

ERSTE GROUP BANK AG

Regulatory own funds

Consolidated financial statements 2015

Regulatory own funds

In the following Erste Group fulfils the disclosure requirements according to the Capital Requirements Regulation (CRR), in detail Articles 436 (b) – (e) CRR and Articles 437 (1) (a), (d), (e) and (f) CRR.

The information presented in this chapter relates to the disclosed and audited figures in Note 52 in the financial statements. References to chapters refer to the financial statements.

Regulatory Requirements

Since 1 January 2014, Erste Group has been calculating the regulatory capital and the regulatory capital requirements according to Basel 3. The requirements were implemented within the EU by the Capital Requirements Regulation (CRR) and the Capital Requirement Directive (CRD IV) that were enacted in national law in the Austrian Banking Act (ABA), as well as within various technical standards issued by the European Banking Authority (EBA).

All requirements as defined in the CRR, the ABA and the aforementioned technical standards are fully applied by Erste Group for regulatory purposes and for the disclosure of regulatory information.

Accounting Principles

The financial and regulatory figures published by Erste Group are based on IFRS regulatory capital components. Eligible capital components derive from the balance sheet and income statement which were prepared in accordance with IFRS. Adjustments to the accounting figures are considered due to the different definitions in the scopes of consolidation. Further details are explained in the section "Regulatory scope of consolidation". The uniform closing date of the consolidated regulatory figures of Erste Group is the 31 December of the respective year.

Comparison of consolidation for accounting purposes and regulatory purposes

Disclosure requirements: Article 436 (b) CRR

Scope of Consolidation

Further details regarding the IFRS scope of consolidation are disclosed in chapter "B. Significant accounting policies" under the section "scope of consolidation".

The regulatory scope of consolidation is used as a synonym for the scope of consolidation that follows the regulatory requirements for consolidation as defined by the CRR and the ABA, which introduces the requirements of the CRD IV into national law.

Regulatory scope of consolidation

The regulatory scope of consolidation is defined in Part One, Title II, chapter 2 Section 3 of the CRR. The definition of entities to be consolidated for regulatory purposes are mainly defined in Article 4 (1) (3) and (16) to (27) CRR in conjunction with the Articles 18 and 19 CRR and Article 30 ABA. Based on the relevant sections in Article 4 CRR, entities to be consolidated are determined based on the business activity of the relevant entities.

Main differences between the IFRS- and the regulatory scope of consolidation based on the different requirements as defined in IFRS and CRR as well as the ABA

- Based on the CRR and ABA, mainly credit institutions pursuant to Article 4 (1) (1) CRR, investment firms pursuant to Article 4 (1) (2) CRR, ancillary services undertakings pursuant to Article 4 (1) (18) CRR and financial institutions pursuant to Article 4 (1) (26) CRR have to be considered within the regulatory scope of consolidation. Under IFRS all other entities not required to be consolidated under CRR, such as insurance undertakings, must be included in the IFRS scope of consolidation.
- Exclusion of entities from the regulatory scope of consolidation can be applied based on Article 19 CRR. According to Article 19 (1) CRR, entities can be excluded from the regulatory scope if their total assets and off-balance sheet items are less than the lower amount of either EUR 10 million or 1% of the total amount and off-balance sheet items of the parent company. Erste Group applies Article 19 (1) CRR.
- According to Article 19 (2) CRR, entities can also be excluded if the limits defined in Article 19 (1) CRR are exceeded, but are not relevant for regulatory purposes. Exclusion of entities based on Article 19 (2) CRR needs the prior approval of the competent authorities. For entities that exceed the limits as defined in Article 19 (1) CRR by insignificant amounts, Erste Group applies Article 19 (2) CRR and follows the requirements for the approval process as defined within this article. Erste Group does not apply Article 19 (2) CRR for credit institutions and investment firms.

Consolidation methods

Main differences between the IFRS- and the regulatory consolidation method, considering regulatory adjustments

For the calculation of consolidated own funds, Erste Group generally applies the same consolidation methods as used for accounting purposes. The difference relates to Article 18 (4) CRR only, which requires proportional consolidation of entities and financial institutions managed by an undertaking included in the consolidation together with one or more undertakings not included in the consolidation, where the liability of those undertakings is limited to the share of the equity held by the institution. Based on Article 18 (4) CRR, Erste Group applies proportional consolidation for two entities.

Consideration of consolidation methods for the calculation of consolidated own funds according to the CRR

The amounts used for the calculation of the own funds derive from the balance sheet according to IFRS. The amounts that are used as the basis for the calculation of own funds are recalculated based on the definition of the regulatory scope of consolidation according to the CRR. The difference between the IFRS balance sheet and the regulatory balance sheet arises from the different scopes of consolidation (see table regarding balance sheet reconciliation). Amounts that relate to the own shares as well as to the minority interests in fully consolidated entities are therefore determined based on the regulatory scope of consolidation according to CRR. Minority interests are calculated based on the requirements as defined in Articles 81 to 88 CRR. Minority interests that relate to entities other than credit institutions are excluded from the own funds. Minority interests that relate to credit institutions are limited to capital requirements that relate to the minority interests in the relevant credit institutions. Erste Group applies Article 84 CRR. According to Austrian transitional provisions, 40% of the non-eligible minorities have to be excluded from consolidated own funds in 2015. As Erste Group applies the Austrian transitional provisions on group-level this percentage has been applied to the exclusion of minority interests in own funds as of 31 December 2015. Amounts that relate to minority interests in other comprehensive income are neither included in the consolidated own funds of Erste Group according to the final CRR provisions nor during the transitional period.

Consideration of non-consolidated financial sector entities and deferred tax assets that rely on future profitability arising from temporary differences within the calculation of consolidated common equity Tier 1 of Erste Group

Carrying amounts representing the investments in financial sector entities as defined in Article 4 (27) CRR that are not fully consolidated or considered by using the at equity method for regulatory purposes have to be deducted from the own funds based on the requirements as defined in Articles 36 (1) (h), 45 and 46 CRR for non-significant investments and Articles 36 (1) (i) CRR, Article 43, 45, 47 and 48 CRR for significant investments. For these purposes, non-significant investments are defined as investments in financial sector entities in which the participation is equal to or less than 10% of common equity Tier 1 (CET 1) of the relevant financial sector entities, while significant investments are defined as investments that are above 10% of the CET 1 of the relevant financial sector entities. To determine the participation in the relevant financial sector entities, these participations are calculated based on the direct, indirect and synthetic holdings in the relevant entities.

According to Article 46 (1) (a) CRR, holdings in non-significant investments have to be deducted only if the total amount for such investments, including additional tier 1 items according to Article 56 (c) and 59 CRR and Tier 2 items according to Article 66 (c) and 70 CRR, exceeds a defined threshold of 10% in relation to CET1 of the reporting institution. The deduction shall be applied to the amount that exceeds the 10% threshold. Amounts that are equal to or less than 10% of the CET1 of the reporting institution are considered with the applicable risk weights according part 3, title II, chapter 2 respectively chapter 3 and if necessary according to the requirements of part 3, title IV within the RWAs based on the requirements according to Article 46 (4) CRR.

For the deduction of significant investments in the CET1 of financial sector entities, a threshold is defined in Article 48 (2) CRR. According to Article 48 (2) CRR, significant investments in the CET1 of financial sector entities have to be deducted only if they exceed 10% of the CET1 of the reporting institution. If the 10% threshold is exceeded, the deduction is limited to the amount by which the defined threshold is exceeded. The remaining amount has to be considered within the calculation of the RWAs. The risk weight (RW) is defined at 250% according to Article 48 (4) CRR.

In addition to the aforementioned threshold, a combined threshold for the deduction of significant investments according to Article 36 (1) (i) CRR and for deferred tax assets that rely on future profitability and arise from temporary differences according to Article 36 (1) (c) CRR as well as according to Article 38 CRR is defined in Article 48 (2) CRR. The combined threshold according to Article 48 (2) CRR is defined at 17.65% of the CET1 of the reporting institution. If the threshold is exceeded, the exceeding amount has to be deducted from the CET1 of the reporting institution. The remaining amount has to be considered within the RWAs. A 250% risk weight (RW) shall be applied for the amount not exceeding the 17.65% threshold according to Article 48 (4) CRR.

Beside the 17.65% combined threshold, a 10% threshold related to the CET1 capital of the reporting institution is applied for deferred tax assets that rely on future profitability arising from temporary differences according to Article 48 (3) CRR. In case the amount for deferred

tax assets that rely on future profitability and which arise from temporary differences exceeds the threshold of 10% of CET1 of the reporting institution the exceeding amount has to be deducted from the CET1 of the reporting institution. The amount that is equal to or less than the threshold as defined in Article 48 (3) CRR has to be considered within the calculation of RWAs with a 250% risk weight (RW) according to Article 48 (4) CRR.

At the reporting date, Erste Group did not exceed any of the aforementioned thresholds. Hence, direct, indirect and synthetic investments in financial sector entities were not deducted from the consolidated own funds of Erste Group and therefore are considered in RWAs.

Threshold calculations according to Articles 46 and 48 CRR

in EUR million	Dec 15
Non significant investments in financial sector entities	
Threshold (10% of CET1)	1,228
Holdings in CET1	-238
Holdings in AT1	-15
Holdings in T2	-455
Distance to threshold	520
Significant investments in financial sector entities	
Threshold (10% of CET1)	1,228
Holdings in CET1	-254
Distance to threshold	974
Deferred tax assets	
Threshold (10% of CET1)	1,228
Deferred tax assets that are dependent on future profitability and arise from temporary differences	-209
Distance to threshold	1,019
Combined threshold for deferred tax assets and significant investments	
Threshold (17.65% of CET1)	2,168
Deferred tax assets that are dependent on future profitability and arise from temporary differences and CET1 instruments of financial sector entities where the institution has a significant investment	-464
Distance to threshold	1,704

Presentation of the scope of consolidation

Number of entities within the different scopes of consolidation

	Dec 15					
	IFRS		CRR			
	Full	Equity	Full	Proportional	De Minimis	Equity
Credit institutions	67	2	67	1	0	1
Financial institutions, financial holding companies and mixed financial holding companies	238	34	233	1	48	15
Ancillary service undertakings, investment firms and asset management companies	80	1	52	0	54	1
Others	111	15	0	0	0	0

As of 31 December 2015 the number of companies consolidated according to IFRS was 548. The number of companies consolidated according to regulatory capital requirements, except those entities which are covered by Article 19 (1) and (2) CRR) was 371.

Changes within the fully consolidated entities within the regulatory scope of consolidation

	As of Dec 14	New	Deconsolidated	Merged	Reclassification	As of Dec 15
Credit institutions	67	0	0	0	0	67
Austria	52	0	0	0	0	52
CEE	14	0	0	0	0	14
Other	1	0	0	0	0	1
Financial institutions, financial holding companies and mixed financial holding companies	244	7	9	9	0	233
Austria	155	2	1	8	0	148
CEE	74	0	8	1	0	65
Other	15	5	0	0	0	20
Ancillary service undertakings, investment firms and asset management companies	52	4	2	2	0	52
Austria	19	2	0	1	0	20
CEE	28	2	2	1	0	27
Other	5	0	0	0	0	5

Impediments to the transfer of own funds

Disclosure requirement: Article 436 (c) CRR

Currently there are no restrictions or significant impediments to the transfer of financial funds or regulatory capital known for Erste Group. Further details are disclosed in chapter “B. Significant accounting policies”.

Total capital shortfall of all subsidiaries not included in the consolidation

Disclosure requirement: Article 436 (d) (e) CRR

As of 31 December 2015, there was no capital shortfall at any of the companies included in Erste Group's consolidation.

Own funds

For the disclosure of own funds, Erste Group follows the requirements according to Article 437 CRR as well as the requirements defined in the Implementing Technical Standards (EU) No 1423/2013, which were published in the Official Journal of the European Union on 20 December 2013.

- Based on the requirements defined by the EBA in the Implementing Technical Standards, the following information must be provided:
- A full reconciliation of CET1 items - Additional Tier 1 (AT1) items, Tier 2 (T2) items, filters and deductions applied pursuant to Articles 32 36, 56, 66 and 79 - to the own funds of the institution's balance sheet in accordance with Article 437 (1) (a) CRR (see the following tables: Balance sheet, Total equity, Intangible assets, Tax assets and liabilities, Subordinated liabilities).
- A table designed by the EBA in order to show the capital structure of regulatory capital. The table includes details on the capital structure of Erste Group including the capital components as well as any regulatory deductions and prudential filters. Disclosures in this table cover the disclosure requirements as defined in Article 437 (1) (d) CRR, separate disclosure of the nature and amounts of each prudential filter applied pursuant to Articles 32 to 35 CRR, each deduction according to Articles 47, 48, 56, 66 and 79 CRR as well as items not deducted in accordance with Articles 47, 48, 56, 66 and 79 CRR.

The tables in the following sections may contain rounding differences.

Balance sheet reconciliation

Disclosure requirement: Article 437 (1) (a) CRR

The table below represents the difference between the IFRS - and the regulatory scope of consolidation. Details regarding the number of entities within the different scopes of consolidation are disclosed in the table "Presentation of the scope of consolidation"

	Dec 15		
in EUR million	IFRS	Effects - scope of consolidation	CRR
Assets			
Cash and cash balances	12,350	-35	12,315
Financial assets - held for trading	8,719	6	8,725
Derivatives	5,303	6	5,309
Other trading assets	3,416	0	3,416
Financial assets - at fair value through profit or loss	359	-40	319
Financial assets - available for sale	20,763	-525	20,237
Financial assets - held to maturity	17,701	-1	17,700
Loans and receivables to credit institutions	4,805	-52	4,753
Loans and receivables to customers	125,897	413	126,309
Derivatives - hedge accounting	2,191	0	2,191
Changes in fair value of portfolio hedged items	0	0	0
Property and equipment	2,402	-98	2,304
Investment properties	753	172	925
Intangible assets	1,465	-10	1,454
Investments in associates and joint ventures	167	-22	145
Current tax assets	119	-1	118
Deferred tax assets	310	-8	303
Assets held for sale	526	-215	311
Other assets	1,217	211	1,428
Total assets	199,743	-205	199,539
Liabilities and equity			
Financial liabilities - held for trading	5,867	1	5,869
Derivatives	5,434	0	5,434
Other trading liabilities	434	1	434
Financial liabilities - at fair value through profit or loss	1,907	0	1,907
Deposits from banks	0	0	0
Deposits from customers	149	0	149
Debt securities issued	1,758	0	1,758
Other financial liabilities	0	0	0
Financial liabilities measured at amortised costs	170,787	-252	170,535
Deposits from banks	14,212	303	14,515
Deposits from customers	127,797	167	127,964
Debt securities issued	27,896	-140	27,756
Other financial liabilities	882	-581	301
Derivatives - hedge accounting	593	0	593
Changes in fair value of portfolio hedged items	966	0	966
Provisions	1,736	0	1,736
Current tax liabilities	90	-2	88
Deferred tax liabilities	96	-9	87
Liabilities associated with assets held for sale	578	0	578
Other liabilities	2,317	100	2,416
Total equity	14,807	-42	14,765
Equity attributable to non-controlling interests	3,802	4	3,806
Equity attributable to owners of the parent	11,005	-47	10,959
Total liabilities and equity	199,743	-205	199,539

The following tables represent, as far as possible, a reconciliation between the IFRS balance sheet items to the items of CET1, AT1 and T2, as well as information on the regulatory adjustments arising from correction items in accordance with Articles 32 to 35 CRR and the deductions according to Articles 36, 56, 66 and 79 CRR.

The last column contains a letter that sets the derived amount from IFRS figures with the appropriate eligible amount of own funds presentation during the transitional provisions in conjunction.

Total equity

in EUR million	Dec 15						Own funds disclosure table - reference
	IFRS	Effects - scope of consolidation	CRR	IPS adjustments	Regulatory adjustments	Own funds	
Subscribed capital	860	0	860	0	0	860	
Capital reserve	1,478	0	1,478	0	-2	1,476	
Capital instruments and the related share premium accounts	2,337	0	2,337	0	-2	2,336	a
Retained earnings	9,071	-44	9,026	0	-215	8,811	b
Other comprehensive income (OCI)	-403	-3	-405	188	28	-190	c
Cash flow hedge reserve	115	1	115	6	-24	97	g
Available for sale reserve	688	-1	687	306	-157	835	
60% prudential filter according to 468 CRR						571	h
Currency translation	-759	-2	-761	-20	28	-753	
Remeasurement of net liability of defined pension plans	-334	0	-334	-104	77	-361	
Deferred tax	-112	0	-112	0	112	0	
Other	0		0	0	-7	-7	
Equity attributable to the owners of the parent	11,005	-47	10,959	188	-188	10,958	
Equity attributable to non-controlling interests	3,802	4	3,806	-188	-166	3,452	d
Total equity	14,807	-42	14,765	0	-354	14,410	

IPS adjustments include the amounts for entities that are consolidated due to the Institutional Protections Scheme according to Article 113 (7) CRR. Further details regarding the development of IFRS equity are disclosed under section III Group Statement of Changes in Total Equity.

Intangible assets

in EUR million	Dec 15					Own funds disclosure table - reference
	IFRS	Effects - scope of consolidation	CRR	Regulatory adjustments	Own funds	
Intangible assets	1,465	-10	1,454	-26	1,428	
40% deductible from CET1 acc. to transitional provisions					571	e
60% deductible from AT1 acc. to transitional provisions					857	j
Intangible assets	1,465	-10	1,454	-26	1,428	

Details regarding the development of intangible assets are disclosed under Note 27 Intangible assets.

Deferred Taxes

in EUR million	Dec 15					Own funds disclosure table - reference
	IFRS	Effects - scope of consolidation	CRR	Regulatory adjustments	Own funds	
Deferred tax assets (DTA) that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	93	0	93	-42	51	f
Related DTA allocated on or after Jan 14 for which 100% deduction is required according to CRR transitional provisions			47	0	47	
Related DTA allocated up to Dec 13 for which 10% deduction from CET1 is required according to CRR transitional provisions			46	-42	5	
Deferred tax assets that rely on future profitability and arise from temporary differences	217	-7	209	-209	0	
Deferred tax assets	310	-8	303	-251	51	

Details regarding deferred tax assets are disclosed under Note 28 Tax assets and liabilities.

Based on the threshold definition according to Article 48 CRR deferred tax assets that rely on future profitability and arise from temporary differences are not deductible for Erste Group at year end 2015. In accordance with Article 48 (4) CRR the non-deductible amount is risk weighted with 250% and considered within the credit risk.

Subordinated liabilities

in EUR million	Dec 15					Own funds disclosure table - reference
	IFRS	Effects - scope of consolidation	CRR	Regulatory adjustments	Own funds	
Subordinated issues, deposits and supplementary capital	6,053	2	6,055	-915	5,140	
Tier 2 capital instruments (including related share premium) issued by the parent company					4,649	k
Qualifying own funds instruments included in consolidated Tier 2 capital issued by subsidiaries and held by third parties					491	l
Instruments issued by subsidiaries subject to phase-out					258	m
Hybrid issues	354	4	358	-95	263	i
Subordinated liabilities	6,407	5	6,412	-1,010	5,402	

Details regarding subordinated liabilities are disclosed under Note 32 Financial liabilities-at fair value through profit or loss and Note 33 Financial liabilities measured at amortised cost. EUR 169 million subordinated debt in form of deposits are included in the balance sheet position Financial liabilities measured at amortised cost and are not explicitly shown in Note 33.

Transitional provisions

The Transitional Provisions which are applied by Erste Group, are based on CRR-Supplementary Regulation according to BGBl II Nr. 425/2013.

Own funds template during the transitional period

Disclosure requirements: Art. 437 (1) (d) (e) CRR

Erste Group does not consider Art. 437 (1) (f) CRR for the calculation of consolidated own funds.

The table below presents the composition of the regulatory capital during the transitional period based on the Implementing Technical Standards on the disclosure of own funds published in the Official Journal of the EU.

In column (A), the current amount, which considers all the transitional requirements, is disclosed. Column (C) discloses the residual amount, implying full CRR implementation. Column (D) provides information of data comparable figures related to IFRS equity, intangible assets, deferred tax assets and subordinated liabilities as previously displayed.

in EUR million		(A) Dec 2015	(B) Regulation (EU) No 575/2013 article reference	(C) Amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) 575/2013	(D) Reference to reconciliation tables
1	Capital instruments and the related share premium accounts	2,336	26 (1), 27, 28, 29, EBA list 26 (3)	0	a
	of which: Ordinary shares	2,336	EBA list 26 (3)	0	a
2	Retained earnings	8,811	26 (1) (c)	0	b
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	-190	26 (1)	0	c
3a	Fund for general banking risk	0	26 (1) (f)	0	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	0	486 (2)	0	
	Public sector capital injections grandfathered until Jan 18	0	483 (2)	0	
5	Minority interests (amount allowed in consolidated CET1)	3,452	84, 479, 480	-57	d
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0	26 (2)	0	
6	CET1 capital before regulatory adjustments	14,410		-57	
Common Equity Tier 1 (CET1): regulatory adjustments					
7	Additional value adjustments (negative amount)	-112	34, 105	0	
8	Intangible assets (net of related tax liability) (negative amount)	-571	36 (1) (b), 37, 472 (4)	-857	e
9	Empty set in the EU				
	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-51	36 (1) (c), 38, 472 (5)	-42	f
11	Fair value reserves related to gains or losses on cash flow hedges	-97	33 (a)	0	g
12	Negative amounts resulting from the calculation of expected loss amounts	-88	36 (1) (d), 40, 159, 472 (6)	-132	
13	Any increase in equity that results from securitised assets (negative amount)	0	32 (1)	0	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-47	33 (b)	0	
15	Defined-benefit pension fund assets (negative amount)	0	36 (1) (e), 41, 472 (7)	0	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-72	36 (1) (f), 42, 472 (8)	0	
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	36 (1) (g), 44, 472 (9)	0	
18	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	0	
19	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)	0	
20	Empty set in the EU		0	0	
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	0	36 (1) (k)	0	
20b	of which: qualifying holdings outside the financial sector (negative amount)	0	36 (1) (k) (i), 89 to 91	0	
20c	of which: securitisation positions (negative amount)	0	36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258	0	
20d	of which: free deliveries (negative amount)	0	36 (1) (k) (iii), 379 (3)	0	

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Continuation of the table

in EUR million		(A) Dec 2015	(B) Regulation (EU) No 575/2013 article reference	(C) Amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) 575/2013	(D) Reference to reconciliation tables
21	Deferred tax assets arising from temporary difference (amount above 10 % threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	0	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	0	
22	Amount exceeding the 15% threshold (negative amount)	0	48 (1)	0	
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0	36 (1) (i), 48 (1) (b), 470, 472 (11)	0	
24	Empty set in the EU				
25	of which: deferred tax assets arising from temporary differences	0	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	0	
25a	Losses for the current financial year (negative amount)	0	36 (1) (a), 472 (3)	0	
25b	Foreseeable tax charges relating to CET1 items (negative amount)	0	36 (1) (l)	0	
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	0		0	
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	-571		333	
	of which: unrealised losses	0	467	0	
	of which: unrealised gains	-571	468	333	h
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	0	481	0	
27	Qualifying AT1 deductions that exceeds the AT1 capital of the institution (negative amount)	-663	36 (1) (j)	663	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-2,274		-34	
29	CET1 capital	12,136		-91	
Additional Tier 1 (AT1) capital: instruments					
30	Capital instruments and the related share premium accounts	0	51, 52	0	
31	of which: classified as equity under applicable accounting standards	0		0	
32	of which: classified as liabilities under applicable accounting standards	0		0	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	263	486 (3)	-263	i
	Public sector capital injections grandfathered until Jan 18	0	483 (3)	0	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties	1	85, 86, 480	0	
35	of which: instruments issued by subsidiaries subject to phase-out	0	486 (3)	0	
36	AT1 capital before regulatory adjustments	264		-263	
Additional Tier 1 (AT1) capital: regulatory adjustments					
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-4	52 (1) (b), 56 (a), 57, 475 (2)	4	
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	56 (b), 58, 475 (3)	0	
39	Holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	56 (c), 59, 60, 79, 475 (4)	0	
40	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	56 (d), 59, 79, 475 (4)	0	

The table is continued on the next page.

Continuation of the table

in EUR million		(A) Dec 2015	(B) Regulation (EU) No 575/2013 article reference	(C) Amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) 575/2013	(D) Reference to reconciliation tables
41	Regulatory adjustments applied to AT1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 585/2013 (ie. CRR residual amounts)	0		0	
41a	Residual amounts deducted from AT1 with regard to deduction from CET1 during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-923	472, 473(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	923	
	of which: interim loss	0		0	
	of which: intangible assets	-857		857	j
	of which: shortfall of provisions to expected loss	-66		66	
41b	Residual amounts deducted from AT1 with regard to deduction from T2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	0	477, 477 (3), 477 (4) (a)		
	of which: reciprocal cross holdings in T2 instruments	0		0	
	of which: direct holdings of non-significant investments in the capital of other financial sector entities	0		0	
41c	Amount to be deducted from or added to AT1 with regard to additional filters and deductions required pre- CRR	0	467, 468, 481	0	
	of which: possible filter to unrealised losses	0		0	
	of which: possible filter to unrealised gains	0		0	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	0	56 (e)	0	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-927	0	927	
44	Additional Tier 1 (AT1) capital	0		1	
45	Tier 1 capital (T1 = CET1 + AT1)	12,136		-90	
Tier 2 (T2) capital: instruments and provisions					
46	Capital instruments and the related share premium accounts	4,649	62, 63	0	k
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	0	486 (4)	0	
	Public sector capital injections grandfathered until Jan 18	0	483 (4)	0	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	491	87, 88, 480	-258	l
49	of which: instruments issued by subsidiaries subject to phase-out	258	486 (4)	-258	m
50	Credit risk adjustments	408	62 (c) (d)	0	
51	Tier 2 (T2) capital before regulatory adjustment	5,547		-258	
T2 capital: regulatory adjustments					
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-50	63 (b) (i), 66 (a), 67, 477 (2)	0	
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	66 (b), 68, 477 (3)	0	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	0	66 (c), 69, 70, 79, 477 (4)	0	
54a	of which: new holdings not subject to transitional arrangements	0		0	
54b	of which: holdings existing before 1 January 2013 and subject to transitional arrangements	0		0	

The table is continued on the next page.

Continuation of the table

in EUR million		(A) Dec 2015	(B) Regulation (EU) No 575/2013 article reference	(C) Amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) 575/2013	(D) Reference to reconciliation tables
55	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amounts)	-0.4	66 (d), 69, 79, 477 (4)	0	
56	Regulatory adjustments applied to T2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	0		0	
56a	of which: residual amounts deducted from T2 with regard to deduction from CET1 during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-66	472, 472(3)(a), 472 (4), 472 (6), 472 (8), 472 (9), 472 (10) (a), 472 (11) (a)	66	
	of which: shortfall of provisions to expected loss	-66	0	66	
	of which: non significant investments	0	0	0	
56b	Residual amounts deducted from T2 with regard to deduction from AT1 during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	0	475, 475 (2) (a), 475 (3), 475 (4) (a)	0	
	of which: reciprocal cross holdings in T1 instruments	0		0	
	of which: direct holdings of non-significant investments in the capital of other financial sector entities	0		0	
56c	Amounts to be deducted from or added to T2 with regard to additional filters and deductions required pre- CRR	0	467, 468, 481	0	
	of which possible filter to unrealised losses	0		0	
	of which: possible filter to unrealised gains	0		0	
57	Total regulatory adjustments to Tier 2 (T2) capital	-116		66	
58	Tier 2 (T2) capital	5,431		-192	
59	Total capital (TC = T1 + T2)	17,566		-282	
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amount)	0		0	
	of which: items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc.)	0	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)	0	
	of which: items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.)	0	475, 475 (2) (b), 475 (2) (c), 475 (4) (b)	0	
	of which: items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc.)	0	477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	0	
60	Total risk-weighted assets	98,300		1,982	
Amounts below the thresholds for deduction (before risk-weighting)					
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	12.3%	92 (2) (a), 465	-0.3%	
62	Tier 1 (as a percentage of total risk exposure amount)	12.3%	92 (2) (b), 465	-0.3%	
63	Total capital (as a percentage of total risk exposure amount)	17.9%	92 (2) (c)	-0.6%	

The table is continued on the next page.

