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Erste Group posts net profit of EUR 61.0 million in 2013 and improves capital ratios

HIGHLIGHTS

- **Net interest income** declined to **EUR 4,858.1 million** in 2013 (2012: EUR 5,235.3 million), which was mainly due to subdued credit demand and the low interest rate environment. On the back of higher income from securities business, **net fee and commission income** rose from EUR 1,720.8 million in 2012 to **EUR 1,810.0 million** and the **net trading result** from EUR 273.4 million to **EUR 293.2 million**.
- **Operating income** amounted to **EUR 6,961.3 million** (-3.7% versus 2012: EUR 7,229.5 million). **General administrative expenses** declined due to strict cost management by 2.7% from EUR 3,756.7 million to **EUR 3,653.5 million** in 2013. This led to an **operating result** of **EUR 3,307.9 million** (-4.7% versus 2012: EUR 3,472.8 million) and an almost unchanged **cost/income ratio** of **52.5%** (2012: 52.0%).
- **Risk costs** showed a positive trend and declined by 10.9% to **EUR 1,763.4 million** or **136 basis points** of average customer loans (2012: EUR 1,980.0 million or 148 basis points), mainly due to the substantial decline of risk costs in Romania. The **NPL ratio** was stable in the second half of the year despite decreasing gross customer loans and stood at **9.6%** as of 31 December 2013 (year-end 2012: 9.2%). The **NPL coverage ratio** improved to **63.1%** (year-end 2012: 62.6%).
- **Other operating result** amounted to **EUR -1,081.9 million** (2012: EUR -724.3 million). The decline by EUR 357.6 million was largely due to the non-recurrence of a positive one-off effect in the amount of EUR 413.2 million from the buyback of tier 1 and tier 2 instruments in 2012. Negative influences in 2013 came from the sale of the Ukrainian subsidiary (EUR 76.6 million) and a goodwill write-down in a total amount of EUR 383.0 million, including EUR 283.2 million in Romania and EUR 52.2 million in Croatia. Banking and financial transaction taxes levied in Austria, Hungary and Slovakia had an additional negative impact of EUR 311.0 million (2012: EUR 244.0 million).
- A significant increase in the tax rate due to the relatively lower recognition of deferred tax assets in the Austrian tax group in 2013 had an additional negative impact on net profit. Erste Group posted a **net profit after minorities**[1] of **EUR 61.0 million**. The management board will propose to the annual general meeting to pay a dividend of EUR 0.2 per share for the financial year 2013 and the pro rata participation capital dividend.
- The capital increase of EUR 660.6 million and the full redemption of the participation capital of EUR 1.76 billion had an impact on **shareholders' equity**[2], which at year-end 2013 stood at **EUR 11.3 billion** (year-end 2012: EUR 12.9 billion). **Core tier 1 capital** amounted to **EUR 11.2 billion** (year-end 2012: EUR 11.8 billion). The decline in **risk-weighted assets** by 7.1% to **EUR 97.9 billion** as of 31 December 2013 (year-end 2012: EUR 105.3 billion) mainly resulted from the deconsolidation of Ukraine, lower credit exposure and foreign exchange effects. The **core tier 1 ratio** (total risk; Basel 2.5) improved to **11.4%** (year-end 2012: 11.2%), the **common equity tier 1 ratio** (CET1, Basel 3, fully loaded) stood at **10.8%**.
- **Total assets** amounted to **EUR 199.9 billion** as of 31 December 2013. The decline by 6.5% versus year-end 2012 was related to reductions in trading assets and derivatives (-23.0%), financial assets (-7.6%) and gross customer loans (-3.2%). Customer deposits were stable. The **loan-to-deposit ratio** improved to **104.3%** as of 31 December 2013 (year-end 2012: 107.2%).

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

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

"In 2013, the economic development of Central and Eastern Europe exceeded the expectations of many sceptics. While this had a positive impact on Erste Group's risk costs, especially in Romania, it did not translate into a noticeable recovery of loan demand," said Andreas Treichl, CEO of Erste Group Bank AG, when presenting the preliminary results for the financial year 2013. *"The net profit of EUR 61 million should be seen against the backdrop of the significant increase in taxes on income versus the previous year as well as adverse extraordinary impacts – banking and transaction taxes in Austria, Hungary and Slovakia, goodwill write-downs and costs for the Ukraine exit totalling almost EUR 770 million,"* Treichl continued. *"After a successful capital increase, in 2013, we were the first Austrian bank to repay the entire participation capital that had been provided by the Austrian government and private investors, and closed the year with a solid capital buffer. We will therefore propose to the annual general meeting to pay a dividend of EUR 0.2 per share,"* Treichl concluded.

Earnings performance in brief

Despite a reduction in operating costs, the **operating result** declined to EUR 3,307.9 million in 2013 (-4.7% versus EUR 3,472.8 million in the financial year 2012) due to lower operating income.

Operating income amounted to EUR 6,961.3 million in 2013 (2012: EUR 7,229.5 million). The 3.7% decline was mainly due to lower net interest income (-7.2% to EUR 4,858.1 million), which was not fully offset by rises in net fee and commission income (+5.2% to EUR 1,810.0 million) and in the net trading result (from EUR 273.4 million in 2012 to EUR 293.2 million). **General administrative expenses** were down 2.7% to EUR 3,653.5 million (2012: EUR 3,756.7 million). This resulted in a **cost/income ratio** of 52.5% (2012: 52.0%).

Net profit after minorities decreased from EUR 483.5 million to EUR 61.0 million. The decline was due not only to higher negative one-off effects (mostly goodwill-write downs, banking and transaction taxes, sale Ukraine), but also to tax effects relating to the recognition of deferred taxes resulting in an increased tax rate. In addition, the 2012 result benefited from a positive one-off effect related to the buyback of tier 1 and tier 2 instruments.

Cash return on equity, i.e. return on equity adjusted for non-cash expenses such as goodwill impairment and straight-line amortisation of customer relationships, stood at 3.4% (reported ROE: 0.5%) in 2013 versus 7.6% (reported ROE: 3.8%) in 2012. **Cash earnings per share** for the financial year 2013 amounted to EUR 0.89 (reported EPS: EUR -0.06) versus EUR 2.17 (reported EPS: 0.87) in 2012.

Total assets, at EUR 199.9 billion, were 6.5% lower than at year-end 2012. Risk-weighted assets declined by EUR 7.4 billion to EUR 97.9 billion. The **solvency ratio** improved to 16.3% as of 31 December 2013 (year-end 2012: 15.5%) and was well above the legal minimum requirement of 8.0%. The **core tier 1 ratio** relating to total risk and as defined by Basel 2.5 was 11.4% as of 31 December 2013.

Outlook for 2014

In order to ensure a like-for-like comparison, all P&L figures provided in this outlook statement are adapted in line with EBA FINREP reporting standards to be applied from Q1 2014. The full dataset of the adapted 2013 figures has been published in a separate release dated 28 February 2014.

