association, the law or the by-laws of the Management Board require a higher majority. In the event of a tie vote, the chairperson of the Management Board has the casting vote. Erste Group Bank is represented jointly by two members of the Management Board or one member of the Management Board together with an authorised officer holding a joint power of representation (*Gesamtprokurist*), or, subject to certain statutory restrictions, by two authorised officers each holding a joint power of representation.

Current members of the Management Board

Currently, the Management Board consists of five members who have extensive experience in the Austrian banking market and the savings banks sector. The current members of the Management Board are listed below, together with information on their term of office. All members of the Management Board have positions in various companies which are part of Erste Group.

Name	Responsibility	First appointed on	Appointment expires on
Andreas Treichl (Chairman)	Group Strategy and Participation Management, Group Secretariat, Group Communications, Group Investor Relations, Group Human Resources, Group Audit, Group Brands, Employees' Council	1 October 1994 (as member of the Management Board); 1 July 1997 (as chairman of the Management Board)	30 June 2017
Franz Hochstrasser (Deputy chairman)	Group Research, Group Capital Markets, Group Investment Banking, Group Large Corporate Banking, Erste Group Immorent Client, Industries & Infrastructure, Steering and Operating Office Markets, Steering and Operating Office LC/EGI	1 January 1999 (as member of the Management Board); 24 September 2008 (as deputy chairman of the Management Board)	30 June 2017
Herbert Juranek	Group Organisation/IT, Group Banking Operations, Group Services	1 July 2007	30 June 2017
Gernot Mittendorfer	Group Strategic Risk Management, Group Corporate Risk Management, Group Retail Risk Management, Group Corporate Workout, Group Compliance, Legal & Security, Erste Group Immorent Real Estate Risk Management, Group Risk Governance and Projects, Quantitative Risk Methodologies	1 January 2011	30 June 2017
Manfred Wimmer.....	Group Accounting, Group Performance Management, Group Asset Liability Management	1 September 2008	30 June 2017

Source: Organisational charts of Erste Group Bank.

The members of the Management Board can be reached at Erste Group Bank's business address Graben 21, A-1010 Vienna, Austria.

The following table sets forth the names of all companies and partnerships of which each of the members of the Management Board has been a member of the administrative, management or supervisory board or partner (as the case may be) at any time within the five years prior to the date of this Prospectus (including selected subsidiaries):

Name	Name of relevant company/partnership	Position held	Position still held?
Andreas Treichl	Banca Comercială Română S.A.	SB chairman	Yes
	Česká spořitelna, a.s.	SB member	No
	DONAU Versicherung AG Vienna Insurance Group	SB deputy chairman	Yes
	Erste Bank der oesterreichischen Sparkassen AG	SB chairman	Yes
	Erste Bank Hungary Zrt.	SB deputy chairman	No
	DIE ERSTE Österreichische Spar-Casse Privatstiftung	MB chairman	No

Name	Name of relevant company/partnership	Position held	Position still held?
	Felima Privatstiftung	MB chairman	Yes
	Ferdima Privatstiftung	MB chairman	Yes
	good.bee Holding GmbH	AB member	Yes
	Haftungsverbund GmbH	AB chairman	Yes
	Sparkassen Versicherung AG Vienna Insurance Group	SB chairman	Yes
Dr. Franz Hochstrasser	Brokerjet Bank AG (previously, ecetra Central European e-Finance AG)	SB chairman	No
	brokerjet Ceske sporitelny, a.s.	SB chairman	No
	BVP-Pensionsvorsorge-Consult G.m.b.H.	SB deputy chairman	No
	Capexit Beteiligungs Invest MF-AG	SB chairman	No
	Capexit Private Equity Invest AG	SB chairman	No
	CEE PROPERTY-INVEST Immobilien AG	SB chairman	No
	CEESEG Aktiengesellschaft	SB member	Yes
	ecetra Internet Services AG	SB chairman	No
	Erste Asset Management GmbH	SB member	No
	Erste Corporate Finance GmbH	SB member	No
	Erste Financial Products Ltd.	MB chairman	No
	Erste Securities Polska S.A.	SB chairman	No
	Erste Securities Zagreb d.o.o.	AB chairman	No
	Erste Group Immorent AG	SB chairman	Yes
	Oesterreichische Kontrollbank Aktiengesellschaft	SB deputy chairman	Yes
	Österreichischer Sparkassenverband	MB member	No
	Public Company "Erste Bank"	SB member	Yes
	Slovenská sporitel'ňa, a.s.	SB chairman	No
	Sparkasse Kremstal-Pyhrn Aktiengesellschaft	SB member	No
	Sparkassen Immobilien Aktiengesellschaft	SB chairman	No
	Steiermärkische Bank und Sparkassen Aktiengesellschaft	SB member	No
	VBV-Vorsorgekasse AG	SB deputy chairman	No
	Wiener Börse AG	SB member	Yes
Herbert Juranek	Banca Comercială Română S.A.	SB member	Yes
	Brokerjet Bank AG (previously, ecetra Central European e-Finance AG)	SB member	Yes
	Česká spořitelna, a.s.	SB member	Yes
	EH-Alpha Holding GmbH (previously, Dezentrale IT-Infrastruktur Services GmbH)	SB chairman	No
	EGB e-business Holding GmbH (previously, ecetra Internet Services AG)	SB member	No
	Erste & Steiermärkische Bank d.d.	SB chairman	Yes
	Erste Group IT International, spol. s.r.o.	AB chairman	Yes
	Erste Group IT SK, spol. (previously, Informations-Technologie Austria SK, spol. s.r.o.)	AB member	No
	Informations-Technologie Austria CZ, spol. s.r.o. (merged with s IT Solutions CZ OM Objektmanagement GmbH)	AB deputy chairman	Yes
	Informations-Technologie Austria GmbH	SB deputy chairman	No
	MBU d.o.o.	AB member	Yes
	OM Objektmanagement GmbH	AB deputy chairman	Yes
	Procurement Services GmbH	AB deputy chairman	Yes
	Public Company "Erste Bank"	SB chairman	Yes
	s IT Solutions AT Spardat GmbH	SB chairman	Yes
	s IT Solutions Holding GmbH	AB member	No
	s IT Solutions SK, spol. S.r.o.	SB chairman	No
	s IT Solutions HR d.o.o.	AB member	Yes

Name	Name of relevant company/partnership	Position held	Position still held?
	Slovenská sporiteľňa, a.s.	SB member	Yes
Gernot Mittendorfer	Česká spořitelna, a.s.	MB chairman	No
	Erste Bank a.d. Novi Sad	SB chairman	Yes
	Erste Bank der oesterreichischen Sparkassen AG	SB member	Yes
	Erste Group Immorent AG	SB deputy chairman	Yes
	Oesterreichische Kontrollbank Aktiengesellschaft	SB member	No
	Salzburger Sparkasse Bank AG	MB member	No
	Slovenská sporiteľňa, a.s.	SB chairman	Yes
Dr. Manfred Wimmer	Banca Comercială Română S.A.	SB deputy chairman	Yes
	CEE PROPERTY-INVEST Immobilien AG	SB member	No
	Česká spořitelna, a.s.	SB chairman	Yes
	EGB Ceps Beteiligungen GmbH	Executive director	Yes
	EGB Ceps Holdings GmbH	Executive director	Yes
	Erste Bank der oesterreichischen Sparkassen AG	SB member	No
	Erste Bank Hungary Zrt	SB chairman	Yes

Source: Internal information of Erste Group Bank

Andreas Treichl (Chairman of the Management Board). Born in 1952, Mr. Treichl studied economics at the University of Vienna (*Universität Wien*), graduating in 1976. After completion of professional trainings in New York with Citibank, Morgan Stanley and Brown Brothers, he started his career with Chase Manhattan Bank in New York in 1977. In 1983, he joined DIE ERSTE österreichische Spar-Casse – Bank (a legal predecessor of Erste Group Bank) for the first time, becoming its Director for Corporate Banking, a position he held until the end of 1985. Between 1986 and 1994, Mr. Treichl was the CEO of Chase Manhattan Bank in Vienna. He rejoined DIE ERSTE österreichische Spar-Casse – Bank in 1994, when he was appointed to the Management Board (on 1 October 1994). He has been chairman of the Management Board and the CEO of Erste Group Bank since July 1997.

Franz Hochstrasser (Deputy chairman of the Management Board). Born in 1963, Mr. Hochstrasser studied economics at the University of Graz (*Universität Graz*), graduating in 1988, and obtained a doctorate in economics in 1990. After completion of internships at Girozentrale und Bank der österreichischen Sparkassen AG, Vienna (and its legal successor GiroCredit Bank Aktiengesellschaft der Sparkassen, Vienna), between 1991 and 1993, he worked as partner with Seebacher Consulting, Tutzing/Starnberg, Germany, in 1994. Between 1991 and 1997, he held various positions with GiroCredit Bank Aktiengesellschaft der Sparkassen, Vienna (which was merged with Erste Group Bank in 1997), including as Vice Director for Investment Banking and Trading. From 1997 to 1998, Mr. Hochstrasser was a director responsible for Controlling and Risk Management of Erste Bank der oesterreichischen Sparkassen AG (Erste Group Bank's legal predecessor). He has been a member of the Management Board since 1 January 1999. Since 2008, he has been deputy chairman of the Management Board.

Herbert Juranek. Born in 1966, Mr. Juranek started his career in 1985 with the *Finanzkammer der Erzdiözese Wien* (Archdiocese of Vienna). Between 1990 and 1996, he held various positions at GiroCredit Bank Aktiengesellschaft der Sparkassen, Vienna (and its legal predecessors), e.g., as Head of Derivative Clearing & Technical Support. In 1996, Mr. Juranek became Head of Risk Management of Reuters Ges.m.b.H. Austria and in 1998, in addition he assumed the responsibilities of Sales Manager Austria. He joined Erste Bank der oesterreichischen Sparkassen AG (Erste Group Bank's legal predecessor) as Executive Director for Securities & Treasury Operations in 1999. Since then, he held various management positions (e.g., as Executive Director of Group Organisation & IT, CIO) and supervisory board functions with different Erste Group companies in the respective countries. He has been a member of the Management Board since 1 July 2007.

Gernot Mittendorfer. Born in 1964, Mr. Mittendorfer studied law at the University of Linz (*Universität Linz*), graduating in 1989, and obtained a Master of Business Administration (MBA) from the Webster University, Vienna, in 1996. He started his career in 1990 with DIE ERSTE österreichische Spar-Casse – Bank (a legal predecessor of Erste Group Bank), where he held various positions until 1997. Other previous appointments include positions as management board member of Sparkasse Mühlviertel West Bank AG, Rohrbach (1997-1999), Erste Bank Sparkassen (CR), a.s., Prague (1999-

2000) and Česká spořitelna, a.s., Prague (2000-2004). Mr. Mittendorfer also was CEO of Salzburger Sparkasse Bank AG, Salzburg (2004-2007) and, upon his return to Česká spořitelna, a.s., Prague (2007-2010), CEO of Česká spořitelna, a.s.. He has been a member of the Management Board since 1 January 2011.

Manfred Wimmer. Born in 1956, Mr. Wimmer studied law at the University of Innsbruck (*Universität Innsbruck*), obtaining a doctorate in 1978. He started his career in 1978 as Assistant Professor of Private Law at the University of Innsbruck. Between 1982 and 2007, he held various positions with Creditanstalt-Bankverein, Vienna. In 1998, he joined Erste Bank der oesterreichischen Sparkassen AG (Erste Group Bank's legal predecessor) where, among other things, he was Head of Group Architecture and Head of Strategic Group Development. In 2007, Mr. Wimmer became member of the management board of BCR. Between 2007 and 2008, he was CEO of BCR. As of 1 September 2008, he became member of the Management Board and Erste Group Bank's CFO and CPO.

Remuneration of the Management Board members

The compensation of Management Board members is based on the individual's responsibilities, the achievement of corporate targets and Erste Group's financial situation.

Total fixed salaries of Management Board members, who are appointed to the Management Board as of the date of this Prospectus amount to €3.8 million for the financial year ended 31 December 2012.

In 2012, Management Board members (including Martin Škopek and Bernhard Spalt whose terms ended on 31 January 2013) received remuneration (including fixed salary, other compensation and a performance-linked cash component) totalling €4.9 million in this capacity.

The breakdown of Management Board members' compensation paid in 2012 was as follows:

in € thousand	Fixed salary for the year 2012	Other compen- sation for the year 2012	Performance- linked cash component for the year 2012	Total
Andreas Treichl.....	1,236.7	470.9	0	1,707.6
Franz Hochstrasser.....	690.6	164.4	0	855.0
Herbert Juranek.....	631.2	60.9	0	692.1
Gernot Mittendorfer.....	599.2	55.0	0	654.2
Manfred Wimmer.....	631.2	163.4	0	794.6
Martin Škopek (until 31 January 2012).....	75.0	35.1	0	110.1
Bernhard Spalt (until 31 January 2012).....	52.6	5.6	0	58.2

Source: Audited unconsolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

The item "other compensation for the year 2012" includes pension fund contributions, contributions to *Vorsorgekasse* (for the new severance payment scheme) and various non-cash compensation items. Payments made in the financial year 2012 for unused holidays are also included in "other compensation for the year 2012".

Since the financial year 2010, the variable part of the compensation to the Management Board members is split in an upfront part (60%) and a deferred part (40%). Both parts consist of 50% cash and 50% non-cash instruments. The non-cash instruments are phantom shares, *i.e.*, a right after granting to receive a cash amount that equals the average weighted daily share price of the Erste Group share multiplied by the number of granted phantom shares. The price of the phantom share is linked to the average weighted daily share price of the Erste Group share at the Vienna Stock Exchange and is multiplied by the number of granted phantom shares. The deferred bonus part is deferred over five years and paid out in equal portions over these five years according to legal requirements and is only paid out under specific conditions.

In 2012, none of the current Management Board members received a performance bonus for the financial year 2011 or any previous year in the form of cash payments, phantom shares or other share equivalents. In 2011, the Management Board members received a total performance bonus for 2010 of €1.1 million in cash and 35,539 share equivalents (Andreas Treichl received €491 thousand and 16,362 share equivalents, Franz Hochstrasser received €320 thousand and 10,671 share equivalents, Herbert Juranek received €127 thousand and 4,223 share equivalents and Manfred Wimmer received

€128 thousand and 4,283 share equivalents). Valuation of the phantom shares is based on the average weighted daily share price of Erste Group Bank in the previous year.

The Long-Term Incentive (LTI) plan is based on the performance of the Erste Group versus the benchmark. The benchmark consist of two parts. Two thirds of the benchmark is based on the performance of the share price of Erste Group compared with the performance of the share price of eight competitors (financial institutions in Austria) and one third is based on the performance of the Dow Jones Euro Stoxx consisting of the 35 largest banks in the Eurozone. When the share price of the Erste Group outperforms the benchmark the Supervisory Board may decide to pay out a tranche of the LTI. The LTI consists of four annual tranches. Under the LTI programmes for the years 2007 and 2010 Management board members received the following payments in 2012:

in € thousand	LTI 2007	LTI 2010	Total
Andreas Treichl.....	240.9	—	240.9
Franz Hochstrasser.....	60.2	84.0	144.2
Herbert Juranek	60.2	84.0	144.2
Manfred Wimmer	—	84.0	84.0
Gernot Mittendorfer.....	0	—	—
Total	361.3	252.0	613.3

Source: Audited unconsolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

In 2012, the Management Board did not receive board remuneration or other compensation from any subsidiaries of Erste Group Bank.

The employment contracts with the members of the Management Board (*Vorstandsverträge*) do not provide for specific benefits upon termination. Due to the collective contract for savings banks in Austria, all members of the Management Board have the same rights on termination as employees, *i.e.*, if employment started before 2003, members of the Management Board are entitled to severance payments up to a maximum amount of 100% of the annual remuneration, depending on years in service and, if employment started in 2003 or later, members of the Management Board are entitled to contributions to the *Vorsorgekasse* pursuant to the Austrian *Betriebliches Mitarbeiter- und Selbständigerversorgungsgesetz*.

Erste Group Bank has entered into directors' and officers' insurance agreements in its name, covering the members of the Management Board, based on prevailing market conditions.

Pension, retirement and similar benefits of the Management Board members

The members of the Management Board participate in the defined contribution pension plan of Erste Group according to the same principles as the employees of Erste Group. If a Management Board member's term ends before he or she reaches the age of 65 by no fault of such member, then for three of the Management Board members the corresponding compensatory payments are made to the pension fund. As of 31 December 2012, total expenses for the pension fund of the Management Board amounted to €0.8 million. In 2012, Erste Group Bank paid approximately €0.9 million to former members of the Management Board or their surviving dependants.

Shareholdings of the members of the Management Board

As of 31 December 2012, the current members of the Management Board had the following shareholdings in Erste Group Bank and/or options on shares in Erste Group Bank:

Management board member	Number of shares	Number of options on shares
Andreas Treichl.....	184,640	0
Franz Hochstrasser.....	25,260	0
Herbert Juranek	656	0
Gernot Mittendorfer.....	2,100	0
Manfred Wimmer.....	18,132	0

Source: Audited unconsolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012 (for information under "Number of shares") and internal information of Erste Group Bank.

Erste Group Bank is not aware of any restrictions agreed upon by the Management Board members on the disposal of their holdings in Erste Group Bank's shares or options on shares in Erste Group Bank.

Participation Capital holdings of the members of the Management Board

As of 31 December 2012, the current members of the Management Board had the following Participation Capital holdings in Erste Group Bank:

Management board member	Nominal amount
Andreas Treichl	30,000
Franz Hochstrasser	0
Herbert Juranek	30,000
Gernot Mittendorfer	0
Manfred Wimmer	30,000

Source: Audited unconsolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012 and internal information of Erste Group Bank.

Erste Group Bank is not aware of any restrictions agreed upon by the Management Board members on the disposal of their holdings in Erste Group Bank's Participation Capital.

Certain information on the members of the Management Board and the Supervisory Board

Within the five years prior to the date of this Prospectus, no member of the Management Board or the Supervisory Board (i) was convicted in relation to fraudulent offences, (ii) was associated with bankruptcies, receiverships or liquidations in any of the capacities set out above, (iii) was officially and publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies), or (iv) has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

No potential conflict of interest exists in respect of any member of the Management Board or Supervisory Board between its duties to Erste Group Bank and its private duties and/or other duties. There are no family ties between or among members of the Management Board and the Supervisory Board.

Shareholders' meeting

Shareholders' meetings of Erste Group Bank (whether ordinary or extraordinary) must be held either in Vienna, where Erste Group Bank has its corporate seat, in one of the domestic branches, or in the capital of any of the Austrian provinces. At least 28 days' prior notice, and in case of an extraordinary shareholders' meeting 21 days' prior notice, must be given for the shareholders' meeting to be validly held. The right to participate in the shareholders' meeting and the related shareholder rights, including the voting right are subject to share ownership on the record date, which is the end of the tenth day before the day of the shareholders' meeting. The share ownership on the record date is to be evidenced by a deposit certificate. These requirements apply *mutatis mutandis* with respect to the rights of Participants to participate in a shareholders' meeting.

Erste Group Bank must hold at least one shareholders' meeting per year (the ordinary shareholders' meeting), which must be held within the first eight months of any financial year and must cover (i) the distribution of the annual profit (provided that the financial statements show such annual profit) and (ii) the approval of the actions of the Management Board and the Supervisory Board for the preceding financial year.

The chairperson of the Supervisory Board chairs shareholders' meetings. If the chairperson is not present, then one of the deputy chairperson presides. Each share entitles its holder to one vote at the shareholders' meeting, which may also be exercised by proxy holders. A shareholders' meeting has no quorum requirements. All resolutions of the shareholders' meeting are passed by a simple majority of the votes cast or, in the event that the majority of the share capital present is required, by a simple majority of the share capital present, unless Austrian law or the Articles of Association require a qualified majority vote. By law the following measures require a majority of at least 75% (which may not be reduced by the Articles of Association) of the share capital present at a shareholders' meeting:

- change of the business purpose;
- increase of the share capital with a simultaneous exclusion of subscription rights;
- approval of authorised or conditional capital;
- decrease of the share capital;
- exclusion of subscription rights for convertible bonds, participating bonds, and participation rights;
- dissolution of the company, or continuation if the company has already been dissolved;
- transformation of the company into a limited liability company (*Gesellschaft mit beschränkter Haftung*);
- approval of a merger or a demerger;
- transfer of all of the assets of the company; and
- approval of profit pools or agreements on the operation of the business.

In certain cases, the Articles of Association differ from the statutory majority requirements. For example, the Articles of Association may be amended, provided that the objects of Erste Group Bank are not changed, by a resolution of the shareholders' meeting which requires a simple majority of the votes cast and a simple majority of the share capital represented at such shareholders' meeting. Furthermore, each provision that stipulates increased majority requirements can only be amended with the same increased majority.

Under certain conditions, such as when a resolution violates the Articles of Association or the Stock Corporation Act, shareholders may petition the Commercial Court (*Handelsgericht*) in Vienna to challenge, or for a decree of nullity of, resolutions adopted by the shareholders' meeting.

A shareholder or a group of shareholders with an aggregate shareholding of at least 10% of the share capital of Erste Group Bank may, among other things, request the adjournment of the shareholders' meeting if certain line items of the annual financial statements are found to be incorrect by the shareholder(s) requesting the adjournment.

A shareholder or a group of shareholders with an aggregate shareholding of at least 5% of the share capital of Erste Group Bank may, among other things:

- request the convocation of a shareholders' meeting or to convene a shareholders' meeting upon judicial authorisation, if the Management Board or the Supervisory Board does not comply with the request for a shareholders' meeting;
- request the inclusion of items on the agenda of the next shareholders' meeting; and
- contest the validity of a resolution of the shareholders' meeting, if such resolution provides for amortisation, accumulated depreciation, reserves and accruals exceeding the limits set by law or the Articles of Association.

A shareholder or a group of shareholders with an aggregate shareholding of at least 1% of the share capital is entitled to submit proposals on the resolutions to be adopted at an already announced shareholders' meeting to each item of its agenda and request that the proposals, including the reasoning therefore, are made available at Erste Group Bank's web-page.

Corporate governance

In October 2002, the Austrian Working Group for Corporate Governance, a group of private organisations and individuals, published the Austrian Code of Corporate Governance (as subsequently amended, the "CGC"). The CGC, which was last amended in July 2012, is based on voluntary self-imposed obligations and its requirements are more stringent than the legal requirements for stock corporations. It is designed to establish responsible corporate management and accounting aiming at long-term growth and ensuring a high degree of transparency for all stakeholders – the management board, the supervisory board, shareholders, customers, staff and the public – by regulating the relationships among the stakeholders. The CGC primarily applies to Austrian stock market-listed companies that undertake to adhere to its principles. Its rules are grouped into L-Rules, which contain the mandatory legal requirements, C-Rules, which permit a deviation but need to be explained, and R-Rules, which permit a deviation without requiring an explanation.

Good corporate governance enables effective management control, safeguards shareholder interests and serves as an important tool to build corporate culture. Therefore, the Management Board has taken measures to create an efficient corporate governance system and, in 2003, decided to apply the rules of the CGC.

Currently, Erste Group Bank complies with all “L-Rules” (legal requirements) and “C-Rules” (comply or explain) of the Austrian Corporate Governance Code except for deviations from two C-Rules as explained below:

- **Rule 52a:** The number of members on the supervisory board (without employees’ representatives) shall be ten at most. New members of a supervisory board must inform themselves adequately of the organization and activities of the company as well as of the tasks and responsibilities of the supervisory board members.

Explanation: Due to the size of the company, the Supervisory Board of Erste Group Bank AG (excluding employees’ representatives) consisted until the 15 of May 2012 of 12 members. The shareholders meeting of Erste Group Bank AG decided on the 15 of May 2012 to reduce the number of supervisory board members to ten.

- **Rule 57:** Supervisory board members serving on the management board of a listed company may not hold more than four positions on supervisory boards (position of chairperson counts double) of stock corporations not belonging to the group. Companies that are included in consolidated financial statements or in which the company has an investment with a business interest shall not be considered non-group companies.

Explanation: Juan Maria Nin Génova, as a member of the management board of the listed company CaixaBank S.A., holds five supervisory board mandates in group external limited companies. The stock exchange listing of CaixaBank S.A., in which he is acting as a member of the management board, only took place in 2011 after he had taken up his supervisory board mandates.

Representatives of the Supervisory Authority

Pursuant to the Banking Act and the Mortgage Bank Act 1899, the Austrian Minister of Finance is required to appoint representatives, who monitor Erste Group Bank’s compliance with certain legal requirements. The current representatives are listed below:

Name	Position
Robert Spacek	State Commissioner
Dietmar Griebler	Vice State Commissioner
Silvia Maca	Commissioner for fund bank bonds
Erhard Moser	Commissioner for funded bank bonds
Irene Kienzl	Trustee for covered bonds and public sector covered bonds (public sector bonds) (<i>Treuhänder für Pfandbriefe und Kommunalschuldverschreibungen (öffentliche Pfandbriefe)</i>)
Thomas Schimetschek.....	Vice Trustee for covered bonds and public sector bonds

Source: Internal information of Erste Group Bank

Pursuant to the Articles of Association, the State Commissioner and its deputy shall be invited to the Erste Group Bank’s shareholders’ meetings and all meetings of the Supervisory Board and its committees. Furthermore, the State Commissioner or its deputy shall immediately receive all minutes of the meetings of the Supervisory Board. Resolutions of the Supervisory Board and of its committees which are passed outside a meeting shall be simultaneously communicated to the State Commissioner or its deputy who is entitled to raise written objections pursuant to Section 76 (6) Banking Act.

Shareholder structure and participation programmes

Shareholder structure

The share capital of Erste Group Bank as of the date of this Prospectus amounts to €789,137,294 and is divided into 394,568,647 no-par value voting bearer shares (ordinary shares), each of which represents a notional value of €2.00 per share in the share capital.

Under Sections 91 *et seq.* Austrian Stock Exchange Act (*Börsegesetz*) (the “Stock Exchange Act”), if natural persons or legal entities, directly or indirectly, acquire or sell shares in a stock corporation whose registered office is in Austria and whose shares are admitted to trading on a regulated market (as is the case with Erste Group Bank and its shares, respectively), then these persons or entities are obliged to notify the FMA and the relevant stock exchange as well as the company, whose shares were acquired or sold, within two trading days after the acquisition or disposal of a major shareholding. Such an event is deemed to exist if, as a consequence of the acquisition or disposal, the proportion of the voting rights held reaches, exceeds or falls below 4%, 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 75% or 90%. The Austrian Stock Exchange Act allows that another threshold of 3% may be determined by the articles of association of the respective company whose shares were acquired or sold, but as no such determination has been made in Erste Group Bank’s Articles of Association, the 3% threshold is not applicable in case of Erste Group Bank. Pursuant to Section 91a Austrian Stock Exchange Act, the above described principles apply accordingly where natural persons or legal entities, directly or indirectly, hold financial instruments or securities as defined under Section 91a Austrian Stock Exchange Act (which include, *inter alia*, cash or physically settled call options and other contracts that allow a person to participate economically in changes of the stock price of the shares of the relevant company). In such a voting rights notification, the shareholder only discloses the number of voting rights held directly by the shareholder or those indirectly attributable to the shareholder at the time of the notification. Shareholders are not obliged to subsequently notify Erste Group Bank of changes in their shareholdings until such time as their shareholding once again reaches, exceeds or falls below a voting rights threshold.

The following list gives an overview of legal entities that, based on such voting rights notifications, directly or indirectly hold voting rights in Erste Group Bank. Changes in the voting rights percentages, however, could remain unknown to Erste Group Bank if they occurred between the applicable voting rights thresholds or the proper reports were omitted. The voting rights percentages can also change even though the number of voting rights held by the respective shareholder remains the same, e.g., due to an increase or decrease of the share capital of Erste Group Bank and the related overall number of voting rights. In light of this, it is possible, and in some cases also probable, that the reports available to Erste Group Bank do not in every case reflect the actual voting rights percentages.

Shareholder	Publication date of voting rights notification by Erste Group Bank	Voting rights in % ⁽¹⁾		
		Directly held	Attributable	Total
DIE ERSTE Österreichische Spar-Casse Privatstiftung, Vienna, Austria (Erste Stiftung) ...	9 October 2012	18.52	5.95 ⁽²⁾	24.47
CaixaBank, S.A., Barcelona, Spain.....	24 November 2011	9.98 ⁽³⁾	—	9.98 ⁽³⁾
Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung, Vienna, Austria	13 January 2013	4.42	—	4.42

Source: Internal information of Erste Group Bank

(1) The percentage figures are rounded.

(2) Thereof, 1.61% of voting rights are attributed to Erste Stiftung pursuant to Section 92 No. 4 Stock Exchange Act, due to the fact that Erste Stiftung is a limited partner of Sparkassen Beteiligungs GmbH & Co. KG (which held 6,350,000 shares in Erste Group Bank) and holds 100% of the share capital in Sparkassen Beteiligungs GmbH, the sole general partner of Sparkassen Beteiligungs GmbH & Co. KG. The remaining 4.34% of voting rights are attributed to Erste Stiftung pursuant to Section 92 No. 4 and 7 Stock Exchange Act in connection with shares in Erste Group Bank held by Austrian savings banks, which act jointly with Erste Stiftung and are associated with Erste Group Bank through the *Haftungsverbund*, establishing a joint early-warning system as well as a cross-guarantee for certain liabilities of the member savings banks (for more information on the *Haftungsverbund*, see “Description of Erste Group’s business—Business overview—Haftungsverbund”). Pursuant to internal information of Erste Group Bank compiled for accounting purposes, the number of shares in Erste Group Bank held by Austrian savings banks which act jointly with Erste Stiftung and are associated with Erste Group Bank through the *Haftungsverbund* amounted to 17,129,989 as of 31 December 2012.

(3) Not taking into account the increases in the share capital of Erste Group Bank implemented after that date and the acquisition by CaixaBank, S.A. of 1,000,000 additional shares in Erste Group Bank AG from Erste Stiftung in 2012.

Erste Stiftung, Erste Group Bank's largest single shareholder, evolved out of "Verein der Ersten österreichischen Spar-Casse", the first Austrian savings bank established in 1819. In 1993, it transferred its banking business into a stock corporation with the name "DIE ERSTE österreichische Spar-Casse Bank Aktiengesellschaft", a legal predecessor of Erste Group Bank, and was subsequently transformed into a private foundation governed by Austrian law. Erste Stiftung is committed to serving the common good and invests a part of the dividends from its shareholdings in other entities (including Erste Group Bank) in the development of societies in Austria and Central and South Eastern Europe, supporting social participation and civil-society engagement.

Preferred partnership agreement between Erste Stiftung and CaixaBank, S.A.

Erste Stiftung and CaixaBank, S.A. (formerly Criteria Caixacorp, S.A.) have entered into the PPA, under which Erste Stiftung granted CaixaBank, S.A. the status of a friendly investor and preferred investment partner. Under the PPA, CaixaBank, S.A. is entitled to nominate one person for election as member of the Supervisory Board by the shareholders' meeting of Erste Group Bank, whose proposal is to be supported in the election by Erste Stiftung. In return, CaixaBank, S.A. agreed to refrain from participating in a hostile takeover bid for shares in Erste Group Bank and granted Erste Stiftung a right of first refusal and option rights with respect to the shares CaixaBank, S.A. holds in Erste Group Bank. Furthermore, Erste Stiftung agreed not to grant rights to third parties that are more favourable than those granted to CaixaBank, S.A., except in limited circumstances. The PPA does not limit the exercise by Erste Stiftung and CaixaBank, S.A. of their voting rights in Erste Group Bank. The PPA has been cleared by the Austrian Takeover Commission (*Übernahmekommission*).

Employee share ownership programmes and management share option programmes

Overview

In the past, Erste Group Bank granted (i) shares to employees, executive employees and members of the management boards of Erste Group Bank or another Erste Group company, respectively, under various ESOPs, and (ii) options on shares in Erste Group Bank to managers and key employees of Erste Group companies, including the members of the Management Board of Erste Group Bank, under various MSOPs.

From 2002 until 2011, the Management Board, with the consent of the Supervisory Board, has resolved to implement an ESOP on an annual basis. Under the ESOPs, employees, executive employees and members of the management boards of Erste Group Bank or another Erste Group company, respectively, were entitled to subscribe for a certain number of shares in Erste Group Bank at a specified discount. No ESOP was implemented in 2012. In 2012, the most recent MSOP of Erste Group Bank, the MSOP 2005, under which share options had been issued in several tranches to members of the Management Board and other eligible key employees and managers of Erste Group companies expired. As of the date hereof, Erste Group Bank has no MSOP in place.

Erste Group Bank serviced the rights of the ESOP and the MSOP participants, respectively, through conditional capital increases resolved by the Management Board, based on an authorisation of the shareholders' meeting of Erste Group Bank and approved by the Supervisory Board. See "*Description of the share capital and applicable regulations—History of the share capital*" and "*Description of the share capital and applicable regulations—Conditional capital—Conditional Capital I*".

Employee share ownership programmes (ESOPs)

Under the terms of the ESOPs annually implemented between 2002 and 2011, each participant was entitled to acquire a certain number of shares in Erste Group Bank at the average share price on the Vienna Stock Exchange during a specified month of the respective year, reduced by a discount of approximately 20% (rounded down to €0.5). The ESOP terms also provided for minimum order sizes (usually ten shares for participants in Austria, and lower or no thresholds for participants in Central and Eastern Europe) and a maximum order size per eligible employee or manager of 200 shares.

In the event of an oversubscription, the number of shares issued to each individual was reduced proportionately. In order to retain the discount on the purchase price, the ESOP participants had to hold the issued shares for a period of one year. Shares purchased under the ESOPs were entitled to dividends for the entire financial year during which they were granted.

The following table gives selected information for the already completed tranches of the ESOPs for 2010 and 2011. No ESOP was implemented in 2012.

	ESOP 2011	ESOP 2010
Maximum size of the ESOP	2,000,000	2,000,000
Maximum amount of shares per participant.....	200	200
Shares acquired by participants.....	289,663	251,635
Issue price per share (€)	28.00	26.50
Quoted price per share (€).....	33.73	29.59
Value date of purchase	26 May 2011	27 May 2010

Source: Internal information of Erste Group Bank.

Management share option programmes (MSOPs)

Erste Group Bank introduced MSOPs in 1997, 2002, 2005 and 2008. The MSOP 1997 expired in 2003 and the MSOP 2002 expired in 2009. The MSOP 2008 was prematurely cancelled as a result of the deterioration in share prices that adversely affected the economic rationale of such an incentive scheme. The last remaining MSOP 2005 expired in 2012. No options granted under the MSOP 2005 were exercised in 2010, 2011 or 2012.

Related party transactions

Erste Group Bank maintains various business relationships with related parties. Pursuant to IAS 24 (2009), two parties are related if one party exercises control or has significant influence over the other party (regarding finance or operating decisions). Related parties under IAS 24 (2009) further include entities with which Erste Group Bank forms a corporate group (meaning that each parent, subsidiary and other affiliate is related to the others), members of the key management personnel of Erste Group Bank (including members of the Management Board and the Supervisory Board) and their respective close family members as well as those entities over which the members of the key management personnel of Erste Group Bank or their close family members are able to exercise a significant influence or in which they hold a significant share of voting rights.

The following legal relationships existed between the companies of Erste Group and related parties in 2010, 2011 and 2012 and in 2013 until and including the date of this Prospectus. In the view of Erste Group Bank, all of them were entered into on customary market terms.

Transactions with Erste Stiftung

According to its most recent voting rights notification, 24.47% of the shares in Erste Group Bank were attributable to Erste Stiftung as of 5 October 2012. In 2012, Erste Stiftung received no dividend on its shares in Erste Group Bank (2011: €67.0 million). In addition, according to information available to Erste Group Bank, Erste Stiftung held Participation Capital Securities with a nominal amount of €17.0 million as of 31 December 2012 on which Erste Stiftung received dividends of €1.4 million (2011: €1.4 million). In addition, the members of Erste Group Bank's Supervisory Board Georg Winckler (first deputy chairman) and Friedrich Lackner (delegated by the employees' council) are members of the supervisory board of Erste Stiftung. Bernhard Kainz (delegated by the employees' council of Erste Bank Oesterreich is also a member of the supervisory board of Erste Stiftung. Moreover, the Articles of Association provide that as long as Erste Stiftung is liable for all present and future liabilities of Erste Group Bank in the case of Erste Group Bank's insolvency pursuant to Section 92 (9) Banking Act, Erste Stiftung has the right to appoint up to one-third of the Shareholders' Representatives in the Supervisory Board. To date, Erste Stiftung has not exercised its appointment right, so that all of the Shareholders' Representatives have been elected by the shareholders' meeting of Erste Group Bank.

In addition, Erste Stiftung maintains all of its accounts with Erste Group Bank, which is Erste Stiftung's house bank. As of 31 December 2012, Erste Group Bank had accounts payable to Erste Stiftung in the amount of €200.7 million (as of 31 December 2011: €120.1 million) and accounts receivable of €84.2 million (as of 31 December 2011: €87.0 million) Erste Group Bank also acts as the initial purchaser in bond issuances of Erste Stiftung. Furthermore, standard derivative transactions were in place for hedging purposes between Erste Group Bank and Erste Stiftung in 2010, 2011 and 2012 and as of the date of the Prospectus. These were interest rate swaps with caps in the notional amount of €282.0 million as of 31 December 2012 (as of 31 December 2011: €185.0 million; as of 31 December 2010: €103.0 million) and foreign currency swaps in the notional amount of €30.0 million as of 31 December 2012 (as of 31 December 2011: €29.3 million; as of 31 December 2010: €0.0 million). In 2012, interest income of Erste Group Bank resulting from such derivative transactions amounted to €13.8 million (2011: €11.4 million) while interest expenses amounted to €10.9 million (2011: €6.9 million).

Transactions with CaixaBank, S.A.

According to its most recent voting rights notification, 9.98% of the shares in Erste Group Bank were held by CaixaBank, S.A. as of 23 November 2011 (not taking into account the increases in the share capital of Erste Group Bank implemented after that date and the acquisition by CaixaBank, S.A. of 1,000,000 additional shares in Erste Group Bank AG from Erste Stiftung in 2012). In addition, according to information available to Erste Group Bank, CaixaBank, S.A. held Participation Capital Securities with a nominal amount of €15.0 million as of 31 December 2012. Furthermore, Juan Maria Nin G  nova, who is member of the Supervisory Board, is deputy chairman and CEO of CaixaBank, S.A. In 2012, CaixaBank, S.A. received no dividend on shares in Erste Group Bank (2011: €26.7 million) and a dividend on Participation Capital Securities of €1.2 million.

On 4 June 2009, Erste Group Bank, Erste Stiftung, CaixaBank, S.A. (formerly Criteria CaixaCorp, S.A.) and Caja de Ahorros y Pensiones de Barcelona entered into a cooperation agreement. This cooperation agreement establishes a framework for a non-exclusive business cooperation among

Erste Group Bank, Caja de Ahorros y Pensiones de Barcelona and CaixaBank, S.A. Pursuant to the cooperation agreement, CaixaBank, S.A., under certain circumstances, has the priority right to participate in the acquisition of financial service providers and banks in the CEE and CIS states by Erste Group Bank if it desires a co-investor for such an acquisition.

Transactions with Management Board members and Supervisory Board members

Loans to Management Board members and Supervisory Board members and their relatives

In the ordinary course of its business, Erste Group Bank granted various loans to members of the Management Board and the Supervisory Board as well as to some of their respective relatives. In addition, many of the members of the Management Board and the Supervisory Board as well as some of their respective relatives have accounts and other customer relationships with one or more of the banks in Erste Group. As of 31 December 2012, loans and advances to members of the Management Board totaled €2,336 thousand (as of 31 December 2011: €2,766 thousand; as of 31 December 2010: €166 thousand). As of 31 December 2012, loans and advances to persons related to members of the Management Board totaled €10 thousand (as of 31 December 2011: €20 thousand; as of 31 December 2010: €26 thousand). As of 31 December 2012, loans to members of the Supervisory Board totaled €189 thousand (as of 31 December 2011: €228 thousand; as of 31 December 2010: €251 thousand). As of 31 December 2012, loans and advances to persons related to members of the Supervisory Board totaled €310 thousand (as of 31 December 2011: €14 thousand; as of 31 December 2010: €11 thousand).

Consulting services rendered by PricewaterhouseCoopers Austria

The chairman of the Supervisory Board, Friedrich Rödler, is a member of the management board of PwC Austria Holding AG Wirtschaftsprüfungsgesellschaft, Vienna, Austria, the holding company of a group of companies offering auditing and management consulting services. In the financial years 2010, 2011 and 2012, various subsidiaries of PwC Austria Holding AG Wirtschaftsprüfungsgesellschaft rendered consulting services to Erste Group. The amounts invoiced to Erste Group Bank for such services were €501 thousand in 2012, €142 thousand in 2011 and €55 thousand in 2010.

Legal services rendered by DORDA BRUGGER JORDIS Rechtsanwälte GmbH

The second deputy chairwoman of the Supervisory Board, Theresa Jordis, is a partner of the law firm DORDA BRUGGER JORDIS Rechtsanwälte GmbH, Vienna, Austria. In the financial years 2010, 2011 and 2012, DORDA BRUGGER JORDIS Rechtsanwälte GmbH rendered legal services to Erste Group Bank. The amounts invoiced to Erste Group Bank by DORDA BRUGGER JORDIS Rechtsanwälte GmbH for their services were €236 thousand in 2012, €156 thousand in 2011 and €349 thousand in 2010.

Employee share ownership programmes and management share option programmes

As an (additional) compensation for their services, Erste Group Bank grants (i) shares to employees and management members of Erste Group companies under employee share ownership programmes (ESOPs), and (ii) options on shares in Erste Group Bank to managers of Erste Group companies under management share option programmes (MSOPs). For further details, see "*Shareholder structure and participation programmes—Employee share ownership programmes and management share option programmes*".

Risk management

Risk policy and strategy

It is a core function of every bank to take risks in a conscious and selective manner and to professionally manage such risks. Erste Group's proactive risk policy and strategy aims to achieve an optimal balance of risk and return in order to achieve a sustainable, high return on equity.

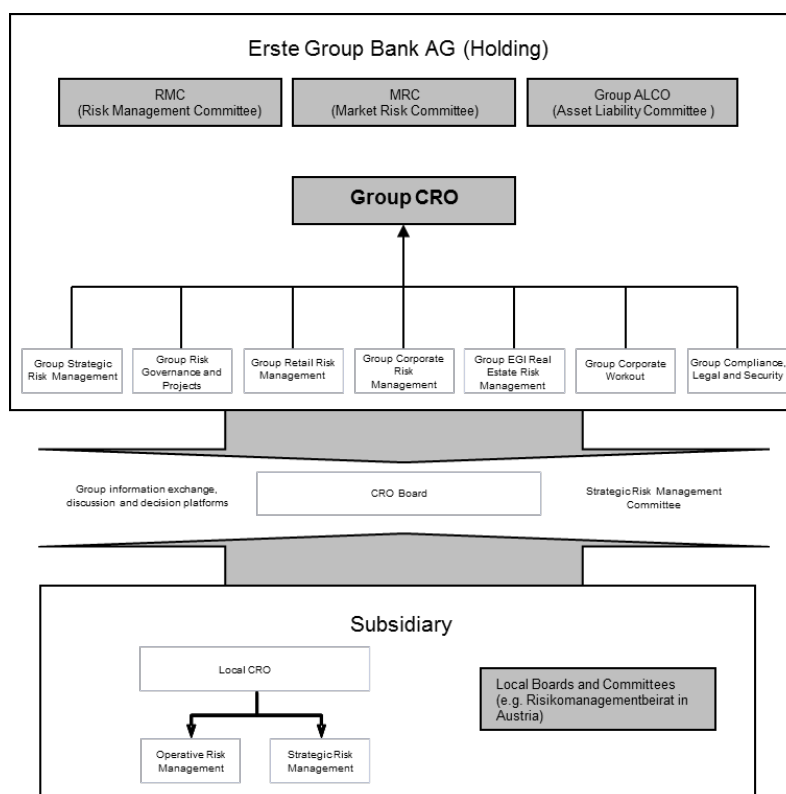
Erste Group uses a control and risk management system that is proactive and tailored to its business and risk profile. It is based on a clear risk strategy that is consistent with the Group's business strategy and focused on early identification and management of risks and trends. In addition to meeting 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.

Given Erste Group's business strategy, the key risks for Erste Group are credit risk, market risk and operational risk. Erste Group also focuses on managing liquidity, concentration and macroeconomic risks. In addition, Erste Group's control and risk management framework takes into account the range of other significant risks faced by the banking group. These systems may prove to be insufficient or even fail. See "*Risk Factors—Risks related to the business of Erste Group—Erste Group's risk management strategies and internal control procedures may leave it exposed to unidentified or unanticipated risks*".

The year 2012 was dominated by preparations for Basel 3 and its impacts. Another point of emphasis was on improving and up-grading the risk-bearing capacity calculation, in particular on reviewing the economic capital calculation and the coverage potential for the risk-bearing capacity calculation not only at the group level but also at the subsidiary level. A focus was on continuously incorporating more risk-sensitive measures.

Risk management organisation

Risk monitoring and control is achieved through a clear organisational structure with defined roles and responsibilities, delegated authorities, and risk limits. The following diagram presents an overview of Erste Group's risk management and control governance and responsibility.



Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

Overview of risk management structure

The management board, and in particular Erste Group's chief risk officer ("Group CRO"), must perform its supervisory function within Erste Group's risk management structure. Risk control and management functions within Erste Group are performed based on the business and risk strategies approved by the management board and contained in the strategic risk framework. Erste Group's CRO, working together with the chief risk officers of the subsidiaries, is responsible for implementation of and adherence to the risk control and risk management strategies across all risk types and business lines. While the management board and, in particular, Erste Group's CRO ensure the availability of appropriate infrastructure and staff as well as methods, standards and processes, the actual identification, measurement, assessment, approval, monitoring, steering, and limit-setting for the relevant risks are performed at the operating entity level within Erste Group. At the group level, the management board is supported by several divisions established to perform operational risk control functions and exercise strategic management responsibilities:

- Group Strategic Risk Management,
- Group Risk Governance and Projects,
- Group Corporate Risk Management,
- Group EGI Real Estate Risk Management,
- Group Retail Risk Management,
- Group Corporate Workout, and
- Group Compliance, Legal and Security.

Group Strategic Risk Management

Group Strategic Risk Management, which exercises the risk control function, is responsible for the provision of adequate risk measurement methodologies and tools as well as an appropriate risk policy and control framework. The Group Strategic Risk Management unit performs the function of the central and independent risk control unit required by Section 39 (2) Austrian Banking Act. One objective of Group Strategic Risk Management, a unit that is independent from the business units, is to ensure that all risks measured or taken are within the limits approved by the management board. The division is comprised of the departments Group Credit Risk Methods and Reporting, Group Enterprise-wide Risk Management, Group Market and Liquidity Risk Management and Group Operational Risk Control. Group Credit Risk Methods and Reporting is responsible for credit risk methods and rating models as well as group-wide credit risk reporting. Group Enterprise-wide Risk Management is in charge of the essential elements of the risk management framework, Erste Group's risk policy principles and the group data pool. The group-wide daily calculation, analysis and reporting of market and liquidity risks is provided by the department Group Market and Liquidity Risk Management. Group Operational Risk Control is responsible for modelling, managing and reporting of operational risks.

Group Risk Governance and Projects

Group Risk Governance and Projects was introduced in 2012 to ensure central management and oversight within risk management on key topics such as risk IT (risk project portfolio), risk policy framework, risk reporting framework and change management in the risk area. Key tasks are oversight and control of the group-wide CRO division project portfolio, the role as interface to One IT, Erste Group's IT subsidiary, and the constant improvement of risk IT. Furthermore, the division is responsible for the group-wide risk policy framework, the development of a group-wide integrated risk reporting framework and change management in those divisions which are reporting to the CRO.

Group Corporate Risk Management

Group Corporate Risk Management is responsible for the credit risk management of Erste Group's corporate business (GCIB). It is responsible for the verification, recommendation and approval of all credit risks of Erste Group Bank AG as a holding company. Group Corporate Risk Management monitors credit risk management for the GCIB segment as well as all credit applications for which the amount exceeds the approval limits granted to the respective subsidiary. This unit covers country risks, sovereigns, other credit institutions, securitisations, large corporates, and real estate risks. Group Corporate Risk Management provides specific credit risk reports on Erste Group Bank AG's centrally managed portfolios. It

is in charge of process development for credit risk management and implementation of group standards for these exposure classes. It monitors compliance with relevant credit risk limits.

Group EGI Real Estate Risk Management

Group EGI Real Estate Risk Management was implemented in the course of 2012. The division performs the function of operative risk management for the divisionalised real estate business. In this function the division is responsible for the formal and material assessment, recommendation and approval of all credit risks in the real estate business that Erste Group Bank is taking. Furthermore, this organisational unit is responsible for managing credit risk in Erste Group Immorent AG (EGI) and for all credit applications with exposures exceeding the authority levels granted to the respective subsidiaries. The division is structuring and steering the respective alignment and decision processes. Furthermore, in close cooperation with EGI as the defined competence center for real estate business within Erste Group, business and risk policies are prepared and implemented as the basis for business activities and reporting. Additionally, tools and systems for project analyses and valuation are developed in order to standardise the assessment of transactions and risks.

Group Retail Risk Management

Group Retail Risk Management is responsible for monitoring and steering the Group's retail lending portfolio and defining the retail risk management lending framework. It provides an analytical framework to monitor local banks' retail loan portfolios and supplies timely and actionable information for senior management decisions. In addition, the unit ensures knowledge transfer across Erste Group entities. The local chief risk officers and the local retail risk heads assume primary responsibility for credit risk management of retail loan portfolios of their respective local banks and for managing the risk–reward trade-off of their business. In line with Group Retail Risk Management policies, local credit policy rules are defined locally in every bank while respecting the local regulatory and business environment.

Group Corporate Workout

Group Corporate Workout is responsible for managing problematic corporate clients of the Group Corporate and Investment Banking ("GCIB") segment as well as of the local corporate segment where the exposure exceeds the authority of the management board of the respective subsidiary. This task includes the operative restructuring as well as workout function for exposures booked in Erste Group Bank and the risk management function for all substandard and non-performing clients in the other local SME segments where the exposure exceeds the authority of the management board of the respective subsidiary. An important task in this regard includes setting group-wide standards and policies for managing problematic corporate clients. Additionally, this area organises expert training programmes as well as workshops to ensure knowledge transfer across Erste Group entities. Another important task of the division is its responsibility for group-wide collateral management. This includes establishing standards for collateral management, the framework for a group collateral catalogue, and principles for collateral evaluation and revaluation.

Group Compliance, Legal and Security

Since 1 February 2012, the functions Compliance, Legal and Security Management have been consolidated in the division Group Compliance, Legal and Security. In essence, the division consists of the three departments: Group Compliance, Group Legal and Group Security Management. Their tasks are as follows:

Group Compliance

Group Compliance includes the departments Central Compliance, Securities Compliance, Anti-Money Laundering (AML) Compliance and Fraud Management and it is accountable to address compliance risks. Compliance risks are those of legal or regulatory sanctions, material financial loss, or loss of reputation which Erste Group might suffer as a result of failure to comply with laws, regulations, rules and standards.

Group Legal

Group Legal, with its two units "Legal Corporate" and "Legal Market", functions as the central legal department of Erste Group Bank, mitigates legal risk by providing legal support and counsel for the busi-

ness and centre functions, and it attends to dispute resolution and litigation. Group Legal has a group-wide focus on legal risk management and reporting aimed at identifying and then minimising, limiting or avoiding legal risk. Legal support for the business of the banking subsidiaries in those jurisdictions in which they operate is performed at the local level.

Group Security Management

Group Security Management is in charge of the strategy, the definition of security standards, quality assurances and monitoring as well as the further development of issues of relevance for security at Erste Group.

In addition to the risk management activities performed at the Erste Group Bank level in its special role as a holding company, each subsidiary also has a risk control and management unit, the responsibilities of which are tailored to the applicable local requirements. Each subsidiary's risk control and management unit is headed by the respective entity's chief risk officer.

Group coordination of risk management activities

The management board addresses risk issues in its regular board meetings. All types of risks are reported to the management board and actions are taken by it when needed. In addition, the management board addresses current risk issues and receives *ad hoc* reports on all types of risk through internal risk reporting.

With the purpose of carrying out risk management activities within Erste Group, certain committees have been established, including the following:

- Risk Management Committee,
- CRO Board,
- Strategic Risk Management Committee,
- Group Asset/Liability Committee ("Group ALCO"),
- Group Operational Liquidity Committee ("Group OLC"),
- Market Risk Committee (MRC), and
- Group Operational Risk Committee (GORCO).

The Risk Management Committee is responsible for granting approval in all those cases in which loans and exposures or large exposures reach an amount exceeding the approval authority of the management board according to the approval authority regulation. It is charged with granting approval to exposures or large exposures pursuant to Section 27 Austrian Banking Act, if such an investment in credit institutions exceeds 10% of the entity's own funds or if the investment amounts to at least 10% of the consolidated banking group's own funds. Within the competence assigned to it, the committee may grant advance approvals to the extent permitted by law. In addition, it is responsible for supervising the risk management of Erste Group Bank AG. The Risk Management Committee meets regularly. As the central risk control body, the Risk Management Committee is regularly briefed on the risk status across all risk types.

The CRO Board and the Strategic Risk Management Committee are responsible for consistent coordination and implementation of risk management activities within Erste Group, including the *Haftungsvverbund*. The CRO Board is made up of Erste Group's CRO and the chief risk officers of Erste Group's subsidiaries. Chaired by Erste Group's CRO, the CRO Board has responsibility for group-wide coordination of risk management and for ensuring uniformity of risk management standards across Erste Group. The Strategic Risk Management Committee, which comprises the division heads of the strategic risk management department at each subsidiary, provides support to the CRO Board in decision-making on current risk-related topics.

Erste Group has established committees at the holding level that are specifically responsible for monitoring and managing market and liquidity risk:

Group ALCO manages the consolidated group balance sheet, focusing on consolidated balance sheet risks (interest rate, exchange rate, and liquidity risks) as well as Erste Group Bank's profit and loss account by performing management actions on the holding's balance sheet, and sets group standards and

limits for Erste Group members. Additionally, it approves policies and strategies for controlling liquidity risk, interest rate risk (net interest income) and capital management of the banking book as well as examines proposals, statements and opinions of ALM, risk management, controlling and accounting functions. The approved investment strategy is within the guidelines agreed with Risk Management.

The Group Operational Liquidity Committee ("Group OLC") is responsible for day-to-day management of the global liquidity position of Erste Group. It analyses the liquidity situation of Erste Group on a regular basis and reports directly to the Group Asset/Liability Committee ("Group ALCO"). It also proposes measures to the Group ALCO within the scope of the management policies and principles laid down in the Liquidity Risk Management Rule Book. Furthermore, members of the Group OLC are points of contact for other departments or Erste Group members for liquidity-related matters. Each local bank has its own local operational liquidity committee.

The Market Risk Committee ("MRC") is the main steering body for all risks related to capital market trading operations in Erste Group. The MRC meets quarterly, approves group-wide market risk limits and monitors the current market situation. The members of the MRC are Erste Group's CRO, the board member responsible for Group Capital Markets, the Head of Group Capital Markets, the Head of Group Strategic Risk Management, and the Head of Group Market and Liquidity Risk Management.

The objectives of the Group Operational Risk Committee (GORCO) are to reduce operational risk at group level through decisions on risk mitigation measures, monitor these risks, and handle substantial operational risks within the Group. GORCO has the authority to decide on risk mitigation measures at group level and consists of the following permanent members: Group CRO, the heads of Group Strategic Risk Management and Group Compliance, Legal and Security, as well as the Head of Group Operational Risk. In an advisory function, the Head of Group Audit is also a permanent member.

In addition, committees are established at local level, such as the *Risikomanagementbeirat* in Austria. It implements a common risk approach within the Austrian members of Erste Group (*i.e.*, Erste Bank Oesterreich and the Savings Banks).

As a result of the principle of segregating risk origination and risk control, risk control functions are exercised independently of the front office functions at every level of the risk management structure of Erste Group, in particular market and credit risks. Local operative risk control divisions carry out this control function.

Current topics

Current regulatory topics

Activities in the context of changes in regulatory requirements

Since 2010, Erste Group has been scrutinising the impacts of the planned regulatory changes commonly known as Basel 3. The Group has established a group-wide Basel 3 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 complete and timely manner across the entire Group. The programme includes a stream covering capital requirements, 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 legal requirements for regulatory capital, new disclosure requirements, the new liquidity rules, the planned introduction of a leverage ratio as well as transitional provisions up to 31 December 2022, based on definitions within the CRD IV.

Due to the established programme structure, Erste Group has an integrated view on all requirements arising from Basel 3. 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 3, Erste Group has actively participated since 2010 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 3 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 necessary 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 value-at-risk (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.

Capital requirements demand for systemically relevant European banking groups

In the context of the ongoing sovereign debt crisis the European Banking Authority (EBA) evaluated the capital requirements of systemically relevant banking groups across the European Union. EBA then defined a minimum core tier-1 ratio of 9% (according to EBA definition) to be fulfilled by 30 June 2012. Based on the calculation methodology defined by EBA, Erste Group had achieved a 9.9% core tier-1 ratio as of 30 June 2012. EBA published the result of this exercise on 3 October 2012.

EBA will continue its monitoring of the regulatory capital situation of European banking groups. After final implementation of the new capital requirements directive, CRD IV, European banking groups will need to comply with further requirements, notably in respect of additional minimum requirements for Common Equity Tier-1 (CET-1). Future EBA exercises will then be adopted in light of the new and stricter capital and risk specifications.

Changes in the calculation of regulatory capital ratios within first quarter 2013

In September 2012, Erste Group officially informed the Austrian regulatory authorities concerning the change of the valuation method, that is used as the basis for calculating regulatory capital ratios. In the first quarter of 2013, Erste Group will calculate consolidated regulatory capital and consolidated regulatory capital requirements for the very first time based on International Financial Reporting Standards (IFRS). Pro-forma figures as of year-end 2012 indicate that no significant impact on regulatory core capital is expected from the first-time application of IFRS.

Capital Requirements Directive IV

The new Capital Requirements Directive IV (CRD IV) did not come into force as planned on 1 January 2013. The new date for implementation is expected to be 1 January 2014. In the event that less than six months remain from the actual date of the publication of CRD IV in the EU's Official Journal to 1 January 2014, the date of implementation may be postponed to 1 July 2014. Due to CRD IV's postponement, the requirements for higher capital and liquidity standards as well as for calculation of the maximum leverage ratio were postponed.

Current economic topics

The tables below illustrate that Erste Group's net exposure to European countries which are particularly affected by the sovereign debt crisis was further reduced in the course of 2012. The net exposure to Greece, Ireland, Italy, Portugal and Spain decreased from €3.1 billion at year-end 2011 to roughly €1.9 billion as of 31 December 2012. Since 31 December 2011, the exposure to Italy was reduced by more than one-third or €694 million. The exposure to Spain was decreased by €217 million. The exposure to sovereign obligors in Greece and Portugal was eliminated almost completely. There were no new investments into bonds of sovereign issuers in the aforementioned countries during 2012. Erste Group has an exposure of €60 million to corporate obligors based in Cyprus. There is no related payment risk, however, as all repayments originate from outside Cyprus. There exists neither sovereign nor bank exposure to Cyprus. As of 31 December 2012, Erste Group exhibited a net exposure of €333 million to the Slovenian sovereign and €21 million to Slovenian banks. In total, Erste Group reduced its net exposure to Slovenia by €94 million since 31 December 2011.

The following tables show the net exposure to sovereigns and institutions in selected European countries as of 31 December 2012, 2011 and 2010, 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 to 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 take into account 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 take into account price fluctuations), but the issuer risk is not considered. 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 netting agreements into consideration. Therefore, the two are not comparable. The sovereign net exposure includes central banks, central governments and institutions which are explicitly guaranteed by a central government.

Net exposure to selected European countries

Total	Sovereigns			Banks			Other ⁽¹⁾			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
As of 31 December												
in € million												
Greece	0	4	602	0	58	172	5	8	8	5	70	782
Ireland	74	47	89	29	204	252	36	78	82	139	329	423
Italy	100	473	1,076	411	807	1,165	656	582	1,082	1,167	1,861	3,323
Portugal.....	3	6	235	48	94	281	10	13	14	61	113	529
Spain.....	13	24	114	249	282	735	253	426	384	515	732	1,232
Total	190	553	2,115	737	1,445	2,604	960	1,106	1,569	1,887	3,105	6,289

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) "Other" is composed of securitisations and receivables from non-banking corporations.

Sovereigns	Fair value			Available for sale			At amortised cost			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
As of 31 December												
in € million												
Greece	0	(9)	457	0	10	78	0	3	68	0	4	602
Ireland	0	0	60	59	32	25	15	15	4	74	47	89
Italy	(11)	400	907	100	71	149	0	2	20	100	473	1,076
Portugal.....	(16)	0	168	3	6	11	0	0	56	3	6	235
Spain.....	(22)	(27)	35	11	39	52	2	12	28	13	24	114
Total	(49)	364	1,627	173	157	314	17	32	174	190	553	2,115

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

The short positions relating to sovereigns in Italy, Portugal and Spain as of 31 December 2012 mature before the corresponding long positions. Therefore, they are not offset in the exposure figures above. If these were considered in the calculations, total exposure would accordingly be lower. The respective positions with a market value of negative €49 million are CDS positions and are stated in the fair value section as of 31 December 2012 in the table above.

Banks	Fair value			Available for sale			At amortised cost			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
As of 31 December												
in € million												
Greece	0	0	0	0	0	0	0	58	172	0	58	172
Ireland	16	99	142	5	92	90	8	13	20	29	204	252
Italy	44	234	323	149	181	153	218	393	689	411	807	1,165
Portugal.....	2	9	72	16	30	56	30	55	152	48	94	281
Spain.....	69	62	341	34	65	164	146	156	230	249	282	735
Total	131	404	877	204	367	463	402	674	1,263	737	1,445	2,604

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

The following table shows the net exposure to sovereigns and banks in Erste Group's core market as of 31 December 2012, 2011 and 2010, respectively:

Net exposure to sovereigns and banks in the core market

	Sovereigns			Banks			Total		
	As of 31 December								
	2012	2011	2010	2012	2011	2010	2012	2011	2010
in € million	audited, unless indicated otherwise								
Austria	13,292	9,797	7,424	1,802	1,838	2,825	15,094	11,635	10,249
Croatia.....	2,133	2,363	1,961	11	75	94	2,144	2,437	2,055
Romania.....	5,443	5,709	5,223	29	73	72	5,472	5,782	5,295
Serbia.....	180	115	159	5	0	3	185	116	162
Slovakia.....	6,170	4,838	4,084	149	194	181	6,319	5,032	4,265
Slovenia.....	333	374	287	21	75	259	354	448	546
Czech Republic..	11,916	9,438	5,240	526	906	966	12,442	10,344	6,206
Hungary.....	3,884	3,217	2,792	2	33	102	3,886	3,250	2,894
Total.....	43,351	35,851	27,170⁽¹⁾	2,545	3,194	4,502⁽¹⁾	45,896	39,045	31,672⁽¹⁾

Source: For net exposure as of 31 December 2012 and 2011 audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 including comparative financial information for the financial year ended 31 December 2011 and for net exposure as of 31 December 2010 audited consolidated financial statements for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) Unaudited

Group-wide risk and capital management

Overview

In light of turbulence in the financial markets over the past years, among other reasons, Erste Group has worked to continuously strengthen its risk management framework. In particular, Group Strategic Risk Management and its Enterprise-wide Risk Management ("ERM") have been developed into a comprehensive framework. This includes, as its fundamental pillar, the Internal Capital Adequacy Assessment Process ("ICAAP"), as required under Pillar 2 of the Basel framework.

The ERM framework is designed to support the bank's management in managing the risk portfolios as well as the coverage potential in order to ensure, at all times, adequate capital reflecting the nature and magnitude of the bank's risk profile. ERM is tailored to Erste Group's business and risk profile, and it reflects the strategic goal of protecting shareholders and senior debt holders while ensuring sustainability of the organisation.

ERM is a modular and comprehensive management and steering system within Erste Group, and it is integral to the bank's and Group's overall steering and management system. The components necessary to ensure all aspects of ERM include:

- Risk Appetite Statement;
- Portfolio & Risk Analytics, including
 - Risk Materiality Assessment;
 - Concentration Risk Management; and
 - Stress Testing;
- Risk-bearing Capacity Calculation;
- Risk Planning & Forecasting, including
 - RWA Management; and
 - Capital Allocation; as well as
- Emergency Response Plan.

In addition to ICAAP's ultimate goal of assuring capital adequacy and sustainability at all times, the ERM components serve to support the bank's management in pursuing its strategy.

Risk Appetite Statement

The Risk Appetite Statement (“RAS”) is a high-level strategic statement and forms an integral part of Erste Group’s business and risk strategy. It also serves as a formalised, high-level steering tool from which top-down targets for the bank’s limit system on lower aggregation levels can be derived.

The objective of Erste Group’s Risk Appetite Statement is to contain earnings volatility, avoid net losses, ensure a stable target rating for Erste Group (including all associated aspects, e.g., funding costs) and protect external and internal stakeholders.

In order to reach those goals, general indicators are defined as well as indicators for credit, market and liquidity risk. To ensure that the RAS is operationally efficient, the indicators are classified as either limits, targets or principles, where the main differences will be in the mechanisms triggered in case of a breach of the RAS during the year.

Exceeding a limit will typically trigger immediate management action. Counterbalancing measures must be taken to close the limit breach as soon as possible. Targets are in general derived as part of the planning process, where the final budget is aligned with the targets set. A significant deviation from a target usually will trigger management action and a ‘cure’ plan for the next twelve months must be formulated. Principles are the equivalent to a qualitative strategic statement/directive and are monitored ex ante and operationalized (e.g., via guidelines and policies).

The Risk Appetite Statement is part of the yearly planning process. The indicators of the RAS are regularly monitored and reported to the management.

In 2012, additional risk indicators were introduced in RAS to cover more risk types. Tighter limits and targets were defined, which serve, in particular, in managing the economic capital. Furthermore, the strategic pillars were revised in order to optimise the capital allocation.

Portfolio and risk analytics

For the purpose of adequately managing Erste Group’s risk portfolios according to the strategy, risks are systematically analysed within the scope of portfolio and risk analytics. Therefore, Erste Group has developed adequate infrastructure, systems and processes with which extensive analyses are ensured. Risks are quantified, qualified and discussed in a consistent management process in order to decide on appropriate measures on a timely basis.

Risk materiality assessment

For the purpose of systematically and continuously assessing all relevant risk types and identifying risks which are significant for Erste Group, Erste Group has defined a clear and structured risk materiality assessment approach which is based on defined quantitative and qualitative factors for each risk type and is carried out annually.

This process constitutes the basis for the determination of material risk types to be included into the Risk-bearing Capacity Calculation. Insights generated by the assessment are also used to improve risk management practices per se to further mitigate risks within Erste Group but also as an input for the design and definition of Erste Group’s Risk Appetite Statement. Furthermore, insights from the risk materiality assessment are considered in the stress test when defining stress parameters.

Concentration risk management

Erste Group has implemented a framework to identify, measure, control, report and manage concentration risks. This is essential to ensuring the long-term viability of Erste Group, especially in times of stressed economic conditions.

Concentration risk management at Erste Group is based on a framework of processes, methodologies and reports covering both intra- and inter-risk concentrations. Concentration risks also comprise an integral part of stress test analyses. Furthermore, the outcome of a stress test is directly considered in the Risk-bearing Capacity Calculation of Erste Group.

Additionally, the results of concentration risk assessments are used in defining the Risk Appetite Statement, defining stress factors for stress tests, and when setting or calibrating Erste Group’s limit system.

Based on the results of concentration risk studies, potential regional, country and industry concentration risks could be identified in the credit portfolio. Country concentration mainly reflects Erste Group's strategy to operate in its core CEE region.

Stress testing

Modelling sensitivities of Erste Group's assets, liabilities and profit or loss provide management and steering impulses and help in optimising Erste Group's risk / return profile. The additional dimension of stress tests should help to factor in severe but plausible scenarios and provide further robustness to the measuring, steering and management system. Risk modelling and stress testing are vital forward-looking elements of ICAAP. Finally, sensitivities and stress scenarios are explicitly considered within Erste Group's planning and budgeting process as well as the Risk-bearing Capacity Calculation and the setting of the Maximum Risk Exposure Limit.

Erste Group's most complex stress tests take comprehensive account of the impact of stress scenarios, including second-round effects on all risk types (credit, market, operational and liquidity) and in addition impacts on the associated volumes (assets/liabilities) as well as on profit and loss sensitivities.

Erste Group has developed specific tools to support the stress testing process, which combines bottom-up and top-down approaches. In addition, Erste Group leverages the intimate knowledge of its professionals located in the different regions to further calibrate the model-based stress parameters. Special attention is given to consider adequate granularity and special characteristics when defining the stress parameters (e.g., the particular developments in the respective region, industry, product type or segment). The adequacy of scenarios and stress parameters is reviewed on a quarterly basis.

Results from all of Erste Group's stress tests are checked as to their explanatory power in order to decide on appropriate measures. All stress tests performed in the reporting period clearly showed capital adequacy to be sufficient.

Erste Group additionally participated in a stress test exercise at national level (OeNB). The results of this stress test showed that Erste Group's regulatory capital was adequate. An international stress test (EBA) did not take place in 2012.

Risk-bearing Capacity Calculation ("RCC")

The Risk-bearing Capacity Calculation is ultimately the tool to define the capital adequacy required by ICAAP. Within the RCC, all material risks are aggregated and compared to the coverage potential and capital of the bank. The integral forecast, risk appetite limit as well as a traffic light system support management in its discussion and decision process.

The traffic light system embedded in Erste Group's RCC helps in alerting the management in case there is a need to decide, plan and execute actions to either replenish the capital base or to take appropriate business measures for reducing the risk.

The management board and risk management committees are briefed regularly (and at least on a quarterly basis) in relation to the results of the capital adequacy calculation. The report includes movements in risks and available capital and coverage potential after consideration of potential losses in stress situations, the degree of the risk limit's utilisation and the overall status of capital adequacy according to the traffic light system. The Erste Group Risk Report also includes a comprehensive forecast of risk-weighted assets and capital adequacy.

Besides the Pillar 1 risk types (credit-, market- and operational risk), in the context of Pillar 2, interest rate risks in the banking book, foreign exchange risks arising from equity investments and credit spread risks in the banking book are explicitly considered within the economic capital via internal models. During 2012 the utilisation of the economic capital was between 67% and 76%. The methodologies which are applied for the different risk types in calculating the economic capital requirement are diverse and range from historic simulations, and value-at-risk approaches to the regulatory approach for residual portfolios. Moreover, additional portfolio calculations can be applied that are utilised under the standard regulatory approach and which are extended by risk parameters from the internal ratings-based approach.

In addition to the Risk-bearing Capacity Calculation, liquidity, concentration and macroeconomic risks, in particular, are managed by means of a proactive management framework that includes forward-looking scenarios, stress testing, trigger levels (including a risk buffer of 5.3% of the economic capital requirement), and traffic light systems.

Based on Erste Group's business and risk profile, the three main types of banking risks – credit risk, market risk and operational risk – are currently considered directly in the Risk-bearing Capital Calculation. Credit risk accounts for approximately 71% of the total economic capital requirement. Reflecting what management believes is Erste Group's conservative risk management policy and strategy, Erste Group does not offset diversification effects between these three risk types. The economic capital requirement for unexpected losses is computed on a one-year time horizon with a 99.95% confidence level, which reflects the implied default risk consistent with a long-term credit rating of AA.

The capital or coverage potential required to cover economic risks and unexpected losses is based on equity, considering as well subordinated liabilities and regulatory deductions. The coverage potential must be sufficient to absorb unexpected losses resulting from Erste Group's operations.

Risk planning and forecasting

The responsibility for strategic risk management within the Group and each subsidiary includes to ensure sound risk planning and forecasting processes. The numbers determined by risk management are a consequence of close cooperation with all stakeholders in the Group's overall planning process, and in particular with Group Performance Management (GPM), Asset/Liability Management and the business lines. The relevant numbers flow directly into the Group steering and planning process, which is hosted by GPM.

A particular role and forward-looking element is played by the rolling one-year forecast within the RCC and which is vital in determining the trigger level of the traffic light system.

RWA management

As risk-weighted assets ("RWAs") determine the actual regulatory capital requirement of a bank and influence the capital ratio as a key performance indicator, particular emphasis is devoted to meeting targets and to the planning and forecasting capacity for this parameter. Insights from monthly RWA analyses are used to improve the calculation infrastructure, the quality of input parameters and data as well as the most efficient application of the Basel framework.

A major focus during 2012 was on meeting RWA targets. There is a process in place for tracking compliance with RWA targets, forecasting their future developments, and, thereby, defining further targets. Deviations are brought to the attention of the board within a short time frame. This process is carried out by a task force with dedicated experts from the relevant areas of risk management, controlling, and statutory reporting. The task force's steering committee is co-headed by the CFO and CRO, and its meetings take place at least monthly. In addition to discussions in the steering committee, the Group's management board is regularly informed about the current status, and findings are taken into account in the context of Erste Group's regular steering process. Furthermore, RWA targets are included in the Risk Appetite Statement.

Capital allocation

An important task integral to the risk planning process is the allocation of capital to entities, business lines and segments. This is done with close co-operation between Strategic Risk Management and Controlling. All insight from the ICAAP and controlling processes is used to allocate capital with a view to risk / return considerations.

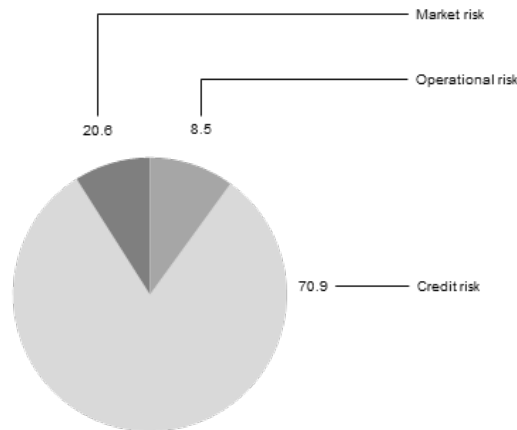
Emergency Response Plan

In order to respond in a timely and effective manner to a crisis situation, the Emergency Response Plan (ERP) provides a general governance framework and action plan for the Group in such eventuality. The ERP is a modular system which can be applied as required by a particular situation. As part of its supervisory guidance for strengthening the sustainability of the business models of large, internationally active Austrian banks, Erste Group is required to prepare recovery and resolution plans for potential crisis situations. The ERP will be incorporated into these recovery and resolution plans.

Erste Group's aggregate capital requirement by risk type

The following diagram presents the composition of the economic capital requirement as of 31 December 2012 according to type of risk:

Economic capital allocation in %, 31 December 2012



Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

Credit risk

Definition and overview

Credit risk arises in Erste Group's traditional lending and investment businesses. It involves losses incurred as a result of default by borrowers and the need to set aside provisions as a result of the deteriorating credit quality of certain borrowers, as well as due to counterparty risk from trading in instruments and derivatives bearing market risk. Country risk, too, is recognised in the calculation of credit risk. Operative credit decisions are made locally by the credit risk management units at each of the banking subsidiaries, and by Group Corporate Risk Management and Group EGI Real Estate Risk Management at group level.

The central database used for credit risk management is the group data pool. All data relevant to credit risk management, performance management and determination of risk-weighted assets and the regulatory capital requirement are regularly input to this database. Relevant subsidiaries not yet integrated into the group data pool regularly deliver separate reporting packages.

The department Group Credit Risk Methods and Reporting uses the group data pool for centralised credit risk reporting. This ensures centralised analysis and application of ratios according to unified methods and segmentation across the entire Erste Group. The credit risk reporting is comprised of regular reports on Erste Group's credit portfolio for external and internal recipients and permits continuous monitoring of credit risk developments, thus enabling management to take control measures. In-house recipients of these reports include, above all, the supervisory and management boards of Erste Group Bank, as well as the risk managers, business unit directors and internal audit staff.

The "Credit Limit System" organisational unit is in charge of the rollout and continuous technical improvement of a group-wide online limit system for capping counterparty risk arising from treasury transactions, as well as for surveillance of credit risk from exposure to clients that fall into the "financial institutions", "sovereigns" and "international large corporates" asset segments and which work with several different members of Erste Group.

Internal rating system

Overview

Erste Group has business and risk strategies in place, as well as policies for lending and credit approval processes, which are reviewed and adjusted regularly (at least annually). They cover the entire lending business and take into account the nature, scope and risk level of the transactions and the counterparties involved. Credit approval is based on the creditworthiness of the customer, the type of credit, collateral, covenant package and other risk mitigation factors involved.

The assessment of counterparty default risk within Erste Group is based on the customer's probability of default ("PD"). For each credit exposure and lending decision, Erste Group assigns an internal rating which is a unique measure of counterparty default risk. The internal rating of each customer is updated at least on an annual basis ("Annual Rating Review"). Ratings of customers in weaker rating classes are reviewed with higher frequency than the usual Annual Rating Review.

The main purpose of the internal ratings is to support the decision-making for lending and for the terms of credit facilities to be extended. However, internal ratings also determine the level of decision-making authority within Erste Group and the monitoring procedures for existing exposures. At a quantitative level, internal ratings drive the level of required risk pricing and risk provisions.

For IRB compliant entities of Erste Group, internal ratings are a key element of the risk-weighted assets' calculation. They are also used in Erste Group's Internal Capital Adequacy Assessment Process ("ICAAP"). For these purposes, a distinct PD value is assigned to each rating grade for its IRB portfolios within the calibration process. Calibration is performed individually for each rating method. PD values reflect the twelve-month probability of default based on long-term average default rates. In addition to the PD values, the bank adds a margin dependent on the granularity of portfolios and relevant data history to ensure that PDs are rather over- than understated. Calibration of PD values is validated annually in line with all the rating methods validations.

Internal ratings take into account all available essential information for the assessment of counterparty default risk. For non-retail borrowers, internal ratings take into account financial strength of the counterparty, possibility of external support, company information and external credit history information, where available. For the wholesale segment, internal ratings also take into account market information such as access to capital markets linked to external ratings or credit spreads. The willingness of the market to provide funds to the counterparty can be derived from these variables. For retail clients, internal ratings are based mainly on behavioural and application scoring, but they also utilise demographic and financial information, supplemented by credit bureau information, where available. Rating ceiling rules on credit quality are applied based on membership in a group of economically related entities and country of main economic activity. Country ceilings are applied for cross-border financing facilities.

Internal teams of specialists ("Competence Centers") provide internal rating models and risk parameters and develop them further. Rating development follows an internal methodology formalised into a group-wide methodology and documentation standard. Rating models are developed based on relevant and the most accurate data available covering the respective market. In such way, Erste Group has established predictive rating models covering its entire core region.

All scorecards, whether retail or non-retail, are regularly validated by the central validation unit based on a group-wide standard methodology. Validations are provided using statistical techniques with respect to default prediction performance, rating stability, data quality, completeness and relevancy, as well as the review of documentation and user acceptance. The results of this validation process are reported to the management and regulatory bodies. In addition to the validation process, the Group applies a monthly monitoring process on the performance of rating tools, reflecting new defaults from the previous month and any early delinquencies.

A Holding Model Committee is established as an elementary steering and control body for the model development and maintenance process. The Holding Model Committee reports to the CRO Board. All new models and modifications of existing models in Erste Group (rating models and risk parameters), as well as methodology standards, are reviewed by the Holding Model Committee. The Holding Model Committee ensures group-wide integrity and consistency of models and methodologies. In addition to its review function for new models and methodologies, the Holding Model Committee organises the group-wide validation process, reviews validation results and approves remedial actions. All development and validation activities are coordinated by the Group Credit Risk Methods organisational unit.

Risk grades and categories

The classification of credit assets into risk grades is based on Erste Group's internal ratings. Erste Group uses two internal risk scales for risk classification: for customers that have not defaulted, a risk scale of eight risk grades (for retail) and 13 risk grades (for all other segments) is used. Defaulted customers are classified into a separate risk grade. For newly acquired subsidiaries of Erste Group, the respective local risk classification is mapped to group standard classifications until internal rating systems according to group methodology are introduced.

For the purpose of external reporting, Erste Group has developed a framework to map the risk grades into four different risk categories, as follow:

Low risk: Typically regional customers with well-established and long-standing relationships with Erste Group or large internationally recognised customers. Strong and good financial position and no foreseeable financial difficulties. Retail clients having long relationships with the bank, or clients with a wide product pool use. No late payments currently or in the most recent 12 months. New business is generally with clients in this risk category.

Management attention: Vulnerable non-retail clients which may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium-term. Retail clients with limited savings or probable payment problems in the past triggering early collection reminders. These clients typically have good recent histories and no current delinquencies.

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 2 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 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, 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.

Risk category within Erste Group	External ratings assigned by rating agencies
Low risk	AAA to BB/Aaa to Ba
Management attention	B
Substandard	CCC to C/Caa to C
Non-performing	D, R, RD, SD

Source: Internal information of Erste Group Bank.

Credit risk review and monitoring

In order to manage the credit risk for large corporates, banks, sovereigns and country risk, credit limits are established to reflect the maximum exposure Erste Group is willing to take on that particular customer or group of connected customers. All credit limits and the exposures booked within the limits are reviewed at least once a year. For smaller corporates, enterprises and retail customers, monitoring and credit review is based on an automated early warning system and monthly rating model, which is updated monthly. For weaker small companies (with a risk category of 'Management attention' or 'Substandard'), a continuous review process is undertaken.

Credit portfolio reports for asset classes and business lines are prepared on a regular basis. Watch-list meetings or remedial committee meetings are held on a regular basis to discuss customers with poor credit ratings or to discuss pre-emptive measures to help a particular debtor avoid default.

For retail businesses, local operational risk management is responsible for undertaking these monitoring activities and fulfilling the minimum requirements of Group Retail Risk Management.

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 guarantees 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 other credit risk mitigating transactions. The figures relating to 31 December 2010 included below refer to values after restatement of the 2010 consolidated financial statements. Similarly, absolute and percentage differences between 31 December 2011 and 31 December 2010 correspond to values of the restated balance sheet as of 31 December 2010.

Credit risk exposure by Basel 2 exposure class and financial instrument as of 31 December 2010

in €million	Debt instruments							Contingent credit liabilities	Credit risk exposure
	Loans and advances to credit institutions at amortised cost	Loans and advances to customers	Held to maturity	Trading assets	At fair value through profit or loss	Available for sale fair value	Positive fair value of derivative financial instruments		
Sovereigns	4,988	7,605	9,744	3,912	1,334	6,230	213	1,574	35,599
Institutions	7,494	146	3,115	763	500	4,803	7,674	752	25,246
Corporates	14	60,498	1,376	281	195	3,703	619	17,422	84,108
Retail	0	64,481	0	0	0	0	2	7,524	72,007
Total without EIR restatement	12,496	132,729	14,235	4,956	2,028	14,736	8,508	27,271	216,960
EIR restatement⁽¹⁾									(395)
Total									216,565

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

Credit risk exposure by industry and financial instruments

The following tables present Erste Group's credit risk exposure by industry, broken down by financial instruments, as of each reporting date indicated.