Continuation of the table

in EUR million		(A) Dec 2015	(B) Regulation (EU) No 575/2013 article reference	(C) Amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) 575/2013	(D) Reference to reconciliation tables
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	not yet implemented	CRD 128, 129, 140	0	
65	of which: capital conservation buffer requirement	not yet implemented		0	
66	of which: countercyclical buffer requirement	not yet implemented		0	
67	of which: systemic risk buffer requirement	not yet implemented		0	
67a	of which: global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	not yet implemented	CRD 131	0	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	not yet implemented	CRD 128	0	
69	[non-relevant in EU regulation]	0		0	
70	[non-relevant in EU regulation]	0		0	
71	[non-relevant in EU regulation]	0		0	
Amounts below the thresholds for deduction (before risk-weighting)					
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	709	36 (1) (h), 45, 46, 472 (10)56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	0	
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	254	36 (1) (i), 45, 48, 470, 472 (11)	0	
74	Empty set in the EU			0	
75	Deferred tax assets arising from temporary difference (amount below 10 % threshold, net of related tax liability where the conditions in Article 38 (3) are met)	209	36 (1) (c), 38, 48, 470, 472 (5)	0	
Applicable caps on the inclusion of provisions in Tier 2					
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	0	62	0	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	0	62	0	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	676	62	0	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	408	62	0	
Capital instruments subject to phase-out arrangements (only applicable between January 2013 and January 2022)					
80	Current cap on CET1 instruments subject to phase-out arrangements	70%	484 (3), 486 (2) & (5)	0	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	484 (3), 486 (2) & (5)	0	
82	Current cap on AT1 instruments subject to phase-out arrangements	70%	484 (4), 486 (3) & (5)	0	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	96	484 (4), 486 (3) & (5)	0	
84	Current cap on T2 instruments subject to phase-out arrangements	70%	484 (5), 486 (4) & (5)	0	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	484 (5), 486 (4) & (5)	0	

Own funds development

In 2015 the regulatory own funds developed as follows:

in EUR million	
Common Equity Tier 1 (CET-1) development, phase in	
CET1 as of 31 Dec 2014	10,623
Increase / decrease retained earnings	682
Increase / decrease accumulated other comprehensive income	135
Increase / decrease minority interest	284
Increase / decrease prudential filters	69
Changes in regulatory deductions	24
Goodwill	0
Other intangibles	-1
IRB shortfall	12
Own Instruments	10
DTAs that rely on future profitability and do not arise from temporary differences	4
Change in transitional provisions	319
Changes in CET1	1,513
CET1 as of 31 Dec 2015	12,136
Additional Tier 1 development, phase in	
AT1 as of 31 Dec 2014	296
Increase / decrease in AT1	1
Changes in regulatory deduction	-569
Change in transitional provisions	272
Changes in AT1	-296
AT1 as of 31 Dec 2015	0
Tier 2 development, phase in	
T2 as of 31 Dec 2014	5,216
Increase / decrease in T2	353
Changes in regulatory deduction	30
IRB Excess and SA credit risk adjustments	-178
Change in transitional provisions	9
Changes in Tier 2	215
T2 as of 31 Dec 2015	5,431
Total own funds	17,566

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I. Group statement of comprehensive income of Erste Group for the year ended 31 December 2015

Income statement

in EUR thousand	Notes	1-12 14 restated	1-12 15
Net interest income	1	4,495,201	4,444,657
Net fee and commission income	2	1,869,848	1,861,768
Dividend income	3	74,217	49,901
Net trading and fair value result	4	242,259	210,135
Net result from equity method investments		15,810	17,510
Rental income from investment properties & other operating leases	5	180,593	187,865
Personnel expenses	6	-2,184,224	-2,244,611
Other administrative expenses	6	-1,136,930	-1,179,329
Depreciation and amortisation	6	-466,113	-444,999
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	7	18,283	100,911
Net impairment loss on financial assets not measured at fair value through profit or loss	8	-2,083,728	-729,099
Other operating result	9	-1,752,936	-635,646
Levies on banking activities	9	-256,271	-236,222
Pre-tax result from continuing operations		-727,718	1,639,064
Taxes on income	10	-521,486	-363,926
Net result for the period		-1,249,204	1,275,138
Net result attributable to non-controlling interests		133,434	306,974
Net result attributable to owners of the parent		-1,382,638	968,164

For details related to the retrospective change of comparative figures due to the restatement please refer to chapter 'B. Significant accounting policies'.

Statement of comprehensive income

in EUR thousand	1-12 14 restated	1-12 15
Net result for the period	-1,249,204	1,275,138
Other comprehensive income		
Items that may not be reclassified to profit or loss		
Remeasurement of net liability of defined pension plans	-188,196	100,995
Deferred taxes relating to items that may not be reclassified	47,093	-33,607
Total	-141,102	67,388
Items that may be reclassified to profit or loss		
Available for sale reserve (including currency translation)	581,154	-31,580
Gain/loss during the period	574,144	-10,077
Reclassification adjustments	7,011	-21,502
Cash flow hedge reserve (including currency translation)	172,783	-27,413
Gain/loss during the period	224,285	11,354
Reclassification adjustments	-51,502	-38,766
Currency translation	-63,062	90,987
Gain/loss during the period	-63,062	90,987
Reclassification adjustments	0	0
Deferred taxes relating to items that may be reclassified	-190,587	35,869
Gain/loss during the period	-193,353	6,349
Reclassification adjustments	2,765	29,520
Total	500,288	67,864
Total other comprehensive income	359,186	135,252
Total comprehensive income	-890,019	1,410,389
Total comprehensive income attributable to non-controlling interests	274,387	229,740
Total comprehensive income attributable to owners of the parent	-1,164,406	1,180,650

For details related to the retrospective change of comparative figures due to the restatement please refer to chapter 'B. Significant accounting policies'.

Earnings per share

Earnings per share constitute net profit/loss for the year attributable to owners of the parent divided by the average number of ordinary shares outstanding. Diluted earnings per share represent the maximum potential dilution (through an increase in the average number of shares) that would occur if all subscription and conversion rights granted were exercised (also see Note 36 Total equity).

		1-12 14 restated	1-12 15
Net result attributable to owners of the parent	in EUR thousand	-1,382,638	968,164
Weighted average number of outstanding shares		427,533,286	426,726,297
Earnings per share	in EUR	-3.23	2.27
Weighted average diluted number of outstanding shares		427,533,286	426,726,297
Diluted earnings per share	in EUR	-3.23	2.27

For details related to the retrospective change of comparative figures due to the restatement please refer to chapter 'B. Significant accounting policies'.

II. Group balance sheet of Erste Group as of 31 December 2015

in EUR thousand	Notes	01.01.2014 restated	Dec 14	Dec 15
Assets				
Cash and cash balances	12	9,300,683	7,835,417	12,350,003
Financial assets - held for trading		12,283,046	10,530,878	8,719,244
Derivatives	13	6,342,237	7,173,380	5,303,001
Other trading assets	14;18	5,940,808	3,357,498	3,416,243
Financial assets - at fair value through profit or loss	15;18	528,984	349,583	358,959
Financial assets - available for sale	16;18	20,677,648	22,373,356	20,762,661
Financial assets - held to maturity	17;18	17,779,013	16,877,214	17,700,886
Loans and receivables to credit institutions	19	8,376,688	7,442,288	4,805,222
Loans and receivables to customers	20	119,868,987	120,833,976	125,896,650
Derivatives - hedge accounting	22	1,943,645	2,871,607	2,191,175
Property and equipment	26	2,319,501	2,264,041	2,401,868
Investment properties	26	950,572	950,168	753,243
Intangible assets	27	2,440,833	1,440,946	1,464,529
Investments in associates and joint ventures	23	207,594	194,984	166,541
Current tax assets	28	100,398	107,310	118,786
Deferred tax assets	28	731,097	301,469	310,370
Assets held for sale	29	74,774	291,394	526,451
Other assets	30	2,470,898	1,622,702	1,216,785
Total assets		200,054,360	196,287,334	199,743,371
Liabilities and equity				
Financial liabilities - held for trading		6,474,745	7,746,381	5,867,450
Derivatives	13	6,086,938	7,188,386	5,433,865
Other trading liabilities	31	387,807	557,994	433,586
Financial liabilities - at fair value through profit or loss		2,339,171	2,072,725	1,906,766
Deposits from banks		0	0	0
Deposits from customers		459,964	319,960	148,731
Debt securities issued	32	1,879,207	1,752,765	1,758,035
Other financial liabilities		0	0	0
Financial liabilities measured at amortised cost		170,785,614	166,921,248	170,786,703
Deposits from banks	33	17,299,491	14,802,602	14,212,032
Deposits from customers	33	121,955,141	122,262,612	127,797,081
Debt securities issued	33	31,244,697	29,386,741	27,895,975
Other financial liabilities		286,286	469,294	881,616
Derivatives - hedge accounting	22	644,319	725,928	592,891
Changes in fair value of portfolio hedged items		733,747	1,225,473	965,583
Provisions	34	1,447,605	1,652,688	1,736,367
Current tax liabilities	28	84,519	91,050	89,956
Deferred tax liabilities	28	169,392	98,778	95,787
Liabilities associated with assets held for sale		0	0	577,953
Other liabilities	35	2,653,713	2,309,605	2,316,601
Total equity		14,721,534	13,443,457	14,807,313
Equity attributable to non-controlling interests		3,461,883	3,605,371	3,801,997
Equity attributable to owners of the parent		11,259,651	9,838,086	11,005,316
Total liabilities and equity		200,054,360	196,287,334	199,743,371

For details related to the retrospective change of comparative figures due to the restatement please refer to chapter 'B. Significant accounting policies'.

III. Group statement of changes in total equity

in EUR million	Subscribed capital	Capital reserves	Retained earnings	Cash flow hedge reserve	Available for sale reserve	Currency translation	Remeasurement of net liability of defined pension plans	Deferred tax	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
As of 1 January 2015	860	1,478	8,116	140	580	-849	-394	-92	9,838	3,605	13,444
Restatement	0	0	0	0	0	0	0	0	0	0	0
Restated as of 1 January 2015	860	1,478	8,116	140	580	-849	-394	-92	9,838	3,605	13,444
Changes in treasury shares	0	0	2	0	0	0	0	0	2	0	2
Dividends paid	0	0	0	0	0	0	0	0	0	-40	-40
Capital increases	0	0	0	0	0	0	0	0	0	1	1
Participation capital	0	0	0	0	0	0	0	0	0	0	0
Changes in the scope of consolidation	0	0	-15	0	0	0	0	0	-15	6	-10
Other changes	0	0	0	0	0	0	0	0	0	0	0
Acquisition of non-controlling interest	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	968	-25	107	90	60	-20	1,181	230	1,410
Net result for the period	0	0	968	0	0	0	0	0	968	307	1,275
Other comprehensive income	0	0	0	-25	107	90	60	-20	212	-77	135
As of 31 December 2015	860	1,478	9,071	115	688	-759	-334	-112	11,005	3,802	14,808
As of 1 January 2014	860	7,037	4,256	-33	259	-785	-277	2	11,319	3,466	14,785
Restatement	0	0	-59	0	0	0	0	0	-59	-4	-63
Restated as of 1 January 2014	860	7,037	4,197	-33	259	-785	-277	2	11,260	3,462	14,722
Changes in treasury shares	0	0	-77	0	0	0	0	0	-77	0	-77
Dividends paid	0	0	-171	0	0	0	0	0	-171	-122	-292
Capital increases	0	0	0	0	0	0	0	0	0	0	0
Participation capital	0	0	0	0	0	0	0	0	0	0	0
Changes in the scope of consolidation	0	0	-10	0	0	0	0	0	-10	-9	-19
Other changes	0	-5,559	5,559	0	0	0	0	0	0	0	0
Acquisition of non-controlling interest	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	-1,383	173	321	-65	-117	-94	-1,164	274	-890
Net result for the period	0	0	-1,383	0	0	0	0	0	-1,383	133	-1,249
Other comprehensive income	0	0	0	173	321	-65	-117	-94	218	141	359
As of 31 December 2014	860	1,478	8,116	140	580	-849	-394	-92	9,838	3,605	13,444

In 2014, in the line 'Other changes', the reclassification between capital reserve and retained earnings due to a group internal merger between EGB Ceps Holding GmbH and EGB Ceps Beteiligungen GmbH with Erste Group Bank is reported.

For further details, see Note 36 Total equity.

IV. Group cash flow statement

in EUR million	1-12 14 restated	1-12 15
Net result for the period	-1,249	1,275
Non-cash adjustments for items in net profit/loss for the year		
Depreciation, amortisation, impairment and reversal of impairment, revaluation of assets	1,612	567
Allocation to and release of provisions (including risk provisions)	2,119	972
Gains/(losses) from the sale of assets	-153	-297
Other adjustments	-23	-43
Changes in assets and liabilities from operating activities after adjustment for non-cash components		
Financial assets - held for trading	1,902	1,886
Financial assets - at fair value through profit or loss	107	23
Financial assets - available for sale	-1,382	1,641
Loans and receivables to credit institutions	-1,186	1,971
Loans and receivables to customers	-890	-5,065
Derivatives - hedge accounting	-755	655
Other assets from operating activities	998	506
Financial liabilities - held for trading	1,272	-1,879
Financial liabilities - at fair value through profit or loss	-266	-166
Financial liabilities measured at amortised cost		
Deposits from banks	-2,497	-591
Deposits from customers	307	5,534
Debt securities issued	-1,875	-1,478
Other financial liabilities	183	412
Derivatives - hedge accounting	82	-133
Other liabilities from operating activities	4	138
Cash flow from operating activities	-1,691	5,930
Proceeds of disposal		
Financial assets - held to maturity and associated companies	3,078	2,385
Property and equipment, intangible assets and investment properties	231	133
Acquisition of		
Financial assets - held to maturity and associated companies	-2,160	-3,161
Property and equipment, intangible assets and investment properties	-634	-773
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	0	0
Disposal of subsidiaries	0	0
Cash flow from investing activities	514	-1,416
Capital increases	0	1
Capital decrease	0	0
Acquisition of non-controlling interest	0	0
Dividends paid to equity holders of the parent	-171	0
Dividends paid to non-controlling interests	-122	-40
Other financing activities	0	0
Cash flow from financing activities	-292	-39
Cash and cash equivalents at beginning of period	9,301	7,835
Cash flow from operating activities	-1,691	5,930
Cash flow from investing activities	514	-1,416
Cash flow from financing activities	-292	-39
Effect of currency translation	4	39
Cash and cash equivalents at end of period	7,835	12,350
Cash flows related to taxes, interest and dividends	4,302	4,034
Payments for taxes on income (included in cash flow from operating activities)	-267	-355
Interest received	6,301	6,733
Dividends received	74	50
Interest paid	-1,806	-2,394

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

For details related to the retrospective change of comparative figures due to the restatement please refer to chapter 'B. Significant accounting policies'.

V. Notes to the group financial statements of Erste Group

A. GENERAL INFORMATION

Erste Group Bank AG is Austria's oldest savings bank and listed on the Vienna Stock Exchange. It is also quoted on the Prague Stock Exchange (since October 2002) and on the Bucharest Stock Exchange (since February 2008). The registered office of Erste Group Bank AG is located at Am Belvedere 1, 1100 Vienna, (formerly: Graben 21, 1010 Vienna), Austria.

Erste Group offers a complete range of banking and other financial services, such as savings accounts, asset management (including investment funds), consumer credit and mortgage lending, investment banking, securities and derivatives trading, portfolio management, project finance, foreign trade financing, corporate finance, capital market and money market services, foreign exchange trading, leasing and factoring.

It is planned for the management (following a presentation to the supervisory board) to approve the consolidated financial statements for publication on 26 February 2016.

Erste Group is subject to the regulatory requirements of Austrian and European supervisory bodies (National Bank, Financial Market Authority, Single Supervisory Mechanism). These regulations include those pertaining to minimum capital adequacy requirements, categorisation of exposures and off-balance sheet commitments, credit risk connected with clients of the Group, liquidity and interest rate risk, items denominated in foreign currencies and operating risk.

In addition to the banking entities, some Group companies are subject to regulatory requirements, specifically in relation to asset management.

B. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The consolidated financial statements of Erste Group for the financial year ending on 31 December 2015 and the related comparative information were prepared in compliance with applicable International Financial Reporting Standards (IFRS) as adopted by the European Union on the basis of IAS Regulation (EC) No. 1606/2002. This satisfies the requirements of Section 59a of the Austrian Banking Act and Section 245a of the Austrian Commercial Code.

In accordance with the applicable measurement models prescribed or permitted under IFRS, the consolidated financial statements have been prepared on a cost (or amortised cost) basis, except for financial assets - available for sale, financial assets and liabilities held for trading (including derivatives), instruments subject to hedge accounting and financial assets and liabilities designated at fair value through profit or loss, all of which have been measured at fair value.

The consolidated financial statements have been prepared on a going concern basis.

Except for regulatory restrictions on capital distributions stemming from the EU-wide capital requirements regulations applicable to all financial institutions based in Austria and Central and Eastern Europe, Erste Group does not have any other significant restrictions on its ability to access or use the assets and settle the liabilities of the Group. Also, the owners of non-controlling interests in Group subsidiaries do not have rights that can restrict the Group's ability to access or use the assets and settle the liabilities of the Group.

Except as otherwise indicated, all amounts are stated in millions of euro. The tables in this report may contain rounding differences.

The consolidated financial statements have not been accepted by the supervisory board and the financial statements of Erste Group Bank AG have not been approved by the supervisory board yet.

b) Basis of consolidation

Subsidiaries

All entities directly or indirectly controlled by Erste Group Bank AG are consolidated in the Group financial statements on the basis of their annual accounts as of 31 December 2015, and for the year then ended.

Subsidiaries are consolidated from the date when control is obtained until the date when control is lost. Control is achieved when Erste Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power to direct the relevant activities of the investee. Relevant activities are those which most significantly affect the variable returns of an entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal. The financial statements of the bank's subsidiaries are prepared for the same reporting year as that of Erste Group Bank AG and using consistent accounting policies. All intra-Group balances, transactions, income and expenses as well as unrealised gains and losses and dividends are eliminated.

Non-controlling interests represent those portions of total comprehensive income and net assets that are not attributable directly or indirectly to the owners of Erste Group Bank AG. Non-controlling interests are presented separately in the consolidated statement of comprehensive income and within equity on the consolidated balance sheet. Acquisitions of non-controlling interests as well as disposals of non-controlling interests that do not lead to a change of control are accounted for as equity transactions, whereby the difference between the consideration transferred and the share in the carrying amount of the net assets acquired is recognised as equity.

Investments in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method. Under the equity method, an interest in an associate or joint venture is recognised on 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 or joint venture's result is recognised in the statement of profit or loss and other comprehensive income. Entities accounted for using the equity method are recognised on the basis of annual financial statements as of 31 December 2015 and for the year then ended.

Associates are entities over which Erste Group exercises significant influence ('associates'). Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. As a general rule, significant influence is presumed to mean an ownership interest of between 20% and 50%.

Joint ventures are joint arrangements over which Erste Group exercises control jointly with one or more other venturers, with the venturers having rights to the net assets of the arrangement, rather than to the assets and liabilities relating to the arrangement. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Erste Group is not involved in joint operations.

Scope of consolidation

As at 31 December 2015, Erste Group Bank AG, as parent entity of Erste Group, includes in its IFRS scope of consolidation a total of 496 subsidiaries (31 December 2015: 528). This includes a total of 47 local savings banks which, alongside Erste Group Bank AG and Erste Bank der österreichischen Sparkassen AG, are members of the Haftungsverbund (cross-guarantee system) of the Austrian savings bank sector (please refer to 'd) Significant accounting judgements, assumptions and estimates' for further details).

In 2014, following the implementation of the new agreements of the cross-guarantee system (please refer to chapter d) Significant accounting judgements, assumptions and estimates) and the related financial support of the members, an ex-ante funds was established. The fund is managed by a civil law company named IPS GesbR. The assets of the fund – the members of the cross-guarantee system are required to pay into the fund over a period of ten years - are bound and can be used solely for the purpose to cover loss events of members of the cross-guarantee system. The company IPS GesbR was included in the scope of consolidation in year 2014.

The IFRS scope of consolidation of Erste Group has been increased by a total of 16 (2014: 34) entities. Additionally in 2014, 18 own-managed investment funds were included retrospectively as a result of adopting IFRS 10 'Consolidated Financial Statements'.

Opening balance as of 31 December 2014	528
Additions	
Entities newly added to the scope of consolidation	16
Disposals	
Companies sold or liquidated	-26
Mergers	-22
Closing balance as of 31 December 2015	496

Further details regarding the scope of consolidation please refer to Note 54 Details of the companies wholly or partly owned by Erste Group as of 31 December 2015.

Additions in 2015

The following table shows the additions of fully consolidated entities in 2015 with names and country of residence. These additions had no material impact on the financial position and performance of the Group.

Additions of fully consolidated entities	
Entity	Country of residence
QBC Immobilien GmbH & Co Zeta KG	Austria
EBB-Epsilon Holding GmbH	Austria
Toplice Sveti Martin d.d.	Croatia
GLL A319 AS LIMITED	Malta
GLADIATOR LEASING IRELAND LIMITED	Ireland
GLL CLASSIC 400 LIMITED	Malta
GLL MSN 2118 LIMITED	Ireland
BeeOne GmbH (EH-Beta Holding)	Austria
IPS Fonds	Austria
SILQ DREI next LBG 57 Liegenschaftsverwertung GmbH & Co KG	Austria
Sparkasse Kufstein Immobilien GmbH	Austria
STRAULESTI PROPERTY DEVELOPMENT SRL	Romania
Sluzby SLSP, s.r.o.	Slovakia
GLL Engine Leasing Limited	Malta
ESPA BOND EURO-RESERVA	Austria
ESPA CORPORTATE BASKET 2020	Austria

Disposals in 2015

The following table shows the disposals of fully consolidated entities in 2015 with names and country of residence. These disposals had no material impact on the financial position and performance of the Group.

Disposals of fully consolidated entities Entity	Country of residence
Portfolio Kereskedelmi, Szolgáltató és Számítástechnikai Kft.	Hungary
IMMORENT BETA, leasing družba, d.o.o.	Slovakia
S IMMORENT GAMMA društvo s ograničenom odgovornošću za poslovanje nekretninama	Croatia
QBC Immobilien GmbH & Co Beta KG	Austria
QBC Immobilien GmbH & Co Epsilon KG	Austria
Immorent Beta s.r.o.	Slovakia
IMMORENT Brno Retail s.r.o.	Czech Republic
ESPA ASSET-BACKED	Austria
SPARKASSEN 17	Austria
RUTAR INTERNATIONAL trgovinska d.o.o.	Slovakia
Smichov Real Estate, a.s.	Czech Republic
Immorent-Einrichtungshauserrichtungs- und Grundverwertungsgesellschaft m.b.H.	Austria
IMMORENT Cheb s.r.o.	Czech Republic
IMMORENT TMIS s.r.o. (vorm. TMIS ALFA s.r.o.)	Czech Republic
SPV - Druck Gesellschaft m.b.H	Austria
ALPHA IMMORENT DRUSTVO SA OGRANICENOM ODGOVORNOSTU BEOGRAD	Serbia
CPDP Shopping Mall Kladno, a.s.	Czech Republic
IMMOBUL BETA EOOD	Bulgaria
IMMORENT LINE BULGARIA EOOD	Bulgaria
ERSTE GROUP IMMORENT BULGARIA EOOD	Bulgaria
QBC Immobilien GmbH	Austria
QBC Immobilien GmbH & Co Alpha KG	Austria
QBC Immobilien GmbH & Co Delta KG	Austria
QBC Immobilien GmbH & Co Gamma KG	Austria
QBC Immobilien GmbH & Co Zeta KG	Austria
Trencin Retail Park a.s.	Slovakia

Additions in 2014

No material additions of new subsidiaries occurred during the year 2014.

Disposals in 2014

As of 1 January 2014, the Czech pension fund entity ‘Transformovaný fond penzijního připojištění se státním příspěvkem Česká spořitelna – penzijní společnost, a.s.’ (Transformed pension fund) has been deconsolidated. This deconsolidation was triggered by significant amendments to the fund’s investment strategy (due to changes in the fund’s articles of incorporation) that limited the fund manager’s decision-making powers over relevant fund activities (please refer to ‘(d) Significant accounting judgements, assumptions and estimates’ for further details). This resulted in a loss of control in accordance with IFRS 10. The impact of deconsolidation was a decrease in Group assets by EUR 1,702 million (thereof financial assets - available-for-sale EUR 608 million, financial assets - held to maturity EUR 368 million and loans and receivables to credit institutions EUR 710 million) and decrease of the group liabilities by EUR 1,853 million (thereof financial liabilities measured at amortised cost – deposits from customers EUR 1,829 million).

c) Accounting and measurement methods

Restatement

Erste Group was audited according to Section 2 (1) 2 of the Law on Financial Reporting Enforcement (audit without particular cause). In particular the group consolidated financial statements 2013 and half-year financial statements 2014 of Erste Group were audited. The audit has been completed in December 2015.

During the audit it has become evident, that related to a group of connected customers classified as non-performing in 2014, there has been objective evidence for impairment according to IAS 39.59 already in 2013. As a consequence, a specific loan loss provision according to IAS 39.63 in the amount of the difference between the carrying amount and the expected cash flows of the respective outstanding loans should have been recognized in profit or loss for the financial reporting period 2013.

According to IAS 8.41 prior period errors are accounted for retrospectively. The consolidated financial statements including all comparative amounts for prior periods are reported as if the prior period error had never occurred. For that reason in the consolidated financial statements 2013, a specific loan loss provision in the amount of EUR 86 million is to be allocated for the respective outstanding loans and the assigned portfolio loan loss provision in the amount of EUR 11 million shall be released. Furthermore for the financial reporting period 2014, the allocation of the specific loan loss provision as well as the release of the corresponding portfolio loan loss provision is to be reversed accordingly.