For 2014, Erste Group has planned with a stable operating environment in its markets in Austria and Central and Eastern Europe: while economic growth is forecast to average 1.7% (Erste Group Research), interest rates are expected to remain persistently low or fall even further in certain geographies. Against this backdrop, Erste Group anticipates a slow start to the year but aims to keep operating profit stable (± 2%) at about EUR 3.1 billion. Net customer loans are expected to remain equally stable (± 2%) at about EUR 120 billion. In light of the upcoming ECB Asset Quality Review, Erste Group does not expect a decline in risk costs beyond 5% or to about EUR 1.7 billion. Erste Group does not anticipate recognising deferred tax assets in the Austrian tax group in 2014, which will result in a significantly elevated tax rate of about 40%. The decline in banking taxes from EUR 311 million in 2013 to about EUR 270 million in 2014 should positively affect net profit.

I. FINANCIAL PERFORMANCE IN DETAIL

in EUR million	2013	2012	Change
Net interest income	4,858.1	5,235.3	-7.2%
Risk provisions for loans and advances	-1,763.4	-1,980.0	-10.9%
Net fee and commission income	1,810.0	1,720.8	5.2%
Net trading result	293.2	273.4	7.2%
General administrative expenses	-3,653.5	-3,756.7	-2.7%
Other result	-1,170.1	-691.6	69.2%
Pre-tax profit/loss	**374.3**	**801.2**	**-53.3%**
Net profit/loss for the period	**195.8**	**631.0**	**-69.0%**
Attributable to non-controlling interests	134.8	147.5	-8.6%
Attributable to owners of the parent	**61.0**	**483.5**	**-87.4%**

Net interest income: -7.2% versus 2012

Net interest income declined from EUR 5,235.3 million in 2012 to EUR 4,858.1 million in 2013, mainly due to the low interest rate environment and continuing subdued credit demand. Accordingly, the net interest margin (net interest income as a percentage of average interest-bearing assets) contracted from 2.80% to 2.70%.

Net fee and commission income: +5.2% versus 2012

in EUR million	2013	2012	Change
Lending business	256.8	263.4	-2.5%
Payment transfers	903.5	862.3	4.8%
Card business	210.7	202.2	4.2%
Securities transactions	411.7	356.9	15.4%
Investment fund transactions	222.0	195.2	13.7%
Custodial fees	69.1	39.7	74.2%
Brokerage	120.6	122.0	-1.1%
Insurance brokerage	99.7	99.3	0.4%
Building society brokerage	22.9	31.2	-26.5%
Foreign exchange transactions	23.1	25.2	-8.3%
Investment banking business	30.6	20.4	50.0%
Other	61.7	62.1	-0.7%
Total	**1,810.0**	**1,720.8**	**5.2%**

Net fee and commission income grew primarily on the back of improvements in payment transfers and in the securities business from EUR 1,720.8 million in 2012 to EUR 1,810.0 million in 2013.

Net trading result: +7.2% versus 2012

The net trading result improved from EUR 273.4 million to EUR 293.2 million in 2013, mainly as a result of a significant improvement in foreign exchange trading.

General administrative expenses: -2.7% versus 2012

in EUR million	2013	2012	Change
Personnel expenses	-2,232.4	-2,284.1	-2.3%
Other administrative expenses	-1,068.8	-1,106.1	-3.4%
Depreciation and amortisation	-352.3	-366.5	-3.9%
Total	**-3,653.5**	**-3,756.7**	**-2.7%**

General administrative expenses declined by 2.7% from EUR 3,756.7 million to EUR 3,653.5 million (currency-adjusted: -2.1%).

Personnel expenses were down 2.3% (currency-adjusted -1.7%) from EUR 2,284.1 million to EUR 2,232.4 million. Further cost savings were achieved in **other administrative expenses**, which dropped by 3.4% (currency-adjusted: -2.5%) from EUR 1,106.1 million to EUR 1,068.8 million (mainly due to marketing and office-related expenses), and in **depreciation and amortisation**, which was down 3.9% (currency-adjusted: -3.1%) from EUR 366.5 million to EUR 352.3 million.

The **headcount** declined by 7.5% versus year-end 2012 to 45,670 employees. This was mainly due to successful restructuring measures in the Czech Republic and Romania and the sale of Erste Bank Ukraine.

Headcount[3]

	Dec 13	Dec 12	Change
Employed by Erste Group	**45,670**	**49,381**	**-7.5%**
Erste Group, EB Oesterreich and subsidiaries	8,388	8,612	-2.6%
Haftungsverbund savings banks	7,271	7,448	-2.4%
Česká spořitelna Group	10,432	11,014	-5.3%
Banca Comercială Română Group	7,020	8,289	-15.3%
Slovenská sporiteľňa Group	4,206	4,185	0.5%
Erste Bank Hungary Group	2,778	2,690	3.3%
Erste Bank Croatia Group	2,584	2,629	-1.7%
Erste Bank Serbia	922	944	-2.3%
Erste Bank Ukraine	0	1,530	na
Savings banks subsidiaries & foreign branch offices	1,100	1,145	-3.9%
Other subsidiaries and foreign branch offices	969	895	8.3%

Operating result: -4.7% versus 2012

Driven by the decline in net interest income, operating income decreased by 3.7% to EUR 6,961.3 in 2013 from EUR 7,229.5 million in 2012. At the same time, general administrative expenses were reduced by 2.7% from EUR 3,756.7 million to EUR 3,653.5 million. This led to an operating result of EUR 3,307.9 million (2012: EUR 3,472.8 million).

Risk provisions: -10.9% versus 2012

Risk provisions (i.e. the balance of the allocation and release of provisions for the lending business together with the costs of direct loan write-offs offset by income received from the recovery of loans already written off) decreased by 10.9% from EUR 1,980.0 million in 2012 to EUR 1,763.4 million. This was mostly attributable to a significant decline in retail and SME risk costs (in particular Romania and further improvements of the risk situation in the Czech Republic and Slovakia) which more than offset the deterioration in the commercial real estate business and in the large corporate business. In the financial year 2013, risk costs in relation to the average volume of customer loans were 136 basis points (2012: 148 basis points).

Other operating result

The other operating result deteriorated from EUR -724.3 million by EUR 357.6 million to EUR -1,081.9 million in 2013. The better result in 2012 had been mainly attributable to one-off income in the amount of EUR 413.2 million from the buyback of tier 1 and tier 2 instruments.

Goodwill write-downs declined to EUR 383.0 million (EUR 283.2 million in Romania, EUR 52.2 million in Croatia and EUR 47.6 million in Austria) versus EUR 514.9 million (EUR 469.4 million in Romania, with the remainder mainly in Austria) in 2012.

Other taxes rose from EUR 269.1 million to EUR 329.7 million, comprising mostly banking taxes. A large proportion of these – EUR 103.4 million (2012: EUR 47.3 million) – was levied in Hungary and comprised the following items: the regular financial transaction tax introduced in 2013 and subsequently doubled (EUR 31.1 million), an extraordinary financial transaction tax (EUR 16.3 million), banking tax for the year of 2013 (EUR 49.0 million), and

[3] End of period values.

the programme subsidising repayment of foreign currency loans (EUR 7.0 million). The item “other taxes” also included banking levies charged in Austria in the amount of EUR 166.4 million (2012: EUR 165.2 million) and in Slovakia in the amount of EUR 41.2 million (2012: EUR 31.5 million).