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

in € million	Debt instruments ⁽¹⁾							Contingent credit liabilities	Credit risk exposure
	Loans and advances to credit institutions at amortised cost	Loans and advances to customers	Held to maturity	Trading assets	At fair value through profit or loss	Available for sale fair value	Positive fair value of derivative financial instruments		
Agriculture and forestry	0	2,195	0	0	0	0	3	211	2,409
Mining	0	396	0	1	0	0	0	191	588
Manufacturing ..	0	10,259	54	23	1	146	102	3,770	14,356
Energy and water supply	0	2,387	51	24	0	66	43	847	3,418
Construction....	0	7,067	110	4	0	76	36	2,636	9,930
Trade.....	0	8,903	0	1	0	13	90	2,293	11,300
Transport and communication	0	3,717	185	17	0	446	26	759	5,150
Hotels and restaurants ...	0	4,048	9	0	0	2	40	461	4,560
Financial and insurance services	9,074	6,208	2,423	1,302	439	7,670	12,039	1,980	41,135
Real estate and housing.....	0	20,534	28	22	0	225	254	1,640	22,703
Services	0	4,839	164	50	0	293	43	1,061	6,451
Public administration	0	6,615	15,932	3,422	81	10,941	581	758	38,331
Education, health and art	0	2,606	0	0	0	0	9	316	2,931
Private households...	0	52,028	0	0	0	0	3	3,225	55,256
Other	0	125	18	6	3	347	20	632	1,151
Total	9,074	131,928	18,975	4,872	526	20,225	13,289	20,779	219,668

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

(1) Shown as "Debt securities" in the consolidated financial statements as of and for the financial year ended 31 December 2012.

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

in € million	Debt instruments								
	Loans and advances to credit institutions at amortised cost	Loans and advances to customers at amortised cost	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
	audited								
Agriculture and forestry	0	2,076	0	0	0	0	2	285	2,362
Mining	0	460	0	0	0	2	0	116	578
Manufacturing ..	0	10,931	111	20	1	119	125	3,865	15,172
Energy and water supply	0	2,419	51	18	0	68	33	955	3,544
Construction....	0	6,745	141	1	0	65	8	3,220	10,179
Trade.....	0	9,476	0	1	0	9	84	2,458	12,028
Transport and communication	0	3,770	154	12	0	365	26	644	4,970
Hotels and restaurants ...	0	4,227	10	0	0	2	33	513	4,785
Financial and insurance services	7,578	6,633	3,166	1,931	707	8,511	10,094	2,468	41,088
Real estate and housing.....	0	20,630	54	9	4	233	224	2,111	23,265
Services	0	5,441	98	33	0	272	61	1,193	7,098
Public administration..	0	7,166	12,247	3,442	790	7,768	161	997	32,571
Education, health and art.....	0	2,498	0	0	0	0	6	452	2,957
Private households...	0	52,031	0	0	0	0	5	5,647	57,683
Other	0	247	42	2	0	241	70	575	1,177
Total	7,578	134,750	16,074	5,471	1,502	17,654	10,931	25,499	219,457

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

Credit risk exposure by industry and financial instrument as of 31 December 2010

in € million	Debt instruments								Credit risk exposure
	Loans and advances to credit institutions at amortised cost	Loans and advances to customers	Held to maturity	Trading assets	At fair value through profit or loss	Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	
Agriculture and forestry	0	1,946	0	0	0	0	0	281	2,227
Mining	0	494	0	4	0	4	0	97	599
Manufacturing	0	10,619	32	70	1	113	89	4,034	14,958
Energy and water supply	0	2,330	50	13	0	82	16	872	3,363
Construction	0	6,252	224	3	0	88	4	3,002	9,573
Trade	0	9,299	15	9	0	48	58	2,752	12,181
Transport and communication	0	3,900	171	66	0	290	34	639	5,100
Hotels and restaurants	0	4,250	11	0	0	2	18	490	4,771
Financial and insurance services	12,492	7,214	3,936	1,366	827	7,699	7,798	3,758	45,090
Real estate and housing	0	20,035	95	8	3	207	137	2,340	22,825
Services	0	5,162	41	43	2	265	34	1,150	6,697
Public administration	0	6,872	9,623	3,370	1,180	5,548	199	1,327	28,119
Education, health and art	0	2,387	0	0	0	15	2	452	2,856
Private households	0	51,755	0	0	0	0	2	5,461	57,218
Other	5	215	37	4	15	375	116	616	1,383
Total without EIR restatement ..	12,497	132,730	14,235	4,956	2,028	14,736	8,507	27,271	216,960
EIR restatement⁽¹⁾									(395)
Total									216,565

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

Credit risk exposure by risk category

The following table presents the credit risk exposure of Erste Group by risk category as of 31 December 2012, compared with the credit risk exposure as of 31 December 2011 and 31 December 2010.

Credit risk exposure by risk category

in € million, unless indicated otherwise	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure	EIR restatement
Total exposure at 31 December 2012	179,455	22,833	4,785	12,595	219,668	
Share of credit risk exposure	81.7%	10.4%	2.2%	5.7%	100.0% ⁽¹⁾	
Total exposure at 31 December 2011	175,425	27,038	5,194	11,800	219,457	0
Share of credit risk exposure	79.9%	12.3%	2.4%	5.4%	100.0% ⁽¹⁾	
	restated	restated				
Total exposure at 31 December 2010	172,396	26,736	7,343	10,485	216,565	(395)

in €million, unless indicated otherwise	Low risk	Management attention	Substandard audited, unless indicated otherwise	Non-performing	Credit risk exposure	EIR restatement
Share of credit risk exposure	79.5%	12.3%	3.4%	4.8%	100.0% ⁽¹⁾	
Change in credit risk exposure in 2012	4,030	(4,204)	(409)	795	211	
Change.....	2.3%	(15.5)%	(7.9)%	6.7%	0.1%	

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) Unaudited

From 31 December 2011 to 31 December 2012, the percentage of credit risk exposure in the best and poorest categories increased, while exposure decreased in the other two categories. Non-performing claims as a share of total credit risk exposure (*i.e.* the non-performing exposure ratio, NPE ratio) rose from 5.4% to 5.7%. Of Erste Group's total credit exposure, 81.7% constituted the best risk category and 10.4% was in the management attention category. The combined proportion of the two weaker risk categories scarcely changed between 31 December 2011 and 31 December 2012, growing by 0.1 percentage points from 7.8% to 7.9% of total credit risk exposure.

Credit risk exposure by industry and risk category

The following tables present the credit risk exposure of Erste Group by industry and risk category as of 31 December 2012, 2011 and 2010, respectively:

Credit risk exposure by industry and risk category as of 31 December 2012

in €million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
Agriculture and forestry	1,529	546	79	255	2,409
Mining.....	399	110	5	74	588
Manufacturing	9,611	2,436	535	1,773	14,356
Energy and water supply.....	2,767	340	42	269	3,418
Construction	5,950	1,843	315	1,821	9,930
Trade.....	7,792	1,810	375	1,324	11,300
Transport and communication	3,890	796	65	399	5,150
Hotels and restaurants	2,447	986	310	816	4,560
Financial and insurance services.....	39,386	1,276	80	392	41,135
Real estate and housing	17,570	3,267	658	1,208	22,703
Services.....	4,798	953	161	539	6,451
Public administration	37,476	817	10	28	38,331
Education, health and art	2,024	668	48	191	2,931
Private households.....	43,337	6,891	1,560	3,468	55,256
Other	478	92	544	37	1,151
Total.....	179,455	22,833	4,785	12,595	219,668

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

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

in €million	Low risk	Management attention	Sub-standard audited	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

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
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.....	175,425	27,038	5,194	11,800	219,457

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

Credit risk exposure by industry and risk category as of 31 December 2010

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
Agriculture and forestry	1,169	697	148	213	2,227
Mining.....	410	96	8	85	599
Manufacturing	8,529	4,003	1,124	1,302	14,958
Energy and water supply.....	2,733	424	78	128	3,363
Construction	5,938	1,984	792	858	9,572
Trade.....	7,708	2,823	465	1,185	12,181
Transport and communication	3,254	1,137	276	434	5,101
Hotels and restaurants	2,240	1,540	315	676	4,771
Financial and insurance services.....	42,874	1,595	199	421	45,089
Real estate and housing	16,651	4,199	969	1,007	22,826
Services.....	4,555	1,320	213	608	6,696
Public administration	27,457	591	64	6	28,118
Education, health and art	2,213	443	61	139	2,856
Private households.....	46,227	5,681	1,910	3,401	57,219
Other	438	203	721	22	1,384
Total without EIR restatement	172,396	26,736	7,343	10,485	216,960
EIR restatement⁽¹⁾					(395)
Total.....					216,565

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

Credit risk exposure by region and risk category

The following geographic analysis of credit risk exposure by region and risk category is based on the 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 by region and risk category as of 31 December 2012, 2011 and 2010, respectively:

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

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
Core market	145,789	20,790	4,564	11,661	182,803
Austria	75,642	8,419	1,534	3,423	89,017
Croatia.....	6,147	1,808	470	1,295	9,720
Romania.....	10,678	3,113	993	3,346	18,129
Serbia.....	805	276	49	79	1,209
Slovakia.....	13,107	1,176	232	502	15,017
Slovenia	1,328	267	127	228	1,951
Czech Republic.....	31,219	3,961	742	1,063	36,984

in €million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
Hungary.....	6,864	1,770	417	1,726	10,777
Other EU.....	27,409	1,202	112	559	29,283
Other industrialised countries.....	4,096	140	19	143	4,398
Emerging markets.....	2,161	702	90	232	3,184
South-Eastern Europe/CIS.....	1,322	634	87	187	2,230
Asia.....	510	10	1	24	546
Latin America.....	86	19	1	8	114
Middle East/Africa.....	243	38	1	13	294
Total.....	179,455	22,833	4,785	12,595	219,668

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

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

in €million	Low risk	Management attention	Sub-standard audited	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
South-Eastern 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

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

Credit risk exposure by region and risk category as of 31 December 2010

in €million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
Core market.....	140,048	24,187	6,891	9,718	180,844
Austria.....	74,956	9,728	1,804	3,565	90,053
Croatia.....	6,050	2,171	255	760	9,236
Romania.....	9,652	3,672	2,426	2,270	18,020
Serbia.....	434	360	10	61	865
Slovakia.....	9,897	868	362	505	11,632
Slovenia.....	1,558	328	125	207	2,218
Czech Republic.....	28,962	4,657	1,070	1,147	35,836
Ukraine.....	354	453	128	204	1,139
Hungary.....	8,185	1,950	711	999	11,845
Other EU.....	23,968	1,804	317	424	26,513
Other industrialised countries.....	5,137	352	43	201	5,733
Emerging markets.....	3,243	393	92	142	3,870
South-Eastern Europe/CIS.....	1,179	237	28	123	1,567
Asia.....	865	22	56	4	947
Latin America.....	189	43	3	11	246
Middle East/Africa.....	1,010	91	5	4	1,110

in €million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
Total without EIR restatement	172,396	26,736	7,343	10,485	216,960
EIR restatement⁽¹⁾					(395)
Total					216,565

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

Growing by only €211 million, or 0.1%, the credit risk exposure remained almost unchanged between 31 December 2011 and 31 December 2012. In the CEE core markets, the credit risk exposure increased by €701 million, or 0.8%, whereas it decreased by approximately €1.6 billion, or 1.8%, in Austria. In the other EU member states (EU 27 excluding core markets), the credit risk exposure rose by almost €1.7 billion, or 6.2%, to €29.3 billion between the two balance sheet dates, contrasting with a decrease of €12 million, or 4.6%, in other industrialised countries and of €365 million, or 10.3%, in emerging markets. The countries of Erste Group's core market and the EU accounted for 96.5% of credit risk exposure as of 31 December 2012. At 1.4%, credit risk exposure in emerging markets remained of minor significance. The growth in credit risk exposure by €2.9 billion from 31 December 2010 to 31 December 2011 reflected an increase of €2.3 billion, or 2.5%, in the CEE core markets and an increase of €576 million, or 0.6%, in Austria, coupled with an increase of nearly €1.1 billion, or 4.0%, in the other EU member states (EU 27 excluding core markets), a decrease in other industrialised countries of more than €1.1 billion, or approximately 19.6%, and a decrease of €321 million, or 8.3%, in emerging markets. The countries of Erste Group's core market and the EU accounted for 96.3% of credit risk exposure as of 31 December 2011. At 1.6%, credit risk exposure in emerging markets remained of minor significance.

Credit risk exposure by segment and risk category

The following tables show the composition of credit exposure based on reporting segment. Exposure is classified into segments based on the domicile of the Erste Group entities which carry the credit risk on their books.

The following tables show the credit risk exposure of Erste Group by reporting segment as of 31 December 2012, 2011 and 2010, respectively:

Credit risk exposure by segment and risk category as of 31 December 2012

in €million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
Retail & SME	128,207	18,548	3,590	11,069	161,413
Austria	72,950	9,165	1,382	3,816	87,313
EB Österreich	31,244	2,462	329	1,134	35,169
Savings Banks	41,706	6,703	1,054	2,682	52,145
CEE	55,257	9,383	2,208	7,253	74,100
Czech Republic	28,063	3,107	598	989	32,758
Romania	8,766	2,523	631	3,086	15,007
Slovakia	9,449	877	197	448	10,971
Hungary	2,949	1,510	348	1,575	6,382
Croatia	5,558	1,186	417	1,085	8,246
Serbia	471	180	16	69	736
Group Corporate & Investment Banking	19,840	3,895	861	1,521	26,117
Group Markets	22,479	186	20	2	22,688
Corporate Center	8,929	205	314	3	9,450
Total	179,455	22,833	4,785	12,595	219,668

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

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

in € million	Low risk	Management attention	Sub-standard audited	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 Österreich	33,193	2,973	401	1,148	37,716
Savings Banks	41,990	6,955	1,231	2,706	52,881
CEE	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
Group Corporate & Investment Banking ..	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	175,425	27,038	5,194	11,800	219,457

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

Credit risk exposure by segment and risk category as of 31 December 2010

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
Retail & SME	123,209	20,962	5,702	9,191	159,064
Austria	73,269	10,620	1,746	3,956	89,591
EB Österreich	32,645	3,241	443	1,217	37,546
Savings Banks	40,624	7,379	1,303	2,739	52,045
CEE	49,940	10,342	3,956	5,235	69,473
Czech Republic	22,457	3,387	695	1,064	27,603
Romania	8,337	2,875	2,024	2,030	15,266
Slovakia	8,042	580	293	462	9,377
Hungary	5,049	1,548	615	937	8,149
Croatia	5,360	1,622	244	560	7,786
Serbia	358	156	9	44	567
Ukraine	337	174	76	138	725
Group Corporate & Investment Banking ..	23,466	5,283	1,190	1,244	31,183
Group Markets	19,302	238	25	6	19,571
Corporate Center	6,419	254	424	45	7,142
Total without EIR restatement	172,396	26,737	7,341	10,486	216,960
EIR restatement⁽¹⁾					(395)
Total					216,565

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

Contingent credit liabilities by region and risk category

The following tables present the credit risk exposure of Erste Group's off-balance-sheet positions by region and risk category, as well as by product, as of 31 December 2012, 2011 and 2010, respectively. In the second quarter of 2012, Erste Group introduced a more stringent group-wide differentiation between irrevocable and revocable commitments. Due to this change, in the interim financial statements as of 30 June 2012, irrevocable unused commitments were reduced by approximately €3.5 billion.

Contingent credit liabilities by region and risk category as of 31 December 2012

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
Core market	15,592	2,129	705	394	18,820
Austria	9,976	820	545	240	11,580
Croatia	473	113	17	21	624
Romania	978	367	34	66	1,445
Serbia	129	14	2	0	146
Slovakia	1,042	81	16	16	1,155
Slovenia	74	30	3	8	115
Czech Republic	2,624	642	83	31	3,380
Hungary	295	62	6	12	375
Other EU	1,290	105	22	13	1,431
Other industrialised countries	95	7	0	0	103
Emerging markets	317	101	4	3	426
South-Eastern Europe/CIS	207	78	4	3	291
Asia	24	1	0	0	25
Latin America	3	15	0	0	18
Middle East/Africa	83	8	0	0	91
Total	17,294	2,343	731	411	20,779

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

Contingent credit liabilities by region and risk category as of 31 December 2011

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
Core market	19,871	2,618	716	265	23,470
Austria	13,896	846	542	146	15,431
Croatia	550	176	20	14	760
Romania	1,247	757	28	55	2,085
Serbia	74	25	2	1	103
Slovakia	825	110	24	7	966
Slovenia	117	57	2	8	184
Czech Republic	2,773	524	83	26	3,406
Ukraine	0	67	0	0	67
Hungary	389	58	14	8	468
Other EU	1,324	195	11	22	1,552
Other industrialised countries	206	10	10	1	227
Emerging markets	217	27	2	3	250
South-Eastern Europe/CIS	127	12	2	3	144
Asia	12	1	0	0	13
Latin America	17	3	0	0	20
Middle East/Africa	62	12	0	0	73
Total	21,618	2,851	739	290	25,499

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

Contingent credit liabilities by region and risk category as of 31 December 2010

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
Core market	20,704	2,942	884	305	24,835
Austria	14,827	1,081	513	174	16,595
Croatia	614	209	9	13	846
Romania	894	588	257	62	1,801
Serbia	57	27	1	0	85
Slovakia	983	81	32	8	1,104
Slovenia	130	39	2	8	179
Czech Republic	2,760	726	43	32	3,561

in €million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
Ukraine.....	8	72	4	1	85
Hungary.....	430	118	24	7	579
Other EU.....	1,472	248	4	17	1,740
Other industrialised countries.....	444	17	17	12	490
Emerging markets.....	152	53	0	0	206
South-Eastern Europe/CIS.....	72	19	0	0	92
Asia.....	25	0	0	0	25
Latin America.....	17	0	0	0	17
Middle East/Africa.....	38	34	0	0	72
Total without EIR restatement.....	22,772	3,260	905	334	27,271
EIR restatement.....					0
Total.....					27,271

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

Contingent credit liabilities by product

in €million	2012	At 31 December 2011 audited	2010
Financial guarantees.....	6,363	6,920	7,826
Irrevocable commitments.....	14,415	18,579	19,445
Total.....	20,779	25,499	27,271

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

Credit risk exposure to sovereigns by region and financial instrument

The following tables show Erste Group's credit risk exposure to sovereigns by region and financial instrument as of 31 December 2012, 2011 and 2010, respectively. The assignment of obligors to sovereigns is based on Basel 2 exposure classes.

Credit risk exposure to sovereigns by region and financial instrument as of 31 December 2012

	Debt instruments								
	Loans and advances to credit institutions at amortised cost	Loans and advances to customers	Held to maturity	Trading assets	At fair value through profit or loss	Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
in €million	audited								
Core market ...	728	7,479	15,749	3,949	229	10,900	623	875	40,532
Austria	3	3,631	2,433	33	1	4,656	54	574	11,384
Croatia.....	690	990	101	111	0	530	0	5	2,427
Romania.....	5	1,267	2,497	587	5	980	0	85	5,425
Serbia.....	0	50	51	8	0	10	0	0	119
Slovakia.....	0	236	3,244	219	29	2,544	1	18	6,291
Slovenia	0	28	47	84	0	162	0	3	323
Czech Republic	0	681	6,175	1,867	194	1,314	567	180	10,978
Hungary.....	31	597	1,203	1,040	0	704	0	11	3,585
Other EU	0	44	607	317	8	1,692	0	6	2,673
Other industrialised countries	1,818	0	0	0	0	276	0	0	2,093
Emerging markets	10	276	15	1	0	148	0	0	450
South-Eastern Europe/CIS	0	104	15	0	0	142	0	0	262
Asia	0	128	0	0	0	2	0	0	130
Latin America	3	35	0	0	0	1	0	0	39
Middle East/Africa .	7	9	0	1	0	3	0	0	19
Total	2,556	7,799	16,371	4,267	236	13,016	623	881	45,748

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

Credit risk exposure to sovereigns by region and financial instrument as of 31 December 2011

	Debt instruments								
	Loans and advances to credit institutions at amortised cost	Loans and advances to customers	Held to maturity	Trading assets	At fair value through profit or loss	Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
in €million	audited								
Core market ...	1,516	7,772	12,192	4,184	343	7,280	166	1,257	34,709
Austria	0	3,960	842	58	0	3,511	51	777	9,201
Croatia.....	642	783	86	138	0	497	0	56	2,202
Romania.....	166	1,388	1,936	550	6	1,201	0	123	5,371
Serbia.....	57	66	3	9	0	36	0	1	171
Slovakia.....	0	235	2,597	552	46	998	2	4	4,435
Slovenia	0	28	47	2	0	168	0	0	246
Czech Republic	620	658	5,671	1,548	112	352	112	256	9,330
Ukraine.....	0	36	0	0	0	0	0	0	36
Hungary.....	30	618	1,010	1,326	179	516	0	39	3,718
Other EU	0	122	216	443	585	1,450	0	16	2,833
Other industrialised countries	23	0	0	4	0	381	0	0	409
Emerging markets	18	353	19	7	0	119	0	3	518
South-Eastern Europe/CIS	0	115	18	6	0	112	0	3	254
Asia	0	147	1	0	0	2	0	0	150
Latin America	3	51	0	0	0	1	0	0	54
Middle East/Africa.	14	40	0	0	0	4	0	0	60
Total	1,556	8,247	12,427	4,638	928	9,230	166	1,276	38,468

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

Credit risk exposure to sovereigns by region and financial instrument as of 31 December 2010

in €million	Debt instruments								
	Loans and advances to credit institutions at amortised cost	Loans and advances to customers	Held to maturity	Trading assets	At fair value through profit or loss	Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
Core market ...	4,925	7,204	9,318	3,603	153	4,940	189	1,482	31,813
Austria	544	3,703	399	218	2	2,627	28	819	8,341
Croatia.....	529	484	98	173	0	334	1	6	1,626
Romania.....	0	1,590	1,381	606	6	894	1	179	4,657
Serbia.....	4	72	37	10	0	0	0	0	124
Slovakia.....	0	69	2,140	753	7	849	2	54	3,873
Slovenia	0	20	29	0	0	65	0	21	134
Czech Republic	3,751	699	4,097	1,110	126	30	152	363	10,329
Ukraine.....	0	32	0	0	0	0	0	0	32
Hungary.....	96	535	1,135	732	12	140	5	40	2,696
Other EU	0	136	424	309	1,181	909	8	66	3,034
Other industrialised countries	23	0	0	0	0	276	0	25	324
Emerging markets	40	264	2	0	0	105	16	1	429
South-Eastern Europe/CIS	0	72	2	0	0	96	0	0	170
Asia	0	99	0	0	0	3	16	0	118
Latin America	3	58	0	0	0	1	0	0	62
Middle East/Africa.	37	35	0	0	0	6	0	1	79
Total without EIR restatement.	4,988	7,605	9,744	3,912	1,334	6,230	213	1,574	35,599
EIR restatement									0
Total									35,599

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

Credit risk exposure to institutions by region and financial instrument

The following tables present Erste Group's credit risk exposure to institutions by region and financial instrument as of 31 December 2012, 2011 and 2010, respectively. The assignment of obligors to institutions is based on Basel 2 exposure classes.

Credit risk exposure to institutions by region and financial instrument as of 31 December 2012

	Debt instruments								
	Loans and advances to credit institutions at amortised cost	Loans and advances to customers	Held to maturity	Trading assets	At fair value through profit or loss	Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
in €million	audited								
Core market ...	2,227	52	817	252	83	1,810	699	163	6,102
Austria	1,087	25	285	249	57	1,003	465	98	3,268
Croatia	38	3	0	0	0	0	3	0	44
Romania	37	1	2	2	0	0	15	52	109
Serbia	12	4	0	0	0	1	0	0	17
Slovakia	51	0	2	0	0	62	16	0	131
Slovenia	19	0	0	0	0	4	1	2	27
Czech Republic	883	0	527	0	26	739	194	7	2,376
Hungary	101	20	0	0	0	0	5	3	129
Other EU	3,625	0	801	101	89	2,405	10,601	32	17,653
Other industrialised countries	236	0	93	8	40	209	504	6	1,095
Emerging markets	416	0	10	0	0	1	2	66	496
South-Eastern Europe/CIS	80	0	0	0	0	1	0	32	113
Asia	279	0	10	0	0	0	2	23	315
Latin America	1	0	0	0	0	0	0	2	3
Middle East/Africa .	56	0	0	0	0	0	0	9	66
Total	6,504	52	1,720	360	211	4,425	11,806	267	25,346

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

Credit risk exposure to institutions by region and financial instrument as of 31 December 2011

in € million	Debt instruments							Contingent credit liabilities	Credit risk exposure
	Loans and advances to credit institutions at amortised cost	Loans and advances to customers	Held to maturity	Trading assets	At fair value through profit or loss	Available for sale fair value	Positive fair value of derivative financial instruments		
Core market ...	1,808	120	890	380	62	2,614	588	441	6,903
Austria.....	660	3	307	280	57	1,394	417	337	3,455
Croatia.....	51	4	0	11	0	0	3	0	68
Romania.....	28	0	0	2	0	0	2	50	82
Serbia.....	17	3	0	0	0	0	0	0	20
Slovakia.....	5	0	2	0	1	75	15	0	98
Slovenia	86	0	10	0	0	85	0	2	184
Czech Republic.....	871	63	526	0	4	830	143	13	2,450
Ukraine.....	31	0	0	86	0	227	0	0	344
Hungary.....	59	48	45	2	0	2	8	38	202
Other EU	1,879	39	1,150	172	198	2,494	8,753	27	14,711
Other industrialised countries..	1,290	0	164	21	48	318	510	10	2,361
Emerging markets	1,031	15	183	0	0	7	3	32	1,271
South-Eastern Europe/CIS	138	0	0	0	0	1	0	1	141
Asia	412	0	55	0	0	0	2	11	480
Latin America	32	15	0	0	0	0	0	0	48
Middle East/Africa.	448	0	129	0	0	5	0	20	602
Total	6,008	174	2,388	573	309	5,432	9,853	509	25,246

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

Credit risk exposure to institutions by region and financial instrument as of 31 December 2010

in €million	Debt instruments							Contingent credit liabilities	Credit risk exposure
	Loans and advances to credit institutions at amortised cost	Loans and advances to customers	Held to maturity	Trading assets	At fair value through profit or loss	Available for sale fair value	Positive fair value of derivative financial instruments		
Core market ...	3,388	50	824	476	71	2,458	632	527	8,425
Austria.....	1,264	8	273	370	66	1,449	482	424	4,336
Croatia.....	136	5	0	11	0	0	1	5	158
Romania.....	318	0	0	1	0	0	3	0	323
Serbia.....	9	3	0	0	0	0	0	0	11
Slovakia.....	2	0	27	10	1	41	15	0	95
Slovenia	155	0	10	14	0	92	0	4	275
Czech Republic.....	1,312	0	457	9	4	706	121	1	2,610
Ukraine.....	14	0	0	53	0	151	0	1	219
Hungary.....	179	34	57	8	0	19	11	91	397
Other EU	2,389	73	1,473	229	375	1,965	6,545	126	13,174
Other industrialised countries..	633	0	291	58	53	377	492	31	1,936
Emerging markets	1,085	23	527	0	0	3	5	68	1,711
South-Eastern Europe/CIS	169	0	0	0	0	3	0	1	174
Asia	345	0	182	0	0	0	5	23	555
Latin America	53	23	10	0	0	0	0	0	86
Middle East/Africa.	517	0	335	0	0	0	0	43	896
Total without EIR restatement..	7,494	146	3,115	763	500	4,803	7,674	752	25,246
EIR restatement.....									0
Total									25,246

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

Non-performing credit risk exposure, risk provisions and collateral

Erste Group allocates provisions for credit risk losses. It has established a common framework, referred to as Group IFRS Principles for Credit Risk Loss Provisions, which defines minimum standards and principles for credit risk provisioning related to processes and measurement. According to the underlying methodological standards, the framework distinguishes between

- loan loss provisions allocated for financial assets carried at amortised cost according to IAS 39 requirements, and
- contingent credit risk provisions allocated for contingent credit liabilities reflecting IAS 37 principles.

In both areas, risk provisions are further split into specific and portfolio provisions, whereby specific provisions are allocated for defaulted and portfolio provisions for non-defaulted customers or products. Portfolio loan loss provisions are calculated according to the incurred but not reported losses methodology. Specific loan loss provisions are calculated by estimating future cash flows, including collateral recoveries, and discounting these by the original effective interest rate. Contingent credit risk provisions are based on expected loss methodology.

The following table shows the credit risk provisions divided into specific and portfolio provisions and provisions for guarantees as of 31 December 2012, 2011 and 2010, respectively:

in €million	2012	2011	2010
-------------	------	------	------

		audited	
Specific provisions	6,940	6,113	5,315
Portfolio provisions	704	914	804
Provisions for guarantees	186	186	186
Total	7,830	7,213	6,305

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

Credit risk provisions covered 62.2% of the reported non-performing credit risk exposure as of 31 December 2012. For the portion of the non-performing credit risk exposure that is not covered by provisions, Erste Group assumes there are sufficient levels of collateral and expected other recoveries.

In the twelve months ended 31 December 2012, the non-performing credit risk exposure increased by approximately €800 million, or 6.7%, from €11.8 billion as of 31 December 2011 to €12.6 billion as of 31 December 2012. Credit risk provisions were increased by €617 million, or 8.5%, from €7.2 billion as of 31 December 2011 to €7.8 billion as of 31 December 2012. These movements resulted in a net increase in coverage of the non-performing credit risk exposure by 1.1 percentage points from 61.1% to 62.2%.

The following tables show the coverage of the non-performing credit risk exposure across the reporting segments by credit risk provisions (without taking into consideration collateral) as of 31 December 2012, 2011 and 2010, respectively. The differences in provisioning levels for the segments result from the risk situation in the respective markets, different levels of collateralisation, and local legal environments and regulatory requirements.

The non-performing credit risk exposure ratio (NPE ratio) is calculated by dividing non-performing credit risk exposure by total credit risk exposure. The non-performing credit risk exposure coverage ratio (NPE coverage ratio) is calculated by dividing credit risk provisions by non-performing credit risk exposure. Collateral or other recoveries are not taken into account.

Non-performing credit risk exposure by segment and credit risk provisions as of 31 December 2012

in €million (unless indicated otherwise)	Credit risk exposure			Non-performing credit risk exposure ratio	Non-performing credit risk exposure coverage ratio
	Non-performing exposure	Credit risk exposure	Credit risk provisions audited		
Retail & SME	11,069	161,413	6,821	6.9%	61.6%
Austria	3,816	87,313	2,343	4.4%	61.4%
Erste Bank Oesterreich	1,134	35,169	740	3.2%	65.3%
Savings Banks ⁽¹⁾	2,682	52,145	1,603	5.1%	59.8%
Central and Eastern Europe	7,253	74,100	4,478	9.8%	61.7%
Czech Republic	989	32,758	707	3.0%	71.4%
Romania	3,086	15,007	1,784	20.6%	57.8%
Slovakia	448	10,971	376	4.1%	83.9%
Hungary	1,575	6,382	1,009	24.7%	64.1%
Croatia	1,085	8,246	543	13.2%	50.0%
Serbia	69	736	59	9.4%	85.7%
Group Corporate and Investment Banking	1,521	26,117	1,003	5.8%	66.0%
Group Markets	2	22,688	0	0.0%	9.8%
Corporate Center	3	9,450	5	0.0%	192.1%
Total	12,595	219,668	7,830	5.7%	62.2%

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

(1) Designated as *Haftungsverbund* (Cross Guarantee System) in the consolidated financial statements as of and for the financial year ended 31 December 2012.

Non-performing credit risk exposure by segment and credit risk provisions as of 31 December 2011

Credit risk exposure					
in €million (unless indicated otherwise)	Non-performing	Credit risk exposure	Credit risk provisions audited	Non-performing credit risk exposure ratio	Non-performing credit risk exposure coverage ratio
Retail & SME	10,395	162,902	6,390	6.4%	61.5%
Austria	3,854	90,597	2,346	4.3%	60.9%
Erste Bank Oesterreich	1,148	37,716	735	3.0%	64.0%
Savings Banks	2,706	52,881	1,611	5.1%	59.5%
Central and Eastern Europe	6,541	72,305	4,044	9.0%	61.8%
Czech Republic	975	30,284	674	3.2%	69.1%
Romania	2,579	14,699	1,283	17.5%	49.8%
Slovakia	498	10,189	399	4.9%	80.2%
Hungary	1,504	7,324	1,055	20.5%	70.2%
Croatia	764	8,216	425	9.3%	55.6%
Serbia	59	718	54	8.3%	91.1%
Ukraine	161	873	154	18.5%	95.3%
Group Corporate and Investment Banking ..	1,398	29,708	818	4.7%	58.5%
Group Markets	3	19,169	0	0.0%	1.7%
Corporate Center	4	7,679	6	0.1%	139.3%
Total	11,800	219,457	7,213	5.4%	61.1%

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

Non-performing credit risk exposure by segment and credit risk provisions as of 31 December 2010

Credit risk exposure					
in €million (unless indicated otherwise)	Non-performing	Credit risk exposure	Credit risk provisions audited	Non-performing credit risk exposure ratio	Non-performing credit risk exposure coverage ratio
Retail & SME	9,191	159,065	5,570	5.8%	60.6%
Austria	3,956	89,591	2,350	4.4%	59.4%
Erste Bank Oesterreich	1,217	37,547	745	3.2%	61.2%
Savings Banks	2,739	52,044	1,605	5.3%	58.6%
Central and Eastern Europe	5,235	69,474	3,220	7.5%	61.5%
Czech Republic	1,064	27,603	731	3.9%	68.7%
Romania	2,030	15,266	1,102	13.3%	54.3%
Slovakia	462	9,377	383	4.9%	82.8%
Hungary	937	8,149	471	11.5%	50.2%
Croatia	560	7,786	340	7.2%	60.7%
Serbia	44	568	45	7.8%	102.4%
Ukraine	138	725	148	19.0%	107.6%
Group Corporate and Investment Banking ..	1,244	31,183	703	4.0%	56.5%
Group Markets	6	19,570	1	0.0%	10.5%
Corporate Center	45	7,142	33	0.6%	72.1%
Total without EIR restatement	10,486	216,960	6,307	4.8%	60.1%
EIR restatement⁽¹⁾		(395)			
Total	10,486	216,565	6,307	4.8%	60.1%

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

Restructuring

Erste Group focuses on early identification of customers who are facing difficulties with payments or other loan-related obligations with the aim of restructuring their loans if the mid- to long-term outlook is positive. It believes that this can help to build customer loyalty for long-term relationships and co-operation. In principle, Erste Group follows a policy of restructuring by lengthening maturity and/or by deferring capital repayment but insisting on payment of interest. Restructured exposures are deemed to be performing as long as there arises no loss for the bank. If the agreed restructuring measures lead to a forbearance of debts, the borrower is rated as defaulted and the exposure is classified as non-performing. Currently, Erste Group is working on an implementation of the requirements which, for the topic restructurings, arise from the ESMA publication "Treatment of Forbearance Practices in IFRS Financial Statements of Financial Institutions".

Recognition of collateral

In 2011, the Collateral Management Department was created as a staff unit within Erste Group's Corporate Workout business area. The adopted "Standards and Rules for Collateral Management" define, among other things, uniform valuation standards for credit collateral across the entire group. These ensure both that the requirements of credit risk mitigation are met and that the credit risk decision processes are standardised with respect to those assets recognised as collateral.

All collateral types acceptable within Erste Group are given in an exhaustive list in the Group Collateral Catalogue. Locally permitted collateral is defined by the respective bank in accordance with applicable national legal provisions. The valuation and revaluation of collateral is done according to the principles defined in the Group Collateral Catalogue broken down by class and based on the internal work instructions in accordance with the individual supervisory requirements. Whether a type of security or a specific collateral asset is accepted for credit risk mitigation is decided by Strategic Risk Management after determining if the applicable regulatory capital requirements are met. Adherence to the standard work processes stipulated for assigning the acceptable collateral assets to the categories available is monitored by operative risk management.

Main types of collateral

The following types of collateral are the most frequently accepted:

- Real estate: This includes both private and commercial real estate.
- Financial collateral: This category includes primarily securities portfolios and cash deposits as well as life insurance policies.
- Guarantees: Guarantees are provided mainly by states, banks and companies. All guarantors must have a minimum credit rating that is reviewed annually.
- Other types of collateral such as real collateral in the form of movable property or the assignment of receivables are accepted less frequently.

Collateral valuation and management

Collateral valuation is based on current market prices while taking into account an amount that can be recovered within a reasonable period. The valuation processes are defined and technically implemented by authorised staff with the assistance of software applications. Only independent appraisers not involved in the lending decision process are permitted to conduct real estate valuations, and the valuation methods to be applied are defined. For quality assurance purposes, the real estate valuations are validated on an ongoing basis.

The methods and discounts used for valuations are based on empirical data representing past experience of the workout departments and on the collected data on loss recovery from realising collateral. The valuation methods are adjusted at least annually to reflect current recoveries. Financial collateral assets are recognised at market value.

The revaluation of collateral is done periodically and is automated as far as possible. In the case of external data sources, the appropriate interfaces are used. The maximum periods for the revaluation of individual collateral assets are predefined and compliance is monitored by risk management using software applications. Apart from periodic revaluations, collateral is assessed when information becomes available that indicates a decrease in the value of the collateral for exceptional reasons.

Concentration risks resulting from credit risk mitigation techniques may affect a single customer, but also a portfolio defined by region, industry or type of security. Erste Group is a retail bank, and, due to its customer structure and the markets in which it does business, it does not have any concentrations with respect to collateral from customers. Concerning other areas of a potentially detrimental correlation of risks, the collateral portfolios are analysed using statistical evaluations for, among other things, regional or industry-specific concentrations within the scope of portfolio monitoring. Early warning tools play an important role. The response to those risks identified includes, above all, the adjustment of volume targets, setting of corresponding limits and modification of the staff's discretionary limits for lending.

Collateral obtained in foreclosure procedures is made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding claim. Generally, Erste Group does not occupy repossessed properties for its own business use. The main part of assets taken onto its own books are commercial land and buildings. In addition, privately occupied properties and transport vehicles are taken into Erste Group's possession. As of 31 December 2012, the carrying value of these assets amounted to €493 million (2011: €312 million).

The following tables compare the credit risk exposure by segment as of 31 December 2012, 2011 and 2010, respectively, to the collateral received:

Credit risk exposure by segment and collateral as of 31 December 2012

in € million	Credit risk exposure	Collaterals total	Collateral and other credit risk mitigation ⁽¹⁾			Credit risk exposure excluding collateral
			Guarantees	Real estate audited	Other	
Retail & SME	161,413	74,357	5,574	57,910	10,873	87,056
Austria	87,313	45,061	3,850	34,731	6,480	42,252
EB Oesterreich	35,169	21,367	1,989	16,464	2,915	13,801
Savings Banks	52,145	23,694	1,861	18,267	3,565	28,451
CEE	74,100	29,296	1,724	23,179	4,393	44,803
Czech Republic	32,758	9,674	658	7,998	1,017	23,084
Romania	15,007	7,456	690	4,483	2,284	7,551
Slovakia	10,971	4,971	58	4,641	272	6,000
Hungary	6,382	3,931	94	3,310	526	2,451
Croatia	8,246	2,995	183	2,569	243	5,251
Serbia	736	269	41	178	51	467
Group Corporate & Investment Banking	26,117	9,144	1,817	5,664	1,663	16,974
Group Markets	22,688	3,502	169	0	3,332	19,186
Corporate Center	9,450	826	404	55	367	8,624
Total	219,668	87,828	7,963	63,629	16,235	131,840

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

(1) Shown as "collateralised by" in the consolidated financial statements as of and for the financial year ended 31 December 2012.

Credit risk exposure by segment and collateral as of 31 December 2011

in € million	Credit risk exposure	Collaterals total	Collateral and other credit risk mitigation			Credit risk exposure excluding collateral
			Guarantees	Real estate audited	Other	
Retail & SME	162,902	74,408	5,280	57,111	12,016	88,494
Austria	90,597	44,083	4,168	33,681	6,234	46,514
EB Oesterreich	37,716	21,205	2,149	16,290	2,767	16,511
Savings Banks	52,881	22,878	2,019	17,392	3,467	30,003
CEE	72,305	30,325	1,112	23,430	5,782	41,980
Czech Republic	30,284	8,713	549	7,297	867	21,571
Romania	14,699	8,749	185	5,071	3,494	5,949
Slovakia	10,189	4,567	74	4,187	306	5,623

in €million	Collateral and other credit risk mitigation					Credit risk exposure excluding collateral
	Credit risk exposure	Collaterals total	Guarantees	Real estate audited	Other	
Hungary	7,324	4,485	83	3,673	729	2,840
Croatia	8,216	3,099	181	2,703	215	5,117
Serbia	718	285	41	192	53	433
Ukraine	873	425	0	307	119	448
Group Corporate & Investment Banking	29,708	9,442	2,220	5,807	1,415	20,266
Group Markets	19,169	2,343	110	0	2,233	16,826
Corporate Center	7,679	768	570	22	177	6,910
Total	219,457	86,961	8,181	62,940	15,840	132,496

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012 including comparative financial information for the financial year ended 31 December 2011.

Credit risk exposure by segment and collateral as of 31 December 2010

in €million	Collateral and other credit risk mitigation					Credit risk exposure excluding collateral
	Credit risk exposure	Collaterals total	Guarantees	Real estate audited	Other	
Retail & SME	159,065	73,992	5,082	56,934	11,976	85,073
Austria	89,591	42,708	4,018	32,493	6,197	46,883
EB Oesterreich	37,547	20,511	1,977	15,729	2,805	17,036
Savings Banks	52,044	22,197	2,041	16,764	3,392	29,847
CEE	69,474	31,285	1,064	24,441	5,780	38,189
Czech Republic	27,603	9,328	645	7,843	840	18,275
Romania	15,266	8,610	160	5,215	3,236	6,656
Slovakia	9,377	4,155	80	3,814	261	5,222
Hungary	8,149	5,566	97	4,452	1,017	2,583
Croatia	7,786	2,927	81	2,607	240	4,859
Serbia	568	253	1	196	56	315
Ukraine	725	445	0	316	129	280
Group Corporate & Investment Banking	31,183	9,501	1,855	6,183	1,463	21,682
Group Markets	19,570	4,181	166	0	4,015	15,389
Corporate Center	7,142	552	513	5	33	6,590
Total without EIR re-statement	216,960	88,227	7,616	63,122	17,488	128,733
EIR restatement⁽¹⁾	(395)					(395)
Total	216,565	88,227	7,616	63,122	17,488	128,338

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

The following tables show Erste Group's credit risk exposure which was past due but for which specific provisions had not been established as of 31 December 2012, 2011 and 2010, respectively. The tables on collateral and other credit risk mitigation are available only as of 31 December 2012 and 2011 while no comparably information exists as of 31 December 2010.

Credit risk exposure by financial instrument and collateral as of 31 December 2012

in € million	Credit risk exposure	Collateral total	Collateralised by			Credit risk exposure net of collateral
			Guarantees	Real estate	Other	
Loans and advances to credit institutions	9,074	1,553	119	2	1,432	7,521
Loans and advances to customers	131,928	78,566	5,766	61,503	11,296	53,362
Debt instruments - Held to maturity	18,975	410	373	35	2	18,565
Debt instruments - Trading assets ..	4,872	165	165	0	0	4,707
Debt instruments - At fair value through profit or loss	526	0	0	0	0	526
Debt instruments - Available for sale	20,225	1,206	1,132	0	74	19,019
Positive fair value of derivative financial instruments	13,289	2,264	0	0	2,264	11,025
Contingent credit liabilities	20,779	3,664	408	2,089	1,167	17,115
Total	219,668	87,828	7,963	63,629	16,235	131,840

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

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

in € million	Credit risk exposure	Collateral total	Collateralised by			Credit risk exposure net of collateral
			Guarantees	Real estate	Other	
Loans and advances to credit institutions	7,578	1,016	157	1	858	6,562
Loans and advances to customers ..	134,750	77,933	5,311	60,626	11,996	56,817
Debt instruments - Held to maturity	16,074	638	556	73	9	15,436
Debt instruments - Trading assets ..	5,471	106	106	0	0	5,365
Debt instruments - At fair value through profit or loss	1,502	0	0	0	0	1,502
Debt instruments - Available for sale	17,654	1,499	1,442	57	0	16,155
Positive fair value of derivative financial instruments	10,931	1,528	0	0	1,528	9,403
Contingent credit liabilities	25,499	4,241	609	2,182	1,449	21,258
Total	219,457	86,961	8,181	62,940	15,840	132,496

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012 including comparative financial information for the financial year ended 31 December 2011.

Credit risk exposure past due and not covered by specific provisions by Basel 2 exposure class and collateralisation as of 31 December 2012

in € million	Credit risk exposure			thereof collateralised		
	Total	thereof	thereof	Total	thereof	thereof
		91-180 days past due	more than 180 days past due		91-180 days past due	more than 180 days past due
Sovereigns	88	20	68	41	11	30
Institutions	0	0	0	0	0	0
Corporates.....	258	113	146	171	75	96
Retail	167	65	103	115	35	80
Total.....	513	197	316	327	121	206

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

Credit risk exposure past due and not covered by specific provisions by Basel 2 exposure class and collateralisation as of 31 December 2011

in € million	Credit risk exposure			thereof collateralised		
	Total	thereof 91-180 days past due	thereof more than 180 days past due audited	Total	thereof 91-180 days past due	thereof more than 180 days past due
Sovereigns	5	1	3	2	1	1
Institutions	0	0	0	0	0	0
Corporates.....	312	126	187	152	49	103
Retail	228	46	181	151	27	124
Total.....	545	173	371	304	76	228

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

Credit risk exposure past due and not covered by specific provisions by Basel 2 exposure class and collateralisation as of 31 December 2010

in € million	Credit risk exposure			thereof collateralised		
	Total	thereof 91-180 days past due	thereof more than 180 days past due audited	Total	thereof 91-180 days past due	thereof more than 180 days past due
Sovereigns	5	1	4	0	0	0
Institutions	0	0	0	0	0	0
Corporates.....	221	57	164	137	35	101
Retail	199	63	136	148	32	116
Total.....	425	121	304	285	67	218

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

As of 31 December 2012, 2011 and 2010, respectively, specific provisions existed for the following credit risk exposure more than 90 days past due:

Credit risk exposure covered by specific provisions by Basel 2 exposure class as of 31 December 2012

in € million	Credit risk exposure covered by specific provisions total	thereof 91-180 days past due audited	thereof more than 180 days past due
	Sovereigns	42	1
Institutions	84	0	49
Corporates.....	7,187	400	4,109
Retail	4,899	340	3,346
Total.....	12,212	741	7,515

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

Credit risk exposure covered by specific provisions by Basel 2 exposure class as of 31 December 2011

in € million	Credit risk exposure covered by specific provisions total	thereof 91-180 days past due audited	thereof more than 180 days past due
	Sovereigns	17	1
Institutions	52	3	49
Corporates.....	4,609	418	3,149
Retail	4,663	429	3,058
Total.....	9,342	850	6,261

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

Credit risk exposure covered by specific provisions by Basel 2 exposure class as of 31 December 2010

in € million	Credit risk exposure covered by specific provisions total	thereof 91-180 days past due audited	thereof more than 180 days past due
Sovereigns	18	0	3
Institutions	49	0	49
Corporates.....	4,269	606	2,881
Retail	3,911	341	2,538
Total.....	8,248	948	5,471

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

All claims presented in the tables above were classified as non-performing. Provisions are, as a rule, established for assets that are more than 90 days past due. However, specific provisions are not established if the loans and other advances are covered by adequate collateral.

Loans and advances to customers by segment

The following tables present the customer loan book as of 31 December 2012, 2011 and 2010, respectively, excluding loans to financial institutions and commitments, by segment and risk category:

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

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Total loans
Retail & SME	83,171	16,455	3,180	10,766	113,573
Austria	52,803	8,197	1,095	3,643	65,738
EB Österreich.....	24,607	2,182	204	1,058	28,052
Savings Banks	28,196	6,014	891	2,585	37,687
CEE	30,368	8,258	2,085	7,123	47,834
Czech Republic.....	13,797	2,610	528	956	17,891
Romania.....	4,856	2,200	605	3,021	10,682
Slovakia	5,137	831	193	437	6,598
Hungary	2,809	1,459	345	1,572	6,185
Croatia	3,373	1,068	399	1,069	5,909
Serbia.....	397	90	14	68	569
Group Corporate & Investment Banking .	12,557	3,261	781	1,330	17,928
Group Markets.....	69	7	0	0	77
Corporate Center.....	229	102	17	2	350
Total.....	96,027	19,825	3,978	12,098	131,928

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

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

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Total loans
Retail & SME	80,952	19,513	3,779	10,112	114,355
Austria	51,910	8,948	1,287	3,658	65,803
EB Österreich.....	24,248	2,630	270	1,051	28,199
Savings Banks	27,662	6,318	1,018	2,607	37,604
CEE	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

Group Corporate & Investment Banking	14,376	3,663	490	1,275	19,805
Group Markets	204	20	0	0	225
Corporate Center	313	36	15	1	365
Total	95,845	23,233	4,284	11,388	134,750

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

Loans and advances to customers by segment and risk category as of 31 December 2010

in €million	Low risk	Management attention	Sub-standard audited	Non-performing	Total loans
Retail & SME	81,199	18,110	5,030	8,986	113,325
Austria	50,133	9,444	1,337	3,792	64,706
EB Österreich	23,147	2,860	295	1,136	27,438
Savings Banks	26,986	6,584	1,042	2,656	37,268
CEE	31,066	8,666	3,693	5,194	48,619
Czech Republic	12,978	2,816	652	1,040	17,486
Romania	5,186	2,216	1,826	2,020	11,248
Slovakia	4,460	513	284	460	5,717
Hungary	4,749	1,468	611	935	7,763
Croatia	3,294	1,401	235	557	5,487
Serbia	301	78	9	44	432
Ukraine	98	174	76	138	486
Group Corporate & Investment Banking	12,249	4,416	1,047	1,032	18,744
Group Markets	258	72	0	0	330
Corporate Center	154	129	15	32	330
Total without EIR restatement	93,860	22,727	6,092	10,050	132,729
EIR restatement⁽¹⁾					(395)
Total					132,334

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

In the tables below the non-performing loans and advances to customers subdivided by segment are contrasted with loan loss provisions and the collateral for non-performing loans (NPL) as of 31 December 2012, 2011 and 2010, respectively. The NPL ratio, the NPL coverage ratio and the NPL total coverage ratio are also included. The NPL total coverage ratio specifies the coverage of non-performing loans by loan loss provisions and collateral for non-performing loans.

Non-performing loans and advances to customers by segment and coverage by loan loss provisions and collateral as of 31 December 2012

in €million (unless indicated otherwise)	Non-performing	Total loans	Loan loss provisions	NPL ratio ⁽¹⁾	NPL coverage ratio ⁽²⁾	Collateral for NPL	NPL total coverage ratio ⁽³⁾
Retail & SME	10,766	113,573	6,681	9.5%	62.1%	5,107	109.5%
Austria	3,643	65,738	2,251	5.5%	61.8%	1,578	105.1%
EB Oesterreich	1,058	28,052	696	3.8%	65.7%	442	107.5%
Savings Banks	2,585	37,687	1,556	6.9%	60.2%	1,137	104.2%
CEE	7,123	47,834	4,429	14.9%	62.2%	3,529	111.7%
Czech Republic.....	956	17,891	690	5.3%	72.2%	365	110.4%
Romania	3,021	10,682	1,771	28.3%	58.6%	1,630	112.6%
Slovakia	437	6,598	369	6.6%	84.3%	249	141.2%
Hungary	1,572	6,185	1,008	25.4%	64.1%	731	110.7%
Croatia	1,069	5,909	534	18.1%	50.0%	520	98.6%
Serbia	68	569	58	12.0%	84.1%	34	134.0%
Group Corporate & Investment Banking	1,330	17,928	893	7.4%	67.2%	494	104.3%
Group Markets	0	77	0	0.0%	6,439.9%	0	6,439.9%
Corporate Center	2	350	0	0.5%	26.9%	0	26.9%
Total	12,098	131,928	7,574	9.2%	62.6%	5,601	108.9%

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

- (1) The "NPL ratio" in this section ("loans and advances to customers") is calculated by dividing non-performing loans and advances to customers by total loans and advances to customers. Hence, it differs from the "non-performing credit risk exposure ratio (NPE ratio)" which refers to the credit risk exposure.
- (2) The "NPL coverage ratio" is the ratio of loan loss provisions for loans and advances to customers as a percentage of non-performing loans and advances to customers.
- (3) The "NPL total coverage ratio" is the ratio of loan loss provisions and collateral for non-performing loans and advances to customers as a percentage of non-performing loans and advances to customers.

Non-performing loans and advances to customers by segment and coverage by loan loss provisions and collateral as of 31 December 2011

in €million (unless indicated otherwise)	Non-performing	Total loans	Loan loss provisions	NPL ratio ⁽¹⁾	NPL coverage ratio ⁽²⁾	Collateral for NPL	NPL total coverage ratio ⁽³⁾
Retail & SME	10,112	114,355	6,244	8.8%	61.7%	5,186	113.0%
Austria	3,658	65,803	2,245	5.6%	61.4%	1,540	103.5%
EB Oesterreich	1,051	28,199	688	3.7%	65.4%	436	106.8%
Savings Banks	2,607	37,604	1,557	6.9%	59.7%	1,104	102.1%
CEE	6,454	48,552	3,999	13.3%	62.0%	3,647	118.5%
Czech Republic.....	947	17,187	660	5.5%	69.7%	404	112.3%
Romania	2,533	11,160	1,268	22.7%	50.1%	1,740	118.8%
Slovakia	496	6,217	393	8.0%	79.2%	275	134.6%
Hungary	1,499	7,088	1,054	21.1%	70.3%	731	119.0%
Croatia	759	5,917	419	12.8%	55.2%	363	103.1%
Serbia	58	486	52	11.9%	89.9%	25	132.3%
Ukraine	161	497	154	32.5%	95.3%	109	162.9%
Group Corporate & Investment Banking	1,275	19,805	697	6.4%	54.6%	465	91.1%
Group Markets	0	225	0	0.0%	452.4%	0	452.4%
Corporate Center	1	365	1	0.1%	179.6%	0	179.6%
Total	11,388	134,750	6,942	8.5%	61.0%	5,651	110.6%

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

- (1) The "NPL ratio" in this section ("loans and advances to customers") is calculated by dividing non-performing loans and advances to customers by total loans and advances to customers. Hence, it differs from the "non-performing credit risk exposure ratio (NPE ratio)" which refers to the credit risk exposure.
- (2) The "NPL coverage ratio" is the ratio of loan loss provisions for loans and advances to customers as a percentage of non-performing loans and advances to customers.
- (3) The "NPL total coverage ratio" is the ratio of loan loss provisions and collateral for non-performing loans and advances to customers as a percentage of non-performing loans and advances to customers.

Non-performing loans and advances to customers by segment and coverage by loan loss provisions and collateral as of 31 December 2010

in €million (unless indicated otherwise)	Non-performing	Total loans	Loan loss provisions	NPL ratio ⁽¹⁾	NPL coverage ratio ⁽²⁾	Collateral for NPL	NPL total coverage ratio ⁽³⁾
				audited			
Retail & SME	8,986	113,325	5,445	7.9%	60.6%	4,634	112.2%
Austria	3,792	64,706	2,251	5.9%	59.4%	1,586	101.2%
EB Oesterreich	1,136	27,438	696	4.1%	61.3%	469	102.6%
Savings Banks	2,656	37,268	1,555	7.1%	58.5%	1,117	100.6%
CEE	5,194	48,619	3,194	10.7%	61.5%	3,048	120.2%
Czech Republic	1,040	17,486	728	5.9%	70.0%	427	111.1%
Romania	2,020	11,248	1,099	18.0%	54.4%	1,455	126.4%
Slovakia	460	5,717	376	8.0%	81.7%	231	131.9%
Hungary	935	7,763	467	12.0%	49.9%	544	108.2%
Croatia	557	5,487	332	10.2%	59.6%	259	106.1%
Serbia	44	432	44	10.2%	100.0%	18	141.4%
Ukraine	138	486	148	28.4%	107.2%	113	189.4%
Group Corporate & Investment Banking	1,032	18,744	556	5.5%	53.9%	474	99.8%
Group Markets	0	330	0	0.0%	1,762.4%	0	1,762.4%
Corporate Center	32	330	33	9.7%	103.1%	0	103.1%
Total without EIR re-statement	10,050	132,729	6,034	7.6%	60.0%	5,108	110.9%
EIR restatement⁽⁴⁾		(395)					
Total	10,050	132,334	6,034	7.6%	60.0%	5,108	110.9%

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

- (1) The "NPL ratio" in this section ("loans and advances to customers") is calculated by dividing non-performing loans and advances to customers by total loans and advances to customers. Hence, it differs from the "non-performing credit risk exposure ratio (NPE ratio)" which refers to the credit risk exposure.
- (2) The "NPL coverage ratio" is the ratio of loan loss provisions for loans and advances to customers as a percentage of non-performing loans and advances to customers.
- (3) The "NPL total coverage ratio" is the ratio of loan loss provisions and collateral for non-performing loans and advances to customers as a percentage of non-performing loans and advances to customers.
- (4) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

The loan loss provisions which are shown in the tables above in the amount of €7,574 million as of 31 December 2012 (2011: €6,942 million) are composed of specific provisions amounting to €6,878 million (2011: €6,051 million) and portfolio provisions amounting to €696 million (2011: €891 million). Collateral for non-performing loans mainly consists of real estate.

The following tables show the loans and advances to customers by segment and currency as of 31 December 2012, 2011 and 2010, respectively:

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

in €million	€	Local currencies	CHF	USD	Other currencies	Total loans
			audited			
Retail & SME	74,818	24,344	12,525	345	1,540	113,573
Austria	55,277	0	8,782	159	1,520	65,738
EB Oesterreich	24,293	0	3,310	58	391	28,052
Savings Banks	30,984	0	5,472	101	1,129	37,687
CEE	19,541	24,344	3,743	187	20	47,834
Czech Republic	622	17,236	2	26	4	17,891
Romania	6,539	4,001	0	131	12	10,682
Slovakia	6,587	0	0	9	2	6,598
Hungary	1,312	1,849	3,018	5	0	6,185
Croatia	4,052	1,140	705	12	1	5,909
Serbia	429	118	18	4	0	569
Group Corporate & Investment	14,191	1,244	275	1,263	955	17,928

in € million	€	Local currencies	CHF audited	USD	Other currencies	Total loans
Banking						
Group Markets	24	11	1	33	8	77
Corporate Center	347	0	0	0	3	350
Total	89,381	25,599	12,801	1,642	2,505	131,928

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

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

in € million	€	Local currencies	CHF audited	USD	Other currencies	Total loans
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
CEE.....	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
Group Corporate & Investment						
Banking	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	88,369	25,125	15,978	2,735	2,543	134,750

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

Loans and advances to customers by segment and currency as of 31 December 2010

in € million	€	Local currencies	CHF audited	USD	Other currencies	Total loans
Retail & SME	69,588	24,173	17,098	902	1,563	113,324
Austria.....	51,017	0	11,897	270	1,523	64,706
EB Oesterreich.....	22,507	0	4,380	84	468	27,438
Savings Banks.....	28,510	0	7,517	186	1,055	37,268
CEE.....	18,571	24,173	5,201	632	40	48,618
Czech Republic.....	687	16,762	4	27	7	17,486
Romania.....	6,813	4,258	0	153	24	11,248
Slovakia.....	5,693	0	6	10	7	5,716
Hungary.....	1,613	1,807	4,328	14	1	7,763
Croatia.....	3,469	1,163	844	9	2	5,487
Serbia.....	290	118	19	5	0	431
Ukraine.....	7	65	0	414	0	486
Group Corporate & Investment						
Banking	14,698	920	246	2,148	733	18,745
Group Markets	176	43	36	38	37	331
Corporate Center	328	0	0	1	1	330
Total without EIR restatement	84,789	25,136	17,379	3,090	2,334	132,729
EIR restatement⁽¹⁾						(395)
Total						132,334

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

Securitisations

As of 31 December 2012, Erste Group has a conservative portfolio of securitised assets and their derivatives. There were no new investments undertaken and all repayments were made as scheduled in 2012.

As at year-end 2012, the carrying amount of Erste Group's securitisation portfolio totalled €1.5 billion which was €0.3 billion lower than at the end of 2011. Changes in the carrying amount were due to repayments, currency effects, changes in prices and disposals of assets. The proportion of the portfolio which was rated investment grade increased from 85.9% as of 31 December 2011 to 88.1% as of 31 December 2012. Only 4.2% of the assets are rated CCC or below.

As of 31 December 2012, 2011 and 2010, respectively, the composition of the total portfolio of securitised assets according to products and balance sheet line items was as follows:

As of 31 December 2012	Loans and advances to customers and credit institutions		Financial assets							
			Held to maturity		At fair value through profit or loss	Available for sale	Trading assets	Total		
			carrying amount	fair value	carrying amount	fair value	fair value ⁽¹⁾	fair value ⁽¹⁾	fair value ⁽¹⁾	carrying amount
in €million										
Prime RMBS	0	0	207	174	1	129	26	364	331	
CMBS	0	0	49	37	1	58	2	110	98	
SME ABS	0	0	16	9	1	20	2	38	31	
Leasing ABS	0	0	14	14	0	3	0	17	17	
Other ABS	0	0	13	13	2	36	1	52	52	
CLOs	0	0	0	0	43	754	0	797	797	
Other CDOs	0	0	0	0	0	3	0	3	3	
Other RMBS	0	0	0	0	1	14	2	17	17	
Total ABS / CDO..	0	0	299	247	49	1,016	34	1,397	1,345	
Student loans	0	0	0	0	1	133	0	134	134	
Total securitisations⁽²⁾	0	0	299	247	50	1,149	34	1,531	1,479	

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

(1) Carrying amount is equal to fair value.

(2) Including cash from funds.

As of 31 December 2011	Loans and advances to customers and credit institutions		Financial assets							
			Held to maturity		At fair value through profit or loss	Available for sale	Trading assets	Total		
			carrying amount	fair value	carrying amount	fair value	fair value ⁽¹⁾	fair value ⁽¹⁾	fair value ⁽¹⁾	carrying amount
in €million										
Prime RMBS	9	9	269	201	4	203	15	500	432	
CMBS	0	0	81	52	12	94	11	198	169	
SME ABS	0	0	19	11	1	40	1	61	53	
Leasing ABS	0	0	21	14	0	4	0	25	18	
Other ABS	0	0	37	33	8	55	8	108	104	
CLOs	0	0	0	0	47	727	1	775	775	
Other CDOs	0	0	0	0	0	3	0	3	3	
Other RMBS	0	0	0	0	2	13	4	19	19	
Total ABS / CDO..	9	9	427	311	74	1,139	40	1,689	1,573	
Student loans	0	0	0	0	1	154	0	155	155	
Total securitisations⁽²⁾⁽³⁾	9	9	427	311	75	1,293	40	1,844	1,728	

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

(1) Carrying amount is equal to fair value.

(2) In 2011 exclusive of CMOs, since they no longer are treated as securitisations due to regulatory amendments.

(3) Including cash from funds.

As of 31 December 2010	Financial assets									
	Loans and advances to customers and credit institutions		Held to maturity		At fair value through profit or loss	Available for sale	Trading assets	Total		
										carrying amount
in € million					fair value ⁽¹⁾ audited	fair value ⁽¹⁾	fair value ⁽¹⁾			
Prime RMBS	46	45	330	257	6	199	24	605	531	
CMBS	0	0	106	68	10	103	2	221	183	
SME ABS	0	0	37	22	1	34	0	72	57	
Leasing ABS	0	0	31	27	0	6	0	37	33	
Other ABS	0	0	79	73	17	74	11	181	175	
CLOs	0	0	0	0	107	753	5	865	865	
Other CDOs	0	0	12	12	0	12	0	24	24	
Total ABS / CDO..	46	45	595	459	141	1,181	42	2,005	1,868	
CMOs	0	0	0	0	0	643	0	643	643	
Student loans	0	0	0	0	1	268	0	269	269	
Total securitisations	46	45	595	459	142	2,092	42	2,917	2,780	

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) Carrying amount is equal to fair value.

European prime residential mortgage backed securities (Prime RMBS)

Prime RMBS are securitisations which are backed by mortgages on residential real estate. Erste Group is primarily invested in this asset class in British transactions, which were strongly affected by the global economic crisis. Their quotations reached the lowest level in the first quarter of 2009. Since that time, prices have recovered by 13%.

Commercial mortgage backed securities (CMBS)

CMBS are transactions which are secured by pools of mortgages on commercial property (*i.e.*, offices, retail and others). Erste Group is mainly invested in British CMBS. After declining until the second half of 2009, prices of commercial property have recovered by around 13%.

European and US collateralised loan obligations (CLOs)

CLOs are securitisations backed by pools of corporate loans. Most CLOs held by Erste Group that were downgraded during the crisis are now back at investment grade. Moody's Investors Service's global speculative-grade default rate stood at 2.6% in December 2012, after having reached the highest level at 13% in December 2009.

Other asset backed securities (ABS)

Erste Group's holding of other ABSs mainly consists of securitisations whereby the underlying assets are lease receivables or loans to small and medium-sized enterprises, or these may be other collateralised debt obligations (CDOs).

Erste Group further holds investments in securitisations of US student loans, all of which are triple-A rated securities. These securitisations carry the guarantee of the U.S. Department of Education for 97% of their value, while the remaining 3% is covered by subordination. Their associated credit risk is therefore considered very low.

Market risk

Definition and overview

Market risk is the risk of loss due to adverse changes in market prices and to the parameters derived therefrom. At Erste Group, market risk is divided into interest rate risk, currency risk, equity risk, commodity risk and volatility risk. This includes both trading and bank book positions.

Methods and instruments employed

At Erste Group, potential losses from market movements are assessed using the 'value-at-risk' method. The calculation is done according to the method of historic simulation with a unilateral confidence level of 99%, a holding period of one day and a simulation period of two years. Value-at-risk describes which losses may be expected as a maximum at a defined probability – the confidence level – within a certain holding period of the positions under normal market conditions.

Back-testing is used to monitor the validity of the statistical methods. This process is conducted with a one-day delay to monitor if the model projections regarding losses have actually materialised. At a confidence level of 99%, the actual loss on a single day should exceed the value-at-risk statistically only two to three times a year (1% of approximately 250 workdays).

This shows one of the limits of the value-at-risk approach: On the one hand, the confidence level is limited to 99%, and on the other hand, the model takes into account only those market scenarios observed respectively within the simulation period of two years, and calculates the value-at-risk for the current position of the bank on this basis. In order to investigate any extreme market situations beyond this, stress tests are conducted at Erste Group. These events include mainly market movements of low probability.

The stress tests are carried out according to several methods: 'Stressed VaR' is derived from the normal value-at-risk calculation. But instead of simulating only over the two most recent years, an analysis of a much longer period is carried out in order to identify a one-year period which constitutes a significant period of stress. According to the legal framework, that one-year period is used to calculate a VaR with a 99% confidence level. This enables Erste Group on the one hand to hold sufficient of its own funds available for the trading book also in periods of elevated market volatility while it also incorporates these resulting effects in the management of trading positions. In the 'extreme value theory', a Pareto distribution is adjusted to the extreme end of the loss distribution. In this manner, a continuous function is created from which extreme confidence levels such as 99.95% can be evaluated. Finally, standard scenarios are calculated in which the individual market factors are exposed to extreme movements. Such scenarios are calculated at Erste Group for interest rates, stock prices, exchange rates and volatilities. Furthermore, since 2009, combination scenarios have been calculated in which the current position of the trading book is subjected to a combination of market data shifts. These analyses are made available to the management board and the supervisory board within the scope of the monthly market risk reports.

The value-at-risk model was approved by the Financial Market Authority (FMA) as an internal market risk model to determine the capital requirements of Erste Group pursuant to the Austrian Banking Act.

Methods and instruments of risk mitigation

At Erste Group, market risks are controlled in the trading book by setting several levels of limits. The overall limit on the basis of value-at-risk for the trading book is decided by the board in the Risk Committee, while taking into account the risk-bearing capacity and projected earnings. A further breakdown is conducted by the Market Risk Committee on the basis of a proposal from the Group Market & Liquidity Risk Management unit.

All market risk activities of the trading book are assigned risk limits that are statistically consistent in their entirety with the value-at-risk overall limit. The value-at-risk limit is assigned in a top-down procedure to the individual trading units. This is done up to the level of the individual trading groups or departments. Additionally, in a bottom-up procedure, sensitivity limits are assigned to smaller units all the way down to the individual traders. These are aggregated upwards and applied as a second limit layer to the value-at-risk limits. The consistency between the two limit approaches is verified regularly.

Limit compliance is verified at two levels: by the appropriate local decentralised risk management unit and by Group Market & Liquidity Risk Management. The monitoring of the limits is calculated within the course of the trading day based on sensitivities. This can also be carried out by individual traders or chief traders on an *ad hoc* basis.

The value-at-risk is calculated every day at group level and made available to the individual trading units as well as to the superior management levels all the way up to the management board.

Apart from the trading book positions, banking book positions are once monthly also subjected to a value-at-risk analysis. In this manner, the total value-at-risk is determined. In addition to VaR, a long-horizon interest rate risk measure is used to gauge the interest rate risk of the banking book. A historical simulation approach looking back five years and with a one-year holding period was chosen. The result

of these calculations is presented in the monthly market risk report that is made available to the management and supervisory boards.

Analysis of market risk

Value at risk of banking book and trading book

The following tables show the VaR amounts as of 31 December 2012, 2011 and 2010, respectively, at a 99% confidence level using equally weighted market data and with a holding period of one day:

As of 31 December 2012	Total	Interest	Currency audited	Shares	Commodity	Volatility
Erste Group.....	27,619	25,817	1,170	3,588	471	502
Banking book	25,646	25,280	769	72	0	0
Trading book	4,097	1,994	776	3,516	471	502

As of 31 December 2011	Total	Interest	Currency audited	Shares	Commodity	Volatility
Erste Group.....	42,442	39,013	1,996	4,774	646	1,811
Banking book	36,563	36,276	2,227	1,030	0	0
Trading book	7,779	4,358	1,826	4,071	646	1,811

As of 31 December 2010	Total	Interest	Currency audited	Shares	Commodity	Volatility
Erste Group.....	37,667	33,679	1,756	6,228	257	2,118
Banking book	30,767	30,076	1	1,274	0	0
Trading book	8,789	4,298	1,755	5,406	257	2,118

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

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. This restriction applies to the inclusion of credit spreads in the calculation of the VaR. Credit spreads are only applied to sovereign issuers. For all other positions, only the general market risk is considered.

Interest rate risk of banking book

Interest rate risk is the risk of adverse change in the fair value of financial instruments caused by movement in market interest rates. This type of risk arises when mismatches exist between assets and liabilities, including derivatives, in respect of their maturities or of the timing of interest rate adjustments.

In order to identify interest rate risk, all financial instruments, including transactions not recognised in the balance sheet, are grouped into maturity bands based on their remaining terms to maturity or terms to an interest rate adjustment. Positions without a fixed maturity (e.g., demand deposits) are included on the basis of modelled deposit rates which are determined by means of statistical methods.

The following tables list the open fixed-income positions held by Erste Group in the four currencies that carry significant interest rate risk – €, CZK, HUF and RON – as of 31 December 2012, 31 December 2011 and 31 December 2010.

Only the open fixed-income positions that are not allocated to the trading book are presented. Positive values indicate fixed-income risks on the asset side, i.e., a surplus of asset items; negative values represent a surplus on the liability side.

Open fixed-income positions not assigned to the trading book

As of 31 December 2012	1–3 years	3–5 years	5–7 years	7–10 years	over 10 years
in € million					
Fixed-interest gap in € positions as of 31 Dec 2012	(7,489.6)	2,373.8	1,875.7	1,927.0	768.2
Fixed-interest gap in CZK positions as of 31 Dec 2012	(3,759.9)	49.2	1,112.3	1,030.1	776.4
Fixed-interest gap in HUF positions as of	148.5	119.7	(77.9)	(47.5)	0.0

As of 31 December 2012	1–3 years	3–5 years	5–7 years	7–10 years	over 10 years
in €million					
31 Dec 2012			audited		
Fixed-interest gap in RON positions as of 31 Dec 2012	505.4	501.0	(30.7)	(118.8)	(102.2)

Open fixed-income positions not assigned to the trading book

As of 31 December 2011	1–3 years	3–5 years	5–7 years	7–10 years	over 10 years
in €million					
Fixed-interest gap in €positions as of 31 Dec 2011	(4,048.6)	1,586.1	2,541.1	1,754.7	(205.3)
Fixed-interest gap in CZK positions as of 31 Dec 2011	(2,524.3)	311.6	81.5	164.3	(486.3)
Fixed-interest gap in HUF positions as of 31 Dec 2011	405.9	132.6	(18.1)	(28.9)	0.0
Fixed-interest gap in RON positions as of 31 Dec 2011	97.9	247.6	345.9	(98.1)	(105.0)

Open fixed-income positions not assigned to the trading book

As of 31 December 2010	1–3 years	3–5 years	5–7 years	7–10 years	over 10 years
in €million					
Fixed-interest gap in €positions as of 31 Dec 2010	(1,266.4)	725.0	(350.1)	588.1	2,354.6
Fixed-interest gap in CZK positions as of 31 Dec 2010	(3,768.9)	(1,930.6)	(46.6)	968.7	1,421.4
Fixed-interest gap in HUF positions as of 31 Dec 2010	(576.7)	584.7	222.9	49.9	0.1
Fixed-interest gap in RON positions as of 31 Dec 2010	(297.4)	445.1	457.8	61.2	3.9

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

Exchange rate risk

Erste Group is exposed to several types of risks related to exchange rates. These concern risks from open foreign exchange positions and others.

Risk from open currency positions is the risk related to exchange rates that derives from the mismatch between assets and liabilities, or from currency-related financial derivatives. These risks might originate from customer-related operations or proprietary trading and are monitored and managed on a daily basis. Foreign currency exposure is subject to regulatory and internal limits. The internal limits are set by the Market Risk Committee.

Erste Group separately measures and manages other types of risks relating to the Group's balance sheet and earnings structure. The translation risk related to the valuation of the balance sheet positions, earnings, dividends and participations/net investments in local currency or foreign exchange has an impact on consolidated earnings and consolidated capital. Erste Group is also reducing the negative impact related to volatility of foreign exchange on assets' performance (for example as a result of foreign exchange lending in the CEE countries).

In order to manage its multi-currency earnings structure, Erste Group regularly discusses hedging opportunities and takes decisions in the Group Asset/Liability Committee ("Group ALCO"). Asset/Liability Management ("ALM") uses as the usual source of information the current financial results and the financial budget prepared for the upcoming period to obtain as much information as possible on the future foreign cash flows. The proposal, which includes mainly the volume, hedging level, hedge ratio and timeline of the hedging, is submitted by ALM to Group ALCO. The impact of translation on consolidated capital is monitored and reported to Group ALCO. Group ALCO decisions are then implemented by ALM and the implementation status is reported on a monthly basis to Group ALCO.

The following table shows the largest open exchange rate positions of Erste Group as of the dates indicated.

Open exchange rate positions

in € thousand	31 Dec 2012	31 Dec 2011 audited	31 Dec 2010
U.S. dollar (USD)	(68,095)	(52,027)	(71,319)
Croatian kuna (HRK).....	41,672	34,943	(1,480)
Hongkong dollar (HKD).....	38,255	(1,210)	14,815
Swiss francs (CHF).....	(36,245)	(28,629)	(14,328)
British pound (GBP).....	32,426	(17,771)	1,098
Romanian lei (RON).....	25,275	(55,789)	8,132
Hungarian forint (HUF)	17,759	(65,737)	4,679
Czech koruna (CZK).....	(13,620)	25,536	2,709

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

Hedging

Banking book market risk management consists of optimising Erste Group's risk position by finding the proper trade-off between the economic value of the balance sheet and forecasted earnings. Decisions are based on the balance sheet development, economic environment, competitive landscape, fair value of risk, effect on net interest income and appropriate liquidity position. The steering body responsible for interest rate risk management is the Group ALCO. The ALM submits proposals for actions to steer the interest rate risk to the Group ALCO and implements Group ALCO's decisions.

In order to achieve the goals of risk management, hedging activities focus on the two main control variables: net interest income and market value of equity risk. In a broader sense, hedging refers to an economic activity that mitigates risk but does not necessarily qualify for hedge accounting under IFRS rules. Within the scope of IFRS-compliant hedge accounting, cash flow hedges and fair value hedges are used. If IFRS-compliant hedge accounting is not possible the fair value option is applied, where appropriate, for the hedging of market values. Most of the hedging within Erste Group concerns hedging of interest rate risk. The remainder is hedging foreign exchange rate risk. IFRS hedge accounting is one of the tools for managing the risk.

Liquidity risk

Definition and overview

The liquidity risk is defined in Erste Group in line with the principles set by the Basel Committee on Banking Supervision and Austrian regulators (*Liquiditätsrisikomanagement-Verordnung*, or "LMRV"). Accordingly, a distinction is made between market liquidity risk, which is the risk that Erste Group entities cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption, and funding liquidity risk, which is the risk that the banks in Erste Group will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of Erste Group members.

Funding liquidity risk is further divided into insolvency risk and structural liquidity risk. The former is the short-term risk that current or future payment obligations cannot be met in full and on time in an economically justified manner, while structural liquidity risk is the long-term risk of losses due to a change in Erste Group's own refinancing cost or spread.

Erste Group's 2012 liquidity strategy was implemented successfully. The original issuance plan of €3.5 billion was increased during the year to €4.6 billion in view of successful EUR and USD subordinated benchmark issues and in light of continuing demand from retail customers. The total amount issued consisted of €2.6 billion in senior bonds, €1.2 billion in Pfandbriefe (covered bonds), and €0.9 billion in subordinated debt. In February 2012, Erste Group participated in its second three-year longer-term refinancing operations (LTRO) of the European Central Bank in an amount of €1.2 billion (raising its total LTRO volume to €4.2 billion). Erste Group's liquidity position continued to improve during 2012, as well functioning capital markets made it possible to cover its refinancing needs at low costs. Consequently, Erste Group is planning to repay the LTRO amount in its entirety during the first quarter of 2013.

Erste Group continues its ongoing project activities to improve the framework for group-wide liquidity risk reporting. One of the goals of the project is to meet the new regulatory requirements from the Basel 3 framework (*i.e.*, monitoring of the liquidity coverage ratio and the net stable funding ratio).

Methods and instruments employed

Short-term insolvency risk is monitored by calculating the survival period for each currency on both entity and group levels. This analysis determines the maximum period during which the entity can survive a serious combined crisis (market crisis plus reputation crisis) while relying on its pool of liquid assets. The monitored worst-case scenario simulates very limited money market and capital market access and at the same time significant client deposit outflow. Furthermore, higher drawing rates of guarantees and credit facilities are assumed while taking into account counterparty type in estimating the probability of drawdown.

Erste Group manages long-term (structural) liquidity risk on both group and individual subsidiary level through a multiple scenario approach, Dynamic aspects of the renewal of existing balance sheet items are incorporated through a certain set of assumptions describing the going concern situation outside of crisis situations. Similarly, the modelling of customer business is adjusted according to the respective scenario. The purpose of the analysis is to determine Erste Group's ability to withstand distressed situations before they actually occur.

Legal lending limits (LLLs) exist in all CEE countries where Erste Group is represented. They restrict liquidity flows between Erste Group's subsidiaries in different countries. LLLs set limits on a bank's claims against a group of related companies. The limits refer to the bank's own funds and typical amounts are up to 25%. This restriction is taken into account for assessment of liquidity risk in the Survival Period Model.

Additionally, the traditional liquidity gaps (depicting the going concern maturity mismatches on a currency level) of the subsidiaries and Erste Group as a whole are reported and monitored regularly. Funding concentration risk is continuously analysed in respect to counterparties. Erste Group's fund transfer pricing ("FTP") system also proved to be an efficient tool for structural liquidity risk management.

Methods and instruments of risk mitigation

General standards of liquidity risk controlling and management (standards, limits and analysis) have been defined and are continuously reviewed and improved by Erste Group.

The short-term liquidity risk is managed by the survival period model on both entity and group levels, while the long-term liquidity risk is limited by the traffic light system for each entity. Both limits are monitored on a single currency level, as well. Limit breaches are reported to the Group Asset/Liability Committee. Another important means for managing the liquidity risk within Erste Group Bank and in relation to its subsidiaries is the FTP system. As the process of planning funding needs provides important data for liquidity management, a detailed overview of funding needs is prepared on a quarterly basis for the planning horizon across Erste Group.

The Comprehensive Contingency Plan ensures the necessary coordination of all parties involved in the liquidity management process in case of crisis, and it is reviewed on a regular basis. The contingency plans of the subsidiaries are co-ordinated as part of the plan for the Erste Group.

Analysis of liquidity risk

Liquidity gap

The long-term liquidity position is managed using liquidity gaps on the basis of expected cash flows. This liquidity position is calculated for each materially relevant currency and based on the assumption of ordinary business activity.

Expected cash flows are broken out by contractual maturities in accordance with the amortisation schedule and ordered into maturity ranges. For products without contractual maturities (like demand deposits and overdrafts), cash flows are modelled on the basis of statistical analysis.

The following table shows liquidity gaps as of 31 December 2012, 2011 and 2010:

in €million	< 1 month			1–12 months			1–5 years			> 5 years		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010

Liquidity gap.	32,443	32,653	23,426	(38,930)	(40,710)	(34,607)	(9,717)	(5,112)	(5,424)	16,204	13,168	16,605
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Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

An excess of assets over liabilities is indicated by a positive value, while an excess of liabilities over assets is indicated by a negative value.

Counterbalancing capacity

Erste Group regularly monitors its counterbalancing capacity, which consists of cash, excess minimum reserve at the central banks as well as unencumbered central bank eligible assets and other liquid securities, including changes from repos, reverse repos and securities lending transactions. These assets can be mobilised in the short term to offset potential cash outflows in a crisis situation. The term structure of the Group's counterbalancing capacity as of 31 December 2012 and 28 December 2011 is shown in the following tables and has been calculated for the first time as of 31 December 2012, including comparative financial information as of 28 December 2011.

As of 31 December 2012	< 1 week	1 week- 1 month	1-3 months	3-6 months	6-12 months
in €million					
			audited		
Cash, excess reserve	6,174	(631)	0	0	0
Liquid assets	33,713	1,217	288	249	561
Counterbalancing capacity	39,887	586	288	249	561

As of 31 December 2011	< 1 week	1 week- 1 month	1-3 months	3-6 months	6-12 months
in €million					
			audited		
Cash, excess reserve	3,093	0	0	0	0
Liquid assets	35,596	(100)	(420)	(1,599)	(2,247)
Counterbalancing capacity	38,689	(100)	(420)	(1,599)	(2,247)

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 including comparative financial information for the financial year ended 31 December 2011.