The effects on the items concerned of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement and on the allowances for loans and receivables to customers are presented below:

Income statement

in EUR thousand	1-12 14 published	Restatement	1-12 14 restated
Net interest income	4,495,201		4,495,201
Net fee and commission income	1,869,848		1,869,848
Dividend income	74,217		74,217
Net trading and fair value result	242,259		242,259
Net result from equity method investments	15,810		15,810
Rental income from investment properties & other operating leases	180,593		180,593
Personnel expenses	-2,184,224		-2,184,224
Other administrative expenses	-1,136,930		-1,136,930
Depreciation and amortisation	-466,113		-466,113
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	18,283		18,283
Net impairment loss on financial assets not measured at fair value through profit or loss	-2,159,242	75,514	-2,083,728
Other operating result	-1,752,936		-1,752,936
Levies on banking activities	-256,271		-256,271
Pre-tax result from continuing operations	-803,232	75,514	-727,718
Taxes on income	-509,404	-12,082	-521,486
Net result for the period	-1,312,636	63,432	-1,249,204
Net result attributable to non-controlling interests	129,357	4,077	133,434
Net result attributable to owners of the parent	-1,441,993	59,355	-1,382,638

Statement of comprehensive income

in EUR thousand	1-12 14 published	Restatement	1-12 14 restated
Net result for the period	-1,312,636	63,432	-1,249,204
Total other comprehensive income	359,186		359,186
Total comprehensive income	-953,450	63,432	-890,019
Total comprehensive income attributable to non-controlling interests	270,310	4,077	274,387
Total comprehensive income attributable to owners of the parent	-1,223,760	59,355	-1,164,406

Earnings per share

in EUR thousand	1-12 14 published	Restatement	1-12 14 restated
Earnings per share	-3.37	0.14	-3.23
Diluted earnings per share	-3.37	0.14	-3.23

Group balance sheet

in EUR thousand	1 January 14 published	Restatement	1 January 14 restated
Assets			
Loans and receivables to customers	119,944,501	-75,514	119,868,987
Current tax assets	719,015	12,082	731,097
Not restated items	79,454,276		79,454,276
Total assets	200,117,792	-63,432	200,054,360
Liabilities and equity			
Not restated items	185,332,826		185,332,826
Total equity	14,784,966	-63,432	14,721,534
Equity attributable to non-controlling interests	3,465,959	-4,077	3,461,883
Equity attributable to owners of the parent	11,319,006	-59,355	11,259,651
Total liabilities and equity	200,117,792	-63,432	200,054,360

The balance sheet as at 31. December 2014 remains unchanged.

Cash flow statement restatement

in EUR million	Dec 14 published	Restatement	Dec 14 restated
Net result of the period	-1,313	64	-1,249
Allocation to and release of provision (including risk provisions)	2,194	-75	2,119
Other assets from operating activities	986	12	998
Not restated items	-3,558		-3,558
Cash flow from operating activities	-1,691		-1,691
Cash flow from investing activities	514		514
Cash flow from financing activities	-292		-292
Cash and cash equivalents at beginning of period	9,301		9,301
Cash and cash equivalents at end of period	7,835		7,835

In 2014 a disclosure shift was done in the line item “cash flow from investing activities” between the dividends paid to non-controlling interests and to owner of the parent company. Therefore, the amounts of the comparative period were retrospectively adjusted. This adjustment had no impact on the cash reserve per end of 2014.

Allowances for loans and receivables to customers

Published in EUR million	As of Dec 13	Allocations	Use	Releases	Interest income from impaired loans	Exchange-rate and other changes (+/-)	As of Dec 14
Specific allowances	- 7,102	- 3,522	2,100	1,439	202	160	- 6,723
Debt securities with customers	- 9	- 11	4	-	-	3	- 13
Loans and advances to customers	- 7,092	- 3,511	2,096	1,439	202	157	- 6,710
Collective allowances	- 651	- 583	-	512	-	- 47	- 768
Debt securities with customers	- 2	- 0	-	-	-	0	- 2
Loans and advances to customers	- 649	- 583	-	512	-	- 48	- 766
Total	- 7,753	- 4,105	2,100	1,951	202	113	- 7,491

Restatement in EUR million	As of Dec 13	Allocations	Use	Releases	Interest income from impaired loans	Exchange-rate and other changes (+/-)	As of Dec 14
Specific allowances	- 86	86	-	-	-	-	0
Debt securities with customers	-	-	-	-	-	-	-
Loans and advances to customers	- 86	86	-	-	-	-	0
Collective allowances	11	-	-	- 11	-	-	0
Debt securities with customers	-	-	-	-	-	-	-
Loans and advances to customers	11	-	-	- 11	-	-	0
Total	- 75	86	-	- 11	-	-	0

Restated in EUR million	As of Dec 13 restated	Allocations	Use	Releases	Interest income from impaired loans	Exchange-rate and other changes (+/-)	As of Dec 14
Specific allowances	- 7,188	- 3,436	2,100	1,439	202	160	- 6,723
Debt securities with customers	- 9	- 11	4	-	-	3	- 13
Loans and advances to customers	- 7,178	- 3,425	2,096	1,439	202	157	- 6,710
Collective allowances	- 640	- 583	-	501	-	- 47	- 768
Debt securities with customers	- 2	- 0	-	-	-	0	- 2
Loans and advances to customers	- 638	- 583	-	501	-	- 48	- 766
Total	- 7,828	- 4,019	2,100	1,940	202	113	-7,491

The restatement relates to specific and collective allowances for non-financial corporations.

Restatement of Note 1 Net interest income

Starting with year 2015, following a change of the internal reporting structure, the presentation of interest income from financial assets – held for trading and interest expense from financial liabilities – held for trading presented in Note 1 Net interest income has been improved to provide more relevant and reliable information on the financial position and performance of the Group. This restatement had no impact on the income statement of the Group. As it was not possible to restate the comparative figures for 2014 accordingly, the comparison period 2014 has not been adjusted.

Foreign currency translation

The consolidated financial statements are presented in euro, which is the functional currency of Erste Group Bank AG. The functional currency is the currency of the primary business environment in which an entity operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

For foreign currency translation, exchange rates quoted by the central banks in each country are used. For Group entities with the euro as functional currency, these are the European Central Bank reference rates.

i. Transactions and balances in foreign currency

Transactions in foreign currencies are initially recorded at the functional currency exchange rate effective as of the date of the transaction. Subsequently, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate as of the balance sheet date. All resulting exchange differences that arise are recognised in the income statement under the line item 'Net trading and fair value result'. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

ii. Translation of the statements of Group companies

Assets and liabilities of foreign operations (foreign subsidiaries and branches) are translated into Erste Group's presentation currency, the euro, at the rate of exchange as of the balance sheet date (closing rate). Their statements of comprehensive income are translated at average exchange rates calculated on the basis of daily rates. Goodwill, intangible assets recognised on acquisition of foreign subsidiaries (i.e. customer relationships and brand) and fair value adjustments to the carrying amounts of assets and liabilities on the acquisition are treated as assets and liabilities of the foreign subsidiaries and are translated at the closing rate. Exchange differences arising on translation are recognised in other comprehensive income. On disposal of a foreign subsidiary, the cumulative amount of translation differences recognised in other comprehensive income is recognised in the income statement under the line item 'Other operating result'.

Financial instruments – recognition and measurement

A financial instrument is any contract giving rise to a financial asset of one party and a financial liability or equity instrument of another party. In accordance with IAS 39, all financial assets and liabilities – which also include derivative financial instruments – have to be recognised on the balance sheet and measured in accordance with their assigned categories.

Erste Group uses the following categories of financial instruments:

- _ financial assets or financial liabilities at fair value through profit or loss
- _ available-for-sale financial assets
- _ held-to-maturity investments
- _ loans and receivables
- _ financial liabilities measured at amortised cost

The line items as presented on the balance sheet are not necessarily corresponding with the IAS 39 categories of financial instruments. The correspondence between the balance sheet line items and categories of financial instruments is described in the table at point (xi).

i. Initial recognition

Financial instruments are initially recognised when Erste Group becomes a party to the contractual provisions of the instrument. Regular way (spot) purchases and sales of financial assets are recognised at the settlement date, which is the date that an asset is delivered. The classification of financial instruments at initial recognition depends on their characteristics as well as the purpose and management's intention for which the financial instruments were acquired.

ii. Initial measurement of financial instruments

Financial instruments are measured initially at their fair value including transaction costs. In the case of financial instruments at fair value through profit or loss, however, transaction costs are not included but are recognised directly in profit or loss. Subsequent measurement is described in the chapters below.

iii. Cash and cash balances

Cash balances include only claims (deposits) against central banks and credit institutions that are repayable on demand. Repayable on demand means that they may be withdrawn at any time or with a term of notice of only one business day or 24 hours. Mandatory minimum reserves are also shown under this item.

iv. Derivative financial instruments

Derivative financial instruments are used by Erste Group to manage exposures to interest rate, foreign currency and other market price risks. Derivatives used by Erste Group include mainly interest rate swaps, futures, forward rate agreements, interest rate options, currency swaps and currency options as well as credit default swaps.

For presentation purposes derivatives are split into

- _ Derivatives – held for trading; and
- _ Derivatives – hedge accounting

Derivative financial instruments are carried at fair value (dirty price) on the Consolidated Balance Sheet - regardless of whether they are held for trading or hedge accounting purposes. Derivatives are carried as assets if their fair value is positive and as liabilities if their fair value is negative.

Derivatives – held for trading are those which are not designated as hedging instruments for hedge accounting. They are presented in the line item ‘Derivatives’ under the heading ‘Financial assets / financial liabilities – held for trading’. All kinds of non-hedging derivatives without regard to their internal classification, i.e. both derivatives held in the trading book and banking book are presented in this line item.

Changes in the fair value (clean price) of derivatives held for trading are reported in the income statement in the line item ‘Net trading and fair value result’. Interest income/expense related to derivatives – held for trading is recognised in the income statement under the line item ‘Net interest income’ if held in the banking book or under the line item ‘Net trading and fair value result’ if held in the trading book.

Derivatives – hedge accounting are those which are designated as hedging instruments in hedge accounting relationships fulfilling the conditions of IAS 39 (please refer to Hedge Accounting). In the balance sheet, they are presented in the line item ‘Derivatives - hedge accounting’ on asset or liability side.

Changes in the fair value of derivatives (clean price) in fair value hedges are recognised in the income statement in the line item ‘Net trading and fair value result’. Interest income/expense related to derivatives in fair value hedges is reported in the income statement in the line item ‘Net interest income’.

The effective part of changes in the fair value (clean price) of derivatives in cash flow hedges is reported in other comprehensive income in the line item ‘Cash flow hedge reserve’. The ineffective part of changes in the fair value (clean price) of derivatives in cash flow hedges is recognised in profit or loss under the line item ‘Net trading and fair value result’. Interest income/expense from hedging derivatives in cash flow hedges is disclosed in the income statement in the line item ‘Net interest income’.

v. Financial assets and financial liabilities - held for trading

Financial assets and financial liabilities – held for trading comprise derivatives and other trading assets and liabilities. Treatment of derivatives – held for trading is discussed above in (iv).

Other trading assets and liabilities are non-derivative instruments. They include debt securities as well as equity instruments acquired or issued principally for the purpose of selling or repurchasing in the near term. In the balance sheet, they are presented as ‘Other trading assets’ or ‘Other trading liabilities’ under the heading ‘Financial assets / financial liabilities – held for trading’.

Changes in fair value (clean price for debt instruments) resulting from other trading assets and liabilities are reported in the income statement under the line item ‘Net trading and fair value result’. Interest income and expenses are reported in the income statement under the line item ‘Net interest income’. Dividend income is shown under the line item ‘Dividend income’.

If securities purchased under agreement to resell or borrowed through securities lending transactions are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within ‘Other trading liabilities’.

vi. Financial assets or financial liabilities designated at fair value through profit or loss

Financial assets or financial liabilities classified in this category are those that have been designated by management on initial recognition (fair value option).

Erste Group uses the fair value option in the case of financial assets managed on a fair value basis. In accordance with a documented investment strategy, the performance of the portfolio is evaluated and regularly reported to the management board. The portfolio contains mostly items of Asset Backed Securities (predominantly Mortgage Backed Securities), Funds, Financials and Sovereigns.

Financial assets - designated at fair value through profit or loss are recorded on the balance sheet at fair value under the line item 'Financial assets - designated at fair value through profit or loss', with changes in fair value recognised in the income statement under the line item 'Net trading and fair value result'. Interest earned on debt instruments is reported under the line item 'Net interest income'. Dividend income on equity instruments is shown under the line item 'Dividend income'.

Furthermore, Erste Group uses the fair value option in the case of some hybrid financial liabilities. This is relevant when:

- _ such classification eliminates or significantly reduces an accounting mismatch between the financial liability otherwise measured at amortised cost and the related derivative measured at fair value; or
- _ the entire hybrid contract is designated at fair value through profit or loss due to the existence of an embedded derivative.

The amount of fair value change attributable to changes in own credit risk for financial liabilities designated at fair value through profit or loss is calculated by the method described by IFRS 7. This amount is the difference between the present value of the liability and the observed market price of the liability at the end of the period. The rate used for discounting the liability is the sum of the observed (benchmark) interest rate at the end of the period and the instrument-specific component of the internal rate of return determined at the start of the period.

Financial liabilities designated at fair value through profit or loss are reported on the balance sheet under the line item 'Financial liabilities designated at fair value through profit or loss' further broken down into 'Deposits' (both from customers and banks), 'Debt securities issued' and 'Other financial liabilities'. Changes in fair value are recognised in the income statement under the line item 'Net trading and fair value result'. Interest incurred is reported under the line item 'Net interest income'.

vii. Financial assets – available for sale

Available-for-sale financial assets include debt and equity securities as well as other interests in entities with lower than significant influence. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

Available-for-sale financial assets are measured at fair value. On the balance sheet, available-for-sale financial assets are disclosed under the line item 'Financial assets – available for sale'.

Unrealised gains and losses are recognised in other comprehensive income and reported in the 'Available for sale reserve' until the financial asset is disposed of or impaired. If available-for-sale assets are disposed of or impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss and reported in the line item 'Gains/losses on financial assets and liabilities not measured at fair value through profit or loss, net' in the case of sale or in the line item 'Net impairment loss on financial assets not measured at fair value through profit or loss' in the case of impairment.

Interest income on available-for-sale financial assets is reported under the line item 'Net interest income'. Dividend income is reported under the line item 'Dividend income'.

If the fair value of investments in non-quoted equity instruments cannot be measured reliably, they are recorded at cost less impairment. This is the case when the range of reasonable fair value estimates as calculated by valuation models is significant and the probabilities of the various estimates cannot be reasonably assessed. There is no market for such investments.

viii. Financial assets – held to maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity and reported on the balance sheet as 'Financial assets – held to maturity' if Erste Group has the intention and ability to hold them until maturity. After initial recognition, held-to-maturity financial assets are measured at amortised cost. Amortised cost is calculated by taking into account any discount, premium and/or transaction costs that are an integral part of the effective interest rate.

Interest earned on financial assets held to maturity is reported in the income statement under the line item 'Net interest income'. Losses arising from impairment of such financial assets are presented as 'Net impairment loss on financial assets not measured at fair value through profit or loss'. Occasional realised gains or losses from selling are recognised in the income statement under the line item 'Gains/losses on financial assets and liabilities not measured at fair value through profit or loss, net'.

ix. Loans and receivables

The balance sheet line items 'Loans and receivables to credit institutions' includes financial instruments which are allocated to financial instrument category loans and receivables with a contractual maturity of more than 24 hours. The balance sheet line items 'Loans and receivables to customers' includes financial instruments which are allocated to financial instrument category loans and receivables with a contractual maturity of more than 24 hours. Furthermore, finance lease receivables that are accounted for using IAS 17 are presented under these balance sheet line items.

Loans and receivables are non-derivative financial assets (including debt securities) with fixed or determinable payments that are not quoted in an active market, other than:

- _ those that Erste Group intends to sell immediately or in the near term and those that Erste Group upon initial recognition designates as at fair value through profit or loss;
- _ those that Erste Group, upon initial recognition, designates as available for sale; or
- _ those for which Erste Group may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial recognition, loans and receivables are measured at amortised cost. Finance lease receivables are subsequently measured as specified in the chapter 'Leasing'. Interest income earned is included under the line item 'Net interest income' in the income statement.

Impairment losses arising from loans and receivables are recognised in the income statement under the line item 'Net impairment loss on financial assets not measured at fair value through profit or loss'.

x. Financial liabilities measured at amortised cost

Financial liabilities are measured at amortised cost, unless they are measured at fair value through profit or loss.

For presentation on the balance sheet, the line item 'Financial liabilities measured at amortised cost' is used. The liabilities are further broken down by 'Deposits from banks', 'Deposits from customers', 'Debt securities issued' and 'Other financial liabilities'.

Interest expenses incurred are reported in the line item 'Net interest income' in the income statement. Gains and losses from derecognition (mainly repurchase) of financial liabilities at amortised cost are reported under the line item 'Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net'.

xi. Relationships between balance sheet items, measurement methods and categories of financial instruments

Balance sheet position	Measurement principle			Financial instrument category
	Fair value	At amortised cost	Other	
ASSETS				
Cash and cash balances		x	Nominal value	n/a / Loans and receivables
Financial assets - held for trading				
Derivatives	x			Financial assets at fair value through profit or loss
Other trading assets	x			Financial assets at fair value through profit or loss
Financial assets - at fair value through profit or loss	x			Financial assets at fair value through profit or loss
Financial assets - available for sale	x			Available for sale financial assets
Financial assets - held to maturity		x		Held to maturity investments
Loans and receivables to credit institutions		x		Loans and receivables
thereof Finance lease			IAS 17	n/a
Loans and receivables to customers		x		Loans and receivables
thereof Finance lease			IAS 17	n/a
Derivatives - hedge accounting	x			n/a
LIABILITIES AND EQUITY				
Financial liabilities - held for trading				
Derivatives	x			Financial liabilities - at fair value through profit or loss
Other trading liabilities	x			Financial liabilities - at fair value through profit or loss
Financial liabilities - at fair value through profit or loss	x			Financial liabilities - at fair value through profit or loss
Financial liabilities measured at amortised cost		x		Financial liabilities measured at amortised cost
Derivatives - hedge accounting	x			n/a

Furthermore, two additional classes of financial instruments which are not presented in the table above are part of IFRS 7 disclosures. These are financial guarantees and irrevocable credit commitments.

Embedded derivatives

Erste Group, as part of its business, is confronted with debt instruments containing structured features. Structured features mean that a derivative is embedded in the host instruments. Embedded derivatives are separated from the host debt instruments if

- _ the economic characteristics of the derivatives are not closely related to the economic characteristics and risks of the host debt instruments;
- _ the embedded derivative meets the IAS 39 definition of derivative; and
- _ the hybrid instrument is not a financial asset or liability held for trading or designated at fair value through profit or loss.

Embedded derivatives that are separated are accounted for as stand-alone derivatives and presented on the balance sheet under the line item 'Derivatives' in financial assets – held for trading and financial liabilities – held for trading.

At Erste Group, derivatives that are not closely related and are separated are predominantly embedded in issued host debt instruments recognised as liabilities. The most typical cases are issues of bonds and deposits that contain interest caps, floors or collars in the money, CMS bonds without appropriate cap, contractual features linking payments to non-interest variables such as FX rates, equity and commodity prices and indices, or third-party credit risk.

In December 2014 as well as during the first half of 2015 some important benchmark interest rates became negative. In the financial year 2015, Erste Group issued floating rate loans (especially interest rates based on EURIBOR and LIBOR benchmarks) with a zero percent interest rate floor in the area of customer business; hence these contracts were analyzed in greater detail. The further investigation revealed that a separation of embedded derivatives from the underlying transaction is not needed.

Reclassifications of financial assets

IAS 39 provides various possibilities to reclassify financial assets between categories of financial instruments. It also places restrictions on some reclassifications. Erste Group makes use of reclassification alternatives only in the case of held-to-maturity financial assets. If a significant credit deterioration in a held-to-maturity financial asset results in a change in the intention and ability to hold the asset until maturity, the asset is reclassified into the available-for-sale financial assets category. Furthermore, reclassifications are done in case of sales, which are performed closed to the maturity date. Such reclassifications are not included in the limit that triggers automatic reclassification of the entire held-to-maturity portfolio.

Derecognition of financial assets and financial liabilities

A financial asset (or where applicable part of a financial asset or part of a group of similar financial assets) is derecognised when:

- _ the contractual rights to receive cash flows from the asset have expired; or
- _ Erste Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - _ it has transferred substantially all the risks and rewards connected with the ownership of the asset, or
 - _ has neither transferred nor retained substantially all the risks and rewards connected with the ownership of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Repurchase and reverse repurchase agreements

Transactions where securities are sold under an agreement to repurchase at a specified future date are also known as 'repos' or 'sale and repurchase agreements'. Securities sold are not derecognised from the balance sheet, as Erste Group retains substantially all the risks and rewards of ownership because the securities are repurchased when the repo transaction ends. Furthermore, Erste Group is the beneficiary of all the coupons and other income payments received on the transferred assets over the period of the repo transactions. These payments are remitted to Erste Group or are reflected in the repurchase price.

The corresponding cash received is recognised on the balance sheet with a corresponding obligation to return it as a liability under the line item 'Financial liabilities measured at amortised cost', sub-items 'Deposits from banks' or 'Deposits from customers' reflecting the transaction's economic substance as a loan to Erste Group. The difference between the sale and repurchase prices is treated as interest expense and recorded in the income statement under the line item 'Net interest income' and is accrued over the life of the agreement. Financial assets transferred out by Erste Group under repurchase agreements remain on the Group's balance sheet and are measured according to the rules applicable to the respective balance sheet item.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised on the balance sheet. Such transactions are also known as 'reverse repos'. The consideration paid is recorded on the balance sheet under the respective line items 'Loans and receivables to credit institutions' or 'Loans and receivables to customers', reflecting the transaction's economic substance as a loan by Erste Group. The difference between the purchase and resale prices is treated as interest income and is accrued over the life of the agreement and recorded in the income statement under the line item 'Net interest income'.

Securities lending and borrowing

In securities lending transactions, the lender transfers ownership of securities to the borrower on the condition that the borrower will retransfer, at the end of the agreed loan term, ownership of instruments of the same type, quality and quantity and will pay a fee determined by the duration of the lending. The transfer of the securities to counterparties via securities lending does not result in derecognition. Substantially all the risks and rewards of ownership are retained by Erste Group as a lender because the securities are received at the end of the securities lending transaction. Furthermore, Erste Group is the beneficiary of all the coupons and other income payments received on the transferred assets over the period of the securities lendings.

Securities borrowed are not recognised on the balance sheet unless they are then sold to third parties. In this case, the obligation to return the securities is recorded as 'Other trading liability'.

Impairment of financial assets and credit risk losses of contingent liabilities

Erste Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Erste Group uses the CRR definition of default as a primary indicator of loss events. Default, as a loss event, occurs when

- _ the obligor is more than 90 days past due on any material credit obligation;
- _ as a result of specific information or an event, the obligor is unlikely to fulfil its credit obligations in full, without recourse to actions such as realising security;
- _ the obligor is subject to distressed restructuring, i.e. a change in contract terms, for clients in financial difficulties, resulting in a material loss;
- _ the obligor is subject to bankruptcy or similar protection proceedings.

For assessment at portfolio level, Erste Group uses the incurred but not reported losses concept. It identifies the time period between the moment of the loss event causing future problems and actual detection of the problems by the bank at the moment of default.

Credit risk losses resulting from contingent liabilities are recognised if it is probable that there will be an outflow of resources to settle a credit risk bearing contingent liability that will result in a loss.

i. Financial assets carried at amortised cost

Erste Group first assesses individually for significant loans and held-to-maturity securities whether objective evidence of impairment exists. If no objective evidence of impairment exists for an individually assessed financial asset, Erste Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralised financial asset also reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral.

Impairment losses on financial assets carried at amortised cost are recognised as loss allowance. On the balance sheet, loss allowances decrease the value of the assets. I.e. the net carrying amount of the financial asset presented on the balance sheet is the difference between the gross carrying amount and the cumulative loss allowance. This treatment holds for loss allowances for loans and receivables and for incurred but not reported losses (i.e. portfolio allowances) on held-to-maturity financial assets. Reconciliation of changes in these loss

allowance accounts is disclosed in the notes. However, individual loss allowances for held to maturity financial assets are treated as direct reduction of the asset carrying amount and therefore reconciliation of changes is not disclosed in the notes.

In the income statement, impairment losses and their reversals are presented in the line item 'Net impairment loss on financial assets'. Loans together with the associated allowance are removed from the balance sheet when there is no realistic prospect of future recovery and all collaterals have been realised by Erste Group.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases, the previously recognised impairment loss is increased or reduced by adjusting the loss allowance.

ii. Available-for-sale financial assets

In cases of debt instruments classified as available for sale, Erste Group assesses individually whether there is objective evidence of impairment based on the same criteria as used for financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that asset previously recognised in the income statement. On recognising impairment, any loss retained in the other comprehensive income item 'Available for sale reserve' is reclassified to the income statement and shown as an impairment loss under the line item 'Net impairment loss on financial assets'.

If, in a subsequent period, the fair value of a debt instrument increases, which can be related objectively to an event occurring after the impairment was recognized, impairment loss is reversed through the income statement under the line item 'Gains/losses' Impairment losses and their reversals are recognized directly against the assets on the balance sheet.

In cases of equity investments classified as available for sale, objective evidence also includes a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. For this purpose at Erste Group, 'significant' decline means a market price below 80% of the acquisition cost and 'prolonged' decline refers to a market price that is permanently below the acquisition cost for a period of nine months up to the reporting date.

Where there is evidence of impairment on equity investments, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement, is shown as an impairment loss in the income statement under the line item 'Net impairment loss on financial assets'. Any loss previously recognised under the other comprehensive income item 'Available for sale reserve' has to be reclassified to the income statement as part of an impairment loss under the line item 'Net impairment loss on financial assets'.

Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognised directly in other comprehensive income. Impairment losses and their reversals are recognised directly against the assets on the balance sheet.

For investment in unquoted equity instruments carried at cost because their fair value cannot be determined reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

iii. Contingent liabilities

Provisions for credit losses of contingent liabilities (particularly financial guarantees as well as credit commitments) are included under the balance sheet line item 'Provisions'. The related expense or its reversal is reported in the income statement under the line item 'Other operating result'.

Hedge accounting

Erste Group makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. At inception of a hedge relationship, the bank formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset the fair value changes of the hedging instrument in a range of 80% to 125%. Hedge effectiveness is assessed at inception and throughout the term of each hedging relationship. Exact conditions for particular types of hedges and for testing the hedge effectiveness by Erste Group are specified internally in the hedge accounting policy.

i. Fair value hedges

Fair value hedges are employed to reduce market risk. For qualifying and designated fair value hedges, the change in the fair value (clean price) of a hedging instrument is recognised in the income statement under the line item 'Net trading and fair value result'. Interest income and expenses on hedging derivatives are reported under the line item 'Net interest income'. The change in the fair value of the hedged item attributable to the hedged risk is also recognised in the income statement under the line item 'Net trading and fair value result' and adjusts the carrying amount of the hedged item.

Erste Group also uses portfolio fair value hedges of interest rate risk as regulated by IAS 39.AG114-AG132. Currently only interest rate risk from issued bonds is being hedged (i.e. no assets are included as hedged items). The change in the fair value of the hedged items attributable to the hedged interest risk is presented on the balance sheet under the line item 'Changes in fair value of portfolio hedged items'. Erste Group does not make use of the relaxation of hedge accounting requirements provided for portfolio fair value hedges by the EU carve-out.