In 2013, this item was also negatively impacted by EUR 76.6 million due to the sale of the Ukrainian subsidiary, mainly the negative currency translation effect related to capital and goodwill which was recycled through the income statement. This booking did not impact the capital position.

The other operating result also included straight-line amortisation of intangible assets (i.e. customer relationships) of EUR 65.2 million (2012: EUR 69.2 million) as well as deposit insurance contributions of EUR 77.2 million (2012: EUR 80.7 million).

Results from financial instruments

The result from all categories of financial instruments declined from EUR 32.7 million in 2012 to EUR -88.3 million in 2013. This was mainly due to negative valuation effects in the fair-value and available-for-sale portfolios (credit spread tightening of own issues, write-downs on securities and losses on the sale of securities).

Pre-tax profit

The **pre-tax profit** for 2013 amounted to EUR 374.3 million, reflecting negative one-off effects, versus EUR 801.2 million in 2012, which had benefited from net positive extraordinary effects.

Taxes on income

In the second quarter of 2013, the taxes on income line benefited from a positive one-off effect of EUR 127.7 million attributable to the release of a deferred tax liability in Romania. The deferred tax liability resulted from the difference between local regulatory and IFRS loan loss provisions upon transition to IFRS accounting.

In 2013, Erste Group only partly recognised deferred tax assets for tax losses carried forward, as it is unlikely that they will be realised within a reasonable time frame. This is directly related to the persistently high banking tax burden on the Austrian tax group as well as goodwill write-downs over the past years. The relatively reduced recognition of deferred tax assets in the Austrian tax group resulted in a significant increase in the tax rate.

Net profit after minorities

The **net profit after minorities** declined from EUR 483.5 million in 2012, which had benefited from net positive extraordinary effects, due to the effects already explained, to EUR 61.0 million in 2013.

II. FINANCIAL RESULTS: QUARTER-ON-QUARTER COMPARISON

in EUR million	Q4 12	Q1 13	Q2 13	Q3 13	Q4 13
Net interest income	1,266.4	1,240.6	1,190.6	1,220.4	1,206.5
Risk provisions for loans and advances	-514.7	-402.2	-429.6	-428.2	-503.4
Net fee and commission income	436.5	448.2	447.7	450.4	463.7
Net trading result	82.0	77.8	82.7	80.5	52.2
General administrative expenses	-930.6	-931.2	-911.7	-900.1	-910.5
Other operating result	-510.3	-103.3	-294.4	-180.8	-503.4
Result from financial instruments - FV	-39.9	-46.5	-12.5	4.0	-21.3
Result from financial assets - AfS	37.0	11.4	-0.9	-20.7	-3.3
Result from financial assets - HtM	-0.6	6.6	-4.0	-1.1	0.0
Pre-tax profit/loss	**-174.2**	**301.4**	**67.9**	**224.4**	**-219.3**
Taxes on income	80.9	-66.4	91.4	-56.0	-147.5
Net profit/loss for the period	**-93.3**	**235.0**	**159.3**	**168.3**	**-366.8**
Attributable to non-controlling interests	20.5	58.8	34.3	39.2	2.5
Attributable to owners of the parent	**-113.8**	**176.2**	**125.0**	**129.1**	**-369.3**

Net interest income declined from EUR 1,220.4 million in the third quarter of 2013 by 1.1% to EUR 1,206.5 million in the fourth quarter of 2013.

Net fee and commission income rose by 3.0% to EUR 463.7 million in the fourth quarter (Q3 2013: EUR 450.4 million) mainly due to higher fees from insurance brokerage.

The **net trading result** declined from EUR 80.5 million in the third quarter of 2013 by 35.2% to EUR 52.2 million in the fourth quarter of 2013. This was attributable to a decline in securities and derivatives trading, which was not fully offset by an improvement in foreign exchange trading.

General administrative expenses increased from EUR 900.1 million in the third quarter of 2013 to EUR 910.5 million in the fourth quarter of 2013. This was mainly due to the increase in amortisation and depreciation by 9.9% from EUR 83.0 million to EUR 91.2 million. Personnel expenses and other administrative expenses were slightly up (+0.2% from EUR 552.5 million to EUR 553.4 million and +0.5% from EUR 264.6 million to EUR 265.9 million respectively). The **cost/income ratio** deteriorated to 52.9% in the fourth quarter of 2013 (Q3 2013: 51.4%).

Risk provisions for loans and advances rose by 17.6% quarter on quarter, from EUR 428.2 million to EUR 503.4 million, which was mainly due to higher allocations in the large corporate and commercial real estate business and at the savings banks.

Other operating result deteriorated to EUR -503.4 million in the fourth quarter of 2013 versus EUR -180.8 million in the third quarter of 2013. This was attributable in particular to higher goodwill write-downs of EUR 330.8 million in the fourth quarter of 2013 (Q3 2013: EUR 30.3 million).

In the fourth quarter of 2013, the item was further impacted by taxation in Hungary, the financial transaction tax in the amount of EUR 10.5 million (Q3 2013: EUR 8.7 million) and the programme subsidising repayment of foreign-currency loans in the amount of EUR 1.9 million (Q3 2013: EUR 1.9 million). This item also reflected banking taxes charged in Austria in the amount of EUR 41.4 million (Q3 2013: EUR 41.8 million) and in Slovakia in the amount of EUR 10.1 million (Q3 2013: EUR 10.1 million).

On the other hand, the line item was impacted positively in an amount of EUR 3.3 million in the fourth quarter of 2013 by valuation gains/-write-offs of real estate and other assets (Q3 20113: EUR -61.0 million).

The overall result from **all categories of financial instruments** declined slightly from EUR -17.8 million in the third quarter of 2013 to EUR -24.6 million in the fourth quarter of 2013. This was attributable to the result from financial instruments – at fair value through profit or loss.

Pre-tax result for the fourth quarter of 2013, which was affected by negative one-off effects (goodwill write-downs of EUR 330.8 million), amounted to EUR -219.3 million versus EUR 224.4 million in the third quarter of 2013.

Net result after minorities deteriorated to EUR -369.3 million in the fourth quarter of 2013 from EUR 129.1 million in the third quarter of 2013. A main reason for the decline was that Erste Group only partly recognised deferred tax assets for tax losses carried forward in 2013 as it is unlikely that they will be realised within a reasonable time frame. Moreover, deferred tax assets previously recognised were partially reversed in the fourth quarter of 2013, based on recoverability assessment made at year end.