Financial liabilities

Maturities of contractual, undiscounted cash flows from financial liabilities as of 31 December 2012, 2011 and 2010, respectively, were as follows:

As of 31 December 2012	Carrying amounts	Contractual cash flows	< 1 month	1-12 months	1-5 years	> 5 years
in €million			audited			
Non-derivative liabilities	179,626	189,407	75,324	48,965	44,879	20,240
Deposits by banks	21,822	22,377	9,770	3,057	7,573	1,977
Customer deposits	123,053	125,793	64,852	40,475	16,131	4,336
Debt securities in issue	29,445	33,746	669	4,971	17,002	11,104
Subordinated liabilities	5,305	7,491	32	462	4,173	2,823
Derivative liabilities	1,649	1,451	47	444	588	372
Derivatives banking book ⁽¹⁾	1,649	1,451	47	444	588	372
Total	181,275	190,858	75,371	49,409	45,467	20,612

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

(1) The maturity analysis of undiscounted contractual cash flows of derivative financial instruments includes only the remaining contractual maturities for derivative financial liabilities in the banking book since these are essential for an understanding as to the timing of the cash flows.

As of 31 December 2011	Carrying amounts	Contractual cash flows	< 1 month	1-12 months	1-5 years	> 5 years
in €million			audited			
Non-derivative liabilities	179,230	189,550	74,403	51,923	41,228	21,996
Deposits by banks	23,785	24,757	10,571	4,764	6,381	3,040
Customer deposits	118,880	121,101	60,704	41,894	13,944	4,558
Debt securities in issue	30,782	35,262	3,100	4,759	16,818	10,586
Subordinated liabilities	5,783	8,430	28	505	4,086	3,812
Derivative liabilities	1,647	1,445	156	358	490	441
Derivatives banking book ⁽¹⁾	1,647	1,445	156	358	490	441

Total	180,877	190,995	74,559	52,281	41,718	22,437
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Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

(1) The maturity analysis of undiscounted contractual cash flows of derivative financial instruments includes only the remaining contractual maturities for derivative financial liabilities in the banking book since these are essential for an understanding as to the timing of the cash flows.

As of 31 December 2010	Carrying amounts restated	Contractual cash flows restated	< 1 month restated audited	1–12 months restated	1–5 years restated	> 5 years restated
in € million						
Non-derivative liabilities	174,306	184,321	70,622	51,950	39,145	22,604
Deposits by banks.....	20,154	21,004	11,545	3,869	3,311	2,279
Customer deposits	117,016	119,568	55,418	42,386	16,229	5,535
Debt securities in issue.....	31,298	35,556	3,643	5,115	17,600	9,199
Subordinated liabilities.....	5,838	8,193	16	580	2,006	5,591
Derivative liabilities	2,305	1,886	65	463	862	496
Derivatives banking book ⁽¹⁾	2,305	1,886	65	463	862	496
Total	176,611	186,207	70,687	52,413	40,007	23,100

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) The maturity analysis of undiscounted contractual cash flows of derivative financial instruments includes only the remaining contractual maturities for derivative financial liabilities in the banking book since these are essential for an understanding as to the timing of the cash flows.

Contingent credit liabilities arising from financial guarantees amounting to €6,363 million as of 31 December 2012 (2011: €6,920 million) as well as from unused irrevocable commitments amounting to €14,415 million as of 31 December 2012 (2011: €18,579 million) are not included in these tables.

As of 31 December 2012 the volume of customer deposits due on demand amounted to €51.1 billion (2011: €47.9 billion). Observation of customer behaviour has shown that 95% of this volume is stable during the ordinary course of business. This means that only a minor part of the on-demand portfolio is with-drawn by the customer, whereas the major part remains generally in the bank.

Operational risk

Definition and overview

In line with Section 2 (57(d)) Austrian Banking Act, Erste Group defines operational risk as the risk of loss resulting from inadequacy or failure of internal processes, people or systems, or from external events, including legal risks. Both quantitative and qualitative methods are used to identify operational risks. Consistent with international practice, the responsibility for managing operational risk rests with the line management.

Methods and instruments employed

The quantitative measurement methods are based on internal loss experience data, which is collected across Erste Group using a standard methodology and entered into a central data pool. Additionally, in order to be able to model losses that have not occurred in the past but are nonetheless possible, scenarios and external data are also used. Erste Group sources external data from a leading non-profit risk-loss data consortium.

Erste Group received regulatory approval for the Advanced Measurement Approach (“AMA”) in 2009. AMA is a sophisticated approach to measuring operational risk. Pursuant to AMA, the required capital is calculated using an internal VaR model, taking into account internal data, external data, scenario analysis, business environment and internal risk control factors. In 2011, Erste Group received approval to use insurance contracts for mitigation within the AMA pursuant to Section 22 (1) Austrian Banking Act.

Methods and instruments of risk mitigation

In addition to quantitative methods, qualitative methods are also used to determine operational risk, such as risk assessment surveys (risk and control self-assessments). The results of and suggestions for risk control in these surveys, which are conducted by experts, are reported to the line management and thus

help to reduce operational risks. Erste Group also reviews certain key indicators periodically to ensure early detection of changes in risk potential that may lead to losses.

Erste Group uses a group-wide insurance program, which, since its establishment in 2004, has reduced the cost of meeting Erste Group's traditional property insurance needs and made it possible to buy additional insurance for previously uninsured bank-specific risks. This programme uses a captive reinsurance entity as vehicle to share losses within Erste Group and access the external market.

The quantitative and qualitative methods used, together with the insurance strategy and the modelling approaches described above, form the operational risk framework of Erste Group. Information on operational risk is periodically communicated to the management board via various reports, including the quarterly top management report, which describes recent loss history, loss development, qualitative information from risk assessments and key risk indicators as well as the operational VaR for Erste Group.

Distribution of operational risk events

Detailed below is the percentage composition by type of event of operational risk sources as defined by the Basel 2 Capital Accord. The observation period is from 1 January 2008 to 31 December 2012.

The event type categories are as follow:

Internal fraud

Losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or company policy, excluding diversity or discrimination events, which involve at least one internal party.

External fraud

Losses due to acts by a third party of a type intended to defraud, misappropriate property or circumvent the law.

Employment practices and workplace safety

Losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity or discrimination events.

Clients, products and business practices

Losses arising from unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements) or from the nature or design of a product.

Damage to physical assets

Losses arising from loss or damage to physical assets from natural disaster or other events.

Business disruption and system failures

Losses arising from disruption of business or system failures.

Execution, delivery and process management

Losses from failed transaction processing or process management. Losses pertaining to relationships with trading counterparties and vendors or suppliers.

Event type categories (in %)



Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

Hedge accounting

Fair value hedges are employed to reduce interest rate risk of issued bonds, purchased securities, loans or deposits on the Erste Group balance sheet. In general, the Erste Group policy is to swap all substantial fixed or structured issued bonds to floating positions and as such to manage the targeted interest rate risk profile by other balance sheet items. Interest rate swaps are the most common instruments used for fair value hedges. Concerning loans, purchased securities and securities in issuance, fair value is also hedged by means of cross-currency swaps, swaptions, caps, floors and other types of derivative instruments.

Cash flow hedges are used to eliminate uncertainty in future cash flows in order to stabilise net interest income. The most common such hedge in Erste Group consists in interest rate swaps hedging variable cash flows of floating assets into fixed cash flows. Floors or caps are used to secure the targeted level of interest income in a changing interest rate environment.

In 2012, €37 million (2011: €37 million) was taken from the cash flow hedge reserve and recognised as income in the consolidated income statement (2011: as income); while €34 million (2011: €67 million) was recognised directly in other comprehensive income. The majority of the hedged cash flows are likely to occur within the next five years and will then be recognised in the consolidated income statement. Ineffectiveness from cash flow hedges amounting to €(0.3) million (2011: €3.7 million) is reported in the net trading result.

in € million	2012		2011		2010	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Hedging instrument – fair value hedge	2,408	707	1,680	576	1,570	783
Hedging instrument – cash flow hedge.....	105	0	133	23	135	97

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

Fair value hedges during 2012 resulted in gains of €444.9 million on hedging instruments (2011: gains of €353.6 million) and losses of €465.6 million on hedged items (2011: losses of €382.4 million).

Fair value of financial instruments

Financial instruments for which fair value is determined on the basis of quoted market prices are mainly listed securities and derivatives as well as liquid OTC bonds.

Erste Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Financial instruments which are valued based on quoted (unadjusted) prices in active markets for identical assets or liabilities. This includes financial instruments which are traded in sufficient volume

on an exchange, debt instruments quoted by several market participants with a sufficient depth, or liquid derivatives which are traded on an exchange.

Level 2: Financial instruments which are valued based on quoted prices (in non-active markets for similar assets or liabilities) or on inputs other than quoted prices that are observable. This includes yield curves derived from liquid underlying instruments or prices from similar instruments.

Level 3: Inputs used are not observable. This includes extrapolation of yield curves or volatilities, usage of historical volatilities, significant adjustment of quoted CDS spreads or equity prices and derivatives where credit value adjustment (CVA) has a material impact and is calculated based on unobservable parameters like internally derived default probabilities.

The table below details the valuation methods used to determine the fair value of financial instruments measured at fair value:

At 31 December 2012				
in €million	Quoted market prices in active markets Level 1	Marked to model based on observable market data	Marked to model based on non-observable inputs Level 3	Total
		Level 2		
Financial assets – available for sale	14,879	7,016	147	22,042
Financial assets – at fair value through profit or loss	329	364	23	716
Trading assets – securities	2,509	2,660	9	5,178
Positive market value – derivatives	1	13,149	139	13,289
Total assets	17,718	23,189	318	41,225
Customer deposits	0	633	0	633
Debt securities in issue	79	1,562	0	1,641
Subordinated liabilities	0	279	0	279
Trading liabilities	0	481	0	481
Negative market value – derivatives	0	10,878	0	10,878
Total liabilities and equity	79	13,833	0	13,912

At 31 December 2011				
in €million	Quoted market prices in active markets Level 1	Marked to model based on observable market data	Marked to model based on non-observable inputs Level 3	Total
		Level 2		
Loans to credit institutions.....	0	0	4	4
Financial assets – available for sale	13,574	6,092	148	19,814
Financial assets – at fair value through profit or loss	722	1,064	27	1,813
Trading assets – securities	2,087	3,789	0	5,876
Positive market value – derivatives.....	2	10,929	0	10,931
Total assets	16,385	21,874	179	38,438
Negative market value – derivatives	0	9,335	2	9,337
Customer deposits	0	553	0	553
Debt securities in issue	85	696	0	781
Subordinated liabilities	0	215	0	215
Trading liabilities	0	536	0	536
Total liabilities and equity	85	11,335	2	11,422

At 31 December 2010				
in €million	Quoted market prices in active markets Level 1	Marked to model based on observable market data	Marked to model based on non-observable inputs Level 3	Total
		Level 2		
Financial assets – available for sale	10,704	6,385	160	17,249
Financial assets – at fair value through profit or loss	1,039	1,286	78	2,403
Trading assets – securities	2,905	2,619	0	5,524

Positive market value – derivatives.....	1	8,507	0	8,508
Total assets	14,649	18,797	238	33,684
Negative market value – derivatives	1	8,396	2	8,399
Trading liabilities	105	111	0	216
Total liabilities and equity	106	8,507	2	8,615

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

The volume of products whose fair values are determined using valuation models based on non-observable market data is driven in large part by illiquid bonds and securities not quoted in an active market and derivatives where credit value adjustment (CVA) has a material impact.

Movements in Level 3 of financial instruments measured at fair value

The following tables show the development of fair value of securities for which valuation models are based on non-observable inputs:

in €million	2011	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Purchases	Sales/Settlements	Transfer into Level 3	Transfers out of Level 3	Currency translation	2012
Loans to credit institutions	4	0	0	0	(4)	0	0	0	0
Financial assets – available for sale	148	(7)	4	44	(25)	3	(20)	0	147
Financial assets – at fair value through profit or loss.....	27	(3)	0	0	0	0	0	0	24
Trading assets - securities	0	0	0	9	0	0	0	0	9
Positive market value-derivatives	0	0	0	0	0	139	0	0	139
Total assets	179	(10)	4	53	(29)	142	(20)	0	318
Negative market value-derivatives	2	(2)	0	0	0	0	0	0	0
Total liabilities and equity	2	(2)	0	0	0	0	0	0	0

in €million	2010	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Purchases	Sales/Settlements audited	Transfer into Level 3	Transfers out of Level 3	Currency translation	2011
Loans to credit institutions	0	0	0	4	0	0	0	0	4
Financial assets – available for sale	160	(2)	0	40	(48)	0	(2)	0	148
Financial assets – at fair value through profit or loss.....	78	(8)	0	0	(43)	0	0	0	27
Total assets	238	(10)	0	44	(91)	0	(2)	0	179
Negative market value – derivatives.....	2	(1)	0	0	0	1	0	0	2
Total liabilities and equity	2	(1)	0	0	0	1	0	0	2

in €million	2009	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Purchases	Sales/Settlements audited	Transfer into Level 3	Transfers out of Level 3	Currency translation	2010
Financial assets – available for sale	175	(3)	1	10	(18)	3	(8)	0	160
Financial assets –	95	(4)	0	0	(20)	2	0	5	78

at fair value through profit or loss									
Trading assets	0	(1)	0	1	0	0	0	0	0
Total	270	(8)	1	11	(38)	5	(8)	5	238

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

Gains or losses on Level 3 securities held at the reporting period's end and which are included in comprehensive income are as follow:

in €million	2012		2011		2010	
	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Gain/loss in profit or loss	Gain/loss in other comprehensive income
Loans to credit institutions.....	0.0	0.0	(0.3)	0.0	0.0	0.0
Financial assets – available for sale	(8.0)	4.2	(0.5)	(0.4)	(4.0)	1.0
Financial assets – at fair value through profit or loss	(2.2)	0.0	(5.2)	0.0	(3.0)	0.0
Trading assets.....	(0.2)	0.0	0.0	0.0	(1.0)	0.0
Positive market value – derivatives.....	0.4	0.0	0.0	0.0	0.0	0.0
Negative market value – derivatives	(0.2)	0.0	0.7	0.0	0.0	0.0
Total.....	(10.2)	4.2	(5.3)	(0.4)	(8.0)	1.0

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

Movements between Level 1 and Level 2

The share of Level 2 assets decreased compared to 2011, which is mainly due to the fact of reinvestment in bonds which are valued via prices. A minor number of securities were reclassified from Level 2 to Level 1 and from Level 1 to Level 2, respectively. The reclassification resulted from increase or decrease in market depth for the relevant securities.

Movements in Level 3 financial instruments measured at fair value

As the portfolio quality in 2012 remained stable, there was no material change in the Level 3 category.

Sensitivity analysis of unobservable parameters

If the value of financial instruments is dependent on unobservable input parameters, the precise level for these parameters could be drawn from a range of reasonably possible alternatives. In preparing the financial statements, levels for the parameters are chosen from these ranges using judgement consistent with prevailing market evidence. Had all these unobservable parameters been moved simultaneously to the extremes of their ranges as of 31 December 2012, it could have increased fair value by as much as €14.4 million (2011: €13.2 million) or decreased fair value by as much as €20.3 million (2011: €20.6 million). In estimating these impacts, mainly probabilities of default and market values for equities were emphasised.

Fair values of financial instruments not measured at fair value

The following table shows fair values of financial instruments not measured at fair value:

in €million	2012		2011		2010	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Assets						
Cash and balances with central banks	9,740	9,740	9,413	9,413	5,839	5,839
Loans and advances to credit institutions ⁽¹⁾	9,054	9,007	7,552	7,506	12,464	12,412
Loans and advances to customers	127,170	124,354	130,614	127,808	128,736	126,300
Financial assets – held to maturity.....	20,292	18,972	16,074	16,060	14,355	14,235

Liabilities

Deposits by banks	22,042	21,822	24,007	23,785	20,289	20,154
Customer deposits	122,286	122,421	118,853	118,327	116,912	116,648
Debt securities in issues	29,340	27,786	30,202	30,001	31,573	31,210
Subordinated liabilities	5,394	5,044	5,709	5,568	5,346	5,838

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) Shown as "Loans to credit institutions" in the consolidated financial statements for the financial year ended 31 December 2012.

The fair value of loans and advances to customers and credit institutions has been calculated by discounting future cash flows while taking into consideration interest effects. Loans and advances were grouped into homogeneous portfolios based on maturity.

For liabilities without contractual maturities, the carrying amount represents its fair value. The fair value of the other liabilities is estimated by taking into consideration the actual interest rate environment and changes in own credit risk.

Financial instruments per category according to IAS 39

As of 31 December 2012										
Category of financial instruments										
in € million	Loans and receivables	Held to maturity	Trading	Designated at fair value	Available for sale	Financial liabilities at amortised cost	Other financial assets	Derivatives designated as hedging instruments	Finance lease according to IAS 17	Total
Assets										
Cash and balances with central banks	7,398	0	0	0	0	0	2,342	0	0	9,740
Loans and advances to credit institutions	9,074	0	0	0	0	0	0	0	0	9,074
Loans and advances to customers	126,799	0	0	0	0	0	0	0	5,129	131,928
Risk provisions for loans and advances	(7,641)	(3)	0	0	0	0	0	0	0	(7,644)
Derivative financial instruments	0	0	10,777	0	0	0	0	2,512	0	13,289
Trading assets	0	0	5,178	0	0	0	0	0	0	5,178
Financial assets – at fair value through profit or loss	0	0	0	716	0	0	0	0	0	716
Financial assets – available for sale	0	0	0	0	22,418	0	0	0	0	22,418
Financial assets – held to maturity	0	18,975	0	0	0	0	0	0	0	18,975
Total financial assets	135,627	18,972	15,955	716	22,418	0	2,342	2,512	5,129	203,674
Liabilities										
Deposits by banks	0	0	0	0	0	21,822	0	0	0	21,822
Customer deposits	0	0	0	633	0	122,420	0	0	0	123,053
Debt securities in issue	0	0	0	1,641	0	27,786	0	0	0	29,427
Derivative financial instruments	0	0	10,171	0	0	0	0	707	0	10,878
Trading liabilities	0	0	481	0	0	0	0	0	0	481
Subordinated liabilities	0	0	0	279	0	5,044	0	0	0	5,323
Total financial liabilities	0	0	10,652	2,553	0	177,072	0	707	0	190,984

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

As of 31 December 2011										
Category of financial instruments										
in € million	Loans and receivables	Held to maturity	Trading	Designated at fair value	Available for sale	Financial liabilities at amortised cost	Other financial assets	Derivatives designated as hedging instruments	Finance lease according to IAS 17	Total
Assets										
Cash and balances with central banks	7,249	0	0	0	0	0	2,164	0	0	9,413
Loans and advances to credit institutions	7,574	0	0	4	0	0	0	0	0	7,578
Loans and advances to customers	129,119	0	0	0	0	0	0	0	5,631	134,750
Risk provisions for loans and advances	(7,027)	0	0	0	0	0	0	0	0	(7,027)
Derivative financial instruments	0	0	9,118	0	0	0	0	1,813	0	10,931

As of 31 December 2011										
in € million	Category of financial instruments								Finance lease according to IAS 17	Total
	Loans and receivables	Held to maturity	Trading	Designated at fair value	Available for sale	Financial liabilities at amortised cost	Other financial assets	Derivatives designated as hedging instruments		
Trading assets.....	0	0	5,876	0	0	0	0	0	0	5,876
Financial assets – at fair value through profit or loss.....	0	0	0	1,813	0	0	0	0	0	1,813
Financial assets – available for sale.....	0	0	0	0	20,245	0	0	0	0	20,245
Financial assets – held to maturity.....	0	16,074	0	0	0	0	0	0	0	16,074
Total financial assets.....	136,915	16,074	14,994	1,817	20,245	0	2,164	1,813	5,631	199,653
Liabilities										
Deposits by banks.....	0	0	0	0	0	23,785	0	0	0	23,785
Customer deposits.....	0	0	0	553	0	118,327	0	0	0	118,880
Debt securities in issue.....	0	0	0	781	0	30,001	0	0	0	30,782
Derivative financial instruments.....	0	0	8,738	0	0	0	0	599	0	9,337
Trading liabilities.....	0	0	536	0	0	0	0	0	0	536
Subordinated liabilities.....	0	0	0	215	0	5,568	0	0	0	5,783
Total financial liabilities ..	0	0	9,274	1,549	0	177,681	0	599	0	189,103

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012 including comparative financial information for the financial year ended 31 December 2011.

As of 31 December 2010									
in € million	Category of financial instruments							Derivatives designated as hedging instruments	Total restated
	Loans and receivables restated	Held to maturity	Trading restated	Designated at fair value audited	Available for sale	Financial assets and financial liabilities at amortised cost			
Assets									
Cash and balances with central banks.....	0	0	0	0	0	5,839	0	0	5,839
Loans and advances to credit institutions.....	12,496	0	0	0	0	0	0	0	12,496
Loans and advances to customers.....	132,334	0	0	0	0	0	0	0	132,334
Risk provisions for loans and advances.....	(6,119)	0	0	0	0	0	0	0	(6,119)
Derivative financial instruments.....	0	0	6,803	0	0	0	1,705	0	8,508
Trading assets.....	0	0	5,536	0	0	0	0	0	5,536
Financial assets – at fair value through profit or loss.....	0	0	0	2,435	0	0	0	0	2,435
Financial assets – available for sale.....	0	0	0	0	17,751	0	0	0	17,751
Financial assets – held to maturity.....	0	14,235	0	0	0	0	0	0	14,235
Accruals ⁽¹⁾	0	0	0	0	0	1,204	0	0	1,204
Total financial assets	138,711	14,235	12,339	2,435	17,751	7,043	1,705	0	194,219
Liabilities									
Deposits by banks.....	0	0	0	0	0	20,154	0	0	20,154
Customer deposits.....	0	0	0	368	0	116,648	0	0	117,016
Debt securities in issue.....	0	0	0	89	0	31,209	0	0	31,298
Derivative financial instruments.....	0	0	7,519	0	0	0	880	0	8,399
Trading liabilities.....	0	0	216	0	0	0	0	0	216
Subordinated liabilities.....	0	0	0	0	0	5,838	0	0	5,838
Accruals ⁽²⁾	0	0	0	0	0	1,839	0	0	1,839
Total financial liabilities ..	0	0	7,735	457	0	175,688	880	0	184,760

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) Accruals are reported in other assets in the balance sheet.

(2) Accruals are reported in other liabilities in the balance sheet.

Description of the Participation Capital and applicable regulations

As of the date of this Prospectus, the Participation Capital of Erste Group Bank amounts to €1,763,744,000. It is divided into 1,763,744 bearer Participation Capital Securities, each with a nominal amount of €1,000. The Participation Capital of Erste Group Bank constitutes participation capital (*Partizipationskapital*) within the meaning of the Banking Act, which Erste Group Bank may issue pursuant to its Articles of Association and Section 23 (4) and (5) Banking Act. The Participation Capital Securities were issued pursuant to an authorisation of Erste Group Bank's shareholders' meeting dated 2 December 2008 under, and are governed by, Austrian law, in particular the Banking Act and the Terms and Conditions, which are provided under "*Terms and Conditions of the Participation Capital Securities*".

Development of the Participation Capital

The offering of the Participation Capital Securities was conducted in three tranches. The first tranche of Participation Capital Securities in an aggregate nominal amount of €1,000,000,000 was subscribed on 10 March 2009 by the Republic of Austria, in accordance with the Financial Market Stabilisation Act 2008 (*Finanzmarktstabilitätsgesetz*) ("FinStaG") and the *Grundsatzvereinbarung* between Erste Group Bank and the Republic of Austria, following the waiver of certain existing shareholders of Erste Group Bank to exercise their subscription rights for the Participation Capital Securities. For information regarding the FinStaG, see "*The Austrian banking system—Interbank Market Support Act 2008—Financial Market Stabilisation Act 2008*", and for more information regarding the *Grundsatzvereinbarung*, see "*Description of Erste Group's business—Material contracts—Grundsatzvereinbarung with the Republic of Austria*" above.

On 13 May 2009, a second tranche of Participation Capital Securities in an aggregate nominal amount of €539,744,000 was issued by Erste Group Bank as part of a combined offering, comprising (i) an offering to existing shareholders of Erste Group Bank to subscribe for newly issued Participation Capital Securities, and (ii) a public offering of Participation Capital Securities in the Republic of Austria, Germany, the Czech Republic, Romania and Slovakia, for which the shareholders of Erste Group Bank have not exercised their respective subscription rights.

Furthermore, on 13 May 2009, a third tranche of Participation Capital Securities in a total nominal amount of €224,000,000 was issued by Erste Group Bank and subscribed for by the Republic of Austria, in accordance with the *Grundsatzvereinbarung*.

In October 2009, Erste Group Bank offered to the then existing Participation Capital Securities holders the right to subscribe for three additional Participation Capital Securities for every sixteen Participation Capital Securities held. The offered Participation Capital Securities were existing securities acquired by Erste Group Bank under a purchase commission agreement with a holder of Participation Capital Securities and were offered in accordance with the Terms and Conditions and the Banking Act, which require appropriate compensation if by any measure the existing ratio between the property rights of the holders of the Participation Capital Securities and those of Erste Group Bank's shareholders is changed. A change of such ratio was triggered by the simultaneously conducted rights offering and share capital increase of Erste Group Bank in November 2009.

General provisions governing the Participation Capital

The summary below describes certain important provisions applicable to the Participation Capital.

Legal nature of participation capital

The principal statutory framework for participation capital, which applies to the Participation Capital Securities, in particular the procedures for the issuance and redemption (*Einziehung*) and the characteristics of participation capital, is set forth in Sections 23, 102 and 102a Banking Act. The holders of the Participation Capital Securities do not hold any voting rights (for certain information rights of Participation Capital Securities holders, see "*Information rights of Participation Capital Securities holders*"). For the issuance of Participation Capital Securities, as for an ordinary share capital increase, the shareholders' meeting of Erste Group Bank must approve the issuance by a majority of 75% of the share capital present at the shareholders' meeting. Once issued and, if all other conditions (as outlined below) are met, the Participation Capital constitutes own funds (*Eigenmittel*) of Erste Group Bank. Since it has been issued without obligation to pay cumulative dividends (*ohne Dividendennachzahlungsverpflichtung*), the Participation Capital qualifies as core capital (*Kernkapital*) without any limitation as to amount or per-

centage as compared to other funds constituting core capital. However the Participation Capital subscribed by the Republic of Austria will lose regulatory recognition as tier-1 capital in 2017.

Waiver of extraordinary and ordinary termination rights of the holders

The Participation Capital is at the disposal of Erste Group Bank for the duration of its existence, due to a waiver of extraordinary and ordinary termination rights by the Participation Capital Securities holders. The waiver of extraordinary and ordinary termination rights must be unconditional and may not be altered by means of a contractual agreement.

Loss participation

The Participation Capital fully participates in losses of Erste Group Bank in the same manner as its share capital.

Dividend payments on Participation Capital Securities

Any dividend payments on the Participation Capital Securities are dependent upon Erste Group Bank's distributable Annual Profits (as defined in the Terms and Conditions) for the preceding financial year – as stated in its unconsolidated financial statements pursuant to the Austrian Commercial Code (*Unternehmensgesetzbuch*) (the UGB). Erste Group Bank's Annual Profits distributable for such purpose are calculated by determining, in accordance with Austrian GAAP, the net income of the bank for the preceding financial year (determined on an after tax basis – *Jahresüberschuss*) plus any transfers made by Erste Group Bank, at its sole discretion, from its revenue reserves (*Gewinnrücklagen*), or, as applicable, minus allocations made by Erste Group Bank, either required by law (e.g., liability reserve or reserve for treasury shares) or in its sole discretion, to its revenue reserves (*Gewinnrücklagen*), all in compliance with Section 23 (4) No. 3 Banking Act and Austrian GAAP, the UGB and other applicable Austrian laws then in effect. Whereas any such transfers from and allocations to restricted (*gebundene*) reserves are subject to detailed provisions and may only be effected to cover any loss (or as the case may be, to provide for future losses), transfers and allocations in respect of disposable (*nicht gebundene*) reserves may, at Erste Group Bank's discretion, be effected for other purposes, such as (in the case of transfers) an increase or (in the case of allocations) a decrease in Erste Group Bank's Annual Profits distributable for such purpose. Any dividend may only be paid to the holders of Participation Capital Securities to the extent that it is covered by Erste Group Bank's Annual Profits.

The Annual Profits stated in Erste Group Bank's unconsolidated financial statements differ from those stated in the consolidated financial statements, apart from the application of different accounting standards, in particular because the profits of Erste Group Bank will, in addition to its own result, depend primarily on (i) the receipt of dividend payments from its subsidiaries and associated companies, and (ii) valuations of subsidiaries and associated companies.

In addition, Erste Group Bank must comply with capital adequacy requirements both on an individual and consolidated basis which might limit the distribution of dividends on Participation Capital Securities. Most subsidiaries and associated companies must also meet capital adequacy requirements in their home countries both on an individual and a consolidated basis.

The Annual Profits of Erste Group Bank will be determined as follows: With respect to any financial year of Erste Group Bank, the Management Board prepares financial statements, which include a proposal for the appropriation of the Erste Group Bank's profits by increasing or dissolving reserves in order to establish distributable earnings. Such financial statements must be audited and are then submitted to the Supervisory Board for its approval. If the Supervisory Board approves the financial statements, these become final. If the Supervisory Board does not approve the financial statements, such financial statements must be confirmed by Erste Group Bank's shareholders' meeting.

Subject to the above described limitations, dividends on the Participation Capital Securities accrue annually per financial year as follows: (i) for the financial years from 1 January 2009 to 31 December 2013 at a dividend rate of 8.0% p.a., (ii) for the financial year from 1 January 2014 to 31 December 2014 at a dividend rate of 8.5% p.a., (iii) for the financial year from 1 January 2015 to 31 December 2015 at a dividend rate of 9.0% p.a., (iv) for the financial year from 1 January 2016 to 31 December 2016 at a dividend rate of 9.75% p.a., and (v) for the financial years from 1 January 2017, the dividend rates increase by one percentage point p.a. each year, provided that the annual dividend must never exceed 12-Month-EURIBOR plus ten percentage points p.a. Under the Terms and Conditions, Erste Group Bank is entitled

to increase the dividend payable on the Participation Capital Securities, provided that all of its holders are treated equally.

Dividend payments to holders of the Participation Capital Securities shall be made prior to distributions of dividends to shareholders of Erste Group Bank. Unless dividend payments are made on the ordinary shares of Erste Group Bank, Erste Group Bank has no obligation to pay dividends on the Participation Capital Securities (irrespective of the availability of distributable profits) if it does not elect to do so, and any such failure to pay such dividends will not constitute a default of Erste Group Bank or any other breach of the obligations under the Participation Capital Securities or for any other purpose. Erste Group Bank will not be obliged to pay unpaid dividends at a later stage, unless distributable Annual Profits were retained without either a statutory obligation or instructions from a supervisory authority, in which case the repayment amount in a repayment of the Participation Capital Securities will be increased by the number of percentage points by which the agreed dividend has fallen short. Pursuant to the Articles of Association, dividends on Participation Capital Securities which are not collected for three years will be forfeited in favour of the free reserves of Erste Group Bank.

Rights upon liquidation

The Participation Capital Securities holders are entitled to participate in the liquidation proceeds of Erste Group Bank, which may only be repaid to the Participation Capital Securities holders after satisfaction of, or providing security to, all creditors. The rights of the holders of the Participation Capital Securities to participate in the liquidation proceeds rank junior to all other creditors and *pari passu* with the rights of Erste Group Bank's shareholders. If, upon liquidation of Erste Group Bank, the amount remaining after satisfaction of all creditors falls short of the combined principal amounts of the share capital in Erste Group Bank, the Participation Capital and all other capital in Erste Group Bank ranking *pari passu* in liquidation with the Participation Capital, the holders of the Participation Capital Securities will suffer a proportionate loss of their investment.

Repayment of the Participation Capital

Analogous application of the provisions of the Stock Corporation Act relating to capital reductions

Pursuant to the Banking Act, the Participation Capital may be repaid (*zurückgezahlt*) by analogous application of the rules for reduction of capital (*Kapitalherabsetzung*) as set forth in the Stock Corporation Act (*Aktengesetz*). A reduction in participation capital may only be passed by a majority of 75% of the share capital in the company represented at the adoption of the resolution. The articles of association of an issuer of participation capital may, however, replace such majority by a greater capital majority and may provide for additional requirements, which is, however, not the case with the Articles of Association of Erste Group Bank. Due to the provisions on creditor protection pursuant to Section 178 Stock Corporation Act, according to which creditors can demand to be paid or provided security within six months after an announcement of a capital reduction, a reduction of participation capital by analogous application of the provisions of the Stock Corporation Act relating to capital reductions is commonly regarded as a relatively complicated and, potentially, time-consuming process.

Redemption of the Participation Capital pursuant to Section 102a Banking Act

Pursuant to Section 102a Banking Act, the entire Participation Capital, or single tranches of the Participation Capital which were already separated at the time of its issuance, outstanding at the relevant time may be redeemed (*eingezogen*) by Erste Group Bank upon a motion by its shareholders' meeting approving such redemption. The shareholders' meeting may also authorise the Management Board to redeem participation capital for a period not exceeding five years. The Participation Capital may also be partially redeemed if an equal treatment of all of its holders is ensured. The redemption of single tranches of Participation Capital which has been subscribed in accordance with the Austrian Financial Markets Stabilisation Act requires the prior approval by the holder of such Participation Capital. Holders of the Participation Capital Securities are entitled to receive adequate cash compensation (*Barabfindung*) as further determined in the redemption plan (*Einziehungsplan*).

Upon any redemption of the Participation Capital under Section 102a Banking Act, an allocation corresponding to the amount of the redeemed Participation Capital must be made to Erste Group Bank's restricted reserves (using retained earnings or free reserves) unless the same amount of capital of the same or better quality is raised.

The shareholders' meeting of Erste Group Bank has authorised the Management Board until 12 May 2015, subject to the approval by the Supervisory Board, to redeem the total Participation Capital or single tranches thereof if already distinguished at the time of the issue, and if the equal treatment of the holders of the Participation Capital Securities is ensured, also parts of the Participation Capital.

The Management Board has to prepare a redemption plan and a redemption report including information on the appropriate cash compensation payment. The Supervisory Board is required to file an application to the Vienna Commercial Court for appointment of a redemption auditor who will examine the correctness and completeness of the redemption plan and the appropriateness of the cash compensation payment. The Supervisory Board has then to examine the redemption report of the Management Board together with the audit report submitted by the redemption auditor and prepare a Supervisory Board report on the redemption of the Participation Capital. Upon fulfilment of all legal requirements, the Management Board may formally resolve on the Participation Capital redemption; the effectiveness of any such resolution will be subject to approval by the Supervisory Board.

Upon publication of the resolution of the Management Board as approved by the Supervisory Board, the Participation Capital is deemed to be redeemed and holders of the Participation Capital Securities are granted an obligatory claim *vis-à-vis* Erste Group Bank. Within one month after the publication of the decision to redeem the Participation Capital, holders of the Participation Capital Securities are entitled to request the review of the cash compensation offered by Erste Group Bank. The amount offered may, if so decided by the competent court, be determined anew upon such request.

Restrictions on the repurchase of the Participation Capital

Participation capital issued by a credit institution, as is the case with the Participation Capital of Erste Group Bank, may be repurchased (*zurückgekauft*) by such credit institution and its subsidiaries up to a maximum amount of 10% of the total value of the participation capital issued. In addition, the restrictions provided for in Sections 65 to 66a Stock Corporation Act on the repurchase of own shares by a company apply to the Participation Capital *mutatis mutandis*.

Pursuant to Section 65 Stock Corporation Act, any repurchases of own shares may only be effected for a permitted purpose set out in Section 65 (1) Stock Corporation Act. Such purposes are, among others, (i) if the acquisition is made in execution of a purchase commission for the account of a third party by a credit institution (Section 65 (1) No. 2 Stock Corporation Act); (ii) the repurchase of shares of a credit institution for the purpose of securities trading if prior approval by the shareholders' meeting (lasting for a period not exceeding 30 months as well as determining a minimum and maximum consideration) has been obtained and such shares held for trading do not exceed 5% of the share capital at the end of each trading day (Section 65 (1) No. 7 Stock Corporation Act); and (iii) the repurchase of shares listed on a regulated market, subject to the prior approval by the shareholders' meeting (lasting for a period not exceeding 30 months; Section 65 (1) No. 8 Stock Corporation Act), for a purpose other than trading in own shares. Pursuant to a resolution of the shareholders' meeting of Erste Group Bank held on 12 May 2011, the Management Board is authorised to purchase own Participation Capital Securities pursuant to Section 23 (16) Banking Act in connection with Section 65 (1) sentence 8 Stock Corporation Act, subject to the approval of the Supervisory Board, provided that (i) the amount of Participation Capital Securities which are purchased pursuant to this authorisation and pursuant to Section 65 (1) sentences 1, 4 and 7 Stock Corporation Act does not exceed 10% of the Participation Capital issued or (ii) the amount of Participation Capital Securities which are purchased for the purpose of securities trading does not exceed 5% of the Participation Capital issued at the end of each day.

According to Section 66 (1) Stock Corporation Act, which also applies to participation capital (and, therefore, also the Participation Capital of Erste Group Bank), these restrictions (as set out in Section 65 Stock Corporation Act) also apply to subsidiaries of the respective company whose shares are acquired or third parties who act in their own name but on behalf of the respective company and subsidiaries of companies whose shares are acquired. Furthermore, Section 66a Stock Corporation Act prohibits the financing (whether by way of advance payments, or by providing a loan or collateral) of the purchase by a third party of a company's own shares, except where such financing occurs in the ordinary course of a credit institution's business (provided however that in the latter case certain reserves prescribed by law are made).

Additional restriction regarding the repayment of the Participation Capital

Under the Terms and Conditions, Erste Group Bank is obliged to repay the Participation Capital Securities at an amount of 100% of the nominal amount no later than (and including) 31 December 2018, and thereafter at 150% of the nominal amount.

In addition, if Erste Group Bank does not pay dividends in full or in part on the Participation Capital Securities even though it has sufficient distributable profits to do so, if there was no statutory authorisation or any instructions from a supervisory authority to retain distributable profits, the repayment amount will be further increased by the dividend shortfall. However, with respect to a dividend for the financial year preceding the year in which the repayment of the Participation Capital Securities is effected, Erste Group Bank will only be obliged to increase the repayment amount by the dividend shortfall for the respective year if a shareholders' meeting of Erste Group Bank (which at least had the chance to resolve on the distribution of dividends) has taken place prior to the repayment date.

Under the *Grundsatzvereinbarung*, for as long as the Republic of Austria holds Participation Capital Securities, Erste Group Bank must offer it to repurchase a part of its Participation Capital Securities (which part equals the ratio of the overall issued and outstanding Participation Capital Securities to the amount of Participation Capital Securities held by the Republic of Austria) in the case that Erste Group Bank repurchases Participation Capital Securities from private investors. This obligation does not apply if the overall nominal amount of Participation Capital Securities repurchased by Erste Group Bank does not exceed €10,000,000.

Dilution protection of the Participation Capital

The Banking Act and the Terms and Conditions provide that if by any measure the existing ratio between the property rights of the holders of the Participation Capital Securities and those connected with other own funds of Erste Group Bank is changed, appropriate compensation must be provided. The same applies to the issuance of shares as well as convertible bonds and profit participation rights (*Genussrechte*) pursuant to Section 174 Stock Corporation Act. Thus, if the rights of the Participation Capital Securities holders were to be proportionally reduced (e.g., due to a share capital increase), appropriate dilution protection would need to be put in place for the benefit of holders of the Participation Capital Securities, e.g., by granting subscription rights for additional Participation Capital Securities as is the case with this Offering. However, neither the Banking Act nor the Terms and Conditions provide for specific means of providing the required appropriate compensation. Therefore, it cannot be determined how Erste Group Bank would decide to protect the Participation Capital Securities holders against any future dilution.

Information rights of the Participation Capital Securities holders

Holders of the Participation Capital Securities do not hold any voting rights. However, pursuant to the Banking Act and the Terms and Conditions, they have the right to take part in Erste Group Bank's shareholders' meetings and request information which is required for a proper assessment of an agenda item, subject to the provisions of the Stock Corporation Act. The disclosure of such information may only be declined to the extent that such disclosure (i) based on a reasonable commercial assessment, would be significantly damaging to Erste Group Bank or an affiliate, (ii) would constitute a criminal offense, or (iii) has already been provided on Erste Group Bank's registered website in the form of questions and answers throughout at least seven days prior to the beginning of the relevant shareholders' meeting.

Terms and Conditions of the Participation Capital Securities

(as amended in October 2009 by publication of an announcement on the website of Erste Group Bank AG (www.erstegroup.com))

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Die Emittentin ist für die englische Übersetzung allein verantwortlich.

The Issuer assumes sole responsibility for the English translation.

**Bedingungen
der auf Inhaber lautenden bis zu
EUR 2.700.000.000
Partizipationsschein-Emission 2009
der
Erste Group Bank AG**

ISIN: AT0000A0D4T3

**Terms and Conditions
of the up to EUR 2,700,000,000
Bearer Participation Capital
Securities Issue 2009 of
Erste Group Bank AG**

ISIN: AT0000A0D4T3

§ 1 Form, Nennbetrag, Stückelung

§ 1 Form, Nominal Amount, Denomination

Die Erste Group Bank AG, Firmenbuchnummer FN 33209m, mit Sitz in Wien und der Geschäftsanschrift in 1010 Wien, Graben 21 (die "**Emittentin**"), begibt ab dem 10.3.2009 bis zum 20.5.2009 in mehreren Tranchen eine Emission von Partizipationskapital ohne Nachzahlungsverpflichtung gemäß § 23 Abs 4 BWG (das "**Partizipationskapital**"). Der Gesamtnennbetrag in Höhe von bis zu EUR 2.700.000.000 (in Worten: Euro zwei Milliarden siebenhundert Millionen) ist aufgeteilt in bis zu 2.700.000 (in Worten: zwei Millionen siebenhunderttausend) Stück auf den Inhaber lautende Partizipationsscheine (die "**Partizipationsscheine**") mit einem Nennbetrag von je EUR 1.000 (in Worten: Euro eintausend).

Erste Group Bank AG, commercial register number FN 33209m, with its seat in Vienna and the business address in 1010 Vienna, Graben 21 (the "**Issuer**") issues from 10 March 2009 until 20 May 2009 in several tranches one issue of non-cumulative participation capital pursuant to § 23 sec 4 of the Austrian Banking Act (Bankwesengesetz) (the "**Participation Capital**"). The aggregate nominal amount of up to EUR 2,700,000,000 (in words: Euro two billion seven hundred million) is divided into up to 2,700,000 (in words: two million seven hundred thousand) bearer participation capital securities (the "**Participation Capital Securities**") with a denomination of EUR 1,000 (in words: Euro one thousand) each.

§ 2 Ausgabekurs

§ 2 Issue Price

Der Ausgabekurs der Partizipationsscheine beträgt 100 % am jeweiligen Valutatag.

The issue price of the Participation Capital Securities amounts to 100% on the respective value date.

§ 3 Verbriefung, Übertragung

§ 3 Form, Transfer

(1) *Verbriefung.* Die Partizipationsscheine sind durch (i) eine Teilsammelurkunde über einen Gesamtnennbetrag von EUR 1.000.000.000 (in Worten: Euro eine Milliarde) (Tranche 1), (ii) eine Teilsammelurkunde über einen Gesamtnennbetrag von bis zu EUR 1.700.000.000 (in Worten: Euro eine Milliarde siebenhundert Millionen) (Tranche 2), und (iii) eine Teilsammelurkunde über einen Gesamtnennbetrag von bis zu EUR 890.000.000 (in Worten: Euro achthundertneunzig Millionen) (Tranche 3) (jeweils eine "**Teilsammelurkunde**") ohne Dividendscheine verbrieft, wobei der Gesamtnennbetrag der

(1) *Form.* The Participation Capital Securities are represented by (i) a partial global security representing a total nominal amount of EUR 1,000,000,000 (in words: Euro one billion) (Tranche 1), (ii) a partial global security representing a total nominal amount of up to EUR 1,700,000,000 (in words: Euro one billion seven million) (Tranche 2), and (iii) a partial global security representing a total nominal amount of up to EUR 890,000,000 (in words: Euro eight hundred ninety million) (Tranche 3) (each a "**Partial Global Security**") without dividend coupons, provided that the aggregate nominal amount of the Participation

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durch die Teilsammelurkunden insgesamt verbrieften Partizipationsscheine EUR 2.700.000.000 (in Worten: Euro zwei Milliarden siebenhundert Millionen) nicht überschreiten darf. Jede Teilsammelurkunde trägt die eigenhändigen Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin. Einzelurkunden und Dividendenscheine werden nicht ausgegeben.

Capital Securities represented by the Partial Global Securities must not exceed EUR 2,700,000,000 (in words: Euro two billion seven hundred million). Each Partial Global Security shall be signed manually by two authorised signatories of the Issuer. Definitive Participation Capital Securities and dividend coupons will not be issued.

(2) *Wertpapier-Sammelbank.* Die Teilsammelurkunden werden voraussichtlich bei der Oesterreichischen Kontrollbank AG, Am Hof 4, 1010 Wien, als Wertpapier-Sammelbank eingeliefert und solange verwahrt, bis sämtliche Verpflichtungen der Emittentin aus den Partizipationsscheinen erfüllt sind.

(2) *Central Securities Depository.* The Partial Global Securities are expected to be delivered to the Austrian Control Bank ("Oesterreichische Kontrollbank AG"), Am Hof 4, 1010 Vienna, in its function as Central Securities Depository and will be kept in custody until all obligations of the Issuer under the Participation Capital Securities have been satisfied.

(3) *Übertragbarkeit.* Den Inhabern der Partizipationsscheine (die "**Partizipanten**") stehen Miteigentumsanteile oder -rechte an den Teilsammelurkunden zu, die nach Maßgabe des anwendbaren Rechts und der jeweils geltenden Regelwerke der Wertpapier-Sammelbank übertragen werden.

(3) *Transferability.* The bearers of the Participation Capital Securities (the "**Participants**") will receive co-ownership participations or rights in the Partial Global Securities which are transferable in accordance with applicable law and applicable rules of the Central Securities Depository.

§ 4 Rechtsform, Rang

§ 4 Status, Ranking

(1) *Rechtsform.* Die Partizipationsscheine stellen eingezahltes Partizipationskapital gemäß § 23 Abs 4 BWG dar.

(1) *Status.* The Participation Capital Securities constitute paid-in participation capital (Partizipationskapital) within the meaning of § 23 sec 4 of the Austrian Banking Act (Bankwesengesetz).

(2) *Rang.* Die Partizipationsscheine begründen direkte, nicht besicherte Verbindlichkeiten der Emittentin, die untereinander im Rang gleich stehen und im Fall der Liquidation, der Auflösung oder der Insolvenz der Emittentin oder eines der Abwendung der Insolvenz der Emittentin dienenden Verfahrens (a) allen gegenwärtigen oder zukünftigen nicht-nachrangigen und nachrangigen Verbindlichkeiten der Emittentin im Rang nachgehen, und (b) untereinander und mit **Gleichrangigem Kapital** gleichrangig sind, soweit zwingende gesetzliche Bestimmungen nichts anderes vorschreiben. Im Fall der Liquidation, der Auflösung oder der Insolvenz der Emittentin oder eines der Abwendung der Insolvenz der Emittentin dienenden Verfahrens erfolgen allfällige Zahlungen auf die Partizipationsscheine solange nicht, bis die Ansprüche aller nicht-nachrangigen und nachrangigen Gläubiger gegen die Emittentin vollständig erfüllt oder sichergestellt sind. Die Partizipanten sind nicht berechtigt, Forderungen aus den

(2) *Ranking.* The Participation Capital Securities constitute direct, unsecured obligations of the Issuer, which rank *pari passu* among each other and in the event of liquidation, dissolution or insolvency of the Issuer or proceedings for the avoidance of insolvency of the Issuer (a) junior to all present or future unsubordinated and subordinated debt obligations of the Issuer, and (b) *pari passu* among each other and with **Parity Capital**, except as otherwise required by mandatory provisions of law. In the event of liquidation, dissolution or insolvency of the Issuer or proceedings for the avoidance of insolvency of the Issuer, payments, if any, shall only be made in respect of the Participation Capital Securities after the claims of all unsubordinated and subordinated creditors of the Issuer have been paid or secured. The Participants may not set off any claims arising under the Participation Capital Securities against any claims that the Issuer may have against them. The Issuer may not set off any claims it may have against any Participant against any claims of such Participant under

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Partizipationsscheinen gegen mögliche Forderungen der Emittentin gegen sie aufzurechnen. Die Emittentin ist nicht berechtigt, Forderungen gegenüber Partizipanten gegen Verpflichtungen aus den Partizipationsscheinen aufzurechnen. Für die Rechte der Partizipanten aus den Partizipationsscheinen ist diesen keine Sicherheit durch die Emittentin oder durch Dritte gestellt; eine solche Sicherheit wird auch zu keinem Zeitpunkt gestellt werden.

the Participation Capital Securities. No security is, or shall at any time be, provided by the Issuer or any other person securing rights of the Participants under the Participation Capital Securities.

„**Gleichrangiges Kapital**“ meint das Partizipationskapital und das Aktienkapital der Emittentin.

“**Parity Capital**” means the Participation Capital and the share capital of the Issuer.

§ 5 Gewinnabhängige Dividendenzahlungen

§ 5 Dividends conditional on profit

(1) *Dividendenausschüttung.* Die bei Vorliegen der gesetzlichen Bedingungen zu leistende Dividende auf die Partizipationsscheine beträgt bezogen auf ihren Nennbetrag 8 % p.a. nach Steuern, deren Schuldnerin die Emittentin ist, und bezieht sich auf Geschäftsjahre ab dem 1.1.2009. Im sechsten und siebenten Geschäftsjahr der Emittentin nach Begebung des Partizipationskapitals erhöht sich diese Dividende jeweils um 50 Basispunkte, im achten Geschäftsjahr um 75 Basispunkte und ab dem neunten Geschäftsjahr in jedem Geschäftsjahr jeweils um 100 Basispunkte. Insgesamt ist diese Dividende jedoch mit dem Maximalwert iHd 12-Monats-EURIBOR zuzüglich 1000 Basispunkte p.a. begrenzt. Für den 12-Monats-EURIBOR ist das arithmetische Mittel der auf der Reuters Seite “Euribor=“ täglich um 11.00 Uhr Brüsseler Zeit zwischen 1.1. und 31.12. jenes Jahres verlautbarten 12-Monats-EURIBOR-Werte heranzuziehen, für das die Dividende bezahlt wird.

(1) *Dividend payments.* The dividend payable on the Participation Capital Securities amounts to 8% p.a. of their nominal value after taxes which are owed by the Issuer, and applies to business years starting on 1 January 2009, provided that the statutory preconditions are met. Such dividend shall increase in the sixth and seventh business year of the Issuer after issue of the Participation Capital by 50 basis points each year, in the eighth business year by 75 basis points and from the ninth business year on by 100 basis points each year. In total, such dividend shall not exceed the 12-Month-EURIBOR plus 1,000 basis points p.a. The 12-Month-EURIBOR shall be calculated as the arithmetic mean of the 12-Month-EURIBOR rates published daily at 11:00 a.m. Brussels time on Reuters page “Euribor=“ between 1 January and 31 December of each year for which a dividend is paid.

(2) Die Emittentin kann die Dividende ohne Zustimmung, jedoch unter Gleichbehandlung aller Partizipanten dieser Emission erhöhen. Die Erhöhung ist nach § 11 bekanntzumachen bzw. mitzuteilen.

(2) The Issuer shall be entitled to increase the dividend payable on the Participation Capital Securities without consent of the Participants, provided that the Participants are treated equal. The increase shall be published / notified pursuant to § 11.

(3) *Dividendenzahlung.* Die Zahlung der Dividenden erfolgt zehn Geschäftstage nach der Hauptversammlung der Emittentin, die über die Gewinnverwendung für das vorangegangene Geschäftsjahr beschließt (der “**Stichtag**”) im Nachhinein. Zahlstelle ist die Emittentin.

(2) *Dividend payments.* Dividends shall be payable in arrear ten Business Days after the shareholders’ meeting of the Issuer which resolves on the use of profits for the previous business year (the “**Relevant Date**”). The Issuer shall be the paying agent.

(4) *Gewinnabhängigkeit der Dividendenzahlungen.* Die Partizipationsscheine gewähren einen Anspruch auf gewinnabhängige Erträge als

(4) *Dividends conditional on profits.* The Participation Capital Securities grant a claim for non-cumulative dividend payments which are condi-

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Partizipationskapital gemäß § 23 Abs. 4 BWG ohne Dividendennachzahlungsverpflichtung. Wenn die Dividende im Jahresgewinn des unmittelbar vorhergehenden Geschäftsjahres nach Rücklagenbewegung (der "**Jahresgewinn**") Deckung findet (§ 23 Abs. 4 Z 3 BWG) und ein entsprechender Hauptversammlungsbeschluss der Emittentin vorliegt, hat eine Ausschüttung der Dividende am Stichtag stattzufinden. Ausschüttungen von Dividenden an den Partizipanten erfolgen vorrangig zu Ausschüttungen von Dividenden an Aktionäre der Emittentin.

tional upon profits pursuant to § 23 sec 4 of the Banking Act (Bankwesengesetz). If the dividend is covered by the annual profits of the previous business year after movement of reserves (the "**Annual Profits**") (§ 23 sec 4 No 3 of the Banking Act) and provided that a respective resolution of the shareholders' meeting of the Issuer has been adopted, dividend payments are to be made on the Relevant Date. Dividend payments to Participants shall be made prior to distributions of dividends to shareholders of the Issuer.

(5) *Keine Dividendennachzahlung.* Die Emittentin trifft keine Verpflichtung zur Nachzahlung von Dividenden (die "**ausgefallenen Dividendenzahlungen**").

(5) *Non-cumulative dividend payments.* The Issuer shall not be obliged to repay unpaid dividends (the "**Ceased Dividend Payments**").

(6) *Dividendenzahlungen im Ermessen der Emittentin.* Selbst wenn ein verteilungsfähiger Gewinn im Sinne des § 5(4) vorhanden ist, liegt die Auszahlung der Dividende im alleinigen Ermessen der Emittentin.

(6) *Dividend payments in the discretion of the Issuer.* Even if distributable profits according to § 5(4) exist, the payment of dividends shall be in the sole discretion of the Issuer.

§ 6 Rückzahlung und Rückkauf

§ 6 Repayment and Repurchase

(1) *Keine vorgegebene Laufzeit.* Die Partizipationsscheine haben kein Endfälligkeitsdatum und können vor Ende der Unternehmensdauer nur gemäß den Bestimmungen dieses § 6 zurückgezahlt werden. Die Partizipanten verzichten gemäß § 23 Abs. 4 Z 1 BWG auf ihr ordentliches und außerordentliches Kündigungsrecht.

(1) *No final maturity date.* The Participation Capital Securities have no predetermined final maturity date and may be repaid prior to liquidation of the Issuer only in accordance with this § 6. The Participants hereby waive their ordinary and extraordinary redemption rights pursuant to § 23 sec 4 No 1 of the Banking Act (*Bankwesengesetz*).

(2) *Rückzahlung.* Die Emittentin kann die Partizipationsscheine unter Wahrung der zum jeweiligen Rückzahlungszeitpunkt anwendbaren gesetzlichen Voraussetzungen jederzeit (soweit gesetzlich zulässig, auch in Tranchen oder durch andere Merkmale bestimmte Teile des Partizipationskapitals unter jeweiliger Wahrung der Gleichbehandlung der Partizipanten) vor Ende der Unternehmensdauer zurückzahlen. Die Rückzahlung ist ausgeschlossen, wenn der Rückzahlungsbetrag unter 100% des Nennbetrages sinken würde. Bis (einschließlich) zum zehnten Geschäftsjahr der Emittentin nach Begebung des Partizipationskapitals beträgt der Rückzahlungsbetrag 100% des Nennwertes, danach 150% des Nennwertes, sofern entsprechende Deckung in der Steigerung des Unternehmenswertes gegeben ist. Der Rückzahlungsbetrag erhöht sich um jene Prozentpunkte, um die die zugesagte Dividende unterschritten wurde, sofern ausschüttungsfähige Jahresgewinne thesauriert wurden und hiefür keine ge-

(2) *Repayment.* The Issuer shall be entitled to repay the Participation Capital Securities in accordance with the statutory requirements as applicable at the time of repayment at any time prior to the liquidation of the Issuer (to the extent permissible, also in tranches or in such parts of the Participation Capital as have been specified by reference to other attributes, but in each case observing the equal treatment of the Participants). Repayment shall not be permissible if the repayment amount would be below 100% of the nominal amount. Until (and including) the tenth business year of the Issuer after issue of the Participation Capital Securities the repayment amount shall be 100% of the nominal value, thereafter 150% of the nominal value, provided that the enterprise value has increased correspondingly. If distributable Annual Profits have been retained despite the absence of a statutory obligation or instructions from a supervisory body to such effect, the repayment amount shall be increased by the number of percentage points by

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setzliche Verpflichtung oder aufsichtsbehördliche Anordnung bestanden hat.

which the agreed dividend has been fallen short of.

§ 7 Teilnahme am Verlust

Im Falle einer nominellen Kapitalherabsetzung nehmen die Partizipationsscheine im selben Ausmaß wie Aktienkapital bis zur vollen Höhe am unternehmensrechtlichen Verlust teil.

§ 7 Loss participation

In the case of a nominal capital reduction, the Participation Capital Securities shall participate in losses of the Issuer pro-rata with share capital up to their full nominal amount.

§ 8 Teilnahme am Liquidationserlös

Im Falle der Liquidation der Emittentin sind die Partizipationsscheine mit dem Recht auf Beteiligung am Liquidationserlös verbunden und dürfen erst nach Befriedigung oder Sicherstellung aller anderen Gläubiger zurückgezahlt werden (§ 23 Abs. 4 Z 5 BWG). Im Falle der Liquidation der Emittentin sind die Partizipanten am Liquidationserlös gleichrangig wie die Inhaber Gleichrangigen Kapitals beteiligt. Sofern der Liquidationserlös zur Befriedigung der Liquidationsansprüche der Inhaber von Partizipationskapital und Gleichrangigem Kapital nicht ausreicht, nimmt das Partizipationskapital im gleichen anteiligen Ausmaß zum Nennbetrag am Differenzbetrag teil, wie das Gleichrangige Kapital. Zahlungen im Falle der Liquidation erfolgen nur nach vollständiger Befriedigung oder Sicherstellung aller Gläubiger, einschließlich Gläubigern aus nachrangigen Verbindlichkeiten, die den Partizipationsscheinen im Rang vorgehen (aber ausgenommen gleichrangige Verbindlichkeiten).

§ 8 Participation in liquidation proceeds

In case of a liquidation of the Issuer, the Participation Capital Securities shall be entitled to participate in the liquidation proceeds and may only be repaid after the claims of all other creditors have been repaid or secured (§ 23 sec 4 No 5 of the Banking Act (*Bankwesengesetz*)). In case of a liquidation of the Issuer, the Participants shall participate in liquidation proceeds *pari passu* with holders of Parity Capital. To the extent the liquidation proceeds are insufficient to discharge the liquidation proceeds claims of the holders of Participation Capital and of Parity Capital, the Participation Capital shall with its nominal amount participate in the shortfall in the same proportion as Parity Capital. Payments in case of a liquidation shall only be made after all claims of holders of unsubordinated and subordinated debt obligations which are senior to the Participation Capital Securities (but excluding obligations that rank *pari passu* with the Participation Capital Securities) have been fully discharged or secured.

§ 9 Rechte der Partizipanten

(1) *Teilnahme- und Auskunftsrecht.* Soweit § 23 Abs. 5 BWG oder eine andere Bestimmung, die an die Stelle von § 23 Abs. 5. BWG tritt, dies vorsieht, haben Partizipanten das Recht, an der Hauptversammlung der Emittentin teilzunehmen und Auskünfte im Sinne des § 112 AktG zu begehren. Solange die Partizipanten gemäß den Bestimmungen des BWG das Recht zur Teilnahme an Hauptversammlungen haben, sind die Partizipanten rechtzeitig zu Hauptversammlungen der Emittentin durch Bekanntmachung gemäß § 11 einzuladen.

§ 9 Rights of the Participants

(1) *Right to participate and obtain information.* To the extent § 23 sec 5 of the Banking Act (*Bankwesengesetz*) or any other provision replacing § 23 sec 5 of the Banking Act so provide, Participants shall have the right to participate in the shareholders' meeting of the Issuer and to receive information pursuant to § 112 of the Austrian Stock Corporation Act (*Aktiengesetz*). As long as the Participants have the right under the Austrian Banking Act (*Bankwesengesetz*) to participate in the shareholders' meeting, the Participants shall timely be invited to the shareholders' meetings of the Issuer by way of publication pursuant to § 11.

(2) *Verwässerungsschutz.* Soweit § 23 Abs. 5. BWG oder eine andere Bestimmung, die an die Stelle von § 23 Abs. 5 BWG tritt, dies vorsieht, wird für den Fall, dass durch eine Maßnahme der Emittentin das Verhältnis zwischen den

(2) *Dilution protection.* In case of measures of the Issuer by which the proportion between the rights of the Participants and the rights connected with the own funds of the Issuer pursuant to § 23 sec 1 of the Banking Act (*Bankwesengesetz*) are

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Vermögensrechten der Partizipanten und den mit den Eigenmitteln der Emittentin gemäß § 23 Abs. 1 BWG verbundenen Vermögensrechten geändert wird, diese Veränderung angemessen ausgeglichen.

changed, such change shall be adequately compensated for, to the extent § 23 sec 5 of the Banking Act (*Bankwesen-gesetz*) or any other provision replacing § 23 sec 5 of the Banking Act so provide.

§ 10 Zahlungen

§ 10 Payments

(1) *Zahlungen auf die Partizipationsscheine.* Die Emittentin verpflichtet sich, Zahlungen auf die Partizipationsscheine bei Fälligkeit in Euro zu zahlen. Derartige Zahlungen erfolgen an die Zahlstelle zur Weiterleitung an die Wertpapier-Sammelbank oder an deren Order zur Gutschrift für die jeweiligen Kontoinhaber. Die Zahlung an die Wertpapier-Sammelbank oder an deren Order, vorausgesetzt, die Partizipationsscheine werden noch durch die Wertpapier-Sammelbank gehalten, befreit die Emittentin in Höhe der geleisteten Zahlung von ihren entsprechenden Verbindlichkeiten aus den Partizipationsscheinen.

(1) *Payments on the Participation Capital Securities.* The Issuer undertakes to make payments on the Participation Capital Securities in Euro when due. Such payments shall be made to the paying agent for on-payment to the Central Securities Depository or to its order for credit to the respective account holders. Payments to the Central Securities Depository or to its order shall, to the extent amounts so paid and provided the Participation Capital Securities are still held by the Central Securities Depository, constitute a valid discharge of the Issuer from its corresponding obligations under the Participation Capital Securities.

(2) *Fälligkeitstag kein Geschäftstag.* Sollte eine Zahlung im Zusammenhang mit den Partizipationsscheinen auf einen Termin fallen, der kein Geschäftstag ist, verschiebt sich der Zahlungstermin auf den unmittelbar folgenden Geschäftstag. Partizipanten sind nicht berechtigt, Zinsen oder sonstige Zahlungen aufgrund dieser Verschiebung zu verlangen.

(2) *Due date not a Business Day.* If the due date for any payment in connection with the Participation Capital Securities is not a Business Day, payment shall be made on the next following Business Day. Participants shall have no right to claim payment of interest or other indemnity in respect of such delay in payment.

„**Geschäftstag**“ bezeichnet jeden Tag, an dem (i) das Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET2) oder dessen Nachfolger zum Betrieb geöffnet ist, und (ii) die Emittentin zum Geschäftsbetrieb geöffnet ist.

„**Business Day**“ means any day on which (i) the Trans-European Automated Real-Time Gross Settlement Express Transfer settlement system (TARGET 2) or its successor is operating, and (ii) the Issuer is open for business.

(3) *Steuern.* Sämtliche Zahlungen in Bezug auf die Partizipationsscheine werden ohne Einbehalt oder Abzug von Steuern, Abgaben, Festsetzungen oder behördlicher Gebühren jedweder Art geleistet, die von der Republik Österreich oder einer ihrer Gebietskörperschaften oder Behörden mit der Befugnis zur Erhebung von Steuern auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben.

(3) *Taxes.* All payments in respect of the Participation Capital Securities shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Austria or any of its political subdivisions or authorities that has power to tax, unless such withholding or deduction is required by law.

§ 11 Bekanntmachungen

§ 11 Publications

Alle Bekanntmachungen, welche die Partizipationsscheine betreffen, erfolgen rechtsgültig im „Amtsblatt der Wiener Zeitung“ sowie durch

All notices concerning the Participation Capital Securities shall be validly made in the „Amtsblatt zur Wiener Zeitung“ and by way of publication on

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Veröffentlichung auf der Homepage der Emittentin (www.erstegroup.com). Jede Mitteilung gilt mit dem Tag der im zweiten Medium erfolgten Veröffentlichung als bekannt gemacht. Sollte die "Wiener Zeitung" ihr Erscheinen einstellen, tritt an ihre Stelle das für amtliche Bekanntmachungen dienende Medium.

the homepage of the Issuer (www.erstegroup.com). Any such notice shall be deemed to have been given on the date of publication in the second medium. Should the "Wiener Zeitung" cease to be published, it shall be replaced by the medium used for official publications.

§ 12 Salvatorische Klausel

Sollte eine Bestimmung dieser Bedingungen unwirksam oder undurchführbar sein, so wird die Wirksamkeit der übrigen Bestimmungen nicht berührt. An die Stelle der unwirksamen oder undurchführbaren Bestimmung tritt eine Bestimmung, die dem wirtschaftlichen Ergebnis der unwirksamen oder undurchführbaren Bestimmung möglichst nahe kommt.

§ 12 Severability

Should a provision of these terms and conditions be invalid or unenforceable, this shall not affect the validity of the remaining provisions. The invalid or unenforceable provision shall be replaced by a provision which corresponds as much as possible to the economic effect of the invalid or unenforceable provision.

§ 13 Verjährung

Zahlungsansprüche hinsichtlich des Kapitals der Partizipationsscheine verjähren, wenn sie nicht innerhalb von zehn Jahren nach Fälligkeit geltend gemacht werden; Ansprüche auf die Auszahlung von Zinsen verjähren drei Jahre nach Fälligkeit.

§ 13 Limitation

Payment claims relating to principal of the Participation Capital Securities shall be prescribed if they are not enforced within ten years after their due date; payment claims relating to dividends shall be prescribed three years after their due date.

§ 14 Anwendbares Recht, Erfüllungsort, Gerichtsstand

(1) *Anwendbares Recht.* Form und Inhalt der Partizipationsscheine sowie die Rechte und Pflichten der Partizipanten und der Emittentin unterliegen ausschließlich österreichischem Recht unter Ausschluss der Verweisungsnormen, soweit dadurch ein anderes als österreichisches Recht anwendbar wäre.

§ 14 Governing law, Place of performance, Jurisdiction

(1) *Governing law.* The form and contents of the Participation Capital Securities and the rights and obligations of the Participants and the Issuer shall be governed exclusively by, and construed in accordance with Austrian law, excluding its conflict of law provisions insofar as their application would result in the applicability of any other than Austrian law.

(2) *Erfüllungsort.* Erfüllungsort ist Wien, Innere Stadt, Republik Österreich.

(2) *Place of Performance.* Place of performance is Vienna, First District, Republic of Austria.

(3) *Gerichtsstand.* Der nicht-ausschließliche Gerichtsstand für alle Klagen, Verfahren oder Rechtsstreitigkeiten gegen die Emittentin, die aus oder im Zusammenhang mit den Partizipationsscheinen entstehen, ist das für Handelssachen in Wien, Innere Stadt, sachlich und örtlich zuständige Gericht.

(3) *Jurisdiction.* The non-exclusive place of jurisdiction for all actions, proceedings and disputes against the Issuer which arise out of or in connection with the Participation Capital Securities shall be the court competent for commercial matters for Vienna, Inner City.

Selected statistical information

The statistical data presented below is taken or derived from Erste Group's audited consolidated financial statements as of and for the financial years ended 31 December 2012 and 31 December 2011, including comparative financial information as of and for the financial year ended 31 December 2010, or is based on accounting records, internal calculations or information of Erste Group Bank. This data is regularly collected in connection with Erste Group's financial reporting and management information systems. This information is, unless stated otherwise herein, unaudited and has been stated on the basis of IFRS.

Average balances and net interest income

The following tables set forth Erste Group's average balances of assets and liabilities and net interest income for the years ended 31 December 2012, 2011 and 2010. For purposes of this table and the following tables under "Selected statistical information" setting forth averages of total volumes, balances and interest rates during the period, the average is calculated on the basis of monthly closing balances throughout the relevant period, including the closing balance of the prior period.

in € million, unless indicated otherwise	Year ended 31 December 2012			Year ended 31 December 2011			Year ended 31 December 2010		
	Interest Income/ Expense	Average Balance	Average Rates p.a. in %	Interest Income/ Expense	Average Balance	Average Rates p.a. in %	Interest Income/ Expense	Average Balance	Average Rates p.a. in %
Assets									
Loans and advances to credit institutions (including derivatives) ⁽¹⁾	944	24,569	3.8	1,077	24,454	4.4	1,117	21,055	5.3
Loans and advances to customers ⁽¹⁾	5,958	126,503	4.7	6,427	127,490	5.0	6,307	125,116	5.0
Interest bearing securities (AFS, FV, HTM) ⁽¹⁾	1,541	41,158	3.7	1,565	37,630	4.2	1,308	35,353	3.7
Other interest-bearing assets	368	8,218	4.5	290	8,554	3.4	110	7,516	1.5
Total interest-bearing assets	8,811	200,448	4.4	9,359	198,128	4.7	8,842	189,040	4.7
Other non-interest bearing assets		16,393			17,396			18,401	
Total average assets	8,811	216,841	4.1	9,359	215,524	4.3	8,842	207,441	4.3
Liabilities									
Deposits by banks	642 ⁽²⁾	35,776	1.8	655 ⁽²⁾	32,496	2.0	533 ⁽²⁾	30,450	1.8
Customer deposits	1,741 ⁽²⁾	122,473	1.4	1,832 ⁽²⁾	119,995	1.5	1,662 ⁽²⁾	115,596	1.4
Debt securities in issue	927 ⁽²⁾	30,349	3.1	1,032 ⁽²⁾	33,428	3.1	890 ⁽²⁾	30,637	2.9
Subordinated liabilities, other and financial liabilities – at fair value through profit and loss	266	4,893	5.4	271	5,778	4.7	318	6,055	5.3
Total interest-bearing liabilities	3,576	193,491	1.8	3,790	191,697	2.0	3,403	182,738	1.9
Other non-interest-bearing liabilities		7,276			6,953			8,474	
Total average liabilities	3,576	200,767	1.8	3,790	198,650	1.9	3,403	191,212	1.8
Total average equity		16,074			16,874			16,229	
Total average liabilities and equity	3,576	216,841	1.6	3,790	215,524	1.8	3,403	207,441	1.6
Net interest income earned	5,235			5,569			5,439		
Net yield on interest-bearing assets			2.6			2.8			2.9

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and internal information of Erste Group Bank.

(1) After deduction of respective risk provisions

(2) Audited

Changes in interest income/expenses—Volume and rate analysis

The following table sets forth changes in net interest income attributable to changes in volumes and those attributable to changes in interest rates for the years ended 31 December 2012 (compared to 2011) and 31 December 2011 (compared to 2010). The changes in interest and similar income and in interest and similar expenses for each category of interest-bearing assets and interest-bearing liabilities are attributable to (a) volume-related changes (change in volume multiplied by old interest rate) and (b) rate-related changes (net change minus volume-related change).

in €million	Year ended 31 December 2012 compared to 2011			Year ended 31 December 2011 compared to 2010		
	Net change	Volume- related change	Rate- related change	Net change	Volume- related change	Rate- related change
Interest and similar income						
from loans and advances to credit institutions (incl. derivatives).....	(133)	5	(138)	(40)	180	(220)
from loans and advances to customers.....	(469)	(50)	(419)	120	120	0
from income securities (AfS, FV, HTM).....	(24)	147	(171)	257	84	173
other interest-bearing assets.....	78	(11)	89	180	15	165
Total interest and similar income (including income from equity method investments)	(548)	91	(639)	517	399	118
Interest and similar expenses						
Deposits by banks.....	(13)	66	(79)	122	37	85
Customer deposits.....	(91)	37	(128)	170	62	108
Debt securities in issue.....	(105)	(95)	(10)	142	81	61
Subordinated liabilities, other and financial liabilities at fair value through profit or loss.....	(5)	(42)	37	(47)	(15)	(32)
Total interest and similar expenses	(214)	(34)	(180)	387	165	222
Net interest income	(334)	125	(459)	130	234	(104)

Source: Internal information of Erste Group Bank.

Debt securities portfolio

Erste Group's debt securities portfolio is reported in five categories: Loans and advances to customers and credit institutions, trading assets, financial assets at fair value through profit or loss, financial assets available for sale and financial assets held to maturity. Debt securities held in the portfolio of trading assets as well as in financial assets at fair value through profit or loss and in financial assets available for sale are measured at fair value whereas those held in loans and advances to customers and credit institutions as well as in financial assets held to maturity are carried at amortised cost.

in €million	As of 31 December		
	2012	2011 (audited)	2010
Bonds and other interest-bearing securities			
Unlisted	1,312	1,705	2,077
Loans and advances to customers and credit institutions	1,312	1,705	2,077
Bonds and other interest-bearing securities			
Listed	4,404	4,253	4,316
Unlisted	468	1,208	629
Trading assets	4,872	5,461	4,945
Bonds and other interest-bearing securities			
Listed	467	1,375	1,942
Unlisted	59	127	87
Financial assets at fair value through profit or loss	526	1,502	2,029
Bonds and other interest-bearing securities			
Listed	18,924	16,457	12,942
Unlisted	1,302	1,197	1,794
Financial assets available for sale	20,226	17,654	14,736
Bonds and other interest-bearing securities			
Listed	18,216	15,150	13,630
Unlisted	759	924	605
Financial assets held to maturity	18,975	16,074	14,235
Total bonds and other interest-bearing securities	45,911	42,396	38,022

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

Loan portfolio by maturity

The following table sets forth Erste Group's loan portfolio as of 31 December 2012, 2011 and 2010, broken down by remaining maturity.

in €million	As of 31 December		
	2012	2011	2010
	(audited, unless indicated otherwise)		
Loans and advances to credit institutions:			
< 1 year.....	5,868	5,483	9,930
> 1 year.....	3,206	2,095	2,566
Loans and advances to credit institutions	9,074	7,578	12,496
Loans and advances to customers:			
< 1 year.....	35,404	35,132	35,277
> 1 year.....	96,524	99,618	97,057
Loans and advances to customers	131,928	134,750	132,334
Total loans and advances to credit institutions and customers (unaudited).....	141,002	142,328	144,830

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and internal information of Erste Group Bank.

Loan portfolio by sector, geographic region and risk classification

For a detailed discussion of the credit risk exposure of Erste Group as analysed in terms of industry sector, geographic region and risk classification, see "*Risk management—Risk types—Credit risk*".

Customer deposits

Customer deposits include transaction accounts/demand deposits, savings accounts and other deposits. Transaction accounts/demand deposits include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, or telephone or preauthorised transfers for the purpose of making payments to third persons or others. Savings accounts are accounts with the purpose of accumulating funds over a period of time. With savings accounts customers may make withdrawals, but do not have the flexibility of using checks to do so. Some savings accounts require funds to be kept on deposit for a minimum period of time, but most permit unlimited access to funds. Other deposits consist mainly of bank drafts and currency accounts.

in €million, unless indicated otherwise	Year ended 31 December		
	2012	2011	2010
	(unaudited, unless indicated otherwise)		
Interest expenses on customer deposits (audited)....	1,741	1,832	1,662
Total volumes/YTD average	122,473	119,995	115,596
Total interest rate/YTD (in %).....	1.4	1.5	1.4

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and internal information of Erste Group Bank.

As of 31 December 2012, the remaining maturities of customer deposits were as follows:

In €million	< 1 year	> 1 year	Total
	(audited)		
Customer deposits.....	80,200	42,853	123,053

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

Borrowings

Deposits by banks

The following tables set out information regarding Erste Group Bank's borrowings as of the dates and for the periods presented and of short-term borrowings (maturities of less than one year):

As of and for the year ended 31 December 2012					
in €million, unless indicated otherwise	Period end balance	Average balance	Maximum month end balance⁽¹⁾	Average interest rate during the period %	Average interest rate at period end %⁽²⁾
Deposits by banks					
Austrian central bank.....	3,111	2,657	3,355		
Austrian banks and other credit institutions.....	5,659	5,942	7,812		
Foreign central banks.....	952	952	1,021		
Foreign banks and other credit institutions.....	12,100	15,667	17,480		
Total.....	21,822⁽³⁾	25,218	26,745	1.4	1.7
thereof with remaining maturities < 1 year (audited).....	14,055				

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012 and internal information of Erste Group Bank.

(1) The total maximum month-end balance is calculated as maximum month-end balance of total deposits by banks, *i.e.*, total maximum month-end balance is not the sum of maximum month-end balances per type of deposits.

(2) Interest expenses of the respective period divided by period end balance.

(3) Audited

As of and for the year ended 31 December 2011					
in €million, unless indicated otherwise	Period end balance	Average balance	Maximum month end balance⁽¹⁾	Average interest rate during the period %	Average interest rate at period end %⁽²⁾
Deposits by banks					
Austrian central bank.....	427	94	427		
Austrian banks and other credit institutions.....	7,438	5,934	7,438		
Foreign central banks.....	981	164	981		
Foreign banks and other credit institutions.....	14,939	18,183	21,522		
Total.....	23,785⁽³⁾	24,375	28,260	1.8	1.8
thereof with remaining maturities < 1 year (audited).....	15,288				

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 and internal information of Erste Group Bank.

(1) The total maximum month-end balance is calculated as maximum month-end balance of total deposits by banks, *i.e.*, total maximum month-end balance is not the sum of maximum month-end balances per type of deposits.

(2) Interest expenses of the respective period divided by period end balance.

(3) Audited

As of and for the year ended 31 December 2010

In € million, unless indicated otherwise	Period end balance	Average balance	Maximum month end balance ⁽¹⁾	Average interest rate during the period %	Average interest rate at period end % ⁽²⁾
Deposits by banks					
Austrian central bank.....	80	169	257		
Austrian banks and other credit institutions	5,600	6,944	8,854		
Foreign central banks	751	1,040	1,660		
Foreign banks and other credit institutions	13,723	17,252	19,552		
Total	20,154⁽³⁾	25,405	28,277	1.5	1.9
thereof with remaining maturities < 1 year (audited).....	13,915				

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010 and internal information of Erste Group Bank.

- (1) The total maximum month-end balance is calculated as maximum month-end balance of total deposits by banks, *i.e.*, total maximum month-end balance is not the sum of maximum month-end balances per type of deposits.
- (2) Interest expenses of the respective period divided by period end balance.
- (3) Audited

Debt securities in issue

The following table sets out information regarding Erste Group's debt securities in issue as of the dates and for the periods presented, and thereof short-term debt securities in issue (remaining maturities of less than one year):

in € million, unless indicated otherwise	Period end balance (audited)	Average balance	Maximum month end balance	Average interest rate during the period %	Average interest rate at period end % ⁽¹⁾
As of and for the year ended 31 December 2012.....	29,427	30,349	32,135	3.1	3.1
thereof with remaining maturities < 1 year	5,268				
As of and for the year ended 31 December 2011.....	30,782	33,428	36,460	3.1	3.4
thereof with remaining maturities < 1 year	6,772				
As of and for the year ended 31 December 2010.....	31,298	30,637	32,459	2.9	2.8
thereof with remaining maturities < 1 year	8,028				

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and internal information of Erste Group Bank.

- (1) Interest expenses of the respective period divided by period end balance.

The Austrian banking system

Overview

Austria's banking system, like that of other continental European countries, comprises a diverse array of financial institutions. The Austrian banking industry is divided into seven "sectors" according to the legal status of a bank and classification in a sector association: (i) *Sparkassen* (savings banks), (ii) *Raiffeisenbanken* (agricultural credit co-operatives), (iii) *Landes-Hypothekenbanken* (provincial mortgage banks), (iv) *Volksbanken* (trade credit co-operative banks), (v) *Aktienbanken und Bankiers* (commercial banks), (vi) *Sonderbanken* (specialist banks) and (vii) *Bausparkassen* (building societies). Today, commercial banks, savings banks and co-operative banks all engage in substantially comparable business but may pursue different business policies. Erste Group Bank is a member of the Savings Banks Sector.

The structure of Austria's banking system is characterised by a large number of small banks, a smaller number of medium to large banks and the absence of any banks of international scale other than Erste Group Bank, Unicredit Bank Austria AG ("Bank Austria"), which is a subsidiary of Unicredit S.p.A., and Raiffeisen International Bank AG. In 2011, the Austrian banking system consisted of 824 independent banks with a total of 4,441 branches and estimated total assets of €1,014.3 billion (source: Website of the OeNB reviewed in February 2013).

Savings Banks

Of the seven banking sectors, the Savings Banks Sector is the third largest, accounting for approximately €165.4 billion of total assets (excluding Bank Austria) as of 30 September 2012 (source: Website of the OeNB reviewed in February 2013). The Savings Banks Sector then comprised the independent savings banks (excluding Bank Austria), with Erste Group Bank operating as the central financial institution of the Savings Banks Sector.

Austrian savings banks were historically subject to geographic restrictions on their operations, which contributed to the development of a Savings Banks Sector characterised by a large number of small, local savings banks. Savings banks were established either by a benevolent association (*Verein*) or a community (*Gemeinde*). The historical role of both the *Verein* and the *Gemeinde* with respect to *Vereinssparkassen* (association savings bank) and *Gemeindesparkassen* (community savings bank) was to provide the foundation capital for the savings bank and to act in a supervisory capacity. The principal difference between a *Gemeindesparkasse* and a *Vereinssparkasse* is that creditors of a *Gemeindesparkasse* and of its operating savings bank stock corporation used to have, and to a certain degree, continue to have the benefit of a municipal deficiency guarantee and that, to a certain extent, a *Gemeindesparkasse* and its operating savings bank stock corporation are influenced by their municipality, whereas a *Vereinssparkasse* has no such guarantee and is wholly independent of the municipalities.

These deficiency guarantees were abolished by law as follows: Liabilities existing as of 2 April 2003 will continue to be covered until their maturity. Liabilities entered into between 2 April 2003 and 1 April 2007 will be covered if the agreed maturity date is no later than 30 September 2017. As the savings banks traditionally did not expressly use this guarantee to reduce their costs of financing, no major impact is expected to result from the revocation of this guarantee. Only 10 smaller savings banks are likely to be affected by the revocation of the guarantee.

In 1986, an amendment to the Banking Act 1979 permitted a savings bank to reorganise as a stock corporation (*Aktiengesellschaft*) in order to enable transfers of shares or to raise capital. Such reorganisation involved the creation of a special savings bank holding company (*Anteilsverwaltungssparkasse*) which holds the shares in the relevant operating savings bank stock corporation. In 1993, Erste Group Bank changed its structure accordingly.

An *Anteilsverwaltungssparkasse* may opt to transform into a privately organised foundation. For *Gemeindesparkassen*, the deficiency guarantee then only covers liabilities assumed until the 31 December following the registration of the foundation.

On 19 December 2003, DIE ERSTE österreichische Spar-Casse Anteilsverwaltungssparkasse was transformed into a private law foundation named DIE ERSTE österreichische Spar-Casse Privatstiftung.