If the hedging instrument expires, is sold, is terminated or is exercised, or when the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. In this case, the fair value adjustment of the hedged item is amortised to the income statement under the line item 'Net interest income' until maturity of the financial instrument.

ii. Cash flow hedges

Cash flow hedges are used to eliminate uncertainty in the future cash flows in order to stabilise net interest income. For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and reported under the 'Cash flow hedge reserve'. The ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement under the line item 'Net trading and fair value result'. For determination of the effective and ineffective portions, the derivative is considered at its clean price, i.e. excluding the interest component. If the hedged cash flow affects the income statement, the gain or loss on the hedging instrument is reclassified from other comprehensive income on the corresponding income or expense line item in the income statement (mainly 'Net interest income'). As far as accounting for hedged items in cash flow hedges is concerned there is no change compared to the situation when no hedging is applied.

When a hedging instrument expires, is sold, is terminated, is exercised, or when a hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. In this case, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income remains in 'Cash flow hedge reserve' until the transaction occurs.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported on the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. Since second quarter of 2015, Erste Group undertakes interest rate derivative transactions via London Clearing House by fulfilling all offsetting requirements according IAS 32. The offsetted amounts are disclosed in Note 13 Derivatives – held for trading and Note 22 Derivatives – hedge accounting.

Determination of fair value

Fair value is the price that would be received if an asset were sold or paid, if a liability were transferred in an orderly transaction between market participants on the measurement date.

Details on valuation techniques applied for fair value measurement and on the fair value hierarchy are disclosed in Note 46 Fair value of assets and liabilities.

Leasing

A lease is an agreement whereby the lessor conveys to the lessee the right to use an asset for an agreed period of time in return for a payment or series of payments. A finance lease at Erste Group is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. All other lease agreements at Erste Group are classified as operating leases.

Erste Group as a lessor

The lessor in the case of a finance lease reports a receivable from the lessee under the line item 'Loans and receivables to customers' or 'Loans and receivables to credit institutions'. The receivable is equal to the present value of the contractually agreed payments taking into account any residual value. Interest income on the receivable is reported in the income statement under the line item 'Net interest income'.

In the case of operating leases, the leased asset is reported by the lessor in 'Property and equipment' or in 'Investment properties' and is depreciated in accordance with the principles applicable to the assets involved. Lease income is recognised on a straight-line basis over the lease term in the income statement under the line item 'Rental income from investment properties & other operating leases'.

Lease agreements in which Erste Group is the lessor almost exclusively comprise finance leases.

Erste Group as a lessee

As a lessee, Erste Group has not entered into any leases meeting the conditions of finance leases. Operating lease payments are recognised as an expense in the income statement on the line item 'Other administrative expenses' on a straight-line basis over the lease term.

Business combinations and goodwill

i. Business combinations

Business combinations are accounted for using the acquisition method of accounting. Goodwill represents the future economic benefits resulting from the business combination, arising from assets that are not individually identified and separately recognised. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests and the fair value of the previously held equity interest over the net of the acquisition-date amounts of the identifiable assets acquired as well as the liabilities assumed. At the acquisition date, the identifiable assets acquired and the liabilities assumed are generally recognised at their fair values.

If, after reassessment of all components described above, the calculation results in a negative amount, it is recognised as a bargain purchase gain and reported in the income statement under the line item 'Other operating result' in the year of acquisition.

Non-controlling interests that are present ownership interests in the acquiree are measured at the proportionate share of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS. Acquisition costs incurred are expensed and included under the income statement line item 'Other operating result'.

ii. Goodwill and goodwill impairment testing

Goodwill arising on acquisition of a business is carried at cost as established as of the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is tested for impairment annually in November, or whenever there is an indication of possible impairment during the year, with any impairment determined recognised in profit or loss. The impairment test is carried out for each cash-generating unit (CGU) to which goodwill has been allocated. A CGU is the smallest identifiable group of assets that generates cash inflows that 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 the 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 of disposal and its value in use. Where available, the fair value less costs of disposal 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 while taking into account the fulfilment of the respective regulatory capital requirements. The planning period is five years. Any forecasted earnings beyond the planning period are derived on the basis of the last year of the planning period and a long-term growth rate. The present value of such perpetual earnings growing at a stable rate (referred to as terminal value) takes into consideration macroeconomic parameters and economically sustainable cash flows for each CGU. Values for the long-term growth rates are disclosed in Note 27 Intangible assets in the subsection 'Development of goodwill'.

The cash flows are determined by subtracting the annual capital requirement generated by a change in the amount of risk-weighted assets from the net profit. The capital requirement was defined through the target tier 1 ratio in light of the expected future minimum regulatory capital requirements.

The value in use is determined by discounting the cash flows at a rate that takes into account present market rates and the specific risks of the CGU. The discount rates have been determined based on the capital asset pricing model (CAPM). According to the CAPM, the discount rate comprises a risk-free interest rate together with a market risk premium that itself is multiplied by a factor that represents the

systematic market risk (beta factor). Furthermore, a country-risk premium component is considered in calculation of the discount rate. The values used to establish the discount rates are determined using external sources of information. Discount rates applied to determine the value in use are disclosed in Note 27 Intangible assets in the subsection ‘Development of goodwill’.

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 of disposal. No impairment loss is recognised 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.

The goodwill included in the acquisition cost of investments in associates and joint ventures is not tested separately by performing the recurring impairment assessments applicable to goodwill. Instead, the entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount (higher of fair value in use and fair value less costs to sell) with its carrying amount (after application of the equity method) whenever relevant objective evidence of impairment is identified. Such evidence includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environments in which associates and joint ventures operate, indicating that the cost of the investment may not be recovered.

Property and equipment

Property and equipment is measured at cost less accumulated depreciation and accumulated impairment. Borrowing costs for qualifying assets are capitalised into the costs of property and equipment.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Depreciation is recognised in the income statement on the line item ‘Depreciation and amortisation’ and impairment under the line item ‘Other operating result’.

The estimated useful lives are as follows:

	Useful life in years
Buildings	15-50
Office furniture and equipment	4-10
Passenger cars	4-8
Computer hardware	4-6

Land is not depreciated.

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the income statement under the line item ‘Other operating result’.

Investment properties

Investment property is property (land and buildings or part of a building or both) held for the purpose of earning rental income or for capital appreciation. In the case of partial own use, the property is investment property only if the owner-occupied portion is insignificant. Investments in land and buildings under construction, where the future use is expected to be the same as for investment property, are treated as investment property.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and impairment. Investment property is presented on the balance sheet in the line item ‘Investment properties’.

Rental income is recognised in the line item ‘Rental income from investment properties and other operating leases’. Depreciation is presented in the income statement in the line item ‘Depreciation and amortisation’ using the straight-line method over an estimated useful life. The useful lives of investment properties are identical to those of buildings reported under property and equipment. Any impairment losses, as well as their reversals, are recognised under the income statement line item ‘Other operating result’.

Property Held for Sale (Inventory)

The Group also invests in property that is held for sale in the ordinary course of business or property in the process of construction or development for such sale. This property is presented as 'Other assets' and is measured at the lower of cost and net realisable value in accordance with IAS 2 Inventories.

The cost of acquiring inventory includes not only the purchase price but also all other directly attributable expenses, such as transportation costs, customs duties, other taxes and costs of conversion of inventories, etc. Borrowing costs are capitalised to the extent to which they directly relate to the acquisition of real estate.

Sales of these assets/apartments are recognised as revenues under the income statement line item 'Other operating result', together with costs of sales and other costs incurred in selling the assets.

Intangible assets

In addition to goodwill, Erste Group's intangible assets include computer software and customer relationships, the brand, the distribution network and other intangible assets. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the bank.

Costs of internally generated software are capitalised if Erste Group can demonstrate the technical feasibility and intention of completing the software, the ability to use it, how it will generate probable economic benefits, the availability of resources and the ability to measure the expenditures reliably. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The cost of intangible assets acquired in a business combination is their fair value as of the date of acquisition. In the case of Erste Group, these are brands, customer relationships and distribution networks, and they are capitalised on acquisition if they can be measured with sufficient reliability.

Intangible assets with finite lives are amortised over their useful economic lives using the straight-line method. The amortisation period and method are reviewed at least at each financial year-end and adjusted if necessary. The amortisation expense on intangible assets with finite lives is recognised in the income statement under the line item 'Depreciation and amortisation'.

The estimated useful lives are as follows:

	Useful life in years
Computer software	4-8
Customer relationships	10-20
Distribution network	5.5

Brands are not amortised as they are assumed to have an indefinite useful life. An intangible asset has an indefinite useful life, if there are no legal, contractual, regulatory or other factors limiting that useful life. Brands are tested for impairment annually within the cash-generating unit to which they belong, and impairment is recognised if appropriate. Furthermore, each period brands are reviewed as to whether current circumstances continue to support the conclusion as to indefinite life. In the event of impairment, impairment losses are recognised in the income statement under the line item 'Other operating result'.

Impairment of non-financial assets (property and equipment, investment properties, intangible assets)

The bank assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. Testing for impairment is done at individual asset level if the asset generates cash inflows that are largely independent of those from other assets. The typical case is investment property. Otherwise the impairment test is carried out at the level of the cash-generating unit (CGU) to which the asset belongs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For specific rules related to impairment of goodwill and impairment allocation rules for CGUs please see the chapter 'Business combinations and goodwill', part (ii) Goodwill and goodwill impairment testing.

If any indication of impairment exists, or when annual impairment testing for an asset is required, the bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the asset's or CGU's fair value less costs of disposal and its value in use. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In measuring value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

At each reporting date an assessment is made as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the bank estimates the asset's or CGU's recoverable amount. The previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Impairments and their reversals are recognised in the income statement under the line item 'Other operating result'.

Non-current assets and disposal groups held for sale

Non-current assets are classified as held for sale if they can be sold in their present condition and the sale is highly probable within 12 months of classification as held for sale. If assets are to be sold as part of a group that may also contain liabilities (e.g. a subsidiary) they are referred to as disposal group held for sale.

Assets classified as held for sale and assets belonging to disposal groups held for sale are reported under the balance sheet line item 'Assets held for sale'. Liabilities belonging to the disposal groups held for sale are presented on the balance sheet under the line item 'Liabilities associated with assets held for sale'.

Non-current assets and disposal groups that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Should the impairment loss in a disposal group exceed the carrying amount of the assets that are within the scope of IFRS 5 measurement requirements, there is no specific guidance on how to treat such a difference. Erste Group recognises this difference as a provision under the balance sheet line item 'Provisions'.

Financial guarantees

In the ordinary course of business, Erste Group provides financial guarantees, consisting of various types of letters of credit and guarantees. According to IAS 39, a financial guarantee is a contract that requires the guarantor to make specified payments to reimburse the holder for a loss it incurs in case a specified debtor fails to make a payment when due in accordance with the original or modified terms of a debt instrument.

If Erste Group is in a position of being a guarantee holder, the financial guarantee is not recorded on the balance sheet but is taken into consideration as collateral when determining impairment of the guaranteed asset.

Erste Group as a guarantor recognises financial guarantees as soon as it becomes a contracting party (i.e. when the guarantee offer is accepted). Financial guarantees are initially measured at fair value. Generally, the initial measurement is the premium received for a guarantee. If no premium is received at contract inception, the fair value of a financial guarantee is nil, as this is the price that would be paid to transfer the liability in an orderly transaction between market participants. Subsequent to initial recognition, the financial guarantee contract is reviewed for the possibility that provisioning will be required under IAS 37. Such provisions are presented on the balance sheet under the line 'Provisions'.

The premium received is recognised in the income statement under the line item 'Net fee and commission income' on a straight-line basis over the life of the guarantee.

Defined employee benefit plans

Defined employee benefit plans operated by Erste Group are for pensions, severance and jubilee benefits. From IAS 19 categorisation perspective pension and severance benefits qualify as post-employment defined benefits plans whereas jubilee benefits are other long-term employee benefits.

The defined benefit pension plans relate only to retired employees. The pension obligations for current employees were transferred to external pension funds in previous years. Remaining with Erste Group is a defined-benefit obligation for entitlements of former employees who were already retired as of 31 December 1998 before the pension reform took effect, and for those former employees who retired only in 1999 but remained entitled to a direct pension from Erste Group under individual agreements. Also included are entitlements to resulting survivor pensions.

Severance benefit obligations exist in relation to Austrian employees who entered the Group's employment before 1 January 2003. The severance benefit is one-time remuneration to which employees are entitled when their employment relationship ends. The entitlement to

this severance payment arises after three years of employment. Defined-benefit plans include jubilee benefits. Jubilee payments (payments for long service and/or loyal service) are remuneration tied to the length of an employee's service to the employer. The entitlement to jubilee benefits is established by collective agreement, which defines both the conditions and amount of the entitlement.

Obligations ensuing from defined employee benefit plans are determined using the projected unit credit method. Future obligations are determined based on actuarial expert opinions. The calculation takes into account not only those salaries, pensions and vested rights to future pension payments known as of the balance sheet date but also anticipated future rates of increase in salaries and pensions.

The liability recognised under a defined-benefit plan represents the present value of the defined benefit obligation less the fair value of the plan assets available for the direct settlement of obligations. For all plans, the present value of the obligation exceeds the fair value of the plan assets. The resulting defined benefit liability is reported on the balance sheet under the line item 'Provisions'. At Erste Group, the plan assets consist of qualifying insurance policies purchased to back severance and jubilee benefit provisions.

Remeasurements consist of actuarial gains and losses on the defined benefit obligations and the return on plan assets. Remeasurements of pension and severance defined-benefit plans are recognised in other comprehensive income. Remeasurements of jubilee defined-benefit plans are recognised in the income statement under the line item 'Personnel expenses'.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. On the balance sheet, provisions are reported under the line item 'Provisions'. They include credit risk loss provisions for contingent liabilities (particularly financial guarantees and loan commitments) as well as provisions for litigation and restructuring. Expenses or income related to provisions are reported under the line item 'Other operating result'.

Taxes

i. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those enacted by the balance sheet date.

ii. Deferred tax

Deferred tax is recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts as of the balance sheet date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilised. Deferred taxes are not recognised on temporary differences arising from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the temporary difference is reversed or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at balance sheet date and are expected to apply when the temporary differences are reversed. For the subsidiaries, local tax environments apply.

Deferred tax relating to items recognised in other comprehensive income is recognised in other comprehensive income and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right to offset exists and the deferred taxes relate to the same taxation authority.

Treasury shares and contracts on treasury shares

Equity instruments of Erste Group that it or any of its subsidiaries acquire (referred to as treasury shares) are deducted from equity. Consideration paid or received on the purchase, sale, issue or cancellation of Erste Group's own equity instruments, including transaction

costs, is recognised directly in equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of its own equity instruments.

Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity are not reported in the financial statements, as they are not the assets of Erste Group.

Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by Erste Group's shareholders.

Recognition of income and expenses

Revenue is recognised to the extent that the economic benefits will flow to the entity and the revenue can be reliably measured. The description and revenue recognition criteria of the line items reported in the income statement are as follows:

i. Net interest income

Interest income and interest expense is recorded using the effective interest rate (EIR) method. The calculation includes origination fees resulting from the lending business as well as transaction costs that are directly attributable to the instrument and are an integral part of the EIR (apart from financial instruments at fair value through profit or loss), but no future credit losses. Interest income from individually impaired loans and receivables and held-to-maturity financial assets is calculated by applying the original effective interest rate used to discount the estimated cash flows for the purpose of measuring the impairment loss.

Interest income includes interest income on loans and receivables to credit institutions and customers, on cash balances and on bonds and other interest-bearing securities in all financial assets categories. Interest expenses include interest paid on deposits from customers, deposits from banks, debt securities issued and other financial liabilities in all financial liabilities categories.

Net interest income also includes interest on derivative financial instruments held in the banking book. In addition, net interest cost on severance payment, pension and jubilee obligations is presented here.

Furthermore negative interest from financial liabilities and financial assets are presented in 'Net interest income'.

ii. Net fee and commission income

Erste Group earns fee and commission income from a diverse range of services that it provides to its customers.

Fees earned for the provision of services over a period of time are accrued over that period. These fees include lending fees, guarantee fees, commission income from asset management, custody and other management and advisory fees as well as fees from insurance brokerage, building society brokerage and foreign exchange transactions.

Fee income earned from providing transaction services, such as arranging the acquisition of shares or other securities or the purchase or sale of businesses, is recognised upon completion of the underlying transaction.

iii. Dividend income

Dividend income is recognised when the right to receive the payment is established.

This line item includes dividend from shares and other equity-related securities in all portfolios as well as income from other investments in companies categorised as available for sale.

iv. Net trading and fair value result

Results arising from trading activities include all gains and losses from changes in the fair value (clean price) of financial assets and financial liabilities classified as held for trading, including all derivatives not designated as hedging instruments. In addition, for derivative financial instruments held in the trading book, the net trading result also contains interest income or expense. However, interest income or expenses related to non-derivative trading assets and liabilities and to derivatives held in the banking book are not part of the net trading result as they are reported as 'Net interest income'. The net trading result also includes any ineffective portions recorded in fair value and cash flow hedge transactions as well as foreign exchange gains and losses.

The fair value result relates to changes in the clean price of assets and liabilities designated at fair value through profit or loss.

v. Net result from equity method investments

The line item contains result from associates and joint ventures recorded by applying the equity method (measured as the investor's share of profit or loss in the associates and joint ventures).

However, impairment losses, reversal of impairment losses and realised gains and losses on investments in associates or joint ventures accounted for using the equity method are reported under the line item 'Other operating result'.

vi. Rental income from investment properties & other operating leases

Rental income from investment properties and other operating leases is recognised on a straight-line basis over the lease term.

vii. Personnel expenses

Personnel expenses include wages and salaries, bonuses, statutory and voluntary social security contributions, staff-related taxes and levies. They also include service cost for severance payment, pension and jubilee obligations and remeasurements of jubilee obligations.

viii. Other administrative expenses

Other administrative expenses include information technology expenses, expenses for office space, office operating expenses, advertising and marketing, expenditures for legal and other consultants as well as sundry other administrative expenses. Furthermore the line item contains deposit insurance contributions expenses.

ix. Depreciation and amortisation

This line item comprises depreciation of property and equipment, depreciation of investment property and amortisation of intangible assets.

x. Gains/losses on financial assets and liabilities not measured at fair value through profit or loss, net

This line item includes selling and other derecognition gains or losses on available-for-sale and held-to-maturity financial assets, loans and receivables and financial liabilities measured at amortised cost. However, if such gains/losses relate to individually impaired financial assets they are included as part of net impairment loss.

xi. Net impairment loss on financial assets not measured at fair value through profit or loss

Net impairment losses on financial assets comprise impairment losses and reversals of impairment on loans and receivables, held-to-maturity and available-for-sale financial assets. Net impairment losses relate to allowances recognised both at individual and portfolio (incurred but not reported) level. Direct write-offs are considered as part of impairment losses. This line item also includes recoveries on written-off loans removed from the balance sheet.

xii. Other operating result

The other operating result reflects all other income and expenses not directly attributable to Erste Group's ordinary activities. Furthermore, levies on banking activities are considered as part of the other operating result.

The other operating result includes impairment losses or any reversal of impairment losses as well as results on the sale of property and equipment and intangible assets. Also included here are any impairment losses on goodwill.

In addition, the other operating result encompasses the following: expenses for other taxes; income from the release of and expenses for allocations to provisions; impairment losses (and their reversal if any) as well as selling gains and losses on equity investments accounted for using the equity method; and gains or losses from derecognition of subsidiaries.

d) Significant accounting judgements, assumptions and estimates

The consolidated financial statements contain amounts that have been determined on the basis of judgements and by the use of estimates and assumptions. 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. The most significant uses of judgements, assumptions and estimates are as follows:

Control

IFRS 10 'Consolidated Financial Statements' defines the investor's control over an investee in terms of the investor having all of the following:

- _ power to direct the relevant activities of the investee, i.e. activities that significantly affect the investee's returns;
- _ exposure, or rights, to variable returns from its involvement with the investee; and
- _ the ability to use its power over the investee to affect the amount of the investor's returns.

Hence, assessing the existence of control under this definition may require considerable accounting judgements, assumptions and estimates, notably in non-standard situations such as:

- _ power stemming both from voting rights and from contractual arrangements (or mostly from the latter);
- _ exposure stemming both from on-balance investments and from off-balance commitments or guarantees (or mostly from the latter); or
- _ variable returns stemming both from readily identifiable income streams (e.g. dividends, interest, fees) and from cost savings, economies of scale and/or operational synergies (or mostly from the latter).

In the case of Erste Group, such accounting judgements, assumptions and estimates have been primarily relevant for the assessment of the following cases:

i. The savings bank members of the Austrian cross-guarantee system (Haftungsverbund)

Erste Group Bank AG is a member of the Haftungsverbund (cross-guarantee system) of the Austrian savings bank sector. As of the balance sheet date, all of Austria's savings banks, in addition to Erste Group Bank AG and Erste Bank der oesterreichischen Sparkassen AG, formed part of this cross-guarantee system. The provisions of the agreement governing the Haftungsverbund are implemented by the steering company Haftungsverbund GmbH. Erste Group Bank AG always holds directly and indirectly at least 51% of the voting rights of the steering company, through Erste Bank der oesterreichischen Sparkassen AG and through savings banks in which the Group holds the majority of voting rights.

For all savings banks in which Erste Group holds less than 50% of the voting rights, an assessment of whether control is achieved through the provisions of the Haftungsverbund agreement has been performed.

Based on the contractual agreement, Haftungsverbund GmbH as the steering company is vested with the following substantive rights related to the savings banks:

- _ participation in the appointment of board members
- _ approval of budgets including capital decisions
- _ provision of binding guidelines in the areas of risk and liquidity management as well as internal audit
- _ determination of thresholds for capital requirement including the payout of dividends

Furthermore, taking into account the magnitude of Erste Group's involvement with the member banks - whether in the form of synergies, investments, commitments, guarantees, or access to common resources - the Group has significant exposure to each of the member banks' variable returns. As Haftungsverbund GmbH is able to affect the variable returns through its power, it has been assessed that Haftungsverbund GmbH has control over the savings banks.

As Erste Group Bank AG controls the steering company, it exercises control over the members of the cross-guarantee system.

ii. Investment funds under own management

The Group has assessed whether the investment funds it manages through its asset management subsidiaries are controlled and hence shall be consolidated. This assessment has been made on the basis that power over such investment funds is generally conferred based on the contractual arrangements appointing an Erste Group subsidiary as fund manager, without any substantive removal rights by the fund's investors. Furthermore, Erste Group made the conclusive judgement that its exposure to such own-managed funds' variable returns is basically considered as significant if, additionally to the exposure through management fees, the Group is also exposed in the form of at least 20% investment in the fund. Furthermore, in its capacity as fund manager, Erste Group is also able to affect the returns of the funds through its power. Following this assessment, investment funds under own management in which the Group - directly or through its subsidiaries - has significant unit holdings are deemed to be controlled and included in the scope of consolidation.

iii. Pension funds under own management

The Group has assessed whether the contractual arrangements appointing an Erste Group subsidiary as pension fund manager (with no substantive removal rights by the fund's participants) are generally expected to confer power over such funds, followed by an assessment of the Group's exposure/rights to the pension fund's variable returns. The relevant legal requirements regulating the activities of such pension funds in their respective jurisdictions were also considered, notably in assessing the significance of the rights to variable returns from management fees, as well as of the exposure to losses from any guarantees that the fund manager may be legally bound to.

As a result of this review, the Czech pension fund ‘Transformovaný fond penzijního připojištění se státním příspěvkem Česká spořitelna – penzijní společnost, a.s.’ (the ‘Transformed pension fund’) has been deconsolidated with effect from 2014, as a result of significant statutory changes in the fund’s articles of incorporation. These changes resulted in the narrowing of the fund manager’s investment mandate, limiting the scope of the fund manager’s decision making authority and restricting the manager’s (and therefore Erste Group’s) exposure to the fund’s variability of returns and other interests (including guarantees).

Joint control and classification of joint arrangements

IFRS 11 ‘Joint Arrangements’ defines joint control as a contractual sharing of control whereby decisions about the relevant activities require the unanimous consent of the parties sharing control. Furthermore, IFRS 11 distinguishes between joint operations and joint ventures. Joint operations are defined as joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Hence, assessing either the existence of joint control or the type of joint arrangement (or both) under these definitions may require considerable accounting judgements, assumptions and estimates.

In the case of Erste Group, such accounting judgements, assumptions and estimates have been primarily relevant for the assessment of the Group’s involvement in partnerships and ventures in the commercial real estate sector (development, management, leasing), notably through Erste Group Immort AG.

As a result of such assessment, only one company has been identified as a joint arrangement in force as at 31 December 2015. This company is structured as a separate vehicle qualifying for treatment as a joint venture under the terms of the aforementioned definitions, and it has an immaterial carrying amount (below EUR 10 million). For the ensuing IFRS 12-driven disclosure requirements, please refer to Note 23 Equity method investments.

For the ensuing IFRS 12-driven disclosures applicable to joint ventures (and associates), please refer to Note 23 Equity method investments.

Significant influence

IAS 28 ‘Investments in Associates and Joint Ventures’ defines significant influence as the power to participate in the financial and operating policy decisions of the investee without having control or joint control of those policies. Furthermore, IAS 28 indicates that if an entity holds, directly or indirectly 20% or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case.

In the case of Erste Group, all equity method investments are direct or indirect investments in associates and joint ventures over which the Group exercises significant influence or joint control stemming from voting power higher than 20% up to 50%.

Interests in structured entities

IFRS 12 ‘Interests in Other Entities’ defines structured entities as entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual arrangements. IFRS 12 defines the interests as contractual and non-contractual involvements exposing an entity to the variability of returns from the performance of the other entity.

Hence, assessing which entities are structured entities, and which involvements in such entities are interests, may require considerable accounting judgements, assumptions and estimates.

In the case of Erste Group, such accounting judgements, assumptions and estimates have been primarily relevant for assessing involvements with securitisation vehicles and investment funds. In respect to securitisation vehicles, Erste Group assessed that on-balance or off-balance exposures to entities involved in securitisation activities meet the definition of interests in structured entities. For investment funds, Erste Group concluded that such investment funds would typically satisfy the characteristics of a structured entity - irrespective of whether they are own-managed funds or third party managed funds. Moreover, the Group reached the conclusion that direct Group investments higher than 0% and management fees varying in relation to the assets under management and are not distributed full to third parties would typically indicate an interest in these structured entities. In alignment with the accounting judgement described under the paragraph ‘Investment funds under own management’ above, interests below 20% are not consolidated due to lack of control.

All on-balance or off-balance exposures to investment funds managed by third parties -mostly in the form of units held in such funds- were considered as being interests in structured entities.

For the ensuing IFRS 12-driven disclosures applicable to structured entities, please refer to Note 24 Unconsolidated structured entities.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available judgement is required to establish fair values. Disclosures for valuation models, the fair value hierarchy and fair values of financial instruments can be found in Note 46 Fair value of assets and liabilities.

For the valuation of OTC derivatives no Funding Value Adjustment (FVA) was considered. Erste Group is analyzing the different developments on the market. The observations will be considered in the future methodology.

Impairment of financial assets

Erste Group reviews its financial assets not measured at fair value through profit or loss at each balance sheet date to assess whether an impairment loss should be recorded in the income statement. In particular, it is required to determine whether there is objective evidence of impairment as a result of a loss event occurring after initial recognition and to estimate the amount and timing of future cash flows when determining an impairment loss.

Disclosures concerning impairment are provided in Note 44 Risk management in the 'Credit risk' subsection entitled – 'Non-performing credit risk exposure, risk provisions and collateral'. The development of loan loss provisions is described in Note 21 Impairment loss for financial instruments.