III. BALANCE SHEET DEVELOPMENT

in EUR million	Dec 13	Dec 12	Change
Loans and advances to credit institutions	9,062	9,074	-0.1%
Loans and advances to customers	127,698	131,928	-3.2%
Risk provisions for loans and advances	-7,810	-7,644	2.2%
Trading assets, derivative financial instruments	14,226	18,467	-23.0%
Financial assets	38,891	42,108	-7.6%
Sundry assets	17,810	19,891	-10.5%
Total assets	**199,876**	**213,824**	**-6.5%**

Loans and advances to credit institutions, at EUR 9.1 billion as of 31 December 2013, were unchanged versus 31 December 2012.

Loans and advances to customers decreased from EUR 131.9 billion as of 31 December 2012 to EUR 127.7 billion. This was due to a decline in the lending business in Hungary and Romania, the deconsolidation of Erste Bank Ukraine, and negative foreign currency translation effects primarily in relation to the Czech Republic.

Risk provisions increased from EUR 7.6 billion at year-end 2012 to EUR 7.8 billion at year-end 2013 due to additional allocations. The NPL ratio (non-performing loans as a percentage of loans to customers) stood at 9.6% as of 31 December 2013 (9.2% as of 31 December 2012). The NPL coverage ratio improved further from 62.6% to 63.1% at year-end 2013.

Investment securities held within the various categories of financial instruments were down 7.6% from EUR 42.1 billion at year-end 2012 to EUR 38.9 billion primarily due to a decline in the available-for-sale and held-to-maturity portfolios.

in EUR million	Dec 13	Dec 12	Change
Deposits by banks	17,126	21,822	-21.5%
Customer deposits	122,442	123,053	-0.5%
Debt securities in issue	27,986	29,427	-4.9%
Trading liabilities, derivative financial instruments	7,119	11,359	-37.3%
Sundry liabilities	5,089	6,500	-21.7%
Subordinated liabilities	5,333	5,323	0.2%
Total equity	14,781	16,339	-9.5%
Attributable to non-controlling interests	3,457	3,483	-0.8%
Attributable to owners of the parent	11,324	12,855	-11.9%
Total liabilities and equity	**199,876**	**213,824**	**-6.5%**

Customer deposits declined by 0.5%, from EUR 123.1 billion as of 31 December 2012 to EUR 122.4 billion as of 31 December 2013. The loan-to-deposit ratio stood at 104.3% as of 31 December 2013 (31 December 2012: 107.2%).

Debt securities in issue, in particular bonds as well as mortgage and public sector covered bonds, declined by 4.9% from EUR 29.4 billion to EUR 28.0 billion as of 31 December 2013, while subordinated liabilities were unchanged at EUR 5.3 billion.

Other liabilities, included in the line item sundry liabilities, declined from EUR 3.1 billion to EUR 2.7 billion as of 31 December 2013.

Following the redemption of the participation capital of EUR 1.76 billion in August 2013 and negative currency effects, Erste Group's **shareholders' equity** declined to EUR 11.3 billion as of 31 December 2013 from EUR 12.9 billion as of year-end 2012. The capital increase carried out in the third quarter of 2013 had a positive impact of EUR 660.6 million on this item. **Tier 1 capital** after the deductions defined in the Austrian Banking Act amounted to EUR 11.6 billion (year-end 2012: EUR 12.2 billion). Core tier 1 capital stood at EUR 11.2 billion (year-end 2012: EUR 11.8 billion).

Total **risk-weighted assets** (RWA) declined to EUR 97.9 billion as of 31 December 2013 from EUR 105.3 billion as of 31 December 2012, primarily due to the deconsolidation of the Ukrainian subsidiary, exposure reductions and the currency devaluation in the Czech Republic.

As of 2013, Erste Group has switched from Austrian GAAP to IFRS in the calculation of consolidated regulatory capital. The forecast negative impact of EUR 350 million (January 2012) was offset mainly by the improvement in the AfS reserve. Total eligible qualifying capital of the Erste Group credit institution group, as defined by the Austrian Banking Act, declined from EUR 16.3 billion as of 31 December 2012 to EUR 16.0 billion as of 31 December 2013 due to the early redemption of participation capital in August 2013. The **solvency ratio** in relation to total risk (total eligible qualifying capital as a percentage of the assessment base for total risk pursuant to section 22 (1) of the Austrian Banking Act) was 16.3% as of 31 December 2013 (year-end 2012: 15.5%), well above the legal minimum requirement.

The **tier 1 ratio** (total risk) stood at 11.8% (year-end 2012: 11.6%). The **core tier 1 ratio** amounted to 11.4% as of 31 December 2013 (year-end 2012: 11.2%).

IV. SEGMENT REPORTING[4]

Erste Bank Oesterreich

The Erste Bank Oesterreich geographical segment comprises the retail and SME business of Erste Bank Oesterreich and its subsidiaries, including all the savings banks in which Erste Bank Oesterreich holds majority stakes (savings banks in Salzburg, Tirol and Hainburg), as well as sBausparkasse.

The decline in net interest income from EUR 617.8 million in the financial year 2012 by EUR 7.3 million, or 1.2%, to EUR 610.5 million in the financial year 2013 was mainly attributable to lower margins and subdued loan demand in the retail business. Net fee and commission income improved from EUR 339.0 million in the financial year 2012 by EUR 2.9 million, or 0.8%, to EUR 341.9 million on the back of a positive contribution from securities business. The rise in the net trading result from EUR -4.2 million in the financial year 2012 by EUR 13.5 million to EUR 9.3 million in the financial year 2013 was attributable to valuation gains. The decline in operating expenses from EUR 614.7 million by EUR 20.7 million, or 3.4%, to EUR 594.0 million was mainly driven by strict cost management. The operating result improved from EUR 337.9 million in the financial year 2012 by EUR 29.8 million, or 8.8%, to EUR 367.7 million. The cost/income ratio improved to 61.8% versus 64.5% in the financial year 2012. Risk provisions declined from EUR 96.2 million in the financial year 2012 by EUR 25.9 million, or 26.9%, to EUR 70.3 million in the financial year 2013.

The “other result” declined by EUR 53.0 million to EUR -39.6 million in the financial year 2013. This was mainly due to proceeds from the sale of securities held in the available-for-sale portfolio and from the sale of real estate recorded in the financial year 2012 as well as impairments from carrying amounts of participations in the financial year 2013. Banking tax amounted to EUR 9.7 million in 2013 (2012: EUR 9.7 million). Net profit after minorities decreased from EUR 192.4 million in the financial year 2012 by EUR 8.0 million, or 4.1%, to EUR 184.4 million. Return on equity declined from 15.0% in the financial year 2012 to 14.4%.

Savings banks

The decline in net interest income from EUR 940.0 million in the financial year 2012 by EUR 31.6 million, or 3.4%, to EUR 908.4 million in the financial year 2013 was mainly attributable to lower income from securities. Net fee and commission income increased by EUR 29.8 million, or 7.5%, to EUR 427.8 million in the financial year 2013. This development was mainly due to higher income from securities business and payment transfers. The net trading result remained nearly unchanged and amounted to EUR 20.1 million in the financial year 2013. Operating expenses increased marginally from EUR 932.2 million by EUR 5.8 million, or 0.6%, to EUR 938.0 million. The cost/income ratio rose slightly from 68.7% to 69.2%.