Regulation and supervision

The structure of the regulation and supervision of the Austrian banking system is set forth in a number of statutes, including the Financial Market Supervision Act 2001 (*Finanzmarktaufsichtsbehördengesetz*), the Banking Act, the National Bank Act 1984 (*Nationalbankgesetz*), the Savings Bank Act 1979 (*Sparbankengesetz*), the Financial Conglomerates Act (*Finanzkonglomeratengesetz*), the Mortgage Bank Act 1899 (*Hypothekbankgesetz*) and the Securities Supervision Act 2007 (*Wertpapieraufsichtsgesetz*), each as amended.

The Financial Market Supervision Act assigns the responsibility for the supervision of credit institutions, insurance companies, financial conglomerates, investment firms and exchanges, investment funds and pension funds to the FMA. Under the Banking Act, regulation and supervision of Austrian credit institutions and the branches of non-EU credit institutions in Austria are the responsibility of the FMA assisted by the OeNB, which has the competence to make on-site bank audits. The FMA may take a variety of actions under the Banking Act to supervise credit institutions on a comprehensive and consolidated basis. In order to enable the FMA and the OeNB to fulfill their obligations, credit institutions must, among other requirements, prepare monthly large exposure reports, quarterly interim balance sheets, profit and loss statements and risk reports and submit annual audit reports.

The management board of the FMA consists of two members who are nominated by the Minister of Finance and the OeNB, respectively, and are appointed by the Austrian federal president upon proposal by the federal government. A supervisory board consisting of eight members, two of whom have no voting rights, approves the FMA's budget, financial statements, top employees and other important matters. The expenses of the FMA are borne primarily by the supervised credit institutions, companies and funds, while the Austrian federal government bears a minor fixed portion thereof.

The FMA is afforded an array of powers to regulate and supervise the Austrian banking system. These powers include the power to require the delivery of certain reports, to require audits, and to appoint certain officers and advisers to assist in the discharge of regulatory and supervisory duties. The FMA uses the auditors of the OeNB to perform an audit of a credit institution, including its branches and representative offices outside Austria. Generally, the FMA mandates the OeNB to perform an audit of a credit institution. In the course of an off-site analysis, the competence of auditors of the OeNB comprises all segments and all risk categories. Any credit institution operating in Austria that is subject to regulation and supervision by the FMA may be subject to an order by the FMA if there is reason to question such credit institution's ability to fulfill its obligations to its customers. By such order, which may be effective for up to eighteen months, the FMA may (i) prohibit withdrawals of capital or profits from the credit institution (in whole or in part), (ii) appoint a government commissioner authorised to prohibit all business which could be prejudicial to the safety of the interests of customers of the credit institution, (iii) prohibit further management of the credit institutions by such credit institution's existing management board or (iv) prohibit (in whole or part) further business of the credit institution.

The OeNB must subject the data reported and other supervisory information to ongoing comprehensive evaluation for the purposes of banking supervision and for the purpose of preparing supervisory investigations. The OeNB must inform the FMA without delay if there is a material change in the risk situation or if there is reason to suspect that a violation of regulatory provisions has occurred. The OeNB accounts for the relevant aspects of these reports in its overall analysis within its risk-oriented approach. Its responsibility also includes monitoring adherence to deadlines. The OeNB notifies the FMA of any violations of law detected by the bank auditor.

State commissioners

The Banking Act requires the Minister of Finance to appoint a state commissioner and a deputy state commissioner to assist in the supervision and regulation of Austrian credit institutions which have a total balance sheet of more than €1.0 billion in total assets (balance sheet value), of all savings banks and, under certain circumstances, of credit institutions organised as limited liability companies (*GmbH*). The role of the state commissioner is to ensure that these credit institutions do not make decisions at shareholders' and supervisory board meetings which, in their view, violate federal laws, regulations, other provisions or decisions (*Bescheide*) of the Minister of Finance or the FMA. If a state commissioner objects to any resolution proposed at a shareholders' meeting or a meeting of the supervisory board, the state commissioner must immediately notify the FMA. The effectiveness of such resolution is suspended until the FMA makes a determination as to its validity (within one week after application by the credit institution), see "*Management and governing bodies—Representatives of the supervisory authority*".

Mortgage banks (*Hypothekenbanken*) are subject to inspection by trustees and deputy trustees appointed by the Minister of Finance in accordance with the Mortgage Bank Act 1899. The trustees and the deputy trustees are charged with the responsibility of determining compliance with legal requirements for the registration of certain assets covering obligations of Erste Group Bank under *Pfandbriefe* (Mortgage Bonds) and *Kommunalschuldverschreibungen (Öffentliche Pfandbriefe)* (Public-Sector Covered Bonds). Commissioners appointed by the Minister of Finance are also responsible for monitoring compliance by Erste Group Bank with the legal requirements for segregation of assets and security provided for covered bonds (*fundierte Bankschuldverschreibungen*) pursuant to the Act on Covered Bank Bonds 1905.

The OeNB and the European System of Central Banks

The OeNB is the central bank of Austria and is mandated by law to assist the ECB. Whereas the ECB decides on the principal monetary policies of the European Monetary Union, the OeNB, as a member of the European System of Central Banks, executes the directives and regulations of the ECB.

The OeNB reviews reports filed by credit institutions. Detailed foreign currency statistics concerning the foreign currency position of all Austrian credit institutions are compiled by the OeNB and provide it with an indication of the business volume of the large Austrian credit institutions.

Minimum reserves

The ECB requires credit institutions established in the Eurozone, such as Austrian credit institutions, to hold minimum reserves on accounts with the ECB and national central banks. In accordance with regulations of the ECB, a credit institution's reserve base should comprise deposits and debt securities issued resulting from the acceptance of funds. In order to promote the provision of liquidity to counterparties to Eurosystem monetary policy operations, the ECB reduced the reserve ratio for certain liability categories from 2% to 1% in December 2011.

Statutory deposit insurance scheme

Austrian law requires that any credit institution which receives deposits requiring a guarantee under applicable law must join the insurance scheme of its sector within the banking system. Failure of a credit institution to join the relevant insurance scheme results in the lapse of the credit institution's licence to conduct a business involving the acceptance of deposits requiring a guarantee under applicable law in Austria. Payments made by an insurance scheme to restore insured deposits are met by contributions from each member credit institution in the relevant sector. Each bank's contribution is determined in proportion to the aggregate amount of such credit institution's deposits, subject to a maximum contribution equal to 1.5% of the calculation basis pursuant to Section 22 (2) Banking Act, plus 12.5 times the own funds requirement for certain positions of the trading book pursuant to Section 22o (2) no. 1, 3 and 6 Banking Act (provided that Section 22o Banking Act is applicable) each as of the most recent balance sheet date.

In the event that the aggregate maximum amount that a sector's members can be called upon to contribute is less than the payment liability under the insurance scheme, each deposit insurance scheme of the other banking sectors will contribute a *pro rata* portion of the amount remaining unpaid. The participation of each insurance scheme is determined as per the previous paragraph. If the amount contributed by all insurance schemes is insufficient to make the required payment, the insurance scheme that is primarily obligated to repay such protected deposits must issue bonds to cover any amount remaining unpaid. The Republic of Austria may accept liability for such bonds.

The insurance scheme currently insures deposits up to €100,000. Investor compensation covers an amount of up to €20,000; however, such compensation for legal entities are capped at 90%. Deposits not exceeding €2,000 will be repaid in chronological preference to deposits of a greater amount. Large corporations within the meaning of section 221 (3) Commercial Code are excluded from deposit guarantee and investor compensation.

Haftungsverbund

Effective 1 January 2002, the majority of the Austrian savings banks, excluding Bank Austria, formed a uniform business and market policy, an early warning system and an enhanced deposit guarantee system. The deposit guarantee system materially expanded the credit institutions' obligations beyond the legally prescribed amount per depositor. This arrangement called *Haftungsverbund* ensures enforcement of payments by transferring control of the system to Haftungsverbund GmbH, an entity in which

Erste Group Bank is required to hold, directly or indirectly, at least 51% of the shares; the other savings banks own the remaining shares in Haftungsverbund GmbH. The right to determine risk policies and, in the event of serious financial difficulties of a member, the right to intervene in management was also transferred to Haftungsverbund GmbH. For more details on the *Haftungsverbund*, see “Description of Erste Group’s business—Haftungsverbund”.

Financial statements and audits

Austrian credit institutions and credit institutions operating in Austria are required to submit financial statements, including the audit reports thereon, to the FMA and the OeNB.

Austrian listed companies must prepare consolidated financial statements in accordance with IFRS as adopted by the EU. Austrian bank accounting standards differ from IFRS mainly in respect of a reduced use of fair values and less comprehensive tax deferrals.

All financial statements of credit institutions must be audited by a bank auditor, who is either a certified public accountant or the auditing office of one of the specialised auditing institutions of the relevant sector. The consolidated and separate financial statements of Erste Group Bank, as a savings bank stock corporation, have been audited by Sparkassen-Prüfungsverband Prüfungsstelle (the savings banks’ auditing agency) as statutory bank auditor. The 2010, 2011 and 2012 audits were performed jointly with Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., which was elected by the shareholders’ meeting of Erste Group Bank in 2009, 2010 and 2011 to act as an additional auditor. The audited financial statements, the contents of which are prescribed by law, must be published in the *Amtsblatt zur Wiener Zeitung* (the Austrian official gazette), the official publication medium in Austria.

Bank auditors are also required to examine the timely and complete compliance with all relevant banking regulations. The result of this audit is documented in an attachment to the audit report.

Capital adequacy requirements

In June 2004, the Basel Committee on Banking Supervision (“BCBS”) published the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” (“Basel 2”) that aims to align the risk of a bank’s loan portfolio more closely with the capital reserves that it is required to set aside against unexpected losses. Basel 2 is built on three interlocking pillars (Pillar 1, Pillar 2 and Pillar 3), *i.e.*, minimum capital requirements, an internal capital adequacy assessment process (ICAAP) and supervisory review and market discipline. Furthermore, the BCBS formulated amendments to the Basel 2 framework in 2009. This so-called Basel 2.5 framework aimed in particular at establishing higher capital requirements for certain complex structured credit products, such as “resecuritisations” and for the trading book by including other potential event risks. They also include a stressed value-at-risk requirement (VaR) that is intended to mitigate the cyclicity of the minimum regulatory capital framework. The European Parliament and the Council published Directive 2006/48/EC of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions, which has been implemented in the Banking Act (entered into force on 1 January 2007) and the Solvability Regulation (*Solvabilitätsverordnung*) published by the FMA on the basis of the Banking Act. On a European level, the Basel 2.5 framework was adopted in Directive 2009/111/EC of 16 September 2009, together with a remuneration framework for bank managers and both implemented in the Austrian Banking Act in 2010/2011.

Under such risk-based capital adequacy rules, credit institutions and groups of credit institutions must have at their disposal Qualifying Capital (as defined below) equal to the total capital requirement, which is the sum of (i) 8% of the calculation base for credit risk (ii) the risk positions of the trading book, (iii) the commodity positions risk and foreign exchange risk for positions outside the trading book, (iv) operational risk and (v) any participations exceeding a certain threshold and potential risks stemming from a violation of the Banking Act as imposed by the FMA.

The Banking Act defines “Qualifying Capital” as consisting principally of (i) paid-in capital, (ii) disclosed reserves, (iii) funds for general bank risks, (iv) supplementary capital, (v) hidden reserves, (vi) participation capital, (vii) subordinated capital (which includes subordinated capital and short-term subordinated capital), (viii) revaluation reserves, (ix) the commitments of members of co-operative banks to make additional contributions quantified in relation to their shareholdings, (x) short-term subordinated capital and (xi) only for the purpose of supervision on a consolidated basis, hybrid tier-1 capital. Certain losses, certain intangible assets and certain investments in other banks, insurance companies or financial institutions are required to be deducted in computing Qualifying Capital.

“Core Capital”, as applied to Erste Group Bank, consists of (i) paid-in capital (which, *inter alia*, includes share capital and participation capital), (ii) disclosed reserves and (iii) funds for general bank risks, less losses and intangible assets. Hybrid tier-1-capital is included in Core Capital up to an amount corresponding to 50% of total Core Capital, within these limits, convertible instruments without fixed maturity up to 100%, non convertible instruments without fixed maturity up to 70% and instruments with an incentive to redeem without a fixed maturity up to 30%.

The Banking Act requires that the aggregate eligible amount of the elements comprising Qualifying Capital other than Core Capital is capped at 100% of Core Capital. In addition, the sum of eligible subordinated capital may not exceed 50% of Core Capital. Core Capital reflects the same concept as “tier-1 capital” and Qualifying Capital other than Core Capital reflects a concept similar to “tier-2 capital” and “tier-3 capital” (as such terms are used in the United Kingdom and the United States capital adequacy rules). Tier-2 capital consists of supplementary capital and subordinated capital whereas tier-3 capital consists of short-term subordinated capital only eligible to cover market risk capital requirements.

The calculation base for credit risk is the sum of risk-weighted exposure amounts and encompasses assets, certain off-balance sheet items and derivatives, excluding positions of the trading book. The calculation base must be computed either by use of the standardised approach or the IRB approach (both such approaches as provided for in the Banking Act and the Solvability Regulation issued by the FMA).

Erste Group Bank has been examined by the FMA and the OeNB and is, following a positive assessment of the IRB approach concerning all portfolios, entitled to determine the calculation base for credit risk using the IRB approach as of 1 January 2007. The approach used is the “Foundation IRB” (in contrast to the “Advanced IRB”), which allows the use of Probability of Default (PD) estimates in all portfolios and the performance of Loss Given default (LGD) estimates for the retail portfolio. For the corporate and the sovereign portfolio, Erste Group Bank uses supervisory LGDs. IRB is used for Erste Group on a consolidated level, for Erste Group Bank on an unconsolidated basis and for many of the subsidiaries and the savings banks on an unconsolidated level. For the calculation of the capital requirement for operational risk, Erste Group Bank and certain of its subsidiaries also use the Advanced Measurement Approach (AMA).

Capital adequacy rules must be met not only by a credit institution on its own, but also by the credit institution’s group, *i.e.*, the credit institution together with all other subsidiary credit institutions, financial institutions, investment firms, ancillary financial services companies and hybrid capital vehicles. Savings banks which are members of the *Haftungsverbund* are included in Erste Group for capital adequacy purposes.

The Banking Act

In addition to specifying the capital adequacy rules, the Banking Act, as amended, imposes other requirements on Austrian credit institutions, including reporting requirements, liquidity requirements, requirements on large exposures and on qualified participations.

Periodical reports

Austrian credit institutions are required to file a number of reports with the FMA, including periodical monthly and quarterly reports. In addition, reports must also be filed to report any hidden reserves or credit in excess of certain amounts. The form of all reports is established by an implementing ordinance. All reports are delivered to the OeNB, which reviews them and provides to the FMA an opinion as to whether the regulations on solvency, qualifying capital, liquidity, open foreign currency positions, large exposures and participations have been observed.

Liquidity

The Banking Act requires each credit institution to establish company-specific finance and liquidity planning. The liquidity plan must generally set forth the programme that enables the credit institution to react to possible disparities between incoming and outgoing payments and to changes in market conditions. The terms of claims and obligations of each credit institution must be structured to provide for changing interest rates and maturity trends. In addition to these general regulations, the Banking Act requires credit institutions to retain minimum liquid resources of both first and second degree and to submit a detailed calculation plan for the foregoing.

Large exposures

If the assets and off-balance sheet items with regard to a single customer or group of connected customers exceed 10% of a credit institution's Qualifying Capital, then a large exposure exists within the meaning of the Banking Act. A large exposure may not exceed 25% of the accountable Qualifying Capital of a credit institution and of the respective credit institution group.

Qualified participations

A qualified participation is a holding by a bank, whether direct or indirect, of at least 10% of the capital or voting rights of a company. The possibility of exercising a significant influence over the management of a company may also cause the company to constitute a qualified participation of the bank. Qualified participations in non-banks (with certain exceptions, in particular insurance companies) may not be held by credit institutions or a group of credit institutions if the value of the qualified participation exceeds 15% of the accountable Qualifying Capital of such credit institutions or group. Moreover, the total carrying value of qualified participations may not exceed 60% of the Qualifying Capital of a credit institution or a group of credit institutions. In certain circumstances, these limitations may be exceeded.

Basel 3 and CRR/CRD IV (Capital Requirements Regulation/Capital Requirements Directive IV)

In addition to the effective provisions mentioned above, the Austrian banking system is presently affected by the intended adoption of a new legal framework on the European level. On 20 July 2011, the European Commission issued its legislative proposals, a directive (CRD IV) and a regulation (CRR), on a revision of the CRD which aim to apply the Basel 3 framework within the European Union. The new legal framework is aimed at enhancing the quality and quantity of bank capital while emphasising common equity tier 1. Furthermore, a new liquidity regime is expected to introduce a short-term and a long-term liquidity ratio (LCR & NSFR). A leverage ratio is envisaged as a backstop measure to the solvency regime. Capital conservation and counter-cyclical buffers are intended to strengthen the resilience in stress times, while revised disclosure provisions are intended to enhance transparency. CRR/CRD IV is expected to enter into force by 1 January 2014.

Supervisory guidance on strengthening of the sustainability of the business models of large internationally active Austrian banks

On 14 March 2012, the FMA issued, in cooperation with OeNB, a "sustainability package", including a "Supervisory Guideline" which requires parent institutions to fully implement the quantitative and qualitative Basel 3 rules in respect of Common Equity Tier 1 (minimum requirement of 4.5% common equity tier 1 and capital conservation buffer 2.5% Common Equity Tier 1) on a consolidated level starting 1 January 2013 without making use of any related transitional provisions, with the exception that private and state participation capital subscribed under the bank support package (which is fully loss-absorbing) will be fully included in the capital base. The treatment of participation capital subscribed by the state and by private investors under the Austrian banking support package will be fully in line with the expected final CRR grandfathering and phaseout provisions. Additionally, the supervisor has indicated implementation of an additional capital surcharge to banking groups on a consolidated level of up to 3% from 2016 onwards, the level depending on the systemic relevance of the group. Furthermore, a monitoring ratio was also introduced for monitoring liquidity. The so-called "loan-to-local stable funding ratio" (LLSFR) is aimed at strengthening the stability of the local funding base of banking subsidiaries. Third, the Supervisory Guideline requires parent institutions to submit recovery and resolution plans before the end of 2012.

EBA capital exercise

On 8 December 2011, the Board of Supervisors of EBA adopted the recommendation on the creation of temporary capital buffers to restore market confidence. The so-called "capital exercise" called on national authorities to require banks to strengthen their capital positions by building up an exceptional and temporary capital buffer against sovereign debt exposures to reflect market prices as at the end of September 2011. A Core Tier 1 capital ratio level of 9% against the buffer plus risk-weighted assets was to be met by the end of June 2012. The definition of capital used corresponds to the existing CRD definition of Tier 1 net of deductions of participations in financial institutions, but excludes hybrid instruments, preference shares and privately placed participation capital except for participation capital within government support measures. The final results of the EBA capital exercise were published in October 2012. Erste Group achieved a Core Tier 1 ratio of 9.9%.

Subsequent to the completion of the capital exercise, EBA announced that it will no longer monitor a Core Tier 1 ratio. The new EBA recommendation on capital conservation will require banks to maintain a nominal amount of Core Tier 1 capital corresponding to a level of 9% from the end of June 2012.

Interbank Market Support Act 2008 and Financial Market Stabilisation Act 2008

Under the Interbank Market Support Act 2008 (“IBSA”) and the Financial Market Stabilisation Act 2008 (*Finanzmarktstabilitätsgesetz*) (FinStaG), the Austrian Federal Minister of Finance (“Minister of Finance”) has been granted certain powers in relation to Austrian credit institutions (such as Erste Group Bank) and insurance undertakings. The powers granted to the Minister of Finance under the IBSA expired on 31 December 2010.

The purpose of the IBSA was to increase the credit institutions’ confidence in the interbank market and thereby prevent liquidity problems caused by credit institutions retaining surplus liquidity instead of on-lending it to other banks. Under the IBSA, the Minister of Finance was permitted to assume against consideration liabilities for the benefit of holders of securities with a term of a maximum of five years issued by credit institutions in order to encourage the medium-term refinancing of Austrian credit institutions. The outstanding amounts connected with measures pursuant to the IBSA were initially limited to €75 billion (subsequently reduced to €65 billion in 2009 and €50 billion in 2010). Erste Group Bank consequently established a €6 billion DIP in relation to issues of notes guaranteed by the Republic of Austria (see “*Description of Erste Group’s business—Material Contracts—Framework agreement for guaranteed bonds*”).

The FinStaG entitles the Minister of Finance to take measures for the recapitalisation of credit institutions and insurance undertakings (“Relevant Entities”) (i) in order to remedy a considerable disruption within Austria’s economic life, (ii) to ensure the macroeconomic balance and (iii) to protect the Austrian economy. The measures comprise the assumption of liabilities for the benefit of obligations of the Relevant Entities and for the benefit of obligations *vis-à-vis* the Relevant Entities, the provision of facilities and own funds for Relevant Entities and the acquisition of shares. Furthermore, if performance of a Relevant Entity’s obligations *vis-à-vis* its creditors is jeopardised, the Minister of Finance may as a last remedy acquire shares in such Relevant Entity for consideration. The shares acquired in accordance with the provisions of the FinStaG must be privatised upon the achievement of the intended purpose, taking into consideration the prevailing market conditions. The outstanding amounts connected with measures pursuant to the FinStaG may not exceed €15 billion.

Erste Group Bank issued participation capital in accordance with the FinStaG which, as of the date of this Prospectus, amounts to €1,763,744,000. See “*Description of the Participation Capital and applicable regulations*”.

The Minister of Finance is entitled to set forth conditions and requirements for the measures according to the FinStaG. In this context, provisions may be imposed in particular with regard to the following aspects: the business focus (in connection with credit institutions, in particular the supply of small and medium-sized enterprises with loans), the application of the funds received, the remuneration of management, the tier-1 requirements, the dividend policy, measures for safeguarding jobs, the period within which the requirements must be met, measures for the prevention of distortion of competition, as well as the legal consequences of non-compliance with the aforementioned conditions and requirements.

General information on Erste Group Bank and Erste Group

Formation, name, financial year, duration and notices

The legal name of Erste Group Bank is “Erste Group Bank AG”, its commercial name is “Erste Group”. It is a stock corporation (*Aktiengesellschaft*) organised and operating under Austrian law. Erste Group Bank was founded as an Austrian stock corporation on 27 April 1993 under the name “DIE ERSTE österreichische Spar-Casse Bank Aktiengesellschaft” and registered with the Austrian companies register (*Firmenbuch*) at the Vienna Commercial Court (*Handelsgericht Wien*) under the registration number FN 33209m on 10 June 1993. The registered office of Erste Group Bank is in Vienna, Austria, its business address is at Graben 21, 1010 Vienna, Austria (telephone number: +43.50100.10100; website: www.erstegroup.com). The financial year of Erste Group Bank is the calendar year. Erste Group Bank has been established for an indefinite term. Pursuant to the Articles of Association, notices are generally made by publication in the *Amtsblatt zur Wiener Zeitung* (the Austrian official gazette), and where legally permissible, on the website, in a general available gazette or via an electronic data dissemination system or in Erste Group Banks’ bank counter halls.

Object and purpose of business of Erste Group Bank

The object of the business (*Gegenstand des Unternehmens*) of Erste Group Bank is set forth in Section 2 of its Articles of Association. With certain exceptions, the object of the business of Erste Group Bank is the operation of all types of banking business pursuant to Section 1 (1) Banking Act and Section 1 of the Austrian Statute on Mortgage Banks (*Hypothekengesetz*), including, in particular, holding company activities.

Erste Group Bank is also entitled to perform activities pursuant to Section 1 (2) Banking Act which are decisive for the qualification as a financial institution and other activities pursuant to Section 1 (3) Banking Act, operate the insurance agency business, emissions certificates trading, the letting of garages and its own movable assets and properties, trading businesses of all kinds domestically and abroad, the box office business, the distribution of interests in licensed games of chance, agent services concerning non-banking business of all kinds, and all kinds of business suitable to directly or indirectly support the business objects and the business area of Erste Group Bank, or which are connected therewith. It may also issue mortgage bonds (*Hypothekendarlehenbriefe*) and public sector covered bonds (*Kommunalschuldverschreibungen (öffentliche Pfandbriefe)*).

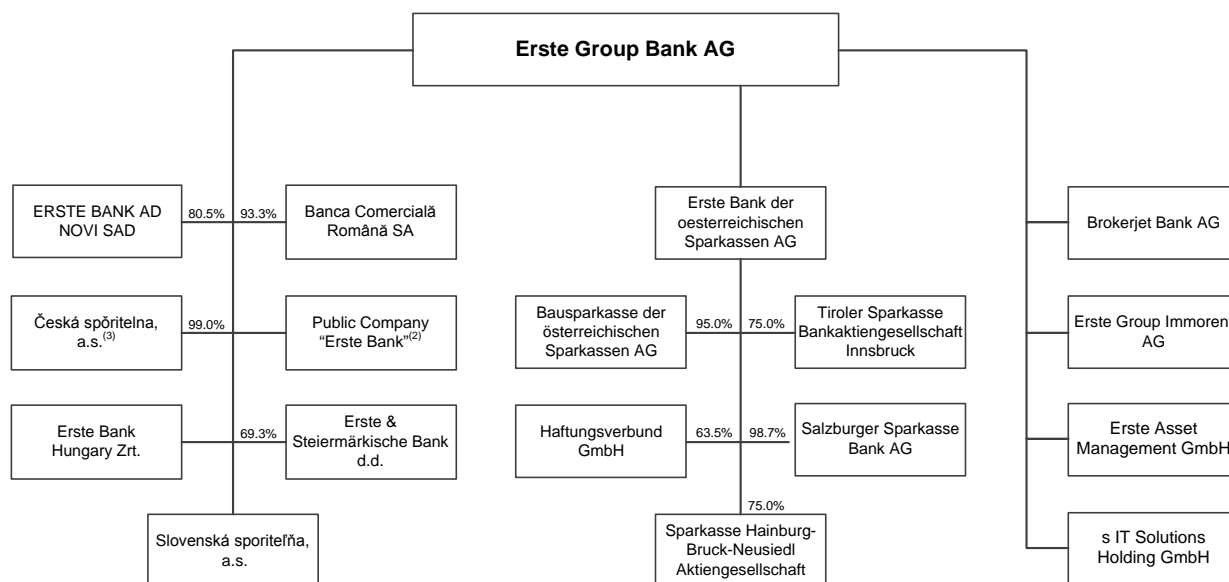
As the central financial institution and clearing house of the Austrian savings banks, Erste Group Bank is also entitled, among other things, to administer and invest the liquid funds of the savings banks, including their liquidity reserves, issue secured partial debentures (*fundierte Teilschuldverschreibungen*), carry out bank transactions on behalf of the savings banks, facilitate their money and business transactions among them and with third parties and grant them loans, loan assistance and liquidity assistance.

Erste Group Bank may establish branches and carry out its business activities in Austria and abroad, acquire interests in other business enterprises, establish subsidiaries as well as enter into group and other business enterprise contracts.

Structure of Erste Group

Erste Group Bank AG is the parent company of Erste Group. The following chart gives a simplified overview of the structure of Erste Group, showing the material direct and indirect subsidiaries of Erste Group Bank as of 31 December 2012. For the purpose of this chart, “Erste Group” does not include the Austrian savings banks that are required to be consolidated under IFRS into Erste Group’s results as a result of their membership in the *Haftungsverbund* and in which Erste Group Bank holds either a minority interest or no equity stake at all:

Erste Group Structure⁽¹⁾



(1) Except as otherwise indicated, all direct and indirect shareholdings are 100%.

(2) On December 20, 2012, Erste Group entered into an agreement for the sale of Public Company "Erste Bank" (Erste Bank Ukraine) to the shareholders of Fidobank. The closing of the transaction is subject to several conditions, including regulatory approvals, and is expected to occur by the end of the second quarter of 2013.

(3) Voting rights amount to 99.5%.

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012 and internal information of Erste Group Bank.

Information on significant holdings of Erste Group Bank

The table below provides an overview of Erste Group Bank's significant direct and indirect holdings, all of which are universal banks, and related additional information. The figures presented are taken or derived from Erste Group Bank's accounting records and prepared on the basis of IFRS, unless otherwise indicated. All shares in the affiliated companies of Erste Group Bank shown below are fully paid up.

Name, Registered office	Direct/ indirect interest held by Erste Group Bank as of 31 Decem- ber 2012 (in %) ⁽¹⁾	Subscribed capital as of 31 Decemb- er 2012 (in € thousand) ⁽²⁾	Book value of shares as of 31 Decemb- er 2012 (in €thou- sand) ⁽³⁾	Reserves as of 31 Decemb- er 2012 (in €thou- sand) ⁽⁴⁾	Receivables (payables) of/to Erste Group Bank to/by affiliates as of 31 December 2012 (in €thou- sand) ⁽⁵⁾	Net income/(net loss) in FY 2012 (in €thou- sand) ⁽²⁾	Dividends received by Erste Group Bank or the respective direct parent company of the affiliate in FY 2012 (in €thou- sand)
Erste Bank der oesterreichischen Sparkassen AG, Vienna, Austria	100.0	587,924	843,084	424,472	4,141,142	120,015	80,000
Česká spořitelna, a.s., Prague, Czech Republic	99.0	604,350	1,406,734	2,259,623	868,302	618,730	299,069
Slovenská sporiteľňa, a.s., Bratislava, Slovakia	100.0	212,000	532,559	768,256	(14,992)	184,790	111,600
Banca Comercială Română SA, Bucharest, Romania	93.3	664,317	2,619,166	1,222,991	(4,787,868)	(284,584)	—
Erste & Steiermärkische Bank, d.d., Rijeka, Croatia	69.3	224,733	397,687	632,707	(1,024,623)	63,872	24,170
Erste Bank Hungary Zrt., Budapest, Hungary	100.0	345,535	230,841	412,318	(3,216,823)	(63,128)	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012 and internal information of Erste Group Bank.

(1) Audited.

(2) Calculated at the level of the respective entity before taking into account consolidation or elimination effects.

(3) Figures taken from the respective parent company's unconsolidated financial statements.

(4) Reserves are calculated as total equity less subscribed capital and net income before taking into account consolidation or elimination

effects.

(5) All intercompany businesses against mentioned companies.

Auditors

Sparkassen-Prüfungsverband Prüfungsstelle (as statutory auditor, two current directors of which are members of the Austrian Institute of Auditors (*Insitut Österreichischer Wirtschaftsprüfer*)) with its business address at Grimmelshausengasse 1, A-1030 Vienna and Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (a member of the Austrian Chamber of Chartered Accountants (*Kammer der Wirtschaftstreuhand Österreich*)) with its business address at Wagramer Straße 19, 1220 Vienna, have audited and rendered unqualified auditor's reports on the consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2010 (auditor's report dated 3 March 2011), 31 December 2011 (auditor's report dated 29 February 2012) and 31 December 2012 (auditor's report dated 28 February 2013).

Paying agent, calculation agent and subscription agent

The paying, calculation and subscription agent is Erste Group Bank.

Description of the share capital and applicable regulations

Registered capital and shares

As of the date of this Prospectus, the registered share capital of Erste Group Bank amounts to €789,137,294. It is divided into 394,568,647 no-par value voting bearer shares (ordinary shares), each of which represents a notional value of €2.00 per share in the share capital. Erste Group Bank's registered share capital is fully paid up. Shares from future capital increases may be either bearer shares or registered shares. If the resolution on a capital increase does not contain a provision to the contrary, the shares are bearer shares.

Erste Group Bank's entire registered share capital of €789,137,294, i.e., 394,568,647 ordinary shares is admitted to trading on (i) the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange and at the same time the Prime Market segment thereof, (ii) the Prime market of the Prague Stock Exchange, and (iii) in International Shares Category of the Bucharest Stock Exchange. All shares of Erste Group Bank are represented by several global share certificates deposited with OeKB, Am Hof 4, 1010 Vienna, Austria.

History of the share capital

Erste Group Bank (then: "DIE ERSTE österreichische Spar-Casse – Bank Aktiengesellschaft") was established as a stock corporation in 1993 with a share capital of ATS 1,800,000,000 (€130,811,101.50), when the banking business of "DIE ERSTE österreichische Spar-Casse – Bank" was transferred to it by way of universal succession (*Gesamtrechtsnachfolge*).

In 1997, following several minor capital increases, the share capital of Erste Group Bank was increased from ATS 2,432,016,300 (€176,741,517.26) by ATS 1,708,325,000 (€124,148,819.43) to ATS 4,140,341,300 (€300,890,336.69) in connection with the merger with GiroCredit Bank Aktiengesellschaft der Sparkassen. In connection with the initial public offering (IPO) of Erste Group Bank in 1997, the share capital of Erste Group Bank was further increased by ATS 295,738,600 (€21,492,162.23) to ATS 4,436,079,900 (€322,382,498.93).

After several minor share capital increases and a major share capital increase in July 2002, the share capital of Erste Group Bank was increased twice in 2002 to a total amount of €434,766,058.88, divided into 59,825,114 shares: First, in the course of the public offering of shares in Erste Group Bank in July 2002, by an amount of €66,931,680.27, and second, due to the subscription for shares under the ESOP 2002 and the exercise of share options under the MSOP 2002 by an additional amount of €1,832,510.92.

In 2003, a total of 118,694 shares was issued, hereby increasing the share capital of Erste Group Bank by €862,582.94 to an amount of €435,628,641.82, divided into 59,943,808 shares, due the subscription for shares under the ESOP 2003 and the exercise of share options under the MSOP 2002.

On 4 May 2004, the ordinary shareholders' meeting of Erste Group Bank resolved on a capital adjustment (an increase of the share capital by €43,921,822.18 out of free reserves without the issue of new shares), which raised the notional value of the shares to €8, and a subsequent four-for-one share split. As a consequence of these measures, and the subscription for additional shares under the ESOP 2004 and the exercise of share options under the MSOP 2002, the share capital of Erste Group Bank increased to €482,885,784, divided into 241,442,892 shares in 2004.

In 2005, due to the subscription for shares under the ESOP 2005 and the exercise of share options under the MSOP 2002, a total of 1,740,708 shares was issued, which increased the share capital of Erste Group Bank by €3,481,416 to €486,367,200, divided into 243,183,600 shares.

In 2006, the share capital of Erste Group Bank was increased by €144,225,170 to a total amount of €630,592,370, divided into 315,296,185 shares following the public offering of shares in January 2006, the subscription for shares under the ESOP 2006 and the exercise of share options under the MSOP 2002 and the MSOP 2005, and the offering of shares to shareholders of Banca Comercială Română (Romania) (BCR) as consideration for the transfer of their shares in BCR to Erste Group Bank (contribution in kind).

In 2007, due to the subscription for shares under the ESOP 2007 and the exercise of share options under the MSOP 2002 and the MSOP 2005, a total of 992,760 shares was issued, which increased the share capital of Erste Group Bank by €1,985,520 to €632,577,890, divided into 316,288,945.

In 2008, due to the subscription for shares under the ESOP 2008 and the exercise of share options under the MSOP 2002 and the MSOP 2005, a total of 723,818 shares was issued, which increased the share capital of Erste Group Bank by €1,447,636 to €634,025,526, divided into 317,012,763 shares.

In 2009, the share capital of Erste Group Bank was increased by €121,824,646 to €755,850,172, divided into 377,925,086 shares following the public offering of shares in November 2009 and the subscription for shares under the ESOP 2009.

In 2010, due to the subscription for shares under the ESOP 2010, a total of 251,635 shares was issued from conditional capital, which increased the share capital of Erste Group Bank by €503,270 to €756,353,442, divided into 378,176,721 shares.

In 2011, the share capital of Erste Group Bank was increased by €25,181,082 to a total amount of €781,534,524, divided into 390,767,262 shares following the subscription for 289,663 shares under the ESOP 2011, issued from conditional capital, and the issuance of a total of 12,300,878 shares, issued from authorised capital, to shareholders of BCR as consideration for the transfer of their shares in BCR to Erste Group Bank (contribution in kind).

In 2012, the share capital of Erste Group Bank was increased by €7,602,770 to a total amount of €789,137,294, divided into 394,568,647 shares following the issuance of a total of 3,801,385 shares, issued from authorised capital, to shareholders of BCR as consideration for the transfer of their shares in BCR to Erste Group Bank (contribution in kind).

For details regarding the ESOPs and the MSOPs of Erste Group Bank, see “*Shareholder structure and participation programmes—Employee share ownership programmes and management share option programmes*” and for details regarding the transactions with the BCR shareholders, see “*Description of Erste Group’s business—Acquisitions*”.

Shares owned by or on behalf of Erste Group Bank or a subsidiary

As of 31 December 2012, a total of 4,814 shares (or 0.0012% of 394,568,647 then existing shares in Erste Group Bank) each with a notional value of €2.00 and an aggregate book value of €0.1 million were held by or on behalf of Erste Group Bank and its subsidiaries (excluding the savings banks consolidated by Erste Group solely by virtue of the *Haftungsverbund*, in which Erste Group Bank owns no, or only a minority interest).

As of 31 December 2012, a total of 18,848,466 shares (or 4.78% of 394,568,647 then existing shares in Erste Group Bank) each with a notional value of €2.00 and an aggregate book value of €513.7 million were held by the savings banks consolidated by Erste Group solely by virtue of the *Haftungsverbund*, in which Erste Group Bank owns no, or only a minority interest.

Authorised capital

The authorised capital of Erste Group currently amounts to €167,795,474. Pursuant to Section 5.1 of the Articles of Association, the Management Board is authorised until 12 May 2015 to increase the share capital of Erste Group Bank with the consent of the Supervisory Board – in one or more tranches – by up to €167,795,474 by issuing up to 83,897,737 new shares against (i) cash contribution without excluding the subscription rights of the shareholders, however, in the case the capital increase serves the issuance of shares to employees, executive employees or members of the management boards of Erste Group Bank or an Erste Group company, excluding the subscription rights of the shareholders; and/or (ii) contributions in kind, excluding the subscription rights of the shareholders; and, in each case, to determine the issue price, the type of the shares and the issuing conditions.

Conditional capital

Conditional Capital I

In the shareholders’ meeting held 8 May 2001, the Management Board was authorised to resolve, with the Supervisory Board’s consent, a conditional capital increase by a total nominal value of up to €18,168,208.54 for the purpose of granting share options to employees, executive employees and members of the management boards of Erste Group Bank or an Erste Group company, respectively (the “Conditional Capital I”). On 21 January 2002, the Management Board resolved, with the consent of the Supervisory Board (on 30 January 2002), to exercise this authorisation to conditionally increase the share capital of Erste Group Bank to the full extent.

Between 2002 and 2011, the Management Board resolved, based on the Conditional Capital I, to increase the share capital of Erste Group Bank whereby subscription rights of the shareholders of Erste Group Bank were excluded. The purpose of these capital increases was to service the rights of ESOP and MSOP participants who had subscribed for shares in Erste Group Bank under the ESOPs 2002 to 2011, or had exercised their share options under the MSOPs 2002 or 2005, respectively. For more information regarding the ESOPs and the MSOPs, see “*Shareholder structure and participation programmes—Employee share ownership programmes and management share option programmes*”.

Currently (taking into account the four-for-one share split in 2004 and the shares already issued to service the rights of ESOP and MSOP participants), the Management Board is authorised under the Conditional Capital I to effect a conditional capital increase of up to a nominal value of €1,923,264 by issuing up to 961,632 ordinary bearer shares or ordinary registered shares with an issue price of at least €2.00 per share against cash contributions and by excluding the subscription rights of the current shareholders.

Conditional Capital II

In the shareholders’ meeting of 19 May 2006, the Management Board was authorised to resolve with the Supervisory Board’s consent a conditional capital increase by a total nominal value of up to €20,000,000 for the purpose of granting share options to employees, executive employees and members of the management boards of Erste Group Bank or an Erste Group company, respectively (the “Conditional Capital II”). On 16 February 2010, the Management Board resolved with the consent of the Supervisory Board (of 16 March 2010) to exercise this authorisation to conditionally increase the share capital of Erste Group Bank to the full extent. As of the date hereof, no shares have been issued under the Conditional Capital II.

Conditional Capital III

Erste Group Bank’s shareholders’ meeting of 12 May 2009 resolved to conditionally increase the registered share capital by up to €124,700,000 through the issue of up to 62,350,000 ordinary no-par value voting bearer shares (the “Conditional Capital III”). The Conditional Capital III serves to grant conversion or subscription rights to investors of convertible bonds (*Wandelschuldverschreibungen*) of Erste Group Bank. In the case the terms and conditions of the convertible bonds provide for a mandatory conversion, it shall also cover this mandatory conversion obligation. See “—*Supplementary capital and other financing instruments*” below.

Authorised conditional capital

Currently, no authorised conditional capital (*genehmigtes bedingtes Kapital*) exists.

Supplementary capital and other financing instruments

Erste Group Bank is entitled to issue supplementary capital (*Ergänzungskapital*) pursuant to Section 23 (7) Banking Act, participation capital (*Partizipationskapital*) pursuant to Section 23 (4) and (5) Banking Act (see “*Description of the Participation Capital and applicable regulations*”), subordinate capital (*nachrangiges Kapital*) pursuant to Section 23 (8) and (8a) Banking Act and hybrid capital (*Hybridkapital*) pursuant to Section 23 (4a) Banking Act. Pursuant to Section 8.1 of its Articles of Association, Erste Group Bank may also issue capital shares (*Kapitalanteilsscheine*) (profit participation rights (*Gennussrechte*) pursuant to Section 174 (3) Stock Corporation Act) and instruments that are economically comparable, within the scope of the applicable law, as amended from time to time.

Pursuant to Section 8.2 of the Articles of Association, the Management Board is authorised to issue convertible bonds and option bonds (*Optionsanleihen*) granting subscription or conversion rights for the acquisition of shares in Erste Group Bank. The respective issue price and the issuing conditions are to be determined by the Management Board with the consent of the Supervisory Board. The Management Board is further authorised to issue participating bonds (*Gewinnschuldverschreibungen*).

Pursuant to item 8.3 of the Articles of Association, the Management Board is authorised until 28 June 2017 to issue, with the consent of the Supervisory Board, convertible bonds, which have the conversion or subscription right for shares of Erste Group Bank, observing or excluding the subscription rights of the shareholders. The respective terms and conditions may, in addition or instead of a conversion or a subscription right, also provide for the mandatory conversion at the end of the term or at any other time. The issuance of convertible bonds is limited to the extent that all conversion and subscription rights, and in

the case of a mandatory conversion provided for in the terms and conditions, the mandatory conversion, are covered by conditional capital. The issue amount, the terms and conditions of the issue of the convertible bonds and the exclusion of the subscription rights for the shareholders will be determined by the Management Board with the consent of the Supervisory Board.

General provisions on capital measures

Austrian law permits increases of the share capital of Erste Group Bank in any of the following five ways:

- By a shareholders' resolution on the issuance of new shares against contributions in cash or in kind (ordinary capital increase – *ordentliche Kapitalerhöhung*);
- By a shareholders' resolution authorising the Management Board, subject to approval of the Supervisory Board, to issue new shares up to a specified maximum amount (not exceeding 50% of the share capital) within a specified period, which may not exceed five years (authorised capital – *genehmigtes Kapital*);
- By a shareholders' resolution authorising the issue of new shares up to a specified maximum amount for specific purposes, such as for employee share options (not exceeding 10% of the share capital), servicing conversion rights granted to holders of convertible bonds, or as consideration in a merger (not exceeding 50% of the share capital) (conditional capital – *bedingtes Kapital*);
- By a shareholders' resolution authorising the Management Board to effect a conditional capital increase with the approval of the Supervisory Board in order to grant share options to employees, executives and members of the Management Board up to a certain maximum nominal amount (not exceeding 10% of the share capital) (authorised conditional capital – *genehmigtes bedingtes Kapital*);
or
- By a shareholders' resolution authorising the conversion of free reserves or retained earnings into share capital with or without the issuance of new shares (*Kapitalberichtigung*).

Pursuant to the Articles of Association, shareholders' resolutions which increase the share capital of Erste Group Bank generally require a simple majority of the share capital present at the shareholders' meeting, unless the subscription rights of existing shareholders are to be excluded, in which case a 75% majority is required. Shareholders' resolutions approving conditional, authorised or authorised conditional capital each require a 75% majority of the share capital represented at the relevant shareholders' meeting.

In general, except for certain reductions of share capital by redemption of own shares, a resolution relating to the reduction of Erste Group Bank's share capital requires a majority of at least 75% of the share capital represented at a shareholders' meeting.

General provisions on appropriation of profits and dividends to shareholders of Erste Group Bank

Each shareholder of Erste Group Bank is entitled to receive dividends, if and to the extent the distributions of dividends is resolved by Erste Group Bank's shareholders' meeting. A shareholder's share in the profits of Erste Group Bank is determined by the portion of the Company's share capital they hold.

Dividend payments on Erste Group Bank's shares in any given financial year are resolved upon in the following year by the shareholders' meeting on the basis of a proposal made by the Management Board and the Supervisory Board, without being bound by such proposal. Erste Group Bank's ability to pay dividends is based on its unconsolidated financial statements prepared in accordance with Austrian GAAP. Dividends may be paid only from the annual net profit (*Bilanzgewinn*) recorded in Erste Group Bank's unconsolidated annual financial statements as approved by the Supervisory Board or by the shareholders' meeting. In determining the amount available for distribution, the annual net income (*Jahresüberschuss*) must be adjusted to account for any accumulated undistributed net profit or loss from previous years as well as for withdrawals from or allocations to reserves. Certain reserves must be established by law, and allocation to such reserves must therefore be deducted from the annual net income in order to calculate the annual net profit.

Unless the shareholders' meeting resolves otherwise, the dividends shall be due for payment ten days after the shareholders' meeting. Subject to the conditions set out in Section 54a Stock Corporation Act, the Management Board, with the consent of the Supervisory Board, may pay out interim dividends. Dividend entitlements are subject to the standard three-year limitation period under Austrian law. Pursuant

to the Articles of Association, dividends of shareholders of Erste Group Bank which are not collected for three years shall be forfeited in favour of the free reserves of Erste Group Bank.

General provisions on liquidation proceeds of shareholders of Erste Group Bank

With the exception of liquidation as a result of insolvency proceedings, Erste Group Bank can only be liquidated by resolution of its shareholders' meeting. A liquidation resolution requires a majority of at least 75% of the share capital represented at the shareholders' meeting. In this case, any assets remaining after the discharge of all of Erste Group Bank's liabilities and its supplementary capital will be distributed *pro rata* among the shareholders of Erste Group Bank and the holders of Participation Capital Securities, taking into account in particular certain creditor protection rules.

General provisions on subscription rights of shareholders of Erste Group Bank

In principle, holders of shares have subscription rights (*Bezugsrechte*) allowing them to subscribe any newly issued shares (including securities convertible into shares, securities with warrants to purchase shares, securities with profit participation or participation certificates, including the Participation Capital Securities) to maintain their existing share in the share capital of Erste Group Bank. Such subscription rights are in proportion to the number of shares held by such shareholder prior to the issue of the new shares.

The aforementioned subscription rights will not apply if (i) the respective shareholder does not exercise its subscription rights, or (ii) the subscription rights are excluded by a resolution of the shareholders' meeting requiring a majority of at least 75% of the share capital represented at the shareholders' meeting (in case of an ordinary capital increase) or a resolution of the Management Board and the Supervisory Board (in case of the exercise of authorised or conditional capital, where the underlying resolution of the shareholders' meeting (subject to the aforementioned majority requirements) so provides). Exclusion of subscription rights also requires a report from the Management Board stating the grounds for such exclusion, which must demonstrate that Erste Group Bank's interest in excluding subscription rights outweighs the interest of the shareholders in being granted subscription rights.

Subscription rights may also be excluded and replaced by intermediate subscription rights (*mittelbares Bezugsrecht*), if the new shares are subscribed by a credit institution (an underwriter) who undertakes to offer the new shares to the shareholders. The rights of the shareholders against such credit institutions are fully substituted for and are treated as subscription rights.

According to the Stock Corporation Act, the period for the exercise of the subscription rights may not be shorter than two weeks. The Management Board must publish the subscription price as well as the start and the duration of the subscription period in the official gazette section of the *Wiener Zeitung (Amtsblatt zur Wiener Zeitung)* as well as in other sources of information as set out in the Articles of Association. Subscription rights of shareholders can be freely transferred and may be traded within the subscription period.

General provisions with relevance for takeovers

The Austrian Takeover Act (*Übernahmegesetz*) ("Takeover Act"), governs public offers for the acquisition of shares of Austrian stock companies whose shares are admitted to trading on a regulated market of an Austrian stock exchange (as is the case with shares in Erste Group Bank). Any public offer for the shares of a target company must be prepared in accordance with the formal requirements of the Takeover Act and be submitted to the Austrian Takeover Commission (*Übernahmekommission*) prior to its publication. The Takeover Act differentiates between voluntary offers, mandatory offers and voluntary offers to gain control. Any person who acquires a controlling interest in a target company must notify this to the Austrian Takeover Commission and, within 20 trading days of acquiring the controlling interest, submit an offer document to the Austrian Takeover Commission for the mandatory offer to purchase the remaining shares in the target company, which must be made *vis-à-vis* all holders of ordinary shares in the target company unless an exemption from this obligation has been granted. Within the meaning of the Takeover Act, an interest is deemed to be "controlling", if it confers more than 30% of the voting rights in the target company. The Articles of Association have lowered this threshold for the presumption of a controlling interest leading to a mandatory offer to 20%. The Austrian Takeover Commission monitors compliance with the Takeover Act and is authorised to sanction violations of takeover regulations. In addition to other civil and administrative sanctions, violations of provisions of the Takeover Act may result in the suspension of the voting rights of the violator's shares. The Austrian Takeover Commission may also *ex officio* introduce proceedings and is not subject to supervision by any other authority.

The Czech, Slovak and Romanian law provisions in relation to takeovers only apply to target companies with their registered office (seat) in the Czech Republic, to target companies formed under Slovak law, or to target companies formed under Romanian law or admitted to trading only on a Romanian stock exchange, respectively, and consequently do not apply to Erste Group Bank.

General provisions on the squeezeout/sellout, merger/demerger

A shareholder or a group of shareholders with an aggregate shareholding of at least 90% (such limit may be altered by the articles of association, but has not been altered in the Articles of Association) of the share capital can squeezeout the remaining shareholders pursuant to the Austrian Act on the Exclusion of Shareholders (*Gesellschafterausschlussgesetz*) against adequate cash compensation.

The squeezeout right generally exists and is not limited to a preceding offer pursuant to the Takeover Act. The minority shareholders are, in principle, not entitled to block the squeezeout, but have the right of separate judicial review of the fairness of the cash compensation paid. Where a squeeze-out follows an offer pursuant to the Takeover Act, the highest consideration offered in the takeover bid is presumed to be fair where, through the acceptance of the offer, the bidder has acquired shares representing at least 90% of the share capital conferring voting rights in the target company.

A shareholder or a group of shareholders with an aggregate shareholding of more than 10% of the share capital can block a resolution on an upstream merger pursuant to the Austrian Transformation Act (*Umwandlungsgesetz*) or for a demerger disproportionate to shareholdings pursuant to the Austrian Demerger Act (*Spaltungsgesetz*).

General provisions on the redemption, buy-back and conversion of shares

Redemption of shares in Erste Group Bank is possible in the course of a decrease of the stated capital of Erste Group Bank resolved by the shareholders' meeting of Erste Group Bank, or by a purchase by Erste Group Bank of its own shares.

A capital decrease requires a shareholders' resolution with a majority of at least 75% of the share capital represented at the shareholders' meeting.

Pursuant to the Stock Corporation Act, Erste Group Bank may acquire its own shares only in the following limited circumstances:

- Upon approval of the shareholders' meeting, for a period not exceeding 30 months and limited to a total of 10% of the share capital, as long as the shares are listed on a regulated market (such as the Official Market of the Vienna Stock Exchange), or if the shares are intended to be offered to Erste Group Bank employees or employees of certain affiliated companies, or for the purpose of trading in Erste Group Bank's own shares (the trading portfolio must not exceed 5% of Erste Group Bank's share capital at the close of any business day; the resolution must determine a minimum and a maximum consideration);
- In the case that the shares are acquired without payment of consideration or when acting as agent on a commission basis;
- To prevent substantial, immediately impending damage to Erste Group Bank (subject to the limitation of a total of 10% of the share capital);
- By way of universal succession (*i.e.*, succession by merger);
- For the purpose of indemnifying retail shareholders; and
- As part of a redemption of shares in accordance with the rules for capital decreases approved by the shareholders' meeting.

The shares can be converted into a different class of shares (*e.g.*, non-voting preferred shares), but only with the consent of the respective holder and, in case the conversion negatively affects other shareholders whose shares are not converted, the consent of such shareholders.

Share certificates/transferability

The Articles of Association exclude the statutory right of shareholders to request individual share certificates. If share certificates or renewal coupons or interim certificates are nevertheless issued, their form

and contents may be determined by the Management Board with the consent of the Supervisory Board. To the extent permitted by law, the shares may also be represented by global certificates.

The shares are freely transferable without the prior approval of the Management Board or the Supervisory Board. All of Erste Group Bank's shares are represented by global certificates deposited with the clearing system of OeKB. Title to all of Erste Group Bank's shares represented by global share certificates will therefore be transferred in accordance with the rules of that clearing system.

Disclosure obligations

Changes in major shareholdings

Under Sections 91 *et seq.* Austrian Stock Exchange Act, if natural persons or legal entities, directly or indirectly, acquire or sell shares in a stock corporation whose registered office is in Austria and whose shares are admitted to trading on a regulated market (as is the case with Erste Group Bank and its shares, respectively), then these persons or entities are obliged to notify the FMA and the relevant stock exchange as well as the company, whose shares were acquired or sold, within two trading days after the acquisition or disposal of a major shareholding. Such an event is deemed to exist if, as a consequence of the acquisition or disposal, the proportion of the voting rights held reaches, exceeds or falls below 4%, 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 75% or 90%. The Austrian Stock Exchange Act allows that another threshold of 3% may be determined by the articles of association of the respective company whose shares were acquired or sold, but as no such determination has been made in Erste Group Bank's Articles of Association, the 3% threshold is not applicable in case of Erste Group Bank. The two trading days begin to run when the shareholder of a major shareholding gains, or should have gained, knowledge of the acquisition or sale. A listed company is obliged to publish any such event via an EU-wide electronically operated information distribution system within two trading days of being notified thereof and to simultaneously transmit such information via electronic data dissemination systems to the storage system (Issuer Information Center Austria), which is operated by the OeKB. Any relevant information on changes in the shareholding structure must be published without delay. Failure to comply with these notification requirements may result to a certain extent in the suspension of the voting rights of the shares constituting the major shareholding after the relevant acquisition or disposal. There are no provisions in the Articles of Association governing the threshold above which shareholder ownership must be disclosed. Pursuant to Section 91a Austrian Stock Exchange Act, the above described principles apply accordingly where natural persons or legal entities, directly or indirectly, hold financial instruments or securities as defined under Section 91a Austrian Stock Exchange Act (which include, *inter alia*, cash or physically settled call options and other contracts that allow a person to participate economically in changes of the stock price of the shares of the relevant company).

Czech and Romanian law, respectively, also imposes notification requirements in respect of certain major shareholdings in companies listed on the Czech and Romanian stock exchanges and having their registered office in the Czech Republic or Romania, respectively. Since Erste Group Bank has its registered office in Austria, the notification requirements under Czech and Romanian law do not apply to Erste Group Bank or any of its shareholders.

Management trading in shares

Under the Austrian, Czech and Romanian law, persons involved in the decision making of an issuer of financial instruments (as is for example the case with the Management Board and the Supervisory Board members of Erste Group Bank), as well as persons related to them, must notify the relevant national financial supervisory authority (in Austria: the FMA, in the Czech Republic: the CNB, in Romania: the NSC) of any transactions conducted on their own account relating to such issuer's shares or interim share certificates, or to derivatives or other financial instruments linked to such shares or interim share certificates (under Austrian law via an EU-wide electronically operated information distribution system. In Austria and the Czech Republic, such obligation is only triggered if the aggregate value of the transactions of the respective manager or his/her related persons exceeds €5,000 per calendar year, respectively. The respective national regulator will publish such information without undue delay on its website.

Effective control

There are no provisions in the Articles of Association that would have the effect of delaying, deferring or preventing a change of control over Erste Group Bank.

Taxation

The statements herein regarding certain tax issues in Austria, the Czech Republic, Romania and Slovakia are based on the laws in force in those jurisdictions as of the date of this Prospectus and are subject to any changes in such laws. The following summaries do not purport to be comprehensive descriptions of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Offered Securities and further disclosure may be included in a supplement to this Prospectus. Offerees should consult their tax advisers as to the relevant tax consequences of the ownership and disposition of the Offered Securities.

Austria

General

Individuals having a permanent domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a permanent domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of effective management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*) in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of effective management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in case of unlimited and limited (corporate) income tax liability the Republic of Austria's right to tax may be restricted by double taxation treaties.

The Issuer assumes the responsibility with respect to taxes withheld at source. For Austria, these taxes withheld at source encompass the 25% withholding tax mentioned immediately below.

Income tax and corporate income tax

Taxation of dividends

Dividends distributed by an Austrian corporation are subject to a withholding tax (*Kapitalertragsteuer*), levied at a rate of 25%.

For holders of the Offered Securities who are subject to unlimited income tax liability, this 25% withholding tax is a final tax (*Endbesteuerung*), i.e., no income tax is levied over and above the amount withheld. Furthermore, the dividends do not have to be included in the holder's income tax return. However, upon application, the option exists to tax dividend income subject to the tax rate of 25% at the lower progressive income tax rate. Expenses incurred by the holder in connection with the Offered Securities (including interest expenses) may not be deducted for tax purposes.

For holders of the Offered Securities who are subject to unlimited corporate income tax liability, dividends derived from a participation in an Austrian corporation are exempt from corporate income tax. Any tax withheld is credited against the corporate income tax assessed. Apart from interest expenses, no expenses incurred by the holder in connection with the Offered Securities may be deducted for tax purposes.

For holders of the Offered Securities who are subject to limited (corporate) income tax liability, the 25% withholding tax on dividend payments is a final tax, subject however to applicable double taxation treaties. Austria has concluded such treaties with more than 90 countries. Many of these treaties generally reduce, as long as the Offered Securities are not attributable to an Austrian permanent establishment (*Betriebsstätte*), Austria's withholding tax rate, in which case any balance will be refunded by the Austrian tax authorities upon request. In this respect, a holder of the Offered Securities will generally have to provide a certificate of residence issued by the tax authorities of its country of residence. Claims for refund of the Austrian withholding tax can be made by using the forms ZS-RD 1 (in German) or ZS-RE 1 (in English). These may be obtained from the Austrian Ministry of Finance under http://www.bmf.gv.at/Service/Anwend/FormDB/_start.asp. In addition, corporations resident in the EC as

well as in the EEA (the latter only if there exists an agreement on the mutual comprehensive administrative and enforcement assistance) may claim a refund of Austrian withholding tax levied on dividend distributions made by Austrian corporations to the extent that such Austrian withholding tax does not lead to a tax credit in the country of residence of the dividend recipient under the applicable double taxation treaty.

A holder of Subscription Rights should not have any positive taxable income under Austrian tax law as a result of the receipt, exercise or expiration of the Subscription Rights.

Taxation of capital gains

For holders of the Offered Securities who are subject to unlimited income tax liability, holding the Offered Securities as non-business assets (*Privatvermögen*), capital gains realised upon a sale are subject to Austrian income tax. In case of capital gains with an Austrian nexus (*inländische Einkünfte aus Kapitalvermögen*), basically meaning income that is paid by an Austrian custodian agent (*depotführende Stelle*) or by an Austrian paying agent (*auszahlende Stelle*), the income is subject to a withholding tax of 25%; no additional income tax is levied over and above the amount of tax withheld. In case of income from capital gains without an Austrian nexus, the income must be included in the income tax return and is subject to a flat income tax rate of 25%. In both cases the option exists to tax all income subject to the tax rate of 25% at the lower progressive income tax rate.

For holders of the Offered Securities who are subject to unlimited income tax liability, holding the Offered Securities as business assets (*Betriebsvermögen*), capital gains realised upon a sale are subject to Austrian income tax. In case of capital gains with an Austrian nexus (as described above) the income is subject to a withholding tax of 25%. The capital gains must always be included in the income tax return, and are taxed at a flat income tax rate of 25%, with any withholding tax being credited. In addition, the option exists to tax all income subject to the tax rate of 25% at the lower progressive income tax rate.

For holders of the Offered Securities who are subject to unlimited corporate income tax liability, capital gains realised upon the sale of the Offered Securities are taxed at the normal corporate income tax rate of 25%.

For holders of the Offered Securities who are subject to limited (corporate) income tax liability, capital gains realised upon a sale are generally only taxable if the holder has, at any point in time during the five years prior to the sale, held a participation of at least 1% or alternatively if the Offered Securities are attributable to an Austrian permanent establishment. Except in the case of a permanent establishment, most Austrian tax treaties provide for an exemption of these capital gains.

Tax treaty between Austria and Switzerland

On 1 January 2013 the Treaty between the Republic of Austria and the Swiss Confederation on Cooperation in the Areas of Taxation and Capital Markets entered into force. The treaty provides that a Swiss paying agent has to withhold a withholding tax with the effect of final taxation corresponding to the Austrian income tax, amounting to 25%, on income and capital gains from assets booked with an account or deposit of such Swiss paying agent, if the relevant holder of such assets (*i.e.* in general individuals on their own behalf and as beneficial owners of domiciliary companies) is tax resident in Austria. The following income and capital gains are subject to the withholding tax: interest income, dividends and capital gains. The treaty, however, does not apply to interest covered by the Agreement between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments. The taxpayer can opt for voluntary disclosure instead of the withholding tax by expressly authorising the Swiss paying agent to disclose to the competent Austrian authority the income and capital gains; these subsequently have to be included in the income tax return.

Inheritance and gift tax

Austria does not levy inheritance or gift tax.

However, it should be noted that certain gratuitous transfers of assets to (Austrian or foreign) private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to foundation tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Tax Act (*Stiftungseingangssteuergesetz*). Such tax is triggered if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Certain exemptions apply in case of a transfer *mortis causa*, in particular for

bank deposits, publicly placed bonds and portfolio shares (*i.e.*, less than 1%). The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate is in general 2.5%, with a higher rate of 25% applying in special cases.

In addition, a special notification obligation exists for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles. The notification obligation applies if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of €50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of €15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may lead to the levying of fines of up to 10% of the fair market value of the assets transferred.

Further, it should be noted that gratuitous transfers of the Offered Securities may trigger income tax on the level of the transferor.

Capital contribution tax

The issuance of equity by an Austrian corporation as defined in the Austrian Capital Transactions Tax Act (*Kapitalverkehrsteuergesetz*) is subject to capital contribution tax (*Gesellschaftsteuer*) amounting to 1% of the consideration. Such tax is levied on the issuing company.

EU withholding tax

Section 1 of the Austrian EU Withholding Tax Act – which transforms into national law the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments – provides that interest payments paid or credited by an Austrian paying agent to a beneficial owner who is an individual resident in another Member State is subject to a withholding tax if no exception from such withholding applies. The EU withholding tax amounts to 35%. Pursuant to a statement by the Austrian Federal Ministry of Finance income from participation capital within the meaning of the Banking Act is not considered as interest. Therefore no EU-withholding tax will be deducted.

Czech Republic

General

The following is a general discussion of certain Czech income tax considerations that may be relevant with respect to the acquisition, holding and disposal of the Offered Securities. It does not purport to be a complete description of all tax considerations that may be relevant to a decision to purchase, hold or dispose of the Offered Securities. Neither the individual circumstances, financial situation nor particular investment objectives of any prospective investor as purchaser or owner of the Offered Securities are taken into account for the purposes of this discussion. In particular, this summary does not address tax considerations applicable to investors that may be subject to special tax or accounting rules including, without limitation, (i) certain financial institutions; (ii) insurance companies; (iii) dealers or traders in securities; (iv) regulated investment companies; (v) tax-exempt entities; (vi) persons that will hold the Offered Securities as part of a “hedging” or “conversion” transaction; and (vii) persons who will hold the Offered Securities through partnerships or other pass-through/tax transparent entities.

Except as otherwise expressly stated, the scope of this summary is restricted only to certain Czech income tax considerations of a beneficial owner of the Offered Securities that (i) is considered to be a Czech resident for tax purposes; (ii) is fully eligible for the benefits under the Tax Convention (as defined below); (iii) does not hold the Offered Securities as part of the business property of a permanent establishment located outside the Czech Republic; (iv) does not own (directly, indirectly or by attribution) 10% or more (by voting power) of the Offered Securities of Erste Group Bank and is not deemed to have a substantial or significant influence over Erste Group Bank for other reasons; and (v) does not have a permanent establishment in Austria (a “Czech Participation Capital Securities Holder”). A Czech Participation Capital Securities Holder can either be an individual who is generally subject to Czech personal income tax (a “Czech Individual Participation Capital Securities Holder”) or a person other than an individual that is generally subject to Czech corporate income tax (a “Czech Corporate Participation Capital Securities Holder”).

This summary is based on the tax laws of the Czech Republic and their prevailing interpretations, the practice of the Czech tax authorities, and the Tax Convention on Income and Capital concluded between the Czech Republic and the Republic of Austria ("Tax Convention"), in each case as in effect or available on the date of this Prospectus. All of the foregoing is subject to change, which could apply retroactively and could affect the validity of the tax consequences described below.

The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular Czech Participation Capital Securities Holder or to any other prospective investor in the Offered Securities. Accordingly, potential investors should satisfy themselves as to the overall tax consequences, including, specifically, the tax consequences under Czech law and practice of the Czech authorities, of subscribing for, purchasing, holding, selling or otherwise disposing of the Offered Securities in their own particular circumstances, by consulting their own tax advisers. Moreover, while this summary is considered to be a correct interpretation of existing Czech laws in force on the date of this Prospectus, no assurance can be given that courts or tax authorities responsible for the administration of such laws will agree with the interpretations or that retroactive or prospective changes in such laws will not occur.

Subscription rights

Receipt of the Subscription Rights by the existing Czech Participation Capital Securities Holders will have no Czech tax consequences for the existing Czech Participation Capital Securities Holders. Exercise or expiry of the Subscription Rights by the existing Czech Participation Capital Securities Holders will also have no Czech tax consequences for the existing Czech Participation Capital Securities Holders.

Provided that the Subscription Rights accorded to the existing Czech Participation Capital Securities Holders under Austrian law will not be exercised by the existing Czech Participation Capital Securities Holders for the purpose of subscribing for the Offered Securities, but will rather be transferred to prospective investors in the Offered Securities, any consideration received by the Czech Participation Capital Securities Holders in respect of such transfer of the Subscription Rights will generally constitute taxable income for Czech income tax purposes. The specific tax treatment may vary subject to whether the Subscription Rights are transferred by a Czech Individual Participation Capital Securities Holder or by a Czech Corporate Participation Capital Securities Holder.

Holding of the Offered Securities

Dividends paid on the Offered Securities

The dividends paid on the Offered Securities will be treated as income from an Austrian source, *i.e.*, as income from sources outside the Czech Republic.

Czech Individual Participation Capital Securities Holder

The gross amount of dividends paid on the Offered Securities (before any amounts withheld in respect of Austrian taxes) received by a Czech Individual Participation Capital Securities Holder will be taxed as ordinary income subject to personal income tax at a rate of 15%. Subject to applicable restrictions and limitations that may vary depending on the circumstances of the Czech Individual Participation Capital Securities Holder, Austrian taxes withheld at a rate not exceeding the rate provided for in the Tax Convention (10% of the gross amount of dividends) will be creditable against the Czech personal income tax liability of the Czech Individual Participation Capital Securities Holder.

Czech Corporate Participation Capital Securities Holder

The gross amount of dividends paid on the Offered Securities (before any amounts withheld in respect of Austrian taxes) received by a Czech Corporate Participation Capital Securities Holder will be included into a separate tax base of the Czech Corporate Participation Capital Securities Holder and will be taxed at a flat tax rate of 15%. Subject to applicable restrictions and limitations that may vary depending on the circumstances of the Czech Corporate Participation Capital Securities Holder, Austrian taxes withheld at a rate not exceeding the rate provided for in the Tax Convention (10% of the gross amount of dividends in case that the Czech Corporate Participation Capital Securities Holder owns less than 10% of registered capital of Erste Group Bank) will be creditable against the Czech corporate income tax liability of the Czech Corporate Participation Capital Securities Holder.

Non-resident Participation Capital Securities Holder

Dividends paid on the Offered Securities to a Czech tax non-resident beneficial owner of the Offered Securities (a Non-Czech Participation Capital Securities Holder) will not be subject to Czech income tax unless the Non-Czech Participation Capital Securities Holder carries on business in the Czech Republic through a permanent establishment and the Offered Securities are effectively connected with such permanent establishment.

Revaluation of the Offered Securities

Most Czech Participation Capital Securities Holders who are treated as accounting units within the meaning of the Czech accounting laws (an "Accounting Unit") and subject to Czech accounting standards for entrepreneurs (e.g., most companies other than financial institutions; certain individuals engaged in active business) or to Czech accounting standards for financial institutions (e.g., banks, insurance companies, etc.) who hold the Offered Securities for the purpose of trading will be required to revalue the Offered Securities to fair value for accounting purposes. Resulting revaluation differences would mostly be accounted for as income or cost in the profit and loss account. In such a case income is generally fully taxable and the cost is generally tax deductible for Czech corporate/personal income tax purposes provided that the general conditions for tax deductibility are met.

Responsibility for the withholding of taxes

Under Czech law, generally the payer of dividends deriving from the ownership of the Offered Securities assumes responsibility for the performance of the appropriate withholding tax at source.

Sale of the Offered Securities

Capital gains and losses

Czech Individual Participation Capital Securities Holders

Unless an exemption from tax applies, a capital gain realised by a Czech Individual Participation Capital Securities Holder upon the sale of the Offered Securities will be taxed as ordinary income of the Czech Individual Participation Capital Securities Holder subject to personal income tax at a rate of 15%. The tax base is calculated as the capital gain from the sale of the Offered Securities reduced by the subscription price of the Offered Securities. However, a capital gain derived by the Czech Individual Participation Capital Securities Holder from the sale of the Offered Securities will be exempt from Czech personal income tax if:

- (i) the Offered Securities are held by the Czech Individual Participation Capital Securities Holder for a period exceeding six consecutive months and the Czech Individual Participation Capital Securities Holder's total direct share in the registered capital or voting rights of the Erste Group Bank has not exceeded 5% for more than 24 months prior to the sale of the Offered Securities; and
- (ii) the Offered Securities will not form part of the business property of the Czech Individual Participation Capital Securities Holder upon the sale and at any point of time prior to their sale. If the latter condition is not fulfilled, an exemption from tax may still apply under certain circumstances provided that the business activities of the Czech Individual Participation Capital Securities Holder will be terminated.

In all other cases, the Czech Individual Participation Capital Securities Holder must hold the Offered Securities for an uninterrupted period of more than five years for the personal income tax exemption to be applicable.

In the case of a Czech Individual Participation Capital Securities Holder who is an Accounting Unit subject to the Czech accounting standards for entrepreneurs and holds the Offered Securities in connection with his business activities, any loss upon the sale of the Offered Securities is generally considered tax deductible (in a similar way to a Czech Corporate Participation Capital Securities Holder). In the case of a Czech Individual Participation Capital Securities Holder who holds the Offered Securities with no relation to his business activities, the loss incurred upon the sale of the Offered Securities is generally treated as non-tax-deductible except when such loss is deducted against other taxable capital gains derived by the Czech Individual Participation Capital Securities Holder from the sale of securities in a given tax-

able period (provided that such securities do not form part of the business property of the Czech Individual Participation Capital Securities Holder on the date of their sale or an exemption from tax applies).

Czech Corporate Participation Capital Securities Holder

Capital gains realised by a Czech Corporate Participation Capital Securities Holder upon the sale of the Offered Securities will be taxed as ordinary income of the Czech Corporate Participation Capital Securities Holder subject to Czech corporate income tax at the rate of 19% in 2013. Any losses incurred by the Czech Corporate Participation Capital Securities Holder upon the sale of the Offered Securities should generally be treated as tax deductible for corporate income tax purposes, provided that the general conditions for tax deductibility are met.

Non-resident Shareholder

Any capital gain realised by a Non-Czech Participation Capital Securities Holder upon the sale of the Offered Securities may be taxable in the Czech Republic only if the Offered Securities held by the Non-Czech Shareholder are sold to a Czech tax resident or to a permanent establishment of a Czech tax non-resident located in the Czech Republic. The consideration paid to the Non-Czech Participation Capital Securities Holder in respect of such sale of the Offered Securities may be subject to securing tax in the Czech Republic as further outlined below. However, the majority of double tax treaties concluded by the Czech Republic generally eliminate the taxation of the capital gains derived from the sale of the Offered Securities in the Czech Republic provided that the Offered Securities will not form part of the business property of the Non-Czech Participation Capital Securities Holder's permanent establishment in the Czech Republic.

Securing tax

In general, pursuant to Czech tax law, Czech tax residents and Czech tax non-residents having a permanent establishment in the Czech Republic to which the investment instruments are attributable are required, under their own responsibility, to withhold and to remit to the Czech tax authorities a 1% securing tax from the subscription price when purchasing investment instruments, such as the Offered Securities, from a Czech tax non-resident, such as a Non-Czech Participation Capital Securities Holder, who is resident for tax purposes outside the EU or the EEA. This obligation can be eliminated under the double taxation treaty concluded between the Czech Republic and the country in which the Non-Czech Participation Capital Securities Holder selling the Offered Securities is tax resident provided that all conditions for application of such treaty are satisfied.

Romania

General

Romanian tax law and procedures are at times unclear and not well developed on matters of taxation of securities-related income, being subject to frequent changes and interpretations. The local tax inspectors have considerable autonomy and may interpret tax rules inconsistently. Both the substantive provisions of Romanian tax law and the interpretation and application of those provisions by the Romanian tax and financial authorities may be subject to more rapid and unpredictable change than in jurisdictions with more developed capital markets.

The comments below are based on the Romanian tax legislation (Law 571/2003 as amended and the related norms for application approved by Government Decision 44/2004 as amended, referred to as "domestic law" or the "Fiscal Code") in force as of 6 February 2013 and they may be amended by changes envisaged to be made in Romanian law. They do not cover the Romanian withholding or procedural requirements applicable to taxes due from Romanian investors in the Offered Securities, nor the Romanian tax implications arising for any non-Romanian tax resident investors trading in the Offered Securities.

From a tax perspective, dividends are defined as being any distribution in cash or in kind made by a legal entity to a participant in the respective legal entity as a consequence of the ownership of shares/participation titles in such legal entity. Capital gains are not defined, as such, by the tax law. Under domestic law, capital gains realised by legal entities are subject to corporate income tax, while capital gains realised by individuals are taxed as investment income.

Corporate income tax payers are liable to pay corporate income tax in Romania on their worldwide profits. The tax rate is currently 16%. Fiscal losses incurred by Romanian legal entities can be carried forward for seven consecutive fiscal years starting with fiscal losses incurred in 2009.

Romanian tax resident individuals (*i.e.*, Romanian citizens with their domicile in Romania and non-residents fulfilling certain residency criteria according to the Fiscal Code) are subject to 16% income tax on their worldwide income, including dividends and capital gains. Annual net tax losses could be recovered by resident individuals from the annual net earnings obtained in the following seven consecutive fiscal years if such losses are incurred as a result of the transfer of securities, other than those related to closed companies. Similarly, foreign net tax losses incurred by Romanian resident individuals may be reported and offset against income having the same nature and source, and received from the same source-country in the following seven consecutive fiscal years if such losses are incurred as a result of the transfer of securities other than those related to closed companies.

Receipt, exercise and lapse of Subscription Rights

In principle, the receipt and lapse of Subscription Rights by the existing shareholders or holders of Subscription Rights does not have any Romanian tax implications.

At the moment that the Subscription Rights are exercised and Offered Securities are acquired by investors, no Romanian tax implications would normally arise for investors. Presented below are the Romanian tax implications arising further to holding or disposing of such Offered Securities.

Holding of the Offered Securities

Dividends paid on the Offered Securities

Dividend income received by a Romanian legal entity from holding shares, including Participation Capital Securities is subject to Romanian corporate income tax at 16%.

If any withholding tax is retained in Austria on such payments qualifying as dividends under Romanian law, a tax credit may be available to the Romanian legal entity, within the limit of the Romanian corporate income tax rate (*i.e.*, 16%) applied on the taxable income received from Austria.

Dividends received by Romanian individuals as a result of holding Offered Securities would be subject to 16% Romanian income tax. If any withholding tax is retained in Austria on such dividend payments, a tax credit may be available to the Romanian individual Participation Capital Securities holder, within the limit established by applying the domestic income tax rate (*i.e.*, 16%) to the taxable income received from Austria. Under Romanian law, there is no obligation for the foreign issuer of the Offered Securities to withhold the Romanian withholding tax on dividends paid to individual or corporate recipients. This liability is to be dispensed directly by such recipients.

Under the current Austrian-Romanian Double Tax Treaty, gross dividends received by a Romanian tax resident with respect to participation titles in an Austrian tax resident legal entity may be taxed in Austria at a maximum rate of 5% of the gross amount of dividends (unless the beneficial owner of the dividends is a company which holds directly at least 25% of the capital of the company paying the dividends, case in which the withholding tax rate would be reduced to 0).

For the purpose of the Offering it was assumed that the European Parent-Subsidiary Directive does not apply to any dividends on the Offered Securities.

In case the Offered Securities would be part of a stock-option plan the tax implications would be different from those presented above and would need further investigation.

Revaluation of the Offered Securities

The Romanian accounting legislation provides that long-term securities (*e.g.*, Offered Securities held for the long term) should be valued at their historical cost less possible adjustments for losses in their value.

Short-term securities (*e.g.*, Offered Securities held for the short term) which are not traded on a regulated market should be valued at historical cost, less possible adjustments for value losses. The potential decrease in the value of such Offered Securities is included in the corporate income tax computation and treated as a deductible expense.

Sale of the Offered Securities

Capital gains and losses

Any capital gains derived by Romanian corporate Participation Capital Securities holder upon transfer of the Offered Securities are subject to Romanian corporate income tax at a rate of 16%. Capital gains are determined as the difference between the selling price and the initial acquisition value, including any other commissions, taxes or other amounts paid upon the acquisition of the respective securities.

Any losses incurred by Romanian corporate Participation Capital Securities holders upon transfer of the Offered Securities should be, in principle, tax deductible for corporate income tax purposes.

Under current Romanian legislation, capital gains realised by Romanian individuals from the sale of any securities are deemed to be taxable investment income. Under the definition of “securities” (*titluri de valoare*) as per the Fiscal Code corroborated with the Romanian capital markets legislation (namely Law 297/2004 as subsequently amended and currently in force), shares issued by legal entities and other equivalent securities traded on the capital market, are included in the category of “securities” and thus taxable in Romania as per the rules applicable to such securities. Capital gains are computed as the difference between the selling price and the acquisition price of the securities, including any other commissions, taxes or other amounts paid upon the acquisition of the respective securities.

Capital gains realised by Romanian resident individuals from the transfer of Offered Securities are subject to 16% income tax in Romania. The administrative side related to capital gains tax liabilities should be investigated at the time when the Offered Securities are transferred, since the Romanian tax legislation is not particularly clear and may suffer changes in this respect.

VAT considerations

Under the Romanian tax legislation, trading of Participation Capital Securities (such as the Offered Securities) is normally VAT exempt without credit.

Inheritance and Gift Tax

No Romanian inheritance or gift tax generally applies. If the Offered Securities are granted free of charge to a Romanian tax resident individual by an employer, the value of the gift may be subject to Romanian income tax (at 16%) and related social security contributions as benefits in-kind.

Slovakia

General

The purpose of the summary below is to provide a general overview of the relevant Slovak tax rules based on the laws in force in Slovakia as of the date of this Prospectus. It does not purport to be a comprehensive description of all tax implications that might be relevant to an investment decision. Please note that investors in the Offered Securities should consult with their professional advisers particular circumstances which should be examined and considered in detail.

According to the Slovak Act on Securities and Investment Services (No. 566/2001 Coll.) a security is defined widely and means any instrument or record which is assessable in monetary terms, created in a form stipulated by law, carrying rights as defined in that Act and in separate laws, in particular the right to demand certain assets or exercise certain rights against persons specified by law. The information below is based on the assumption that the Offered Securities fulfil all conditions for the treatment as securities under Slovak law.

Withholding Tax

According to Slovak tax law, on the income from the securities withholding tax must be applied at a rate of 19%. The issuer of a security as a tax payer is responsible for the withholding of taxes of income from securities at the source. It must withhold and transfer any withheld tax thereby to the tax authorities. A notice of any such a payment must be given by the issuer (taxpayer) to the tax authorities.

Residency

Individuals, who are residents in Slovakia, are subject to unlimited income tax liability on their world-wide income (*i.e.*, income from domestic and foreign sources). An individual is resident in Slovakia if he or she

has his or her domicile (a registered permanent stay) or habitual place of abode (a physical presence for more than 183 days in a calendar year) in Slovakia.

Corporations having their registered office or their place of effective management (the place, in which management and business decisions are taken by statutory and supervisory bodies of the legal entity) in the territory of the Slovak Republic are subject to corporate income tax in Slovakia on their world-wide income (*i.e.*, income from domestic and foreign sources).

Non-residents (both individuals and corporations) are subject to income tax only on income from certain Slovak sources. Both in case of residents and non-residents Slovakia's right to tax may be restricted by a relevant double taxation treaty.

Residents

Holding of the Offered Securities

Dividends paid on the Offered Securities

The dividends paid on the Offered Securities are not subject to the tax in Slovakia. However, dividends paid out in 2012 from profits realised in accounting years starting as from 1 January 2011, will be subject to 10% health care contributions. Currently, this dividend income is combined with all other types of income (*e.g.*, employment income) that are subject to health care contributions. The maximum contribution base is currently limited to €27.684. Recipients of dividends will have to file a special statement to the health insurance to announce this type of income and the settlement will be organized via the yearly health insurance reconciliation.

Dividends paid out from 1 January 2013 will be subject to a different regime. First of all, dividends will be treated separately from other sources of income. The maximum contribution base will be €94.320 and the contribution will be 14%. In case that the dividends are being paid out by a Slovak legal entity, this company will organize the withholding of the contribution. If dividends are obtained from a foreign entity, an announcement must still be filed. Important to remark is that this is only applicable to individuals that are subject to Slovak health insurance contribution. So, foreigners are exempt from this, provided they can show an A1 form.

Interest

In general, interest income earned from the securities is subject to a withholding tax of 19%.

If the interest paid has a source in Slovakia, the tax should be withheld by a paying agent at the moment of payment. The tax withheld could have an effect of final taxation or the taxpayer could offset it against the tax due in the same fiscal period.

In case the recipient of the interest payment from an Austrian source is a Slovak resident, the relevant provision of the double taxation treaty between Austria and Slovakia is applicable. Under this double taxation treaty, interest income received by a Slovak tax resident from Austria is in general only taxable in Slovakia.

Please note that an Austrian paying agent may, under certain conditions, deduct a withholding tax from interest payments in Austria if the Savings Directive (2003/48/EC) is applicable. If such withholding tax is levied in Austria, it can be credited against the tax liability through filing a personal income tax return in Slovakia.