Impairment of non-financial assets

Erste Group reviews its non-financial assets at each balance sheet date to assess whether there is an indication of impairment loss that should be recorded in the income statement. Furthermore, cash-generating units to which goodwill is allocated are tested for impairment on a yearly basis. Judgement and estimates are required to determine the value in use and fair value less costs of disposal by estimating the timing and amount of future expected cash flows and the discount rates. Assumptions and estimates used for impairment on non-financial asset calculations are described in the parts 'Business combinations and goodwill' and 'Impairment of non-financial assets (property and equipment, investment property, intangible assets)' in the Accounting Policies. Inputs used for goodwill impairment testing and their sensitivities can be found in Note 27 Intangible assets in the section 'Development of goodwill'.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses 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. For this purpose a planning period of 5 years is used. Disclosures concerning deferred taxes are in Note 28 Tax assets and liabilities.

Defined benefit obligation plans

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Assumptions, estimates and sensitivities used for the defined benefit obligation calculations as well as related amounts are disclosed in Note 34 a Long-term employee provisions.

Provisions

Recognition of provisions requires judgement with respect to whether Erste Group has a present obligation as a result of a past event and whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Furthermore, estimates are necessary with respect to the amount and timing of future cash flows when determining the amount of provisions. Provisions are disclosed in Note 37 Provisions and further details on provisions for contingent credit liabilities in Note 44.5 Credit risk. Legal proceedings that do not meet the criteria for recognition of provisions are described in Note 49 Contingent liabilities.

Leases

From Erste Group's perspective as a lessor, judgement is required to distinguish whether a given lease is a finance or operating lease based on the transfer of substantially all the risk and rewards from the lessor to the lessee. Disclosures concerning leases are in Note 39 Leases.

e) Application of amended and new ifrs/ias

The accounting policies adopted are consistent with those used in the previous financial year except for standards and interpretations that became effective for financial years beginning after 1 January 2014. As regards new standards and interpretations and their amendments, only those that are relevant for the business of Erste Group are listed below.

Effective standards and interpretations

The following standards and their amendments have become mandatory for our financial year 2015, endorsed by EU:

- _ IFRIC 21 Levies
- _ Annual Improvements to IFRSs 2011-2013 Cycle

IFRIC 21 Levies. IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. These criteria are among others applied for recovery & resolution fund which is presented in other operating income. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014, but in EU for annual periods beginning on or after 17 June 2014.

Annual Improvements to IFRSs 2011-2013 Cycle. In December 2013, the IASB issued a set of amendments to various standards. The amendments are effective for annual periods beginning on or after 1 July 2014, but in EU for annual periods beginning on or after 1 January 2015. Application of these amendments did not have a significant impact on Erste Group's financial statements.

Standards and interpretations not yet effective

The standards, amendments and interpretations shown below were issued by the IASB but are not yet effective.

Following standards, amendments and interpretations are not yet endorsed by the EU:

- _ IFRS 9: Financial Instruments
- _ IFRS 14 Regulatory Deferral Accounts: The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.
- _ IFRS 15: Revenue from Contracts with Customers including amendments to IFRS 15: Effective date of IFRS 15
- _ Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- _ Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception
- _ IFRS 16: Leases
- _ Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses
- _ Amendments to IAS 7: Disclosure Initiative

Following standards, amendments and interpretations are already endorsed by the EU:

- _ Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions
- _ Annual Improvements to IFRSs 2010-2012 Cycle
- _ Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- _ Amendments to IFRS 11: Accounting for Acquisitions of Interest in Joint Operations
- _ Amendments to IAS 1: Disclosure Initiative
- _ Annual Improvements to IFRSs 2012-2014 Cycle

IFRS 9: Financial Instruments (IASB Effective Date: 1 January 2018). IFRS 9 was issued in July 2014 and is effective for annual periods beginning on or after 1 January 2018. IFRS 9 addresses three main areas of accounting for financial instruments: classification and measurement, impairment and hedge accounting.

IFRS 9 introduces two classification criteria for financial assets: 1) an entity's business model for managing the financial assets, and 2) the contractual cash flow characteristics of the financial assets. As a result, a financial asset is measured at amortised cost only if both the following conditions are met: a) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely pay-

ments of principal and interest on the principal outstanding and b) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows. Measurement of a fair value through other comprehensive income is applicable to financial assets that meet condition a) but the business model applied to them is focused both on holding the assets to collect contractual cash flows and selling the assets. All other financial assets are measured at fair value with changes recognised in profit or loss. For investments in equity instruments that are not held for trading, an entity may make an irrevocable election at initial recognition to measure them at fair value with changes recognised in other comprehensive income.

IFRS 9 does not change classification and measurement principles for financial liabilities compared to IAS 39. The only change is related to financial liabilities designated at fair value through profit or loss (fair value option). The fair value changes related to the credit risk of such liabilities will be presented in other comprehensive income.

The standard provides a uniform impairment model applied to both financial assets and off-balance sheet credit risk bearing exposures (loan commitments and financial guarantees). At initial recognition of financial instruments loss allowance to reflect credit loss is recognised in the form of 12-month expected credit losses. Lifetime expected credit losses are to be recognised for all instrument whose credit risk increases subsequently after initial recognition. Furthermore the standard brings new rules for accounting for losses resulting from modification of contractual conditions of financial assets.

The objective of the new hedge accounting model is to reflect in accounting actual risk management practices of entities hedging risks. For Erste Group, the following areas are expected to be relevant to achieve this objective: only the prospective effectiveness test is required and the retrospective effectiveness test with the 80%-125% corridor was abandoned; when options are used as hedging instruments, the volatility of the time value is recognised through OCI rather than profit or loss; the possibility of hedging synthetic items containing derivatives.

During the year 2015, Erste Group proceeded with the development of master business concepts and business requirements documentation addressing the changes in policies, procedures, processes and systems, assessed as necessary in preparation for transition to IFRS 9 on 1 January 2018. As part of this effort, iterative financial impact studies (notably with regards to classification/measurement and impairment of financial assets) were started across the Group and are planned to continue throughout 2016, along with gradually moving from the concept phase to the implementation phase of the documented business requirements.

On this basis, Erste Group upholds its original expectations that this standard will have a significant effect on balance sheet items and measurement methods for financial instruments. Thus, in the area of classification and measurement, Erste Group identified a risk that part of its loan portfolio will have to be re-measured at fair value through profit or loss, due to the contractual cash flow characteristics. In the same time, this risk is already actively managed, notably by mitigation activities which have been planned and partly started across the Group, in respect of the lending products assessed as being at risk of such re-measurement. On the other hand, some debt securities currently measured at fair value through other comprehensive income may be measured at amortised cost due to the 'held-to-collect contractual cash' flows business model applied to them. In the area of impairment loss, allowances are expected to increase more than insignificantly for some non-defaulted exposures. Also, the Group expects that the structure of the financial statements (both main components and explanatory notes) will be have to be adapted, notably in the light of the new reporting and disclosure requirements of IFRS7, as triggered by IFRS9. Such adaptations would also consider any new regulatory reporting requirements (notably FINREP related) which EU or national regulators may contemplate as part of preparing for initial application of IFRS 9 at the level of the wider European and national banking sector.

IFRS 9 provides an accounting policy choice in the area of hedge accounting. Thus, upon adoption of IFRS9, entities can either (a) start with full application of the hedge accounting requirements of IFRS9, (b) start with limited application of the hedge accounting requirements of IFRS9 by continuing to apply IAS39 to the specific case of fair value hedges of interest rate exposure of a portfolio of financial assets or financial liabilities, or (c) continue with full application of the hedge accounting requirements of IAS39. Erste Group plans to implement the third choice. However, some actions are expected to be necessary in order to address additional disclosures that will be required based on IFRS7 after adoption of IFRS9.

IFRS 14 Regulatory Deferral Accounts (IASB Effective Date: 1 January 2016). IFRS 14 Regulatory Deferral Accounts permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. The European Commission has decided not to launch the endorsement process of this interim standard and wait for the final standard.

IFRS 15 Revenue from Contracts with Customers (IASB Effective Date: 1 January 2018). IFRS 15 was issued in May 2014 and is effective for annual periods beginning on or after 1 January 2018. IFRS 15 specifies how and when an entity recognises revenue from contracts with customers. It also requires such entities to provide users of financial statements with more informative and more relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. Also in the areas of variable considerations and capitalisation of cost IFRS 15 provides modified regulations. As the standard is not focused on recognition of revenues from financial services, application of this standard is not expected to have a significant impact on Erste Group's financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (IASB Effective Date: 1 January 2016). Amendments to IFRS 10 and IAS 28 were issued in September 2014 and are effective for annual periods beginning on or after 1 January 2016. These amendments deal with the sale or contribution of assets or subsidiaries in a transaction between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised only when the assets or the subsidiaries constitute a business, as defined in IFRS 3. Application of these amendments is not expected to have a significant impact on Erste Group's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (IASB Effective Date: 1 January 2016). The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. Also, they clarify that when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries. Application of these amendments is not expected to have a significant impact on Erste Group's financial statements.

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions (IASB Effective Date: 1 July 2014; EU Endorsement Effective Date 1 February 2015). Amendments to IAS 19 were issued in November 2013 and are effective for annual periods beginning on or after 1 July 2014, but in EU for annual periods beginning on or after 1 February 2015. The amendments clarify that contributions from employees or third parties that are linked to service must be attributed to periods of service using the same attribution method as used for the gross benefit. However, the contribution may be recognised as a reduction in the service cost if the amount of the contributions is independent of the number of years of service. Application of these amendments is not expected to have a significant impact on Erste Group's financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle (IASB Effective Date: 1 July 2014; EU Endorsement Effective Date 1 February 2015). In December 2013, the IASB issued a set of amendments to various standards. The amendments are effective for annual periods beginning on or after 1 July 2014, but in EU for annual periods beginning on or after 1 February 2015. Application of these amendments is not expected to have a significant impact on Erste Group's financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (IASB Effective Date: 1 January 2016). Amendments to IAS 16 and IAS 38 were issued in May 2014 and are effective for annual periods beginning on or after 1 January 2016. The amendments prohibit the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. Application of these amendments is not expected to have a significant impact on Erste Group's financial statements.

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (IASB Effective Date: 1 January 2016). Amendments to IFRS 11 were issued in May 2014 and are effective for annual periods beginning on or after 1 January 2016. The amendments specify that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. Application of these amendments is not expected to have a significant impact on Erste Group's financial statements.

Amendments to IAS 1: Disclosure Initiative (IASB effective date: 1 January 2016). Disclosure Initiative makes the following changes:

- _ Materiality: The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- _ Statement of financial position and statement of profit or loss and other comprehensive income: The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional

guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

- Notes: The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

These changes and clarifications are not expected to trigger significant changes in the presentation of Erste Group's IFRS consolidated financial statements.

Amendments to IAS 7: Disclosure Initiative (IASB effective date: 1 January 2017). Amendments to IAS 7 were issued in January 2016 and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosure of information enabling users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The impact on the group financial statements will be evaluated.

Annual Improvements to IFRSs 2012-2014 Cycle (IASB effective date: 1 January 2016). In September 2014, the IASB issued a set of amendments to various standards. The amendments are effective for annual periods beginning on or after 1 January 2016. Application of these amendments is not expected to have a significant impact on Erste Group's financial statements.

IFRS 16 Leases (IASB Effective Date: 1 January 2019). In January 2016, the IASB issued IFRS 16 being effective for annual periods beginning on or after 1 January 2019. IFRS 16 specifies the depiction of lease arrangements in the financial statements. Compared to the previous standard IAS 17, there is a fundamental alteration in respect of the recognition of operating leasing arrangements for the lessee. As defined in IFRS 16, the standard requires the lessee to recognize a right of use asset on the debit side of the balance sheet as well as a corresponding lease liability on the credit side of the balance sheet except for immateriality in cases of short term leasing arrangements and small ticket leasing arrangements for low-value assets. By contrast, accounting changes for the lessor are only minor compared to IAS 17. Compared to IAS 17 the notes will be much more comprehensive under IFRS 16.

The impact on the group financial statements will be evaluated.

Amendments to IAS 12 – Recognition of deferred tax assets for unrealised losses (IASB effective date: 1 January 2017). Amendments to IAS 12 were issued in January 2016 and are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that unrealised losses on debt instruments measured at fair value in the financial statements but at cost for tax purposes can lead to deductible temporary differences. The amendments also clarify that not the carrying amount but the tax base of an asset is the relevant base for the estimate of future taxable profits and that the carrying amount is not the ceiling to be used for the calculation. When comparing deductible temporary differences with future taxable profits, the future taxable profits exclude tax deductions resulting from the reversal of those deductible temporary differences.

The impact on the group financial statements will be evaluated, but it is not expected that these amendments will have a significant impact.

C. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME AND THE BALANCE SHEET OF ERSTE GROUP

1. Net interest income

in EUR million	1-12 14	1-12 15
Interest income		
Financial assets - held for trading	326.3	817.5
Financial assets - at fair value through profit or loss	3.2	2.9
Financial assets - available for sale	473.6	469.6
Financial assets - held to maturity	610.8	580.2
Loans and receivables	4,875.7	4,447.8
Derivatives - hedge accounting, interest rate risk	-17.3	86.7
Other assets	28.7	21.0
Total interest income	6,301.1	6,425.7
Interest expenses		
Financial liabilities - held for trading	-84.3	-604.1
Financial liabilities - at fair value through profit or loss	-39.2	-43.9
Financial liabilities measured at amortised cost	-2,106.9	-1,676.1
Derivatives - hedge accounting, interest rate risk	463.9	359.9
Other liabilities	-39.4	-25.7
Total interest expense	-1,805.9	-1,989.9
Negative interest from financial liabilities	0.0	21.9
Negative interest from financial assets	0.0	-13.1
Net interest income	4,495.2	4,444.7

For financial assets or liabilities that are not measured at fair value through profit or loss, the total interest income amounted to EUR 5,518.6 million (2014: EUR 5,988.9 million) and the total interest expense to EUR 1,701.8 million (2014: EUR 2,146.3 million). Net interest income for these items is therefore EUR 3,816.8 million (2014: EUR 3,842.7 million).

In December 2014 and during the first half year of 2015, important benchmark interest rates – particularly Euribor – became negative. Since Euro is the functional currency for Erste Group, this development affected interest income and interest expense of the Group. Negative interest from financial liabilities and financial assets are shown in a separate line, while the impact was insignificant for the comparison period 2014. The amounts relate to the interbank business only.

Starting with year 2015, following a change of the internal reporting structure, the presentation of interest income from financial assets – held for trading and interest expense from financial liabilities – held for trading has been improved to provide more relevant and reliable information on the financial position and performance of the Group. As retrospective changes of the comparative figures were not possible, the comparison period 2014 has not been adjusted.

2. Net fee and commission income

in EUR million	1-12 14	1-12 15
Securities	185.4	187.8
Own issues	16.7	22.4
Transfer orders	153.5	159.1
Other	15.1	6.2
Clearing and settlement	9.2	0.0
Asset management	217.8	251.2
Custody	44.3	80.5
Fiduciary transactions	2.2	2.2
Payment services	896.8	887.7
Card business	215.1	216.9
Other	681.7	670.8
Customer resources distributed but not managed	180.3	168.7
Collective investment	19.7	16.3
Insurance products	110.7	111.5
Building society brokerage	18.3	17.7
Foreign exchange transactions	19.4	20.3
Other	12.2	2.9
Structured finance	0.1	0.0
Servicing fees from securitization activities	0.0	0.0
Lending business	233.3	198.2
Guarantees given, guarantees received	43.0	62.8
Loan commitments given, loan commitments received	62.0	32.6
Other lending business	128.3	102.8
Other	100.5	85.6
Net fee and commission income	1,869.8	1,861.8
Fee and commission income	2,354.7	2,341.1
Fee and commission expenses	-484.8	-479.3

3. Dividend income

in EUR million	1-12 14	1-12 15
Financial assets - held for trading	1.5	0.5
Financial assets - at fair value through profit or loss	3.4	4.2
Financial assets - available for sale	43.8	38.3
Dividend income from equity investments	25.5	6.9
Dividend income	74.2	49.9

4. Net trading and fair value result

in EUR million	1-12 14	1-12 15
Net trading result	314.8	178.2
Securities and derivatives trading	100.7	-82.4
Foreign exchange transactions	183.4	266.9
Result from hedge accounting	30.8	-6.4
Result from financial assets and liabilities designated at fair value through profit or loss	-72.6	31.9
Result from measurement/sale of financial assets designated at fair value through profit or loss	8.7	0.3
Result from measurement/sale of financial liabilities designated at fair value through profit or loss	-81.3	31.7
Net trading and fair value result	242.3	210.1

The amounts of the fair value changes that are attributable to changes in own credit risk is presented in Note 32 Financial liabilities – at fair value through profit and loss. Additional information to hedge relationships are described in detail in Note 45 Hedge accounting.

5. Rental income from investment properties & other operating leases

in EUR million	1-12 14	1-12 15
Investment properties	85.4	80.0
Other operating leases	95.2	107.9
Rental income from investment properties & other operating leases	180.6	187.9

6. General administrative expenses

in EUR million	1-12 14	1-12 15
Personnel expenses	-2,184.2	-2,244.6
Wages and salaries	-1,628.4	-1,687.3
Compulsory social security	-423.9	-433.1
Long-term employee provisions	-21.0	-19.0
Other personnel expenses	-110.9	-105.2
Other administrative expenses	-1,136.9	-1,179.3
Deposit insurance contribution	-87.6	-99.6
IT expenses	-262.5	-286.5
Expenses for office space	-248.3	-237.7
Office operating expenses	-117.2	-114.6
Advertising/marketing	-167.8	-167.4
Legal and consulting costs	-128.3	-130.8
Sundry administrative expenses	-125.3	-142.7
Depreciation and amortisation	-466.1	-445.0
Software and other intangible assets	-150.4	-163.2
Owner occupied real estate	-77.4	-74.4
Investment properties	-103.4	-105.9
Customer relationships	-37.0	-6.2
Office furniture and equipment and sundry property and equipment	-97.8	-95.4
General administrative expenses	-3,787.3	-3,868.9

Personnel expenses include expenses of EUR 48.9 million (2014: EUR 60.7 million) for defined contribution plans, of which EUR 1.8 million (2014: EUR 0.9 million) relate to members of the management board.

The increase of contributions to deposit insurance schemes in 2015 is attributable to contributions to a deposit insurance fund in the amount of EUR 21.5 million that Austrian financial institutions had to pay for the first time in 2015. The impairment of customer relationship decreased in 2015, because the customer relationship of Banca Comerciala Romana was fully impaired in 2014 and the customer relationship of Erste Card Club d.d. was fully amortised in 2015.

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

	1-12 14	1-12 15
Domestic	15,593	15,579
Erste Group, EB Oesterreich and subsidiaries	8,330	8,381
Haftungsverbund savings banks	7,263	7,199
Abroad	30,403	30,917
Česká spořitelna Group	10,471	10,536
Banca Comercială Română Group	7,066	7,071
Slovenská sporiteľňa Group	4,223	4,232
Erste Bank Hungary Group	2,789	2,900
Erste Bank Croatia Group	2,714	2,840
Erste Bank Serbia Group	959	978
Savings banks subsidiaries	1,149	1,202
Other subsidiaries and foreign branch offices	1,032	1,158
Total	45,996	46,496

7. Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net

in EUR million	1-12 14	1-12 15
From sale of financial assets available for sale	32.2	84.3
From sale of financial assets held to maturity	3.6	1.7
From sale of loans and receivables	-0.8	-2.0
From repurchase of liabilities measured at amortised cost	-16.8	17.0
Gains/losses from disposal of financial assets and liabilities not measured at fair value through profit or loss, net	18.3	100.9

The carrying amount of investments in equity instruments measured at cost that were sold during the period was EUR 0.4 million (2014: EUR 2.5 million). The resulting gain on sale was EUR 0.2 million (2014: EUR 0 million). In the line item 'From sale of financial assets available for sale' an income from 2015 in the amount of EUR 13.6 million (reclassification of the available for sale reserve from other comprehensive income) is shown, which was realized due to the sale of shares in a foreign private equity fund.

8. Net impairment loss on financial assets not measured at fair value through profit or loss

in EUR million	1-12 14 restated	1-12 15
Financial assets - available for sale	-39.3	-62.2
Loans and receivables	-2,044.9	-666.5
Allocation to risk provisions	-4,030.9	-2,620.1
Release of risk provisions	2,013.1	1,839.0
Direct write-offs	-227.5	-167.0
Recoveries recorded directly to the income statement	200.5	281.7
Financial assets - held to maturity	0.4	-0.4
Net impairment loss on financial assets not measured at fair value through profit or loss	-2,083.7	-729.1

In the line item 'Financial assets - available for sale' an impairment of an equity holding is shown in the amount of EUR 30 million.

9. Other operating result

in EUR million	1-12 14	1-12 15
Result from properties/movables/other intangible assets other than goodwill	-580.4	-33.0
Allocation to/release of other provisions	-57.7	-243.0
Allocation to/release of provisions for commitments and guarantees given	-16.2	-63.0
Levies on banking activities	-256.3	-236.2
Banking tax	-210.0	-198.4
Financial transaction tax	-46.3	-37.8
Other taxes	-26.0	-27.6
Impairment of goodwill	-475.0	0.0
Result from other operating expenses/income	-341.5	-32.8
Other operating result	-1,752.9	-635.6

Operating expenses (including repair and maintenance) for 'Investment properties' not held for rental income totalled to EUR 1.3 million (2014: EUR 1.0 million). Operating expenses (including repair and maintenance) for 'Investment properties' held for rental income totalled to EUR 10.9 million (2014: EUR 12.0 million).

The amount of impairment loss on assets held for sale recognised in the result from other operating expenses/income is EUR -3.8 million (2014: EUR -7.4 million).

Recovery and Resolution Fund

In the line 'Result from other operating expenses/income' contributions to the national resolution funds payable in 2015 for the first time in the amount of EUR 51.3 million (2014: EUR 0 million) are disclosed. The contributions are based on the European Recovery and Resolution Directive, which, inter alia, establishes a financing mechanism for the resolution of credit institutions. As a consequence, banks are required to contribute annually to a resolution fund, which in a first step is installed on a national level. According to these regulations, until December 31, 2024 the available financial means of the resolution funds shall reach at least 1% of the amount of covered deposits of all the credit institutions authorized within the European Union. Therefore the resolution funds have to be built over a period of 10 years, during which the contributions shall be spread out as even as possible until the target level is reached. The application of the Directive in the European member state requires the transposition into national law. In Czech Republic the Recovery and Resolution Directive was not implemented into national law until year end 2015, therefore in 2015 no contribution expense of subsidiaries in Czech Republic to resolution funds is included.

Foreign currency denominated loans in Croatia

In September 2015 the Croatian Parliament adopted changes in the legislation that allows debtors of Swiss franc loans to convert their loans into euro loans at an exchange rate, which corresponds to the exchange rate at the time of origination of the loans. The purpose of these legislative changes is, that the debtors of Swiss franc loans are placed by their banks in the same position that they would have been in had their loans, from inception, been denominated in euros. The amendments came into force as of September 30, 2015. Due to the amendments, a provision was built to cover the related expected losses amounting to EUR 129.5 million and is shown in the line 'Allocation to/release of other provisions'.

Provision for litigations in Romania

In addition, an allocation of provision is shown in the balance sheet item 'additions / reversals - Other provisions' for risks related to Romanian consumer protection claims Act amounting to EUR 101.6 million

2014: Foreign currency denominated loans in Hungary

As a result of a law formally passed by the Hungarian Parliament early in July 2014, Erste Bank Hungary is required to compensate its customers in the area of consumer loans provided since May 2004. The compensation refers to bid-ask exchange rate spreads applied by the bank for disbursements and repayments of foreign exchange denominated loans and unilateral interest rate increases for both FX and HUF loans.

During November and December 2014 the Hungarian National Bank released three decrees stipulating the manner of settlement and calculation methods for the compensation payments to affected customers. Based on these rules, the expense for compensating customers regarding the bid-ask exchange rate spreads applied for disbursements and repayments amounts to EUR 304.4 million, disclosed under other operating result. Thereof EUR 238 million relate to active loans and were netted with the respective exposures. The residual expense of EUR 66.4 million relating to already closed loans are disclosed under 'Other provisions'.

In November 2014 the Hungarian parliament issued the Conversion Law stipulating the compulsory conversion of defined fx denominated loans in February 2015 at a fixed exchange rate. As of the balance sheet date, the affected loans were translated with the legally fixed exchange rate. The application of the law resulted in an expense of EUR 32.4 million shown under other operating result. On the other hand an income from fx translation amounting to EUR 32.4 million ('Result from other operating expenses/income') is reported under net trading and fair value result.

2014: Impairment of goodwill and other intangibles

Banca Comercială Română SA (BCR) significantly lowered its expectations of recovery for several large packages of non-performing loans. In addition based on the instructions of the Romanian National Bank the sale of such non-performing portfolios has been accelerated. In the light of the low price offers received for benchmark sales during the second quarter of 2014 the collaterals for such loans had to be reassessed. This subsequently led to a significant rise of the risk costs and a decrease in the planned interest income on such nonperforming loans. Due to these developments the residual goodwill as well as the customer list and the brand were fully impaired in the first half of 2014. In the course of the preparation of the annual report 2014 the underlying assumptions from the first half-year of 2014 have been reviewed. This did not lead to any changes. Erste Bank Croatia ('EBC') had to accommodate local regulations introduced in 2014 regarding higher capital requirements, therefore indicating a potential decrease in EBC's future cash-generating capacity and distributable dividends. This indication was deemed as potentially further affecting the cash generating unit of Steiermärkische Bank und Sparkassen Aktiengesellschaft ('STMK'), which holds a significant participation in Erste Bank Croatia. As a result the goodwill Erste Bank Croatia (EBC) as well as the goodwill allocated to Steiermärkische Bank und Sparkassen Aktiengesellschaft (STMK) has already been fully impaired in the first half of 2014. The goodwill allocated to Girocredit was fully impaired in 2014 as a result of the impairment test performed.

The development of the goodwill of all subsidiaries (cash generating units) is presented in Note 27 Intangible Assets. In addition, the key parameters and assumptions on which the impairment tests are based are summarized in this note.