Risk provisions increased from EUR 225.9 million by EUR 10.0 million, or 4.4%, to EUR 235.9 million in the financial year 2013. The “other result” improved from EUR 2.5 million by EUR 5.7 million to EUR 8.2 million on the back of fewer negative one-off effects. Banking tax amounted to EUR 8.9 million in the financial year 2013 (2012: EUR 8.1 million). Net profit after minorities rose from EUR 21.5 million in the financial year 2012 by EUR 1.3 million, or 6.0%, to EUR 22.8 million in the financial year 2013. Return on equity stood at 5.7% versus 5.8% in the financial year 2012.

CENTRAL AND EASTERN EUROPE

The Central and Eastern Europe region includes the retail and SME business of Česká spořitelna, Slovenská sporiteľňa, Erste Bank Hungary, Banca Comercială Română, Erste Bank Croatia, Erste Bank Serbia and Erste Bank Ukraine (due to the bank’s sale in late April, only the first quarter of 2013). Contributions from the divisional business units – Group Corporate and Investment Banking and Group Markets – are reported in the respective segments.

Czech Republic

Net interest income in the Czech Republic geographical segment declined from EUR 1,113.8 million by EUR 127.5 million, or 11.4% (currency-adjusted: -8.6%), to EUR 986.3 million. This development was mainly attributable to the persistently low interest rate environment and subdued credit demand, especially for consumer loans. Net fee and

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[4] In the segment report, financial results from the financial year 2013 are compared with those from the financial year 2012. Unless stated otherwise, terms such as “in the previous year“ ”2012“ or “in 2012” accordingly relate to the financial year 2012, and terms such as “this year“, “2013“, “in 2013“ relate to the financial year 2013. The term “net profit/loss for the period after minorities” corresponds to the term “net profit/loss attributable to the owners of the parent”.

commission income declined by EUR 39.6 million, or 8.9% (currency-adjusted: -5.9%), from EUR 447.2 million in the financial year 2012 to EUR 407.6 million, mainly as a result of lower income from payment transfers and from lending business. The net trading result improved from EUR 19.9 million by EUR 24.1 million to EUR 44.0 million on the back of a better result from the derivatives business. Cost-cutting measures, in particular, reduced operating expenses by EUR 47.1 million, or 6.8% (currency-adjusted: -3.8%), to EUR 644.8 million in the financial year 2013 (2012: EUR 691.9 million).

The operating result declined from EUR 889.0 million in the financial year 2012 by EUR 96.0 million, or 10.8% (currency-adjusted: -7.9%), to EUR 793.0 million. As the portfolio quality continued to improve, risk provisions fell by EUR 20.4 million, or 14.6% (currency-adjusted: -11.8%), to EUR 119.2 million in the financial year 2013. The item "other result" improved from EUR -93.2 million by EUR 43.0 million to EUR -50.2 million in the financial year 2013. Net profit after minorities declined in the financial year 2013 by EUR 24.4 million, or 4.7%, from EUR 518.0 million to EUR 493.6 million. However, on a currency-adjusted basis, a decrease of only 1.6% in net profit was posted. The cost/income ratio rose from 43.8% to 44.8%. Return on equity amounted to 37.8%.

Romania

Net interest income in the Romania geographical segment rose from EUR 572.4 million by EUR 2.0 million, or 0.3%, to EUR 574.4 million in the financial year 2013. However, in currency-adjusted terms a decrease of 0.5% was posted. The increase in net fee and commission income by EUR 24.0 million, or 19.9% (currency-adjusted: +18.9%), from EUR 120.3 million in the financial year 2012 to EUR 144.3 million in the financial year 2013 was mainly attributable to higher income from payment transfers. The net trading result declined from EUR 70.5 million in the financial year 2012 by EUR 14.4 million, or 20.5% (currency-adjusted: -21.2%), to EUR 56.1 million, reflecting lower income from foreign exchange business. Operating expenses decreased due to comprehensive optimisation measures, especially in terms of personnel, by EUR 41.5 million, or 11.7% (currency-adjusted: -12.4%), from EUR 355.9 million in the financial year 2012 to EUR 314.4 million in the financial year 2013. Thus, the operating result improved by EUR 53.1 million, or 13.0% (currency-adjusted: +12.0%), to EUR 460.4 million in the financial year 2013.

Due to extensive provisioning in previous years, risk provisions declined by EUR 350.7 million, or 47.6% (currency-adjusted: -48.0%), from EUR 737.2 million in the financial year 2012 to EUR 386.5 million in the financial year 2013. The NPL coverage ratio improved to 64.1%. The "other result" deteriorated from EUR -48.7 million by EUR 17.6 million to EUR -66.3 million in the financial year 2013. The item "taxes on income" amounted to EUR 124.8 million versus EUR 65.3 million in the financial year 2012, reflecting a positive one-off impact – the release of deferred tax liabilities – of EUR 127.7 million. Net result after minorities improved from EUR -294.3 million by EUR 422.2 million to EUR 127.9 million in the financial year 2013. The cost/income ratio improved from 46.6% to 40.6%.

Slovak Republic

Net interest income in the Slovakia geographical segment improved from EUR 424.9 million in the financial year 2012 by EUR 4.6 million, or 1.1%, to EUR 429.5 million in the financial year 2013. This development was primarily driven by retail loan growth offsetting the impact of the low interest rate environment. Net fee and commission income decreased by EUR 4.0 million, or 3.6%, to EUR 106.0 million due to legislation limiting commissions for payment transfers. The net trading result improved from EUR 2.8 million in the financial year 2012 by EUR 2.6 million to EUR 5.4 million in the financial year 2013 due to revaluation of derivatives. The increase of operating expenses by EUR 2.2 million, or 0.9%, to EUR 238.2 million was driven by the consolidation of the subsidiary Erste Group IT SK and a moderate increase in personnel expenses, mostly in connection with statutory social insurance.

Risk provisions fell from EUR 53.4 million in the financial year 2012 by EUR 14.2 million, or 26.6%, to EUR 39.2 million in the financial year 2013, reflecting lower allocations especially in the corporate and real estate business. The deterioration in the "other result" from EUR -37.7 million by EUR 3.6 million to EUR -41.3 million was due to the higher banking tax, which amounted to EUR 37.8 million in the financial year 2013 (2012: EUR 26.5 million). Net profit after minorities increased from EUR 169.3 million in the financial year 2012 by EUR 4.5 million, or 2.7%, to EUR 173.8 million in the financial year 2013. The cost/income ratio remained stable at 44.0% (2012: 43.9%). Return on equity increased from 39.4% to 42.4%.