Sale of the Offered Securities

Capital gains and losses

Income from the sale of securities issued in Austria is subject to (personal or corporate) income tax in Slovakia if the recipient is a Slovak resident. Such income must be included in the taxpayer's income tax base.

When considering the taxation of the sale of securities the source of which is in Austria, the provisions of the existing double taxation treaty between Austria and Slovakia must be taken into consideration. Under

the provisions of this double taxation treaty capital gains from the sale of such securities are in general taxable only in Slovakia. The income tax is levied as follows:

Individual investors holding the Offered Securities as a non-business asset. Capital gains from the sale of the Offered Securities are subject to personal income tax at rate of 19% or 25% depending on the amount of this income.

On 4 December 2012, an amendment (the "Amendment") regulating the Act No. 595/2003 Coll. on income tax, as amended, was approved. The Amendment practically eliminates the so-called "flat tax" in Slovakia. Effective from 1 January 2013, the tax rate will depend on the amount or type of income.

- The tax rate for individuals is increased to 25% of the tax base exceeding 176.8-times the applicable subsistence minimum (based on the subsistence minimum applicable as of 1 January 2013, it is €34,401.74 per year).
- The tax rate for individuals remains at the level of 19% of the tax base not exceeding the above mentioned limit.
- The corporate tax rate is increased to 23%.

A loss from the sale of the Offered Securities cannot be offset against gains from the sale of the Offered Securities or other securities in the same fiscal period, only the expenses up to the amount of income can be considered upon the calculation of the tax base.

The tax base is equal to the taxable income less any expenses, which may be documented as having been incurred in order to generate the income. Expenses that can be deducted are the subscription price proven to be paid for the Offered Securities, or when there is no purchase then the price for the Offered Securities determined at the time when the Offered Securities were acquired, and the expenses related to the acquisition or purchase of the Offered Securities.

Capital gains from the sale of the Offered Securities will be exempt from Slovak personal income tax if the aggregate of the tax base related to the "other income" category (*i.e.*, debentures, shares, bills of exchange, etc.) does not exceed the flat amount of €500. The same limit for exemptions relates to rental income, income from the transfer of options, income from the transfer of an interest in a company, etc. If the above-mentioned limit is exceeded, only the excess amount is included in the tax base.

Individual investors holding the Offered Securities as a business asset. In Slovakia, there is a difference between the tax rate for individuals and corporations. Capital gains from the sale of the Offered Securities are included in the personal income tax base and taxed at rate of 19% or 25% depending on the amount of personal income.

In the case of the sale of securities, a loss is generally treated as a tax non-deductible expense. However, a loss from the sale of the Offered Securities may be offset against the gains from the sale of the Offered Securities or other securities in the same fiscal period.

Under the following conditions the loss incurred is entirely accepted as a tax deductible expense: (i) securities traded on a stock exchange, the acquisition cost of which is not higher, and the proceeds from the sale of which are not lower than a deviation of 10% from the average quotation published by the stock exchange on the date of purchase or sale, or, if the securities are not traded on such a date, from the last published average quotation; as regards the securities above, the expense is equal to the acquisition cost of shares, or, with respect to other securities, the acquisition cost adjusted by the valuation difference arising out of valuation at the fair market price which is included in the tax base; (ii) bonds, the selling price of which is not lower by more than the interest accrued on the bonds and included in the tax base prior to the date of sale or the date of maturity of the bond; and (iii) for taxable parties which are engaged in the trading with securities pursuant to special legislation, and which may deduct the expense of the acquisition of securities up to the amount posted as their cost.

Corporations. Capital gains from the sale of the Offered Securities are included in the corporate income tax base and taxed at a tax rate of 23%. In Slovakia, there is no difference in taxation of capital gains of individual investors holding the Offered Securities as a business asset and corporations, therefore the section above applies to corporations as well.

Non-residents

If the recipient of the interest income is a taxpayer with limited tax liability in Slovakia, the particular double taxation treaty must be considered (if any). For a non-resident taxpayer the tax withheld may be

treated as a prepayment provided that the tax was withheld from the interest or other income from the credits, loans and derivatives pursuant to the special legislation (Act No. 566/2001 Coll.). The tax withheld may be credited against the tax liability in the tax return (in case of the affirmative tax base) or refunded via tax return (in case of the tax loss).

EU Savings Directive

Slovakia has implemented the Directive 2003/48/EC on taxation of savings income in the form of interest payments. Therefore, an exchange of information between tax authorities is applicable. Pursuant to the Act on Tax Administration, a Slovak paying agent, who pays interest income to an individual beneficial owner from another EU member state or from a dependent or associated territory of a EU member state, is obliged to provide specific information about such payment to the tax authorities until 31 March for the previous calendar year.

Interest income subject to the automatic exchange of information is defined in the Act on Tax Administration as follows: interest and other income from credits and loans, interest from deposits in a term deposit and current accounts, income incurred from participation certificates, bonds, certificates of deposit, treasury bills and other securities of similar characteristics during the holding of such a financial instrument or income accrued at the sale, refund or redemption of the financial instrument.

The aim of the automatic exchange of information between EU member states concerning interest payments under the provisions of the Savings Directive is the effective taxation of interest payments in the EU.

Other taxes

There is no inheritance or gift tax in the Slovak Republic.

However, if Offered Securities are donated by an employer to a Slovak tax resident who is an employee, or if Offered Securities are donated to a Slovak tax resident who is self-employed and these Offered Securities are donated in connection with the carrying out of this self-employment, the value of the gift is subject to Slovak income tax and related health insurance contributions. As of January 1, 2011 the value of a gift is also subject to the Slovak social insurance contributions since the assessment base for social insurance purposes generally follows the tax base of the individual (employee or self-employed person), although some exemptions may apply.

No other taxes are levied in Slovakia on the acquisition, sale or other disposal of the Offered Securities by residents.

Selling restrictions

General

No action has been taken by Erste Group Bank that would permit, other than under the Offering, an offer of the Offered Securities or possession or distribution of this Prospectus or any other offering material in any jurisdiction where action for that purpose is required other than Austria, the Czech Republic, Slovakia or Romania. The distribution of this Prospectus and the offer of Offered Securities in certain jurisdictions may be restricted by law, and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

Notice to investors in the United States

The Subscription Rights and the Offered Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Notice to investors in the EEA

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), Erste Group Bank represents that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of the Offered Securities to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Offered Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Offered Securities to the public in that Relevant Member State at any time:

- directed exclusively to any legal entity which is authorized or regulated to operate in the financial markets or whose sole corporate purpose is to invest in securities;
- directed exclusively to any legal entities that have met two or more of the following criteria as shown in their most recent annual or consolidated financial statements: (1) an average of at least 250 employees during the last financial year; (2) total assets of more than €43,000,000; and (3) annual net revenue of more than €50,000,000;
- to fewer than 150 natural or legal persons or, if the Relevant Member State has not implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive for any such offer; or
- in any other circumstances which do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive by the Company.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offered Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Offered Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Offered Securities, as such expression may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. For the purposes of this provision, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each person in a Relevant Member State, other than persons receiving offers contemplated in this Prospectus in Austria, the Czech Republic, Slovakia or Romania, who receives any communication in re-

spect of, or who acquires any Offered Securities under, the offers contemplated hereby will be deemed to have represented, warranted and agreed to and with Erste Group Bank that:

- it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- in the case of any Offered Securities acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Offered Securities acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive; or (ii) where Offered Securities have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offered Securities to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer” in relation to any of the Offered Securities in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and any Offered Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Offered Securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Notice to investors in the United Kingdom

Any offer or sale of the Offered Securities may only be made to persons in the United Kingdom who are “qualified investors” or otherwise in circumstances that do not require publication by Erste Group Bank of a prospectus pursuant to Section 85(1) UK Financial Services and Markets Act 2000. Any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with, investment professionals falling within Article 19(5), or fall within Section 49(2)(a) to (d) (“high net worth; unincorporated associations, etc.”) UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available (together, “Relevant Persons”). Persons who are not Relevant Persons should not take any action on the basis of this Prospectus and should not act or rely on it.

Notice to investors in Canada

This Prospectus is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of the Subscription Rights or Offered Securities described herein in any province or territory of Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the Subscription Rights or Offered Securities described herein, and any representation to the contrary is an offence.

Notice to investors in Australia

This Prospectus does not constitute a disclosure document under Chapter 6D of the Corporations Law of Australia (“Corporations Law”) and will not be lodged with the Australian Securities and Investments Commission. The Offered Securities will be offered to persons who receive offers in Australia only to the extent that such offers to purchase Offered Securities do not need disclosure to investors under Chapter 6D of the Corporations Law. Any offer of Offered Securities received in Australia is void to the extent that it needs disclosure to investors under the Corporations Law. In particular, offers of Offered Securities will only be made in Australia in reliance on various exemptions from such disclosure to investors provided by Section 708 Corporations Law. Any person to whom Offered Securities are offered pursuant to an exemption provided by Section 708 Corporations Law must not within 12 months after the purchase, offer those Offered Securities for sale in Australia unless that offer is itself made in reliance on an exemption from disclosure provided by that Section.

Notice to investors in Japan

The Subscription Rights and the Offered Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). No person may offer or sell, directly or indirectly, any securities in Japan

or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except (i) pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Financial Instruments and Exchange Act; and (ii) in compliance with any other applicable requirements of Japanese law.

**Statement pursuant to Commission Regulation (EC) No 809/2004
and Section 8 (1) Capital Markets Act**

Erste Group Bank AG, with its corporate seat in Vienna, Austria, is responsible for this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Vienna, 11 April 2013

Erste Group Bank AG as Issuer

By: Andreas Treichl m.p.

As Management Board (*Vorstand*) member
with collective signing authority

By: Manfred Wimmer m.p.

As Management Board (*Vorstand*) member
with collective signing authority

Glossary and list of abbreviations and definitions

For ease of reference, the glossary below sets out certain abbreviations and meanings of certain terms used in the Prospectus. Readers of the Prospectus should always have regard to the full description of a term contained in the Prospectus.

ABS	Asset backed securities
AFS or AfS	Available for sale
ALCO	Asset liability committee
ALM	Asset and liability management unit
AMA	Advanced measurement approach, which is a method of measuring operational risk as a regulatory capital requirement.
Annual Profits	As defined in “ <i>Terms and Conditions of the Participation Capital Securities</i> ”
Articles of Association	The articles of association of Erste Group Bank as of 15 May 2012
ATM	Automated teller machine
ATS	Austrian Schilling
Austrian GAAP	Generally Accepted Accounting Principles in Austria
Bank Austria	UniCredit Bank Austria AG
Banking Act	The Austrian Banking Act 1993, as amended (<i>Bankwesengesetz</i>)
Basel 2	The “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” as published in June 2004
Basel 3	A comprehensive set of reform measures, developed by the Basel Committee on Banking Supervision, to strengthen the regulation, supervision and risk management of the banking sector
BCR	Banca Comercială Română S.A.
BGM	Brace Gatarek Musiela models for measuring complex interest rate derivatives
BIA	Basic indicator approach
Business	Business refers to the International Business, the Treasury business and the Capital Markets business (in the consolidated financial statements as of and for the financial year ended 31 December 2011 also referred to as “division” or “divisionalised business unit”)
Capital Markets Act	Austrian Capital Markets Act 1991, as amended (<i>Kapitalmarktgesetz</i>)

Capital Markets Law	The law no. 297/2004 on capital markets under which the Romanian securities market is regulated
CBRD	Croatian Bank for Reconstruction and Development
CCF	Credit conversion factor
CDCP	Centrální depozitář cenných papírů, a.s.
CDCP SR	Centrálny depozitár cenných papierov SR, a.s.
CDO	Collateralised debt obligations
CDS	Credit default swap
CEE	The following countries in Central and Eastern Europe: Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, the Republic of Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia, and the Ukraine
Česká spořitelna	Česká spořitelna, a.s.
CGC	The Austrian Corporate Governance Code, as amended in July 2012
CGU	Cash-generating unit
CHF	Swiss Francs
Clearstream	Clearstream Banking S.A.
CLO	Collateralised loan obligations
CMBS	Collateralised mortgage-backed securities
CMO	Collateralised mortgage obligations
CNB	Czech National Bank
Companies Register	The Austrian companies register (<i>Firmenbuch</i>) at the Vienna Commercial Court (<i>Handelsgericht Wien</i>)
Consolidated Financial Statements	The audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012, 2011 and 2010
Core Capital	As defined in “ <i>The Austrian banking system—Capital adequacy requirements</i> ”
Core tier-1 capital	Core tier-1 capital is the tier-1 capital (excluding hybrid tier-1 capital pursuant to Section (4a) and 4(b) Banking Act) after regulatory deductions
Core tier-1 ratio—total risk	The ratio of core tier-1 capital (excluding hybrid tier-1 capital pursuant to Section 23 (4a) and 4(b) Banking Act) to the calculation base for

	the capital requirement pursuant to Section 22 (1) Banking Act
Corporations Law	As defined in “ <i>Selling restrictions—Notice to investors in Australia</i> ”
CrNB	Croatian National Bank
CRR/CRD IV	The legislative package proposed by the European Commission on 10 July 2011 for a Europe-wide implementation of Basel 3
CVA	Credit value adjustment
CZK	Czech Koruna
DCF	Discounted cash flow
Die Erste	DIE ERSTE österreichische Spar-Casse – Bank Aktiengesellschaft
DIP	Debt issuance programme
EBA	European Banking Authority
EBRD	The European Bank for Reconstruction and Development
ECB	The European Central Bank
ECC	Erste Card Club (formerly Diners Club Adriatic d.d.)
EEA	European Economic Area
EFSF	European Financial Stability Facility
EGI	Erste Group Immorent AG
EIB	The European Investment Bank
EIR	Effective interest rate
EL	Expected Loss
ELBE	Expected Loss Best Estimate
ERP	Emergency response plan made by Erste Group to address capital-related matters in case of unforeseeable events, such as a crisis.
Erste Bank Croatia	Erste & Steiermärkische Bank d.d.
Erste Bank Hungary	Erste Bank Hungary Zrt
Erste Bank Oesterreich	After the de-merger of the Austrian banking business on 9 August 2008, Erste Bank der oesterreichischen Sparkassen AG, registered in the Companies Register under FN 286283f

Erste Bank Serbia	Erste Bank a.d. (formerly Novosadska Banka a.d.)
Erste Bank Ukraine	Public Company “Erste Bank”
Erste Group	Erste Group Bank, together with its subsidiaries and associated companies, including Erste Bank Oesterreich, Česká spořitelna, Slovenská sporiteľňa, Erste Bank Hungary, BCR, Erste Bank Croatia, Erste Bank Serbia, Erste Bank Ukraine, Salzburger Sparkasse, Tiroler Sparkasse, other savings banks of the <i>Haftungsverbund</i> , Immorent and others
Erste Group Bank	Erste Group Bank AG (under its former name “Erste Bank der oesterreichischen Sparkassen AG” prior to 9 August 2008), the ultimate parent company of Erste Group, registered in the Companies Register under FN 33209m
Erste Stiftung	DIE ERSTE österreichische Spar-Casse Privatstiftung
ESM	European Stability Mechanism
ESOP	Employee Share Ownership Programme
EU	European Union
EUR or €	Euro
EURIBOR	The Euro Inter-bank Offered Rate
Euroclear	Euroclear Bank S.A./N.V.
Eurozone	The region comprising those member states of the EU that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on the EU (signed in Maastricht on 7 February 1992) and the Amsterdam Treaty of 2 October 1997, as further amended from time to time
FinStaG	Financial Market Stabilisation Act 2008 (<i>Finanzmarktstabilitätsgesetz</i>)
FitchRatings	Fitch Ratings Ltd.
FMA	The Austrian Financial Markets Authority (<i>Finanzmarktaufsichtsbehörde</i>)
FTP	Fund transfer pricing
Full-time equivalent	Number of employees calculated on the basis of employees working full time during a given period
FV	Fair value
GCIB	Group Corporate and Investment Banking

GDP	Gross domestic product
GiroCredit	GiroCredit Bank Aktiengesellschaft der Sparkassen
GPM	Group performance management
Group ALCO	Asset Liability Committee for Erste Group
Group CRO	Chief Risk Officer of Erste Group
Group OLC	Group Operational Liquidity Committee Erste Group
<i>Grundsatzvereinbarung</i>	The agreement in principle between Erste Group Bank, Erste Bank Oesterreich and the Republic of Austria
<i>Haftungsverbund</i>	The guarantee system that was formed pursuant to the <i>Grundsatzvereinbarung</i> with the majority of the Austrian savings banks
HFSA	Hungarian Financial Supervisory Authority
HNDIF	Hungarian National Deposit Insurance Fund
HRK	Croatian Kuna
HTM	Held-to maturity
HUF	Hungarian forint
IBSA	Interbank Market Support Act 2008 (<i>Interbankmarktstärkungsgesetz</i>)
ICAAP	The internal capital adequacy assessment process
IFRS	International Financial Reporting Standards as adopted by the EU
IMF	The International Monetary Fund
Immorent	Erste Group Immorent AG
Interest-bearing assets	Comprise balance sheet line item loans and advances to credit institutions, loans and advances to customers, risk provisions for loans and advances, financial assets at fair value through profit or loss, financial assets available for sale, financial assets held to maturity and equity holdings in associates accounted for at equity
internal rating	The internal rating assigned by Erste Group for each credit exposure and lending decision to measure counterparty default risk
IRB	Internal ratings based
IT	Information technology
LCR	Liquidity coverage ratio

LGD	Loss given default
Liquidity Reserve	A specified amount of savings deposits and other Euro deposits required under the Banking Act to be maintained with Erste Group Bank by the savings bank group
LTRO	Long-term refinancing operation of the ECB
Management Board	The management board (<i>Vorstand</i>) of Erste Group Bank
MB	Management board (<i>Vorstand</i>)
Minister of Finance	The Austrian Federal Minister of Finance
Moody's	Moody's Corporation
MRC	Market risk committee
MREL	Maximum risk exposure limit set by Erste Group to assess capital adequacy requirements where short-term subordinated debt is excluded
MSOP	Management share option programme
NBH	National Bank of Hungary
NBR	National Bank of Romania
NBS	National Bank of Slovakia
NBSE	National Bank of Serbia
NSC	National Securities Commission of Romania
NBU	National Bank of Ukraine
NPL	Non-performing loans
NPL ratio	Ratio of non-performing loans and advances to customers as a percentage of total loans and advances to customers
NSFR	Net stable funding ratio
ÖCI	Österreichisches Credit Institut
OeKB	Oesterreichische Kontrollbank Aktiengesellschaft
OeNB	The Austrian National Bank (<i>Österreichische Nationalbank</i>)
Offeree	Holder of Participation Capital Securities and transferees of Subscription Rights

Offered Securities	Up to €25,702,000 nominal amount of existing bearer participation capital securities issued by Erste Group Bank in 2009
Operating expenses	Used as a synonym for general administrative expenses
Operating income	Includes net interest income, net fee and commission income, and net trading result.
Operating result	Equals operating income minus general administrative expenses.
OTC	Over the counter
Participant	Holder of Participation Capital Securities
Participation Capital	Participation Capital in the amount of €1,763,744,000, divided into 1,763,744 bearer Participation Capital Securities, each with a nominal amount of €1,000 (the Participation Capital of Erste Group Bank constitutes participation capital (<i>Partizipationskapital</i>) within the meaning of the Banking Act, which Erste Group Bank may issue pursuant to its Articles of Association and Section 23 (4) and (5) Banking Act).
Participation Capital Securities	As defined in “ <i>Description of the Participation Capital and applicable regulations</i> ”.
Subscription Rights	As defined in “ <i>Description of the Participation Capital and applicable regulations</i> ”.
PD	Probability of default
PLN	Polish Zloty
POS	Point of sale
PPA	Preferred Partnership Agreement between Erste Stiftung and Caixa-Bank S.A. (formerly Criteria CaixaCorp S.A.)
Prospectus Directive	The Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 + Amendment Directive
QIS	Quantitative impact study
Qualifying Capital	As defined in “ <i>The Austrian banking system—Capital adequacy requirements</i> ”
RAS	Risk appetite statement
RCC	Risk-bearing capital calculation
Region	Each of Austria and CEE within the Retail & SME segment (in the consolidated financial statements as of and for the financial year ended 31 December 2011 also referred to as “geographical segment”, “segment” or “division”)

Relevant Entities	As defined in “ <i>The Austrian banking system—Interbank Market Support Act 2008 and Financial Market Stability Act 2008</i> ”
Relevant Implementation Date	As defined in “ <i>Selling restrictions—Notice to Investors in the EEA</i> ”
RMBS	Residential mortgage-backed securities
ROE	The return on equity is the ratio of net profit/loss for the year attributable to owners of the parent as a percentage of average equity attributable to owners of the parent. The average equity attributable to owners of the parent is calculated based on the equity attributable to owners of the parent outstanding as of the close of each of the twelve months of the year.
RON	Romanian Leu
RRD	European Crisis Recovery and Resolution Directive
RSD	Serbian Dinar
RWA	Risk-weighted assets and certain off-balance sheet items
s-Bausparkasse	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft
Salzburger Sparkasse	Salzburger Sparkasse Bank AG
Savings Banks Sector	All Austrian savings banks excluding Bank Austria
SB	Supervisory board (<i>Aufsichtsrat</i>)
Securities Act	The United States Securities Act of 1933, as amended
Segment	Each of Retail & SME, Group Corporate and Investment Banking (GCIB), Group Markets (GM) and Corporate Center (CC) (in the consolidated financial statements as of and for the financial year ended 31 December 2011 also referred to as “business segments”, “primary segment” or “core business”)
SKK	Slovak Koruna
Slovenská sporiteľňa	Slovenská sporiteľňa, a.s.
SME	Small and medium enterprises
Solvency ratio	The ratio of total eligible qualifying capital to the calculation base for the capital requirement pursuant to Section 22(1) Banking Act
Steering Company	Haftungsverbund GmbH
Stock Corporation Act	Austrian Stock Corporation Act 1965, as amended (<i>Aktiengesetz</i>)
Stock Exchange Act	Austrian Stock Exchange Act 1989, as amended (<i>Börsegesetz</i>)

Strategy Committee	The strategy committee of the Supervisory Board
Subscription Notification	As defined in “ <i>The Offering—Subscription notification</i> ”
Subscription Period	The period of time during which Subscription Rights can be exercised
Subscription Price	The price of one Offered Security to be paid upon the exercise of a Subscription Right
Subscription Right	The rights to purchase Offered Securities
Subsegment	The subsegments of the Retail & SME segment include the Erste Bank Oesterreich subsegment, the savings banks subsegment, the Czech Republic subsegment, the Romania subsegment, the Slovakia subsegment, the Hungary subsegment, the Croatia subsegment, the Serbia subsegment and the Ukraine subsegment (in the consolidated financial statements as of and for the financial year ended 31 December 2011 also referred to as Erste Bank Oesterreich segment, savings banks segment, Czech Republic segment, Romania segment, Slovakia segment, Hungary segment, Croatia segment, Serbia segment and Ukraine segment)
Supervisory Board	The supervisory board (<i>Aufsichtsrat</i>) of Erste Group Bank
Takeover Act	Austrian Takeover Act, as amended (<i>Übernahmegesetz</i>)
Tax Convention	Tax Convention on Income and Capital concluded between the Czech Republic and the Republic of Austria
Tier-1 capital	Tier-1 capital is the tier-1 capital (including hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) after regulatory deductions
Tier-1 ratio—total risk	The ratio of tier-1 capital (including hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act
Tiroler Sparkasse	Tiroler Sparkasse Bankaktiengesellschaft Innsbruck
UAH	Ukrainian Hryvnya
UGB	Austrian Commercial Code, as amended (<i>Unternehmensgesetzbuch</i>)
U.S. or United States	United States of America
USD and U.S. dollars	The currency of the United States
VaR	Value at Risk
YTD	Year-to-date

Annexes

Annex 1 – German translation of the summary

The following translation of the original summary is a separate document attached to the Prospectus. It does not form part of the Prospectus itself and has not been approved by the FMA. Further, the FMA did not review its consistency with the original summary.

Die nachfolgende Übersetzung der ursprünglichen Zusammenfassung ist ein eigenständiges Dokument, das zu dem Prospekt hinzugefügt wurde. Es stellt keinen Teil des Prospekts dar und wurde nicht von der FMA gebilligt. Weiters hat die FMA nicht die Übereinstimmung mit der ursprünglichen Zusammenfassung geprüft.

Zusammenfassung

Diese Zusammenfassung setzt sich aus als „**Schlüsselinformationen**“ bezeichneten geforderten Angaben zusammen. Diese Schlüsselinformationen sind in den Abschnitten A - E (A.1 - E.7) nummeriert.

Diese Zusammenfassung enthält all die geforderten Schlüsselinformationen, die in einer Zusammenfassung für diese Art von Wertpapieren und Emittenten einzubeziehen sind. Da gewisse Schlüsselinformationen nicht adressiert werden müssen, können Lücken in der Nummerierung der Schlüsselinformationen in dieser Zusammenfassung vorhanden sein.

Auch wenn grundsätzlich eine Schlüsselinformation aufgrund der Art der Wertpapiere und des Emittenten in der Zusammenfassung anzuführen wäre, ist es möglich, dass hinsichtlich dieser Schlüsselinformation keine relevanten Angaben gemacht werden können. In einem solchen Fall wird eine kurze Beschreibung der Schlüsselinformation in die Zusammenfassung mit dem Hinweis „entfällt“ aufgenommen.

Abschnitt A – Einführung und Warnhinweise

A.1	<p>Diese Zusammenfassung ist als Einführung zu diesem Prospekt (der „Prospekt“) zu lesen.</p> <p>Jede Entscheidung des Anlegers über eine Investition in die Wertpapiere sollte sich auf eine Berücksichtigung des Prospekts als Ganzen stützen.</p> <p>Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach den nationalen Rechtsvorschriften des jeweiligen Mitgliedsstaates des Europäischen Wirtschaftsraumes die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben.</p> <p>Die Erste Group Bank AG (die „Emittentin“ oder „Erste Group Bank“, und zusammen mit ihren direkten und indirekten Tochtergesellschaften zum Datum dieses Prospekts „Erste Group“) kann für den Inhalt dieser Zusammenfassung einschließlich der Übersetzung hiervon haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt, um Anleger bei der Prüfung der Frage, ob sie in die betreffenden Wertpapiere investieren sollten, behilflich zu sein.</p>
A.2	<ul style="list-style-type: none">• Zustimmung des Emittenten oder der für die Erstellung des Prospekts verantwortlichen Person zur Verwendung des Prospekts für die spätere Weiterveräußerung oder endgültige Platzierung von Wertpapieren durch Finanzintermediäre• Angabe der Angebotsfrist, innerhalb deren die spätere Weiterveräußerung oder endgültige Platzierung von Wertpapieren durch Finanzintermediäre erfolgen kann und für die die Zustimmung zur Verwendung des Prospekts erteilt wird• Alle sonstigen klaren und objektiven Bedingungen, an die die Zustimmung gebunden ist und die für die Verwendung des Prospekts relevant sind• Deutlich hervorgehobener Hinweis für die Anleger, dass Infor- <p>Entfällt; die Erste Group Bank hat keine Zustimmung zur Verwendung des Prospekts für die spätere Weiterveräußerung oder endgültige Platzierung von Wertpapieren durch Finanzintermediäre erteilt.</p>

	<p>mationen über die Bedingungen des Angebots eines Finanzintermediärs von diesem zum Zeitpunkt der Vorlage des Angebots zur Verfügung zu stellen sind</p>	
Abschnitt B – Emittent		
B.1	Gesetzliche und kommerzielle Bezeichnung	Die gesetzliche Bezeichnung der Emittentin ist „Erste Group Bank AG“, ihre kommerzielle Bezeichnung lautet „Erste Group“. „Erste Group“ bezieht sich auch auf die Erste Group Bank und ihre konsolidierten Tochtergesellschaften.
B.2	Sitz und Rechtsform des Emittenten, das für den Emittenten geltende Recht und Land der Gründung der Gesellschaft	Die Erste Group Bank ist eine nach österreichischem Recht gegründete und österreichischem Recht unterliegende Aktiengesellschaft, die im Firmenbuch des Handelsgerichts Wien unter der Firmenbuchnummer FN 33209m eingetragen ist. Der Sitz der Erste Group Bank liegt in Wien, Österreich. Sie hat ihre Geschäftsanschrift unter der Adresse Graben 21, 1010 Wien, Österreich.
B.3	Art der derzeitigen Geschäftstätigkeit und Haupttätigkeiten des Emittenten und Hauptmärkte auf denen der Emittent vertreten ist	<p>Die Erste Group ist eine führende Bankengruppe, die auf Privat- und Firmenkunden in Österreich und in Zentral- und Osteuropa („CEE“) fokussiert ist. Die Erste Group bietet ihren Kunden ein umfassendes Angebot an Dienstleistungen an, welches, abhängig vom jeweiligen Markt, Einlagen- und Kontenprodukte, Hypothekar- und Verbraucherkreditgeschäft, Investitions- und Betriebsmittelfinanzierung, Private Banking, Investment Banking, Asset-Management, Projektfinanzierung, Außenhandelsfinanzierung, Devisen- und Valutenhandel, Leasing und Factoring umfasst. Die Erste Group ist, gemessen an den Aktiva, den gesamten Forderungen und den gesamten Verbindlichkeiten, unter den führenden Bankengruppen in Österreich, in der Tschechischen Republik, in Rumänien und in der Slowakischen Republik und hat wesentliches operatives Geschäft in Ungarn, Kroatien und Serbien. Sie betreut ungefähr 17 Mio Kunden in Österreich und ihren CEE-Kernmärkten. Die Erste Group Bank ist ebenso die führende Bank des österreichischen Sparkassensektors. Zum 31. Dezember 2012 betrug die Summe der Aktiva der Erste Group € 213,8 Mrd sowie das Kapital der Erste Group € 16,3 Mrd bei einem Betriebsergebnis (Betriebserträge (die Summe aus Zinsüberschuss, Provisionsüberschuss und Handelsergebnis) abzüglich des Verwaltungsaufwands) in der Höhe von € 3.472,8 Mio und einem Jahresgewinn in der Höhe von € 631,0 Mio per 31. Dezember 2012. Zum gleichen Zeitpunkt betrug die Summe des Partizipationskapitals der Erste Group € 1.756,6 Mio. Die Erste Group Bank fungiert als oberste Muttergesellschaft und bleibt die einzige Gesellschaft der Erste Group, die an einer im Europäischen Wirtschaftsraum befindlichen Börse notiert.</p> <p>Die „Erste Group“ setzt sich zusammen aus der Erste Group Bank und ihren Tochtergesellschaften und Beteiligungen, darunter unter anderem Erste Bank Oesterreich in Österreich, Česká spořitelna in der Tschechischen Republik, Banca Comercială Română in Rumänien, Slovenská sporiteľňa in der Slowakischen Republik, Erste Bank Ungarn in Ungarn, Erste Bank Kroatien in Kroatien, Erste Bank Serbien in Serbien, Erste Bank Ukraine in der Ukraine und, in Österreich, Salzburger Sparkasse, Tiroler Sparkasse, s-Bausparkasse, weitere</p>

		<p>Sparkassen im Haftungsverbund, Immorent und andere. Im Dezember 2012 schloss die Erste Group einen Vertrag zum Verkauf der Erste Bank Ukraine an die Gesellschafter der Fidobank ab. Das Closing dieser Transaktion ist von verschiedenen Bedingungen abhängig, einschließlich aufsichtsrechtlicher Genehmigungen; der Eintritt des Closing wird für das Ende des zweiten Quartals des Jahres 2013 erwartet. Die Erste Group beschäftigte zum 31. Dezember 2012 weltweit 49.381 (Vollzeitäquivalente) Mitarbeiter (von denen 1.476 bei der Erste Group Bank beschäftigt waren).</p> <p>Die Erste Group ist davon überzeugt, dass ihr Geschäft durch die folgenden Wettbewerbsstärken charakterisiert ist: (i) führende Marktstellungen im Privat- und Firmenkundengeschäft; (ii) ein bewährtes und stabiles Geschäftsmodell; (iii) sie ist in geographischen Märkten mit einem vergleichsweise geringen Bruttoinlandsprodukt und einem vergleichsweise geringen Grad an Durchdringung durch Banken tätig; und (iv) ihre anerkannte und gesicherte Marke.</p> <p>Die Erste Group strebt die Stärkung ihrer Marktposition in ihren Kernmärkten durch folgende Strategien an, wobei gleichzeitig der Fokus auf einem strikten Kostenmanagement gerichtet bleibt: (i) die Schärfung des geographischen Fokus auf Österreich und den östlichen Teils der Europäischen Union durch die Finanzierung der Kreditgewährung an lokale Kunden durch lokale Einlagen und durch die Stärkung der Firmenkundenbeziehungen; und (ii) die Beibehaltung des Fokus auf das Kundengeschäft in den Kernregionen durch auf Kundenbedürfnisse maßgeschneiderte Kapitalmarktaktivitäten, durch einen ausgewogenen Ansatz der Vergrößerung des Geschäftes mit öffentlichen Unternehmen und durch die Fokussierung des Interbankengeschäfts auf Banken in den Kernmärkten.</p> <p>Von den sieben Bankensektoren ist der Sparkassen-Sektor der drittgrößte Sektor; per 30. September 2012 wies er ein Volumen von ungefähr € 165,4 Mrd an Gesamtaktiva (ausgenommen Bank Austria) auf (Quelle: Webseite der Österreichischen Nationalbank abgerufen im Februar 2013). Zu diesem Zeitpunkt setzte sich der Sparkassen-Sektor aus den unabhängigen Sparkassen (mit Ausnahme von Bank Austria) zusammen, wobei die Erste Group Bank als zentrales Finanzinstitut des Sparkassen-Sektors fungierte.</p>
<p>B.4a</p>	<p>Wichtigste jüngste Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken</p>	<p>Die Erste Group geht davon aus, dass die folgenden Trends die Bankindustrie für Privat- und Firmenkunden in Österreich und in Zentral- und Osteuropa beeinflussen:</p> <ul style="list-style-type: none"> • <i>Gesamtwirtschaftliches Umfeld.</i> Die Entwicklung des realen Bruttoinlandsproduktes, der Haushaltseinkommen, der Ausgaben von Kunden, der Investitionen von Firmen, der Arbeitslosenrate und der Staatsverschuldung sind Schlüsselfaktoren, die die Nachfrage nach Bankdienstleistungen weltweit und in den geographischen Märkten, in denen die Erste Group tätig ist, beeinflussen. Während die Erste Group davon ausgeht, dass sich diese Indikatoren in Österreich und in Zentral- und Osteuropa auf lange Sicht günstiger entwickeln werden als insbesondere im Vergleich zur Eurozone und Europäischen Union, ist die gegenwärtige Outperformance aufgrund des in den Jahren 2012 und 2013 in Europa vorherrschenden langsamen Wachstums des Umfelds beschränkt. Aufgrund dieses

		<p>Trends wird auf kurze Sicht die Nachfrage nach Bankendienstleistungen in den geographischen Märkten, in denen die Erste Group tätig ist, voraussichtlich gedämpft bleiben.</p> <ul style="list-style-type: none"> • <i>Aufsichtsrechtliche Änderungen und Besteuerung.</i> Die Europäische Bankenindustrie unterliegt erhöhten, durch supranationale und nationale Aufsichtsbehörden eingeführten Regulierungen, die höhere Eigenmittelanforderungen, höhere Liquiditätsanforderungen und Beschränkungen der Fremdfinanzierung als auch der Kreditvergabe miteinschließen. Es besteht ein sich ausbreitender Trend bei den staatlichen Regierungen, zusätzliche Steuern und Abgaben für Banken einzuführen, einschließlich Finanztransaktionssteuern. All diese Maßnahmen führen zu erhöhten Kosten für die Ausübung der Geschäftstätigkeit und wirken sich negativ auf die Ertragslage aus. • <i>Änderung im Kundenverhalten und technologischer Wandel.</i> Ein verstärkter Trend zur erhöhten Nutzung von elektronischen und mobilen Kanälen wird von Banken verlangt, ihre kundenbezogene Infrastruktur zu adaptieren, in neue Technologien zu investieren, wie zum Beispiel in Applikationen für Smartphones und andere mobile Geräte, und ihre Mitarbeiter neu auszubilden.
<p>B.5</p>	<p>Beschreibung der Gruppe und der Stellung des Emittenten innerhalb dieser Gruppe</p>	<p>Die Erste Group Bank ist die Muttergesellschaft der Erste Group. Zum 31. Dezember 2012 hält die Erste Group Bank direkt oder indirekt Beteiligungen an den folgenden Unternehmen:</p> <ul style="list-style-type: none"> • Česká spořitelna, a.s. („Česká spořitelna“) (99,0%); • Banca Comercială Română S.A. („BCR“) (93,3%); • Slovenská sporiteľňa, a.s. („Slovenská sporiteľňa“) (100,0%); • Erste Bank Hungary Zrt („Erste Bank Ungarn“) (100,0%); • Erste & Steiermärkische Bank d.d. („Erste Bank Kroatien“) (69,3%); • ERSTE BANK AD NOVI SAD („Erste Bank Serbien“) (80,5%); • Public Company „Erste Bank“ („Erste Bank Ukraine“) (100,0%) • Erste Bank der oesterreichischen Sparkassen AG („Erste Bank Oesterreich“) (100,0%), einschließlich Beteiligungen an Salzburger Sparkasse Bank AG (98,7%), Tiroler Sparkasse Bankaktiengesellschaft (75,0%), Bausparkasse der österreichischen Sparkassen AG (95,0%), Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft (75,0%) und Haftungsverbund GmbH (63,5%); • Brokerjet Bank AG (100,0%) • Erste Group Immorent AG (100,0%); • Erste Asset Management GmbH (100,0%); und • s IT Solutions Holding GmbH (100,0%). <p>Im Dezember 2012 schloss die Erste Group einen Vertrag zum Verkauf der Erste Bank Ukraine an die Gesellschafter der</p>

nen Version (die „Satzung“) vor, dass, solange die Erste Stiftung für alle gegenwärtigen und künftigen Verbindlichkeiten der Erste Group Bank im Falle deren Insolvenz gemäß § 92 (9) Bankwesengesetz ("BWG") haftet, die Erste Stiftung das Recht hat, bis zu einem Drittel jener Aufsichtsratsmitglieder zu bestellen, die durch die Hauptversammlung der Erste Group Bank gewählt werden (die „Aktionärsvertreter“). Bis zum heutigen Tag hat die Erste Stiftung von diesem Bestellungsrecht noch keinen Gebrauch gemacht, sodass alle Aktionärsvertreter durch die Hauptversammlung der Erste Group Bank gewählt wurden.

Erste Stiftung und CaixaBank, S.A. haben eine Kooperationsvereinbarung (Preferred Partnership Agreement; „PPA“) abgeschlossen, in der die Erste Stiftung der CaixaBank, S.A. den Status eines befreundeten Investors und bevorzugten Beteiligungspartners einräumt. Im Rahmen des PPA ist die CaixaBank, S.A. ermächtigt, eine Person für die Wahl zum Aufsichtsratsmitglied durch die Hauptversammlung der Erste Group Bank zu nominieren; ihr Wahlvorschlag hat im Rahmen der Aufsichtsratswahl durch die Erste Stiftung unterstützt zu werden. Im Gegenzug hat sich die CaixaBank, S.A. verpflichtet, an einem feindlichen Übernahmeangebot für Aktien der Erste Group Bank nicht teilzunehmen sowie der Erste Stiftung ein Vorkaufs- und Optionsrecht auf die von der CaixaBank, S.A. gehaltenen Aktien der Erste Group Bank einzuräumen. Weiters verpflichtet sich die Erste Stiftung, mit Ausnahme bestimmter Umstände, Dritten keinerlei Rechte einzuräumen, die günstiger als jene sind, die der CaixaBank, S.A. eingeräumt wurden. Das PPA schränkt die Ausübung der Stimmrechte in der Erste Group Bank weder für die Erste Stiftung noch für die CaixaBank, S.A. ein. Das PPA wurde von der österreichischen Übernahmekommission freigegeben.

B.7 **Ausgewählte wesentliche historische Finanzinformationen über den Emittenten, die für jedes Geschäftsjahr des von den historischen Finanzinformationen abgedeckten Zeitraums (die zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahre) vorgelegt werden.**

Zusammenfassung der Finanzdaten und weiterer Informationen

Die nachstehenden Finanzdaten, die sich auf die am 31. Dezember 2012 und am 31. Dezember 2011 endenden Geschäftsjahre beziehen, wurden den geprüften Konzernabschlüssen der Erste Group für die zum 31. Dezember 2012 und 31. Dezember 2011 endenden Geschäftsjahre entnommen. Einige Finanzdaten, die sich auf das zum 31. Dezember 2010 endende Geschäftsjahr beziehen, wurden im geprüften Konzernabschluss der Erste Group für das zum 31. Dezember 2011 endende Geschäftsjahr rückwirkend angepasst. Insbesondere wurde die Rechnungslegung für Credit Default Swaps, die in den Perioden vor dem zum 31. Dezember 2011 endenden Geschäftsjahr als Finanzgarantien ausgewiesen wurden, rückwirkend angepasst; diese Instrumente werden nunmehr als finanzielle Vermögenswerte At Fair Value through Profit or Loss ausgewiesen und bewertet. Ferner wurden frühere Berechnungen der Effektivzinssätze für Forderungen an Kunden aufgrund der Vereinheitlichung und Weiterentwicklung bestimmter IT-Tools innerhalb der Erste Group rückwirkend angepasst. Die in diesem Abschnitt enthaltenen Finanzinformationen, die sich auf das zum 31. Dezember 2010 endende Geschäftsjahr beziehen, werden Erste Group's geprüften Konzernabschluss für das zum 31. Dezember 2011 endende Geschäftsjahr entnommen oder daraus abgeleitet. Die in diesem Prospekt enthaltenen Finanzdaten, welche sich auf das zum 31. Dezember 2010 endende Geschäftsjahr beziehen, unterscheiden sich daher teilweise von jenen Finanzdaten, die im geprüften Konzernabschluss der Erste Group für das zum 31. Dezember 2010 endende Geschäftsjahr enthalten sind.

Finanzinformationen, die in den folgenden Tabellen als „geprüft“ bezeichnet werden, wurden den geprüften Konzernabschlüssen der Erste Group für die zum 31. Dezember 2012 und 31. Dezember

2011 endenden Geschäftsjahre entnommen. Finanzinformationen, die in den folgenden Tabellen als „ungeprüft“ bezeichnet werden, wurden nicht diesen Konzernabschlüssen entnommen.

Die nachfolgenden Zahlenangaben wurden nach etablierten kaufmännischen Grundsätzen gerundet. Additionen der Zahlenangaben in einer Tabelle können daher zu anderen als den ebenfalls in der Tabelle dargestellten Summen führen.

Daten zur Gewinn- und Verlustverrechnung

Die folgende Tabelle stellt ausgewählte Daten unserer Gewinn- und Verlustrechnung für die zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahre dar:

Daten zur Gewinn- und Verlustrechnung

in € Mio	Für das am 31. Dezember endende Geschäftsjahr		
	2012 geprüft, sofern nichts anderes angegeben ist	2011	2010
Zinsüberschuss	5.235,3	5.569,0	5.439,2
Betriebserträge ⁽¹⁾ (ungeprüft)	7.229,5	7.478,5	7.603,7
Verwaltungsaufwand	-3.756,7	-3.850,9	-3.816,8
Betriebsergebnis ⁽²⁾ (ungeprüft)	3.472,8	3.627,6	3.786,9
Jahresgewinn/-verlust vor Steuern	801,2	-322,2	1.324,2
Jahresgewinn/-verlust	<u>631,0</u>	<u>-562,6</u>	<u>1.043,3</u>
Jahresgewinn/-verlust zuzurechnen den Eigentümern des Mutterunternehmens	483,5	-718,9	878,7

Quelle: Geprüfte Konzernabschlüsse der Erste Group Bank für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre einschließlich Vergleichsfinanzinformationen für das zum 31. Dezember 2010 endende Geschäftsjahr.

(1) Betriebserträge beinhalten Zinsüberschüsse, Provisionsüberschüsse und das Handelsergebnis.

(2) Das Betriebsergebnis entspricht den Betriebserträgen abzüglich des Verwaltungsaufwands.

Daten zur Bilanz

Die folgende Tabelle stellt ausgewählte Bilanzdaten zum 31. Dezember 2012, 2011 und 2010 dar:

Daten zur Bilanz

in € Mio	Zum 31. Dezember		
	2012 geprüft, sofern nichts anderes angegeben ist	2011	2010
Aktiva			
Forderungen an Kreditinstitute	9.074,1	7.577,7	12.496,5
Forderungen an Kunden	131.927,5	134.749,5	132.334,1
Risikovorsorgen	-7.643,7	-7.027,3	-6.119,1
Handelsaktiva ⁽¹⁾ (ungeprüft)	47.286,2	44.007,8	39.955,5
Übrige Aktiva ⁽²⁾ (ungeprüft)	<u>33.180,0</u>	<u>30.698,7</u>	<u>27.103,0</u>
Summe der Aktiva	213.824,0	210.006,3	205.770,0
Passiva			
Verbindlichkeiten gegenüber Kreditinstituten	21.822,1	23.785,3	20.153,9
Verbindlichkeiten gegenüber Kunden	123.052,9	118.880,2	117.016,3
Verbriefte Verbindlichkeiten und nachrangige Verbindlichkeiten (ungeprüft)	34.750,7	36.564,2	37.136,5
Übrige Passiva ⁽³⁾ (ungeprüft)	17.859,8	15.596,7	14.905,2
Kapital	16.338,5	15.180,0	16.558,0
zuzurechnen den nicht beherrschenden Anteilen	3.483,2	3.142,9	3.443,6
Eigentümern des Mutterunternehmens	<u>12.855,3</u>	<u>12.037,1</u>	<u>13.114,4</u>
Summe der Passiva	213.824,0	210.006,3	205.770,0

Quelle: Geprüfte Konzernabschlüsse der Erste Group Bank für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre einschließlich Vergleichsfinanzinformationen für das zum 31. Dezember 2010 endende Geschäftsjahr.

- (1) Handelsaktiva gibt die Zwischensumme aus den Einzelposten Finanzielle Vermögenswerte – At Fair Value through Profit or Loss, Finanzielle Vermögenswerte – Available for Sale und Finanzielle Vermögenswerte – Held to Maturity an.
- (2) Übrige Aktiva gibt die Zwischensumme aus den Einzelposten Barreserve, Derivative Finanzinstrumente, Anteile an At Equity-bewerteten Unternehmen, Immaterielle Vermögenswerte, Sachanlagen, als Finanzinvestition gehaltene Immobilien, Laufende Steueransprüche, Latente Steueransprüche, Zur Veräußerung gehaltene Vermögenswerte und Sonstige Aktiva an.
- (3) Übrige Passiva gibt die Zwischensumme aus den Einzelposten Wertanpassung aus Portfolio Fair Value Hedges, Derivative Finanzinstrumente, Handelspassiva, Rückstellungen, Laufende Steuerschulden, Latente Steuerschulden, Sonstige Passiva und Verbindlichkeiten in Zusammenhang mit Vermögenswerten, die zur Veräußerung gehalten werden, an.

Ausgewählte Operative Daten

Die folgende Tabelle stellt ausgewählte operative Daten zum 31. Dezember und für die zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahre dar:

Schlüsselkennzahlen

	Zum 31. Dezember und für das zum 31. Dezember endende Geschäftsjahr		
	2012 geprüft, sofern nichts anderes angegeben ist	2011	2010
Return on equity (ROE) ⁽¹⁾ (in %)	3,8	—	6,7
Ausschüttungsquote ⁽²⁾ (in %) (ungeprüft)	32,6	—	30,1
Cost/income ratio ⁽³⁾ (in %)	52,0	51,5	50,2
Risikokosten ⁽⁴⁾ (in %) (ungeprüft)	1,48	1,68	1,55
Kernkapital (Tier 1) inklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG (in € Mio) ⁽⁵⁾	12.223	11.909	12.219
Kernkapital (Tier 1) exklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG (in € Mio) ⁽⁶⁾	11.848	10.681	11.019
Kernkapitalquote exklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG bezogen auf das Gesamtrisiko ⁽⁷⁾ (in %)	11,2	9,4	9,2
Kernkapitalquote bezogen auf das Gesamtrisiko ⁽⁸⁾ (in %)	11,6	10,4	10,2
Eigenmittelquote ⁽⁹⁾ (in %)	15,5	14,4	13,5

Quelle: Geprüfte Konzernabschlüsse der Erste Group Bank für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre einschließlich Vergleichsfinanzinformationen für das zum 31. Dezember 2010 endende Geschäftsjahr, mit Ausnahme der unter den Titeln „Ausschüttungsquote“ und „Risikokosten“ ausgewiesenen Zahlenangaben, die auf internen Berechnungen oder Informationen der Erste Group Bank basieren.

- (1) Return on equity (ROE) ist das Verhältnis des den Eigentümern des Mutterunternehmens zuzurechnenden Jahresgewinnes/-verlusts zum durchschnittlichen den Eigentümern des Mutterunternehmens zuzurechnenden Kapital in %. Das durchschnittliche den Eigentümern des Mutterunternehmens zuzurechnende Kapital wird auf Basis von Monatsendwerten für jeden der zwölf Monate eines Jahres berechnet.
- (2) Die Ausschüttungsquote stellt die für das jeweilige Jahr erfolgten Dividendenausschüttungen (für 2012 der für die Hauptversammlung der Erste Group Bank vorgesehene Vorschlag zur Auszahlung einer Dividende) an die Eigentümer des Mutterunternehmens (ohne Dividendenausschüttungen auf das Partizipationskapital) dividiert durch den den Eigentümern des Mutterunternehmens zuzurechnenden Jahresgewinn dieses Jahres dar.
- (3) Cost/income ratio ist das Verhältnis der Betriebsaufwendungen (Verwaltungsaufwand) zu den Betriebserträgen (die Summe aus Zinsüberschuss, Provisionsüberschuss und Handelsergebnis) in %.
- (4) Die Risikokosten sind die auf Jahresbasis berechneten Nettodotierungen der Risikovorsorgen im Verhältnis zu den durchschnittlichen Kundenforderungen (pro Quartal).
- (5) Das Kernkapital inklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG beinhaltet Hybridkapital gemäß § 23 (4a) und (4b) BWG.
- (6) Das Kernkapital exklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG umfasst das Hybridkapital gemäß § 23 (4a) und (4b) BWG nicht.
- (7) Die Kernkapitalquote exklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG bezogen auf das Gesamtrisiko gibt das Verhältnis des Kernkapitals exklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG zum Gesamtrisiko (errechnet) als Bemessungsgrundlage für das Eigenmittelerfordernis nach § 22 (1) BWG an.
- (8) Die Kernkapitalquote bezogen auf das Gesamtrisiko gibt das Verhältnis des Kernkapitals inklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG zum Gesamtrisiko (errechnet) als Bemessungsgrundlage für das Eigenmittelerfordernis nach § 22 (1) BWG an.
- (9) Die Eigenmittelquote gibt das Verhältnis der gesamten anrechenbaren Eigenmittel zum Gesamtrisiko (errechnet) als Bemessungsgrundlage für das Eigenmittelerfordernis nach § 22 (1) BWG an.

Beschreibung der wesentlichen Veränderungen der Finanzlage und des Betriebsergebnisses des Emittenten in oder nach dem von den we-

Einige in diesem Prospekt enthaltene Finanzdaten, die sich auf das zum 31. Dezember 2010 endende Geschäftsjahr beziehen, wurden im geprüften Konzernabschluss der Erste Group für das zum 31. Dezember 2011 endende Geschäftsjahr rückwirkend angepasst. Insbesondere wurde die Rechnungslegung für Credit Default Swaps, die in den Perioden vor dem zum 31.

**sentlichen historischen
Finanzinformationen
abgedeckten Zeitraum.**

Dezember 2011 endenden Geschäftsjahr als Finanzgarantien ausgewiesen wurden, rückwirkend angepasst; diese Instrumente werden nunmehr als finanzielle Vermögenswerte At Fair Value through Profit or Loss ausgewiesen und bewertet. Ferner wurden frühere Berechnungen der Effektivzinssätze für Forderungen an Kunden aufgrund der Vereinheitlichung und Weiterentwicklung bestimmter IT-Tools innerhalb der Erste Group rückwirkend angepasst. Deswegen werden – soweit nichts anderes angegeben – die in diesem Prospekt enthaltenen Finanzinformationen, die sich auf das zum 31. Dezember 2010 endende Geschäftsjahr beziehen, dem geprüften Konzernabschluss der Erste Group für das zum 31. Dezember 2011 endende Geschäftsjahr entnommen oder daraus abgeleitet. Die in diesem Prospekt enthaltenen Finanzdaten, die sich auf das zum 31. Dezember 2010 endende Geschäftsjahr beziehen, unterscheiden sich daher teilweise von jenen Finanzdaten, die im geprüften Konzernabschluss der Erste Group für das zum 31. Dezember 2010 endende Geschäftsjahr enthalten sind.

Die folgenden Veränderungen der Finanzlage und des Betriebsergebnisses der Erste Group, die anhand des Zinsüberschusses, der Risikovorsorgen im Kreditgeschäft, des Provisionsüberschusses, des Verwaltungsaufwands, des Betriebsergebnisses und des den Eigentümern des Mutterunternehmens zurechenbaren Jahresgewinnes/-verlusts aufgezeigt werden, sind in den zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahren eingetreten.

Zum 31. Dezember 2012 und 2011 endende Geschäftsjahre

Im Jahr 2012 sank der Zinsüberschuss von € 5.569,0 Mio im Jahr 2011 um € 333,7 Mio, oder um 6,0%, auf € 5.235,3 Mio. Im Jahr 2012 sank der Posten Gesamte Zinsen und ähnliche Erträge um € 555,5 Mio, oder um 5,9%, von € 9.350,6 Mio im Jahr 2011 auf € 8.795,1 Mio im Jahr 2012. Der Rückgang des Postens Gesamte Zinsen und ähnliche Erträge fußte hauptsächlich auf dem Rückgang der Zinserträge aus Kredit- und Geldmarktgeschäften mit Kunden, die um € 468,7 Mio, oder um 7,3%, von € 6.426,5 Mio im Jahr 2011 auf € 5.957,8 Mio im Jahr 2012 zurückgingen. Diese Entwicklung war einer niedrigen Zinslandschaft und einer gedämpften Nachfrage nach Krediten, insbesondere nach Verbraucherkrediten, geschuldet. Im Jahr 2012 sind die gesamten Zinsen und Aufwendungen um € 213,4 Mio, oder um 5,6%, von € 3.789,6 Mio im Jahr 2011 auf € 3.576,2 Mio im Jahr 2012 zurückgegangen. Zu den Hauptfaktoren für diese Entwicklung zählte der Rückgang der Zinsaufwendungen für verbrieftete Verbindlichkeiten, der um € 105,7 Mio, oder um 10,2%, von € 1.032,2 Mio im Jahr 2011 auf € 926,5 Mio im Jahr 2012 zurückging, wobei sich darin niedrigere Zinssätze und ein niedrigeres durchschnittliches Volumen solcher Verbindlichkeiten widerspiegeln. Das niedrigere Niveau der Zinssätze führte auch zu einer Reduktion der Zinsaufwendungen für Verbindlichkeiten gegenüber Kunden, die trotz höherer durchschnittlicher Volumina der Verbindlichkeiten gegenüber Kunden um € 90,7 Mio, oder um 5,0%, von € 1.831,8 Mio im Jahr 2011 auf € 1.741,1 Mio im Jahr 2012 sanken. Im Jahr 2012 sanken die Risikovorsorgen im Kreditgeschäft um € 286,9 Mio oder um 12,7%, von € 2.266,9 Mio im Jahr 2011 auf € 1.980,0 Mio im Jahr 2012. Dieser Rückgang war hauptsächlich der Verringerung der Risikovorsorgen im

Kreditgeschäft in Ungarn (Sondervorsorgen in der Höhe von € 450,0 Mio im Jahr 2011) und in der Tschechischen Republik zuzuschreiben, welche, zusammen mit niedrigeren Risikovorsorgen im Kreditgeschäft mit Kunden in Österreich, den Anstieg der Risikovorsorgen im Kreditgeschäft in Rumänien und Kroatien mehr als aufwog. Im Jahr 2012 sank der Provisionsüberschuss um € 66,4 Mio, oder um 3,7%, von € 1.787,2 Mio im Jahr 2011 auf € 1.720,8 Mio im Jahr 2012. Dieser Rückgang war hauptsächlich auf ein rückläufiges Wertpapiergeschäft (vorwiegend in Österreich und in der Tschechischen Republik) als auch auf ein rückläufiges Kreditgeschäft (vorwiegend in der Tschechischen Republik) und auf ein rückläufiges Versicherungsvermittlungsgeschäft zurückzuführen, wohingegen Erste Group's Factoring Tochter Intermarket Bank AG, die mit Stichtag 1. August 2011 erstmalig im Wege der Vollkonsolidierung in den Konzernabschluss der Erste Group aufgenommen wurde, zum Provisionsüberschuss beitrug. Das Handelsergebnis verbesserte sich im Jahr 2012 um € 151,1 Mio und stieg von € 122,3 Mio im Jahr 2011 auf € 273,4 Mio im Jahr 2012 an. Diese Entwicklung war hauptsächlich auf die Veränderungen des Fair Values des Portfolios an Credit Default Swaps, die im Geschäftsbereich International Business (der mittlerweile geschlossen wurde) gehalten wurden, zurückzuführen, die negative Auswirkungen in der Höhe von € 182,6 Mio zeitigten. Der Verwaltungsaufwand sank um € 94,2 Mio, oder um 2,4%, von € 3.850,9 Mio im Jahr 2011 auf € 3.756,7 Mio im Jahr 2012, ungeachtet steigender Inflationsraten im Jahr 2012. Der Personalaufwand sank um € 39,6 Mio, oder um 1,7%, von € 2.323,7 Mio im Jahr 2011 auf € 2.284,1 Mio im Jahr 2012 aufgrund der Reduktion der Anzahl an Mitarbeitern. Diese sank um 1.071 Mitarbeiter (Vollzeitäquivalente), oder um 2,1%, von 50.452 Mitarbeitern (Vollzeitäquivalente) zum 31. Dezember 2011 auf 49.381 Mitarbeiter (Vollzeitäquivalente) zum 31. Dezember 2012. Dieser Rückgang gründete sich hauptsächlich auf Reorganisationsmaßnahmen in Ungarn, Rumänien und in der Ukraine. Im Jahr 2012 verbesserte sich der sonstige betriebliche Erfolg von einem negativen Wert in der Höhe von € 1.589,9 Mio im Jahr 2011 zu einem negativen Wert in der Höhe von € 724,3 Mio im Jahr 2012. Diese Verbesserung war hauptsächlich auf bedeutend geringere Wertberichtigungen auf Firmenwerte in der Höhe von € 514,9 Mio, wovon € 469,4 Mio auf die Banca Comercială Română und € 45,5 Mio vorwiegend auf einige österreichische Tochtergesellschaften entfielen, zurückzuführen. Im Vergleich dazu kam es im Jahr 2011 zu Wertberichtigungen auf Firmenwerte in der Höhe von € 1.064,6 Mio, wovon insbesondere € 692,8 Mio auf die Banca Comercială Română und € 312,7 Mio auf die Erste Bank Ungarn sowie € 52,7 Mio auf einige österreichische Tochtergesellschaften entfielen. Die sonstigen Steuern stiegen von € 163,5 Mio im Jahr 2011 auf € 269,1 Mio im Jahr 2012, was größtenteils auf Bankensteuern in Österreich, in der Slowakischen Republik und in Ungarn zurückzuführen war. In der Slowakischen Republik wurde im Jahr 2012 eine Bankensteuer neu eingeführt, die zu einer Abgabepflicht in der Höhe von € 31,5 Mio für das Jahr 2012 führte. In Ungarn betrug die Bankensteuer im Jahr 2012 € 47,3 Mio, während die Bankensteuer im Jahr 2011 mit Verlusten, die aus der gesetzlichen Erlaubnis zur vorzeitigen Rückzahlung von Fremdwährungskrediten zu fixen, unterhalb der damals marktgerechten Wechselkurse liegenden Wechselkursen resultierten, aufgerechnet wurde. In

Österreich stieg die Bankensteuer um 25% und betrug insgesamt € 165,2 Mio im Jahr 2012. Im Jahr 2012 verbesserte sich das Gesamtergebnis von allen Kategorien an Finanzinstrumenten und finanziellen Vermögenswerten von einem negativen Wert in der Höhe von € 93,0 Mio im Jahr 2011 zu € 32,7 Mio im Jahr 2012. Dieses positive Ergebnis war hauptsächlich auf höhere Erträge aus Verkäufen und niedrigere negative Bewertungseffekte im Available for Sale Portfolio zurückzuführen.

Der den Eigentümern des Mutterunternehmens zurechenbare Jahresgewinn für das Geschäftsjahr 2012 betrug € 483,5 Mio, wohingegen den Eigentümern des Mutterunternehmens im Jahr 2011 ein Jahresverlust in der Höhe von € 718,9 Mio zuzurechnen war.

Im Jahr 2012 stieg die Summe der Aktiva um € 3.817,7 Mio, oder um 1,8%, von € 210.006,3 Mio zum 31. Dezember 2011 auf € 213.824,0 Mio zum 31. Dezember 2012 an. Dieses Wachstum war hauptsächlich auf den Anstieg der finanziellen Vermögenswerte zurückzuführen, der aus den Vorbereitungsmaßnahmen zur Einhaltung der erwarteten Basel 3 Liquiditätsvorschriften und aus den Investitionen des Liquiditätsüberschusses aufgrund des Anstiegs der Einlagen von Kunden resultierte. Die Forderungen an Kreditinstitute stiegen von € 7.577,7 Mio zum 31. Dezember 2011 auf € 9.074,1 Mio zum 31. Dezember 2012 aufgrund der Einlage von Überschussliquidität an. Die Anstiege in den zur Veräußerung gehaltenen Vermögenswerten von € 87,2 Mio zum 31. Dezember 2011 auf € 708,1 Mio zum 31. Dezember 2012 wurden durch die Einstufung der Erste Bank Ukraine in Folge des Abschlusses des Verkaufsvertrages im Dezember 2012 in Einklang mit IFRS 5 als zur Veräußerung gehaltene Vermögenswerte ausgelöst.

Zum 31. Dezember 2011 und 2010 endende Geschäftsjahre

Im Jahr 2011 stieg der Zinsüberschuss von € 5.439,2 Mio im Jahr 2010 um € 129,8 Mio, oder um 2,4%, auf € 5.569,0 Mio im Jahr 2011. Die gesamten Zinsen und ähnlichen Erträge stiegen um € 529,0 Mio, oder um 6,0%, von € 8.821,6 Mio im Jahr 2010 auf € 9.350,6 Mio im Jahr 2011. Der Anstieg der gesamten Zinsen und ähnlichen Erträgen spiegelt hauptsächlich den Anstieg der Zinserträge aus finanziellen Vermögenswerten – At Fair Value through Profit or Loss wider, die von € 48,6 Mio im Jahr 2010 auf € 322,3 Mio im Jahr 2011 gestiegen sind. Im Jahr 2011 stiegen die gesamten Zinsen und ähnlichen Aufwendungen um € 386,2 Mio, oder 11,3%, von € 3.403,4 Mio im Jahr 2010 auf € 3.789,6 Mio im Jahr 2011 an. Der Anstieg der gesamten Zinsen und ähnlichen Aufwendungen spiegelt hauptsächlich den Anstieg der Zinsaufwendungen für Einlagen von Kreditinstituten und Kunden vor dem Hintergrund größerer Volumina wider. Im Jahr 2011 stiegen die Risikovorsorgen im Kreditgeschäft um € 245,9 Mio, oder 12,2%, von € 2.021,0 Mio im Jahr 2010 auf € 2.266,9 Mio im Jahr 2011 an. Dieser Anstieg war hauptsächlich auf Sondervorsorgen in Ungarn in der Höhe von € 450,0 Mio, als Reaktion auf ein neues Gesetz in Ungarn, welches die vorzeitige Rückzahlung von Fremdwährungskrediten zu nicht marktgerechten Preisen zulässt, sowie auf die Anhebung der NPL-Deckungsquote zurückzuführen. In Österreich, der Tschechischen Republik und der Slowakischen Republik war ein positiver Risikokostentrend zu beobachten, der den signifikanten

Anstieg in Ungarn teilweise ausglich. Im Jahr 2011 sank der Provisionsüberschuss um €55,3 Mio, oder 3,0%, von €1.842,6 Mio im Jahr 2010 auf €1.787,2 Mio im Jahr 2011. Dieser Rückgang war hauptsächlich auf ein rückläufiges Wertpapiergeschäft, vorwiegend in Österreich, sowie auf ein rückläufiges Bausparvermittlungs- und Investmentbankgeschäft zurückzuführen. Der Verwaltungsaufwand stieg um €34,1 Mio, oder 0,9%, von €3.816,8 Mio im Jahr 2010 auf €3.850,9 Mio im Jahr 2011 an. Der Personalaufwand stieg um €59,9 Mio, oder 2,6%, von €2.263,8 Mio im Jahr 2010 auf €2.323,7 Mio im Jahr 2011 an. Dieser Anstieg war teilweise durch Abfertigungszahlungen in der Tschechischen Republik, Rückstellungen für Abfertigungszahlungen in Ungarn und Rumänien sowie durch die Eingliederung der Informations-Technologie Austria GmbH in die s IT Solutions AT per 1. Juli 2010 bedingt. Der sonstige betriebliche Erfolg sank um €1.150,5 Mio von einem negativen Wert in der Höhe von €439,3 Mio im Jahr 2010 auf einen negativen Wert in der Höhe von €1.589,9 Mio im Jahr 2011. Hauptverantwortlich dafür waren Wertberichtigungen auf Firmenwerte im Ausmaß von insgesamt €1.064,6 Mio im Jahr 2011. Davon entfielen insbesondere €692,8 Mio auf die Banca Comercială Română als Folge einer niedrigeren Profitabilität des Bankensektors in Rumänien, €312,7 Mio auf die gänzliche Wertberichtigung des Firmenwerts der Erste Bank Ungarn im September 2011 wegen den schwierigen wirtschaftlichen Bedingungen in Ungarn und der Einführung eines Gesetzes, das die vorzeitige Rückzahlung von Fremdwährungskrediten zu fixen, unterhalb den damals marktgerechten Wechselkursen liegenden Wechselkursen gestattete, und €52,7 Mio auf einige österreichische Tochtergesellschaften, insbesondere auf regionale Sparkassen und Asset Management Aktivitäten. Die sonstigen Steuern stiegen um €91,6 Mio von €71,9 Mio im Jahr 2010 auf €163,5 Mio im Jahr 2011 an; einen wesentlichen Anteil daran hatten die Bankensteuern. In Österreich wurde die Bankensteuer im Jahr 2011 eingeführt und belief sich auf €132,1 Mio für die Erste Group Bank.

Im Jahr 2011 sank der den Eigentümern des Mutterunternehmens zurechenbare Jahresgewinn/-verlust um €1.597,6 Mio von einem den Eigentümern des Mutterunternehmens zurechenbaren Jahresgewinn in der Höhe von €878,7 Mio im Jahr 2010 auf einen den Eigentümern des Mutterunternehmens zurechenbaren Jahresverlust in der Höhe von €718,9 Mio im Jahr 2011. Dieser Rückgang spiegelt hauptsächlich den signifikanten Rückgang des Jahresgewinns/-verlusts vor Steuern wider, der von einem Jahresgewinn vor Steuern in der Höhe von €1.324,2 Mio im Jahr 2010 auf einen Jahresverlust vor Steuern in der Höhe von €322,2 Mio zurückging.

Im Jahr 2011 stieg die Summe der Aktiva um €4.236,3 Mio, oder um 2,1%, von €205.770,0 Mio zum 31. Dezember 2010 auf €210.006,3 Mio zum 31. Dezember 2011 an. Dieser Anstieg in der Summe der Aktiva war auf eine Erhöhung der Barreserve in der Höhe von 61,2% von €5.839,4 Mio zum 31. Dezember 2010 auf €9.412,9 Mio zum 31. Dezember 2011 zurückzuführen, die in erster Linie aus der kurzfristigen zusätzlichen Liquidität aus der „Long-Term Refinancing Operation“ (LTRO) der EZB resultierte. Gleichzeitig sanken die Forderungen an Kreditinstitute um 39,4% von €12.496,5 Mio zum 31. Dezember 2010 auf €7.577,7 Mio zum 31. Dezember 2011 als Folge der Senkung des nicht zum Kerngeschäft ge-

		hörenden Bereiches.
B.8	Ausgewählte Pro-forma-Finanzangaben	Entfällt; die Aufnahme von Pro-forma Finanzangaben ist nicht erforderlich.
B.9	Gewinnprognosen und -schätzungen	Entfällt; die Emittentin gibt keine Gewinnprognosen oder -schätzungen ab.
B.10	Art etwaiger Einschränkungen der Bestätigungsvermerke zu den historischen Finanzinformationen	Entfällt; es bestehen keine Einschränkungen der Bestätigungsvermerke.
B.11	Erklärung, ob das Geschäftskapital des Emittenten ausreicht, um die bestehenden Anforderungen zu erfüllen	Entfällt; das Geschäftskapital ist ausreichend.

Abschnitt C – Wertpapiere

C.1	<p>Art und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere</p>	<p>Es werden bis zu €25.702.000 Nominale an bestehenden auf Inhaber lautenden Partizipationsscheinen, die durch die Erste Group Bank im Jahr 2009 ausgegeben worden sind (je Nominale von €1.000 ein „angebotenes Wertpapier“, zusammen die „angebotenen Wertpapiere“ und zusammen mit allen Partizipationsscheinen, die von der Erste Group Bank begeben worden sind, die „Partizipationsscheine“) aus dem Bestand der Erste Group Bank angeboten. Für je €21.000 Nominale an Partizipationsscheinen, die am 11. April 2013, um 24.00 Uhr (CEST), gehalten werden, wird einem bestehenden Inhaber von Partizipationsscheinen (ein „Partizipant“ und zusammen die „Partizipanten“) das Recht (das „Bezugsrecht“ und zusammen die „Bezugsrechte“) angeboten, €1.000 Nominale an angebotenen Wertpapieren zu erwerben.</p> <p>Die Partizipationsscheine stellen Partizipationskapital im Sinne des § 23 (4) und (5) Bankwesengesetz („BWG“) dar, welches durch die Erste Group Bank in drei Tranchen am 10. März (eine Tranche) und am 13. Mai 2009 (zwei Tranchen) ausgegeben und vollständig eingezahlt wurde (das „Partizipationskapital“). Die Partizipationsscheine werden nach österreichischem Recht begeben und unterliegen österreichischem Recht.</p>
	Wertpapierkennnummer	<p>Für Partizipationsscheine, die keine angebotenen Wertpapiere sind: AT0000A0D4T3</p> <p>Für die angebotenen Wertpapiere: AT0000A0D4T3</p> <p>Für die Bezugsrechte: AT0000A100F9</p>
C.2	Währung der Wertpapieremission	Euro
C.3	<p>Zahl der ausgegebenen und voll eingezahlten Aktien und der ausgegebenen, aber nicht voll eingezahlten Aktien</p> <p>Nennwert pro Aktie bzw.</p>	<p>Die Erste Group Bank hat 394.568.647 Inhaberstückaktien (Stammaktien) mit einem Anteil am Grundkapital von je €2,00 und 1.763.744 auf Inhaber lautende Partizipationsscheine mit einem Nennbetrag von je €1.000 ausgegeben. Alle Aktien und Partizipationsscheine sind vollständig eingezahlt.</p>

	Angabe, dass die Aktien keinen Nennwert haben	
C.4	Mit den Wertpapieren verbundene Rechte	<p>Die angebotenen Wertpapiere gewähren ihren jeweiligen Inhabern für das Geschäftsjahr 2012 keinen Anspruch, Dividendenzahlungen zu erhalten; für das Geschäftsjahr 2013 und alle darauffolgenden Geschäftsjahre gewähren sie einen uneingeschränkten Anspruch auf den Erhalt von Dividendenzahlungen. Vor dem Angebot wird das Recht der Inhaber der Partizipationsscheine, Dividendenzahlungen für das Geschäftsjahr 2012 zu erhalten, von den Partizipationsscheinen (einschließlich der angebotenen Wertpapiere) getrennt. Für dieses Dividendenrecht 2012 wurde eine separate International Securities Identification Number („ISIN“) vergeben, die sich von jener ISIN unterscheidet, welche die Partizipationsscheine tragen.</p> <p>Vorbehaltlich jener Beschränkungen, die in den „Bedingungen der auf Inhaber lautenden bis zu €2.700.000.000 Partizipationsschein-Emission 2009 der Erste Group Bank AG“, in der geänderten Fassung vom Oktober 2009, die den Partizipationsscheinen zu Grunde liegen (die „Bedingungen“), enthalten sind, fallen Dividenden auf die Partizipationsscheine jährlich pro Geschäftsjahr wie folgt an: (i) für die Geschäftsjahre vom 1. Januar 2009 bis zum 31. Dezember 2013 zu einem Dividendensatz von 8,0% p.a., (ii) für das Geschäftsjahr vom 1. Januar 2014 bis zum 31. Dezember 2014 zu einem Dividendensatz von 8,5% p.a., (iii) für das Geschäftsjahr vom 1. Januar 2015 bis zum 31. Dezember 2015 zu einem Dividendensatz von 9,0% p.a., (iv) für das Geschäftsjahr vom 1. Januar 2016 bis zum 31. Dezember 2016 zu einem Dividendensatz von 9,75% p.a., und (v) für die Geschäftsjahre ab dem 1. Januar 2017 erhöht sich der Dividendensatz um 1% p.a. pro Jahr, wobei die Jahresdividende einen Satz in der Höhe des 12-Monats EURIBOR zuzüglich 10% p.a. nicht überschreiten darf.</p> <p>Die auf die Partizipationsscheine zahlbaren Dividenden sind unter anderem von dem in dem nicht-konsolidierten Jahresabschluss der Erste Group Bank ausgewiesenen Jahresgewinn nach Rücklagenbewegung abhängig. Solange keine Dividendenzahlungen auf die Stammaktien der Emittentin erfolgen, ist die Emittentin (unabhängig vom Vorliegen eines verteilungsfähigen Gewinnes) nicht verpflichtet, Dividendenzahlungen auf die Partizipationsscheine zu leisten, sofern sich die Emittentin nicht in ihrem alleinigem Ermessen dazu entscheidet, derartige Zahlungen vorzunehmen. Eine Nichtzahlung solcher Dividenden, einschließlich einer im Ermessen der Emittentin stehenden Nichtzahlung, stellt keinen Zahlungsverzug der Emittentin oder einen anderen Bruch von Verpflichtungen aus den Partizipationsscheinen oder aus irgendeinem anderen Grund dar.</p> <p>Die Inhaber der Partizipationsscheine haben keinerlei Stimmrechte in der Hauptversammlung der Erste Group Bank; sie haben aber das Recht an der Hauptversammlung der Erste Group Bank teilzunehmen sowie Auskunft zu verlangen, soweit die begehrte Information zur sachgemäßen Beurteilung eines Tagesordnungspunktes der Hauptversammlung erforderlich ist. Die Inhaber der Partizipationsscheine haben das Recht auf Beteiligung am Liquidationserlös der Erste Group Bank und stehen im gleichen Rang mit den Aktionären der Erste Group Bank.</p>

C.5	Beschreibung aller etwaigen Beschränkungen für die freie Übertragbarkeit der Wertpapiere	Entfällt; die Partizipationsscheine und die Bezugsrechte können nach Maßgabe des anwendbaren Rechts und der anwendbaren Regeln der Oesterreichischen Kontrollbank Aktiengesellschaft („OeKB“) in ihrer Funktion als Wertpapiersammelbank frei übertragen werden.
C.6	Antrag auf Zulassung zum Handel an einem geregelten Markt / Nennung der geregelten Märkte, auf denen die Wertpapiere gehandelt werden sollen.	Entfällt; die Partizipationsscheine notieren nicht an einer Börse oder an einem Multilateralen Handelssystem (MTF); sie werden an keiner Börse und an keinem Multilateralen Handelssystem (MTF) gehandelt; und die Erste Group Bank beabsichtigt nicht, eine Zulassung der Bezugsrechte oder der angebotenen Wertpapiere zum Handel an einer Börse oder einem Multilateralen Handelssystem (MTF) zu beantragen.
C.7	Dividendenpolitik	Die Erste Group Bank hat in der Vergangenheit in jedem Jahr seit der Begebung der Partizipationsscheine im Jahr 2009 Dividendenzahlungen in der Höhe von 8,0% p.a. auf die Partizipationsscheine geleistet. In der Vergangenheit geleistete Dividendenzahlungen sind aber kein Indiz dafür, dass die Erste Group Bank künftig Dividenden auf ihre Partizipationsscheine zahlen wird. Die Erste Group Bank beabsichtigt zwar weiterhin Dividenden auf die Partizipationsscheine zu zahlen. Der Zeitpunkt und die Höhe künftiger Dividendenzahlungen, sollten sie überhaupt erfolgen, werden jedoch von dem künftigen Gewinn der Erste Group Bank und ihren Zukunftsaussichten, den Eigenmittelerfordernissen und der Finanzlage sowie von solchen anderen Faktoren abhängig sein, die vom Vorstand der Erste Group Bank (der „Vorstand“) und ihrem Aufsichtsrat als maßgeblich beurteilt werden; ferner sind die Dividendenzahlungen von der Zustimmung der Aktionäre der Erste Group Bank abhängig. Es besteht keine Gewissheit darüber, ob irgendwelche Dividenden in der Zukunft gezahlt werden.