Other impairments:

The main classes of assets affected by impairment losses where property plant and equipment, investment properties, intangible assets and foreclosed assets. The main events that led to the recognition of impairment losses can be summarized as:

- _ the intention to sell fixed assets and accordingly their re-measurement before reclassifying them based on IFRS 5,
- _ not fully occupied buildings that triggered a lower recoverable amount
- _ recurring measurement for foreclosed assets at the balance sheet date and
- _ recurring measurement for internally used items of property at the balance sheet date and
- _ concessions and other intangibles for which measurable economic benefits are no longer expected in the future

10. Taxes on income

Taxes on income are made up of current taxes on income calculated in each of the Group companies based on the results reported for tax purposes, corrections to taxes on income for previous years and the change in deferred taxes.

in EUR million	1-12 14 restated	1-12 15
Current tax expense / income	-312.4	-367.8
current period	-287.8	-354.4
prior period	-24.5	-13.4
Deferred tax expense / income	-209.1	3.8
current period	-207.6	4.9
prior period	-1.5	-1.1
Total	-521.5	-363.9

The following table reconciles the income taxes reported in the income statement to the pre-tax profit/loss multiplied by the nominal Austrian tax rate.

in EUR million	1-12 14 restated	1-12 15
Pre-tax profit/loss	-727.7	1,639.1
Income tax expense for the financial year at the domestic statutory tax rate (25%)	181.9	-409.8
Impact of different foreign tax rates or imposition of new taxes	-98.8	62.2
Impact of tax-exempt earnings of investments and other tax-exempt income	139.1	108.1
Tax increases due to non-deductible expenses, additional business tax and similar elements	-147.0	-121.1
Impact of the goodwill impairment recognized on Group level	-118.7	0.0
Impact from taxable participation impairment / reversal eliminated upon consolidation (before related valuation assessment)	345.8	-25.8
Tax loss carry-forward non-recoverable at the end of the prior period, reducing the current tax expense for the current period	3.9	9.6
Current period's impairment of deferred tax assets previously recognized through profit or loss in connection with temporary deductible differences	-308.2	-24.0
Current period's impairment of deferred tax assets previously recognized in connection with tax loss carry-forward not yet expired	-32.2	-3.9
Current period's impairment of deferred tax assets previously recognized in connection with tax loss carry-forward, due to expiring of the legally available carry-forward period	-27.2	-0.4
Current period's recognition/reversal of impairment through profit or loss of deferred tax assets in connection with temporary deductible differences non-recoverable at the end of the prior period	4.7	117.7
Current period's recognition/reversal of impairment of deferred tax assets in connection with not yet used/not expired tax loss carry-forward non-recoverable at the end of the prior period	0.4	33.1
Impact of current non-recoverable fiscal losses and temporary differences for the year	-439.2	-95.1
Tax income/(expense) not attributable to the reporting period	-26.0	-14.5
Total	-521.5	-363.9

As shown above Group's effective tax expense for the year 2015 has in contrast to 2014 not been negatively impacted as a whole by write-offs of deferred tax assets.

The following table shows the tax effects relating to each component of other comprehensive income:

in EUR million	1-12 14			1-12 15		
	Before-tax amount	Tax benefit	Net-of-tax amount	Before-tax amount	Tax benefit	Net-of-tax amount
Available for sale-reserve (incl. currency translation)	581.2	-180.8	400.4	-31.6	27.7	-3.9
Cash flow hedge-reserve (including currency translation)	172.8	-17.5	155.3	-27.4	8.2	-19.2
Remeasurement of net liability of defined pension plans	-188.2	54.8	-133.4	101.0	-33.6	67.4
Currency translation	-63.1	0.0	-63.1	91.0	0.0	91.0
Other comprehensive income	502.7	-143.5	359.2	133.0	2.3	135.3

Taxes on income within other comprehensive income referring to the positions net liability of defined pension plans and to available for sale-reserve are influenced by the consideration of impairment effects. Besides, the change of deferred taxes on the available for sale-reserve is influenced by differences of tax rates applicable on contrary changes within the available for sale-reserve.

11. Appropriation of profit

For the year 2015, Erste Group Bank AG posted a post-tax profit of EUR 872.7 million under the Austrian accounting regulations, which increased its distributable capital accordingly (2014: EUR -5,822.8 million post-tax loss). Most of the loss in 2014 (EUR -5,554.0 million) arose from a group internal merger between EGB Ceps Holding GmbH and EGB Ceps Beteiligungen GmbH with Erste Group Bank AG.

Consequently, a dividend distribution amounting to EUR 0.50 per share will be proposed at the forthcoming annual general meeting of Erste Group Bank AG (2014 no dividend distribution)

12. Cash and cash balances

in EUR million	Dec 14	Dec 15
Cash on hand	2,467	2,794
Cash balances at central banks	4,509	7,328
Other demand deposits	859	2,228
Cash and cash balances	7,835	12,350

A portion of 'Balances with central banks' represents mandatory reserve deposits that are not available for use in the day-to-day operations of Erste Group.

13. Derivatives – held for trading

in EUR million	Dec 2014			Dec 2015		
	Notional value	Positive fair value	Negative fair value	Notional value	Positive fair value	Negative fair value
Derivatives held in the trading book	159,252	6,134	5,942	164,243	4,673	4,360
Interest rate	127,497	5,450	5,403	124,450	4,139	4,109
Equity	801	35	5	820	21	6
Foreign exchange	29,981	628	508	38,073	476	205
Credit	362	1	4	532	3	6
Commodity	402	19	21	368	35	35
Other	209	1	0	0	0	0
Derivatives held in the banking book	34,726	1,040	1,246	36,877	1,008	1,524
Interest rate	18,473	781	928	17,552	737	908
Equity	1,512	83	66	2,091	106	68
Foreign exchange	13,588	127	237	16,156	121	534
Credit	600	13	12	542	13	11
Commodity	74	2	1	47	1	0
Other	478	34	3	488	30	2
Total gross amounts	193,978	7,173	7,188	201,119	5,682	5,884
Offset		0	0		-379	-450
Total		7,173	7,188		5,303	5,434

Since the second quarter of 2015, Erste Group undertakes a part of interest rate derivative transactions via London Clearing House. Consequently, those derivatives are shown net of the respective cash collaterals in the balance sheet in accordance with the criteria described in Chapter 'B. Significant accounting policies'.

14. Other trading assets

in EUR million	Dec 14	Dec 15
Equity instruments	185	253
Debt securities	3,124	3,159
General governments	2,377	2,393
Credit institutions	333	393
Other financial corporations	154	120
Non-financial corporations	260	254
Loans and advances	49	4
Other trading assets	3,357	3,416

15. Financial assets - at fair value through profit or loss

in EUR million	Dec 14	Dec 15
Equity instruments	211	183
Debt securities	139	176
General governments	6	5
Credit institutions	83	159
Other financial corporations	49	12
Non-financial corporations	1	0
Financial assets - at fair value through profit or loss	350	359

16. Financial assets - available for sale

in EUR million	Dec 14	Dec 15
Equity instruments	1,272	1,456
Debt securities	21,102	19,307
General governments	13,814	13,169
Credit institutions	3,658	2,779
Other financial corporations	878	796
Non-financial corporations	2,752	2,564
Financial assets - available for sale	22,373	20,763

The carrying amount of investments in equity instruments measured at cost is EUR 71 million (2014: EUR 68 million). Of this, Erste Group intends to dispose of investments in carrying amount of EUR 6 million (2014: EUR 2 million) through direct sales.

17. Financial assets – held to maturity

in EUR million	Gross carrying amount		Collective allowances		Net carrying amount	
	Dec 14	Dec 15	Dec 14	Dec 15	Dec 14	Dec 15
General governments	15,024	16,050	0	-1	15,023	16,049
Credit institutions	1,024	1,010	-1	-1	1,023	1,009
Other financial corporations	242	194	0	0	241	194
Non-financial corporations	590	449	-1	-1	590	448
Total	16,879	17,703	-2	-2	16,877	17,701

18. Securities

in EUR million	Dec 14					Dec 15				
	Loans and advances to customers and credit institutions	Trading assets	Financial assets			Loans and advances to customers and credit institutions	Trading assets	Financial assets		
			At fair value through profit or loss	Available for sale	Held to maturity			At fair value through profit or loss	Available for sale	Held to maturity
Bonds and other interest-bearing securities	694	3,124	139	21,102	16,878	434	3,159	176	19,307	17,701
Listed	0	2,475	98	18,285	15,535	0	2,866	141	18,209	16,875
Unlisted	694	649	41	2,817	1,343	434	293	35	1,098	826
Equity-related securities	0	185	211	1,204	0	0	253	183	1,385	0
Listed	0	57	44	716	0	0	235	34	683	0
Unlisted	0	128	167	488	0	0	18	149	702	0
Equity holdings at cost	0	0	0	68	0	0	0	0	71	0
Total	694	3,309	350	22,373	16,878	434	3,413	359	20,763	17,701

Investment funds are disclosed within equity-related securities.

Held-to-maturity financial assets include bonds and other interest-bearing securities that are quoted in active markets and are intended to be held to maturity.

Securities lending and repurchase transactions are disclosed in Note 42 Transfers of financial assets – repurchase transactions and securities lending.

During the financial year 2015, bond investments with a carrying amount of EUR 349.6 million (2014: EUR 273.4 million) were reclassified from the category Financial assets – held to maturity to Financial assets – available for sale, of which EUR 334.5 million (2014: EUR 228.9 million) was sold up to year-end. Reclassifications (and subsequent sales) in the amount of EUR 320.0 (2014: EUR 206.2 million) were made considering that the related securities were maturing within 3 months from the sale dates (2014: within 2 months).

Consequently, a total adverse net effect of EUR 4.2 million (2014: EUR 0.2 million) was recognised in the income statement for the year, whilst a further adverse effect of EUR 0.2 million (2014: EUR 3.6 million) was reflected in other comprehensive income in respect of reclassified bonds not yet sold at year-end.

19. Loans and receivables to credit institutions

Loans and receivables to credit institutions

in EUR million	Gross carrying amount	Specific allowances	Collective allowances	Net carrying amount
As of 31 December 2015				
Debt securities	268	0	-1	267
Central banks	0	0	0	0
Credit institutions	268	0	-1	267
Loans and advances	4,551	-9	-4	4,538
Central banks	1,260	0	0	1,260
Credit institutions	3,290	-9	-3	3,278
Total	4,819	-9	-5	4,805
As of 31 December 2014				
Debt securities	442	0	-1	440
Central banks	74	0	0	74
Credit institutions	368	0	-1	366
Loans and advances	7,019	-15	-3	7,002
Central banks	2,163	0	0	2,162
Credit institutions	4,857	-15	-2	4,840
Total	7,461	-15	-4	7,442

In the balance sheet, loans and receivables to credit institutions are disclosed with the carrying amount net of any impairments.

Allowances for loans and receivables to credit institutions

in EUR million	As of Dec 14	Allocations	Use	Releases	Interest income from impaired loans	Exchange-rate and other changes (+/-)	As of Dec 15	Amounts written off	Recoveries of amounts previously written off
Specific allowances	-15	0	5	1	0	0	-8	-8	7
Debt securities	0	0	0	0	0	0	0	0	0
Central banks	0	0	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0	0	0
Loans and advances	-15	0	5	1	0	0	-8	-8	7
Central banks	0	0	0	0	0	0	0	0	0
Credit institutions	-15	0	5	1	0	0	-8	-8	7
Collective allowances	-3	-12	0	13	0	-2	-5	0	0
Debt securities	-1	0	0	0	0	0	-2	0	0
Central banks	0	0	0	0	0	0	0	0	0
Credit institutions	-1	0	0	0	0	0	-2	0	0
Loans and advances	-2	-12	0	13	0	-2	-3	0	0
Central banks	0	-2	0	2	0	0	0	0	0
Credit institutions	-2	-10	0	10	0	-2	-4	0	0
Total	-17	-12	5	14	0	-2	-13	-8	7
	As of Dec 13						As of Dec 14		
Specific allowances	-54	-5	46	64	0	-66	-15	-8	4
Debt securities	0	0	0	3	0	-3	0	0	0
Central banks	0	0	0	0	0	0	0	0	0
Credit institutions	0	0	0	3	0	-3	0	0	0
Loans and advances	-54	-5	46	62	0	-64	-15	-8	4
Central banks	0	0	0	1	0	-1	0	0	0
Credit institutions	-54	-5	46	60	0	-62	-15	-8	4
Collective allowances	-1	-7	0	8	0	-4	-3	0	0
Debt securities	0	-1	0	0	0	0	-1	0	0
Central banks	0	0	0	0	0	0	0	0	0
Credit institutions	0	-1	0	0	0	0	-1	0	0
Loans and advances	-1	-6	0	8	0	-4	-2	0	0
Central banks	0	0	0	0	0	0	0	0	0
Credit institutions	-1	-6	0	8	0	-4	-2	0	0
Total	-55	-12	46	73	0	-70	-17	-8	4

20. Loans and receivables to customers

Loans and receivables to customers

in EUR million	Gross carrying amount	Specific allowances	Collective allowances	Net carrying amount
As of 31 December 2015				
Debt securities with customers	183	-14	-2	167
General governments	67	0	-1	66
Other financial corporations	0	0	0	0
Non-financial corporations	116	-14	-1	102
Loans and advances to customers	131,723	-5,262	-731	125,729
General governments	7,433	-6	-14	7,412
Other financial corporations	5,030	-154	-26	4,849
Non-financial corporations	56,112	-3,194	-424	52,495
Households	63,148	-1,907	-268	60,973
Total	131,906	-5,276	-733	125,897
As of 31 December 2014				
Debt securities with customers	269	-13	-2	254
General governments	108	0	-1	107
Other financial corporations	25	0	0	25
Non-financial corporations	135	-13	-1	122
Loans and advances to customers	128,056	-6,710	-766	120,580
General governments	7,701	-6	-14	7,681
Other financial corporations	5,249	-142	-25	5,082
Non-financial corporations	54,319	-4,134	-440	49,745
Households	60,786	-2,428	-287	58,071
Total	128,325	-6,723	-768	120,834

In the balance sheet, loans and receivables to customers are disclosed with the carrying amount net of any impairments.

Allowances for loans and receivables to customers

in EUR million	As of Dec 2014	Allocations	Use	Releases	Interest income from impaired loans	Exchange- rate and other changes (+/-)	As of Dec 2015	Amounts written off	Recoveries of amounts previously written off
Specific allowances	-6,723	-2,168	2,222	1,347	162	-116	-5,276	-159	274
Debt securities with customers	-13	-1	0	1	0	-1	-14	0	0
General governments	0	0	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0	0	0
Non-financial corporations	-13	-1	0	1	0	0	-14	0	0
Loans and advances to customers	-6,710	-2,168	2,222	1,346	162	-115	-5,262	-159	274
General governments	-6	-3	2	2	0	-1	-7	0	0
Other financial corporations	-142	-47	22	27	4	-18	-154	-3	2
Non-financial corporations	-4,134	-1,272	1,295	897	81	-61	-3,195	-123	179
Households	-2,428	-846	904	421	77	-35	-1,907	-34	93
Collective allowances	-768	-439	0	480	0	-6	-733	0	0
Debt securities with customers	-2	0	0	0	0	0	-2	0	0
General governments	-1	0	0	0	0	0	-2	0	0
Other financial corporations	0	0	0	0	0	0	0	0	0
Non-financial corporations	-1	0	0	0	0	0	0	0	0
Loans and advances to customers	-766	-439	0	480	0	-6	-731	0	0
General governments	-14	-8	0	8	0	0	-14	0	0
Other financial corporations	-25	-16	0	18	0	-3	-26	0	0
Non-financial corporations	-440	-213	0	221	0	9	-424	0	0
Households	-287	-201	0	233	0	-12	-268	0	0
Total	-7,491	-2,608	2,222	1,827	162	-121	-6,009	-159	274

	As of Dec 13 restated						As of Dec 14		
Specific allowances	-7,188	-3,436	2,100	1,439	202	160	-6,723	-220	196
Debt securities with customers	-9	-11	4	0	0	3	-13	-14	11
General governments	0	0	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0	0	0
Non-financial corporations	-9	-11	4	0	0	3	-13	-14	11
Loans and advances to customers	-7,179	-3,425	2,096	1,439	202	157	-6,710	-206	185
General governments	-6	-6	3	3	1	-1	-6	0	1
Other financial corporations	-183	-95	91	48	3	-5	-142	-2	2
Non-financial corporations	-4,681	-2,187	1,431	837	109	357	-4,134	-163	149
Households	-2,310	-1,137	572	551	90	-194	-2,428	-40	33
Collective allowances	-640	-583	0	502	0	-47	-768	0	0
Debt securities with customers	-2	0	0	0	0	0	-2	0	0
General governments	0	0	0	0	0	-1	-1	0	0
Other financial corporations	0	0	0	0	0	0	0	0	0
Non-financial corporations	-2	0	0	0	0	2	-1	0	0
Loans and advances to customers	-638	-583	0	502	0	-48	-766	0	0
General governments	-11	-7	0	5	0	-1	-14	0	0
Other financial corporations	-16	-27	0	21	0	-2	-25	0	0
Non-financial corporations	-353	-310	0	226	0	-4	-440	0	0
Households	-258	-239	0	250	0	-41	-287	0	0
Total	-7,828	-4,019	2,100	1,940	202	113	-7,491	-220	196

21. Impairment loss for financial instruments

The following table shows impairment losses according to the respective financial instruments. The disclosed amounts comprise allocations of risk provisions and provisions as well as direct write off expenses. However, releases of risk provisions and provisions together with recoveries on written-off loans are not included.

in EUR million	Dec 14 restated	Dec 15	Position in Statement of Comprehensive Income
Allocations to risk provisions	4,030	2,620	Net impairment loss on financial assets not measured at fair value through profit or loss
Direct write offs	228	167	Net impairment loss on financial assets not measured at fair value through profit or loss
Impairment of loans and advances to credit institutions and customers	4,258	2,787	Net impairment loss on financial assets not measured at fair value through profit or loss
Financial assets - available for sale	53	63	Net impairment loss on financial assets not measured at fair value through profit or loss
Financial assets - held to maturity	1	1	Net impairment loss on financial assets not measured at fair value through profit or loss
Contingent credit risk liabilities	279	299	Other operating result (Note 9)
Total	4,590	3,150	

22. Derivatives – hedge accounting

in EUR million	Dec 14			Dec15		
	Notional value	Positive fair value	Negative fair value	Notional value	Positive fair value	Negative fair value
Fair value hedges	29,184	2,689	724	25,430	2,108	601
Interest rate	29,142	2,689	712	25,430	2,108	601
Equity	0	0	0	0	0	0
Foreign exchange	42	0	12	0	0	0
Credit	0	0	0	0	0	0
Commodity	0	0	0	0	0	0
Other	0	0	0	0	0	0
Cash flow hedges	4,327	183	2	4,547	161	12
Interest rate	3,760	181	1	4,000	160	10
Equity	0	0	0	0	0	0
Foreign exchange	567	2	1	547	0	2
Credit	0	0	0	0	0	0
Commodity	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total gross amounts	33,511	2,872	726	29,977	2,269	614
Offset		0	0		-77	-21
Total		2,872	726		2,192	593

Since the second quarter of 2015, Erste Group undertakes a part of interest rate derivative transactions via London Clearing House. Consequently, those derivatives are shown net of the respective cash collaterals in the balance sheet in accordance with the criteria described in chapter 'B. Significant accounting policies'.

23. Equity method investments

in EUR million	Dec 14	Dec 15
Credit institutions	86	87
Financial institutions	45	40
Non-credit institutions	63	39
Total	195	167

In 2015, the carrying amount of the equity investment Let's Print Holding AG in the amount of EUR 16 million was reclassified from balance sheet item 'Investments in associates and joint venture' – line 'credit-institution' – to item 'Assets held for sale'.

The table below shows the aggregated financial information of companies accounted for using the equity method:

in EUR million	Dec 14	Dec 15
Total assets	3,998	4,249
Total liabilities	3,499	3,761
Income	16	176
Profit/loss	-68	42

None of Erste Group's investments accounted for using the equity method published price quotations.

Significant equity method investments where the Erste Group has strategic interest

in EUR million	Dec 14			Dec 15		
	Prvá stavebná	Let's Print Holding AG	VBV - Betriebliche Altersvorsorge AG	Prvá stavebná	Let's Print Holding AG	VBV - Betriebliche Altersvorsorge AG
Country of Incorporation	Slovakia	Austria	Austria	Slovakia	Austria	Austria
Place of business	Slovakia	Austria	Austria	Slovakia	Austria	Austria
Main business activity	Financing building society	Printing Office	Insurance	Financing building society	Printing Office	Insurance
Ownership% held	35%	42%	30%	35%	42%	30%
Voting rights held%	35%	42%	27%	35%	42%	27%
IFRS Classification (JV/A)	Associate	Associate	Associate	Associate	Associate	Associate
Reporting currency	Euro	Euro	Euro	Euro	Euro	Euro
Dividend income received	0	0	5	0	0	7
Impairment loss recognized (cumulative basis)	0	0	0	0	0	0
Impairment loss recognized (for the reporting year)	0	0	0	0	0	0
Loan commitments, financial guarantees and other commitments given	0	0	0	0	0	0

Investee's financial information for the reporting year

Cash and cash balances	0	6	15	0	6	8
Other current assets	412	34	8	367	34	9
Non-current assets	2,160	96	38	2,327	88	40
Current liabilities	549	29	0	635	26	0
Non-current liabilities	1,782	78	7	1,815	68	2
Operating Income	74	237	2	76	231	2
Post-tax result from continuing operations	19	4	6	25	5	7
Post-tax result from discontinued operations	0	0	0	0	0	0
Other comprehensive income	3	0	0	6	0	0
Total comprehensive income	22	4	6	31	5	7
Depreciation and amortization	-3	-8	0	-4	-9	0
Interest income	109	0	0	109	0	0
Interest expense	-53	-3	0	-49	-2	0
Tax expense/income	-7	-1	0	-7	0	0

Reconciliation of investee's net assets against equity investment's carrying amount

Net assets attributable to Erste Group	84	13	16	85	14	16
Carrying goodwill included in the cost of investment	0	6	0	0	2	0
Impairments (cumulative basis)	0	0	0	0	0	0
Carrying amount	84	20	16	85	16	16

The carrying amount of the equity investment Let's Print Holding AG in the amount of EUR 16 million is disclosed in the balance sheet under item 'Assets held for sale' (please see also Note 29 Assets held for sale and liabilities associated with assets held for sale).

Insignificant equity method investments

in EUR million	Dec 14		Dec 15	
	Associates	Joint Ventures	Associates	Joint Ventures
Investees' aggregated key financial information				
Post-tax result from continuing operations	20	0	6	0
Post-tax result from discontinued operations	0	0	0	0
Other comprehensive income	3	0	0	0
Total comprehensive income	23	0	7	0
Loan commitments, financial guarantees and other commitments given	0	0	0	0
Carrying amount	75	0	58	7

24. Unconsolidated structured entities

Erste Group uses structured entities in the course of its business activity. The definition of structured entities as well as of interests in structured entities is outlined in chapter 'B. Significant Accounting Policies'.

Investment funds

Direct investments in own-managed and third-party-managed investment funds as well as management fees earned for the management of investment funds by subsidiaries of Erste Group are classified as interests unconsolidated structured entities, if they are not consolidated.

Direct investments in investment funds. Erste Group is invested in several mutual funds as well as in private investment funds which are registered in Austria, Central- and Eastern Europe or other countries. The majority of those funds is managed by subsidiaries of Erste Group, the smaller part of the funds being managed by independent third parties. The investments in funds held by Erste Group do not constitute material investments (basically below 20%) and mostly take the form of redeemable fund unit investments. They are measured at fair value on the Group's balance sheet, and are disclosed as equity instruments either under line item 'Financial assets - available for sale' or 'Financial assets - held for trading'.

Management Fees. Moreover, Erste Group earns management fees for providing investment management services as fund manager (by subsidiaries of Erste Group); meaning for making the investment decision for the funds under management of the relevant investment fund.

The magnitude of the Group's equity interests in unconsolidated investment funds may vary in the future depending on the future performance of their respective underlying assets, relevant market circumstances and opportunities, or regulatory requirements.

In the normal course of business activity, the Group is involved in trading derivative transactions with own-managed unconsolidated funds. Also, for shorter or longer periods, some of the own-managed unconsolidated funds may make placements in debt securities issued by Erste Group entities or in bank deposits held with Erste Group banks. In limited instances, Erste Group Bank AG provides capital performance guarantees to unconsolidated own-managed funds.

Securitization vehicles

Erste Group is also involved as an investor in a number of unconsolidated securitisation vehicles sponsored and managed by unrelated third parties in foreign jurisdictions. The interests of the Group in these entities mostly take the form of bond investments, the majority of which are classified as available for sale and therefore measured at fair value on the Group's balance sheet. Almost 95% of the exposure on unconsolidated securitisations relates to bond investments maturing beyond 1 year. At year end the remaining, weighted average maturity of those debt securities is slightly more than 7 years.

Others

To a lesser extent, Erste Group is also exposed (notably as lender) to unconsolidated structured entities having other business activities, primarily real estate project-based.

Maximum exposure to unconsolidated structured entities

Erste Group's maximum exposure to losses from its interests in unconsolidated structured entities is equal to the total fair value of its fund units, bond investments, trading derivative assets, provided loans and off-balance sheet commitments and guarantees as of the respective balance sheet date.

The table below summarises the Group's business relations to unconsolidated structured entities per balance sheet line item, business activity and business location. The summary includes the assets identified as impaired at year-end, as well as related net impairment losses/gains incurred during the year. The carrying amounts of the exposures summarized below are mostly referring to assets already measured at fair value in the balance sheet of the Group. The carrying amounts of the remaining exposures (notably held to maturity investments) are materially similar to their fair values.

Dec 15	Investment Funds			Securitization vehicles				
in EUR million	Own-managed	Third-party managed	Total	Own-managed	Third-party managed	Total	Other	Total
Assets								
Equity instruments, thereof:	579	289	868	0	1	1	0	868
Available for sale	499	188	687	0	1	1	0	688
Fair value through profit or loss	80	100	180	0	0	0	0	180
Debt securities, thereof:	1	0	1	0	639	639	0	640
Available for sale	0	0	0	0	0	0	0	0
Fair value through profit or loss	0	0	0	0	0	0	0	0
Held to maturity	0	0	0	0	0	0	0	0
Loans and receivables	30	0	30	0	0	0	87	117
Trading derivatives	13	0	13	0	0	0	3	16
Non-current equities held for sale	0	0	0	0	0	0	0	0
Total assets	622	289	911	0	639	639	90	1,641
thereof impaired	0	0	0	0	1	1	0	1
Net Impairment (losses)/gains for the year	0	-4	-4	0	0	0	0	-4
On-balance sheet exposure analysis per jurisdiction								
Austria	579	199	777	0	7	7	0	784
Central and Eastern Europe	43	21	65	0	50	50	90	205
Other jurisdictions	0	69	69	0	583	583	0	652
	622	289	911	0	639	639	90	1,641
Liabilities								
Equity Instruments	1	0	1	0	0	0	0	1
Debt securities issued	117	0	117	0	0	0	3	120
Deposits	1,104	0	1,104	0	0	0	14	1,118
Trading derivatives	26	0	26	0	0	0	0	26
Total liabilities	1,248	0	1,248	0	0	0	17	1,265
Off balance-sheet commitments	126	0	126	0	0	0	6	131

In 2015, investments in private equity funds in the amount of EUR 52.8 million were sold due to regulatory reasons (for more details please refer to Note 29 Assets held for sale and liabilities associated with assets held for sale). The following table for the comparative period 2014 indicates those investments in the position ‘Non-current equities held for sale’.

The investments in unconsolidated securitization vehicles will presumably be sold in the next years. Some debt securities that are classified as held to maturity were excluded.