Hungary

Net interest income in the Hungary geographical segment declined from EUR 335.2 million in the financial year 2012 by EUR 78.7 million, or 23.5% (currency-adjusted: -21.4%), to EUR 256.5 million in the financial year 2013. This development was driven by higher refinancing costs for the foreign currency business, a declining loan portfolio and falling market interest rates. Net fee and commission income improved on the back of higher income from payment transfers from EUR 91.9 million by EUR 31.7 million, or 34.5% (currency-adjusted: +38.1%), to EUR 123.6 million in the financial year 2013. The improvement in the net trading result from EUR -15.9 million by EUR 31.0 million to EUR 15.1 million in the financial year 2013 was due to valuation gains. Operating expenses declined from EUR 169.5 million by EUR 4.8 million, or 2.8% (currency-adjusted: -0.2 %), to EUR 164.7 million. The cost/income ratio increased from 41.2% to 41.7%.

Risk provisions declined from EUR 215.0 million by EUR 8.9 million, or 4.1% (currency-adjusted: -1.6%), to EUR 206.1 million in the financial year 2013 on the back of decreased provisioning requirements in corporate business. The deterioration in the item “other result” from EUR -72.9 million in the financial year 2012 by EUR 59.2 million to EUR -132.1 million in the financial year 2013 was mainly caused by the introduction of a financial transaction tax in 2013 that amounted to EUR 45.5 million in total, EUR 16.3 million thereof being a one-off extraordinary financial transaction tax. The banking tax amounted to EUR 49.0 million. The net loss after minorities amounted to EUR 108.9 million versus EUR 55.1 million in the financial year 2012.

Croatia

Net interest income in the Croatia geographical segment declined from EUR 253.7 million in the financial year 2012 by EUR 19.4 million, or 7.6% (currency-adjusted: -6.9%), to EUR 234.3 million in the financial year 2013. This was attributable to narrower margins as well as to lower loan demand in the retail business and higher NPL volumes in the corporate business. The increase in net fee and commission income from EUR 65.6 million by EUR 2.2 million, or 3.4% (currency-adjusted: +4.2%), to EUR 67.8 million was attributable to increased payment transfers and card business. The net trading result remained nearly unchanged at EUR 9.9 million. Due to synergies with the Erste Card Club credit card company and additional optimisation measures, operating expenses declined by EUR 5.0 million, or 3.8% (currency-adjusted: -3.1%), from EUR 132.8 million to EUR 127.8 million in the financial year 2013.

The operating result decreased by EUR 11.6 million, or 5.9% (currency-adjusted: -5.2%), from EUR 195.9 million to EUR 184.3 million. The cost/income ratio stood at 40.9% after 40.4% in the financial year 2012. Increased risk provisioning requirements in the corporate business – partly due to new legislation regarding pre-bankruptcy proceedings – caused provisions to rise by EUR 31.2 million, or 22.7% (currency-adjusted: +23.7%), from EUR 137.4 million to EUR 168.6 million in the financial year 2013. The deterioration in the item “other result” from EUR -3.0 million by EUR 21.3 million to EUR -24.3 million was mainly attributable to litigation provisions. Net result after minorities declined from EUR 23.7 million by EUR 34.5 million to EUR -10.8 million in the financial year 2013.

Serbia

Net interest income of Erste Bank Serbia rose from EUR 37.1 million by EUR 1.6 million, or 4.4% (currency-adjusted: +4.5%), to EUR 38.7 million in the financial year 2013. This improvement was driven by a rise in lending volumes to corporate clients and wider margins in the retail business. Net fee and commission income remained nearly unchanged at EUR 13.4 million. The net trading result improved from EUR 2.4 million by EUR 0.2 million, or 6.5% (currency-adjusted: +6.6%), to EUR 2.6 million on the back of higher income from foreign exchange business.

Operating expenses increased from EUR 33.6 million in the financial year 2012 by EUR 1.6 million, or 4.8% (currency-adjusted: +4.9%), to EUR 35.2 million in the financial year 2013. The cost/income ratio went up to 64.4% from 63.6%. Risk costs rose from EUR 9.0 million by EUR 0.6 million, or 6.5% (currency-adjusted: +6.6%), to EUR 9.6 million due to higher allocations in the corporate business. Net profit after minorities declined by EUR 1.5 million, from EUR 7.8 million to EUR 6.3 million in the financial year 2013.

Ukraine

On 29 April 2013, Erste Group finalised the sale of Erste Bank Ukraine to the owners of FIDOBANK. The subsidiary has been deconsolidated. In all reports of the financial year 2013, the Ukraine geographical segment therefore includes only the results of the first quarter of 2013.

Group Corporate & Investment Banking

The Group Corporate & 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 onwards) as well as the investment banking subsidiaries in CEE and the International Business (excluding treasury activities). The leasing subsidiary Erste Group Immorent is also included in this segment.

Net interest income declined from EUR 495.9 million in the financial year 2012 by EUR 94.5 million, or 19.0%, to EUR 401.4 million in the financial year 2013. This development was attributable to volume declines across all business lines (Group Large Corporates, Group Real Estate and International Business). Net fee and commission income improved by EUR 29.5 million, or 33.9%, to EUR 116.6 million on the back of higher income from the large corporate business in Austria as well as new syndicated lending activities in the Czech Republic. The net trading result rose by EUR 12.7 million to EUR 17.1 million due partly to a better performance in the International Business unit. Operating expenses declined from EUR 196.9 million by EUR 5.2 million, or 2.6%, to EUR 191.7 million as a result of lower expenses in the commercial real estate business and in the International Business unit. The operating result decreased by 47.0 million, or 12.0%, to EUR 343.5 million.

Risk provisions increased by EUR 183.3 million, or 52.8%, to EUR 530.5 million. This was mainly due to higher risk provisions in the commercial real estate business and in the large corporate business. The item "other result" improved by EUR 43.1 million, or 42.4%, to EUR -58.5 million in the financial year 2013, which was largely attributable to negative valuation results and losses on disposals of securities in the International Business unit in the previous year. Net result after minorities declined by EUR 168.6 million to EUR -224.2 million in the financial year 2013. The cost/income ratio rose from 33.5% to 35.8%.

Group Markets

The Group Markets (GM) segment comprises the divisional business units Group Treasury and Capital Markets (except Equity Capital Markets) and includes the treasury activities of Erste Group Bank AG, the CEE subsidiaries, the foreign branch offices in Hong Kong, New York, Berlin and Stuttgart, and the result of Erste Asset Management.

Net interest income increased by EUR 28.8 million, or 15.7%, to EUR 212.5 million in the financial year 2013. Net commission income rose from EUR 124.7 million by EUR 9.6 million, or 7.7%, to EUR 134.3 million, partly due to an improved result of Erste Asset Management. The net trading result declined by EUR 86.9 million, or 42.8%, to EUR 116.0 million. This was mainly attributable to the business areas Global Money Market & Government Bonds as well as Credit & Rates Trading, which had posted extraordinarily good results in the financial year 2012.

Operating expenses rose from EUR 215.9 by EUR 5.1 million, or 2.4%, to EUR 221.0 million in the financial year 2013. The operating result declined by EUR 53.7 million, or 18.2%, to EUR 241.7 million. The cost/income ratio increased to 47.8% versus 42.2% in the financial year 2012. Net profit after minorities decreased by EUR 30.5 million, or 13.4%, to EUR 197.1 million. Return on equity stood at 51.1% versus 65.0% in the previous year.