Abschnitt D – Risiken		
D.1	Zentrale Risiken, die dem Emittenten oder seiner Branche eigen sind	<p>Mit dem Geschäft der Erste Group verbundene Risiken</p> <ul style="list-style-type: none"> • Die schwierigen volkswirtschaftlichen Bedingungen und jene am Finanzmarkt können erhebliche nachteilige Auswirkungen auf die Geschäftstätigkeit, die Finanz- und Ertragslage sowie die Zukunftsaussichten der Erste Group haben. • Die Erste Group wurde und kann weiterhin von der anhaltenden europäischen Staatsschuldenkrise beeinflusst und zu Abschreibungen von Staatsanleihen einiger Länder gezwungen werden. • Die Erste Group hat und könnte in Zukunft auch weiterhin eine Verschlechterung der Bonität aufgrund von Finanzkrisen oder Konjunkturschwächen erfahren. • Die Erste Group unterliegt erheblichem Kreditrisiko, und Ausfälle von Gegenparteien können zu Verlusten führen, die die Rückstellungen der Erste Group übersteigen. • Die Erste Group ist sinkenden Werten der Sicherheiten für gewerbliche und private Immobilienkredite ausgesetzt. • Marktschwankungen und Volatilität können sich negativ auf den Wert der Aktiva der Erste Group auswirken, die

		<p>Rentabilität reduzieren und es schwieriger machen, den Fair Value bestimmter Vermögenswerte festzustellen.</p> <ul style="list-style-type: none"> • Die Erste Group unterliegt dem Risiko, dass Liquidität nicht ohne weiteres zur Verfügung steht. • Ratingagenturen können ein Rating der Erste Group Bank oder eines Landes, in dem die Erste Group tätig ist, aussetzen, herabstufen oder zurückziehen, was sich negativ auf die Refinanzierungsbedingungen der Erste Group Bank, insbesondere auf den Zugang zu den Fremdkapitalmärkten, auswirken kann. • Neue aufsichtsrechtliche oder staatliche Anforderungen und Änderungen des wahrgenommenen Grades an adäquater Eigenkapitalausstattung sowie des Liquiditäts- und Verschuldungsgrades könnten die Erste Group erhöhten Eigenkapital- und Liquiditätsanforderungen oder Standards unterwerfen und sie dazu anhalten, sich in der Zukunft mit zusätzlichem Eigenkapital oder zusätzlicher Liquidität eindecken zu müssen. • Trotz der Risikomanagementstrategien und der internen Kontrollverfahren der Erste Group kann diese unbekannt und unerwarteten Risiken ausgesetzt sein. • Das Geschäft der Erste Group unterliegt operativen Risiken. • Die Erste Group könnte Schwierigkeiten haben, qualifizierte Mitarbeiter anzuwerben oder zu binden. • Ein Ausfall, eine Unterbrechung oder eine Verletzung von Sicherheitsbestimmungen von Informationssystemen der Erste Group, sowie jegliche Nicht-Aktualisierung dieser Systeme, können Geschäfts- und andere Verluste zur Folge haben. • Die Erste Group könnte gezwungen sein, angeschlagenen Banken im Haftungsverbund finanzielle Unterstützung zu gewähren, was zu bedeutenden Kosten und einer Minderung ihrer Ressourcen zur Finanzierung anderer Aktivitäten führen könnte. • Zinsänderungen werden durch viele Faktoren verursacht die außerhalb des Einflussbereichs der Erste Group liegen, und solche Änderungen können wesentliche negative Auswirkungen auf ihre finanzielle Ertragslage (einschließlich den Zinsüberschuss) haben. • Da ein großer Teil der Aktivitäten, Vermögenswerte und Kunden der Erste Group auf Länder in Zentral- und Osteuropa, die nicht der Eurozone angehören, konzentriert ist, sind die Erste Group und deren Kunden Währungsrisiken ausgesetzt. • Die Erste Group könnte gezwungen sein, weitere Wertberichtigungen auf frühere Akquisitionen vorzunehmen. • Veränderungen der Sicherheitsstandards der EZB könnten negative Auswirkungen auf die Finanzierung der Erste Group und deren Eindeckung mit Liquidität haben. • Die Erste Group ist in wettbewerbsintensiven Märkten tätig und konkurriert mit großen internationalen Finanzin-
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		<p>stituten wie auch etablierten lokalen Mitbewerbern.</p> <ul style="list-style-type: none"> • Der Hauptaktionär der Erste Group kann Aktionärsmaßnahmen kontrollieren. • Vertragliche Vereinbarungen mit der Republik Österreich könnten die Geschäftstätigkeit der Erste Group beeinflussen. • Die Einhaltung von Vorschriften im Zusammenhang mit Maßnahmen zur Verhinderung von Geldwäsche, Korruption und Terrorismusfinanzierung bringt erhebliche Kosten und Aufwendungen mit sich und die Nichteinhaltung dieser Vorschriften kann schwerwiegende rechtliche sowie rufschädigende Folgen haben. • Änderungen in der Konsumentenschutzgesetzgebung sowie in der Anwendung und Auslegung solcher Gesetze können zu einer Beschränkung jener Gebühren und anderer Preise führen, welche die Erste Group für bestimmte Bankentransaktionen in Rechnung stellt. • Die Eingliederung von potentiellen zukünftigen Akquisitionen kann zu zusätzlichen Herausforderungen führen. <p>Risiken, die mit jenen Märkten verbunden sind, auf denen die Erste Group tätig ist</p> <ul style="list-style-type: none"> • Das Ausscheiden irgendeines Landes aus der Eurozone könnte unvorhersehbare Folgen für das Finanzsystem und die Gesamtwirtschaft haben, was wahrscheinlich zu Rückgängen der Geschäftsvolumina sowie zu Wertminderungen von Vermögenswerten und Verlusten im Rahmen des Geschäftsbetriebs der Erste Group führen würde. • Die Erste Group ist in Schwellenländern tätig, die schnellen wirtschaftlichen oder politischen Veränderungen unterliegen können, wodurch die Finanz- und Ertragslage der Erste Group negativ beeinflusst werden könnte. • Zugesagte Mittel der Europäischen Union können nicht freigegeben und weitere Hilfsprogramme können durch die Europäische Union nicht beschlossen werden. • Der Verlust des Vertrauens der Kunden in die Geschäftstätigkeit der Erste Group oder in Bankgeschäfte generell könnte zu unerwartet hohen Abflüssen von Kundeneinlagen führen, womit erhebliche nachteilige Auswirkungen auf die Ertrags- und Finanzlage sowie die Liquidität der Erste Group verbunden sein könnten. • Liquiditätsprobleme einzelner Länder in Zentral- und Osteuropa können sich nachteilig auf einen größeren Bereich Zentral- und Osteuropas auswirken und könnten die Finanz- und Ertragslage der Erste Group negativ beeinflussen. • Die Regierungen in jenen Ländern, in denen die Erste Group tätig ist, können auf Finanz- und Wirtschaftskrisen mit erhöhtem Protektionismus, Verstaatlichungen oder ähnlichen Maßnahmen reagieren. • Ein langsames Wachstum oder eine Rezession im Bankenbereich in dem die Erste Group tätig ist sowie eine langsamere Vergrößerung der Eurozone und der Europäischen Union können sich zu Lasten der Erste Group aus-
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		<p>wirken.</p> <ul style="list-style-type: none"> • Die Rechtssysteme und die Verfahrensgarantien sind in vielen Ländern Zentral- und Osteuropas, insbesondere in den osteuropäischen Ländern noch nicht gänzlich entwickelt. • Die in verschiedenen Ländern Zentral- und Osteuropas anwendbaren Insolvenzgesetze oder anderen Gesetze bzw Bestimmungen, die Gläubigerrechte regeln, können die Fähigkeit der Erste Group, Zahlungen auf notleidende Kredite zu erhalten, beschränken. • Die Erste Group kann dazu gezwungen sein, staatliche Unterstützungsprogramme für Kreditinstitute zu finanzieren oder an diesen teilzunehmen oder staatliche Budgetkonsolidierungsprogramme zu finanzieren, insbesondere durch die Einführung von Bankensteuern oder anderer Abgaben.
D.3	<p>Zentrale Risiken, die den Wertpapieren eigen sind</p>	<p>Risiken, die mit dem Angebot und den angebotenen Wertpapieren verbunden sind</p> <ul style="list-style-type: none"> • Partizipanten, die sich dafür entscheiden, nicht am Angebot teilzunehmen, oder die nicht berechtigt sind, am Angebot teilzunehmen, werden für die Änderung des Verhältnisses der Partizipationsscheine zum Grundkapital der Erste Group, die seit 2009 eingetreten ist, nicht entschädigt. • Die Möglichkeit der Erste Group, auf Partizipationsscheine Dividenden zu zahlen, wird vom Vorliegen eines verteilungsfähigen Gewinnes abhängen und die Dividendenzahlungen können selbst dann unterbleiben, wenn ein verteilungsfähiger Gewinn vorhanden ist. • Die Rechte der Inhaber der Partizipationsscheinen können sich von jenen Inhaberrechten unterscheiden, die durch ähnliche Wertpapiere eines Unternehmens, das einer anderen Rechtsordnung als der österreichischen unterliegt, vermittelt werden. • Die Erste Group hat noch nicht entschieden, wie Partizipationsscheininhaber vor künftigen Verwässerungen geschützt werden sollen. • Falls die Partizipationsscheine zurückgezahlt werden, kann sich herausstellen, dass die Investition in Partizipationsscheine einen niedrigeren als den erwarteten Ertrag aufweist. • Die Partizipationsscheine haben eine ewige Laufzeit und können nur unter bestimmten Voraussetzungen durch die Erste Group Bank zurückgezahlt werden. • Die Partizipationsscheine nehmen an den Verlusten der Erste Group bis zu ihrem gesamten Nennwert teil. • Die Verpflichtungen der Erste Group Bank aus den Partizipationsscheinen begründen unbesicherte und tief nachrangige Verpflichtungen, die den Ansprüchen aller nicht nachrangigen und nachrangigen Gläubiger der Erste Group Bank im Rang nachgehen. • Die Rechte der Partizipationsscheininhaber, Zahlungen

		<p>auf die Partizipationsscheine zu erhalten, gehen in struktureller und tatsächlicher Hinsicht den Ansprüchen bestehender und künftiger Gläubiger der Tochtergesellschaften der Erste Group nach.</p> <ul style="list-style-type: none"> • Es besteht kein liquider Sekundärmarkt für Partizipationsscheine, wodurch die Inhaber der Partizipationsscheine in ihrer Fähigkeit beschränkt werden, die Partizipationsscheine zu gerechten Marktpreisen veräußern zu können. • Angebotsempfänger, die Partizipationsscheine zeichnen, übernehmen das Risiko, dass sich der Kreditspread der Erste Group Bank ändert. • Die Inhaber der Partizipationsscheine sind dem Marktpreisrisiko bei der Veräußerung der Partizipationsscheine ausgesetzt. • Die Inhaber der Partizipationsscheine sind dem Risiko ausgesetzt, dass der Wert der Partizipationsscheine in Folge von Änderungen des Marktzinssatzes fällt. • Aufgrund einer möglichen zukünftigen Inflation kann sich der tatsächliche Ertrag aus einer Investition in die Partizipationsscheine verringern. • Die Inhaber der Partizipationsscheine sind dem Risiko nachteiliger Änderungen von Fremdwährungskursen und nachteiliger steuerlicher Konsequenzen ausgesetzt. • Angebotsempfänger müssen auf die Verfahrensweise und die Funktionalität der Clearing Systeme für die Partizipationsscheine vertrauen. • Die Partizipationsscheine vermitteln keine Stimmrechte. • Zahlungsansprüche hinsichtlich des Nennwerts der Partizipationsscheine verjähren zehn Jahre nach deren Fälligkeit.
Abschnitt E – Angebot		
E.1	Gesamtnettoerlöse und geschätzte Gesamtkosten der Emission/des Angebots, einschließlich der geschätzten Kosten, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden	<p>Für den Fall, dass alle Bezugsrechte, auf die nicht verzichtet wurde, ausgeübt werden, geht die Erste Group Bank von einem Gesamtnettoerlös des Angebots in der Höhe von ungefähr €26,4 Mio aus. Der Gesamterlös aus dem Angebot wird zur Gänze zur Bezahlung des Erwerbspreises für die angebotenen Wertpapiere, die von der Republik Österreich erworben werden, wobei deren Anzahl der Gesamtanzahl an angebotenen Wertpapieren entspricht, die im Rahmen des Angebots gezeichnet werden, verwendet. Die Erste Group Bank geht von Gesamtkosten für das Angebot in der Höhe von ungefähr €0,7 Mio aus (exklusive Umsatzsteuer).</p> <p>Die Erste Group Bank wird keine Gebühren für die Zeichnung angebotener Wertpapiere verrechnen. Depotbanken, Verwahrer oder andere Finanzintermediäre, über die Angebotsempfänger ihre Bezugsrechte halten, können übliche Bankprovisionen für die Ausübung der Bezugsrechte im Namen der Angebotsempfänger verrechnen.</p>
E.2a	Gründe für das Angebot, Zweckbestimmung der	In Einklang mit den Bedingungen und den maßgeblichen Bestimmungen des BWG muss den Inhabern der Partizipati-

	<p>Erlöse, geschätzte Nettoerlöse</p>	<p>onsscheine ein angemessener Ausgleich geleistet werden, wenn aufgrund von Maßnahmen das bestehende Verhältnis zwischen den Vermögensrechten der Inhaber der Partizipationsscheine und den Vermögensrechten der Aktionäre der Erste Group Bank verändert wird. Seit der Beendigung eines vergleichbaren Zeichnungsangebotes zur Wiederherstellung des Verhältnisses zwischen dem Grundkapital der Erste Group Bank und ihrem Partizipationskapital im Jahr 2009 hat die Erste Group Bank im Rahmen bestimmter Mitarbeiterbeteiligungsprogramme eine Gesamtzahl von 1.453.621 neuen Aktien aus bedingtem Kapital begeben.</p> <p>Im September und November 2011 hat die Erste Group Bank eine Grundsatzvereinbarung und Aktienkaufverträge mit vier regionalen rumänischen Investmentfonds (<i>Societatae de Investitii Financiare</i>) abgeschlossen, wonach die Erste Group Bank eine Beteiligung von bis zu 30,12% der Aktien an der BCR gegen Barzahlung und gegen Gewährung von in Tranchen neu auszugebender Aktien der Erste Group Bank erwerben soll. Im Rahmen der Umsetzung von vier Aktienkaufverträgen begab die Erste Group Bank durch vier Kapitalerhöhungen, die am 23. November 2011, am 10. Dezember 2011, am 15. Dezember 2011 und am 28. Februar 2012 stattfanden, eine Gesamtzahl von 16.102.263 neuen Aktien aus genehmigtem Kapital gegen eine Sacheinlage von insgesamt 2.060.418.643 Aktien der BCR. Dadurch erhöhte sich das Aktienkapital der Erste Group Bank von €756.932.768 (zum 22. November 2011) auf €789.137.294 (zum 31. Dezember 2012). Die Verhandlungen zwischen der Erste Group Bank und einem anderen rumänischen Investmentfonds über einen Aktienkaufvertrag auf Basis der Grundsatzvereinbarung vom September 2011 wurden im Februar 2013 beendet. Aufgrund der vier Kapitalerhöhungen gegen Sacheinlage und der Begebung von Aktien aus bedingtem Kapital wurde das Verhältnis zwischen dem Aktienkapital der Erste Group Bank und ihrem Partizipationskapital, welches zum Zeitpunkt der Begebung des Partizipationskapitals bestand, zum Nachteil der Inhaber der Partizipationsscheine verändert. Das Angebot der Bezugsrechte für zusätzliche Partizipationsscheine soll diese Änderung des Verhältnisses ausgleichen und, aus Sicht der an dem Angebot teilnehmenden Inhaber der Partizipationsscheine, jenes Verhältnis wiederherstellen, welches nach der Beendigung eines vergleichbaren Zeichnungsangebots im Jahr 2009 vorherrschte. Zu diesem Zweck hat die Erste Group Bank mit der Republik Österreich vereinbart, nach dem Verzicht der Republik Österreich auf die Ausübung ihrer Bezugsrechte so viele Partizipationsscheine aus dem Bestand der Republik Österreich zu erwerben, wie für das Angebot erforderlich ist.</p> <p>Die Erste Group Bank geht davon aus, dass der Gesamtnettoerlös aus dem Angebot ungefähr € 26,4 Mio betragen wird. Der Gesamterlös aus dem Angebot wird zur Gänze zur Bezahlung des Erwerbspreises für die angebotenen Wertpapiere, die von der Republik Österreich erworben werden, wobei deren Anzahl der Gesamtanzahl an angebotenen Wertpapieren entspricht, die im Rahmen des Angebots gezeichnet werden, verwendet.</p>
E.3	Beschreibung der An-	

Beendigung und Aussetzung des Angebots/Verlängerung der Bezugsfrist

werden, verfallen wertlos. Angebotsempfängern, die ihre Bezugsrechte über eine Depotbank, einen Verwahrer oder einen anderen Finanzintermediär halten, wird empfohlen, sich selbst über die von ihren jeweiligen Depotbanken, Verwahrern oder anderen Finanzintermediären vorgeschriebene Frist zur Ausübung ihrer Bezugsrechte zu informieren (Verfügungsfrist). Eine solche Verfügungsfrist kann vor dem Ablauf der Bezugsfrist am oder um den 26. April 2013 enden.

Die Emittentin kann in ihrem alleinigen Ermessen jederzeit das Angebot beenden oder aussetzen und die Bezugsfrist verlängern. Jede Verlängerung der Bezugsfrist sowie jede Beendigung und jede Aussetzung des Angebots wird über elektronische Medien, im Amtsblatt zur Wiener Zeitung, auf der Webseite der Erste Group Bank (www.erstegroup.com) und, sofern dies vom Kapitalmarktgesetz vorgeschrieben wird, als Nachtrag zu diesem Prospekt ehestmöglich veröffentlicht. Zusätzlich werden Veröffentlichungen (i) in der Tschechischen Republik auf der Webseite der Česká spořitelna, a.s. (www.csas.cz), (ii) in der Slowakischen Republik auf der Webseite der Slovenská sporiteľňa (www.slsp.sk) und (iii) in Rumänien auf der Webseite der Depozitarul Central SA (www.depozitarulcentral.ro) und der BCR (www.bcr.ro) geschaltet werden.

Angebotsempfänger, die Zeichnungsbefehle übermittelt haben, werden nicht individuell verständigt. Im Falle der Beendigung des Angebots werden die Bezugsrechte ungültig und der jeweilige Angebotsempfänger wird allfällig bereits geleistete Zahlungen für die Zeichnung ohne Zinsen zurückerhalten. Sollte ein Angebotsempfänger eine ungültige Zeichnungsbefehl übermittelt haben oder sollte das Angebot beendet werden, bestimmen sich die Ansprüche in Bezug auf Bankgebühren oder andere dem Angebotsempfänger im Zusammenhang mit dem Angebot entstandene Kosten nach dem zwischen einem solchen Angebotsempfänger und dem Finanzinstitut, welches die Zeichnung entgegengenommen hat, bestehenden Vertragsverhältnis.

Bezugsstelle und Ausübung des Bezugsrechts

Die Erste Group Bank fungiert als Bezugsstelle für das Angebot. Die Angebotsempfänger sind eingeladen, ihre Bezugsrechte während der Bezugsfrist bei einer Filiale der Ersten Group Bank zu den regulären Schalteröffnungszeiten oder über ihre Depotbanken, Verwahrer oder andere Finanzintermediäre durch Abgabe einer entsprechenden Anweisung auszuüben.

Inhaber von Bezugsrechten, die durch eine Depotbank, die Teilnehmer der OeKB ist oder durch eine Finanzinstitution, die Mitglied der Euroclear Bank S.A. („Euroclear“), der Clearstream Banking AG („Clearstream“), der Centrální depozitář cenných papírů, a.s. („CDCP“) oder der Centrálny depozitár cenných papierov SR, a.s. („CDCP SR“) ist, gehalten werden, müssen ihre Bezugsrechte durch Anweisung der jeweiligen Depotbank oder Finanzinstitution, die angebotenen Wertpapiere in ihrem Namen zu zeichnen, ausüben. Angebotsempfänger, die Bezugsrechte durch Depozitarul Central SA halten, können ihre Bezugsrechte durch Anweisung ihrer Finanzintermediäre (Depotbank/Makler), die als Verwahrstelle für die Partizipationsscheine agieren, ausüben.

Für nicht ausgeübte Bezugsrechte wird keine Entschädigung

	<p>Lieferung und Abwicklung der angebotenen Wertpapiere</p> <p>Übernehmer/Platzierer</p>	<p>zahlbar.</p> <p>Die angebotenen Wertpapiere sind durch mehrere Sammelurkunden ohne Dividendenschein, die bei der OeKB, Am Hof 4, A-1010 Wien, Österreich, hinterlegt wurden, verbrieft. Die angebotenen Wertpapiere vermitteln Miteigentumsanteile oder Miteigentumsrechte an den jeweiligen Sammelurkunden und werden voraussichtlich im Effekten giroverkehr durch die Einrichtungen der OeKB, Euroclear, Clearstream, CDCP und CDCP SR gegen Zahlung des Bezugspreises pro erworbenes angebotenes Wertpapier am oder um den 3. Mai 2013 geliefert.</p> <p>Für das Angebot wurden keine Übernehmer oder Platzierer bestellt.</p>
E.4	Beschreibung aller für das Angebot wesentlichen, auch kollidierenden Beteiligungen.	Entfällt; es bestehen keine für das Angebot wesentlichen oder kollidierenden Beteiligungen.
E.5	<p>Name der Person/des Unternehmens, die/das das Wertpapier zum Verkauf anbietet</p> <p>Bei Lock-up-Vereinbarungen die beteiligten Parteien und die Lock-up-Frist</p>	<p>Die angebotenen Wertpapiere werden von der Erste Group Bank angeboten.</p> <p>Entfällt; es bestehen keine Lock-up-Vereinbarungen in Bezug auf die Partizipationsscheine.</p>
E.6	Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung	Entfällt; es werden keine neuen Wertpapiere der Erste Group Bank im Rahmen des Angebots ausgegeben.
E.7	Schätzung der Kosten, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden	Die Erste Group Bank wird keinerlei Gebühren für die Zeichnung der angebotenen Wertpapiere in Rechnung stellen. Depotbanken, Verwahrer oder andere Finanzintermediäre, durch welche Angebotsempfänger ihre Bezugsrechte halten können, können übliche Bankprovisionen für die Ausübung der Bezugsrechte im Namen der jeweiligen Angebotsempfänger in Rechnung stellen.

Annex 2 – Czech translation of the summary

The following translation of the original summary is a separate document attached to the Prospectus. It does not form part of the Prospectus itself and has not been approved by the FMA. Further, the FMA did not review its consistency with the original summary.

Následující překlad původního souhrnu je samostatný dokument přiložený k Prospektu. Netvoří část samotného Prospektu a nebyl schválen ze strany FMA. FMA dále nepřezkoumávala jeho soulad s původním souhrnem.

SOUHRN PROSPEKTU

Souhrny jsou sestaveny na základě požadavků na zveřejnění informací označovaných jako „Prvky“. Tyto Prvky jsou očíslovány v oddílech A - E (A.1 - E.7).

Tento souhrn obsahuje všechny Prvky, které mají být zahrnuty do informací o tomto druhu cenných papírů a emitentovi. Protože zařazení některých Prvků se nevyžaduje, v číselné řadě Prvků se mohou vyskytnout mezery.

I když se v případě některého Prvku vyžaduje jeho zařazení do souhrnu vzhledem k druhu cenných papírů a emitentovi, je možné, že ohledně tohoto Prvku nelze poskytnout relevantní informace. V takovém případě souhrn obsahuje krátký popis Prvku s poznámkou „neuplatní se“.

Oddíl A – Úvod a upozornění

A.1	<p>Tento souhrn musí být chápán jako úvod do tohoto Prospektu („Prospekt“).</p> <p>Jakékoli rozhodnutí investovat do cenných papírů by mělo být založeno na tom, že investor zváží Prospekt jako celek.</p> <p>V případě, že je u soudu vznesen nárok na základě údajů uvedených v Prospektu, může být žalujícímu investorovi podle vnitrostátních právních předpisů příslušných členských států Evropského hospodářského prostoru uložena povinnost uhradit náklady na překlad Prospektu před zahájením soudního řízení.</p> <p>Erste Group Bank AG („Emitent“ nebo „Erste Group Bank“, a společně s jeho přímými a nepřímými dceřinými společnostmi ke dni vyhotovení tohoto Prospektu „Erste Group“), nese odpovědnost za obsah tohoto souhrnu Prospektu včetně jakéhokoliv jeho překladu, avšak pouze pokud je souhrn zavádějící, nepřesný nebo vykazuje nesoulad při porovnání s jinými částmi Prospektu nebo pokud při porovnání s jinými částmi Prospektu neposkytuje hlavní údaje, které investorům pomáhají při rozhodování, zda dotyčné cenné papíry koupit.</p>		
A.2	<table border="1"><tr><td data-bbox="256 1346 1090 1821"><ul style="list-style-type: none">• Souhlas emitenta nebo osoby odpovědné za sestavení prospektu s použitím prospektu pro pozdější další prodej nebo konečné umístění cenných papírů finančními zprostředkovateli.• Uvedení nabídkového období, v němž mohou finanční zprostředkovatelé provést pozdější další prodej nebo konečné umístění cenných papírů, pro které byl poskytnut souhlas s použitím prospektu.• Jakékoli jiné jednoznačné a objektivní podmínky připojené k souhlasu, jež jsou relevantní pro použití prospektu.• Oznámení uvedené tučným písmem informující investory o tom, že v případě předložení nabídky finančním zprostředkovatelem poskytne tento finanční zprostředkovatel investorům údaje o podmínkách nabídky v době jejího předložení.</td><td data-bbox="1090 1346 1418 1821">Neuplatní se; souhlas Erste Group Bank s použitím Prospektu ze strany finančních zprostředkovatelů pro pozdější další prodej nebo konečné umístění cenných papírů nabízených tímto Prospektem nebyl udělen.</td></tr></table>	<ul style="list-style-type: none">• Souhlas emitenta nebo osoby odpovědné za sestavení prospektu s použitím prospektu pro pozdější další prodej nebo konečné umístění cenných papírů finančními zprostředkovateli.• Uvedení nabídkového období, v němž mohou finanční zprostředkovatelé provést pozdější další prodej nebo konečné umístění cenných papírů, pro které byl poskytnut souhlas s použitím prospektu.• Jakékoli jiné jednoznačné a objektivní podmínky připojené k souhlasu, jež jsou relevantní pro použití prospektu.• Oznámení uvedené tučným písmem informující investory o tom, že v případě předložení nabídky finančním zprostředkovatelem poskytne tento finanční zprostředkovatel investorům údaje o podmínkách nabídky v době jejího předložení.	Neuplatní se; souhlas Erste Group Bank s použitím Prospektu ze strany finančních zprostředkovatelů pro pozdější další prodej nebo konečné umístění cenných papírů nabízených tímto Prospektem nebyl udělen.
<ul style="list-style-type: none">• Souhlas emitenta nebo osoby odpovědné za sestavení prospektu s použitím prospektu pro pozdější další prodej nebo konečné umístění cenných papírů finančními zprostředkovateli.• Uvedení nabídkového období, v němž mohou finanční zprostředkovatelé provést pozdější další prodej nebo konečné umístění cenných papírů, pro které byl poskytnut souhlas s použitím prospektu.• Jakékoli jiné jednoznačné a objektivní podmínky připojené k souhlasu, jež jsou relevantní pro použití prospektu.• Oznámení uvedené tučným písmem informující investory o tom, že v případě předložení nabídky finančním zprostředkovatelem poskytne tento finanční zprostředkovatel investorům údaje o podmínkách nabídky v době jejího předložení.	Neuplatní se; souhlas Erste Group Bank s použitím Prospektu ze strany finančních zprostředkovatelů pro pozdější další prodej nebo konečné umístění cenných papírů nabízených tímto Prospektem nebyl udělen.		

Oddíl B – Emitent

B.1	Právní a obchodní název	Právní název (obchodní firma) Erste Group Bank je „Erste Group Bank AG“, její obchodní název je „Erste Group“. „Erste
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		Group“ odkazuje rovněž na Erste Group Bank a její konsolidované dceřiné společnosti.
B.2	Sídlo/ Právní forma/ Právní předpisy/ Země registrace	Erste Group Bank je akciovou společností (<i>Aktiengesellschaft</i>) založenou a působící podle rakouského práva, zapsanou v obchodním rejstříku (<i>Firmenbuch</i>) u Obchodního soudu ve Vídni (<i>Handelsgericht Wien</i>) pod číslem registrace FN 33209m. Erste Group Bank má sídlo ve Vídni, Rakouské republice. Její obchodní adresa je Graben 21, 1010 Vídeň, Rakousko.
B.3	Současné podnikání, hlavní činnosti a hlavní trhy, na kterých emitent soutěží	<p>Erste Group je vedoucí bankovní skupina zaměřující se na retailové a korporátní klienty v Rakousku a ve střední a východní Evropě („CEE“). Erste Group nabízí svým klientům širokou škálu služeb, které podle daného trhu zahrnují produkty související s vklady a běžnými účty, hypoteční a spotřebitelské financování, financování investic a provozního kapitálu, privátní bankovnictví, investiční bankovnictví, správu aktiv, projektové financování, mezinárodní obchodní financování, obchodování (trading), leasing a factoring. Svými aktivy, celkovými úvěry a celkovými vklady se Erste Group řadí k předním bankovním skupinám v Rakousku, České republice, v Rumunsku a na Slovensku. Její působení je významné i v Maďarsku, Chorvatsku a Srbsku. Jejich služeb využívá přibližně 17 milionů klientů po celém Rakousku a na svých klíčových trzích v rámci CEE. Erste Group Bank je rovněž vedoucí bankou rakouského spořitelního sektoru. K 31. prosinci 2012 měla Erste Group aktiva celkem ve výši 213,8 miliard EUR, vlastní kapitál ve výši celkem 16,3 miliard EUR a dosáhla provozního výsledku ve výši 3 472,8 milionů EUR (provozní výnos - součet čistého výnosu z úroků, čistého výnosu z poplatků a provizí a čistého zisku z obchodování) s odečtením ostatních provozních nákladů a čistý zisk za účetní období končící 31. prosince 2012 ve výši 631,0 milionů EUR. K témuž datu měla Erste Group účastnický kapitál v celkové výši 1 756,6 milionů EUR. Erste Group Bank je mateřskou společností a jedinou společností Erste Group přijatou k obchodování na burze v Evropském hospodářském prostoru (EHP).</p> <p>„Erste Group“ tvoří Erste Group Bank společně s jejími dceřinými společnostmi a majetkovými účastmi v dalších společnostech, včetně společností Erste Bank Oesterreich v Rakousku, Česká spořitelna v České republice, Banca Comercială Română v Rumunsku, Slovenská sporiteľňa na Slovensku, Erste Bank Hungary v Maďarsku, Erste Bank Croatia v Chorvatsku, Erste Bank Serbia v Srbsku, Erste Bank Ukraine na Ukrajině a včetně Salzburger Sparkasse, Tiroler Sparkasse, s-Bausparkasse, dalších spořitelen ze sdružení <i>Haftungsverbund</i>, společnosti Immorent a dalších v Rakousku. V prosinci 2012 uzavřela Erste Group smlouvu o prodeji Erste Bank Ukraine akcionářům Fidobanky. Dokončení této transakce vyžaduje splnění několika podmínek, včetně získání regulatorních povolení, a očekává se do konce druhého čtvrtletí roku 2013.</p> <p>K 31. prosinci 2012 měla Erste Group po celém světě 49 381 zaměstnanců (ekvivalent plných úvazků), přičemž 1 476 z nich zaměstnávala Erste Group Bank.</p> <p>Erste Group se domnívá, že její podnikání je charakterizováno</p>

		<p>následujícími konkurenčními výhodami: (i) vedoucí pozice na trhu v retailovém a korporátním bankovníctví; (ii) osvědčený a odolný podnikatelský model; (iii) aktivita na geografických trzích se srovnatelně nižšími úrovněmi HDP a bankovní penetrace; a (iv) uznávaná a důvěryhodná značka.</p> <p>Cílem Erste Group je posílení postavení na klíčových trzích s využitím následujících strategií při zachování zaměření na přísnou kontrolu nákladů: (i) silnější geografické zaměření na Rakousko a východní část Evropské unie prostřednictvím úvěrování lokálních klientů financovaného lokálními vklady a posílení vztahů v oblasti korporátního bankovníctví; a (ii) pokračující zaměření na podnikání klientů v klíčovém regionu prostřednictvím aktivit v oblasti kapitálových trhů přizpůsobených na míru potřebám klientů, vyváženého přístupu k růstu podnikání ve veřejném sektoru a mezibankovních obchodů se zaměřením na banky na klíčových trzích.</p> <p>Z uvedených sedmi bankovních sektorů je Sektor spořitelen třetí největší s přibližně 165,4 miliardami EUR celkových aktiv (včetně Bank Austria) zachycenými v účetnictví k 30. září 2012 (zdroj: webové stránky OeNB ve znění k únoru 2013). Sektor spořitelen v té době zahrnoval nezávislé spořitelny (kromě Bank Austria), s Erste Group Bank působící v roli ústřední finanční instituce Sektoru spořitelen.</p>
<p>B.4a</p>	<p>Nejvýznamnější poslední trendy ovlivňující emitenta a odvětví, v nichž působí</p>	<p>Erste Group se domnívá, že retailový a korporátní bankovní sektor v Rakousku a střední a východní Evropě ovlivňují následující trendy:</p> <ul style="list-style-type: none"> • <i>Makroekonomické prostředí.</i> Vývoj reálného HDP, příjmy domácností, maloobchodní výdaje, korporátní investice, míra nezaměstnanosti a vládní dluh jsou všechno klíčové faktory, které ovlivňují poptávku po bankovních službách globálně, jakož i na geografických trzích, na kterých Erste Group působí. Zatímco Erste Group věří, že se tyto indikátory budou v Rakousku a ve střední a východní Evropě vyvíjet z dlouhodobého hlediska pozitivněji, zejména v porovnání s eurozónou a Evropskou unií, současná vyšší výkonnost je omezena s ohledem na prostředí pomalého růstu převažující v Evropě v roce 2012 a 2013. Důsledkem tohoto trendu bude pravděpodobně z krátkodobého hlediska i nadále útlum poptávky po bankovních službách na geografických trzích, kde Erste Group působí. • <i>Regulační změny a zdanění.</i> Evropský bankovní sektor musí čelit zvýšené regulaci ze strany nadnárodních i národních regulačních úřadů, včetně požadavků na vyšší kapitál, požadavků na vyšší likviditu, omezení financování cizím kapitálem, jakož i poskytování úvěrů. Sílí trend, kdy vlády ukládají bankám další daně a odvody, včetně daní z finančních transakcí. Všechna tato opatření vedou ke zvyšování nákladů na podnikání a mají negativní dopad na ziskovost. • <i>Změny v chování klientů a změny technologií.</i> Sílí trend směrem k intenzivnějšímu využívání elektronických a mobilních kanálů bude vyžadovat, aby banky přizpůsobily svou infrastrukturu v oblasti péče o klienty, aby investovaly do nových technologií, jako jsou aplikace pro chytré

		<p>telefony a jiné mobilní přístroje, a aby přeškolily své zaměstnance.</p>
B.5	Popis skupiny a postavení emitenta ve skupině	<p>Erste Group Bank je mateřskou společností Erste Group. K 31. prosinci 2012 držela Erste Group Bank přímo či nepřímo majetkové účasti v následujících společnostech:</p> <ul style="list-style-type: none"> • Česká spořitelna, a.s. („Česká spořitelna“) (99,0%); • Banca Comercială Română S.A. („BCR“) (93,3%); • Slovenská sporiteľňa, a.s. („Slovenská sporiteľňa“) (100,0%); • Erste Bank Hungary Zrt. („Erste Bank Hungary“) (100,0%); • Erste & Steiermärkische Bank d.d. („Erste Bank Croatia“) (69,3%); • ERSTE BANK AD NOVI SAD („Erste Bank Serbia“) (80,5%); • Akciová spoločnosť „Erste Bank“ („Erste Bank Ukraine“) (100,0%) • Erste Bank der oesterreichischen Sparkassen AG („Erste Bank Oesterreich“) (100,0%), včetně majetkové účasti v Salzburger Sparkasse Bank AG (98,7%), Tiroler Sparkasse Bankaktiengesellschaft (75,0%), Bausparkasse der österreichischen Sparkassen AG (95,0%), Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft (75,0%) a Haftungsverbund GmbH (63,5%); • Brokerjet Bank AG (100,0%) • Erste Group Immorent AG (100,0%); • Erste Asset Management GmbH (100,0%); a • s IT Solutions Holding GmbH (100,0%). <p>V prosinci 2012 uzavřela Erste Group smlouvu o prodeji Erste Bank Ukraine akcionářům Fidobank. Dokončení této transakce vyžaduje splnění několika podmínek, včetně získání regulatorních povolení, a očekává se do konce druhého čtvrtletí roku 2013.</p>
B.6	Osoby, které mají přímou nebo nepřímou účast na kapitálu emitenta nebo hlasovacích právech, podléhající oznamovací povinnosti	<p>Zde je uveden přehled právnických osob, které na základě oznámení hlasovacích práv poskytnutých Erste Group Bank drží přímo nebo nepřímo hlasovací práva v Erste Group Bank. Změny v procentech hlasovacích práv by však Erste Group Bank nemusely být známy, kdyby se vyskytly mezi aplikovatelnými limity hlasovacích práv nebo kdyby příslušná oznámení nebyla řádně podána. Procenta hlasovacích práv se mohou také změnit, přestože počet hlasovacích práv držený příslušným akcionářem zůstane zachován, <i>např.</i> z důvodu zvýšení nebo snížení základního kapitálu Erste Group Bank a s ním spojeným celkovým počtem hlasovacích práv. Ve světle toho je možné, a v některých případech také pravděpodobné, že zprávy, které má Erste Group Bank k dispozici, nepodávají v každém případě obraz o skutečných procentech hlasovacích práv.</p> <ul style="list-style-type: none"> • Podle svého posledního oznámení hlasovacích práv držela 24,47% akcií Erste Group Bank k 5. říjnu 2012 DIE ERSTE Österreichische Spar-Casse Privatstiftung („Erste

	<p>Odlišná hlasovací práva</p> <p>Přímá či nepřímá účast na emitentovi nebo přímé či nepřímé ovládní emitenta a povaha této kontroly</p>	<p>Stiftung”).</p> <ul style="list-style-type: none"> Podle svého posledního oznámení hlasovacích práv držela 9,98% akcií Erste Group Bank k 23. listopadu 2011 CaixaBank, S.A. (dříve Criteria Caixacorp, S.A.) (bez přihlídnutí ke zvýšení základního kapitálu Erste Group Bank provedeného po tomto datu a bez přihlídnutí k nabytí 1 000 000 dalších akcií Erste Group Bank AG společností CaixaBank, S.A. od Erste Stiftung v roce 2012). Podle svého posledního oznámení hlasovacích práv držela 4,42% akcií Erste Group Bank Austria k 13. lednu 2013 společnost Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung. <p>Neuplatní se (cenné papíry, které jsou tímto Prospektem nabízeny, nejsou spojeny s hlasovacími právy a každá akcie vydaná Erste Group Bank odpovídá jednomu hlasu).</p> <p>Informace týkající se procent akcií držných Erste Stiftung, CaixaBank, S.A., a Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung, jsou uvedeny výše. Kromě toho je třeba uvést, že členové dozorčí rady Erste Group Bank („Dozorčí rada“) Georg Winckler (první místopředseda) a Friedrich Lackner (pověřený radou zaměstnanců) jsou členy dozorčí rady Erste Stiftung. Bernhard Kainz (pověřený radou zaměstnanců Erste Bank Oesterreich) je rovněž členem dozorčí rady Erste Stiftung. Stanovy Erste Group Bank ve znění přijatém valnou hromadou dne 15. května 2012 („Stanovy“) dále stanoví, že dokud Erste Stiftung odpovídá za všechny současné a budoucí závazky Erste Group Bank, má Erste Stiftung v případě insolvence Erste Group Bank podle § 92 odst. 9 zákona o bankách právo jmenovat až jednu třetinu členů Dozorčí rady, kteří jsou voleni valnou hromadou Erste Group Bank („Zástupci akcionářů“). Erste Stiftung dosud neuplatnila své jmenovací právo, takže všichni Zástupci akcionářů byli zvoleni valnou hromadou Erste Group Bank.</p> <p>Erste Stiftung a CaixaBank, S.A. uzavřely dohodu o partnerství (Preferred partnership agreement/“PPA“), na jejímž základě Erste Stiftung poskytla CaixaBank, S.A. status spřáteleného investora a přednostního partnera v investování. Na základě PPA je CaixaBank, S.A. oprávněna nominovat při volbě členů Dozorčí rady valnou hromadou Erste Group Bank jednoho kandidáta, kterého při volbě podpoří Erste Stiftung. CaixaBank, S.A. se naopak zavázala, že se zdrží účasti na nabídce nepřátelského převzetí formou nákupu akcií Erste Group Bank a udělila Erste Stiftung předkupní právo a opční práva ohledně akcií, které CaixaBank, S.A. drží v Erste Group Bank. Dále se Erste Stiftung zavázala, že třetím osobám neposkytne práva, která by byla výhodnější než práva poskytnutá CaixaBank, S.A., s výjimkou omezených okolností. Smlouva PPA neomezuje výkon hlasovacích práv společnostmi Erste Stiftung a CaixaBank, S.A. v Erste Group Bank. Smlouva PPA byla schválena rakouskou Komisí pro převzetí (<i>Übernahmekommission</i>).</p>
<p>B.7</p>	<p>Vybrané hlavní historické finanční údaje o emitentovi předkládané za každý finanční rok v období, za které jsou historické finanční údaje uvedeny (údaje o stavu ke konci finančního roku a za finanční roky končící 31. prosince 2012, 2011 a 2010)</p>	

Souhrn finančních a jiných informací

Níže uvedené finanční údaje týkající se účetních období končících 31. prosince 2012 a 31. prosince 2011 byly převzaty z auditovaných konsolidovaných účetních závěrek Erste Group pro účetní období končící 31. prosince 2012 a 31. prosince 2011. Určité finanční údaje týkající se účetního období končícího k 31. prosinci 2010 byly reklasifikovány v auditovaných konsolidovaných finančních závěrkách pro účetní období končící k 31. prosinci 2011. Zejména se jedná o swapy úvěrového selhání klasifikované v účetnictví v obdobích před účetním obdobím končícím 31. prosince 2011 jako finanční záruky, které byly reklasifikovány a oceněny jako finanční nástroje reálnou hodnotou (fair value) prostřednictvím zisku a ztráty. Dále byly reklasifikovány předchozí výpočty efektivních úrokových sazeb pro úvěry a půjčky poskytované klientům z důvodu harmonizace a zlepšení určitých informačních technologických nástrojů v Erste Group. Finanční informace zahrnuté v tomto oddíle týkající se účetního období končícího 31. prosince 2010 jsou převzaty nebo odvozeny z auditovaných konsolidovaných účetních závěrek za rok končící 31. prosince 2011. Proto se finanční údaje vztahující se k účetnímu období končícímu 31. prosince 2010, které jsou zahrnuty do tohoto Prospektu, částečně liší od finančních údajů obsažených v auditovaných konsolidovaných účetních závěrkách Erste Group pro účetní období končící 31. prosince 2010.

Veškeré finanční informace v následujících tabulkách, které jsou označeny jako "auditované" byly převzaty z auditovaných konsolidovaných účetních závěrek Erste Group pro účetní období končící 31. prosince 2012 a 31. prosince 2011. Jakákoliv finanční informace v následujících tabulkách, která je označena jako "neauditovaná" nebyla převzata z těchto konsolidovaných účetních závěrek.

Následující číselné údaje byly zaokrouhleny v souladu se zavedenými obchodními zvyklostmi. Proto součty čísel v tabulce nemusí přesně odpovídat celkovým hodnotám, které mohou být rovněž uvedeny v tabulce.

Údaje z Výkazu zisku a ztráty

Tabulka níže obsahuje vybrané údaje z výkazu zisku a ztráty za roky končící 31. prosince 2012, 2011 a 2010.

Údaje z Výkazu zisku a ztráty

	za rok končící 31. prosince		
	2012	2011	2010
v milionech EUR	auditováno, pokud neuvedeno jinak		
Čisté úrokové výnosy	5 235,3	5 569,0	5 439,2
Provozní výnosy ⁽¹⁾ (neauditováno)	7 229,5	7 478,5	7 603,7
Všeobecné provozní náklady	(3 756,7)	(3 850,9)	(3 816,8)
Provozní výsledek ⁽²⁾ (neauditováno)	3 472,8	3 627,6	3 786,9
Zisk / ztráta před zdaněním	801,2	(322,2)	1 324,2
Čistý zisk / ztráta za rok	631,0	(562,6)	1 043,3
Čistý zisk připadající na majitele mateřské společnosti.....	483,5	(718,9)	878,7

Zdroj: Auditované konsolidované účetní závěrky Erste Group Bank za účetní období končící 31. prosince 2012 a 2011 včetně komparativních finančních informací za účetní období končící 31. prosincem 2010

(1) Provozní výnosy zahrnují čistý úrokový výnos, čistý výnos z provizí a poplatků, čistý výsledek obchodování.

(2) Provozní výsledek odpovídá provozním výnosům po odečtení všeobecných provozních nákladů.

Údaje z Rozvahy

Tabulka níže obsahuje vybrané údaje z rozvahy k 31. prosinci 2012, 2011 a 2010:

Údaje z Rozvahy

	k 31. prosinci		
	2012	2011	2010
v milionech EUR	auditováno, pokud není uvedeno jinak		
Úvěry a půjčky úvěrovým institucím	9 074,1	7 577,7	12 496,5
Úvěry a půjčky klientům	131 927,5	134 749,5	132 334,1
Opravné položky k úvěrům a půjčkám	(7 643,7)	(7 027,3)	(6 119,1)
Obchodní a jiná finanční aktiva ⁽¹⁾ (neauditováno)	47 286,2	44 007,8	39 955,5
Jiná aktiva ⁽²⁾ (neauditováno)	33 180,0	30 698,7	27 103,0

v milionech EUR	k 31. prosinci		
	2012 auditováno, pokud není uvedeno jinak	2011	2010
Celková aktiva	213 824,0	210 006,3	205 770,0
Pasiva a vlastní kapitál			
Vklady bank	21 822,1	23 785,3	20 153,9
Vklady klientů	123 052,9	118 880,2	117 016,3
Vydávané dluhové cenné papíry a podřízené závazky (neauditováno)	34 750,7	36 564,2	37 136,5
Jiné závazky ⁽³⁾ (neauditováno)	17 859,8	15 596,6	14 905,2
Vlastní kapitál celkem	16 338,5	15 180,0	16 558,0
z toho část vztahující se k menšinovým účastem	3 483,2	3 142,9	3 443,6
z toho část vztahující se k majitelům mateřské společnosti	12 855,3	12 037,1	13 114,4
Celková pasiva a vlastní kapitál	213 824,0	210 006,3	205 770,0

Zdroj: Auditované konsolidované účetní závěrky Erste Group Bank pro účetní období končící 31. prosince 2012 a 2011 včetně komparativních finančních informací pro účetní období končící 31. prosince 2010.

- (1) Obchodní a jiná finanční aktiva jsou mezisoučtem řádkových položek obchodní aktiva, finanční aktiva oceněná reálnou hodnotou (fair value) prostřednictvím zisku nebo ztráty, realizovatelná finanční aktiva, a finanční aktiva držena do splatnosti.
- (2) Jiná aktiva jsou mezisoučtem řádkových položek hotovost a zůstatky u centrálních bank, derivativní finanční nástroje, financování investice vlastním kapitálem, nehmotný majetek, hmotný majetek a vybavení, investiční majetek, splatné daňové pohledávky, odložené daňové pohledávky, aktiva držena za účelem prodeje a jiná aktiva.
- (3) Jiné závazky jsou mezisoučtem řádkových položek úpravy ocenění vyplývající ze zajištění reálné hodnoty portfolia (portfolio fair value hedges), derivativní finanční nástroje, obchodní závazky, rezervy, splatné daňové závazky, odložené daňové závazky, jiné závazky a závazky spojené s aktivy drženy za účelem prodeje.

Vybrané provozní informace

Tabulka níže obsahuje vybrané provozní informace ke konci a za účetní období končící 31. prosince 2012, 2011 a 2010.

Klíčové poměrové ukazatele

	ke konci a za roky končící 31. prosince		
	2012 auditováno, pokud neuvedeno jinak	2011	2010
Výnos z vlastního kapitálu (ROE) ⁽¹⁾ (v %)	3,8	—	6,7
Poměr výplaty dividend ⁽²⁾ (v %) (neauditováno)	32,6	—	30,1
Poměr nákladů a výnosů ⁽³⁾ (v %)	52,0	51,5	50,2
Náklady na rizika ⁽⁴⁾ (neauditováno)	1,48	1,68	1,55
Kapitál Tier-1 (v milionech EUR) ⁽⁵⁾	12 223	11,909	12,219
Kmenový kapitál Tier-1 (v milionech EUR) ⁽⁶⁾	11 848	10,681	11,019
Poměr kmenového kapitálu tier-1-celkové riziko ⁽⁷⁾ (v %)	11,2	9,4	9,2
Poměr Tier-1-celkové riziko ⁽⁸⁾ (v %)	11,6	10,4	10,2
Poměr solventnosti ⁽⁹⁾ (v %)	15,5	14,4	13,5

Zdroj: Auditované konsolidované účetní závěrky Erste Group Bank pro účetní období končící 31. prosince 2012 a 2011 včetně komparativních finančních informací pro účetní období končící 31. prosince 2010, kromě údajů označených v řádcích Poměr výplaty dividend a Náklady na rizika, které jsou založené na interních kalkulacích nebo informacích Erste Group Bank.

- (1) Výnos z vlastního kapitálu (ROE) je poměr čistého zisku/ztráty za příslušné účetní období připadající na majitele mateřské společnosti vyjádřený jako procento z průměrného vlastního kapitálu připadajícího na majitele mateřské společnosti. Průměrný vlastní kapitál připadající na majitele mateřské společnosti se vypočítá na základě vlastního kapitálu připadajícího na majitele mateřské společnosti ke konci každého z dvanácti měsíců roku.
- (2) Poměr výplaty dividend představuje dividendy (zamýšlí se podání návrhu na výplatu dividendy za rok 2012 na výroční valné hromadě Erste Group Bank) vyplacené majitelům mateřské společnosti (vyjma dividend vyplacených z účastnického kapitálu) za příslušný účetní rok dělené čistým ziskem dosaženým za účetní rok připadajícím na majitele mateřské společnosti.
- (3) Poměr nákladů a výnosů je poměr provozních nákladů (všeobecných provozních nákladů) vyjádřený jako procento provozních výnosů (součtu čistého úrokového výnosu, čistého výnosu z provizí a poplatků a čistého výsledku obchodování).
- (4) Náklady na rizika jsou anualizovaná čistá přidělení do opravných položek ve vztahu k průměrné výši klientských úvěrů (na čtvrtletním základě).
- (5) Tier-1 kapitál zahrnuje hybridní kapitál tier-1 podle § 23 odst. 4a a 4b zákona o bankách.
- (6) Kmenový tier-1 kapitál je tier-1 kapitál bez hybridního kapitálu tier-1 podle § 23 odst. 4a a 4b zákona o bankách.

- (7) Poměr kmenového kapitálu (tier-1)-celkové riziko je poměr kmenového kapitálu tier-1 (bez hybridního kapitálu tier-1 dle § 23 odst. 4a a 4b zákona o bankách k výpočtovému základu pro kapitálový požadavek podle § 22 odst. 1 zákona o bankách.
- (8) Poměr Tier-1-celkové riziko je poměr kapitálu tier-1 (včetně hybridního kapitálu tier-1 dle § 23 odst. 4a a 4b zákona o bankách k výpočtovému základu pro kapitálový požadavek podle § 22 odst. 1 bod 1 zákona o bankách.
- (9) Poměr solventnosti je poměr mezi celkovým kvalifikovaným kapitálem k výpočtovému základu pro kapitálový požadavek podle § 22 odst. 1 bod 1 zákona o bankách.

<p>Popis významné změny finanční situace emitenta a provozních výsledků během období, za které jsou uvedeny hlavní historické finanční údaje, nebo po tomto období</p>	<p>Určité finanční údaje v tomto Prospektu týkající se účetního období končícího k 31. prosinci 2010 byly reklasifikovány v auditovaných konsolidovaných účetních závěrkách pro účetní období končící k 31. prosinci 2011. Zejména se jedná o swapy úvěrového selhání klasifikované v účetnictví v obdobích před účetním obdobím končícím 31. prosince 2011 jako finanční záruky, které byly reklasifikovány a oceněny jako finanční nástroje reálnou hodnotou (fair value) prostřednictvím zisku a ztráty. Dále byly reklasifikovány předchozí výpočty efektivních úrokových sazeb pro úvěry a půjčky poskytované klientům z důvodu harmonizace a zlepšení určitých informačních technologických nástrojů v Erste Group. Pokud není uvedeno jinak, finanční údaje zahrnuté v tomto Prospektu týkající se účetního období končícího 31. prosince 2010 jsou převzaty nebo odvozeny z auditovaných konsolidovaných účetních závěrek za rok končící 31. prosince 2011. Proto se finanční údaje vztahující se k účetnímu období končícímu 31. prosince 2010, které jsou zahrnuty do tohoto Prospektu, částečně liší od finančních údajů obsažených v auditovaných konsolidovaných účetních závěrkách Erste Group pro účetní období končící 31. prosince 2010.</p> <p>Následující změny ve finanční situaci a provozních výsledcích Erste Group, které jsou zřejmé z uvedeného čistého úrokového výnosu, rizikových rezerv na úroky a půjčky, čistého příjmu z poplatků a provizí, všeobecných provozních nákladů, provozního výsledku a čistého zisku/ztráty za účetní období a které připadají na majitele mateřské společnosti v účetních obdobích končících 31. prosince 2012, 2011 a 2010.</p> <p><i>Účetní období končící 31. prosince 2012 a 2011</i></p> <p>V roce 2012 klesly čisté úrokové výnosy z 5 569,0 milionů EUR v roce 2011 o 333,7 milionů EUR, neboli o 6,0 %, na 5 235,3 miliony EUR. V roce se 2012 celkové úrokové a podobné výnosy snížily o 555,5 milionů EUR neboli o 5,9 %, z 9 350,6 milionů EUR v roce 2011 na 8 795,1 milionů v roce 2012. Pokles celkových úrokových a podobných výnosů byl způsoben hlavně snížením úrokových příjmů z úvěrů a transakcí s klienty na peněžním trhu, které klesly o 468,7 milionů EUR, neboli o 7,3 %, z 6 426,5 milionů EUR v roce 2011 na 5 957,8 milionů EUR v roce 2012. Tento vývoj byl důsledkem prostředí s nízkou úrokovou sazbou a útlumem poptávky po úvěrech, zejména v případě spotřebitelských úvěrů. V roce 2012 celkové úvěrové a podobné výnosy klesly o 213,4 milionů EUR, neboli o 5,6 %, z 3 789,6 milionů EUR v roce 2011 na 3 576,2 milionů EUR v roce 2012. K hlavním faktorům způsobujícím tento vývoj patřil pokles úrokových výdajů na vydané dluhové cenné papíry, které se snížily o 105,7 milionů EUR, neboli o 10,2 %, z 1 032,2 milionů EUR v roce 2011 na 926,5 milionů EUR v roce 2012, přičemž se v těchto údajích odrážejí jak nižší úrokové sazby, tak nižší průměrný objem těchto pasiv. Nižší úroveň úrokových sazeb způsobila také snížení úrokových výdajů na clientské vklady, které klesly o 90,7 milionů EUR, neboli o 5,0 %, z</p>
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1 831,8 milionů EUR v roce 2011 na 1 741,1 milionů EUR v roce 2012, a to přes vyšší průměrné objemy klientských vkladů. V roce 2012 klesly rizikové rezervy na úvěry a půjčky o 286,9 milionů EUR neboli o 12,7 %, z 2 266,9 milionů EUR v roce 2011 na 1 980,0 milionů EUR v roce 2012. Tento pokles byl způsoben primárně poklesem rizikových rezerv na úvěry a půjčky v Maďarsku (mimořádné rezervy ve výši 450,0 milionů EUR v roce 2011) a v České republice, které společně s nižšími rizikovými rezervami na úvěry a půjčky klientům v Rakousku více než vyrovnaly zvýšené rizikové rezervy na úvěry a půjčky v Rumunsku a Chorvatsku. V roce 2012 klesl čistý výnos z poplatků a provizí o 66,4 milionů EUR, neboli o 3,7 %, z 1 787,2 milionů EUR v roce 2011 na 1 720,8 milionů EUR v roce 2012. Tento vývoj byl způsoben především poklesem obchodu s cennými papíry (hlavně v Rakousku a České republice), jakož i úvěrových obchodů (zejména v České republice) a pojišťovacího zprostředkovatelství, přičemž k čistému výnosu z poplatků a provizí přispěla faktoringová dceřiná společnost Erste Group, Intermarket Bank AG, která byla konsolidována od 1. srpna 2011. V roce 2012 se zlepšil čistý obchodní výsledek o 151,1 milionů EUR ze 122,3 milionů EUR v roce 2011 na 273,4 milionů EUR v roce 2012. Důvodem tohoto vývoje byly především změny reálné hodnoty investičního portfolia CDS divize International Business v minulém účetním období (tyto účty byly mezitím vypořádány), což mělo negativní dopad ve výši 182,6 milionů EUR. Obecné provozní náklady klesly o 94,2 milionů EUR, neboli o 2,4 %, z 3 850,9 milionů EUR v roce 2011 na 3 756,7 milionů EUR v roce 2012, a to přesto, že se míra inflace během roku 2012 zvýšila. Personální náklady se snížily o 39,6 milionů EUR, neboli o 1,7 %, z 2 323,7 milionů EUR v roce 2011 na 2 284,1 milionů EUR v roce 2012, a to z důvodu snížení počtu zaměstnanců o 1 071 (ekvivalent plných úvazků), neboli o 2,1 %, z 50 452 zaměstnanců (ekvivalent plných úvazků) k 31. prosinci 2011 na 49 381 zaměstnanců (ekvivalent plných úvazků) k 31. prosinci 2012. Ke snížení došlo hlavně kvůli reorganizačním opatřením v Maďarsku, Rumunsku a na Ukrajině. V roce 2012 se ostatní provozní výsledky zlepšily ze záporné hodnoty 1 589,9 milionů EUR v roce 2011 na zápornou hodnotu 724,3 milionů EUR v roce 2012. K tomuto zlepšení přispělo především významně nižší odpisy goodwillu ve výši 517,9 milionů EUR, z nichž 469,4 milionů EUR připadá na Banca Comercială Română a 45,5 milionů EUR většinou na rakouské dceřiné společnosti, v porovnání s 1 064,6 milionů EUR v roce 2011, z nichž konkrétně 692,8 milionů EUR připadalo na Banca Comercială Română a 312,7 milionů EUR na Erste Bank Hungary a 52,7 milionů EUR na určité rakouské dceřiné společnosti. Ostatní daně se zvýšily ze 163,5 milionů EUR v roce 2011 na 269,1 milionů EUR v roce 2012, především v důsledku bankovních daní v Rakousku, na Slovensku a v Maďarsku. Na Slovensku byla bankovní daň nově zavedena v roce 2012, což znamenalo za rok 2012 poplatek ve výši 31,5 milionů EUR. V Maďarsku činila bankovní daň 47,3 milionů EUR v roce 2012, zatímco v roce 2011 byla započtena proti ztrátám vyplývajícím z možnosti předčasného splacení úvěrů v zahraniční měně za pevný kurs, který byl nižší než tržní sazby. V Rakousku byla bankovní daň zvýšena o 25 % a v roce 2012 činila celkem 165,2 milionů EUR. V roce 2012 se celkový výsledek všech kategorií finančních nástrojů a finančních aktiv zlepšil ze záporné hodnoty 93,0 milionů EUR v

roce 2011 na 32,7 milionů EUR v roce 2012. Pozitivního výsledku bylo dosaženo především díky vyšším ziskům z tržeb a nižším negativním oceňovacím dopadům na hodnotu portfolia určeného k prodeji.

Čistý zisk za rok přičitatelný majitelům mateřské společnosti za finanční rok 2012 dosáhl výše 483,5 milionů EUR, přičemž čistá ztráta přičitatelná majitelům mateřské společnosti činila ve finančním roce 2011 718,9 milionů EUR.

V roce 2012 vzrostla celková aktiva o 3 817,7 milionů EUR, neboli o 1,8%, z 210 006,3 milionů EUR k 31. prosinci 2011 na 213 824,0 milionů EUR k 31. prosinci 2012. Nárůst celkových aktiv byl primárně způsobem nárůstem finančních aktiv v důsledku přípravných opatření ke splnění požadavků na likviditu předvídaných souhrnem regulačních opatření Basel 3 od roku 2014, stejně tak jako investicemi přebytkové likvidity z nárůstu klientských vkladů. Úvěry a půjčky úvěrovým institucím vzrostly z 7 577,7 milionů k 31. prosinci 2011 na 9 074,1 milionů k 31. prosinci 2012 jako důsledek přebytečné likvidity z vkladů. Nárůst aktiv držených za účelem prodeje z 87,2 milionů EUR k 31. prosinci 2011 na 708,1 milionů EUR k 31. prosinci 2012 byl vyvolán v důsledku zařazení Erste Bank Ukraine jako skupiny držené za účelem prodeje v souladu s IFRS 5 v návaznosti na podpis smlouvy o prodeji z prosince 2012.

Účetní období končící 31. prosince 2011 a 2010

V roce 2011 se čisté úrokové výnosy zvýšily z 5 439,2 milionů EUR v roce 2010 o 129,8 milionů EUR, neboli o 2,4%, na 5 569,0 milionů EUR v roce 2011. Celkové úrokové a podobné výnosy se zvýšily o 529,0 milionů EUR, neboli o 6,0%, z 8 821,6 milionů EUR v roce 2010 na 9 350,6 milionů EUR v roce 2011. Zvýšení celkových úrokových a podobných výnosů odráželo především zvýšení úrokových výnosů z finančních aktiv oceněných reálnou hodnotou prostřednictvím zisku nebo ztráty, které se zvýšily ze 48,6 milionů EUR v roce 2010 na 322,3 milionů EUR v roce 2011. Celkové úrokové a podobné výdaje se v roce 2011 zvýšily o 386,2 milionů EUR, neboli o 11,3%, z 3 403,4 milionů EUR v roce 2010 na 3 789,6 milionů EUR v roce 2011. Zvýšení celkových úrokových a podobných výdajů odráželo především vyšší výdaje bank na vklady a klientské účty při vyšších objemech. V roce 2011 se rizikové rezervy na úvěry a půjčky zvýšily o 245,9 milionů EUR, neboli 12,2%, z 2 021,0 milionů EUR v roce 2010 na 2 266,9 milionů EUR v roce 2011. Důvodem tohoto zvýšení byly především mimořádné rezervy v Maďarsku ve výši 450,0 milionů EUR v důsledku nových maďarských právních předpisů umožňující předčasné splacení úvěrů v zahraniční měně za jiné než tržní sazby a zvýšení ukazatele krytí úvěrů v selhání opravnými položkami (NPL coverage ratio). V Rakousku, České republice a na Slovensku byl zaznamenán pozitivní trend v rizikových nákladech, což částečně vykompenzovalo významné zvýšení v Maďarsku. V roce 2011 se čisté výnosy z poplatků a provizí snížily o 55,3 milionů EUR, neboli 3,0%, z 1 842,6 milionů EUR v roce 2010 na 1 787,2 milionů EUR v roce 2011. Tento pokles byl způsoben především poklesy v podnikání v oblasti cenných papírů, a to v první řadě v Rakousku, jakož i v oblasti zprostředkování stavebního spoření a v investičním bankovníctví. Všeobecné provozní náklady se zvýšily o 34,1 milionů EUR, neboli o 0,9%, z 3 816,8 milionů EUR v roce

2010 na 3 850,9 milionů EUR v roce 2011. Personální náklady se zvýšily o 59,9 milionů EUR, neboli o 2,6%, z 2 263,8 milionů EUR v roce 2010 na 2 323,7 milionů EUR v roce 2011. Důvodem tohoto zvýšení byly zčásti výplaty odstupného v České republice, rezervy na výplaty odstupného v Maďarsku a Rumunsku a integrace společnosti Informations-Technologie Austria GmbH do společností s IT Solutions AT k 1. červenci 2010. Ostatní provozní výsledky klesly o 1 150,5 milionů EUR ze záporné hodnoty 439,3 milionů EUR v roce 2010 na zápornou hodnotu 1 589,9 milionů EUR v roce 2011. To bylo způsobeno především zhoršením goodwillu v roce 2011 v celkové výši 1 064,6 milionů EUR. Z této částky připadalo konkrétně 692,8 milionů EUR na společnost Banca Comercială Română v důsledku nižší ziskovosti bankovního sektoru v Rumunsku, 312,7 milionů EUR činily odpisy celé výše goodwillu Erste Bank Hungary v září 2011 v důsledku složité hospodářské situace v Maďarsku a schválení právních předpisů umožňujících předčasné splacení úvěrů v zahraniční měně za fixní směnný kurz, který byl nižší než aktuální tržní směnné kurzy. 52,7 milionů EUR připadalo na určité rakouské dceřiné společnosti, zejména regionální spořitelny, a na činnosti v oblasti správy aktiv. Ostatní daně se zvýšily o 91,6 milionů EUR ze 71,9 milionů EUR v roce 2010 na 163,5 milionů EUR v roce 2011, a to hlavně kvůli bankovním daním. V Rakousku byla bankovní daň zavedena v roce 2011, což představovalo pro Erste Group Bank výdaj ve výši 132,1 milionů EUR.

V roce 2011 se čistý zisk/ztráta za účetní období připadající na majitele mateřské společnosti snížil/a o 1 597,6 milionů EUR, z čistého zisku za účetní období připadající na majitele mateřské společnosti ve výši 878,7 milionů EUR v roce 2010 na čistou ztrátu za účetní období připadající na majitele mateřské společnosti ve výši 718,9 milionů EUR v roce 2011. Pokles odráží především významný pokles zisku/ztráty před zdaněním za účetní období z 1 324,2 milionů EUR v roce 2010 na 322,2 milionů EUR v roce 2011.

V roce 2011 vzrostla celková aktiva o 4 236,3 milionu, neboli o 2,1% z 205 770,0 milionů EUR k 31. prosinci 2010 na 210 006,3 milionů EUR k 31. prosinci 2011. Nárůst celkových aktiv byl způsoben nárůstem hotovosti a sald u centrálních bank z 5 839,4 milionů EUR k 31. prosinci 2010 na 9 412,9 milionů EUR k 31. prosinci 2011, primárně jako důsledek dočasné dodatečné likvidity z dlouhodobých refinančních operací ("Long-Term Refinancing Operations" (LTRO)) ECB (Evropské centrální banky). Ve stejnou dobu došlo k poklesu půjček a úvěrů úvěrovým institucím o 39,4% z 12 496,5 milionů EUR k 31. prosinci 2010 na 7 577,7 milionů EUR k 31. prosinci 2011 jako důsledek omezení okrajových ("non-core") činností.

B.8	Vybrané hlavní pro-forma finanční údaje	Neuplatní se; pro-forma finanční údaje se nevyžadují.
B.9	Prognóza nebo odhad zisku	Neuplatní se; nebyla provedena žádná prognóza ani odhad zisku.
B.10	Povahy veškerých výhrad ve zprávě auditora o historických	Neuplatní se; nejsou žádné výhrady.

	finančních údajích	
B.11	Nedostatek provozního kapitálu emitenta pro splnění stávajících požadavků	Neuplatní se; provozní kapitál je dostatečný.
Oddíl C – Cenné papíry		
C.1	Druh a třída nabízených a/nebo k obchodování přijímaných cenných papírů	Z majetku Erste Group Bank jsou nabízeny stávající účastnické cenné papíry na doručitele o celkové jmenovité hodnotě až do výše 25 702 000 EUR vydané Erste Group Bank v roce 2009 (dále každých 1 000 EUR jmenovité hodnoty „Nabízený cenný papír“ a společně „Nabízené cenné papíry“ a společně se všemi účastnickými cennými papíry vydanými Erste Group Bank „Účastnické cenné papíry“). Ke každým 21 000 EUR jmenovité hodnoty Účastnických cenných papírů držených k 11. dubnu 2013, 24:00 hodin (půlnoci) středoevropského letního času (SELČ), je každému stávajícímu majiteli Účastnických cenných papírů (dále jednotlivě „Účastník“ a společně „Účastníci“) nabízeno upisovací právo (dále jednotlivě „Upisovací právo“ a společně „Upisovací práva“) ke koupi Nabízených cenných papírů o jmenovité hodnotě 1 000 EUR.
	Identifikační číslo cenných papírů	Účastnické cenné papíry tvoří účastnický kapitál (<i>Partizipationskapital</i>) podle § 23 odst. 4 a 5 rakouského zákona o bankách (<i>Bankwesengesetz</i>) („Zákon o bankách“), který Erste Group Bank vydala ve třech tranších 10. března (jedna tranše) a 13. května 2009 (dvě tranše) a který je splacen v plné výši („Účastnický kapitál“). Účastnické cenné papíry byly vydány podle rakouského práva a řídí se rakouským právem. Účastnické cenné papíry kromě Nabízených cenných papírů: AT0000A0D4T3 Nabízené cenné papíry: AT0000A0D4T3 Upisovací práva: AT0000A100F9
C.2	Měna emise cenných papírů	Euro
C.3	Počet akcií vydaných a plně splacených a vydaných, ale plně nesplacených / jmenovitá hodnota akcie	Erste Group Bank vydala 394 568 647 akcií na doručitele spojených s hlasovacím právem bez jmenovité hodnoty (kmenové akcie), z nichž každá má pomyslnou hodnotu 2,00 EUR, a 1 763 744 Účastnických cenných papírů na doručitele, každý o jmenovité hodnotě 1 000 EUR. Všechny tyto akcie a Účastnické cenné papíry jsou splaceny v plné výši.
C.4	Práva spojená s cennými papíry	Majitelé Nabízených cenných papírů nemají právo na výplatu dividend rozdělených za účetní období 2012, mají však plné právo na výplatu dividend za účetní období 2013 a všechna následující účetní období. Před Nabídkou bylo právo majitelů Účastnických cenných papírů na výplatu dividend za účetní období 2012 odděleno od Účastnických cenných papírů (včetně Nabízených cenných papírů). Tomuto právu na výplatu dividend za účetní období 2012 bylo přiděleno samostatné mezinárodní identifikační číslo cenného papíru („ISIN“), které se liší od ISIN Účastnických cenných papírů.

		<p>S výhradou omezení obsažených v Podmínkách emise účastnických cenných papírů na doručitele do výše 2 700 000 000 EUR vydaných Erste Group Bank AG, ve znění z října 2009, kterými jsou vázány Účastnické cenné papíry („Podmínky“), nabíhají dividendy z Účastnických cenných papírů ročně za každé účetní období takto: (i) za účetní období od 1. ledna 2009 do 31. prosince 2013 ve výši 8,0% p.a., (ii) za účetní období od 1. ledna 2014 do 31. prosince 2014 ve výši 8,5% p.a., (iii) za účetní období od 1. ledna 2015 do 31. prosince 2015 ve výši 9,0% p.a., (iv) za účetní období od 1. ledna 2016 do 31. prosince 2016 ve výši 9,75% p.a., a (v) za účetní období od 1. ledna 2017 dividendy porostou o jeden procentní bod každý rok, s tím, že roční dividendy nesmí nikdy překročit dvanáctiměsíční sazbu EURIBOR zvýšenou o deset procentních bodů p.a.</p> <p>Dividenda vyplácená z Účastnických cenných papírů závisí mimo jiné na ročních ziscích zachycených v nekonsolidovaných účetních závěrkách Erste Group Bank po odvodech do rezerv. Jestliže nejsou vypláceny dividendy z kmenových akcií Emitenta, není Emitent povinen vyplácet dividendy z Účastnických cenných papírů (bez ohledu na to, zda je k dispozici zisk pro rozdělení), pokud se pro jejich vyplácení nerozhodne. Takovéto nevyplácení dividend nezakládá porušení Emitenta nebo nesplnění jakékoli povinnosti z Účastnických cenných papírů nebo z jiného titulu.</p> <p>Majitelé Účastnických cenných papírů nemají hlasovací práva, ale mají právo účastnit se valných hromad Erste Group Bank a požadovat informace nutné pro řádné posouzení bodu programu. Mají právo účastnit se na likvidačních výtěžcích Erste Group Bank, přičemž mají rovné postavení (<i>pari passu</i>) s akcionáři Erste Group Bank.</p>
C.5	Popis veškerých omezení volné převoditelnosti cenných papírů	Neuplatní se; Účastnické cenné papíry a Upisovací práva jsou volně převoditelná v souladu s platným právem a platnými pravidly společnosti Oesterreichische Kontrollbank Aktiengesellschaft („OeKB“) v její roli centrálního deponitáře cenných papírů.
C.6	Žádost o přijetí k obchodování na regulovaném trhu / totožnost regulovaných trhů, na nichž cenné papíry mají být obchodovány	Neuplatní se; Účastnické cenné papíry nejsou přijaty k obchodování či obchodovány na žádné burze nebo ve vícestranném (alternativním) obchodním systému (MTF) a Erste Group Bank nemá v úmyslu žádat o přijetí Upisovacích práv nebo Nabízených cenných papírů k obchodování na žádné burze nebo ve vícestranném (alternativním) obchodním systému (MTF).
C.7	Dividendová politika	Erste Group Bank vyplácela ve své historii každý rok dividendy z Účastnických cenných papírů od jejich vydání v roce 2009 v dividendové sazbě ve výši 8,0% p.a. Dividendy vyplácené v minulosti nic nevypovídají o budoucích dividendách, které by měla Erste Group Bank vyplácet ze svých Účastnických cenných papírů. Erste Group Bank hodlá i nadále vyplácet dividendy z Účastnických cenných papírů. Doby výplaty a výše budoucích dividend, pokud budou vypláceny, budou záviset na budoucích výnosech a perspektivách Erste Group Bank, na kapitálových požadavcích a finanční situaci a jiných faktorech, které představenstvo Erste Group Bank („Představenstvo“) a její Dozorčí rada posoudí jako relevantní, jakož i na souhlasu akcionářů. Nelze poskytnout žádnou záruku, že v budoucnosti

budou vypláceny jakékoli dividendy.

Oddíl D – Rizika

D.1

Hlavní rizika specifická pro emitenta nebo jeho odvětví

Rizika vztahující se k obchodní činnosti Erste Group

- Složitě makroekonomické a finanční podmínky na trhu mohou mít vážný negativní vliv na obchodní činnost, finanční situaci, provozní výsledky a vyhlídky Erste Group.
- Erste Group je a může být i nadále ovlivňována pokračující evropskou krizí státního dluhu, což může vést k nutnosti odpisů v souvislosti s angažovaností vůči státnímu dluhu některých zemí.
- Erste Bank pocítila a může v budoucnu pocítit zhoršení kvality poskytnutých úvěrů, zejména v důsledku finančních krizí nebo ekonomických poklesů.
- Erste Group je vystavena významnému riziku protistran; selhání protistran mohou vést ke ztrátám, které převyšují opravné položky Erste Group.
- Erste Group je vystavena klesající hodnotě zástav zajišťujících úvěry na komerční a rezidenční nemovitosti.
- Tržní výkyvy a volatilita mohou negativně ovlivnit hodnotu aktiv Erste Group, snížit její ziskovost a ztížit reálné ocenění některých jejích aktiv.
- Erste Group je vystavena riziku, že likvidita nebude snadno dostupná.
- Existuje riziko, že ratingové agentury mohou pozastavit, snížit či ukončit hodnocení (rating) Erste Group Bank nebo země, kde Erste Group Bank působí a že takový postup může negativně ovlivnit podmínky refinancování pro Erste Group Bank, zejména pokud jde o její přístup k trhu dluhopisů.
- Nové vládní nebo regulační požadavky a změny v předpokládaných úrovních kapitálové přiměřenosti, likvidity a poměru zadlužení mohou znamenat, že Erste Group bude podléhat vyšším kapitálovým požadavkům, požadavkům na likviditu nebo standardům a bude nucena zajistit si v budoucnu dodatečný kapitál nebo likviditu.
- Strategie řízení rizik a interní kontrolní procesy Erste Group mohou vést k tomu, že bude vystavena neidentifikovaným nebo neočekávaným rizikům.
- Podnikání Erste Group zahrnuje provozní rizika.
- Erste Group může mít potíže s náborem nebo udržením kvalifikovaných zaměstnanců.
- Jakákoli porucha, přerušení provozu informačních systémů Erste Group nebo narušení jejich bezpečnosti a jakákoli nedostatečná aktualizace těchto systémů může vést k obchodním i jiným ztrátám.
- Erste Group Bank může být nucena poskytnout finanční podporu ohroženým bankám sdružení *Haftungsverbund*, což může vést k významným nákladům a přesměrování

		<p>zdrojů z jiných činností.</p> <ul style="list-style-type: none"> • Změny úrokových sazeb jsou způsobeny mnoha faktory mimo kontrolu Erste Group a tyto změny mohou mít významný nepříznivý vliv na její finanční výsledky, včetně čistých úrokových výnosů. • Protože velká část činnosti, majetku a klientů Erste Group je situována do zemí střední a východní Evropy („CEE“), které nejsou součástí Eurozóny, jsou Erste Group a její klienti vystaveny měnovým rizikům. • Erste Group může být nucena zaúčtovat další odpisy vyplývající z předchozích akvizic. • Změna zajišťovacích standardů Evropské centrální banky může negativně ovlivnit financování Erste Group Bank a její přístup k likviditě. • Erste Group působí na vysoce konkurenčních trzích a konkuruje velkým mezinárodním finančním institucím, jakož i zavedeným místním konkurentům. • Hlavní akcionář Erste Group Bank může být schopen ovládat jednání akcionářů. • Smluvní ujednání s Rakouskou republikou mohou ovlivnit obchodní činnost Erste Group Bank. • Dodržování předpisů proti praní špinavých peněz, korupci a financování terorismu znamená vynaložení značných prostředků a úsilí a jejich nedodržování může mít závažné právní a reputační následky. • Změny v zákonech na ochranu spotřebitele, jakož i použití nebo výklad těchto zákonů mohou omezit poplatky a jiné ceny, které Erste Group může účtovat za určité bankovní transakce • Integrace případných budoucích akvizic může vytvořit dodatečné výzvy. <p>Rizika týkající se trhů, na kterých Erste Group působí.</p> <ul style="list-style-type: none"> • Vystoupení jakékoliv či několika zemí z Eurozóny by mohlo mít nepředvídatelné důsledky pro finanční systém a širší ekonomiku a mohlo by případně vést k poklesu úrovně podnikatelské činnosti, odpisům majetku a ztrátám napříč podnikáním Erste Group. • Erste Group působí na nově vznikajících trzích, které mohou zaznamenat rychlé ekonomické nebo politické změny, přičemž každá z nich může negativně ovlivnit finanční výkonnost a provozní výsledky. • Přislíbené finanční prostředky EU nemusí být uvolněny a EU nemusí přijmout další podpůrné programy. • Ztráta důvěry klientů v podnikání Erste Group nebo v bankovní obchody obecně by mohla vést k neočekávaně vysoké úrovni výběrů klientských vkladů, což by mělo podstatný negativní vliv na výsledky, finanční situaci a likviditu Skupiny. • Problémy s likviditou, které zaznamenaly určité země CEE mohou negativně ovlivnit širší region CEE a mohly by mít negativní dopad na obchodní výsledky a finanční situaci
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		<p>Erste Group.</p> <ul style="list-style-type: none"> • Vlády zemí, v nichž Erste Group působí, mohou reagovat na finanční a hospodářskou krizi zvýšeným protekcionismem, znárodnováním a podobnými opatřeními. • Na Erste Group může mít negativní vliv pomalejší růst nebo recese bankovního sektoru, v němž působí, jakož i pomalejší expanze Eurozóny a EU. • Právní systémy a procesní záruky v mnoha zemích CEE a zejména ve východoevropských zemích nejsou zatím plně rozvinuty. • Platné insolvenční zákony a jiné zákony a předpisy upravující práva věřitelů v různých zemích CEE mohou omezovat schopnost Erste Group získat platby z nesplácených úvěrů a půjček. • Od Erste Group může být vyžadována účast na vládních programech na podporu úvěrových institucí nebo jejich financování nebo financování vládních programů na konsolidaci veřejného rozpočtu, mimo jiné zavedením bankovních daní či jiných odvodů.
D.3	Hlavní rizika specifická pro cenné papíry	<p>Rizika týkající se Nabídky a Nabízených cenných papírů</p> <ul style="list-style-type: none"> • Účastníci, kteří se rozhodnou neúčastnit se Nabídky, případně nejsou k účasti na Nabídce oprávněni, neobdrží náhradu za změnu poměru mezi Účastnickým kapitálem a základním kapitálem Erste Group Bank, k níž došlo od roku 2009. • Erste Group Bank bude schopna vyplácet dividendy z Účastnických cenných papírů podle toho, zda bude k dispozici zisk pro rozdělení, avšak nemusí je být schopna vyplácet ani tehdy, pokud tento zisk bude k dispozici. • Práva majitelů Účastnických cenných papírů se mohou lišit od práv majitelů obdobných cenných papírů společnosti založené v jiné zemi než v Rakousku, která má jiný právní řád. • Erste Group nerozhodla, jak budou majitelé Účastnických cenných papírů v budoucnosti chráněni proti rozředění jejich hodnoty. • Pokud jsou Účastnické cenné papíry splaceny, může se ukázat, že investice do Účastnických cenných papírů přinese nižší než očekávaný výnos. • Účastnické cenné papíry jsou bez splatnosti a mohou být ze strany Erste Group Bank splaceny pouze za určitých okolností. • Účastnické cenné papíry se podílí na ztrátách Erste Group Bank až do výše jejich plné jmenovité hodnoty. • Závazky Erste Group Bank z Účastnických cenných papírů představují nezajištěné a hluboce podřízené závazky, přičemž má vždy přednost uspokojení všech podřízených i nepodřízených nároků věřitelů Erste Group Bank. • Právo majitelů Účastnických cenných papírů na obdržení

		<p>plateb z Účastnických cenných papírů bude strukturálně nebo efektivně podřízeno nárokům stávajících a budoucích věřitelů dceřiných společností Erste Group Bank.</p> <ul style="list-style-type: none"> • Pro Účastnické cenné papíry neexistuje žádný likvidní sekundární trh, což omezuje možnost jejich držitelů prodat Účastnické cenné papíry za reálné tržní ceny. • Příjemci nabídky vstupují do rizika, že se změní úvěrové rozpětí Erste Group Bank. • Majitelé Účastnických cenných papírů mohou být při každém jejich prodeji vystaveni riziku tržní ceny. • Majitelé Účastnických cenných papírů jsou vystaveni riziku, že hodnota Účastnických cenných papírů klesne v důsledku změn tržní úrokové sazby. • Reálný výnos z investování do Účastnických cenných papírů může být nižší z důvodu možné inflace inflace v budoucnu. • Majitelé Účastnických cenných papírů jsou vystaveni riziku nevýhodných změn devizových směnných kursů a nepříznivých daňových důsledků. • Příjemci nabídky se musí spoléhat na postupy a funkčnost relevantního clearingového systému pro Účastnické cenné papíry. • S Účastnickými cennými papíry nejsou spojena hlasovací práva. • Nároky související s jistinou Účastnických cenných papírů se promlčí po deseti letech.
Oddíl E – Nabídka		
E.1	Celkové čisté výnosy a odhad celkových nákladů emise / nabídky, včetně odhadovaných nákladů, které emitent nebo předkladatel nabídky účtuje investorovi	<p>Pokud budou uplatněna veškerá Upisovací práva, k jejichž vzdání se nedošlo, očekává Erste Group Bank čistý výnos z Nabídky přibližně ve výši 26,4 milionů EUR. Veškerý výnos z Nabídky bude použit na úhradu kupní ceny Nabízených cenných papírů, které mají být nabyty od Republiky Rakousko v hodnotě rovnající se celkové hodnotě Nabízených cenných papírů upsaných v Nabídce. Erste Group Bank odhaduje celkové náklady Nabídky na přibližně 0,7 milionů EUR (bez DPH).</p> <p>Erste Group Bank nebude účtovat žádné poplatky za upsání Nabízených cenných papírů. Depozitářské banky, správci nebo jiní finanční zprostředkovatelé, prostřednictvím kterých mohou Příjemci nabídky držet svá Upisovací práva, mohou účtovat obvyklou bankovní provizi za výkon Upisovacích práv za Příjemce nabídky.</p>
E.2a	Důvody nabídky, použití výnosů a odhadovaná čistá částka výnosů	<p>V souladu s Podmínkami a relevantními ustanoveními Zákona a bankách musí být v případě jakýchkoliv opatření, kterými by byl změněn stávající poměr mezi majetkovými právy majitelů Účastnických cenných papírů a akcionářů Erste Group Bank, poskytnuta majitelům Účastnických cenných papírů přiměřená kompenzace. V rámci určitých programů zaměstnaneckého vlastnictví akcií vydala Erste Group Bank celkem 1 453 621</p>

		<p>nových akcií z podmíněného kapitálu po ukončení podobné nabídky na úpis akcií za účelem dosažení poměru mezi základním kapitálem Erste Group Bank a jejím Účastnickým kapitálem z roku 2009.</p> <p>V září a listopadu 2011 uzavřela Erste Group Bank několik dohod o záměru (heads of agreement) a smluv o koupi akcií se čtyřmi regionálními rumunskými investičními fondy (Societatea de Investitii Financiare) o nabytí až 30,12% akcií v BCR za úplatu v hotovosti a o převodu nově vydaných akcií Erste Group Bank v několika tranších. Při realizaci čtyř smluv o koupi akcií vydala Erste Group Bank celkem 16 102 263 nových akcií ze schváleného základního kapitálu formou čtyř zvýšení základního kapitálu, a to dne 23. listopadu 2011, 10. prosince 2011, 15. prosince 2011 a 28. února 2012 nepeněžitými vklady v podobě celkem 2 060 418 643 akcií v BCR, čímž se základní kapitál Erste Group Bank zvýšil ze 756 932 768 EUR (ke dni 22. listopadu 2011) na 789 137 294 EUR (ke dni 31. prosince 2012). Jednání mezi Erste Group Bank a jedním regionálním rumunským investičním fondem ohledně uzavření smlouvy o koupi akcií na základě dohod o záměru ze září 2011 skončila v únoru 2013. Vzhledem k tomu, že bylo provedeno čtyřikrát zvýšení základního kapitálu nepeněžitými vklady a že byly vydány akcie z podmíněného kapitálu, změnil se poměr mezi základním kapitálem Erste Group Bank a jeho Účastnickým kapitálem existujícím v době vydání Účastnického kapitálu v neprospěch držitelů Účastnických cenných papírů. Účelem Nabídky Upisovacích práv na další Účastnické cenné papíry je kompenzace této změny poměru a z hlediska majitelů Účastnických cenných papírů, kteří se zúčastní Nabídky, to bude znamenat obnovení poměru po podobné nabídce úpisu v roce 2009. Za tímto účelem se Erste Group Bank dohodla s Republikou Rakousko o nákupu množství Účastnických cenných papírů nutného pro Nabídku z majetkových účastí Rakouské republiky, poté, kdy se vzdá uplatnění Upisovacích práv.</p> <p>Erste Group Bank očekává čistý výnos z Nabídky ve výši přibližně 26,4 milionů EUR. Výnosy z Nabídky budou použity v plné výši na zaplacení kupní ceny za Nabízené cenné papíry, které mají být nabyty od Rakouské republiky v hodnotě rovnající se celkové hodnotě Nabízených cenných papírů upsaných v Nabídce.</p>
E.3	<p>Popis podmínek Nabídky</p> <p>Nabídka</p>	<p>Předmětem Nabídky jsou stávající Účastnické cenné papíry, každý o jmenovité hodnotě 1,000 EUR, až do celkové jmenovité hodnoty 25 702 000 EUR, z majetku Erste Group Bank, které jsou nabízeny k úpisu Účastníkům za upisovací cenu („Upisovací cena“) ve výši 102,7 % jmenovité hodnoty ve výši 1 000 EUR za Nabízený cenný papír. Při upisovacím poměru 21:1 („Upisovací poměr“) mohou Účastníci nebo nabyvatelé Upisovacích práv upisovat Nabízené akcie o jmenovité hodnotě 1 000 EUR za každých 21 000 EUR jmenovité hodnoty Účastnických cenných papírů držených Účastníky k 11. dubnu 2013, 24:00 hodin (půlnoci) středoevropského letního času (SELČ) (nebo ekvivalentní počet Upisovacích práv). Účastníci, kteří nedrží počet Účastnických cenných papírů, který je</p>

		<p>dělitelný 21, nebudou moci svá Upisovací práva plně uplatnit.</p> <p>Nabídka se skládá z (i) veřejné nabídky úpisu Nabízených cenných papírů Účastníkům v Rakousku, v České republice, na Slovensku a v Rumunsku, (ii) nabídek úpisu Nabízených cenných papírů Účastníkům v jiných členských státech EHP, osvobozených v souladu se Směrnicí o prospektu implementovanou v členských státech EHP od povinnosti zveřejnit prospekt při nabídce Nabízených cenných papírů, a (iii) nabídek úpisu institucionálním investorům mimo EHP a ve Spojených státech v souladu s nařízením S podle Zákona o cenných papírech. Nabídka nepodléhá žádným podmínkám.</p> <p>12. dubna 2013 nebo v období okolo tohoto data zveřejní Erste Group Bank na svých webových stránkách (www.erstegroup.com) a v úředním věstníku deníku <i>Wiener Zeitung (Amtsblatt zur Wiener Zeitung)</i> oznámení o úpisu týkajícím se Nabídky, vyzve Příjemce nabídky k uplatnění jejich Upisovacích práv a uvede upisovací období, Upisovací cenu, Upisovací poměr, postup při uplatnění Upisovacích práv a jiné informace.</p> <p>Majitelé Nabízených cenných papírů nemají právo na výplatu dividend za účetní období 2012 a mají plné právo na výplatu dividend za účetní období 2013 a všechna následující účetní období.</p> <p>Období, během něhož mohou Účastníci upisovat Nabízené cenné papíry („Upisovací období“) začíná 12. dubna 2013 a končí 26. dubna 2013 nebo v období kolem tohoto data. Uplatnění Upisovacího práva Příjemcem Nabídky je neodvolatelné a nemůže být anulováno, pozměněno, zrušeno nebo odvoláno, vyjma případů uvedených v § 6 rakouského Zákona o kapitálových trzích z roku 1991, ve znění pozdějších předpisů (<i>Kapitalmarktgesetz</i>) („Zákon o kapitálových trzích“).</p> <p>Upisovací práva, která nejsou uplatněna během Upisovacího období zanikají a pozbývají hodnotu. Příjemci Nabídky, kteří drží svá Upisovací práva prostřednictvím depozitářské banky, správce nebo jiného finančního zprostředkovatele by se měli sami informovat o konečném termínu pro uplatnění svých Upisovacích práv stanovený jejich příslušnou depozitářskou bankou, správcem nebo jiným finančním zprostředkovatelem (dispoziční období). Toto dispoziční období může končit před koncem Upisovacího období 26. dubna 2013 nebo v období kolem tohoto data.</p> <p>Nabídka může být kdykoli zrušena nebo pozastavena a Upisovací období může být prodlouženo podle výlučného uvážení Erste Group Bank. Jakékoliv prodloužení Upisovacího období, zrušení nebo odložení Nabídky bude zveřejněno v elektronických médiích, v Úředním věstníku deníku <i>Wiener Zeitung (Amtsblatt zur Wiener Zeitung)</i>, na webových stránkách Erste Group Bank (www.erstegroup.com) a v rozsahu požadovaném Zákonem o kapitálových trzích, představujícím dodatek tohoto Prospektu, v každém případě však bez zbytečného prodloužení. Kromě toho bude tato informace zveřejněna (i) v České republice na webových stránkách České spořitelny, a.s. (www.csas.cz), (ii) na Slovensku na webových stránkách Slovenské sporiteľni, a.s. (www.slsk.sk) a (iii) v Rumunsku na webových stránkách Depozitarul Central SA</p>
	Upisovací období	
	Zrušení a pozastavení Nabídky / prodloužení Upisovacího období	

	<p>k prodeji</p> <p>Dohody znemožňující prodej akcií („Lock-up agreements“): zúčastněné strany a uvedení období, během něhož není možno akcie prodat (tzv. „lock up“).</p>	<p>Neuplatní se; ve vztahu k Účastnickým cenným papírům neexistují žádné dohody znemožňující prodej akcií (lock up).</p>
E.6	<p>Částka a procento okamžitého zředení vyplývajícího z nabídky</p>	<p>Neuplatní se; v rámci Nabídky nebudou vydány žádné nové cenné papíry Erste Group Bank.</p>
E.7	<p>Odhadované náklady, které emitent nebo předkladatel nabídky účtuje investorovi</p>	<p>Erste Group Bank nebude za úpis Nabízených cenných papírů účtovat žádné poplatky. Depozitářské banky, správci nebo jiní finanční zprostředkovatelé, jejichž prostřednictvím mohou Příjemci Nabídky držet svá Upisovací práva, mohou za uplatnění Upisovacích práv jménem Příjemců Nabídky účtovat obvyklou bankovní provizi.</p>

Annex 3 – Slovak translation of the summary

The following translation of the original summary is a separate document attached to the Prospectus. It does not form part of the Prospectus itself and has not been approved by the FMA. Further, the FMA did not review its consistency with the original summary.