Dec 14	Investment Funds			Securitization vehicles				
in EUR million	Own-managed	Third-party managed	Total	Own-managed	Third-party managed	Total	Other	Total
Assets								
Equity instruments, thereof:	359	694	1,053	0	0	0	0	1,053
Available for sale	308	426	734	0	0	0	0	734
Fair value through profit or loss	51	268	319	0	0	0	0	319
Debt securities, thereof:	1	0	1	0	1,221	1,221	0	1,221
Available for sale	1	0	1	0	1,071	1,071	0	1,072
Fair value through profit or loss	0	0	0	0	38	38	0	38
Held to maturity	0	0	0	0	112	112	0	112
Loans and receivables	0	0	0	0	0	0	101	101
Trading derivatives	39	0	39	0	0	0	4	43
Non-current equities held for sale	0	53	53	0	0	0	0	53
Total assets	399	747	1,146	0	1,221	1,221	105	2,472
thereof impaired	12	20	32	0	51	51	0	83
Net Impairment (losses)/gains for the year	-1	-2	-2	0	3	3	0	0
On-balance sheet exposure analysis per jurisdiction								
Austria	341	490	830	0	0	0	0	830
Central and Eastern Europe	58	30	88	0	0	0	105	193
Other jurisdictions	0	228	228	0	1,221	1,221	0	1,449
	399	747	1,146	0	1,221	1,221	105	2,472
Liabilities								
Debt securities issued	186	0	186	0	0	0	0	186
Deposits	1,134	0	1,134	0	0	0	14	1,148
Trading derivatives	6	0	6	0	0	0	0	6
Total liabilities	1,326	0	1,326	0	0	0	14	1,340
Off balance-sheet commitments								
	87	0	87	0	0	0	6	93

In 2015 Erste Group has extended the classification of interests in unconsolidated structured investment funds. The figures for the comparative period 2014 in the line 'Deposits' were adjusted accordingly.

25. Non controlling interest

Dec 15		HV Savings Banks, thereof		
in EUR million	Total	Sparkasse Oberösterreich	Sparkasse Steiermark	Sparkasse Kärnten
Country of Incorporation	Austria	Austria	Austria	Austria
Place of business	Austria	Austria	Austria	Austria
Main business activity	Banking	Banking	Banking	Banking
Ownership% held by NCI	50.1%-100%	60%	75%	75%
Reporting currency	Euro	Euro	Euro	Euro
Dividends paid to equity holders of the parent	22	5	4	1
Net result attributable to non-controlling interests	282	33	63	15
Accumulated NCI	3,562	454	776	190
Subsidiary-level stand-alone key financial information				
Current assets	13,643	4,071	1,936	475
Non-current assets	46,378	7,982	10,854	3,309
Current liabilities	35,973	8,104	6,447	1,692
Non-current liabilities	18,913	3,101	5,275	1,818
Operating income	1,534	283	312	99
Profit or loss from continuing operations	382	65	96	21
Total comprehensive income	424	84	100	28

Dec 14		HV Savings Banks, thereof		
in EUR million	Total	Sparkasse Oberösterreich	Sparkasse Steiermark	Sparkasse Kärnten
Country of Incorporation	Austria	Austria	Austria	Austria
Place of business	Austria	Austria	Austria	Austria
Main business activity	Banking	Banking	Banking	Banking
Ownership% held by NCI	50.1%-100%	60%	75%	75%
Reporting currency	Euro	Euro	Euro	Euro
Dividends paid to equity holders of the parent	92	4	4	0
Net result attributable to non-controlling interests	179	17	42	12
Accumulated NCI	3,252	464	729	185
Subsidiary-level stand-alone key financial information				
Current assets	18,060	4,624	1,285	440
Non-current assets	41,328	7,590	11,601	3,331
Current liabilities	28,735	8,090	2,111	776
Non-current liabilities	25,871	3,352	9,803	2,748
Operating income	1,482	271	314	94
Profit or loss from continuing operations	184	29	56	17
Total comprehensive income	88	22	72	20

26. Property, equipment and Investment properties

a) At cost

in EUR million	Property and equipment - Acquisition and production costs					
	Land and buildings (used by the Group)	Office and plant equipment / other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
Balance as of 1 January 2014	2,783	990	645	419	4,837	1,444
Additions in current year (+)	135	48	42	130	355	91
Disposals (-)	-24	-57	-54	-96	-232	-39
Acquisition of subsidiaries (+)	12	3	0	34	48	26
Disposal of subsidiaries (-)	-1	0	0	-3	-4	-27
Reclassification (+/-)	-95	1	2	49	-42	-41
Assets held for sale (-)	-92	0	0	-10	-102	-17
Currency translation (+/-)	-13	-4	-4	9	-12	-5
Balance as of 31 December 2014	2,704	982	632	532	4,849	1,432
Additions (+)	133	128	66	165	493	67
Disposals (-)	-73	-59	-73	-124	-328	-95
Acquisition of subsidiaries (+)	15	0	0	0	15	18
Disposal of subsidiaries (-)	-1	-2	-1	0	-3	-116
Reclassification (+/-)	9	-1	-2	-2	3	0
Assets held for sale (-)	-14	0	0	-4	-18	-131
Currency translation (+/-)	18	4	1	15	37	8
Balance as of 31 December 2015	2,791	1,052	624	581	5,049	1,183

b) Accumulated depreciation

in EUR million	Property and equipment - Accumulated depreciation					
	Land and buildings (used by the Group)	Office and plant equipment / other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
Balance as of 1 January 2014	-1,053	-769	-538	-156	-2,516	-494
Amortisation and depreciation (-)	-79	-53	-46	-70	-248	-30
Disposals (+)	35	59	52	57	203	16
Acquisition of subsidiaries (-)	-4	-2	0	-12	-18	-6
Disposal of subsidiaries (+)	1	1	0	3	4	4
Impairment (-)	-13	0	-1	-1	-16	-13
Reversal of impairment (+)	2	0	0	1	3	4
Reclassification (+/-)	39	-17	0	-29	-7	34
Assets held for sale (+)	2	0	0	0	2	1
Currency translation (+/-)	5	3	4	-4	8	2
Balance as of 31 December 2014	-1,065	-779	-530	-211	-2,585	-481
Amortisation and depreciation (-)	-73	-51	-46	-68	-238	-26
Disposals (+)	48	29	66	64	206	37
Acquisition of subsidiaries (-)	0	0	0	0	0	0
Disposal of subsidiaries (+)	0	1	0	0	2	37
Impairment (-)	-30	-1	0	-4	-34	-9
Reversal of impairment (+)	3	0	0	2	5	0
Reclassification (+/-)	-5	0	2	2	-1	-2
Assets held for sale (+)	6	0	0	9	15	18
Currency translation (+/-)	-8	-2	-1	-6	-18	-4
Balance as of 31 December 2015	-1,123	-802	-510	-212	-2,647	-429

c) Carrying amounts

in EUR million	Property and equipment - carrying amounts					
	Land and buildings (used by the Group)	Office and plant equipment / other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
Balance as of 31 December 2014	1,639	203	101	321	2,264	950
Balance as of 31 December 2015	1,668	250	114	369	2,402	753

The carrying amount of investment properties includes investment properties under operating leases in the amount of EUR 159 million (2014: EUR 198 million).

In the reporting period, borrowing costs of EUR 6.3 million (2014: EUR 6.3 million) were capitalised. The related interest rates ranged from 0.5% to 3.1% (2014: from 0.5% to 1.5%).

The carrying amount of expenditures recognised in the items fixed assets and investment properties during their construction is EUR 51.5 million (2014: EUR 42.9 million). The contractual commitments for purchase of fixed assets and investment properties are EUR 81.4 million (2014: EUR 123.9 million).

In 2015, the new headquarter of Erste Group Austria has been completed. As a result, EUR 72.5 million in land and buildings and EUR 38 million in office and plant equipment as well as other fixed assets are recorded as acquisitions during the reporting period. Further acquisitions in office and plant equipment and other fixed assets are related to the new equipment of branches of Erste Bank Oesterreich in the amount of EUR 11.8 million.

In 2015 land and buildings were impaired in the amount of EUR 22 million in Česká spořitelna a.s.. As of 31 December 2015, the recoverable amount of these impaired assets amounted to EUR 10.7 million.

27. Intangible assets

a) At cost

in EUR million	Intangible assets - Acquisition and production costs						Total
	Goodwill	Customer relationships	Brand	Software acquired	Self-constructed software within the Group	Others (licenses, patents, etc.)	
Balance as of 1 January 2014	3,924	771	289	1,237	333	411	6,965
Additions in current year (+)	0	0	0	133	50	6	189
Disposals (-)	0	0	0	-43	-20	-5	-69
Acquisition of subsidiaries (+)	0	0	0	2	0	0	2
Disposal of subsidiaries (-)	0	0	3	4	0	2	9
Reclassification (+/-)	0	0	0	-53	53	-3	-3
Assets held for sale (-)	0	0	0	0	0	0	0
Currency translation (+/-)	8	3	-1	-11	3	-3	-1
Balance as of 31 December 2014	3,932	774	291	1,268	419	408	7,092
Additions (+)	0	1	0	119	87	6	213
Disposals (-)	0	0	0	-33	-12	-23	-69
Acquisition of subsidiaries (+)	0	0	0	1	0	1	2
Disposal of subsidiaries (-)	0	0	0	-1	-1	0	-2
Reclassification (+/-)	0	0	0	-6	4	-1	-3
Assets held for sale (-)	0	0	0	0	0	-1	-1
Exchange-rate changes (+/-)	-20	-6	-3	9	0	6	-13
Balance as of 31 December 2015	3,912	769	288	1,356	498	396	7,219

b) Accumulated depreciation

in EUR million	Intangible assets - Accumulated depreciation						Total
	Goodwill	Customer relationships	Brand	Software acquired	Self-constructed software within the Group	Others (licenses, patents, etc.)	
Balance as of 1 January 2014	-2,685	-480	0	-847	-248	-263	-4,524
Amortisation and depreciation (-)	0	-37	0	-103	-28	-18	-187
Disposals (+)	0	0	0	21	20	4	45
Acquisition of subsidiaries (-)	0	0	0	-1	0	0	-1
Disposal of subsidiaries (+)	0	0	-3	-3	0	-2	-8
Impairment (-)	-475	-193	-291	-4	-6	-19	-988
Reversal of impairment (+)	0	0	0	0	0	0	0
Reclassification (+/-)	0	0	0	28	-44	19	2
Assets held for sale (+)	0	0	0	0	0	0	0
Currency translation (+/-)	0	-2	3	7	0	3	10
Balance as of 31 December 2014	-3,161	-712	-291	-904	-306	-276	-5,650
Amortisation and depreciation (-)	0	-6	0	-112	-37	-18	-173
Disposals (+)	0	0	0	21	12	21	53
Acquisition of subsidiaries (-)	0	0	0	0	0	0	0
Disposal of subsidiaries (+)	0	0	0	1	0	0	1
Impairment (-)	0	0	0	-1	-4	0	-5
Reversal of impairment (+)	0	0	0	0	0	0	0
Reclassification (+/-)	0	0	0	7	-3	-1	3
Assets held for sale (+)	0	0	0	0	0	0	0
Currency translation (+/-)	20	6	3	-6	0	-6	17
Balance as of 31 December 2015	-3,142	-712	-288	-994	-338	-280	-5,753

c) Carrying amounts

in EUR million	Intangible assets - carrying amounts						Total
	Goodwill	Customer relationships	Brand	Software acquired	Self-constructed software within the Group	Others (licenses, patents, etc.)	
Balance as of 31 December 2014	771	62	0	364	113	132	1,442
Balance as of 31 December 2015	771	57	0	362	159	116	1,464

The contractual commitments for the purchase of intangible assets amount to EUR 18.4 million.

As of 31 December 2015 the customer relationship Ringturm Kapitalanlagegesellschaft m.b.H. amounted to EUR 53 million (2014: EUR 57 million). The remaining amortization period of the customer relationship in Ringturm Kapitalanlagegesellschaft m.b.H. is 12.8 years.

As of 31 December 2014, the customer relationship and distribution network of Erste Card Club d.d. Croatia was reported in the amount of EUR 1.2 million in the respective balance sheet item and fully amortized in 2015. The customer relationship and the brand recognized for Banca Comercială Română were fully impaired in 2014 and consequently amounted to EUR 0 million as of 31 December 2014.

Development of goodwill

The changes in the carrying amount of goodwill, as well as gross amounts and accumulated impairment losses of goodwill, for the years ended 31 December 2015 and 2014 are shown below by country of subsidiary:

in EUR million	Romania	Czech Republic	Slovakia	Hungary	Croatia	Austria	Other countries	Total
Balance as of 1 January 2014	313	544	226	0	61	94	0	1,239
Acquisitions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Impairment losses	-319	0	0	0	-61	-94	0	-475
Exchange rate changes	6	1	0	0	1	0	0	8
Balance as of 31 December 2014	0	545	226	0	0	0	0	771
Gross amount of goodwill	2,251	545	226	313	114	363	120	3,932
Cumulative impairment	-2,251	0	0	-313	-114	-363	-120	-3,161
Balance as of 1 January 2015	0	545	226	0	0	0	0	771
Acquisitions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0	0	0
Exchange rate changes	0	-1	0	0	0	0	0	-1
Balance as of 31 December 2015	0	544	226	0	0	0	0	771
Gross amount of goodwill	2,251	544	226	313	114	363	120	3,931
Cumulative impairment	-2,251	0	0	-313	-114	-363	-120	-3,161

In the goodwill development summary presented above, all relevant entities (cash generating units) are grouped by country of domicile of the relevant subsidiaries. The gross amounts of the goodwill elements presented above are the amounts as determined at the time of the related acquisitions, less accumulated impairments until 31 December 2015, including the effects of exchange rate changes.

The goodwill elements having non-nil carrying amounts as at 31 December 2014 have been assessed for objective evidence of impairment on a quarterly basis throughout the year 2015. Due to the lack of objective evidence, the goodwill impairment assessment for the year 2015 addressed the following subsidiaries (cash generating units):

- _ Česká spořitelna a.s. ('CSAS')
- _ Slovenská sporiteľňa a.s. ('SLSP')

The analysis per subsidiary (cash generating unit) of both the carrying goodwill as at 31 December 2015 (1 January 2015) and of the impairment losses recognised for the year 2015 (2014) is presented in the table below. The table also summarizes the key elements of the approach taken in designing and performing the goodwill impairment test as at the end of 2015.

	CSAS	SLSP
Carrying amount of goodwill as of 1 January 2015	545	226
Effect of exchange rate changes for the year 2015	0	0
Basis upon which recoverable amount has been determined	Value in Use (discounted cash flow model based)	
Key input parameters into the discounted cash flow model	Risk Free Rate, Terminal Growth Rate, β Factor, Market Risk Premium	
Description of approach to determining value assigned to risk free rate	Risk Free Rate has been set at 1.29% p.a. throughout relevant Group's CGUs based on relevant financial statistics published by Deutsche Bundesbank as at the reference date 31 October 2015	
Description of approach to determining values assigned to terminal growth rate	For non-Austrian (CEE) CGUs: Terminal Growth Rate has been equated to 3.00%, representing the recommended cap level for the Terminal Growth Rate, as per the report ESMA/2013/2 'European Enforcers Review of Impairment of Goodwill and Other Intangible Assets in the IFRS Financial Statements' published by the European Securities and Markets Authority (ESMA).	
Description of approach to determining values assigned to β factor	Set as the median value of a group of levered β factors attributable to a sample of 'peer banks' representative of the tested banks (CGUs), as published by Bloomberg as of the reference date 31 October 2015.	
Description of approach to determining values assigned to market risk premium	Set at 6.5% throughout relevant Group's CGUs based on publicly available evaluations by the Austrian Chamber of Commerce (Kammer der Wirtschaftstreuhänder).	
Period of cash flow projection (years)	5 years (2016 -2020); extrapolation to perpetuity based on Terminal Growth Rate	
Discount rate applied to cash flow projections (pre-tax)	12.45%	12.90%
The value assigned to β Factor	1.182	1.182
Amount of goodwill impairment loss recognised in profit or loss for the year 2015	-1	0
Post-impairment carrying amount of goodwill as of 31 December 2015	544	226

In respect of the assessed cash generating units located outside the eurozone, an inflation differential has been considered in the determination of the discount rates applicable to the related 2016-2020 cash flow projections.

The comparative summary at subsidiary-level as at 31 December 2014 is presented below:

	BCR	CSAS	EBC	SLSP	STMK	GIRO
Carrying amount of goodwill as of 1 January 2014	313	544	61	226	40	54
Effect of exchange rate changes for the year 2014	6	1	1	0	0	0
Basis upon which recoverable amount has been determined	Value in Use (discounted cash flow model based)					
Key input parameters into the discounted cash flow model	Risk Free Rate, Terminal Growth Rate, β Factor, Market Risk Premium					
Description of approach to determining value assigned to risk free rate	Risk Free Rate has been set at 1.93% p.a. throughout relevant Group's CGUs based on relevant financial statistics published by Deutsche Bundesbank as at the reference date 14 November 2014					
Description of approach to determining values assigned to terminal growth rate	For Austrian CGUs: Terminal Growth Rate has been equated to 1.00% reflecting the expected Austrian annual average long-term inflation rate. For non-Austrian (CEE) CGUs: Terminal Growth Rate has been equated to 3.00%, representing the recommended cap level for the Terminal Growth Rate, as per the report ESMA/2013/2 'European Enforcers Review of Impairment of Goodwill and Other Intangible Assets in the IFRS Financial Statements' published by the European Securities and Markets Authority (ESMA).					
Description of approach to determining values assigned to β factor	Set as the median value of a group of levered β factors attributable to a sample of 'peer banks' representative of the tested banks (CGUs), as published by Bloomberg as of the reference date 14 November 2014.					
Description of approach to determining values assigned to market risk premium	Set at 6.25% throughout relevant Group's CGUs based on publicly available evaluations by the Austrian Chamber of Commerce (Kammer der Wirtschaftstreuhänder).					
Period of cash flow projection (years)	5 years (2015 -2019); extrapolation to perpetuity based on Terminal Growth Rate					
Discount rate applied to cash flow projections (pre-tax)	14.04%	12.17%	14.49%	12.91%	12.28%	15.30%
The value assigned to β Factor	1.121	1.121	1.121	1.121	1.379	1.033
Amount of goodwill impairment loss recognised in profit or loss for the year 2014	-319	0	-61	0	-40	-54
Post-impairment carrying amount of goodwill as of 31 December 2014	0	545	0	226	0	0

In connection with those tested cash-generating units for which no goodwill impairment loss was determined as of 31 December 2015, the table below summarises the outcome of the sensitivity analysis performed to determine by how much the key input parameters into the applied discounted cash flow models would need to vary adversely in order to cause the unit's calculated recoverable amount to decrease down to its related carrying amount:

Growth rates	CSAS	SLSP
Amount by which recoverable amount exceeds carrying amount	2.568	668
Risk free rate increase that would cause recoverable amount to equal carrying amount (basis points)	4.52%	3.05%
Terminal growth rate decrease that would cause recoverable amount to equal carrying amount (basis points)	-19.23%	-13.27%
β factor increase that would cause recoverable amount to equal carrying amount (coefficient value)	0.695	0.469
Market risk premium increase that would cause recoverable amount to equal carrying amount (basis points)	3.82%	2.58%

As of 31 December 2014, the comparative sensitivity analysis figures were as follows:

Growth rates	CSAS	SLSP
Amount by which recoverable amount exceeds carrying amount	1,834	341
Risk free rate increase that would cause recoverable amount to equal carrying amount (basis points)	3.27%	1.69%
Terminal growth rate decrease that would cause recoverable amount to equal carrying amount (basis points)	-14.45%	-6.24%
β factor increase that would cause recoverable amount to equal carrying amount (coefficient value)	0.524	0.271
Market risk premium increase that would cause recoverable amount to equal carrying amount (basis points)	2.92%	1.51%

28. Tax assets and liabilities

					Net variance 2015		
in EUR million	Tax assets 2015	Tax assets 2014	Tax liabilities 2015	Tax liabilities 2014	Total	Through profit or loss	Through other comprehensive income
Temporary differences relate to the following items:							
Loans and advances to credit institutions and customers	238	227	-38	-24	-3	-3	0
Financial assets - available for sale	12	2	-245	-334	99	93	7
Property and equipment (useful life in tax law different)	31	25	-27	-31	11	11	0
Amortisation of investments in subsidiaries (tax-effective in subsequent years)	47	46	-9	0	-8	-8	0
Financial liabilities measured at amortized cost (deposits and debt securities issued)	172	97	0	0	75	75	0
Long-term employee provisions (tax valuation different)	94	117	-3	-3	-23	-1	-21
Other provisions (tax valuation different)	56	53	-8	-7	2	2	0
Tax loss carry-forward	101	104	0	0	-3	-3	0
Customer relationships, brands and other intangibles	0	3	-15	-14	-3	-3	0
Other	629	206	-822	-261	-138	-160	17
Effect of netting gross deferred tax position	-1,071	-577	1,071	577	0	0	0
Total deferred taxes	310	301	-96	-99	12	4	2
Current taxes	119	107	-90	-91	13	-368	0
Total taxes	429	409	-186	-190	24	-364	2

The deferred tax positions presented above at the granularity level of their respective underlying sources (these are: temporary differences between the IFRS-accounting and the tax values of assets and liabilities, and accumulated tax losses) are measured prior to subsidiary-level balance-sheet netting of attributable gross deferred tax assets and gross deferred tax liabilities and before consideration of consolidation effects. Also, except for the deferred tax assets attributable to tax loss carry-forward and to amortisation of investments in subsidiaries (tax-effective in subsequent years), that the impacts of the impairment recordings of the afore-described recoverability assessments could be distinctly allocated to, the amounts presented above are before those impacts of impairment recordings on the respective potential deferred tax asset positions, that are calculated at entity level.

The remaining effects of impairment, that could not be distinctly allocated to the issue-related deferred tax positions in the table above and also the consolidation effects, are included in the row "Other" together with the other deferred tax positions not being shown separately in the table above.

Out of the total net amount of EUR 12 million (2014: EUR -359 million) representing the year-on-year variance in the Group's consolidated net deferred tax position, an amount of EUR 4 million (2014: EUR -209 million) is reflected as net deferred tax expense in the Group's income statement for the year 2015, whilst an amount of EUR 2 million (2014: EUR -143 million) represents the impact in the Group's other comprehensive income for the year. The remaining EUR 6 million (2014: EUR -7 million) is attributable to other categories of variances in the consolidated net deferred tax position, notably due to direct movements in equity, foreign exchange differences, and changes in the consolidation scope.

The Group's consolidated deferred tax asset position in amount of EUR 310 million as at 31 December 2015 (2014: EUR 301 million) is expected to be recoverable in the foreseeable future. In spite of losses in the current or prior period for the components of the group affected this recoverability is also expected to be the case for their amounts of deferred tax assets which are exceeding their deferred tax liabilities by an amount of EUR 218 million as at 31 December 2015 (2014: EUR 180 million). These expectations result from year-end recoverability assessments undertaken by the Group's entities, either at individual level, or at relevant tax group level. Such assessments are comparing net temporary deductible differences and available fiscal losses at year-end – after offsetting with deferred tax liabilities at individual level or at relevant tax group level - with fiscal profit forecasts for a group-wide unified and unchanged time horizon of a maximum 5 years depending on the fiscal jurisdiction and applicable facts and circumstances. If the result of these assessments is negative, the deferred tax asset positions are correspondingly not recorded and the already existing deferred tax asset positions are correspondingly depreciated.

In 2015 for the Group as a whole there was a slight increase in the deferred tax assets in comparison to 2014. The effect mainly results from an increase in the Austrian Tax Group and in Croatia as well as from an adverse effect in Romania. The increase in the Austrian Tax Group is based on a better forecast for the 5 year-planning period. In Croatia, it was possible to capitalize additional deferred tax assets for tax losses - based on a one time effect in 2015 - due to a still positive forecast. This one time effect is caused by a change in legislation. Hence, it was compulsory to convert CHF-loans into EUR-loans. In Romania tax losses in 2015 were consumed due to the positive result. Therefore the deferred tax assets on tax loss carry-forward decreased.

Further information on total tax expense is provided in Note 10.

In accordance with IAS 12.39, no deferred tax liabilities were recognized for temporary differences relating to investments in subsidiaries with an amount of EUR 1,517 million (31 December 2014: EUR 1,016 million), as they are not expected to reverse in the foreseeable future. As at 31 December 2015, no deferred tax assets were recognized for tax loss carry-forward and deductible temporary differences with a total amount of EUR 5,960 million, of which EUR 3,361 million relates to tax loss carry-forward (31 December 2014: EUR 6,336 million, of which EUR 3,107 million relates to tax loss carry-forward), as they are not expected to be realized in the foreseeable future. The figure comprises an amount of EUR 241 million (31 December 2014: EUR 412 million) representing temporary differences in connection with investments in subsidiaries no deferred tax assets have been recognized for in accordance with IAS 12.44.

From the total of the not recorded deferred tax assets related to tax loss carry-forward in the following period EUR 1 million will expire (31 December 2014: EUR 1 million) and in later periods EUR 148 million (31 December 2014: EUR 118 million), EUR 620 million (31 December 2014: EUR 623 million) will not expire.

29. Assets held for sale and liabilities associated with assets held for sale

in EUR million	Dec 14	Dec 15
Assets held for sale	291	526
Liabilities associated with assets held for sale	0	578

As of the end of 2015, 'Assets held for sale' include mainly land and buildings in amount of EUR 381 million (2014: EUR 169 million). The increase in land and buildings is caused by decreased operating activities in the area of leasing within the countries Croatia, Romania and Slovenia as well as the area of project development. As a result, sales in real estate increase within the countries mentioned above.

As of 31 December 2014, investments in private equity funds in the amount of EUR 53 million as well as movable properties in the amount of EUR 69 million were presented in the line item 'Assets held for sale'.

In addition, as of 31 December 2015, the balance sheet items 'Assets held for sale' and 'Liabilities associated with assets held for sale' include the disposal group Sparkasse Bank Malta plc. The shares in Sparkasse Bank Malta plc. shall be transferred to third parties through a non-cash distribution.

Having met the qualifying criteria of IFRS 5, Sparkasse Bank Malta plc is presented in Erste Group consolidated financial statement for the financial year ending 31 December 2015 as a disposal group held for sale. The assets and liabilities of Sparkasse Bank Malta plc are disclosed under the balance sheet line items 'Assets held for sale' and 'Liabilities associated with assets held for sale'. In compliance with the disclosure requirements of IFRS 5, the assets and liabilities of Sparkasse Bank Malta plc were not reclassified in the statements of financial positions of previous periods. Prior to the reclassification as a disposal group held for sale in the consolidated balance sheet of Erste Group, an impairment test of the non-financial assets of Sparkasse Bank Malta plc according to IAS 36 was performed. According to this impairment test, no impairment was recognized for the non-financial assets of the disposal group.

The carrying amounts of the assets and liabilities of Sparkasse Bank Malta plc as of 31 December 2015 are as follows:

in EUR million	Dec 15
Assets	
Cash and cash balances	42
Financial assets - available for sale	68
Loans and receivables to credit institutions	12
Loans and receivables to customers	3
Property and equipment	1
Intangible assets	1
Other assets	2
Total assets	129
Liabilities	
Financial liabilities measured at amortised cost	575
Deposits from banks	3
Deposits from customers	572
Current tax liabilities	2
Other liabilities	0
Total liabilities	578

As of 31 December 2015, in 'Other comprehensive income' no accumulated income or expense of Sparkasse Malta plc is included.

30. Other assets

in EUR million	Dec 14	Dec 15
Prepayments and accrued income	218	197
Inventories	471	270
Sundry assets	934	750
Other assets	1,623	1,217

'Sundry assets' consist mainly of clearing items from the settlement of securities and payment transactions as well as advanced payments for assets under construction. The decrease in the line item 'Inventories' in the amount of EUR 84 million was predominantly caused by deconsolidation of subsidiaries as well as reclassifications of real estate project developments in the amount of EUR 49 million to the balance sheet line item 'Assets held for sale'.