Group Corporate Center

The Group Corporate Center segment comprises Group services such as marketing, organisation and information technology plus other departments supporting the group-wide implementation of the strategy. In addition, intragroup consolidation effects and one-off non-operating effects are allocated to this segment. Group balance sheet management is also allocated to the Group Corporate Center. The results of the local asset/liability management units are allocated to the corresponding geographical segments.

Net interest income declined from EUR 237.2 million to EUR 199.4 million, which was mainly attributable to a lower result from securities and derivative business. The net trading result improved from EUR -31.5 million to EUR 1.0 million on the back of better valuation results in asset/liability management.

The increase in operating expenses to EUR 173.6 million in the financial year 2013 was largely due to intragroup consolidation of banking support operations. The item "other result" included amortisation of customer relationships of EUR 65.2 million as well as banking tax paid by the Holding (Erste Group Bank AG) of EUR 147.5 million (2012: EUR 146.9 million). In addition, in the financial year 2013, this item was adversely impacted by goodwill impairments totalling EUR 380.8 million mainly for Banca Comercială Română (EUR 281.0 million) and Erste Bank Croatia (EUR 52.2 million) as well as for investments in Austria and a negative one-off impact from the sale of Erste Bank Ukraine of EUR 76.6 million. In the financial year 2012, the main positive contribution was the proceeds of the buyback of tier 1 and tier 2 instruments (hybrid capital and subordinated bonds) of EUR 413.2 million, which almost offset goodwill impairments for Banca Comercială Română of EUR 469.4 million and investments in Austria in the total amount of EUR 45.5 million.

V. EXCHANGE RATE DEVELOPMENT

	End of period rates			Average rates		
	Dec 13	Dec 12	Change	2013	2012	Change
EUR/CZK	27.43	25.15	-9.0%	25.97	25.15	-3.3%
EUR/RON	4.47	4.44	-0.6%	4.42	4.46	0.9%
EUR/HUF	297.04	292.30	-1.6%	296.96	289.22	-2.7%
EUR/HRK	7.63	7.56	-0.9%	7.58	7.52	-0.8%
EUR/RSD	114.86	112.05	-2.5%	113.09	112.99	-0.1%
EUR/UAH	11.34	10.62	-6.8%	10.83	10.39	-4.2%

Positive change = appreciation vs. EUR, negative change = depreciation vs. EUR

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Appendix

I. INCOME STATEMENT (IFRS) OF ERSTE GROUP

in EUR million	2013	2012	Change
Net interest income	4,858.1	5,235.3	-7.2%
Risk provisions for loans and advances	-1,763.4	-1,980.0	-10.9%
Net fee and commission income	1,810.0	1,720.8	5.2%
Net trading result	293.2	273.4	7.2%
General administrative expenses	-3,653.5	-3,756.7	-2.7%
Other operating result	-1,081.9	-724.3	49.4%
Result from financial instruments - FV	-76.3	-3.6	>100.0%
Result from financial assets - AfS	-13.5	56.2	na
Result from financial assets - HtM	1.5	-19.9	na
Pre-tax profit/loss	**374.3**	**801.2**	**-53.3%**
Taxes on income	-178.5	-170.2	4.9%
Net profit/loss for the period	**195.8**	**631.0**	**-69.0%**
Attributable to non-controlling interests	134.8	147.5	-8.6%
Attributable to owners of the parent	**61.0**	**483.5**	**-87.4%**

II. STATEMENT OF COMPREHENSIVE INCOME

in EUR million	2013	2012	Change
Net profit/-loss before minorities	**195.8**	**631.0**	**-69.0%**
Available for sale - reserve (including currency translation)	-114.3	975.9	na
Cash flow hedge - reserve (including currency translation)	-71.9	-3.4	>100.0%
Actuarial gains and losses	-4.5	-45.9	-90.3%
Currency translation	-241.4	16.2	na
Deferred taxes on items recognised directly in equity	44.9	-183.9	na
Other comprehensive income – total	**-387.2**	**758.9**	**na**
Total comprehensive income	**-191.4**	**1,389.9**	**na**
Attributable to non-controlling interests	16.5	479.1	-96.6%
Attributable to owners of the parent	**-208.0**	**910.8**	**na**

III. BALANCE SHEET (IFRS) OF ERSTE GROUP

in EUR million	Dec 13	Dec 12	Change
ASSETS			
Cash and balances with central banks	8,670	9,740	-11.0%
Loans and advances to credit institutions	9,062	9,074	-0.1%
Loans and advances to customers	127,698	131,928	-3.2%
Risk provisions for loans and advances	-7,810	-7,644	2.2%
Derivative financial instruments	8,285	13,289	-37.7%
Trading assets	5,941	5,178	14.7%
Financial assets - at fair value through profit or loss	529	716	-26.1%
Financial assets - available for sale	20,581	22,418	-8.2%
Financial assets - held to maturity	17,781	18,975	-6.3%
Equity method investments	208	174	19.2%
Intangible assets	2,441	2,894	-15.7%
Property and equipment	2,057	2,228	-7.7%
Investment properties	951	1,023	-7.1%
Current tax assets	100	128	-21.3%
Deferred tax assets	719	658	9.4%
Assets held for sale	75	708	-89.4%
Other assets	2,590	2,338	10.8%
Total assets	**199,876**	**213,824**	**-6.5%**
LIABILITIES AND EQUITY			
Deposits by banks	17,126	21,822	-21.5%
Customer deposits	122,442	123,053	-0.5%
Debt securities in issue	27,986	29,427	-4.9%
Value adjustments from Portfolio fair value hedges	734	1,220	-39.9%
Derivative financial instruments	6,731	10,878	-38.1%
Trading liabilities	388	481	-19.4%
Provisions	1,448	1,488	-2.7%
Current tax liabilities	85	53	59.4%
Deferred tax liabilities	169	324	-47.6%
Liabilities associated with assets held for sale	0	339	na
Other liabilities	2,654	3,077	-13.8%
Subordinated liabilities	5,333	5,323	0.2%
Total equity	14,781	16,339	-9.5%
Attributable to non-controlling interests	3,457	3,483	-0.8%
Attributable to owners of the parent	11,324	12,855	-11.9%
Total liabilities and equity	**199,876**	**213,824**	**-6.5%**