Nasledujúci preklad pôvodného súhrnu prospektu predstavuje osobitný document priložený k Prospektu. Netvorí súčasť Prospektu ako takého a nebol odsúhlasený zo strany FMA. Navyše, FMA ani nepreskúmala jeho súlad s pôvodným súhrnom.

Súhrn prospektu

Súhrny pozostávajú z povinne zverejňovaných informácií, ktoré sa označujú ako „Kľúčové informácie“. Tieto Kľúčové informácie sú očíslované v častiach A - E (A.1 - E.7).

Tento súhrn obsahuje všetky požadované Kľúčové informácie, ktoré majú byť uvedené v súhrne pri tomto druhu cenných papierov a emitenta. Keďže na niektoré Kľúčové informácie sa nevzťahuje povinnosť zverejnenia, môžu sa v poradí číslovania Kľúčových informácií vyskytnúť medzery.

Aj keď existuje požiadavka, aby bola určitá Kľúčová informácia zahrnutá do súhrnu na základe druhu cenných papierov a emitenta, môže sa stať, že nie je možné poskytnúť relevantné informácie o danej Kľúčovej informácii. V takom prípade je v súhrne uvedený stručný popis Kľúčovej informácie s poznámkou „neuplatňuje sa“.

Časť A – Úvod a upozornenia			
A.1	<p>Tento súhrn predstavuje úvod k tomuto prospektu (ďalej len „Prospekt“).</p> <p>Akékoľvek rozhodnutie investora investovať do cenných papierov ponúkaných v tomto Prospekte by malo vychádzať z posúdenia Prospektu ako celku.</p> <p>V prípade podania žaloby na súd týkajúcej sa údajov obsiahnutých v Prospekte môže byť žalujúcemu investorovi uložené znášať náklady spojené s prekladom Prospektu pred začatím súdneho konania v zmysle národného právneho poriadku príslušného členského štátu Európskeho hospodárskeho spoločenstva,</p> <p>Spoločnosť Erste Group Bank AG (ďalej len „Emitent“ alebo „Erste Group Bank“ a spoločne so svojimi priamymi a nepriamymi dcérskymi spoločnosťami ku dňu vydania tohto Prospektu ďalej len „Erste Group“) môže niesť zodpovednosť za obsah súhrnu vrátane prípadného prekladu, len v prípade ak je súhrn zavádzajúci, nepresný alebo nekonzistentný, ak je čítaný spolu s ostatnými časťami Prospektu, alebo ak súhrn neposkytuje, ak je čítaný spolu s ostatnými časťami Prospektu, všetky požadované Kľúčové informácie, ktoré by investorovi pomohli pri posudzovaní, či investuje do daných cenných papierov.</p>		
A.2	<table border="0"><tr><td><ul style="list-style-type: none">• Súhlas emitenta alebo osoby zodpovednej za vypracovanie prospektu s použitím prospektu pre následný ďalší predaj alebo konečné umiestnenie cenných papierov finančnými sprostredkovateľmi.• Uvedenie doby platnosti ponuky, počas ktorej môže dôjsť k následnému ďalšiemu predaju alebo konečnému umiestneniu cenných papierov finančnými sprostredkovateľmi a počas ktorej je udelený súhlas s použitím prospektu.• Prípadné ďalšie jasné a objektívne podmienky priložené k súhlasu, ktoré sa vzťahujú na použitie prospektu.• Upozornenie vyznačené tučným písmom, ktoré investorov informuje o tom, že informácie týkajúce sa podmienok ponuky finančného sprostredkovateľa musia byť poskytnuté súčasne s ponukou finančným sprostredkovateľom.</td><td><p>Neuplatňuje sa; Erste Group Bank neudelila súhlas s použitím Prospektu pre následný ďalší predaj alebo konečné umiestnenie ponúkaných cenných papierov finančnými sprostredkovateľmi.</p></td></tr></table>	<ul style="list-style-type: none">• Súhlas emitenta alebo osoby zodpovednej za vypracovanie prospektu s použitím prospektu pre následný ďalší predaj alebo konečné umiestnenie cenných papierov finančnými sprostredkovateľmi.• Uvedenie doby platnosti ponuky, počas ktorej môže dôjsť k následnému ďalšiemu predaju alebo konečnému umiestneniu cenných papierov finančnými sprostredkovateľmi a počas ktorej je udelený súhlas s použitím prospektu.• Prípadné ďalšie jasné a objektívne podmienky priložené k súhlasu, ktoré sa vzťahujú na použitie prospektu.• Upozornenie vyznačené tučným písmom, ktoré investorov informuje o tom, že informácie týkajúce sa podmienok ponuky finančného sprostredkovateľa musia byť poskytnuté súčasne s ponukou finančným sprostredkovateľom.	<p>Neuplatňuje sa; Erste Group Bank neudelila súhlas s použitím Prospektu pre následný ďalší predaj alebo konečné umiestnenie ponúkaných cenných papierov finančnými sprostredkovateľmi.</p>
<ul style="list-style-type: none">• Súhlas emitenta alebo osoby zodpovednej za vypracovanie prospektu s použitím prospektu pre následný ďalší predaj alebo konečné umiestnenie cenných papierov finančnými sprostredkovateľmi.• Uvedenie doby platnosti ponuky, počas ktorej môže dôjsť k následnému ďalšiemu predaju alebo konečnému umiestneniu cenných papierov finančnými sprostredkovateľmi a počas ktorej je udelený súhlas s použitím prospektu.• Prípadné ďalšie jasné a objektívne podmienky priložené k súhlasu, ktoré sa vzťahujú na použitie prospektu.• Upozornenie vyznačené tučným písmom, ktoré investorov informuje o tom, že informácie týkajúce sa podmienok ponuky finančného sprostredkovateľa musia byť poskytnuté súčasne s ponukou finančným sprostredkovateľom.	<p>Neuplatňuje sa; Erste Group Bank neudelila súhlas s použitím Prospektu pre následný ďalší predaj alebo konečné umiestnenie ponúkaných cenných papierov finančnými sprostredkovateľmi.</p>		

Časť B – Emitent		
B.1	Právny a obchodný názov	Právne obchodné meno spoločnosti Erste Group Bank je „Erste Group Bank AG“, jej obchodný názov je „Erste Group“. „Erste Group“ sa vzťahuje tiež na spoločnosť Erste Group Bank a jej konsolidované dcérske spoločnosti.
B.2	Sídlo/ Právna forma/ Právny poriadok/ Štát, v ktorom je spoločnosť registrovaná	Erste Group Bank je akciová spoločnosť (<i>Aktiengesellschaft</i>) založená a existujúca v súlade s rakúskym právnym poriadkom, zapísaná v obchodnom registri (<i>Firmenbuch</i>) Viedenského obchodného súdu (<i>Handelsgericht Wien</i>) pod registračným číslom FN 33209m. Sídlo spoločnosti Erste Group Bank sa nachádza vo Viedni v Rakúskej republike. Obchodná adresa spoločnosti je Graben 21, 1010 Viedeň, Rakúsko.
B.3	Súčasná činnosť, hlavný predmet činnosti a hlavné trhy, na ktorých emitent pôsobí	<p>Erste Group je vedúcou bankovou skupinou zameranou na retailových a korporátnych zákazníkov v celom Rakúsku a strednej a východnej Európe (ďalej len „CEE“). Erste Group ponúka zákazníkom široký rozsah bankových a finančných služieb v závislosti od konkrétneho trhu, medzi ktoré patria produkty vkladových a bežných účtov, poskytovanie hypotekárnych a spotrebiteľských úverov, financovanie investícií a pracovného kapitálu, privátne bankovníctvo, investičné bankovníctvo, asset manažment, projektové financovanie, financovanie medzinárodného obchodu, obchodovanie, leasing a faktoring. Erste Group je jednou z vedúcich bankových skupín v Rakúsku, Českej republike, Rumunsku a na Slovensku pokiaľ ide o objem aktív, celkový objem úverov a vkladov a má významné postavenie aj v Maďarsku, Chorvátsku a Srbsku. Svoje služby poskytuje približne 17 miliónom zákazníkov v Rakúsku a na hlavných trhoch strednej a východnej Európy. Erste Group Bank patrí tiež medzi vedúce rakúske banky v Odvetví sporiteľní. K 31. decembru 2012 disponovala Erste Group celkovými aktívami vo výške 213,8 mld. eur a celkovým vlastným imanom vo výške 16,3 mld. eur a vytvorila prevádzkový výsledok vo výške 3 472,8 mil. eur (prevádzkové výnosy (súčet čistých výnosových úrokov, čistých výnosov z poplatkov a provízií a čistého výsledku obchodnej činnosti) mínus všeobecné administratívne náklady) a dosiahla čistý zisk vo výške 631,0 mil. eur za rok ukončený k 31. decembru 2012. K tomu istému dňu mala Erste Group celkový účastinný kapitál vo výške 1 756,6 mil. eur. Erste Group Bank pôsobí ako materská spoločnosť a je jedinou spoločnosťou skupiny Erste Group kótovanou na burze cenných papierov v EHS.</p> <p>„Erste Group“ pozostáva z Erste Group Bank spolu s dcérskými spoločnosťami a účastinami, medzi ktoré patria Erste Bank Oesterreich v Rakúsku, Česká spořitelna v Českej republike, Banca Comercială Română v Rumunsku, Slovenská sporiteľňa na Slovensku, Erste Bank Hungary v Maďarsku, Erste Bank Croatia v Chorvátsku, Erste Bank Serbia v Srbsku, Erste Bank Ukraine na Ukrajine a v Rakúsku sú to ďalej Salzburger Sparkasse, Tiroler Sparkasse, s-Bausparkasse, ďalšie sporiteľne patriace do združenia <i>Haftungsverbund</i>, Immorent, a ďalšie. V decembri 2012 Erste Group uzavrela zmluvu o predaji Erste Bank Ukrajina akcionárom Fidobank. Uzavretie tejto transakcie je podmienené splnením viacerých podmienok vrátane schválenia regulačnými orgánmi a očakáva sa ku koncu druhého štvrtroka roku 2013. Erste Group k 31. decembru 2012</p>

Časť B – Emitent		
		<p>zamestnávala na celom svete 49 381 ľudí na plný úväzok (z čoho 1 476 bolo zamestnancov Erste Group Bank).</p> <p>Erste Group je presvedčená o tom, že v podnikaní má konkurenčný náskok vďaka svojim silným stránkam: (i) vedúca pozícia na trhu v retailovom a obchodnom bankovníctve; (ii) osvedčený a odolný model podnikania; (iii) aktívne pôsobí na geografických trhoch s komparatívne nízkou mierou HDP a penetráciou bankovníctva; a (iv) uznávaná a dôveryhodná značka.</p> <p>Erste Group usiluje o posilnenie svojho postavenia na kľúčových trhoch prostredníctvom nasledovných stratégií, pričom svoje zameranie naďalej upriamuje na prísne riadenie nákladov: (i) zaostriť svoje geografické zameranie na Rakúsko a východnú časť Európskej únie prostredníctvom poskytovania miestnym zákazníkom úverov financovaných z miestnych vkladov a posilnenia vzťahov v firemnom bankovníctve; a (ii) naďalej sa zameriavať na zákazníkov v kľúčovom regióne prostredníctvom prispôsobenia aktivít na kapitálových trhoch potrebám zákazníkov, vyváženého prístupu k rastu podnikania verejného sektoru a medzibankovej obchodnej činnosti so zameraním na banky na kľúčových trhoch.</p> <p>Zo siedmich bankových odvetví je Odvetvie Sporiteľní tretie najväčšie a k 30. septembru 2012 predstavovalo približne 165.4 mld. eur z celkových aktív (okrem Bank Austria) (zdroj: internetová stránka OeNB aktualizovaná vo februári 2013). Odvetvie Sporiteľní v tom čase zahŕňalo nezávislé sporiteľne (okrem Bank Austria), pričom Erste Group Bank pôsobila ako ústredná finančná inštitúcia Odvetvia Sporiteľní.</p>
B.4a	Najvýznamnejšie najnovšie trendy v odvetví s vplyvom na emitenta a odvetvia, v ktorých pôsobí	<p>Erste Group verí, že nasledujúce trendy ovplyvňujú odvetvie retailového a korporátneho bankovníctva v Rakúsku a a strednej a východnej Európe:</p> <ul style="list-style-type: none"> • <i>Makroekonomické podmienky.</i> Vývoj reálneho HDP, príjmov domácností, retailovej spotreby, korporátnych investícií, miery nezamestnanosti a vládneho zadĺženia sú všetko kľúčové faktory, ktoré ovplyvňujú dopyt po bankových službách celosvetovo a na geografických trhoch, na ktorých pôsobí Erste Group. Hoci Erste Group verí, že tieto indikátory sa budú z dlhodobého hľadiska vyvíjať pozitívnejšie v Rakúsku a strednej a východnej Európe, najmä v porovnaní s Eurozónou a Európskou úniou, súčasný výkon je obmedzený vzhľadom na prostredie pomalého rastu prevládajúce v Európe v 2012 a 2013. V dôsledku tohto trendu zostane zrejme dopyt po bankových službách potlačený z krátkodobého hľadiska na geografických trhoch, na ktorých pôsobí Erste Group. • <i>Regulačné zmeny a dane.</i> Európske odvetvie bankovníctva je predmetom zvýšenej regulácie uloženej nadnárodnými a národnými orgánmi, vrátane vyšších kapitálových požiadaviek, vyšších požiadaviek na likviditu, obmedzení pomeru zadĺženia ako aj úverovania. Vlády majú rozširujúci sa trend ukladať ďalšie dane a poplatky na banky, vrátane daní za finančné transakcie. Všetky tieto opatrenia vedú k vyšším nákladom na podnikanie a majú nepriaznivý vplyv na ziskovosť.

Časť B – Emitent		
		<ul style="list-style-type: none"> • <i>Zmena v správaní zákazníkov a technologická zmena.</i> Zosilnený trend na zvýšené používanie elektronických a mobilových kanálov bude od bánk vyžadovať, aby prispôbili svoje infraštruktúry týkajúce sa zákazníkov, investovali do nových technológií ako sú aplikácie pre smart telefóny a iné mobilové zariadenia, a preškolili svojich zamestnancov.
B.5	Popis skupiny a pozície emitenta v skupine	<p>Erste Group Bank je materskou spoločnosťou Erste Group. Ku dňu 31. decembra 2012 vlastní Erste Group Bank priamo a nepriamo podiely v nasledovných spoločnostiach:</p> <ul style="list-style-type: none"> • Česká spořitelna, a.s. („Česká spořitelna“) (99,0%); • Banca Comercială Română S.A. („BCR“) (93,3%); • Slovenská sporiteľňa, a.s. („Slovenská sporiteľňa“) (100,0%); • Erste Bank Hungary Zrt. („Erste Bank Maďarsko“) (100,0%); • Erste & Steiermärkische Bank d.d. („Erste Bank Chorvátsko“) (69,3%); • ERSTE BANK AD NOVI SAD („Erste Bank Srbsko“) (80,5%); • Public Company „Erste Bank“ („Erste Bank Ukrajina“) (100,0 %) • Erste Bank der oesterreichischen Sparkassen AG („Erste Bank Oesterreich“) (100,0 %) vrátane podielu v Salzburger Sparkasse Bank AG (98,7 %), Tiroler Sparkasse Bankaktiengesellschaft (75,0 %), Bausparkasse der österreichischen Sparkassen AG (95,0 %), Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft (75,0 %) a Haftungsverbund GmbH (63,5 %); • Brokerjet Bank AG (100,0%) • Erste Group Immorent AG (100,0%); • Erste Asset Management GmbH (100,0%); a • s IT Solutions Holding GmbH (100,0%). <p>V decembri 2012 Erste Group uzavrela zmluvu o predaji Erste Bank Ukrajina akcionárom Fidobank. Uzavretie transakcie je podmienené viacerými podmienkami vrátane schválenia regulačnými orgánmi a očakáva sa ku koncu druhého štvrtroka roku 2013.</p>

Časť B – Emitent

B.6	<p>Osoby, ktoré priamo a nepriamo vlastní podiel na imaní emitenta alebo hlasovacie práva podliehajúce ohlasovacej povinnosti</p>	<p>Nasleduje prehľad právnických osôb, ktoré na základe ohlasovacej povinnosti týkajúcej sa hlasovacích práv poskytli Erste Group Bank hlásenie, podľa ktorého vlastní priamo alebo nepriamo hlasovacie práva v Erste Group Bank. Erste Group Bank však nemusela byť informovaná o zmenách v percentuálnom zastúpení hlasovacích práv, ak k nim došlo v rámci limitov hlasovacích práv alebo ak neboli zaslané správne hlásenia. Percentuálne zastúpenie hlasovacích práv sa môže zmeniť, aj keď počet hlasovacích práv príslušného akcionára zostáva nezmenený, t.j. v dôsledku navýšenia alebo zníženia akciového kapitálu Erste Group Bank a s tým súvisiaceho celkového počtu hlasovacích práv. V dôsledku toho je možné a v niektorých prípadoch pravdepodobné, že správy dostupné Erste Group Bank nie vždy odzrkadľujú skutočné percentuálne zastúpenie hlasovacích práv.</p> <ul style="list-style-type: none"> • Podľa najnovšieho hlásenia o hlasovacích právach, k 5. októbru 2012 prináležalo 24,47 % akcií v Erste Group Bank spoločnosti DIE ERSTE Österreichische Spar-Casse Privatstiftung (ďalej len „Erste Stiftung“). • Podľa najnovšieho hlásenia o hlasovacích právach, k 23. novembru 2011 prináležalo 9,98 % akcií v Erste Group Bank spoločnosti CaixaBank, S.A. (predtým Criteria Caixacorp, S.A.) (bez zohľadnenia navýšenia akciového kapitálu Erste Group Bank, ku ktorému došlo po tomto dátume a akvizície na strane CaixaBank, S.A. dodatočných 1 000 000 akcií v Erste Group Bank AG od Erste Stiftung v roku 2012). • Podľa najnovšieho hlásenia o hlasovacích právach, k 13. januáru 2013 prináležalo 4,42 % akcií v Erste Group Bank spoločnosti Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung.
	<p>Rôzne hlasovacie práva</p>	<p>Neuplatňuje sa (tu ponúkané cenné papiere nepredstavujú hlasovacie právo a každá z emitovaných akcií Erste Group Bank predstavuje jeden hlas).</p>
	<p>Priame a nepriame vlastníctvo alebo kontrola emitenta a povaha kontroly</p>	<p>Pre informácie týkajúce sa percenta akcií pripísateľných spoločnostiam Erste Stiftung, CaixaBank, S.A., a Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung viď vyššie. Okrem toho členovia dozornej rady Erste Group Bank (ďalej len „Dozorná rada“) Georg Winckler (prvý podpredseda) a Friedrich Lackner (delegovaný radou zamestnancov) sú členmi dozornej rady Erste Stiftung. Bernhard Kainz (delegovaný radou zamestnancov Erste Bank Oesterreich je tiež členom dozornej rady Erste Stiftung. Ďalej sa v stanovách Erste Group Bank v znení prijatom na zhromaždení akcionárov dňa 15. mája 2012 (ďalej len „Stanovy“) uvádza, že pokiaľ Erste Stiftung zodpovedá za všetky súčasné a budúce záväzky Erste Group Bank v prípade úpadku Erste Group Bank v súlade s § 92 ods. 9 Zákona o bankách, Erste Stiftung má právo vymenovať až jednu tretinu tých členov Dozornej rady, ktorí sú volení zhromaždením akcionárov Erste Group Bank (ďalej len „Zástupcovia akcionárov“). K dnešnému dňu Erste Stiftung nevyužila svoje právo menovať Zástupcov akcionárov, čiže všetci Zástupcovia akcionárov boli zvolení zhromaždením</p>

Časť B – Emitent		
		<p>akcionárov Erste Group Bank.</p> <p>Erste Stiftung a CaixaBank, S.A. uzavreli dohodu o preferovanom partnerstve (ďalej len „DPP“), na základe ktorej Erste Stiftung udelila CaixaBank, S.A. štatút spriazneného investora a preferovaného investičného partnera. V súlade s DPP získala CaixaBank, S.A. právo menovať jedného kandidáta za člena Dozornej rady voleného zhromaždením akcionárov Erste Group Bank, pričom Erste Stiftung jej kandidáta vo voľbách podporí. Výmenou za to CaixaBank, S.A. súhlasila s tým, že sa nezúčastní na nepriateľskom prevzatí akcií v Erste Group Bank a udelila Erste Stiftung predkupné právo a právo opcie vo vzťahu k akciám, ktoré CaixaBank, S.A. vlastní v Erste Group Bank. Ďalej Erste Stiftung súhlasila s tým, že neposkytne tretím stranám výhodnejšie práva, než práva udelené CaixaBank, S.A., okrem výnimočných prípadov. DPP neobmedzuje výkon hlasovacieho práva Erste Stiftung a CaixaBank, S.A. v Erste Group Bank. DPP bola schválená Rakúskou komisiou pre prevzatie kontroly (<i>Übernahmekommission</i>).</p>
B.7	<p>Vybrané historické kľúčové finančné informácie týkajúce sa emitenta za každý finančný rok počas obdobia, ktorého sa historické finančné informácie týkajú (ku dňu a za finančné roky ukončené k 31. decembru 2012, 2011 a 2010.</p>	

Prehľad finančných a ostatných informácií

Nižšie uvedené finančné údaje týkajúce sa účtovných rokov ukončených k 31. decembru 2012 a k 31. decembru 2011 boli odvodené z overenej konsolidovanej účtovnej závierky skupiny Erste Group k 31. decembru 2012, resp. 31. decembru 2011 za účtovné roky skončené k uvedeným dátumom. Určité finančné údaje týkajúce sa účtovného roku skončeného k 31. decembru 2010 boli upravené v overenej konsolidovanej účtovnej závierke Erste Group k 31. decembru 2011 za rok skončený k tomuto dátumu. Osobitne sa upravilo účtovanie swapov úverového zlyhania, ktoré boli v obdobiach pred účtovným rokom skončeným k 31. decembru 2011 klasifikované ako finančné záruky, a to tak, aby boli klasifikované a ocenené ako finančné nástroje v reálnej hodnote oproti účtom nákladov a výnosov. Okrem toho boli upravené predchádzajúce výpočty týkajúce sa efektívnych úrokových sadzieb za úvery a preddavky poskytnuté zákazníkom v dôsledku harmonizácie a zlepšenia určitých nástrojov informačných technológií v rámci Erste Group. Finančné informácie uvedené v tejto časti, ktoré sa týkajú roka skončeného k 31. decembru 2010, boli prevzaté alebo odvodené z overenej konsolidovanej účtovnej závierky k 31. decembru 2011 za účtovný rok skončený k uvedenému dátumu. Finančné údaje týkajúce sa účtovného roka skončeného k 31. decembru 2010, ktoré sú zahrnuté v tomto Prospekte, sú preto čiastočne odlišné od finančných údajov uvedených v overenej konsolidovanej účtovnej závierke Erste Group k 31. decembru 2010 za účtovný rok skončený k uvedenému dátumu.

Akékoľvek finančné informácie uvedené v nasledovných tabuľkách označené ako „overené“ boli prevzaté z overenej konsolidovanej účtovnej závierky Erste Group k 31. decembru 2012 a 31. decembru 2011 za účtovné roky skončené k uvedeným dátumom. Akékoľvek finančné informácie uvedené v nasledovných tabuľkách označené ako „neoverené“ neboli prevzaté z uvedených konsolidovaných účtovných závierok.

Nasledovné číselné údaje boli upravené zaokrúhlením, ktoré bolo vykonané podľa uznávaných obchodných štandardov. V dôsledku toho sa súčet hodnôt uvedených v tabuľke nemusí presne zhodovať so súčtovými hodnotami, ktoré môžu byť taktiež uvedené v tabuľke.

Údaje z výkaz ziskov a strát

Nižšie uvedená tabuľka obsahuje vybrané údaje z výkazu ziskov a strát za roky skončené k 31. decembru 2012, 2011 a 2010:

Údaje z výkazu ziskov a strát

	Za rok skončený k 31. decembru		
	2012	2011	2010
v miliónoch €	overené údaje, ak nie je uvedené inak		
Čisté úrokové výnosy	5 235,3	5 569,0	5 439,2
Zisk z prevádzkových činností ⁽¹⁾ (neoverené)	7 229,5	7 478,5	7 603,7
Všeobecné administratívne náklady	(3 756,7)	(3 850,9)	(3 816,8)
Prevádzkový hospodársky výsledok ⁽²⁾ (neoverené).....	3 472,8	3 627,6	3 786,9
Hospodársky zisk/strata pred zdanením	801,2	(322,2)	1 324,2
Čistý zisk/strata bežného roka	631,0	(562,6)	1 043,3
Čistý zisk pripadajúci vlastníkom materskej spoločnosti ...	483,5	(718,9)	878,7

Zdroj: overená konsolidovaná účtovná závierka Erste Group Bank za účtovné roky skončené k 31. decembru 2012 a 2011, vrátane komparatívnych finančných údajov za účtovný rok skončený k 31. decembru 2010.

(1) Zisk z prevádzkových činností zahŕňa čisté úrokové výnosy, čisté výnosy z poplatkov a provízií a čistý výsledok z obchodnej činnosti.

(2) Prevádzkový hospodársky výsledok sa rovná zisku z prevádzkových činností mínus všeobecné správne náklady.

Údaje zo súvahy

Nižšie uvedená tabuľka obsahuje vybrané údaje zo súvahy k 31. decembru 2012, 2011 a 2010:

Údaje zo súvahy

	K 31. decembru		
	2012	2011	2010
v miliónoch €	overené údaje, ak nie je uvedené inak		
Úvery a preddavky úverovým inštitúciám	9 074,1	7 577,7	12 496,5
Úvery a preddavky poskytnuté zákazníkom	131 927,5	134 749,5	132 334,1
Riziková rezerva na úvery a preddavky	(7 643,7)	(7 027,3)	(6 119,1)
Obchodný a ostatný finančný majetok ⁽¹⁾ (neoverené).....	47 286,2	44 007,8	39 955,5
Rôzne ostatné aktíva ⁽²⁾ (neoverené).....	33 180,0	30 698,7	27 103,0
Spolu aktíva	213 824,0	210 006,3	205 770,0
Pasíva a vlastné imanie			
Vklady bánk.....	21 822,1	23 785,3	20 153,9
Vklady klientov	123 052,9	118 880,2	117 016,3
Vydané dlhové cenné papiere a podriadené záväzky (neoverené).....	34 750,7	36 564,2	37 136,5
Rôzne ostatné záväzky ⁽³⁾ (neoverené).....	17 859,8	15 596,7	14 905,2
Spolu vlastné imanie	16 338,5	15 180,0	16 558,0
pripadajúce na neovládajúce podiely.....	3 483,2	3 142,9	3 443,6
pripadajúce na vlastníkov materskej spoločnosti.	12 855,3	12 037,1	13 114,4
Spolu pasíva a vlastné imanie	213 824,0	210 006,3	205 770,0

Zdroj: overená konsolidovaná účtovná závierka Erste Group Bank za účtovné roky skončené k 31. decembru 2012 a 2011, vrátane komparatívnych finančných údajov za účtovný rok skončený 31. decembra 2010.

(1) Obchodný a ostatný finančný majetok je medzisúčtom riadkov obchodné aktíva, finančné nástroje - ocenené reálnou hodnotou proti účtom nákladov a výnosov, finančné aktíva – k dispozícii na predaj a finančné aktíva – držané do splatnosti.

(2) Rôzne ostatné aktíva je medzisúčet riadkov peniaze v hotovosti a zostatky na účte v centrálnych bankách, derivátové finančné nástroje, investície účtované metódou vlastného imania, nehmotné aktíva, nehnuteľnosti a vybavenie, investície do nehnuteľností, bežné daňové pohľadávky, odložené daňové pohľadávky, aktíva držané za účelom predaja a ostatné aktíva.

(3) Rôzne ostatné pasíva je medzisúčet riadkov upravené hodnoty portfólia hedgingu objektívnej hodnoty, derivátové finančné nástroje, záväzky z obchodného styku, rezervy, daňové záväzky bežného obdobia, odložené daňové záväzky, ostatné záväzky a záväzky súvisiace s aktívami

určenými na predaj.

Vybrané prevádzkové informácie

Nižšie uvedená tabuľka obsahuje určité informácie týkajúce sa vybraných prevádzkových informácií k dátumom a za roky skončené k 31. decembru 2012, 2011 a 2010:

Kľúčové ukazovatele

	K dátumu a za rok skončený k 31. decembru		
	2012	2011	2010
	overené údaje, ak nie je uvedené inak		
Rentabilita vlastného imania (ROE) ⁽¹⁾ (v %).....	3,8	—	6,7
Výplatný pomer ⁽²⁾ (v %) (neoverené)	32,6	—	30,1
Pomer prevádzkových nákladov k prevádzkovým výnosom ⁽³⁾ (v %).....	52,0	51,5	50,2
Náklady na riziko ⁽⁴⁾ (v %) (neoverené)	1,48	1,68	1,55
Tier 1 kapitál (v miliónoch €) ⁽⁵⁾	12 223	11 909	12 219
Core Tier 1 kapitál (v miliónoch €) ⁽⁶⁾	11 848	10 681	11 019
Core tier-1 – pomer celkového rizika ⁽⁷⁾ (v %).....	11,2	9,4	9,2%
Tier-1 - pomer celkového rizika ⁽⁸⁾ (v %)	11,6	10,4	10,2
Ukazovateľ kapitálovej primeranosti ⁽⁹⁾ (v %).....	15,5	14,4	13,5

Zdroj: overená konsolidovaná účtovná závierka Erste Group Bank za účtovné roky skončené k 31. decembru 2012 a 2011, vrátane komparatívnych finančných údajov za účtovný rok skončený k 31. decembru 2010, s výnimkou údajov označených ako „Výplatný pomer“ a „Náklady na riziko“, ktoré sú založené na interných výpočtoch alebo informáciách Erste Group Bank.

- (1) Rentabilita vlastného imania (ROE) je pomer medzi čistým ziskom/stratou za rok pripadajúci vlastníkom materskej spoločnosti vyjadrený ako percentuálny podiel priemernej hodnoty vlastného imania prislúchajúceho vlastníkom materskej spoločnosti. Priemerná hodnota vlastného imania prislúchajúceho vlastníkom materskej spoločnosti sa vypočíta na základe nesplateného vlastného imania prislúchajúceho vlastníkom materskej spoločnosti ku koncu každého z dvanástich mesiacov roka.
- (2) Výplatný podiel predstavuje podiel dividend vyplatených (pre rok 2012 dividendy, ktoré majú byť prerokované na každoročnom valnom zhromaždení Erste Group Bank) vlastníkom materskej spoločnosti (vynímajúc dividendy vyplatené z účastinného kapitálu) za príslušný rok a čistého zisku za daný rok prináležiaceho vlastníkom materskej spoločnosti.
- (3) Pomer prevádzkových nákladov k prevádzkovým výnosom je pomer prevádzkových nákladov (všeobecné správne náklady) vyjadrený ako percento prevádzkových výnosov (súčet čistých výnosových úrokov, čistých výnosov z poplatkov a provízií a čistého výsledku z obchodnej činnosti).
- (4) Náklady na riziko predstavujú anualizovanú čistú tvorbu rezerv vo vzťahu k priemernej výške (na štvrtročnej báze) úverov zákazníkom.
- (5) Tier-1 kapitál zahŕňa hybridný tier-1 kapitál podľa § 23 (4a) a (4b) Zákona o bankách.
- (6) Core tier-1 kapitál je tier 1 kapitál po vylúčení hybridného tier-1 kapitálu podľa § 23 (4a) a (4b) Zákona o bankách.
- (7) Core tier-1 – pomer celkového rizika je pomer core tier-1 kapitálu (po vylúčení hybridného tier-1 kapitálu podľa § 23 (4a) a (4b) Zákona o bankách) k základu pre výpočet kapitálovej požiadavky podľa § 22 (1) Zákona o bankách.
- (8) Tier-1 - pomer celkového rizika je pomer tier-1 kapitálu (vrátane hybridného tier-1 kapitálu podľa § 23 (4a) a (4b) Zákona o bankách) k základu pre výpočet kapitálovej požiadavky podľa § 22 (1) Zákona o bankách.
- (9) Ukazovateľ kapitálovej primeranosti je pomer celkového oprávneného kvalifikovaného kapitálu k základu pre výpočet kapitálovej požiadavky podľa § 22 (1) Zákona o bankách.

<p>Popis významných zmien finančnej situácie a prevádzkových výsledkov emitenta počas obdobia alebo po období, za ktoré sú k dispozícii historické kľúčové finančné informácie.</p>	<p>Určité finančné údaje zahrnuté v tomto Prospekte, ktoré sa týkajú účtovného roka skončeného k 31. decembru 2010 boli upravené v overenej konsolidovanej účtovnej závierke Erste Group k 31. decembru 2011 za účtovný rok skončený k tomuto dátumu. Osobitne sa upravilo účtovanie swapov úverového zlyhania, ktoré boli v obdobiach pred finančným rokom skončeným 31. decembra 2011 klasifikované ako finančné záruky, a to tak, aby boli klasifikované a ocenené ako finančné nástroje v reálnej hodnote oproti účtom nákladov a výnosov. Okrem toho boli upravené predchádzajúce výpočty týkajúce sa efektívnych úrokových sadzieb za úvery a preddavky poskytnuté zákazníkom v dôsledku harmonizácie a zlepšenia určitých nástrojov informačných technológií v rámci Erste Group. Z toho dôvodu, pokiaľ nie je uvedené inak, finančné údaje týkajúce sa účtovného roka skončeného k 31. decembru 2010, ktoré sú zahrnuté v tomto Prospekte, boli prevzaté alebo</p>
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		<p>odvodené z overenej konsolidovanej účtovnej závierky Erste Group k 31. decembru 2011 za účtovný rok skončený k tomuto dátumu. Finančné údaje uvedené v tomto dokumente týkajúce sa účtovného roka skončeného k 31. decembru 2010 sú preto čiastočne odlišné od finančných údajov uvedených v overenej konsolidovanej účtovnej závierke Erste Group k 31. decembru 2010 za účtovný rok skončený k uvedenému dátumu.</p> <p>Nasledovné zmeny finančnej situácie a výsledkov prevádzkových činností Erste Group, ako sú vykázané na základe čistých výnosových úrokov, rizikových rezerv na úvery a preddavky, čistých výnosov z poplatkov a provízií, všeobecných správnych nákladov, prevádzkového hospodárskeho výsledku a čistého hospodárskeho výsledku za príslušný rok pripadajúci vlastníkom materskej spoločnosti vygenerované za účtovné roky ukončené k 31. decembru 2012, 2011 a 2010.</p> <p><i>Účtovné roky ukončené k 31. decembru 2012 a 2011</i></p> <p>V roku 2012 sa čisté úrokové výnosy znížili z 5 569,0 mil. € v roku 2011 o 333,7 mil. € alebo 6 %, na 5 235,3 mil. €. V roku 2012 sa celkové výnosy z úrokov a podobných príjmov znížili o 555,5 mil. € alebo 5,9 % z 9 350,6 mil. € v roku 2011 na 8 795,1 mil. € v roku 2012. Pokles celkových výnosov z úrokov a podobných príjmov bol spôsobený predovšetkým znížením úrokových výnosov z transakcií pôžičiek a peňažného trhu so zákazníkmi, ktoré klesli o 468,7 mil. €, alebo 7,3 %, z 6 426,5 mil. € v roku 2011 na 5 957,8 mil. € v roku 2012. Tento vývoj bol spôsobený nízkymi úrokovými sadzbami a spomalením dopytu po úveroch, a to najmä spotrebiteľských úveroch. V roku 2012 celkové náklady na úroky a podobné výdavky klesli o 213,4 mil. €, alebo 5,6 %, z 3 789,6 mil. € v roku 2011 na 3 576,2 mil. € v roku 2012. Medzi hlavné faktory tohto vývoja patrí pokles úrokových výdavkov na emitované dlhopisové cenné papiere, ktoré klesli o 105,7 mil. €, alebo 10,2 %, z 1 032,2 mil. € v roku 2011 na 926,5 mil. € v roku 2012, čo odráža nižšie úrokové sadzby a zníženie priemerného objemu týchto záväzkov. Nižšiu úroveň úrokových sadzieb tiež spôsobilo zníženie úrokových nákladov na klientskych vkladoch, ktoré klesli o 90,7 mil. €, alebo 5,0 %, z 1 831,8 mil. € v roku 2011 na 1 741,1 mil. € v roku 2012, a to aj napriek vyššiemu priemernému objemu klientskych vkladov. V roku 2012 sa rezervy a opravné položky k úverom a pohľadávkam znížili o 286,9 mil. €, alebo 12,7 %, z 2 266,9 mil. € v roku 2011 na 1 980,0 mil. € v roku 2012. Tento pokles bol predovšetkým pripisovaný poklesu tvorby rezerv a opravných položiek k úverom a pohľadávkam v Maďarsku (mimoriadne rezervy 450,0 mil. € v roku 2011) a v Českej republike, ktoré spolu s nižšími rezervami a opravnými položkami k úverom a pohľadávkam klientov v Rakúsku prevýšila zvýšenie tvorby rezerv a opravných položiek k úverom a pohľadávkam v Rumunsku a Chorvátsku. V roku 2012 čisté výnosy z poplatkov a provízií klesli o 66,4 mil. €, alebo 3,7 %, z 1 787,2 mil. € v roku 2011 na 1 720,8 mil. € v roku 2012. Tento vývoj možno predovšetkým pripísať poklesu obchodu s cennými papiermi (predovšetkým v Rakúsku a v Českej republike) a rovnako úverových obchodov (predovšetkým v Českej republike) a sprostredkovaniu poistenia, pričom však dcérska spoločnosť Erste Group zameraná na factoring Intermarket Bank AG, ktorá vykazovala vyrovnané hospodárenie od 1. augusta 2011, prispela k čistému výnosu z poplatkov a provízií.</p>
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V roku 2012 sa čistý zisk z obchodných výsledkov zlepšil o 151,1 mil. € z 122,3 mil. € v roku 2011 na 273,4 mil. € v roku 2012. Tento vývoj možno predovšetkým pripísať zmene v reálnej hodnote CDS investičného portfólia Medzinárodného Obchodu (medzičasom ukončený) v predchádzajúcich rokoch, čo malo negatívny dopad vo výške 182,6 mil. €. Všeobecné administratívne náklady sa znížili o 94,2 mil. €, alebo 2,4 %, z 3 850,9 mil. € v roku 2011 na 3 756,7 mil. € v roku 2012, a to aj napriek zvýšeniu inflácie v priebehu roka 2012. Personálne náklady sa znížili o 39,6 mil. €, alebo 1,7 %, z 2 323,7 mil. € v roku 2011 na 2 284,1 mil. € v roku 2012 v dôsledku zníženia počtu zamestnancov, ktorý klesol o 1 071 zamestnancov (ekvivalent zamestnancov na plný pracovný úväzok), alebo 2,1 %, z 50 452 zamestnancov (ekvivalent zamestnancov na plný pracovný úväzok) k 31. decembru 2011 na 49 381 zamestnancov (ekvivalent zamestnancov na plný pracovný úväzok) k 31. decembru 2012. Zníženie bolo spôsobené predovšetkým reorganizačnými opatreniami v Maďarsku, Rumunsku a na Ukrajine. V roku 2012 sa ostatné prevádzkové výsledky zlepšili z negatívnych 1 589,9 mil. € v roku 2011 na negatívnych 724,3 miliónov € v roku 2012. Toto zlepšenie bolo predovšetkým spôsobené podstatne menším znížením goodwillu vo výške 514,9 mil. €, z ktorých sa 469,4 mil. € vzťahovalo k Banca Comercială Română a 45,5 mil. € najmä k určitým rakúskym pobočkám, v porovnaní s 1 064,6 mil. € v roku 2011, z ktorých najmä 692,8 mil. € sa vzťahovalo k Banca Comercială Română a 312,7 mil. € k Erste Bank Maďarsko a 52,7 mil. € k niektorým rakúskym pobočkám. Ostatné dane sa zvýšili z 163,5 mil. € v roku 2011 na 269,1 mil. € v roku 2012, do značnej miery v dôsledku bankových daní v Rakúsku, na Slovensku a v Maďarsku. Na Slovensku bola banková daň novo zavedená v roku 2012 a základe toho bolo zaplatených v roku 2012 31,5 mil. €. V Maďarsku banková daň predstavovala v roku 2012 47,3 mil. €, zatiaľ čo v roku 2011 bola zaúčtovaná proti stratám spôsobeným možnosťou predčasného splatenia úverov v cudzích menách v pevnom kurze nižšom ako aktuálne prevládajúce trhové výmenné kurzy. V Rakúsku bola banková daň zvýšená o 25 % a dosiahla 165,2 mil. € v roku 2012. V roku 2012 sa celkový výsledok zo všetkých kategórií finančných nástrojov a finančných aktív zlepšil z negatívnych 93,0 mil. € v roku 2011 na 32,7 mil. € v roku 2012. Pozitívny vývoj bol spôsobený predovšetkým vyššími ziskami z predaja a nižšími negatívnymi účinkami oceňovania portfólia určeného na predaj.

Čistý ročný zisk patriaci vlastníkom materskej spoločnosti za rozpočtový rok 2012 dosiahol výšku 483,5 mil. €, zatiaľ čo čistá strata vygenerovaná v rozpočtovom roku 2011 pripadajúca vlastníkom materskej spoločnosti bola vo výške 718,9 mil. €.

V roku 2012 sa zvýšili celkové aktíva o 3 817,7 mil. €, alebo 1,8%, z 210 006,3 mil. € k 31. decembru 2011 na 213 824,0 mil. € k 31. decembru 2012. Zvýšenie celkových aktív bolo spôsobené najmä nárastom finančných aktív z dôvodu predbežných opatrení za účelom naplnenia predpokladaných požiadaviek na likviditu podľa Baselu 3 v roku 2014, ako aj investíciami z prevyšujúcej likvidity zo zvýšenia zákazníckych vkladov. Úvery a preddavky úverovým inštitúciám vzrástli z 7 577,7 mil. € k 31. decembru 2011 na 9 074,1 mil. € k 31. decembru 2012 ako výsledok zvýšenia likvidity z vkladov. Zvýšenia aktív určených na predaj z 87,2 mil. € k 31. decembru 2011 na 708,1 mil. € k 31. decembru 2012 boli spustené

klasifikáciou Erste Bank Ukraine ako disponujúcej skupiny, určenej na predaj v súlade s IFRS 5 po podpísaní kúpnej zmluvy v decembri 2012.

Účtovné roky ukončené k 31. decembru 2011 a 2010

V roku 2011 sa čisté výnosové úroky zvýšili z 5 439,2 mil. € v roku 2010 o 129,8 mil. € (alebo 2,4 %) na 5 569,0 mil. € v roku 2011. Celkové výnosové úroky a obdobné výnosy sa zvýšili o 529,0 mil. € (alebo 6,0 %) z 8 821,6 mil. € v roku 2010 na 9 350,6 mil. € v roku 2011. Nárast celkových výnosových úrokov a obdobných výnosov v prvom rade odzrkadľoval nárast výnosových úrokov z finančných aktív ocenených v reálnej hodnote oproti účtom výnosov a nákladov, ktoré sa zvýšili z 48,6 mil. € v roku 2010 na 322,3 mil. € v roku 2011. V roku 2011 sa celkové nákladové úroky a obdobné náklady zvýšili o 386,2 mil. € (alebo 11,3 %) z 3 403,4 mil. € v roku 2010 na 3 789,6 mil. € v roku 2011. Nárast celkových nákladových úrokov a obdobných nákladov odzrkadľoval predovšetkým vyššie náklady na vklady bánk a vklady na zákazníckych účtoch v spojení s vyššími objemami. V roku 2011 sa rizikové rezervy za úvery a preddavky zvýšili o 245,9 mil. € (alebo 12,2 %) z 2 021,0 mil. € v roku 2010 na € 2 266,9 mil. € v roku 2011. Tento nárast súvisel predovšetkým s mimoriadnymi rezervami vo výške 450,0 mil. € v dôsledku novej legislatívy v Maďarsku, ktorá umožňuje predčasné splatenie úverov v cudzích menách pri netrhových výmenných kurzoch, a zvýšením pomeru opravných položiek k hrubým zlyhaným úverom (tzv. NPL coverage ratio). V Rakúsku, Českej republike a na Slovensku bol trend vývoja nákladov na riziko pozitívny a čiastočne kompenzoval výrazný nárast v Maďarsku. V roku 2011 sa čisté výnosy z poplatkov a provízií znížili o 55,3 mil. € (alebo 3,0 %) z 1 842,6 mil. € v roku 2010 na 1 787,2 mil. € v roku 2011. Tento pokles bol primárne spôsobený poklesom v oblasti cenných papierov, osobitne v Rakúsku, ako aj v oblasti sprostredkovania stavebného sporenia a investičného bankovníctva. Všeobecné správne náklady sa zvýšili o 34,1 mil. € (alebo 0,9 %) z 3 816,8 mil. € v roku 2010 na 3 850,9 mil. € v roku 2011. Personálne náklady vzrástli o 59,9 mil. € (alebo 2,6 %) z 2 263,8 mil. € v roku 2010 na 2 323,7 mil. € v roku 2011. Tento nárast bol spôsobený čiastočne výplatou odstupného v Českej republike, tvorbou rezerv na odstupné v Maďarsku a Rumunsku a začlenením spoločnosti Informations-Technologie Austria GmbH do s IT Solutions AT k 1. júlu 2010. Výsledok z ostatných prevádzkových činností sa znížil o 1 150,5 mil. € z negatívnej hodnoty 439,3 mil. € v roku 2010 na negatívnych 1 589,9 mil. € v roku 2011. To bolo spôsobené hlavne znížením hodnoty nehmotného majetku v roku 2011 v celkovej výške 1 064,6 mil. €. Časť z tejto sumy, najmä čiastka vo výške 692,8 mil. € súvisela s Banca Comercială Română v dôsledku zníženej ziskovosti bankového sektora v Rumunsku. Časť vo výške 312,7 mil. € súvisela s odpisom celej sumy nehmotného majetku za Erste Bank Hungary v septembri 2011 v dôsledku ťažkých ekonomických podmienok v Maďarsku a prijatia legislatívy umožňujúcej predčasné splatenie úverov v cudzej mene pri fixnom výmennom kurze pod úrovňou trhových výmenných kurzov. Suma 52,7 mil. € súvisela s určitými rakúskymi pobočkami, osobitne regionálnymi sporiteľňami a činnosťami správy aktív. Ostatné dane sa zvýšili o 91,6 mil. € zo 71,9 mil. € v roku 2010 na 163,5 mil. € v roku 2011 prevažne z dôvodu bankových daní. V Rakúsku bola banková daň

		<p>zavedená v roku 2011 a pre Erste Group Bank znamenala daňovú povinnosť vo výške 132,1 mil. €.</p> <p>V roku 2011 sa čistý hospodársky výsledok bežného roka prislúchajúci vlastníkom materskej spoločnosti znížil o 1 597,6 mil. € z čistého zisku bežného roka prislúchajúceho vlastníkom materskej spoločnosti vo výške 878,7 mil. € v roku 2010 na čistú stratu bežného roka prislúchajúcu vlastníkom materskej spoločnosti vo výške 718,9 mil. € v roku 2011. Toto zníženie odzrkadľuje v prvom rade výrazné zníženie hospodárskeho výsledku bežného roka pred zdanením - zo zisku pred zdanením vo výške 1 324,2 mil. € v roku 2010 na stratu pred zdanením vo výške 322,2 mil. € v roku 2011.</p> <p>V roku 2011 sa zvýšili celkové aktíva o 4 236,3 mil. €, alebo 2,1%, z 205 770,0 mil. € k 31. decembru 2010 na 210 006,3 mil. € k 31. decembru 2011. Zvýšenie celkových aktív bolo spôsobené 61,2%-ným zvýšením finančných aktív a zostatkov centrálnych bánk z 5 839,4 mil. € k 31. decembru 2010 na 9 412,9 mil. € k 31. decembru 2011, primárne ako výsledok dočasnej zvýšenej likvidity z tzv. „Dlhodobých refinancovacích operácií“ (Long-Term Refinancing Operation - LTRO) zo strany ECB. V rovnakom čase pôžičky a preddavky úverovým inštitúciám klesli o 39,4% z 12 496,5 mil. € k 31. decembru 2010 na 7 577,7 mil. € k 31. decembru 2011 ako dôsledok zníženia vedľajších obchodov.</p>
B.8	Vybrané kľúčové proforma finančné informácie	Neuplatňuje sa; nepožadujú sa žiadne proforma finančné informácie.
B.9	Odhad alebo prognóza zisku	Neuplatňuje sa; nebol pripravený odhad ani prognóza zisku.
B.10	Charakter akýchkoľvek výhrad vo výroku audítora k historickým finančným informáciám	Neuplatňuje sa; neboli vyjadrené žiadne výhrady.
B.11	Nedostatok pracovného kapitálu emitenta pre aktuálne požiadavky	Neuplatňuje sa; pracovný kapitál je dostatočný.

Časť C – Cenné papiere

C.1	Druh a trieda cenných papierov ponúkaných na obchodovanie a/alebo prijatých na obchodovanie	<p>V ponuke je maximálne 25 702 000 € menovitej hodnoty súčasných účastinných kapitálových cenných papierov na doručiteľa, ktoré vydala Erste Group Bank v roku 2009 (jednotlivo každý cenný papier v menovitej hodnote 1 000 € ďalej len „Ponúkaný cenný papier“, spoločne ďalej len „Ponúkané cenné papiere“ a spoločne so všetkými účastinnými kapitálovými cennými papiermi, ktoré vydala Erste Group Bank ďalej len „Účastinné kapitálové cenné papiere“) od holdingov Erste Group Bank. Za každých 21 000 € menovitej hodnoty Účastinných kapitálových cenných papierov v držbe k 11. aprílu 2013, 24:00 (polnoc) stredoeurópskeho letného času je každému aktuálnemu majiteľovi Účastinných kapitálových cenných papierov (ďalej len „Účastník“ a spoločne „Účastníci“) ponúknuté právo (ďalej len „Upisovacie právo“ a spoločne</p>
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Časť C – Cenné papiere

	<p>Identifikačné číslo cenných papierov</p>	<p>„Upisovacie práva“) na kúpu 1 000 € menovitej hodnoty Ponúkaných cenných papierov.</p> <p>Účastinné kapitálové cenné papiere predstavujú účastinný kapitál (<i>Partizipationskapital</i>) v súlade s § 23 (4) a (5) rakúskeho zákona o bankách (<i>Bankwesengesetz</i>) (ďalej len „Zákon o bankách“), ktorý emitovala Erste Group Bank v troch tranžiach dňa 10. marca (jedna tranža) a dňa 13. mája 2009 (dve tranže) a je v plnom rozsahu splatený (ďalej len „Účastinný kapitál“). Účastinné kapitálové cenné papiere boli emitované v zmysle rakúskeho právneho poriadku a riadia sa rakúskym právnym poriadkom.</p> <p>Účastinné kapitálové cenne papiere iné než Ponúkané cenné papiere: AT0000A0D4T3</p> <p>Ponúkané cenné papiere: AT0000A0D4T3</p> <p>Upisovacie práva: AT0000A100F9</p>
<p>C.2</p>	<p>Mena emisie cenných papierov</p>	<p>Euro</p>
<p>C.3</p>	<p>Počet emitovaných akcií splatených v plnom rozsahu a počet emitovaných akcií nesplatených v plnom rozsahu / menovitá hodnota akcie</p>	<p>Erste Group Bank emitovala 394 568 647 akcií na doručiteľa s hlasovacím právom bez menovitej hodnoty (kmeňové akcie), z ktorých každá má pomyselnú hodnotu jednej akcie 2,00 € a 1 763 744 Účastinných kapitálových cenných papierov na doručiteľa s menovitou hodnotou jedného cenného papiera 1 000 €. Všetky tieto akcie a Účastinné kapitálové cenné papiere sú splatené v plnom rozsahu.</p>
<p>C.4</p>	<p>Práva viažuce sa k cenným papierom</p>	<p>Ponúkané cenné papiere neopravňujú svojich majiteľov na podiel na výplate dividend za účtovný rok 2012 a viažu sa k nim práva na podiel na výplate dividend za účtovný rok 2013 a za všetky nasledujúce účtovné roky. Pred Ponukou bolo právo majiteľov Účastinných kapitálových cenných papierov na obdržanie podielu na výplate dividend za účtovný rok 2012 oddelené od Účastinných kapitálových cenných papierov (vrátane Ponúkaných cenných papierov). Tomuto právu na dividendy za rok 2012 bolo pridelené osobitné Medzinárodné identifikačné číslo cenných papierov – International Securities Identification Number (ďalej len „ISIN“), ktoré sa líši od ISIN Účastinných kapitálových cenných papierov.</p> <p>V súlade s obmedzeniami ustanovenými v „Podmienkach emisie účastinných cenných papierov na doručiteľa do výšky 2 700 000 000 € Erste Group Bank AG“ v znení z októbra 2009, ktoré sú podkladom pre Účastinné kapitálové cenné papiere (ďalej len „Podmienky“) sú dividendy z Účastinných kapitálových cenných papierov tvorené ročne za účtovný rok nasledovne: (i) za účtovné roky od 1. januára 2009 do 31. decembra 2013 v sadzbe dividendy vo výške 8,0 % p.a., (ii) za účtovný rok od 1. januára 2014 do 31. decembra 2014 v sadzbe dividendy vo výške 8,5 % p.a., (iii) za účtovný rok od 1. januára 2015 do 31. decembra 2015 v sadzbe dividendy vo výške 9,0 % p.a., (iv) za účtovný rok od 1. januára 2016 do 31. decembra 2016 v sadzbe dividendy vo výške 9,75 % p.a. a (v) za účtovné roky od 1. januára 2017 sa sadzba dividend zvyšuje o jeden percentuálny bod každý rok, pričom ročná dividend nesmie nikdy presiahnuť hodnotu 12-mesačných hodnôt</p>

Časť C – Cenné papiere		
		<p>EURIBOR plus desať percentuálnych bodov p.a.</p> <p>Dividenda, ktorá má byť vyplatená na Účastinné kapitálové cenné papiere závisí, okrem iného, od ročného hospodárskeho výsledku vykázaného v nekonsolidovanej účtovnej závierke Erste Group Bank po vyčlení časti zisku do rezerv. Pokiaľ sa nevykonáva výplata dividend na kmeňové akcie Emitenta, Emitent, pokiaľ sa nerozhodne tak urobiť, nie je povinný vyplatiť dividendy na Účastinné kapitálové cenné papiere (bez ohľadu na to, či je k dispozícii zisk na rozdelenie), , resp. akékoľvek nevyplatenie dividend z disponibilného zisku nebude predstavovať porušenie podmienok na strane Emitenta ani iné porušenie povinností viažucich sa k Účastinným kapitálovým cenným papierom ani na žiaden iný účel.</p> <p>Majitelia Účastinných kapitálových cenných papierov nemajú žiadne hlasovacie práva, ale majú právo zúčastňovať sa na valných zhromaždeniach akcionárov Erste Group Bank a požadovať informácie potrebné na riadne posúdenie jednotlivých bodov programu. Majú právo na podiel na výnose z likvidácie Erste Group Bank, s postavením <i>pari passu</i> (rovnocenne) s akcionármi Erste Group Bank.</p>
C.5	Obmedzenia voľnej prevoditeľnosti cenných papierov	Neuplatňuje sa (Účastinné kapitálové cenné papiere a Upisovacie práva sú voľne prevoditeľné v súlade s príslušným zákonom a príslušnými pravidlami organizácie Oesterreichische Kontrollbank Aktiengesellschaft (ďalej len "OeKB") vo svojej funkcii centrálného depozitára cenných papierov.)
C.6	Žiadosť o prijatie na obchodovanie na regulovanom trhu / identita regulovaných trhov, na ktorých sa má obchodovať s cennými papiermi	Neuplatňuje sa (Účastinné kapitálové cenné papiere nie sú kótované ani obchodované na žiadnej burze cenných papierov ani inštitúcii mnohostranného obchodného systému (MTF) a Erste Group Bank nezamýšľa podať žiadosť o prijatie Upisovacích práv alebo Ponúkaných cenných papierov na obchodovanie na žiadnej burze cenných papierov ani inštitúcii mnohostranného obchodného systému (MTF)).
C.7	Vyplácanie dividend	Erste Group Bank doposiaľ vyplácala dividendy na Účastinné kapitálové cenné papiere každý rok od ich emisie v roku 2009 vo výške dividendového výnosu 8,0 % p.a. Výplaty dividend v minulosti nie sú indikáciou budúcich výplat dividend Erste Group Bank na jej Účastinné kapitálové cenné papiere. Erste Group Bank má v úmysle naďalej vyplácať dividendy na Účastinné kapitálové cenné papiere. Čas a výška výplaty dividend v budúcnosti, ak sa takáto výplata vôbec bude realizovať, bude závisieť od budúcich hospodárskych výsledkov a vyhladok Erste Group Bank, od jej kapitálových požiadaviek a od iných faktorov, ktoré predstavenstvo Erste Group Bank (ďalej len „Predstavenstvo“) a jej Dozorná rada budú považovať za relevantné, ako aj od schválenia zo strany akcionárov. Nie je možné poskytnúť záruku ohľadne akejkoľvek výplaty dividend v budúcnosti.

Časť D – Riziká		
D.1	Hlavné riziká špecifické pre emitenta, resp. jeho	Riziká súvisiace s obchodnou činnosťou skupiny Erste Group

Časť D – Riziká

	odvetvie	
		<ul style="list-style-type: none">• Náročné makroekonomické podmienky a ťažké podmienky na finančných trhoch môžu mať závažný negatívny dopad na obchodnú činnosť skupiny Erste Group, na jej finančnú situáciu, výsledky činnosti a na jej vyhliadky do budúcnosti.• Skupina Erste Group bola a môže byť aj v budúcnosti dotknutá pretrvávajúcou Európskou dlhovou krízou a môže byť preto nevyhnutné aby znížila svoju exponovanosť v súvislosti s dlhom určitých krajín.• Skupina Erste Group zaznamenala a v budúcnosti môže naďalej pociťovať zhoršenie kvality úverov, najmä v dôsledku finančných kríz alebo hospodárskych recesií.• Skupina Erste Group je vystavená výraznému riziku zo strany protistrán, pričom neplnenie si záväzkov protistrán môže viesť k stratám prevyšujúcim rezervy skupiny Erste Group.• Skupina Erste Group je vystavená klesajúcim hodnotám zabezpečení za obchodné a rezidenčné hypotekárne úvery.• Fluktuácie na trhu a nestabilita trhu môžu negatívne ovplyvniť hodnotu aktív skupiny Erste Group, znížiť jej ziskovosť a skomplikovať odhad reálnej hodnoty určitých jej aktív.• Skupina Erste Group je vystavená riziku zníženej likvidity.• Ratingové agentúry môžu pozastaviť, znížiť alebo odobrať rating Erste Group Bank, resp. krajiny, v ktorej skupina Erste Group pôsobí, pričom takéto opatrenie môže mať negatívny dopad na podmienky refinancovania pre Erste Group Bank, najmä na jej prístup ku kapitálovým trhom s dlhovými cennými papiermi.• Nové regulačné požiadavky alebo požiadavky vlády a zmeny vo vnímaní, čo predstavuje dostatočnú úroveň kapitalizácie, likvidity a pomeru zadĺženia, by mohli skupinu Erste Group vystaviť zvýšeným požiadavkám na kapitál a likviditu, alebo zvýšeným štandardom kapitálu a likvidity, v dôsledku čoho by skupina musela v budúcnosti získať dodatočný kapitál alebo likviditu.• Stratégie riadenia rizík a postupy vnútornej kontroly skupiny Erste Group môžu spôsobiť jej vystavenie sa neidentifikovaným, resp. neočakávaným rizikám.• Obchodná činnosť skupiny Erste Group je spojená s prevádzkovými rizikami.• Skupina Erste Group môže mať ťažkosti so získavaním, resp. udrжанím si kvalifikovaných pracovníkov.• Akékoľvek zlyhanie informačných systémov skupiny Erste Group, ich prerušenie alebo narušenie ich bezpečnosti a akékoľvek zanedbanie aktualizácie týchto systémov môže viesť k obchodným a iným stratám.• Od Erste Group Bank sa môže vyžadovať poskytnutie finančnej podpory v rámci združenia Haftungsverbund, čo by mohlo vyvolať významné náklady a odklon zdrojov z

Časť D – Riziká

		<p>iných aktivít.</p> <ul style="list-style-type: none">• Zmeny úrokových sadzieb ovplyvňuje mnoho faktorov mimo kontroly skupiny Erste Group a tieto zmeny môžu mať významné negatívne dopady na jej účtovné výsledky, vrátane čistých úrokových výnosov.• Vzhľadom na to, že veľká časť aktivít, aktív a klientov skupiny Erste Group sa nachádza v krajinách strednej a východnej Európy, ktoré nie sú členmi Eurozóny, skupina Erste Group je vystavená kurzovým rizikám.• Od skupiny Erste Group sa môže vyžadovať, aby uznala ďalšie náklady na znižovanie hodnoty aktív vyplývajúce z jej predchádzajúcich akvizícií.• Zmena štandardov ECB pre zabezpečenie úverov by mohla mať negatívny dopad na financovanie skupiny Erste Group a na jej prístup k likvidite.• Skupina Erste Group pôsobí na vysoko konkurenčných trhoch a konkuruje veľkým medzinárodným finančným inštitúciám i zavedeným miestnym hráčom.• Väčšinový akcionár Erste Group Bank môže byť schopný ovládať konanie akcionárov.• Zmluvné dojednania s Rakúskou republikou môžu ovplyvniť obchodnú činnosť skupiny Erste Group.• Dodržiavanie predpisov upravujúcich boj proti praniu špinavých peňazí, korupcii a financovaniu terorizmu si vyžaduje významné náklady a úsilie a ich nedodržanie môže mať závažné právne a reputačné dôsledky.• Zmeny zákonov na ochranu spotrebiteľa i uplatňovanie, resp. výklad týchto zákonov môžu obmedziť poplatky a iné cenové podmienky, ktoré skupina Erste Group môže účtovať za určité bankové transakcie.• Integrácia potenciálnych budúcich akvizícií môže predstavovať ďalšie výzvy. <p>Riziká súvisiace s trhmi, na ktorých skupina Erste Group pôsobí</p> <ul style="list-style-type: none">• Vystúpenie jednej alebo viacerých krajín z Eurozóny by mohlo mať nepredvídateľné dôsledky na finančný systém a na širšiu ekonomiku, pričom potenciálne by mohol viesť k poklesu úrovne obchodnej činnosti, k znižovaniu účtovnej hodnoty majetku a k stratám naprieč celou obchodnou činnosťou skupiny Erste Group.• Skupina Erste Group pôsobí na rozvíjajúcich sa trhoch, tzv. emerging markets, ktoré môžu podliehať rapidným hospodárskym alebo politickým zmenám, ktoré môžu mať negatívny dopad na finančnú výkonnosť a výsledky činnosti skupiny Erste Group.• Nemusí prísť k uvoľneniu účelovo viazaných prostriedkov z EÚ fondov alebo EÚ nemusí schváliť ďalšie programy pomoci.• Strata dôvery klientov v obchodnú činnosť skupiny Erste
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Časť D – Riziká		
		<p>Group alebo v bankovníctvo všeobecne by mohla viesť k nečakane vysokým úrovniam výberov vkladov klientov, čo by mohlo mať závažný negatívny dopad na výsledky skupiny, na jej finančnú situáciu a na jej likviditu.</p> <ul style="list-style-type: none"> • Problémy s likviditou, ktoré zažívajú niektoré krajiny strednej a východnej Európy môžu mať negatívny dopad na širší región strednej a východnej Európy a mohli by negatívne ovplyvniť výsledky obchodnej činnosti skupiny Erste Group a jej finančnú situáciu. • Vlády v krajinách, kde skupina Erste Group pôsobí, môžu na finančné a hospodárske krízy reagovať zvýšeným protekcionizmom, znárodňovaním, resp. podobnými opatreniami. • Skupina Erste Group môže byť negatívne ovplyvnená pomalším rastom alebo recesiou v bankovom sektore, v ktorom pôsobí, ako aj pomalším rozširovaním Eurozóny a EÚ. • Právne systémy a procedurálne kontrolné a ochranné mechanizmy v mnohých krajinách strednej a východnej Európy a najmä v krajinách východnej Európy nie sú zatiaľ úplne rozvinuté. • Platné zákony o konkurze a iné zákony a predpisy upravujúce práva veriteľov v rôznych krajinách strednej a východnej Európy môžu obmedzovať schopnosť skupiny Erste Group vymôcť úhrady nesplatených úverov a zálohových platieb. • Od skupiny Erste Group sa môže vyžadovať, aby sa zúčastňovala alebo financovala vládne programy podpory úverových inštitúcií, alebo aby financovala vládne programy konsolidácie rozpočtu, vrátane formou zavedenia bankových daní a iných odvodov.
D.3	Hlavné riziká špecifické pre cenné papiere	<p>Riziká súvisiace s Ponukou a s Ponúkanými cennými papiermi</p> <ul style="list-style-type: none"> • Účastníci, ktorí sa rozhodnú nezúčastniť sa Ponuky, resp. nie sú na účasť na nej oprávnení, neobdržia kompenzáciu za zmenu pomeru medzi Účastinným kapitálom a akciovým kapitálom Erste Group Bank, ktorá nastala od roku 2009. • Schopnosť Erste Group Bank vyplácať dividendy za Účastinné kapitálové cenné papiere bude závisieť od disponibility zisku určeného na rozdelenie, pričom výplata dividend sa nemusí uskutočniť ani vtedy, ak by aj takéto zisk bol k dispozícii. • Práva majiteľov Účastinných kapitálových cenných papierov sa môžu líšiť od práv majiteľov podobných cenných papierov spoločnosti založenej a existujúcej v inej jurisdikcii než v Rakúsku. • Skupina Erste Group sa ešte nerozhodla, ako budú majitelia Účastinných kapitálových cenných papierov chránení pred oslabením vplyvu v budúcnosti.

Časť D – Riziká

		<ul style="list-style-type: none">• V prípade splatenia Účastinných kapitálových cenných papierov sa môže ukázať, že investícia do Účastinných kapitálových cenných papierov má nižší než očakávaný výnos.• Účastinné kapitálové cenné papiere majú perpetuálny charakter a Erste Group Bank ich môže splatiť len za určitých okolností.• Účastinné kapitálové cenné papiere sa podieľajú na stratách Erste Group Bank do ich plnej menovitej hodnoty.• Závazky Erste Group Bank vyplývajúce z Účastinných kapitálových cenných papierov predstavujú nezabezpečené a hlboko podriadené záväzky, ktoré sú podriadené pohľadávkam všetkých nepodriadených a podriadených veriteľov Erste Group Bank.• Právo majiteľov Účastinných kapitálových cenných papierov na obdržanie výplat na základe Účastinných kapitálových cenných papierov bude štrukturálne aj reálne podriadené pohľadávkam súčasných a budúcich veriteľov dcérskych spoločností Erste Group Bank.• Pre Účastinné kapitálové cenné papiere neexistuje likvidný sekundárny trh, čo zhoršuje možnosť ich majiteľov prediť Účastinné kapitálové cenné papiere za reálne trhové ceny.• Adresáti Ponuky berú na vedomie riziko, že úverové rozpätie Erste Group Bank sa mení.• Majitelia Účastinných kapitálových cenných papierov môžu byť pri akomkoľvek predaji Účastinných kapitálových cenných papierov vystavení riziku trhovej ceny.• Majitelia Účastinných kapitálových cenných papierov sú vystavení riziku, že hodnota Účastinných kapitálových cenných papierov poklesne v dôsledku zmien trhovej úrokovej sadzby.• Reálny výnos z investície do Účastinných kapitálových cenných papierov môže byť nižší v dôsledku potenciálnej inflácie v budúcnosti.• Majitelia Účastinných kapitálových cenných papierov sú vystavení riziku závažných negatívnych zmien výmenných kurzov a negatívnych daňových dôsledkov.• Adresáti Ponuky sa musia spoliehať na postupy a na funkčnosť príslušného clearingového systému pre Účastinné kapitálové cenné papiere.• K Účastinným kapitálovým cenným papierom sa neviažu žiadne hlasovacie práva.• Pohľadávky týkajúce sa istiny Účastinných kapitálových cenných papierov sa premlčujú po desiatich rokoch.
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Časť E – Ponuka

E.1	Celkový čistý výnos a odhad celkových	Ak budú uplatnené všetky Upisovacie práva, ktorých sa Účastníci nevzdali, Erste Group Bank očakáva, že čistý výnos
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Časť E – Ponuka		
	nákladov ponuky, vrátane odhadu nákladov účtovaných investorovi emitentom, resp. predkladateľom ponuky	<p>Ponuky bude približne 26,4 miliónov €. Výnos z Ponuky sa použije na úhradu kúpnej ceny Ponúkaných cenných papierov, ktoré sa nadobudnú od Rakúskej republiky v hodnote rovnajúcej sa celkovej hodnote Ponúkaných cenných papierov upísaných in rámci Ponuky. Erste Group Bank odhaduje celkové náklady na Ponuku na výšku približne 0,7 miliónov € (bez DPH).</p> <p>Erste Group Bank nebude požadovať nejaké poplatky za upísanie Ponúkaných cenných papierov. Vkladové banky, správcovia alebo iní finanční sprostredkovatelia, prostredníctvom ktorých Adresáti Ponuky môžu držať svoje Upisovacie práva, môžu požadovať obvyklé bankové provízie za výkon Upisovacích práv za Adresátov Ponuky.</p>
E.2a	Dôvody ponuky, použitie výnosu, odhadovaná čistá čiastka výnosu	<p>Podľa Podmienok a príslušných ustanovení Zákona o bankách, v prípade akýchkoľvek opatrení, na základe ktorých sa zmení súčasný pomer medzi majetkovými právami majiteľov Účastinných kapitálových cenných papierov a majetkovými právami akcionárov Erste Group Bank, musí byť majiteľom Účastinných kapitálových cenných papierov poskytnutá adekvátne náhrada. V rámci určitých svojich programov poskytovania akcií zamestnancom, Erste Group Bank emitovala celkový počet 1 453 621 nových akcií z podmieneného kapitálu od ukončenia podobnej upisovacej ponuky na znovunastolenie pomeru medzi akciovým kapitálom Erste Group Bank a jej Účastinným kapitálom v roku 2009.</p> <p>V septembri a v novembri 2011 uzavrela Erste Group Bank niekoľko predbežných zmlúv o uzavretí zmluvy (tzv. heads of agreement) a zmlúv o kúpe akcií so štyrmi regionálnymi rumunskými investičnými fondami (Societatea de Investiții Financiare) ohľadne akvizície max. 30,12% akcií BCR za hotovostnú úhradu a ohľadne prevodu novo vydaných akcií Erste Group Bank v niekoľkých tranžiach. Na základe plnenia štyroch zmlúv o kúpe akcií emitovala Erste Group Bank celkový počet 16 102 263 nových akcií z autorizovaného kapitálu v rámci štyroch navýšení kapitálu dňa 23. novembra 2011, 10. decembra 2011, 15. decembra 2011 a 28. februára 2012 výmenou za vecný vklad v celkovom počte 2 060 418 643 akcií BCR, čím došlo k navýšeniu akciového kapitálu Erste Group Bank zo 756 932 768 € (od 22. novembra 2011) na 789 137 294 € (od 31. decembra 2012). Rokovania medzi Erste Group Bank a iným regionálnym rumunským investičným fondom týkajúce sa uzavretia zmluvy o kúpe akcií na základe predbežného dokumentu o uzavretí zmluvy zo septembra 2011 boli ukončené vo februári 2013. V dôsledku štyroch navýšení kapitálu výmenou za vecné vklady a emisie akcií z podmieneného kapitálu sa pomer medzi akciovým kapitálom Erste Group Bank a jej Účastinným kapitálom, ktorý existoval v čase emisie Účastinného kapitálu, zmenil v neprospech majiteľov Účastinných kapitálových cenných papierov. Účelom ponuky Upisovacích práv na ďalšie Účastinné kapitálové cenné papiere má byť kompenzácia tejto zmeny pomeru a z pohľadu majiteľov Účastinných kapitálových cenných papierov zúčastňujúcich sa Ponuky sa tým má opätovne nastoliť pomer po podobnej upisovacej ponuke v roku 2009. Na tento účel sa Erste Group Bank dohodla s Rakúskou republikou na odkúpení takého počtu Účastinných kapitálových cenných papierov, aký</p>

Časť E – Ponuka		
		<p>je potrebný pre Ponuku od držieb Rakúskej republiky, po jej vzdaní sa uplatnenia svojich Upisovacích práv.</p> <p>Erste Group Bank očakáva, že čistý výnos Ponuky bude približne vo výške 26,4 miliónov €. Výnos z Ponuky sa použije na úhradu kúpnej ceny Ponúkaných cenných papierov, ktoré sa nadobudnú od Rakúskej republiky v v hodnote rovnajúcej sa celkovej hodnote Ponúkaných cenných papierov upísaných in rámci Ponuky.</p>
E.3	<p>Popis podmienok ponuky</p> <p>Ponuka</p> <p>Upisovacie obdobie</p>	<p>Predmetom Ponuky je maximálne 25 702 000 € menovitej hodnoty súčasných Účastinných kapitálových cenných papierov v menovitej hodnote jedného cenného papiera 1 000 € v držbe Erste Group Bank, ktoré sú ponúkané na upísanie Účastníkom za upisovaciu cenu (ďalej len „Upisovacia cena“) vo výške 102,7 % ich menovitej hodnoty 1 000 € za Ponúkaný cenný papier. Na základe upisovacieho pomeru 21:1 (ďalej len „Upisovací pomer“) si Účastníci, resp. nadobúdatelia Upisovacích práv môžu upísať 1 000 € menovitej hodnoty Ponúkaných cenných papierov za každých 21 000 € menovitej hodnoty Účastinných kapitálových cenných papierov vo vlastníctve Účastníkov k 11. aprílu 2013, 24:00 (polnoc) stredoeurópskeho letného času (resp. ekvivalentný počet Upisovacích práv). Účastníci, ktorí nevlastnia počet Účastinných kapitálových cenných papierov deliteľný 21 si nebudú môcť plne uplatniť svoje Upisovacie práva.</p> <p>Ponuku tvorí (i) verejná ponuka na upísanie Ponúkaných cenných papierov Účastníkom v Rakúskej republike, Českej republike, Slovenskej republike a v Rumunsku, (ii) ponuky na upísanie Ponúkaných cenných papierov Účastníkom v iných členských krajinách EHS vykonané v zmysle výnimky z požiadavky vypracovania prospektu pre ponuky Ponúkaných cenných papierov podľa Smernice o prospektoch implementovanej v členských štátoch EHS a (iii) ponuky na upísanie pre inštitucionálnych investorov mimo EHS a USA v súlade s Predpisom S (Regulation S) zákona o cenných papieroch (Securities Act). Ponuka nie je viazaná žiadnymi podmienkami.</p> <p>Dňa 12. apríla 2013, alebo okolo tohto dátumu zverejní Erste Group Bank na svojej internetovej stránke (www.erstegroup.com) a v časti úradných oznamov novín Wiener Zeitung (<i>Amtsblatt zur Wiener Zeitung</i>) výzvu na upisovanie týkajúcu sa Ponuky, ktorou sa Adresáti Ponuky vyzvú, aby si uplatnili svoje Upisovacie práva, s uvedením obdobia upisovania, Upisovacej ceny, Upisovacieho pomeru, postupu uplatňovania Upisovacích práv a iných informácií.</p> <p>Ponúkané cenné papiere neopravňujú svojich držiteľov na podiel na výplate dividend za účtovný rok 2012 a viažu sa k nim práva na podiel na výplate dividend za účtovný rok 2013 a za všetky nasledujúce účtovné roky.</p> <p>Obdobie, počas ktorého Účastníci môžu upisovať Ponúkané cenné papiere (ďalej len “Upisovacie obdobie”) začína dňom 12. apríla 2013 a končí dňom 26. apríla 2013, resp. okolo tohto</p>

Časť E – Ponuka

	<p>Ukončenie a pozastavenie Ponuky / predĺženie Upisovacieho obdobia</p> <p>Agent pre upisovanie a uplatňovanie Upisovacích práv</p>	<p>dátumu. Uplatnenie Upisovacieho práva Adresátom ponuky je neodvolateľné a nemožno ho zrušiť, zmeniť, odvolať ani odmietnuť, okrem možnosti podľa § 6 rakúskeho Zákona o kapitálových trhoch z roku 1991 v platnom znení (<i>Kapitalmarktgesetz</i>) (ďalej len „Zákon o kapitálových trhoch”).</p> <p>Upisovacie práva, ktoré nebudú uplatnené počas Upisovacieho obdobia stratia platnosť a zostanú bezcenné. Adresátom Ponuky, ktorí majú svoje Upisovacie práva v držbe prostredníctvom depozitárnej banky, správcu alebo iného finančného sprostredkovateľa, sa odporúča, aby sa informovali o termíne, do ktorého si musia uplatniť svoje Upisovacie práva, ktorý stanovila ich príslušná depozitárna banka, správca alebo iný finančný sprostredkovateľ (dispozičné obdobie). Takéto dispozičné obdobie môže končiť pred skončením Upisovacieho obdobia dňa 26. apríla 2013, resp. okolo tohto dátumu.</p> <p>Ponuka môže byť kedykoľvek ukončená alebo pozastavená a Upisovacie obdobie môže byť kedykoľvek predĺžené podľa výlučného uváženia Erste Group Bank. Akékoľvek predĺženie Upisovacieho obdobia, resp. ukončenie alebo pozastavenie Ponuky bude zverejnené prostredníctvom elektronických médií, v časti úradných oznamov novín Wiener Zeitung (Am-tsblatt zur Wiener Zeitung), na internetovej stránke Erste Group Bank (www.erstegroup.com) a v rozsahu vyžadovanom podľa Zákona o kapitálových trhoch vo forme dodatku k tomuto Prospektu, v každom jednotlivom prípade čo najskôr po tom, čo nastane táto zmena. Okrem toho, (i) v Českej republike budú tieto informácie zverejnené na internetovej stránke spoločnosti Česká spořitelna, a.s. (www.csas.cz), (ii) v Slovenskej republike na internetovej stránke spoločnosti Slovenská sporiteľňa, a.s. (www.slsp.sk) a (iii) v Rumunsku na internetovej stránke organizácie Depozitarul Central SA (www.depozitarulcentral.ro) a na internetovej stránke BCR (www.bcr.ro).</p> <p>Adresáti Ponuky, ktorí dali pokyny na upísanie nebudú individuálne informovaní. V prípade ukončenia Ponuky Upisovacie práva, ktoré už boli uplatnené stratia platnosť, pričom akákoľvek platba vykonaná za upísanie bude vrátená príslušnému Adresátovi Ponuky bez úrokov. Ak Adresát Ponuky dá neplatný pokyn na upísanie alebo ak je Ponuka ukončená, nároky ohľadne bankových poplatkov a iných nákladov, ktoré Adresát Ponuky vynaložil v súvislosti s Ponukou sa budú riadiť zmluvným vzťahom medzi daným Adresátom Ponuky a finančnou inštitúciou, ktorá prijala upísanie.</p> <p>Erste Group Bank bude pôsobiť vo funkcii agenta pre upisovanie pre Ponuku. Adresáti Ponuky sú vyzvaní, aby si uplatnili svoje Upisovacie práva počas Upisovacieho obdobia v čase bežných otváracích hodín na niektorej z pobočiek Erste Group Bank alebo prostredníctvom svojich depozitárnych bánk, správcov alebo iných finančných sprostredkovateľov vydaním príslušného pokynu.</p> <p>Majitelia Upisovacích práv držaných depozitárnou bankou, ktorá je členom OeKB alebo finančnou inštitúciou, ktorá je účastníkom Euroclear Bank S.A. (ďalej len „Euroclear“), Clearstream Banking AG (ďalej len „Clearstream“),</p>
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Časť E – Ponuka

	<p>Doručenie a vyrovnanie Ponúkaných cenných papierov</p> <p>Upisovatelia cenných papierov / agenti pre umiestňovanie</p>	<p>spoločnosťou Centrální depozitář cenných papírů, a.s. (ďalej len „CDCP“) alebo spoločnosťou Centrálny depozitář cenných papierov SR, a.s. (ďalej len „CDCP SR“) sú povinní uplatniť si svoje Upisovacie práva vydaním pokynu na upísanie Ponúkaných cenných papierov v ich mene danej banky, resp. finančnej inštitúcie. Adresáti Ponuky, ktorí majú Upisovacie práva prostredníctvom organizácie Depozitarul Central SA si môžu svoje Upisovacie práva uplatniť vydaním pokynu ich finančným sprostredkovateľom (správcovská banka/broker), ktorí pôsobia vo funkcii depozitára pre Účastinné kapitálové cenné papiere a majú Upisovacie práva.</p> <p>Za neuplatnené Upisovacie práva nebude poskytnutá náhrada.</p> <p>Ponúkané cenné papiere sú vo forme jedného alebo viacerých globálnych certifikátov bez dividendových kupónov, ktoré sú uložené u OeKB, Am Hof 4, A-1010 Viedeň, Rakúsko. Ponúkané cenné papiere budú vydané ako spoluvlastnícke podiely (<i>Miteigentumsanteile</i>), resp. spoluvlastnícke práva (<i>Miteigentumsrechte</i>) na príslušných globálnych certifikátoch, pričom sa predpokladá, že budú vydané v zaknihovanej podobe prostredníctvom systémov OeKB, Euroclear, Clearstream, CDCP a CDCP SR proti uhradeniu Upisovacej ceny za nadobudnutý Ponúkaný cenný papier dňa 3. mája 2013, resp. okolo tohto dátumu.</p> <p>Pre Ponuku neboli určení žiadni upisovatelia cenných papierov ani agenti pre umiestňovanie.</p>
E.4	<p>Záujmy, ktoré sú podstatné pre ponuku vrátane konfliktov záujmov</p>	<p>Neuplatňuje sa; neexistujú záujmy, ktoré sú podstatné pre ponuku vrátane konfliktov záujmov.</p>
E.5	<p>Meno osoby, resp. názov subjektu, ktorý ponúka cenný papier na predaj</p> <p>Dohody znemožňujúce predaj cenných papierov („Lock-up agreements“): zainteresované strany; a indikácia obdobia, počas ktorého nie je možné cenné papiere predat' (tzv. „lock-up“)</p>	<p>Ponúkané cenné papiere ponúka Erste Group Bank</p> <p>Neuplatňuje sa; v súvislosti s Účastinnými kapitálovými cennými papiermi nie sú uzavreté žiadne lock-up dohody..</p>
E.6	<p>Čiastka a percentuálna hodnota bezprostredného oslabenia vplyvu vyplývajúca z ponuky</p>	<p>Neuplatňuje sa; v Ponuke nebudú emitované žiadne nové cenné papiere Erste Group Bank.</p>
E.7	<p>Odhad nákladov účtovaných investorovi emitentom, resp. predkladateľom ponuky</p>	<p>Erste Group Bank nebude účtovať žiadne poplatky za upísanie Ponúkaných cenných papierov. Depozitárne banky, správcovia alebo iní finanční sprostredkovatelia prostredníctvom ktorých Adresáti Ponuky môžu držať svoje Upisovacie práva si za</p>

Časť E – Ponuka		
		uplatnenie Upisovacích práv v mene Adresátov Ponuky môžu účtovať obvyklú bankovú províziu.