IV. SEGMENT REPORTING – ERSTE GROUP

Overview

in EUR million	Retail & SME 2013	Retail & SME 2012	GCIB 2013	GCIB 2012	Group Markets 2013	Group Markets 2012	Group Corporate Center 2013	Group Corporate Center 2012	Total Group 2013	Total Group 2012
Net interest income	4,044.8	4,318.5	401.4	495.9	212.5	183.7	199.4	237.2	4,858.1	5,235.3
Risk provisions for loans and advances	-1,239.4	-1,629.4	-530.5	-347.2	12.2	0.0	-5.6	-3.4	-1,763.4	-1,980.0
Net fee and commission income	1,633.5	1,591.5	116.6	87.1	134.3	124.7	-74.4	-82.5	1,810.0	1,720.8
Net trading result	159.0	97.6	17.1	4.4	116.0	202.9	1.0	-31.5	293.2	273.4
General administrative expenses	-3,067.1	-3,215.2	-191.7	-196.9	-221.0	-215.9	-173.6	-128.7	-3,653.5	-3,756.7
Other result	-346.5	-243.7	-58.5	-101.6	-0.5	2.0	-764.6	-348.3	-1,170.1	-691.6
Pre-tax profit/loss	1,184.3	919.3	-245.6	-58.3	253.4	297.4	-817.9	-357.2	374.3	801.2
Taxes on income	-180.8	-246.1	17.3	4.4	-50.9	-61.7	35.9	133.2	-178.5	-170.2
Net profit/loss for the period	**1,003.5**	**673.2**	**-228.3**	**-53.9**	**202.5**	**235.7**	**-782.0**	**-224.0**	**195.8**	**631.0**
Attributable to non-controlling interests	123.8	134.2	-4.1	1.7	5.4	8.1	9.7	3.5	134.8	147.5
Attributable to owners of the parent	**879.7**	**539.0**	**-224.2**	**-55.6**	**197.1**	**227.6**	**-791.7**	**-227.5**	**61.0**	**483.5**
Average risk-weighted assets	67,237	70,311	19,806	20,830	2,429	2,697	-1,225	9	88,247	93,847
Average attributed equity	4,848	4,919	1,972	2,085	386	350	5,316	5,395	12,521	12,748
Cost/income ratio	**52.5%**	**53.5%**	**35.8%**	**33.5%**	**47.8%**	**42.2%**	**137.8%**	**104.5%**	**52.5%**	**52.0%**
Return on equity	**18.1%**	**11.0%**	**na**	**na**	**51.1%**	**65.0%**	**na**	**na**	**0.5%**	**3.8%**

"Other result" for the Corporate Center includes the depreciation for the customer base amounting to EUR 65.2 million.

"Other result" summarises four P&L positions: Other operating result; Results from financial assets – at fair value through profit or loss, – available for sale, and – held to maturity.

Austria

in EUR million	EB Oesterreich 2013	2012	Savings banks 2013	2012	Total Austria 2013	2012
Net interest income	610.5	617.8	908.4	940.0	1,518.9	1,557.8
Risk provisions for loans and advances	-70.3	-96.2	-235.9	-225.9	-306.2	-322.1
Net fee and commission income	341.9	339.0	427.8	398.0	769.6	737.0
Net trading result	9.3	-4.2	20.1	19.9	29.4	15.7
General administrative expenses	-594.0	-614.7	-938.0	-932.2	-1,532.0	-1,546.9
Other result	-39.6	13.4	8.2	2.5	-31.4	15.9
Pre-tax profit/loss	257.8	255.1	190.6	202.3	448.3	457.4
Taxes on income	-67.6	-55.8	-65.0	-61.5	-132.6	-117.3
Net profit/loss for the period	**190.2**	**199.3**	**125.6**	**140.8**	**315.8**	**340.1**
Attributable to non-controlling interests	5.8	6.9	102.8	119.3	108.5	126.2
Attributable to owners of the parent	**184.4**	**192.4**	**22.8**	**21.5**	**207.2**	**213.9**
Average risk-weighted assets	12,672	13,045	22,413	23,444	35,085	36,489
Average attributed equity	1,282	1,284	399	370	1,681	1,654
Cost/income ratio	**61.8%**	**64.5%**	**69.2%**	**68.7%**	**66.1%**	**67.0%**
Return on equity	**14.4%**	**15.0%**	**5.7%**	**5.8%**	**12.3%**	**12.9%**

"Other result" summarises four P&L positions: Other operating result; Results from financial assets – at fair value through profit or loss, – available for sale, and – held to maturity.

Central and Eastern Europe (CEE)

	Czech Republic		Romania		Slovakia		Hungary		Croatia		Serbia		Ukraine	
in EUR million	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013*	2012
Net interest income	986.3	1,113.8	574.4	572.4	429.5	424.9	256.5	335.2	234.3	253.7	38.7	37.1	6.2	23.6
Risk provisions for loans and advances	-119.2	-139.6	-386.5	-737.2	-39.2	-53.4	-206.1	-215.0	-168.6	-137.4	-9.6	-9.0	-4.0	-15.7
Net fee and commission income	407.6	447.2	144.3	120.3	106.0	110.0	123.6	91.9	67.8	65.6	13.4	13.3	1.2	6.2
Net trading result	44.0	19.9	56.1	70.5	5.4	2.8	15.1	-15.9	9.9	9.4	2.6	2.4	-3.3	-7.2
General administrative expenses	-644.8	-691.9	-314.4	-355.9	-238.2	-236.0	-164.7	-169.5	-127.8	-132.8	-35.2	-33.6	-10.1	-48.6
Other result	-50.2	-93.2	-66.3	-48.7	-41.3	-37.7	-132.1	-72.9	-24.3	-3.0	-1.5	-1.7	0.5	-2.4
Pre-tax profit/loss	623.7	656.2	7.6	-378.6	222.2	210.6	-107.7	-46.2	-8.6	55.5	8.3	8.5	-9.4	-44.1
Taxes on income	-126.3	-135.7	124.8	65.3	-48.3	-41.0	-1.1	-8.9	4.2	-9.8	-1.5	1.5	0.0	-0.2
Net profit/loss for the period	**497.3**	**520.5**	**132.5**	**-313.3**	**173.9**	**169.6**	**-108.9**	**-55.1**	**-4.4**	**45.7**	**6.8**	**10.0**	**-9.4**	**-44.3**
Attributable to non-controlling interests	3.7	2.5	4.6	-19.0	0.0	0.3	0.0	0.0	6.4	22.0	0.5	2.2	0.0	0.0
Attributable to owners of the parent	**493.6**	**518.0**	**127.9**	**-294.3**	**173.8**	**169.3**	**-108.9**	**-55.1**	**-10.8**	**23.7**	**6.3**	**7.8**	**-9.4**	**-44.3**
Average risk-weighted assets	12,612	12,521	6,819	8,156	3,857	4,148	3,960	3,775	3,814	4,040	597	493	493	688
Average attributed equity	1,307	1,266	662	779	410	430	407	386	274	288	53	42	54	74
Cost/income ratio	**44.8%**	**43.8%**	**40.6%**	**46.6%**	**44.0%**	**43.9%**	**41.7%**	**41.2%**	**40.9%**	**40.4%**	**64.4%**	**63.6%**	**247.1%**	**215.0%**
Return on equity	**37.8%**	**40.9%**	**19.3%**	**na**	**42.4%**	**39.4%**	**na**	**na**	**na**	**8.2%**	**11.9%**	**18.8%**	**na**	**na**

Other result" summarises four P&L positions: Other operating result; Results from financial assets – at fair value through profit or loss, – available for sale, and – held to maturity.

*) Only the results of the first quarter of 2013 are included as the sale of Erste Bank Ukraine was finalised on 29 April 2013.