Annex 4 – Romanian translation of the summary

The following translation of the original summary is a separate document attached to the Prospectus. It does not form part of the Prospectus itself and has not been approved by the FMA. Further, the FMA did not review its consistency with the original summary.

Traducerea de mai jos a rezumatului original constituie un document separat anexat Prospectului. Aceasta nu face parte din Prospect și nu a fost aprobată de FMA. De asemenea, FMA nu a verificat concordanța acesteia cu rezumatul original.

Rezumatul prospectului

Rezumatele constau din informații care fac obiectul unor cerințe de publicitate și care sunt cunoscute sub denumirea de „Elemente”. Aceste elemente sunt numerotate în secțiunile A - E (A.1 - E.7).

Acest rezumat conține toate Elementele ce trebuie incluse într-un rezumat pentru categoria de valori mobiliare în cauză și pentru acest tip de emitent. Dat fiind că anumite Elemente nu trebuie abordate, pot exista omisiuni în ordinea de numerotare a Elementelor.

Chiar dacă introducerea în rezumat a unui Element este obligatorie, având în vedere categoria de valori mobiliare în cauză și tipul de emitent, este posibil să nu poată fi prezentate informații relevante cu privire la Elementul respectiv. În acest caz rezumatul va include o scurtă descriere a Elementului, cu mențiunea „nu se aplică”.

Secțiunea A – Introducere și avertismente			
A.1	<p>Acest rezumat trebuie citit ca o introducere la acest prospect („Prospectul”).</p> <p>Orice decizie de a investi în valorile mobiliare oferite trebuie să se bazeze pe o examinare exhaustivă a Prospectului de către investitor.</p> <p>În cazul în care se intenționează o acțiune în fața unei instanțe privind informația cuprinsă în Prospect, este posibil ca investitorul reclamant, în conformitate cu legislația internă a statelor membre ale Spațiului Economic European, să suporte cheltuielile de traducere a Prospectului înaintea începerii procedurii judiciare.</p> <p>Răspunderea civilă a Erste Group Bank AG („Emitentul” sau „Erste Group Bank”, și împreună cu filialele sale directe și indirecte existente la data prezentului Prospect, „Grupul Erste”) poate fi angajată în legătură cu conținutul rezumatului, inclusiv cu orice traducere a acestuia, dar doar dacă acesta este înșelător, inexact sau contradictoriu în raport cu celelalte părți ale Prospectului, sau dacă nu furnizează, în raport cu celelalte părți ale Prospectului, informațiile esențiale pentru a ajuta investitorii să decidă dacă investesc în astfel de valori mobiliare.</p>		
A.2	<table border="1"><tr><td><ul style="list-style-type: none">• Aprobarea emitentului sau a persoanei responsabile cu redactarea prospectului cu privire la utilizarea acestuia în vederea revânzării ulterioare sau plasamentului final al valorilor mobiliare de către intermediari financiari.• Indicarea perioadei ofertei în cadrul căreia pot avea loc revânzarea ulterioară sau plasamentul final al valorilor mobiliare de către intermediari financiari și pentru care este acordată aprobarea privind utilizarea prospectului.• Orice alte condiții clare și obiective aferente aprobării, care sunt relevante pentru utilizarea prospectului.• Notificare redactată în caractere aldine prin care investitorii sunt înștiințați că intermediarii financiari vor furniza informații cu privire la condițiile ofertei intermediarilor financiari la data ofertei.</td><td>Nu se aplică; nu a fost acordată aprobarea Erste Group Bank cu privire la utilizarea Prospectului pentru revânzarea ulterioară sau plasamentul final de către intermediarii financiari a valorilor mobiliare oferite.</td></tr></table>	<ul style="list-style-type: none">• Aprobarea emitentului sau a persoanei responsabile cu redactarea prospectului cu privire la utilizarea acestuia în vederea revânzării ulterioare sau plasamentului final al valorilor mobiliare de către intermediari financiari.• Indicarea perioadei ofertei în cadrul căreia pot avea loc revânzarea ulterioară sau plasamentul final al valorilor mobiliare de către intermediari financiari și pentru care este acordată aprobarea privind utilizarea prospectului.• Orice alte condiții clare și obiective aferente aprobării, care sunt relevante pentru utilizarea prospectului.• Notificare redactată în caractere aldine prin care investitorii sunt înștiințați că intermediarii financiari vor furniza informații cu privire la condițiile ofertei intermediarilor financiari la data ofertei.	Nu se aplică; nu a fost acordată aprobarea Erste Group Bank cu privire la utilizarea Prospectului pentru revânzarea ulterioară sau plasamentul final de către intermediarii financiari a valorilor mobiliare oferite.
<ul style="list-style-type: none">• Aprobarea emitentului sau a persoanei responsabile cu redactarea prospectului cu privire la utilizarea acestuia în vederea revânzării ulterioare sau plasamentului final al valorilor mobiliare de către intermediari financiari.• Indicarea perioadei ofertei în cadrul căreia pot avea loc revânzarea ulterioară sau plasamentul final al valorilor mobiliare de către intermediari financiari și pentru care este acordată aprobarea privind utilizarea prospectului.• Orice alte condiții clare și obiective aferente aprobării, care sunt relevante pentru utilizarea prospectului.• Notificare redactată în caractere aldine prin care investitorii sunt înștiințați că intermediarii financiari vor furniza informații cu privire la condițiile ofertei intermediarilor financiari la data ofertei.	Nu se aplică; nu a fost acordată aprobarea Erste Group Bank cu privire la utilizarea Prospectului pentru revânzarea ulterioară sau plasamentul final de către intermediarii financiari a valorilor mobiliare oferite.		

Secțiunea B – Emitentul

Secțiunea B – Emitentul		
B.1	Denumirea socială și denumirea comercială	Denumirea socială a Erste Group Bank este „Erste Group Bank AG”, iar denumirea comercială este „Grupul Erste”. „Grupul Erste” se referă și la Erste Group Bank și la filialele consolidate ale acesteia.
B.2	Sediul social/ forma juridică/ legislația/ țara în care a fost constituit emitentul	Erste Group Bank este o societate pe acțiuni (<i>Aktiengesellschaft</i>) care este organizată și funcționează conform legislației austriece, înregistrată la registrul societăților comerciale (<i>Firmenbuch</i>) de pe lângă Tribunalul Comercial din Viena (<i>Handelsgericht Wien</i>) sub numărul de înregistrare FN 33209m. Erste Group Bank are sediul social înregistrat în Viena, Republica Austria. Adresa sediului este Graben 21, 1010 Viena, Austria.
B.3	Operațiuni curente, principalele activități și principalele piețe pe care concurează emitentul	<p>Grupul Erste este un important grup bancar axat pe clienți persoane fizice și juridice din Austria și Europa Centrală și de Est („ECE”). Grupul Erste oferă clienților săi o gamă largă de servicii care, în funcție de piață, include conturi de depozit și conturi curente, finanțări prin ipotecă și credite de consum, finanțări de investiții și de capital circulant, servicii bancare private, servicii bancare de investiții (<i>investment banking</i>), de administrare a activelor, finanțarea de proiecte, finanțări comerciale internaționale, servicii de tranzacționare, leasing și factoring. Grupul Erste este unul dintre cele mai importante grupuri bancare din Austria, Republica Cehă, România și Slovacia, din punct de vedere al activelor și al numărului total de împrumuturi și depozite, și deține operațiuni importante în Ungaria, Croația și Serbia. Acesta deservește aproximativ 17 milioane de clienți în Austria și pe piețele sale principale din ECE. Erste Group Bank este, de asemenea, principala bancă din Sectorul Băncilor de Economii Austriece. La 31 decembrie 2012, Grupul Erste a înregistrat un volum total al activelor în valoare de 213,8 miliarde €, un capital propriu total în valoare de 16,3 miliarde € și un rezultat din exploatare (venitul din exploatare (suma dintre venitul net din dobânzi, venitul net din comisioane și rezultatul net din tranzacționare) minus cheltuielile administrative generale) de 3.472,8 milioane € și un profit net de 631,0 € pentru exercițiul financiar încheiat la 31 decembrie 2012. La aceeași dată, Grupul Erste avea un capitalul total participativ de 1.756,6 milioane €. Erste Group Bank funcționează ca societate mamă și rămâne singura societate din Grupul Erste listată la o bursă din SEE.</p> <p>„Grupul Erste” este alcătuit din Erste Group Bank, împreună cu filialele și participațiile acesteia, inclusiv Erste Bank Oesterreich din Austria, Česká spořitelna din Republica Cehă, Banca Comercială Română din România, Slovenská sporiteľňa din Slovacia, Erste Bank Hungary din Ungaria, Erste Bank Croatia din Croația, Erste Bank Serbia din Serbia, Erste Bank Ukraine din Ucraina și, în Austria, Salzburger Sparkasse, Tiroler Sparkasse, s-Bausparkasse, alte bănci de economii ale sistemului <i>Haftungsverbund</i>, Immorent, și alte entități. În decembrie 2012, Grupul Erste a încheiat un contract pentru vânzarea entității Erste Bank Ukraine către acționarii Fidobank. Încheierea acestei tranzacții face obiectul unor condiții, inclusiv a unor aprobări legale, și se anticipează că va avea loc până la finalul celui de-al doilea trimestru al anului 2013. La 31 decembrie 2012, Grupul Erste avea un număr de 49.381 de angajați (exprimat în</p>

Secțiunea B – Emitentul		
		<p>echivalent angajați cu normă întreagă) în întreaga lume (din care 1.476 de angajați ai Erste Group Bank).</p> <p>Grupul Erste consideră că activitatea sa se caracterizează prin următoarele avantaje competitive: (i) deține poziții de conducere pe piață în domeniul serviciilor adresate persoanelor fizice și juridice; (ii) este un model de afaceri dovedit a fi viabil și durabil; (iii) este activ pe piețele geografice cu un volum comparabil mic al PIB și un grad relativ redus al penetrării sectorului bancar; și (iv) este un brand recunoscut și de încredere.</p> <p>Grupul Erste intenționează să își consolideze poziția pe piețele sale principale prin următoarele strategii, concentrându-se totodată în continuare pe o gestiune strictă a costurilor: (i) orientarea mai accentuată pe Austria și pe zona de est a Uniunii Europene prin acordarea de împrumuturi clienților locali finanțate din depozite locale și consolidarea relațiilor din sectorul serviciilor bancare adresate persoanelor juridice; și (ii) concentrarea în continuare pe activitățile clienților din regiunea principal prin adecvarea activităților din sectorul piețelor de capital la necesitățile clienților, printr-o abordare echilibrată a creșterii sectorului public și prin tranzacții interbancare concentrate pe băncile din piețele principale.</p> <p>Din cele șapte sectoare bancare, la 30 septembrie 2012, Sectorul Băncilor de Economii era cel de-al treilea ca mărime, cu un volum total al activelor de aproximativ 165,4 miliarde € (excluzând Bank Austria) (sursa: site-ul Web OeNB revizuit în februarie 2013). Sectorul Băncilor de Economii cuprindea la acea dată bănci de economii independente (excluzând Bank Austria), Erste Group Bank operând ca instituție financiară centrală a Sectorului Băncilor de Economii.</p>
B.4a	Cele mai importante tendințe recente ale sectorului care influențează emitentul și ramura de activitate în care funcționează acesta	<p>Grupul Erste este de părere că următoarele tendințe afectează sectorul serviciilor bancare destinate persoanelor fizice și juridice din Austria și din Europa Centrală și de Est:</p> <ul style="list-style-type: none"> • <i>Mediul macroeconomic.</i> Evoluția PIB-ului real, a veniturilor gospodăriilor, a cheltuielilor din sectorul serviciilor destinate persoanelor fizice, a investițiilor societăților, a ratei șomajului și a gradului de îndatorare a guvernelor reprezintă factori cheie care afectează cererea de servicii bancare la nivel global și la nivelul piețelor geografice pe care activează Grupul Erste. Deși Grupul Erste este de părere că acești indicatori vor avea o evoluție mai pozitivă în Austria și în Europa Centrală și de Est pe termen lung, în special comparativ cu Zona Euro și în Uniunea Europeană, randamentele pozitive actuale sunt limitate de creșterea lentă prevalentă în Europa în 2012 și 2013. Ca urmare a acestei tendințe, cererea de servicii bancare este posibil să rămână rezervată în continuare pe termen scurt pe piețele geografice pe care Grupul Erste este activ. • <i>Modificările cadrului de reglementare și fiscalitatea.</i> Sectorul bancar european este supus unei reglementări crescute impuse de organisme de reglementare supranaționale și naționale, inclusiv unor cerințe sporite de capital și de lichiditate, unor restricții privind nivelul de leverage și al împrumuturilor. Există o tendință generală ca guvernele să impună taxe și impozite suplimentare băncilor,

Secțiunea B – Emitentul		
		<p>inclusiv taxe pe tranzacții financiare. Toate aceste măsuri determină costuri mai mari pentru activitățile economice și au un efect negativ asupra profitabilității.</p> <ul style="list-style-type: none"> • <i>Schimbarea comportamentului clienților și schimbările tehnologice.</i> Tendința crescătoare de intensificare a utilizării mijloacelor electronice și mobile va impune băncilor să își adapteze infrastructura de interfațare cu clienții, să investească în noi tehnologii, precum aplicații pentru telefoane inteligente și alte dispozitive mobile și să își păstreze angajații.
B.5	Descrierea grupului și a poziției emitentului în cadrul acestuia	<p>Erste Group Bank este societatea mamă a Grupului Erste. Din 31 decembrie 2012, Erste Group Bank deține participații, în mod direct și indirect, în următoarele societăți:</p> <ul style="list-style-type: none"> • Česká spořitelna, a.s. („Česká spořitelna”) (99,0%); • Banca Comercială Română S.A. („BCR”) (93,3%); • Slovenská sporiteľňa, a.s. („Slovenská sporiteľňa”) (100,0%); • Erste Bank Hungary Zrt. („Erste Bank Hungary”) (100,0%); • Erste & Steiermärkische Bank d.d. („Erste Bank Croatia”) (69,3%); • ERSTE BANK AD NOVI SAD („Erste Bank Serbia”) (80,5%); • Public Company „Erste Bank” („Erste Bank Ukraine”) (100,0%) • Erste Bank der oesterreichischen Sparkassen AG („Erste Bank Oesterreich”) (100%), inclusiv participații în cadrul Salzburger Sparkasse Bank AG (98,7%), Tiroler Sparkasse Bankaktiengesellschaft (75,0%), Bausparkasse der österreichischen Sparkassen AG (95,0%), Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft (75,0%) și Haftungsverbund GmbH (63,5%); • Brokerjet Bank AG (100,0%) • Erste Group Immorent AG (100,0%); • Erste Asset Management GmbH (100,0%); și • s IT Solutions Holding GmbH (100,0%). <p>În decembrie 2012, Grupul Erste a încheiat un contract pentru vânzarea entității Erste Bank Ukraine către acționarii Fidobank. Încheierea acestei tranzacții face obiectul unor condiții, inclusiv a unor aprobări legale, și se anticipează că va avea loc până la finalul celui de-al doilea trimestru al anului 2013.</p>
B.6	Persoane care, direct și indirect, dețin participații în capitalul emitentului sau drepturi de vot care trebuie notificate	<p>Mai jos sunt prezentate entitățile juridice care, în baza notificărilor privind drepturile de vot transmise către Erste Group Bank, dețin, în mod direct sau indirect, drepturi de vot în cadrul Erste Group Bank. Cu toate acestea, este posibil ca Erste Group Bank să nu aibă cunoștință de orice modificări ale procentelor aferente drepturilor de vot, dacă acestea se încadrează între pragurile ce necesită notificarea drepturilor de vot sau dacă raportarea acestora a fost omisă. De asemenea, procentajele</p>

Secțiunea B – Emitentul

	<p>Drepturi de vot diferite</p> <p>Deținerea sau controlul direct și indirect al emitentului și natura controlului</p>	<p>aferele drepturilor de vot se pot modifica chiar dacă numărul drepturilor de vot deținute de acționarul respectiv rămâne neschimbat, spre exemplu în urma majorării sau reducerii capitalului social al Erste Group Bank și a numărului total corespunzător de drepturi de vot. Astfel, este posibil și, în unele cazuri, este deopotrivă probabil, ca rapoartele disponibile Erste Group Bank să nu reflecte, în fiecare caz în parte, procentele reale aferente drepturilor de vot.</p> <ul style="list-style-type: none"> • Conform celor mai recente notificări privind drepturile de vot, la data de 5 octombrie 2012, 24,47% din acțiunile Erste Group Bank îi revenea DIE ERSTE Österreiche Spar-Casse Privatstiftung („Erste Stiftung”). • Conform celor mai recente notificări privind drepturile de vot, la data de 23 noiembrie 2011, 9,98% din acțiunile Erste Group Bank erau deținute de CaixaBank, S.A. (numită anterior Criteria Caixacorp, S.A.) (fără a lua în considerare majorările de capital ale Erste Group Bank implementate după data respectivă și achiziția în anul 2012 de către CaixaBank, S.A. a unui număr suplimentar de 1.000.000 acțiuni în cadrul Erste Group Bank AG de la Erste Stiftung). • Conform celor mai recente notificări privind drepturile de vot, la 13 ianuarie 2013, 4,42% din acțiunile Erste Group Bank erau deținute de Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung. <p>Nu se aplică; valorile mobiliare oferite prin prezentul Prospect nu conferă drepturi de vot și fiecare acțiune emisă de Erste Group Bank conferă un vot.</p> <p>Pentru informații cu privire la procentele de acțiuni atribuite societăților Erste Stiftung, CaixaBank, S.A., și Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung, a se vedea mai sus. De asemenea, membrii consiliului de supraveghere al Erste Group Bank („Consiliul de Supraveghere”) Georg Winckler (prim-președinte adjunct) și Friedrich Lackner (delegat de consiliului salariaților) sunt membri ai consiliului de supraveghere al Erste Stiftung. Bernhard Kainz (delegat de consiliului salariaților Erste Bank Oesterreich) este, de asemenea, membru al consiliului de supraveghere al Erste Stiftung. De asemenea, actul constitutiv al Erste Group Bank, în versiunea adoptată de adunarea acționarilor din data de 15 mai 2012 („Actul Constitutiv”) prevede că, atâta timp cât Erste Stiftung răspunde pentru toate obligațiile prezente și viitoare ale Erste Group Bank în cazul în care Erste Group Bank intră în insolvență conform Secțiunii 92 (9) din Legea Bancară, Erste Stiftung are dreptul să numească până la o treime din membrii Consiliului de Supraveghere care sunt aleși de către adunarea acționarilor Erste Group Bank („Reprezentanții Acționarilor”). Până în prezent, Erste Stiftung nu și-a exercitat dreptul de numire, astfel încât toți Reprezentanții Acționarilor au fost aleși de către adunarea acționarilor Erste Group Bank.</p> <p>Erste Stiftung și CaixaBank, S.A. au încheiat un acord de parteneriat preferențial (<i>preferred partnership agreement</i>) („Acordul PPA”), în baza căruia Erste Stiftung a acordat CaixaBank, S.A. statutul de investitor preferat și partener preferat de investiții. Conform Acordului PPA, CaixaBank, S.A. are dreptul</p>
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Secțiunea B – Emitentul		
		să numească o persoană pentru a fi aleasă membru al Consiliului de Supraveghere de către adunarea acționarilor Erste Group Bank, a cărei propunere va avea susținerea Erste Stiftung în alegeri. CaixaBank, S.A. a fost de acord, în schimb, să nu participe la o ofertă de preluare ostilă vizând acțiunile Erste Group Bank și a acordat Erste Stiftung un drept de prim refuz și drepturi de opțiune cu privire la acțiunile deținute de CaixaBank, S.A. în cadrul Erste Group Bank. De asemenea, Erste Stiftung a fost de acord să nu acorde unor terți drepturi mai favorabile celor acordate CaixaBank, S.A., cu excepția unui număr limitat de situații. Acordul PPA nu limitează exercitarea de către Erste Stiftung și CaixaBank, S.A. a drepturilor lor de vot în cadrul Erste Group Bank. Acordul PPA a primit aprobarea Comisiei Austriece privind Preluările (<i>Übernahmekommission</i>).
B.7	Informații financiare istorice esențiale selectate cu privire la emitent, prezentate pentru fiecare exercițiu financiar din perioada vizată de informațiile financiare istorice (afecte exercițiilor financiare încheiate la 31 decembrie, 2012, 2011 și 2010).	

Rezumatul informațiilor financiare și alte informații

Datele financiare de mai jos referitoare la exercițiile financiare încheiate la 31 decembrie 2012 și 31 decembrie 2011 au fost extrase din situațiile financiare consolidate auditate ale Grupului Erste aferente exercițiilor financiare încheiate la 31 decembrie 2012 și respectiv 31 decembrie 2011. Anumite date financiare referitoare la exercițiul financiar încheiat la data de 31 decembrie 2010 au fost actualizate în cadrul situațiilor financiare consolidate auditate ale Grupului Erste aferente exercițiului financiar încheiat la data de 31 decembrie 2011. În mod special, a fost actualizată contabilizarea swap-urilor pe riscul de credit (credit default swaps) clasificate ca garanții financiare din perioadele anterioare exercițiului financiar încheiat la data de 31 decembrie 2011, astfel încât acestea să fie clasificate și evaluate ca instrumente financiare la valoarea justă conform contului de profit și pierdere. În plus, calculele anterioare privind ratele efective ale dobânzii pentru împrumuturi și avansuri către clienți au fost actualizate ca urmare a armonizării și îmbunătățirii anumitor instrumente informatice din cadrul Grupului Erste. Informațiile financiare incluse în această secțiune referitoare la exercițiul financiar încheiat la data de 31 decembrie 2010 au fost preluate sau extrase din situațiile financiare consolidate auditate valabile la și aferente exercițiului financiar încheiat la data de 31 decembrie 2011. Prin urmare, datele financiare valabile la și referitoare la exercițiul financiar încheiat la data de 31 decembrie 2010 incluse în prezentul Prospect diferă față de datele financiare incluse în situațiile financiare consolidate auditate ale Grupului Erste aferente exercițiului financiar încheiat la data de 31 decembrie 2010.

Datele financiare din tabelele de mai jos care conțin mențiunea „auditat” au fost preluate din situațiile financiare consolidate auditate ale Grupului Erste, aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 31 decembrie 2011. Datele financiare din tabelele de mai jos care conțin mențiunea „neauditat” nu au fost preluate din situațiile financiare consolidate respective.

Cifrele de mai jos au făcut obiectul unor rotunjiri realizate conform standardelor comerciale stabilite. Prin urmare, este posibil ca însumarea cifrelor din tabel să nu corespundă exact valorilor totale din acesta.

Date privind contul de profit și pierdere

Tabelul de mai jos prezintă date selectate privind contul de profit și pierdere aferent exercițiilor financiare încheiate la 31 decembrie 2012, 2011 și 2010:

Date privind contul de profit și pierdere

în milioane €	aferele exercițiului încheiat la 31 decembrie		
	2012 auditat, dacă nu se specifică altfel	2011	2010
Venit net din dobânzi.....	5.235,3	5.569,0	5.439,2
Venit din exploatare ⁽¹⁾ (neauditat).....	7.229,5	7.478,5	7.603,7
Cheltuieli administrative generale	(3.756,7)	(3.850,9)	(3.816,8)
Rezultatul din exploatare ⁽²⁾ (neauditat).....	3.472,8	3.627,6	3.786,9
Profit/pierdere înainte de impozitare	801,2	(322,2)	1.324,2
Profit net anual/pierdere anuală netă	631,0	(562,6)	1.043,3
Profit net atribuibil proprietarilor societății-mamă	483,5	(718,9)	878,7

Sursa: Situațiile financiare consolidate auditate ale Erste Group Bank aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011, inclusiv informațiile financiare comparative aferente exercițiului financiar încheiat la 30 decembrie 2010.

(1) Venitul din exploatare include venitul net din dobânzi, venitul net din comisioane și rezultatul net din tranzacționare.

(2) Rezultatul din exploatare este egal cu venitul din exploatare minus cheltuielile administrative generale.

Date privind bilanțul

Tabelul de mai jos prezintă date selectate privind bilanțul la 31 decembrie 2012, 2011 și 2010:

Date privind bilanțul

în milioane €	la 31 decembrie		
	2012 auditat, dacă nu se specifică altfel	2011	2010
Împrumuturi și avansuri către instituții de credit	9.074,1	7.577,7	12.496,5
Împrumuturi și avansuri către clienți.....	131.927,5	134.749,5	132.334,1
Provizioane de risc pentru împrumuturi și avansuri.....	(7.643,7)	(7.027,3)	(6.119,1)
Active de tranzacționare și alte active financiare ⁽¹⁾ (neauditate).....	47.286,2	44.007,8	39.955,5
Active diverse ⁽²⁾ (neauditate).....	33.180,0	30.698,7	27.103,0
Total active	213.824,0	210.006,3	205.770,0
Datorii și capitaluri proprii			
Depozite ale băncilor.....	21.822,1	23.785,3	20.153,9
Depozite ale clienților.....	123.052,9	118.880,2	117.016,3
Titluri de creanță în circulație și pasive subordonate (neauditate)	34.750,7	36.564,2	37.136,5
Datorii diverse ⁽³⁾ (neauditate)	17.859,8	15.596,7	14.905,2
Total capitaluri proprii.....	16.338,5	15.180,0	16.558,0
atribuibile participațiilor fără drept de control	3.483,2	3.142,9	3.443,6
atribuibile proprietarilor societății-mamă	12.855,3	12.037,1	13.114,4
Total datorii și capitaluri proprii	213.824,0	210.006,3	205.770,0

Sursa: Situațiile financiare consolidate auditate ale Erste Group Bank aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011, inclusiv informațiile financiare comparative aferente exercițiului financiar încheiat la 31 decembrie 2010.

(1) Poziția „Active de tranzacționare și alte active financiare” reprezintă subtotalul elementelor-rânduri active de tranzacționare, instrumente financiare la valoarea justă conform contului de profit și pierdere, active financiare disponibile în vederea vânzării și active financiare păstrate până la scadență.

(2) Poziția „Active diverse” reprezintă subtotalul elementului-rând numerar și solduri la băncile centrale, instrumente financiare derivate, investiții contabilizate prin metoda punerii în echivalență, active necorporale, bunuri și dotări, investiții imobiliare, creanțe privind impozitul curent, creanțe privind impozitul amânat, active deținute în vederea vânzării și alte active.

(3) Poziția „Datorii diverse” reprezintă subtotalul elementelor-rânduri ajustări valorice din acoperiri ale valorii juste a portofoliului, instrumente financiare derivate, datorii de tranzacționare, provizioane, datorii privind impozitul curent, datorii privind impozitul amânat, alte datorii și datorii asociate activelor deținute în vederea vânzării.

Informații operaționale selectate

Tabelul de mai jos prezintă anumite date privind informațiile operaționale selectate aferente exercițiilor financiare încheiate la 31 decembrie 2012, 2011 și 2010:

Indicatori principali

	aferenți exercițiului încheiat la 31 decembrie		
	2012 auditat, dacă nu se specifică altfel	2011	2010
Rentabilitatea capitalurilor (return on equity - ROE) ⁽¹⁾ (în %)	3,8	—	6,7
Rata de plată a dividendelor ⁽²⁾ (în %) (neauditat)	32,6	—	30,1
Raportul cheltuieli/venituri ⁽³⁾ (în %)	52,0	51,5	50,2
Costurile aferente riscurilor ⁽⁴⁾ (în %) (neauditat)	1,48	1,68	1,55
Capital de nivel 1 (tier-1 capital) (în milioane €) ⁽⁵⁾	12.223	11.909	12.219
Capital de nivel 1 de bază (core tier 1 capital) (în milioane €) ⁽⁶⁾	11.848	10.681	11.019
Indice capital de nivel 1 de bază (core tier 1 ratio) – risc total ⁽⁷⁾ (în %)	11,2	9,4	9,2
Indice capital de nivel 1 – risc total ⁽⁸⁾ (în %)	11,6	10,4	10,2
Rata de solvabilitate ⁽⁹⁾ (în %)	15,5	14,4	13,5

Sursa: Situațiile financiare consolidate auditate ale Erste Group Bank aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011, inclusiv informațiile financiare comparative aferente exercițiului financiar încheiat la 31 decembrie 2010, cu excepția cifrelor corespunzătoare pozițiilor „Rata de plată a dividendelor” și „Costurile aferente riscurilor” care se bazează pe calcule sau date interne ale Erste Group Bank.

- (1) Rentabilitatea capitalurilor (return on equity - ROE) este cota profitului net anual/pierderii nete anuale atribuite proprietarilor societății-mamă exprimată ca procent din capitalurile proprii medii atribuite proprietarilor societății-mamă. Valoarea capitalurilor proprii medii atribuite proprietarilor societății-mamă se calculează pe baza capitalurilor proprii atribuite proprietarilor societății-mamă datorate la încheierea fiecăreia dintre cele douăsprezece luni ale anului.
- (2) Rata de plată a dividendelor reprezintă valoarea dividendelor plătite (pentru dividendele aferente anului 2012 intenționate a fi propuse adunării anuale a acționarilor Erste Group Bank) proprietarilor societății-mamă (exclusive dividendele aferente capitalului de participare) pentru anul respectiv împărțită la profitul net aferent anului respectiv atribuite proprietarilor societății-mamă.
- (3) Raportul cheltuieli/venituri reprezintă cota cheltuielilor din exploatare (cheltuielile administrative generale) exprimată ca procent din venitul din exploatare (suma dintre venitul net din dobânzi, venitul net din comisioane și rezultatul net din tranzacționare).
- (4) Costurile aferente riscurilor reprezintă alocările anualizate nete aferente provizioanelor pentru media (trimestrială a) creditelor către clienți.
- (5) Capitalul de nivel 1 include capitalul hibrid de nivel 1 conform Secțiunii 23 (4a) și (4b) din Legea Bancară.
- (6) Capitalul de nivel 1 de bază este capitalul de nivel 1, exclusiv capitalul hibrid de nivel 1 conform Secțiunii 23 (4a) și (4b) din Legea Bancară.
- (7) Indicele capital de nivel 1 de bază – risc total este raportul dintre capitalul de nivel 1 de bază (exclusiv capitalul hibrid de nivel 1 conform Secțiunii 23 (4a) și (4b) din Legea Bancară) și baza de calcul pentru cerințele de capital conform Secțiunii 22 (1) din Legea Bancară.
- (8) Indicele capital de nivel 1 de bază– risc total este raportul dintre capitalul de nivel 1 (exclusiv capitalul hibrid de nivel 1 conform Secțiunii 23 (4a) și (4b) din Legea Bancară) și baza de calcul pentru cerințele de capital conform Secțiunii 22 (1) din Legea Bancară.
- (9) Rata de solvabilitate este raportul dintre capitalul calificat eligibil total și baza de calcul pentru cerințele de capital conform Secțiunii 22 (1) din Legea Bancară.

<p>Descrierea modificării semnificative a situației financiare a emitentului și a veniturilor din exploatare ale acestuia în timpul sau după perioada vizată de informațiile financiare istorice esențiale.</p>	<p>Anumite date financiare incluse în acest Prospect referitoare la exercițiul financiar încheiat la data de 31 decembrie 2010 au fost actualizate în cadrul situațiilor financiare consolidate auditate ale Grupului Erste aferente exercițiului financiar încheiat la data de 31 decembrie 2011. În mod special, a fost actualizată contabilizarea swap-urilor pe riscul de credit (credit default swaps) clasificate ca garanții financiare în perioadele anterioare exercițiului financiar încheiat la data de 31 decembrie 2011, astfel încât acestea să fie clasificate și evaluate ca instrumente financiare la valoarea justă conform contului de profit și pierdere. În plus, calculele anterioare privind ratele efective ale dobânzii pentru împrumuturi și avansuri către clienți au fost actualizate ca urmare a armonizării și îmbunătățirii anumitor instrumente informatice din cadrul Grupului Erste. Astfel, dacă nu se specifică altfel, informațiile financiare incluse în acest Prospect referitoare la exercițiul financiar încheiat la data de 31 decembrie 2010 au fost preluate sau extrase din situațiile financiare consolidate auditate ale Grupului Erste aferente exercițiului financiar încheiat la data de 31 decembrie 2011. Prin urmare, datele financiare din acest Prospect referitoare la exer-</p>
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		<p>cițiul financiar încheiat la data de 31 decembrie 2010 diferă parțial față de datele financiare incluse în situațiile financiare consolidate auditate ale Grupului Erste aferente exercițiului financiar încheiat la data de 31 decembrie 2010.</p> <p>Următoarele modificări cu privire la situația financiară și rezultatele activității Grupului Erste, stabilite pe baza venitului net din dobânzi, a provizioanelor de risc pentru împrumuturi și, a venitului net din comisioane, a cheltuielilor administrative generale, a rezultatului din exploatare și a profitului net anual/pierderii nete anuale atribuibile proprietarilor societății-mamă și aferente exercițiilor financiare încheiate la 31 decembrie 2012, 2011 și 2010:</p> <p><i>Exercițiile financiare încheiate la 31 decembrie 2012 și 2011</i></p> <p>În 2012, venitul net din dobânzi a scăzut cu 337,7 milioane € sau 6,0%, de la 5.569,0 milioane € în 2011 la 5.235,3 milioane € în anul 2012. În 2012, valoarea cheltuielilor totale cu dobânzile și a altor cheltuieli similare a scăzut cu 555,5 milioane € sau 5,9%, de la 9.350,6 milioane € în 2011 la 8.795,1 milioane € în 2012. Scăderea valorii veniturilor totale din dobânzi și altor venituri similare a fost determinată în principal de reducerea veniturilor din dobânzile aferente tranzacțiilor de creditare și tranzacțiilor de pe piața monetară, care au scăzut cu 468,7 milioane € sau 7,3%, de la 6.426,5 milioane € în 2011 la 5.957,8 milioane € în 2012. Această evoluție s-a datorat dobânzilor mici și cererii reduse de credite, în special credite de consum. În 2012, valoarea cheltuielilor totale cu dobânzile și a altor cheltuieli similare a scăzut cu 213,4 milioane € sau 5,6%, de la 3.789,6 milioane € în 2011 la 3.576,2 milioane € în 2012. Unul dintre factorii care au contribuit la această evoluție a fost scăderea cheltuielilor cu dobânzile aferente titlurilor de creanță în circulație cu 105,7 milioane € sau 10,2%, de la 1.032,2 milioane € în 2011 la 926,5 milioane € în 2012, care a reflectat atât nivelul mai mic al ratelor dobânzii, cât și volumul mediu redus al acestor datorii. De asemenea, nivelul mai mic al dobânzilor a determinat reducerea cheltuielilor cu dobânzile aferente depozitelor clienților, care au scăzut cu 90,7 milioane € sau 5,0%, de la 1.831,8 milioane € în 2011 și la 1.741,1 milioane € în 2012, în pofida creșterii volumului depozitelor clienților. În 2012, valoarea provizioanelor de risc pentru creanțe a scăzut cu 286,9 milioane € sau 12,7%, de la 2.266,9 milioane € în 2011 la 1.980,0 milioane € în 2012. Această scădere s-a datorat în primul rând scăderii provizioanelor de risc pentru împrumuturi și avansuri din Ungaria (provizioane extraordinare de 450,0 milioane € în 2011) și din Republica Cehă, care cumulată cu scăderea provizioanelor de risc pentru împrumuturi și avansuri către clienți în Austria, au făcut mai mult decât să compenseze creșterea provizioanelor de risc pentru împrumuturi și avansuri din România și Croația. În 2012, valoarea veniturilor nete din comisioane a scăzut cu 66,4 milioane € sau 3,7%, de la 1.787,2 milioane € în 2011 la 1.720,8 milioane € în 2012. Această evoluție s-a datorat în principal scăderii înregistrate de operațiunile cu valori mobiliare (în special în Austria și în Republica Cehă), precum și a activităților de creditare (în special în Republica Cehă) și a sectorului asigurărilor, în timp ce filiala de factoring a Grupului Erste, Intermarket Bank AG, care a fost consolidată de la 1 august 2011, a contribuit la valoarea veniturilor nete din comisioane. În 2012, valoarea rezultatului net din tranzacționare s-a apreciat cu 151,1 milioane</p>
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€ de la 122,3 milioane € în 2011 la 273,4 milioane € în 2012. Această evoluție s-a datorat în special modificărilor de anul trecut ale valorii juste a portofoliului de investiții CDS a International Business (închisă între timp), care a avut un impact negativ de 182,6 milioane €. Valoarea cheltuielilor administrative generale a scăzut cu 94,2 milioane € sau 2,4%, de la 3.850,9 milioane € în 2011 la 3.756,7 milioane € în 2012, în pofida creșterii ratei inflației în 2012. Valoarea cheltuielilor de personal a scăzut cu 39,6 milioane €, sau 1,7%, de la 2.323,7 milioane € în 2011 la 2.284,1 milioane € în 2012, lucru care s-a datorat reducerilor de personal cu 1.071 de angajați (cifră exprimată în echivalent angajați cu normă întreagă) sau 2,1%, de la 50.452 angajați (cifră exprimată în echivalent angajați cu normă întreagă) la 31 decembrie 2011 la 49.381 de angajați (cifră exprimată în echivalent angajați cu normă întreagă) la 31 decembrie 2012. Reducerea a fost cauzată în special de măsurile de reorganizare din Ungaria, România și Ucraina. În 2012, alte rezultate din exploatare au înregistrat o creștere de la o valoare negativă de 1.589,9 milioane € în 2011 la valoarea negativă de 724,3 milioane € în 2012. Această creștere s-a datorat în principal deprecierei semnificative a fondului comercial de 514,9 milioane €, din care suma 469,4 milioane € s-a datorat Băncii Comerciale Română și 45,5 milioane € în principal anumitor filiale austriece, comparativ cu 1.064,6 milioane € în 2011, din care, în special, suma de 692,8 milioane € s-a datorat Băncii Comerciale Române, 312,7 milioane € Erste Bank Hungary și 52,7 milioane € anumitor filiale austriece. Valoarea altor impozite a crescut de la 163,5 milioane € în 2011 la 269,1 milioane € în 2012, în mare parte ca urmare a taxelor bancare din Austria, Slovacia și Ungaria. În Slovacia, taxa bancară a fost introdusă în 2012 și a avut drept rezultat plata unei sume de 31,5 milioane €. În Ungaria, valoarea taxei bancare s-a ridicat la 47,3 milioane € în 2012, în timp ce în 2011 s-a compensat cu pierderile rezultate din rambursarea anticipată a împrumuturilor exprimate în monedă străină la cursuri valutare fixe inferioare celor oferite pe piață. În Austria, valoarea taxei bancare a crescut cu 25% la o valoare totală de 165,2 milioane € în 2012. În 2012, rezultatul general din toate categoriile de instrumente și active financiare s-a apreciat de la valoarea negativă de 93,0 milioane € în 2011 la 32,7 milioane € în 2012. Acest rezultat pozitiv s-a datorat în principal creșterii câștigurilor din vânzări și reducerii efectelor negative ale evaluării referitor la portofoliul disponibilului pentru vânzări.

Profitul net anual atribuibil proprietarilor societății-mamă aferent exercițiului financiar 2012 s-a ridicat la 483,5 milioane €, în timp ce în anul 2011 s-a înregistrat o pierdere netă atribuibilă proprietarilor societății-mamă de 718,9 milioane €.

În 2012, volumul total al activelor a crescut cu 3.817,7 milioane € sau cu 1,8%, de la 210.006,3 milioane € la 31 decembrie 2011 la 213.824,0 milioane € la 31 decembrie 2012. Creșterea volumului total al activelor a fost determinată în principal de creșterea activelor financiare ca urmare a măsurilor pregătitorii întreprinse în vederea îndeplinirii cerințelor anticipate de lichiditate în anul 2014 conform acordului Basel 3 precum și a investiției lichidităților excedentare din creșterea depozitelor clienților. Împrumuturile și avansurile către instituțiile de credit au crescut de la 7.577,7 milioane € la 31 decembrie 2011 la 9.074,1 milioane € la 31 decembrie 2012 ca urmare a

depozitelor de lichidități excedentare. Creșterea activelor deținute în vederea vânzării de la 87,2 milioane € la 31 decembrie 2011 la 708,1 milioane € la 31 decembrie 2012 a fost determinată de clasificarea Erste Bank Ukraine ca grup destinat cedării - activ deținut în vederea vânzării conform IFRS 5 ca urmare a semnării contractului de vânzare în decembrie 2012.

Exercițiile financiare încheiate la 31 decembrie 2011 și 2010

În 2011, venitul net din dobânzi a crescut cu 129,8 milioane € sau 2,4%, de la 5.439,2 milioane € în 2010 la 5.569,0 milioane € în 2011. Valoarea veniturilor totale din dobânzi și a altor venituri similare a crescut cu 529,0 milioane € sau 6,0%, de la 8.821,6 milioane € în 2010 la 9.350,6 milioane € în 2011. Creșterea valorii veniturilor totale din dobânzi și altor venituri similare a reflectat în principal creșterea veniturilor din dobânzi din active financiare la valoarea justă conform contului de profit și pierdere, care au crescut de la 48,6 milioane € în 2010 la 322,3 milioane € în 2011. În 2011, valoarea cheltuielilor totale cu dobânzile și a altor cheltuieli similare a crescut cu 386,2 milioane € sau 11,3%, de la 3.403,4 milioane € în 2010 la 3.789,6 milioane € în 2011. Creșterea valorii cheltuielilor totale cu dobânzile și a altor cheltuieli similare a reflectat în principal nivelul mai mare de cheltuieli aferente depozitelor băncilor și conturilor clienților în contextul unor volume mai mari. În 2011, valoarea provizioanelor de risc pentru creanțe a crescut cu 245,9 milioane € sau 12,2%, de la 2.021,0 milioane € în 2010 la 2.266,9 milioane € în 2011. Această creștere a fost atribuibilă în principal provizioanelor extraordinare din Ungaria în valoare de 450,0 milioane €, ca urmare a noii legislații din Ungaria care permite rambursarea anticipată a împrumuturilor exprimate în monedă străină la cursuri valutare diferite de cele oferite de piață și a majorării ratei de acoperire a creditelor neperformante (NPL). În Austria, Republica Cehă și Slovacia, evoluția costurilor aferente riscurilor a fost pozitivă și a compensat parțial creșterea semnificativă înregistrată în Ungaria. În 2011, valoarea veniturilor nete din comisioane a scăzut cu 55,3 milioane € sau 3,0%, de la 1.842,6 milioane € în 2010 la 1.787,2 milioane € în 2011. Această scădere s-a datorat în primul rând scăderii înregistrate de operațiunile cu valori mobiliare, în special în Austria, precum și în sectorul organizațiilor cooperative de economisire în domeniul locativ și în sectorul serviciilor bancare de investiții. Valoarea cheltuielilor administrative generale a crescut cu 34,1 milioane € sau 0,9%, de la 3.816,8 milioane € în 2010 la 3.850,9 milioane € în 2011. Valoarea cheltuielilor de personal a crescut cu 59,9 milioane € sau 2,6%, de la 2.263,8 milioane € în 2010 la 2.323,7 milioane € în 2011. Această creștere a fost cauzată în parte de plățile compensatorii acordate în Republica Cehă, de provizioanele pentru plăți compensatorii pentru Ungaria și România și de integrare a Informations-Technologie Austria GmbH în s IT Solutions AT la data de 1 iulie 2010. Alte rezultate din exploatare au înregistrat o scădere cu 1.150,5 milioane € de la valoarea negativă de 439,3 milioane € în 2010 la valoarea negativă de 1.589,9 milioane € în 2011. Acest lucru a fost cauzat în principal de deprecierea fondului comercial în 2011 în valoare totală de 1.064,6 milioane €. Din această sumă, în special, o scădere de 692,8 milioane € a fost cauzată de Banca Comercială Română ca urmare a scăderii profitabilității sectorului bancar din România, 312,7 milioane € s-a atribuit ștergerii din contabilitate, în

		<p>septembrie 2011, a întregii valori a fondului comercial aferent Erste Bank Hungary, ca urmare a condițiilor economice dificile din Ungaria și a adoptării legislației care permite rambursarea anticipată a împrumuturilor exprimate în monedă străină la cursuri valutare fixe inferioare celor oferite pe piață, iar 52,7 milioane € s-a atribuit anumitor filiale austriece, în special bănci de economii regionale și activități de administrare de active. La alte impozite s-a înregistrat o creștere cu 91,6 milioane €, de la 71,9 milioane € în 2010 la 163,5 milioane € în 2011, cauzată în principal de taxele bancare. În Austria, taxa bancară a fost introdusă în 2011 și a avut drept rezultat plata unei sume de 132,1 milioane € pentru Erste Group Bank.</p> <p>În 2011, valoarea profitului net anual/a pierderii nete anuale atribuibile proprietarilor societății-mamă a scăzut cu 1.597,6 milioane €, de la un profit net anual atribuibil proprietarilor societății-mamă de 878,7 milioane € în 2010 la o pierdere netă anuală atribuibilă proprietarilor societății-mamă de 718,9 milioane € în 2011. Această scădere reflectă în principal scăderea semnificativă a profitului anual/pierderii anuale înainte de impozitare de la un profit de 1.324,2 milioane € în 2010 la o pierdere de 322,2 milioane € în 2011.</p> <p>În 2011, volumul total al activelor a crescut cu 4.236,3 milioane € sau cu 2,1%, de la 205.770,0 milioane € la 31 decembrie 2010 la 210.006,3 milioane € la 31 decembrie 2011. Creșterea volumului total al activelor a fost determinată de o creștere cu 61,2% a valorii numerarului și soldurilor la băncile centrale de la 5.839,4 milioane € la 31 decembrie 2010 la 9.412,9 milioane € la 31 decembrie 2011, în principal ca urmare a lichidităților suplimentare temporare din „Operațiuni de refinanțare pe termen lung” (LTRO) ale BCE. În același timp, împrumuturile și avansurile către instituțiile de credit au scăzut cu 39,4% de la 12.496,5 milioane € la 31 decembrie 2010 la 7.577,7 milioane € la 31 decembrie 2011 ca urmare a reducerii activităților auxiliare.</p>
B.8	Informații financiare pro forma esențiale selectate	Nu se aplică; nu sunt cerute informații financiare pro forma.
B.9	Previziuni sau estimări privind profitul	Nu se aplică; nu s-au realizat previziuni sau estimări privind profitul.
B.10	Natura tuturor rezervelor din opiniile de audit pri-vind informațiile financiare istorice	Nu se aplică; nu există rezerve.
B.11	Insuficiența capitalului circulant al emitentului pentru cerințele actuale ale acestuia	Nu se aplică; capitalul circulant este suficient.

Secțiunea C – Valori mobiliare

C.1	Natura și categoria valorilor mobiliare care fac obiectul ofertei publice și/sau sunt admise la tranzacționare	Se oferă un număr de titluri de capital de participare la purtător existente cu o valoare nominală de până la 25.702.000 € emise de Erste Group Bank în 2009 (având o valoare nominală individuală de 1.000 € și fiind denumite individual un „Titlu de Capital Oferit”, colectiv „Titlurile de Capital Oferite” și împreună cu
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Secțiunea C – Valori mobiliare		
	Numărul de identificare a Valorilor Mobiliare	<p>toate titlurile de capital de participare emise de Erste Group Bank, „Titlurile de Capital de Participare”) din deținerile Erste Group Bank. Pentru un număr de Titluri de Capital de Participare având o valoare nominală de 21.000 € deținute la data de 11 aprilie 2013, orele 24.00 CEST, fiecărui deținător existent al Titlurilor de Capital de Participare (individual un „Participant” și colectiv „Participanții”) i se oferă dreptul (individual „Dreptul de Subscriere” și colectiv „Drepturile de Subscriere”) de a achiziționa Titluri de Capital Oferite având o valoare nominală de 1.000 €.</p> <p>Titlurile de Capital de Participare constituie capital de participare (<i>Partizipationskapital</i>) conform Secțiunii 23 (4) și (5) din Legea Bancară (<i>Bankwesengesetz</i>) („Legea Bancară”) emis de Erste Group Bank în trei tranșe la data de 10 martie (o tranșă) și 13 mai 2009 (două tranșe) și vărsat integral („Capitalul de Participare”). Titlurile de Capital de Participare au fost emise în conformitate cu și sunt guvernate de legea austriacă.</p> <p>Alte Titluri de Capital de Participare în afara Titlurilor de Capital Oferite: AT0000A0D4T3</p> <p>Titluri de Capital Oferite: AT0000A0D4T3</p> <p>Drepturi de Subscriere: AT0000A100F9</p>
C.2	Moneda în care s-a făcut emisiunea	Euro
C.3	Numărul de acțiuni emise și vărsate integral și numărul de acțiuni emise, dar nevărsate integral / valoarea nominală a unei acțiuni	Erste Group Bank a emis un număr de 394.568.647 acțiuni la purtător, fără valoare nominală, cu drept de vot (acțiuni ordinare), având o valoare noțională de 2,00 € pe acțiune și un număr de 1.763.744 Titluri de Capital de Participare la purtător, cu o valoare nominală individuală de 1.000 €. Toate aceste acțiuni și Titluri de Capital de Participare sunt vărsate integral.
C.4	Drepturi conexe valorilor mobiliare	<p>Titlurile de Capital Oferite nu le conferă deținătorilor acestora dreptul de a primi dividende pentru exercițiul financiar aferent anului 2012 și sunt purtătoare de drepturi depline la dividende pentru exercițiile financiare aferente anului 2013 și tuturor anilor ulteriori. Anterior Ofertei, dreptul deținătorilor Titlurilor de Capital de Participare de a primi dividende pentru exercițiul financiar aferent anului 2012 a fost separat de Titlurile de Capital de Participare (inclusiv Titlurile de Capital Oferite). Acest drept la dividendele aferente anului 2012 a primit un cod ISIN separat (număr internațional de identificare a valorilor mobiliare) („Codul ISIN”), care diferă de codul ISIN al Titlurilor de Capital de Participare.</p> <p>Sub rezerva limitărilor conținute în „Termenii și Condițiile aferente emisiunii Erste Group Bank AG de Titluri de Capital de Participare la Purtător în valoare de 2.700.000.000 €”, astfel cum a fost modificată în octombrie 2009, care stau la baza Titlurilor de Capital de Participare („Termenii și Condițiile”), dividendele aferente Titlurilor de Capital de Participare se acumulează anual pentru fiecare exercițiu financiar, după cum urmează: (i) pentru exercițiile financiare aferente perioadei 1 ianuarie 2009 - 31 decembrie 2013 la o rată a dividendului de 8,0% pe an, (ii) pentru exercițiul financiar aferent perioadei 1 ianuarie 2014 - 31 decembrie 2014 la o rată a dividendului de</p>

Secțiunea C – Valori mobiliare

		<p>8,5% pe an, (iii) pentru exercițiul financiar aferent perioadei 1 ianuarie 2015 - 31 decembrie 2015 la o rată a dividendului de 9,0% pe an, (iv) pentru exercițiul financiar aferent perioadei 1 ianuarie 2016 - 31 decembrie 2016 la o rată a dividendului de 9,75% pe an, și (v) pentru exercițiile financiare ulterioare datei de 1 ianuarie 2017, rata dividendului este majorată cu un punct procentual în fiecare an, cu condiția ca dividendul anual să nu depășească niciodată rata EURIBOR la 12 luni majorată cu zece puncte procentuale pe an.</p> <p>Valoarea dividendului plătitibil pentru Titlurile de Capital de Participare depinde, printre altele, de profiturile anuale stabilite în situațiile financiare neconsolidate ale Erste Group Bank după alocarea rezervelor. Cu excepția plății dividendelor aferente acțiunilor ordinare ale Emitentului, acesta din urmă nu are nicio obligație de a plăti dividende pentru Titlurile de Capital de Participare (indiferent de disponibilitatea unor profituri care pot fi repartizate) dacă nu decide acest lucru, iar neplata dividendelor nu va constitui o încălcare a obligațiilor Emitentului sau o nerespectare a obligațiilor aferente Titlurilor de Capital de Participare sau în orice alt sens.</p> <p>Deținătorii Titlurilor de Capital de Participare nu dețin drepturi de vot, dar au dreptul să participe la adunările acționarilor Erste Group Bank și să solicite informații necesare pentru analiza corespunzătoare a punctelor de pe ordinea de zi. Aceștia au dreptul să participe la veniturile din lichidarea Erste Group Bank, având rang <i>pari passu</i> în raport cu acționarii Erste Group Bank.</p>
C.5	Restricții impuse asupra liberei transferabilități a valorilor mobiliare	Nu se aplică (Titlurile de Capital de Participare și Drepturile de Subscriere sunt liber transferabile conform normelor Oesterreichische Kontrollbank Aktiengesellschaft („OeKB”) în vigoare, în calitatea acesteia de depozitar central al valorilor mobiliare).
C.6	Cereri de admitere la tranzacționare pe o piață reglementată / identitatea piețelor reglementate în care valorile mobiliare urmează să fie tranzacționate	Nu se aplică; Titlurile de Capital de Participare nu sunt listate sau tranzacționate la nicio bursă de valori și la niciun sistem multilateral de tranzacționare („multi-lateral trading facility”-MTF), iar Erste Group Bank nu intenționează să solicite admiterea la tranzacționare a Drepturilor de Subscriere sau a Titlurilor de Capital Oferite pe nicio bursă de valori și la niciun sistem multilateral de tranzacționare (MTF).
C.7	Politica de distribuire a dividendelor	Erste Group Bank a plătit, în mod tradițional, dividende pentru Titlurile de Capital de Participare în fiecare an de la emiterea acestora în anul 2009, la o rată a dividendelor de 8,0% pe an. Dividendele anterioare nu reprezintă o referință pentru dividendele viitoare care vor fi plătite de către Erste Group Bank pentru Titlurile de Capital de Participare. Erste Group Bank intenționează să plătească în continuare dividende pentru Titlurile de Capital de Participare. Cu toate acestea, data și valoarea plăților dividendelor viitoare, dacă va fi cazul, va depinde de câștigurile și perspectivele viitoare, cerințele de capital și situația financiară viitoare ale Erste Group Bank, și orice alți factori considerați importanți de comitetul director al Erste Group Bank („Comitetul Director”) și de Consiliul de Supraveghere al acesteia, precum și de aprobarea acționarilor. Nu se pot da asigurări cu privire la plata unor dividende în vii-

Secțiunea C – Valori mobiliare

tor.

Secțiunea D – Riscuri

D.1

Riscuri principale specifice emitentului sau sectorului său de activitate

Riscuri aferente activității Grupului Erste

- Condițiile dificile macroeconomice și ale piețelor financiare pot avea un efect defavorabil semnificativ asupra activității, situației financiare, rezultatelor din exploatare și perspectivelor Grupului Erste.
- Grupul Erste a fost și este posibil să fie afectat în continuare de criza actuală a datorilor suverane din Europa și este posibil să fie nevoit să accepte pierderi din cauza expunerii la datorile suverane ale anumitor țări.
- Grupul Erste s-a confruntat și este posibil să se confrunte în continuare în viitor cu deteriorarea calității creditelor, în special ca urmare a crizei financiare și a încetirii economice.
- Grupul Erste este expus unui risc semnificativ de credit al contrapartidei, iar neîndeplinirea obligațiilor de către contrapartide poate avea drept rezultat pierderi care depășesc provizioanele Grupului Erste.
- Grupul Erste este expus deprecierei valorilor garanțiilor care susțin împrumuturile comerciale și cele imobiliare rezidențiale.
- Fluctuațiile și volatilitatea pieței pot afecta negativ valoarea activelor Grupului Erste, pot reduce profitabilitatea și pot face dificilă evaluarea valorii juste a unora dintre activele sale.
- Grupul Erste este expus riscului ca lichiditățile să nu fie imediat disponibile.
- Este posibil ca agențiile de rating să suspende, să declaseze sau să retragă un rating acordat Erste Group Bank sau unei țări în care Grupul Erste este activ și ca respectiva acțiune să afecteze în mod negativ condițiile de finanțare ale Erste Group Bank, în special accesul acestuia la piețele instrumentelor de împrumut.
- Noi cerințe guvernamentale sau de reglementare, precum și modificări ale nivelurilor de adecvare a capitalului, a nivelurilor de lichiditate și de leverage ar putea supune Grupul Erste unor standarde sau cerințe de capital și lichiditate sporite și ar putea să îi impună în viitor obținerea de capital sau lichidități suplimentare.
- Strategiile de gestionare a riscurilor și procedurile interne de control ale Grupului Erste ar putea expune Grupul Erste unor riscuri neidentificate sau neanticipate.
- Grupul Erste este expus unor riscuri operaționale.
- Grupul Erste poate avea dificultăți în recrutarea sau menținerea de personal calificat.

Secțiunea D – Riscuri

- Orice deficiență, întrerupere sau breșă de securitate care afectează sistemele informaționale ale Grupului Erste și orice neactualizare a acestor sisteme poate determina pierderi de profit și orice alte pierderi.
- Este posibil ca Erste Group Bank să trebuiască să acorde sprijin financiar băncilor aflate în dificultate din cadrul Haftungsverbund, ceea ce ar putea avea drept consecință înregistrarea de costuri semnificative și devierea resurselor de la alte activități.
- Modificarea ratelor dobânzii este determinată de numeroși factori independenți de controlul Grupului Erste, iar astfel de modificări pot avea efecte defavorabile semnificative asupra rezultatelor financiare, inclusiv asupra veniturilor nete din dobânzi.
- Dat fiind că o mare parte din operațiunile, activele și clienții Grupului Erste se află în țări din Europa Centrală și de Est care nu fac parte din Zona Euro, Grupul Erste și clienții săi sunt expuși riscurilor valutare.
- Este posibil ca Grupul Erste să trebuiască să accepte aplicarea altor comisioane de depreciere rezultate din achiziții anterioare.
- Modificarea standardelor de garantare ale Băncii Centrale Europene ar putea avea un efect defavorabil asupra finanțării Grupului Erste și asupra accesului său la lichidități.
- Grupul Erste operează pe piețe extrem de competitive, concurând cu mari instituții financiare internaționale, precum și cu concurenți locali de renume.
- Acționarul principal al Erste Group Bank poate controla activitățile acționarilor.
- Acordurile contractuale încheiate cu Republica Austria pot afecta activitatea Grupului Erste.
- Respectarea regulilor cu privire la măsurile de combatere a spălării banilor, a corupției și a finanțării actelor de terorism implică eforturi și costuri semnificative, iar nerespectarea acestora poate avea consecințe severe din punct de vedere juridic și reputațional.
- Modificarea legislației privind protecția consumatorului, precum și aplicarea sau interpretarea acestei legislații poate limita comisioanele și alte prețuri pe care Grupul Erste le poate percepe pentru anumite tranzacții bancare.
- Integrarea unor potențiale achiziții viitoare poate crea dificultăți suplimentare.

Riscuri aferente piețelor în care Grupul Erste își desfășoară activitatea

- Părăsirea Zonei Euro de către una sau mai multe țări poate avea consecințe neprevăzute pentru sistemul financiar și pentru economie în general, putând duce la scăderi ale nivelurilor de activitate, reduceri de active și pierderi la nivelul întregii activități a Grupului Erste.
- Grupul Erste operează pe piețe emergente care se pot

Secțiunea D – Riscuri

		<p>confrunța cu schimbări economice și politice bruște, oricare dintre acestea putând afecta în mod defavorabil performanțele financiare și rezultatele operațiunilor ale acestuia.</p> <ul style="list-style-type: none"> • Este posibil ca fondurile UE angajate să nu fie eliberate sau ca UE să nu mai adopte alte programe de sprijin. • Pierderea încrederii clienților în activitatea Grupului Erste sau în activitățile bancare în general poate determina un număr neașteptat de mare de retrageri ale depozitelor clienților, care poate avea un efect defavorabil semnificativ asupra rezultatelor, a situației financiare și a lichidității Grupului. • Problemele legate de lichidități cu care se confruntă anumite țări din Europa Centrală și de Est pot afecta în mod defavorabil întreaga regiune a Europei Centrale și de Est și pot avea o influență negativă asupra rezultatelor economice și a situației financiare a Grupului Erste. • Este posibil ca guvernele din țările în care Grupul Erste își desfășoară activitatea să reacționeze la criza economică și financiară prin măsuri sporite de protecționism, naționalizări sau măsuri similare. • Grupul Erste poate fi afectat în mod defavorabil de creșterea lentă sau de recesiunea sectorului bancar în care își desfășoară activitatea, precum și de extinderea în pas redus a Zonei Euro și a Uniunii Europene. • În multe țări din Europa Centrală și de Est și, în special, în țările Europei de Est, sistemele juridice și garanțiile procedurale nu sunt complet dezvoltate încă. • Legislația aplicabilă privind falimentul și alte legi și regulamente care guvernează drepturile creditorilor din diverse țări din Europa Centrală și de Est pot limita capacitatea Grupului Erste de a obține rambursarea împrumuturilor și avansurilor neonorate. • Grupul Erste poate fi solicitat să participe sau să finanțeze programe de sprijin guvernamental pentru instituțiile de credit sau să finanțeze programe de consolidare a bugetului de stat, inclusiv prin introducerea de taxe bancare și alte impozite.
D.3	Riscuri principale specifice valorilor mobiliare	Riscuri aferente Ofertei și Titlurilor de Capital Oferite <ul style="list-style-type: none"> • Participanții care decid să nu participe sau care nu au dreptul să participe la Ofertă nu vor primi compensații pentru modificarea raportului dintre Capitalul de Participare și capitalul social al Erste Group Bank survenită începând cu 2009. • Capacitatea Erste Group Bank de a plăti dividende aferente Titlurilor de Capital de Participare va depinde de existența unor profituri care pot fi repartizate, iar plata dividendelor este posibil să nu aibă loc chiar și în condițiile în care există astfel de profituri. • Drepturile deținătorilor Titlurilor de Capital de Participare pot diferi de drepturile deținătorilor unor valori mobiliare si-

Secțiunea D – Riscuri

		<p>milare ale unei societăți constituite într-o altă jurisdicție decât Austria.</p> <ul style="list-style-type: none">• Grupul Erste nu a adoptat încă o decizie cu privire la modalitatea în care va asigura în viitor protecția deținătorilor Titlurilor de Capital de Participare împotriva diluării.• În cazul răscumpărării Titlurilor de Capital de Participare, există posibilitatea ca investițiile în Titlurile de Capital de Participare să producă un randament mai scăzut decât cel așteptat.• Titlurile de Capital de Participare sunt perpetue și pot fi răscumpărate de către Erste Group Bank doar în anumite situații.• Titlurile de Capital de Participare sunt supuse participării la pierderile Erste Group Bank până la valoarea nominală integrală a acestora.• Obligațiile Erste Group Bank conferite de Titlurile de Capital de Participare constituie obligații negarantate și profund subordonate (<i>deeply subordinated</i>) fiind inferioare creanțelor tuturor creditorilor nesubordonați și subordonați ai Erste Group Bank.• Dreptul deținătorilor Titlurilor de Capital de Participare de a primi plăți în baza Titlurilor de Capital de Participare vor fi structural sau efectiv subordonate creanțelor creditorilor existenți și viitori ai filialelor Erste Group Bank.• Nu există o piață secundară lichidă a Titlurilor de Capital de Participare, care să împiedice deținătorii acestora să le vândă la prețul just al pieței.• Destinatarii Ofertei își asumă riscul modificării spread-ului de credit al Erste Group Bank.• Deținătorii Titlurilor de Capital de Participare pot fi expuși riscului prețului de piață în orice vânzare a Titlurilor de Capital de Participare.• Deținătorii Titlurilor de Capital de Participare sunt expuși riscului scăderii valorii acestora ca urmare a modificării ratei dobânzii de pe piață.• Din cauza unei posibile inflații în viitor, randamentul real al unei investiții în Titlurile de Capital de Participare poate scădea.• Deținătorii Titlurilor de Capital de Participare sunt expuși riscului unor modificări dezavantajoase ale cursurilor de schimb valutar precum și unor consecințe fiscale defavorabile.• Destinatarii Ofertei trebuie să se bazeze pe procedurile și funcționalitatea sistemelor de decontare relevante pentru Titlurile de Capital de Participare.• Titlurile de Capital de Participare nu sunt purtătoare de drepturi de vot.• Pretențiile de plată în legătură cu principalul Titlurilor de Capital de Participare se prescriu după zece ani.
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Secțiunea E – Oferta		
E.1	Valoarea totală netă a fondurilor obținute din ofertă și estimarea costului total al ofertei, inclusiv cheltuielile estimate percepute de la investitor de către emitent sau ofertant	<p>Dacă vor fi exercitate toate Drepturile de Subscriere la care nu s-a renunțat, Erste Group Bank anticipează că fondurile obținute din Ofertă vor avea o valoare netă de aproximativ 26,4 milioane €. Fondurile obținute din Ofertă vor fi utilizate în totalitate pentru achitarea prețului de cumpărare a Titlurilor de Capital Oferite, care vor fi achiziționate de la Republica Austria, având o valoare egală cu valoarea totală a Titlurilor de Capital Oferite subscrise prin Ofertă. Erste Group Bank estimează că valoarea totală a cheltuielilor aferente Ofertei va fi de aproximativ 0,7 milioane €. (neincluzând TVA).</p> <p>Erste Group Bank nu va percepe comisioane pentru subscrierea Titlurilor de Capital Oferite. Băncile de depozitare, custozii sau alți intermediari financiari prin care Destinatarii Ofertei pot deține Drepturi de Subscriere pot percepe un comision bancar corespunzător pentru exercitarea Drepturilor de Subscriere în numele Destinatariilor Ofertei.</p>
E.2a	Motivele ofertei, utilizarea și valoarea netă estimată a fondurilor obținute	<p>În conformitate cu Termenii și Condițiile și prevederile relevante aplicabile ale Legii Bancare, în cazul aplicării unor măsuri prin care este schimbat raportul actual dintre drepturile de proprietate ale deținătorilor Titlurilor de Capital de Participare și cele ale acționarilor Erste Group Bank, deținătorii Titlurilor de Capital de Participare trebuie să beneficieze de compensații corespunzătoare. În cadrul anumitor programe de participare a angajaților la capitalul societății, Erste Group Bank a emis un număr total de 1.453.621 acțiuni noi din capitalul condiționat al acesteia după finalizarea unei oferte de subscriere similare în vederea restabilirii raportului dintre capitalul social al Erste Group Bank și Capitalul de Participare al acesteia din anul 2009.</p> <p>În septembrie și noiembrie 2011, Erste Group Bank a încheiat un număr de acorduri cadru și contracte de vânzare-cumpărare de acțiuni cu patru societăți de investiții financiare din România pentru achiziționarea a până la 30,12% din acțiunile BCR în schimbul unor plăți în numerar și transferului de acțiuni nou emise în cadrul Erste Group Bank, în mai multe tranșe. Prin implementarea celor patru contracte de vânzare-cumpărare de acțiuni, Erste Group Bank a emis un număr total de 16.102.263 de noi acțiuni din capitalul autorizat prin patru majorări de capital la data de 23 noiembrie 2011, 10 decembrie 2011, 15 decembrie 2011 și 28 februarie 2012 în schimbul unor aporturi în natură a unui număr total de 2.060.418.643 de acțiuni în cadrul BCR, majorând astfel capitalul social al Erste Group Bank de la 756.932.768 € (la 22 noiembrie 2011) la 789.137.294 € (la 31 decembrie 2012). Negocierile dintre Erste Group Bank și o altă societate de investiții financiare din România în legătură cu încheierea unui contract de vânzare-cumpărare de acțiuni în baza acordului cadru din septembrie 2011 s-au încheiat în februarie 2013. Cele patru majorări de capital prin aporturi în natură și emiterea de acțiuni din capital condiționat au avut drept urmări schimbarea raportului dintre capitalul social al Erste Group Bank și Capitalul de Participare al acesteia, existent la data emiterii Capitalului de Participare, în defavoarea deținătorilor Titlurilor de Capital de Participare. Oferta de Drepturi de Subscriere pentru Titluri de Capital de Participare suplimentare are scopul de a compensa această</p>

Secțiunea E – Oferta

		<p>schimbare intervenită în acest raport, și de a restabili raportul, din perspectiva deținătorilor Titlurilor de Capital de Participare care participă la Ofertă, în urma ofertei de subscriere similare din anul 2009. În acest scop, Erste Group Bank a convenit cu Republica Austria să achiziționeze numărul de Titluri de Capital de Participare necesar pentru Ofertă din deținerile Republicii Austria, în urma renunțării acesteia la exercitarea Drepturilor de Subscriere.</p> <p>Erste Group Bank anticipează că fondurile obținute din Ofertă vor avea o valoare netă de aproximativ 26,4 milioane €. Fondurile obținute din Ofertă vor fi utilizate în totalitate pentru achitarea prețului de cumpărare a Titlurilor de Capital Oferite care vor fi achiziționate de la Republica Austria având o valoare egală cu valoarea totală a Titlurilor de Capital Oferite subscrise prin Ofertă.</p>
E.3	<p>Descrierea condițiilor ofertei</p> <p>Oferta</p>	<p>Obiectul Ofertei îl constituie un număr de Titluri de Capital de Participare existente având o valoare nominală de până la 25,702,000 €, din deținerile Erste Group Bank, având o valoare nominală individuală de 1.000 €, ce sunt oferite Participanților spre subscriere la un preț de subscriere („Prețul de Subscriere”) reprezentând 102,7% din valoarea nominală de 1.000 € pentru un Titlu de Capital Oferit. În baza raportului de subscriere de 21:1 („Raportul de Subscriere”), Participanții sau cesionarii Drepturilor de Subscriere, pot subscrie un număr de Titluri de Capital Oferite cu o valoare nominală de 1,000 € pentru fiecare Titluri de Capital de Participare având o valoare nominală de 21,000 € deținute de Participanți la data de 11 aprilie 2013, orele 24.00 CEST (sau numărul echivalent de Drepturi de Subscriere). Participanții care nu dețin un număr de Titluri de Capital de Participare divizibil cu 21 nu își vor putea exercita integral Drepturile de Subscriere.</p> <p>Oferta constă în următoarele: (i) o ofertă publică de subscriere de Titluri de Capital Oferite Participanților din Republica Austria, Republică Cehă, Slovacia și România, (ii) oferte de subscriere de Titluri de Capital Oferite Participanților din alte state membre ale SEE, în baza exceptării de la cerința de a elabora un prospect pentru ofertele de Titluri de Capital Oferite, conform Directivei privind Prospectele implementate în statele membre din SEE, și (iii) oferte de subscriere adresate investitorilor instituționali din afara SEE și din Statele Unite ale Americii conform Reglementării S din Legea Valorilor Mobiliare. Oferta nu face obiectul unor condiții.</p> <p>La data de 12 aprilie 2013 sau în jurul acestei date, Erste Group Bank va publica pe site-ul Web al acesteia (www.erstegroup.com) și în secțiunea de jurnal oficial a publicației <i>Wiener Zeitung (Amtsblatt zur Wiener Zeitung)</i> o notificare de subscriere privind Oferta, prin care Destinatarii Ofertei sunt invitați să își exercite Drepturile de Subscriere și în care sunt stabilite perioada de subscriere, Prețul de Subscriere, Raportul de Subscriere, procedura pentru exercitarea Drepturilor de Subscriere și alte informații.</p> <p>Titlurile de Capital Oferite nu le conferă deținătorilor acestora</p>

Secțiunea E – Oferta

	<p>Perioada de Subscriere</p> <p>Încetarea și suspendarea Ofertei / prelungirea Perioadei de Subscriere</p> <p>Agentul de subscriere și exercitarea Drepturilor de Subscriere</p>	<p>dreptul de a primi dividende pentru exercițiul financiar aferent anului 2012 și sunt purtătoare de drepturi depline la dividende pentru exercițiile financiare aferente anului 2013 și tuturor anilor ulteriori.</p> <p>Perioada în care Participanții pot subscrie Titlurile de Capital Oferite („Perioada de Subscriere”) începe la data de 12 aprilie 2013 și se încheie la data 26 aprilie 2013 sau în jurul acestei date. Exercițarea unui Drept de Subscriere de către un Destinatar al Ofertei este irevocabilă și nu poate fi anulată, modificată sau revocată, decât în situațiile prevăzute în Secțiunea 6 a Legii Austriace din anul 1991 a Piețelor de Capital, cu modificările ulterioare (Kapitalmarktgesetz) („Legea Piețelor de Capital”).</p> <p>Drepturile de Subscriere care nu sunt exercitate în cadrul Perioadei de Subscriere se sting și nu vor mai avea nicio valoare. Li se recomandă Destinatariilor Ofertei care dețin Drepturile de Subscriere prin intermediul unei bănci de depozitare, custode sau orice alt intermediar financiar să se informeze cu privire la termenul de exercitare a Drepturilor de Subscriere a acestora impus de banca depozitară, custodele sau intermediarul financiar respectiv (perioada de dispoziție). Este posibil ca această perioadă de dispoziție să se încheie înainte de încheierea Perioadei de Subscriere la data de 26 aprilie 2013 sau în jurul acestei date.</p> <p>Oferta poate înceta sau poate fi suspendată, iar Perioada de Subscriere poate fi prelungită de către Erste Group Bank, în mod discreționar, în orice moment. Prolungirea Perioadei de Subscriere, încetarea sau suspendarea Ofertei se vor publica prin intermediul mijloacelor de informare electronice, în secțiunea de jurnal oficial a publicației <i>Wiener Zeitung</i> (<i>Amtsblatt zur Wiener Zeitung</i>), pe site-ul Web al Erste Group Bank (www.erstegroup.com) și, dacă acest lucru este cerut de Legea Piețelor de Capital, sub forma unui supliment la acest Prospect, în fiecare situație, în cel mai scurt timp posibil. De asemenea, (i) în Republica Cehă publicarea se va face pe site-ul Web a Česká spořitelna, a.s. (www.csas.cz), (ii) în Slovacia pe site-ul Web a Slovenská sporiteľňa, a.s. (www.slsp.sk), și (iii) în România pe site-ul Web al Depozitarului Central SA (www.depozitarulcentral.ro) și al BCR (www.bcr.ro).</p> <p>Destinatarii Ofertei care au depus ordine de subscriere nu vor fi notificați individual. În cazul încetării Ofertei, Drepturile de Subscriere deja exercitate vor deveni nule, iar orice plată efectuată în vederea subscrierii va fi returnată Destinatarului respectiv al Ofertei, fără dobândă. Dacă un Destinatar al Ofertei depune un ordin de subscriere nevalabil sau dacă Oferta încetează, solicitările privind comisioanele bancare și alte costuri suportate de aceasta în legătură cu Oferta vor fi guvernate de relația contractuală dintre Destinatarul respectiv al Ofertei și instituția financiară care a acceptat subscrierea.</p> <p>Erste Group Bank va avea calitatea de agent de subscriere pentru Ofertă. Destinatarii Ofertei sunt invitați să își exercite Drepturile de Subscriere în Perioada de Subscriere, în timpul orelor normale de program ale uneia dintre sucursalele Erste Group Bank sau prin băncile de depozitare, custozii sau in-</p>
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Secțiunea E – Oferta

	<p>Predarea și decontarea Titlurilor de Capital Oferite</p> <p>Subscriitorii / agenții de plasament</p>	<p>termediarilor financiari ai acestora, emițând o dispoziție corespunzătoare.</p> <p>Deținătorii Drepturilor de Subscriere deținute printr-o bancă depozitară membră OeKB sau printr-o instituție financiară care este participant în cadrul Euroclear Bank S.A. („Euroclear”), Clearstream Banking AG („Clearstream”), Centrální depozitář cenných papírů, a.s. („CDCP”) sau Centrálny depozitár cenných papierov SR, a.s. („CDCP SR”) trebuie să își exercite Drepturile de Subscriere în baza unei dispoziții transmise băncii sau instituției financiare respective de a subscrie Titlurile de Capital Oferite în numele acestora. Destinatarii Ofertei care dețin Drepturi de Subscriere prin Depozitarul Central SA își pot exercita Drepturile lor de Subscriere în baza unei dispoziții transmise intermediarilor lor financiari (bancă custode / broker) care au calitatea de depozitari ai Titlurilor de Capital de Participare ce conferă Drepturi de Subscriere.</p> <p>Nu se vor acorda compensații pentru Drepturile de Subscriere neexercitate.</p> <p>Titlurile de Capital Oferite sunt reprezentate prin mai multe certificate globale fără cupoane de dividende care au fost depozitate la OeKB, Am Hof 4, A-1010 Viena, Austria. Titlurile de Capital Oferite vor fi puse la dispoziție sub forma unor interese de co-participare (<i>Miteigentumsanteile</i>) sau drepturi de co-participare (<i>Miteigentumsrechte</i>) asupra certificatelor globale respective și vor fi predate prin înscriere în cont, folosind facilitățile OeKB, Euroclear, Clearstream, CDCP și CDCP SR în schimbul plății Prețului de Subscriere aferent Titlului de Capital Oferit achiziționat la data de 3 mai 2013 sau în jurul acestei date.</p> <p>Nu au fost desemnați subscriitorii sau agenți de plasament pentru Ofertă.</p>
E.4	<p>Interese care ar putea influența oferta, inclusiv cele conflictuale</p>	<p>Nu se aplică; nu există interese importante pentru ofertă, inclusive interese conflictuale.</p>
E.5	<p>Numele persoanei sau denumirea entității care oferă spre vânzare valoarea mobilă</p> <p>Contracte de restricționare: identificarea părților implicate; durata perioadei de restricționare</p>	<p>Titlurile de Capital Oferite sunt oferite de Erste Group Bank</p> <p>Nu se aplică; nu există contracte de restricționare cu privire la Titlurile de Capital de Participare.</p>
E.6	<p>Cuquantumul și procentajul diluării determinate direct de ofertă</p>	<p>Nu se aplică; în cadrul Ofertei nu vor fi emise valori mobiliare noi ale Erste Group Bank.</p>
E.7	<p>Estimarea cheltuielilor percepute de la investitor de către emitent sau</p>	<p>Erste Group Bank nu va percepe comisioane pentru subscrierea Titlurilor de Capital Oferite. Băncile depozitare, custozii sau alți intermediari financiari prin care Destinatarii Ofertei pot</p>

Secțiunea E – Oferta

	ofertant	deține Drepturi de Subscriere pot percepe un comision bancar corespunzător pentru exercitarea Drepturilor de Subscriere în numele Destinatariilor Ofertei.
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