31. Other trading liabilities

in EUR million	Dec 14	Dec 15
Short positions	422	382
Equity instruments	139	191
Debt securities	283	191
Debt securities issued	47	51
Sundry trading liabilities	88	0
Other trading liabilities	558	434

The decrease in other trading liabilities concerns deposits which were classified as financial liabilities held for trading.

32. Financial liabilities – at fair value through profit and loss

in EUR million	Carrying amount		Amount repayable		Delta between carrying amount and amount repayable	
	Dec 14	Dec 15	Dec 14	Dec 15	Dec 14	Dec 15
Financial liabilities - at fair value through profit or loss	2,073	1,907	2,503	1,880	- 431	26
Deposits from banks	0	0	0	0	0	0
Deposits from customers	320	149	748	150	-428	-1
Debt securities issued	1,753	1,758	1,755	1,731	-3	27
Other financial liabilities	0	0	0	0	0	0

Fair value changes that are attributable to changes in own credit risk

in EUR million	For reporting period		Cumulative amount	
	1-12 14	1-12 15	Dec 14	Dec 15
Financial liabilities - at fair value through profit or loss	3.1	- 8.7	53.2	40.5
Deposits from banks	0.0	0.0	0.0	0.0
Deposits from customers	0.5	-0.9	-1.2	0.3
Debt securities issued	2.7	-7.8	54.4	40.3
Other financial liabilities	0.0	0.0	0.0	0.0

In 2015 the fair value of 'financial liabilities at fair value through profit or loss' decreased due to changes in own credit risk in the amount of EUR 8.7 million (2014: increase of EUR 3.1 million). The cumulative increase due to the change of own credit risk amounts to EUR 40.5 million as of 31 December 2015 (31 December 2014: 53.2 million)

Debt securities issued

in EUR million	Dec 14	Dec 15
Subordinated liabilities	276	423
Subordinated issues and deposits	276	423
Supplementary capital	0	0
Hybrid issues	0	0
Other debt securities issued	1,477	1,335
Bonds	1,086	953
Certificates of deposit	0	0
Registered bonds/other certificates	77	74
Mortgage covered bonds	315	308
Public sector covered bonds	0	0
Other	0	0
Debt securities issued	1,753	1,758

33. Financial liabilities measured at amortised costs

Deposits from banks

in EUR million	Dec 14	Dec 15
Overnight deposits	1,913	3,272
Term deposits	11,975	9,665
Repurchase agreements	914	1,275
Deposits from banks	14,803	14,212

Deposits from customers

in EUR million	Dec 14	Dec 15
Overnight deposits	65,103	73,716
Savings deposits	17,314	19,066
General governments	0	0
Other financial corporations	165	191
Non-financial corporations	1,556	1,154
Households	15,592	17,721
Non-savings deposits	47,790	54,651
General governments	3,301	3,398
Other financial corporations	3,396	4,402
Non-financial corporations	14,576	16,625
Households	26,517	30,225
Term deposits	56,609	53,671
Deposits with agreed maturity	52,013	48,842
Savings deposits	35,725	34,142
General governments	0	0
Other financial corporations	1,221	1,060
Non-financial corporations	1,258	1,447
Households	33,246	31,635
Non-savings deposits	16,289	14,700
General governments	1,260	1,764
Other financial corporations	2,965	2,153
Non-financial corporations	3,930	3,006
Households	8,133	7,776
Deposits redeemable at notice	4,595	4,829
General governments	0	0
Other financial corporations	43	69
Non-financial corporations	108	163
Households	4,444	4,597
Repurchase agreements	550	410
General governments	290	304
Other financial corporations	213	11
Non-financial corporations	48	95
Households	0	0
Deposits from customers	122,263	127,797
General governments	4,851	5,466
Other financial corporations	8,003	7,886
Non-financial corporations	21,476	22,490
Households	87,933	91,955

Debt securities issued

in EUR million	Dec 14	Dec 15
Subordinated liabilities	5,482	5,815
Subordinated issues and deposits	4,182	5,068
Supplementary capital	942	393
Hybrid issues	357	354
Other debt securities issued	23,905	22,081
Bonds	13,017	11,355
Certificates of deposit	281	120
Other certificates of deposits/name certificates	591	1,138
Mortgage covered bonds	6,911	7,699
Public sector covered bonds	2,838	1,559
Other	266	209
Debt securities issued	29,387	27,896

In 1998, Erste Group Bank AG launched a EUR 30,000,000,000 Debt Issuance Programme (DIP). The current DIP is a programme for issuing debt instruments in various currencies and maturities with a limited range of interest rate structures. In 2015, 105 new bonds with a total volume of approximately EUR 1.7 billion were issued under the DIP.

In July 2014, the Credit Linked Notes Programme was implemented. In 2015, 39 new bonds with a total volume of EUR 42 million were issued. At the same time the Equity Linked Notes Programme was implemented, under which 99 new bonds with a total volume of EUR 298 million were issued.

Furthermore, secured and senior unsecured registered notes ('Namenspfandbriefe' and 'Namensschuldverschreibungen'), as well as other bonds that were not part of the above mentioned programmes were issued with a volume of EUR 100 million.

The Euro Commercial Paper and Certificates of Deposit Programme has an overall volume of EUR 10 billion. In all, 15 issues amounting to EUR 0.6 billion were placed in 2015. Issues totalling approximately EUR 0.6 billion were redeemed over the same period.

34. Provisions

in EUR million	Dec 14	Dec 15
Long-term employee provisions	1,158	1,010
Pending legal issues and tax litigation	163	258
Commitments and guarantees given	241	297
Provisions for guarantees - off balance sheet (defaulted customers)	141	179
Provisions for guarantees - off balance sheet (non-defaulted customers)	99	118
Other provisions	91	171
Provisions for onerous contracts	5	5
Other	86	166
Provisions	1,653	1,736

a) Long-term employee provisions

in EUR million	Pensions	Severance payments	Jubilee payments	Total
Present value of long-term employee benefit obligations 31 Dec 2011	825	397	73	1,295
Present value of long-term employee benefit obligations 31 Dec 2012	823	410	76	1,309
Present value of long-term employee benefit obligations 31 Dec 2013	787	395	76	1,258
Increase from acquisition of subsidiaries	0	0	0	0
Decrease from disposal of subsidiaries	0	0	0	0
Settlements	0	0	0	0
Curtailments	0	-6	0	-6
Service cost	0	12	5	17
Interest cost	27	14	2	43
Payments	-69	-26	-6	-101
Exchange rate difference	0	0	0	0
Components recognised in other comprehensive income (Remeasurements)	-	-	0	-
Actuarial gains/losses arising from changes in financial assumptions	114	75	0	189
Actuarial gains/losses arising from changes from experience assumptions	1	2	0	1
Actuarial gains/losses recognised in income	0	0	0	0
Actuarial gains/losses arising from changes in financial assumptions	0	0	11	11
Actuarial gains/losses arising from changes from experience assumptions	0	0	-1	-1
Present value of long-term employee benefit obligations 31 Dec 2014	858	466	87	1,411
Obligations covered by plan assets	0	219	34	253
Obligations covered by provisions	0	247	53	300
Less fair value of plan assets	0	219	34	253
Provisions as of 31 Dec 2014	858	247	53	1,158
Present value of long-term employee benefit obligations 31 Dec 2014	858	466	87	1,411
Increase from acquisition of subsidiaries	0	0	0	0
Decrease from disposal of subsidiaries	0	0	0	0
Settlements	0	0	0	0
Curtailments	0	0	0	0
Service cost	0	14	6	20
Interest cost	17	10	2	29
Payments	-69	-20	-7	-96
Exchange rate difference	0	0	0	0
Components recognised in other comprehensive income (Remeasurements)	0	0	0	0
Actuarial gains/losses arising from changes in financial assumptions	-64	-35	0	-99
Actuarial gains/losses arising from changes from experience assumptions	-1	-5	0	-6
Actuarial gains/losses recognised in income	0	0	0	0
Actuarial gains/losses arising from changes in financial assumptions	0	0	1	1
Actuarial gains/losses arising from changes from experience assumptions	0	0	-2	-2
Present value of long-term employee benefit obligations 31 Dec 2015	741	430	87	1,258
Obligations covered by plan assets	0	215	33	248
Obligations covered by provisions	0	215	54	269
Less fair value of plan assets	0	215	33	248
Provisions as of 31 Dec 2015	741	215	54	1,010

Actuarial assumptions

The actuarial calculation of pension obligations is based on the following assumptions:

in %	Dec 14	Dec 15
Interest rate	2.0	2.45
Expected increase in retirement benefits	2.0	1.7

The expected retirement age for each employee was individually calculated on the basis of the changes set out in the Budget Implementation Act of 2003 (Austrian Federal Law Gazette Vol. I No. 71/2003) regarding the increase in the minimum retirement age. The currently applicable legislation on the gradual raising of the retirement age for men and women to 65 was taken into consideration.

The actuarial calculation of severance payment and jubilee provisions is based on the following assumptions:

in %	Dec 14	Dec 15
Interest rate	2.0	2.45
Average increase in salary (incl. career trend and collective agreement trend)	2.9	2.6

Obligations were calculated in accordance with the Pagler & Pagler mortality tables entitled 'AVÖ 2008 P – Rechnungsgrundlagen für die Pensionsversicherung'. The effects of CEE countries are insignificant compared to Austrian entities for which the data is in the table. Interest rates in the following ranges were used for these countries 2.25% (previously: 2.25%) to 4.4% (previously: 4.4%).

The movement in plan assets during the reporting period was as follows:

in EUR million	Severance payments	Jubilee payments	Total
Fair value of plan assets as of 31 December 2013	194	32	226
Addition	0	0	0
Interest income on plan assets	7	1	8
Contributions by the employer	29	5	34
Benefits paid	-15	-4	-19
Return on plan assets recognised in other comprehensive income (excluding amounts already recognised in interest income) - remeasurements	4	0	4
Return on plan assets recognised in P&L	0	0	0
Fair value of plan assets as of 31 December 2014	219	34	253
Addition	0	0	0
Interest income on plan assets	4	1	5
Contributions by the employer	8	3	11
Benefits paid	-13	-5	-18
Return on plan assets recognised in other comprehensive income (excluding amounts already recognised in interest income) - remeasurements	-3	0	-3
Return on plan assets recognised in P&L	0	0	0
Fair value of plan assets as of 31 December 2015	215	33	248

In 2015, the expected contributions for the severance and jubilee benefit obligations will amount to EUR 9.8 million (2015: EUR 10.3 million). The actual gain (loss) on plan assets amounted to EUR 2.0 million (2014: EUR 12.0 million).

Investment strategy

The primary investment strategy of Erste Group is the continuous optimization of plan assets and the effective coverage of existing entitlements. The Group works with professional fund managers for the investment of plan assets. The Investment Fund Act applies as a requirement with respect to specific investment guidelines relating to the investment of plan assets.

Additionally, the Investment Committee which is composed of senior staff in the financial sector and representatives of the s-Versicherung and Erste Asset Management meets once a year.

Erste Group's severance payments and jubilee provisions are partially covered by the fair value of plan assets, while defined benefit pension plans are not financed with segregated assets. Defined benefit pension plans only exist for already retired employees. More than 90% of the pension plans are dedicated for former employees of Austrian entities of Erste Group. In total the majority of plans are not matched with dedicated assets.

For the yearly pension provisions of the unfunded defined benefit plans and the unfunded part of severance payment provisions Erste Group generally takes care within its asset-liability management strategy covering the funding plan and interest rate risk position of the Group. The payments for 2016 are expected with EUR 77 million for both plans.

The average duration of these provisions are assumed to be 11.17 years for severance payment provisions and 8.05 years for defined benefit pension provisions.

Control and Risk

The effective allocation of plan assets is determined by the administering body including the relevant existing economic and market conditions as well as considering specific risks of the individual asset classes and the risk profile. Moreover the Investment Committee is responsible for monitoring the mandate guidelines and the investment structure, the supervision, which may arise from regulatory or other legal requirements, as well as the monitoring of demographic changes. As an additional steering tool the fund management generates a report, which is transmitted on a quarterly basis to the Group.

Overall, the Group tries to minimize the impact caused by market movements on the pension plans.

Asset Allocation in the different asset classes

The following table presents the asset allocation of pension plans in the different asset classes:

in EUR million	Dec 14					Dec 15				
	Europe-EMU	Europe-non EMU	USA	Other countries	Total	Europe-EMU	Europe-non EMU	USA	Other countries	Total
Cash and cash equivalents	0	0	0	0	13	0	0	0	0	23
Equity instruments	1	1	9	4	15	4	5	7	11	27
Investment-grade bonds										
Government	50	1	1	5	57	92	4	4	8	107
Non-government bonds	40	14	0	0	55	25	18	0	0	43
Non-investment-grade bonds										
Government	0	0	0	0	0	0	0	11	0	12
Non-government bonds	65	17	5	0	87	12	4	11	2	29
Alternatives										
Commodities	0	0	0	0	0	0	0	0	0	0
Other	0	1	0	10	12	0	1	0	4	6
Derivatives (Market risk)										
Interest rate risk	0	0	0	0	0	0	0	0	0	0
Credit risk	0	0	0	0	0	0	0	0	0	0
Equity price risk	0	0	0	0	0	0	0	0	0	0
Foreign exchange risk	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	14	0	0	0	0	2
Plan assets	0	0	0	0	253	0	0	0	0	248

In the table above, Investment-grade means BBB and above.

The following table presents profit or loss effects for post-employment defined-benefits plans (pensions and severance payments).

in EUR million	Dec 14	Dec 15
Curtailements	6	0
Service cost	-17	-20
Net interest	-35	-24
Total	-46	-44

Curtailements and service costs are included in the income statement under the line item 'General administrative expenses'. Net interest is included in the income statement under the line item 'Net interest income'. In 2015 the cumulative amount of remeasurements recognised in other comprehensive income was EUR -471.9 million (2014: EUR -572.9 million).

Sensitivity to Key Assumption

The following table presents, the sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the balance sheet date.

in EUR million	Change-pensions	Change-severance payments	Total
Change in discount rate + 1.0%	677	365	1,042
Change in discount rate -1.0%	801	454	1,255
Change in future salary increases + 0.5%	734	429	1,163
Change in future salary increases -0.5 %	734	385	1,119
Change in future benefit increases + 0.5%	711	406	1,117
Change in future benefit increases -0.5%	791	406	1,197
Increase in survival rate by aprox. 10%	682	406	1,088

Impact on Cash Flows

The following table reflects the benefits expected to be paid by the defined benefit plans in each of the respective periods:

in EUR million	Pensions	Severance payments	Total
2016	65	12	77
2017	63	15	78
2018	60	17	77
2019	58	32	90
2020	56	37	93
2021-2025	244	198	442

Duration

The following table presents the weighted average duration of the defined-benefit obligations as of year-end 2015:

in years	Pensions	Severance payments	Total
Duration	8.72	11.17	9.59

b) Sundry provisions

Sundry provisions 2015

in EUR million	As of Dec 14	Allocations	Use	Releases	Interest income from impaired loans	Exchange-rate and other changes (+/-)	As of Dec 15
Pending legal issues and tax litigation	164	141	-8	-38	0	-1	258
Commitments and guarantees given	240	299	-6	-236	1	-2	297
Provisions for guarantees - off balance sheet (defaulted customers)	141	172	-5	-129	1	-1	179
Provisions for guarantees - off balance sheet (non-defaulted customers)	99	127	0	-107	0	-1	118
Other provisions	83	255	-148	-39	0	20	171
Provisions for onerous contracts	5	1	0	0	0	-1	5
Other	77	255	-148	-39	0	21	166
Provisions	488	695	-162	-313	1	16	725

Under position pending legal issues and tax litigations out of lending business, asset management or litigations with customer protection association, which normally occur in banking business, are disclosed. In 2015, a provision was recognised in the amount of EUR 101.6 million for for risks related to Romanian consumer protection claims Act amounting to EUR 101.6 million. Erste Group does not expect that these legal cases will have a material impact on the Group's financial position.

In 2015, among others, provisions wer allocated for expected losses resulting from legislation requiring the conversion of customer loans (Swiss francs to euro) in Croatia and for contributions to the recovery and resolution fund. For additional detail, please see note 9 Other operating result.

The level of sundry provisions is the best possible estimate of expected outflow of economic benefits at the reporting date, while taking into account the risks and uncertainties underlying the commitment to fulfill the obligation. Risks and uncertainties are taken into account in the estimate.

Sundry provisions 2014

in EUR million	As of Dec 13	Allocations	Use	Releases	Interest income from impaired loans	Exchange-rate and other changes (+/-)	As of Dec 14
Pending legal issues and tax litigation	172	32	-4	-28	0	-6	164
Commitments and guarantees given	218	279	-7	-263	1	11	240
Provisions for guarantees - off balance sheet (defaulted customers)	119	140	-6	-122	1	9	141
Provisions for guarantees - off balance sheet (non-defaulted customers)	99	138	0	-140	0	2	99
Other provisions	25	62	-5	-8	0	9	83
Provisions for onerous contracts	0	5	0	0	0	0	5
Other	25	57	-5	-8	0	9	77
Provisions	415	372	-16	-299	1	14	488

35. Other liabilities

in EUR million	Dec 14	Dec 15
Deferred income and accrued fee expenses	233	232
Sundry liabilities	2,076	2,084
Other liabilities	2,310	2,317

Sundry liabilities consist mainly of clearing items from the settlement of securities and payment transactions.

36. Total equity

in EUR million	Dec 14	Dec 15
Subscribed capital	860	860
Share capital	860	860
Additional paid-in capital	1,478	1,478
Retained earnings	7,500	8,668
Owners of the parent	9,838	11,005
Non-controlling interests	3,605	3,802
Total	13,444	14,807

As of 31 December 2015, subscribed capital (also known as registered capital) consists of 429.800.000 (2014: 429.800.000) voting bearer shares (ordinary shares). The pro rata amount of registered capital, per no-par value share, was EUR 2.00. Additional paid-in capital (or share premium) represents the amount by which the issue price of the shares exceeded their par value. Retained earnings and other reserves represent accumulated net profit brought forward, as well as income and expenses recognised in other comprehensive income.

Changes in number of shares and participation capital securities

Shares in units	Dec 14	Dec 15
Shares outstanding as of 1 January	415,076,934	409,940,635
Acquisition of treasury shares	-26,726,833	-9,793,323
Disposal of treasury shares	21,590,534	10,340,502
Capital increases due to ESOP and MSOP	0	0
Capital increase	0	0
Shares outstanding as of 31 December	409,940,635	410,487,814
Treasury shares	19,859,365	19,312,186
Number of shares as of 31 December	429,800,000	429,800,000
Weighted average number of shares outstanding	427,533,286	426,726,297
Dilution due to MSOP/ESOP	0	0
Dilution due to options	0	0
Weighted average number of shares taking into account the effect of dilution	427,533,286	426,726,297

Transactions and shares held by the management board and supervisory board

The shares of management- and supervisory board member, whose office term began or ended during the financial year, held as at the date of inception or termination of their term in office were recognized as additions or disposals.

Information on shares held and transactions in Erste Group Bank AG shares by members of the management board (in number of shares):

Managing board member	Dec 14	Additions	Disposals	Dec 15
Andreas Treichl	164,640	0	0	164,640
Peter Bosek (starting with 1 January 2015)	0	1,000	0	1,000
Petr Brávek (starting with 1 April 2015)	0	0	0	0
Andreas Gottschling	0	0	0	0
Franz Hochstrasser (until 31 December 2014)	15,260	0	-15,260	0
Herbert Juranek (until 31 December 2014)	656	0	-656	0
Gernot Mittendorfer	10,000	0	0	10,000
Jozef Sikela (starting with 1 January 2015)	0	5,500	0	5,500

Supervisory board members held the following numbers of Erste Group Bank AG shares as of the balance sheet date of 31 December 2015:

Supervisory board member	Dec 14	Additions	Disposals	Dec 15
Friedrich Rödler	1,702	0	0	1,702
Georg Winckler (until 12 May 2015)	2,500	0	-2,500	0
Jan Homan	4,400	0	0	4,400
Bettina Breiteneder	0	0	0	0
Elisabeth Bleyleben Koren	10,140	0	0	10,140
Gonzalo Gortázar Rotaache (starting with 12 Mai 2015)	0	0	0	0
Gunter Griss	0	0	0	0
Maximilian Hardegg (starting with 12 May 2015)	0	40	0	40
Elisabeth Krainer Senger-Weiss	0	0	0	0
Antonio Massanell Lavilla (starting with 12 May 2015)	0	0	0	0
Brian D. O'Neill	0	0	0	0
Wilhelm Rasinger	18,303	0	0	18,303
John James Stack	32,761	0	0	32,761
Markus Haag	160	0	0	160
Regina Haberhauer (starting with 12 May 2015)	0	188	0	188
Andreas Lachs	52	0	0	52
Bertram Mach (until 25 June 2015)	95	0	-95	0
Barbara Pichler	281	0	0	281
Jozef Pinter (starting with 25 June 2015)	0	0	0	0
Karin Zeisel	35	0	0	35

As of 31 December 2015, supervisory board members did not hold options in Erste Group Bank AG shares. Persons related to members of the management board or supervisory board held 3,366 shares of Erste Group Bank AG.

Remaining authorised and contingent capital as of 31 December 2015

Clause 5 of the articles of association authorises the management board until 21 May 2019, to increase the registered capital of the company with the consent of the supervisory board – including in several tranches – by an amount of up to EUR 171,800,000 by issuing up to 85,900,000 voting no-par value bearer shares in return for contributions in cash and/or in kind, with the issue price and the issuing conditions being determined by the management board with the consent of the Supervisory Board.

Furthermore, the management board is authorized to fully or partly exclude the statutory subscription right of the shareholders with the consent of the supervisory board if the capital increase is in return for a cash contribution and the shares issued while excluding the subscription right of the shareholders, taken together, do not exceed EUR 43,000,000 and/or if the capital increase is in return for contributions in kind.

The measures in sections 5.1.1 (capital increase against cash contribution) to 5.1.2 (capital increase against contributions in kind) can also be combined. The aggregate pro rata amount of registered capital represented by shares in respect of which the shareholders' subscription rights are excluded under this authorization in section 5.1 (authorized capital) together with the pro rata amount of registered capital attributable to shares to which conversion or subscription rights or obligations relate under bonds that were issued and sold on the basis of the authorization in section 8.3, subject to an exclusion of subscription rights, on or after 21 May 2014 must not, however, exceed the amount of EUR 171,800,000.

Clause 6.3 of the articles of association states that conditional capital based on the resolutions of the management board in 2002 and 2010 with a nominal value of EUR 21,923,264 persists that can be consumed by issuing up to 10,961,632 ordinary bearer shares or ordinary registered shares (ordinary share) with an issue price of at least EUR 2.00 per share against cash contribution and by excluding the subscription rights of the current shareholders. This conditional capital is used for granting options to staff, management and members of the management board of the entity or of one of its related undertakings.

Under clause 6.4 of the articles of association, the company has conditional capital of EUR 124,700,000.00 available, which may be utilized by issuing up to 62,350,000 pieces bearer shares. This conditional capital can be used for granting conversion or subscription rights to holders of convertible bonds. In case the terms and conditions of the convertible bonds provide for a mandatory conversion, it shall also serve to cover the mandatory conversion. The issue price and exchange ratio shall be determined pursuant to a recognized pricing method on the basis of accepted finance-mathematical methods and the share price of the company.

According to clause 7 of the articles of association, currently no authorized conditional capital exists.

37. Segment reporting

Erste Group's segment reporting is based on IFRS 8 Operating Segments, which adopts the management approach. Accordingly, segment information is prepared on the basis of internal management reporting that is regularly reviewed by the chief operating decision maker to assess the performance of the segments and make decisions regarding the allocation of resources. Within Erste Group the function of the chief operating decision maker is exercised by the management board.

Erste Group's segment reporting is based on the matrix organisation (business and geographical information) and provides comprehensive information to assess the performance of the business and geographical segments.

Business segmentation

The segment reporting comprises nine business segments reflecting Erste Group's management structure and its internal management reporting in 2015.

Erste Group – business segments								
Retail	SME	ALM & Local CC	Savings Banks	Large Corporates	Commercial Real Estate	Other Corporate	Group Markets	Group Corporate Center
								Intragroup Elimination

Retail

The Retail segment comprises the entire business with private individuals, free professionals and micros in the responsibility of account managers in the retail network of the local banks cooperating with their specialized subsidiaries (such as leasing and asset management companies). Retail products and services including current and savings accounts, mortgage and consumer loans, investment products, credit cards and cross selling products such as leasing, insurance, and building society products are offered via various distribution channels (branch networks and digital banking).

SME

The SME segment comprises the business with micros, small and medium-sized enterprises (SMEs), small public sector companies, and small financial institutions (e.g. third party leasing companies) in the responsibility of local corporate account managers. Local banks cooperate with specialized subsidiaries such as factoring and leasing companies. The turnover threshold for SMEs varies from country to country within the range of EUR 0.7 million and EUR 75 million.

Asset/Liability Management & Local Corporate Center

The Asset/Liability Management & Local Corporate Center (ALM & LCC) segment includes all asset/liability management functions (local and Erste Group Bank AG) as well as the local corporate centers which comprise internal service providers that operate on a non-profit basis and reconciliation items to local entity results. The corporate center of Erste Group Bank AG is included in the Group Corporate Center segment.

Savings Banks

The Savings Banks segment includes the savings banks which are members of the Haftungsverbund (cross-guarantee system) of the Austrian savings banks sector except for Erste Bank Oesterreich, Tiroler Sparkasse, Salzburger Sparkasse, Sparkasse Hainburg.

Large Corporates

The Large Corporates (LC) segment comprises the business with large corporate customers whose annual turnover exceeds a defined threshold that starts from EUR 25 million and EUR 75 million respectively, depending on the country.

Commercial Real Estate

The Commercial Real Estate (CRE) segment covers the real estate value chain (lending, leasing, real estate investment, project development and construction services as well as infrastructure business) for corporate clients, project developers, real estate investors, municipalities and other public sector agencies.

Other Corporate

The Other Corporate segment consists of two operating segments – International Business and Investment Banking – that are below the threshold criteria defined by IFRS 8. International Business comprises all lending and investing activities outside Erste Group's core markets (including the branches in London, Hong Kong and New York) and is responsible for business development with and credit line management for banks and non-banking financial institutions. Investment Banking covers equity-related business focusing mainly on corporate finance, equity capital markets services, equity brokerage (institutional sales) and merchant banking.

Group Markets

The Group Markets (GM) segment comprises the divisionalised business units Group Treasury and Capital Markets (except Equity Capital Markets) and includes the treasury activities of Erste Group Bank AG, the CEE subsidiaries, foreign branch offices in Hong Kong, New York, Berlin and Stuttgart as well as the business with institutional clients of Erste Asset Management. The focus is on client-oriented business with institutional clients. Group Markets is the internal trading unit for all classic treasury (such as FX, commodities and money market) and capital market products (such as bonds, interest rate derivatives, credit products).

Group Corporate Center

The Group Corporate Center (GCC) segment covers mainly centrally managed activities and items that are not directly allocated to other segments. It comprises the corporate center of Erste Group Bank AG (and thus dividends and the refinancing costs from participations, general administrative expenses), internal non-profit service providers (facility management, IT, procurement), amortization/write-down of customer relationships and brand, goodwill impairments, the banking tax of Erste Group Bank AG as well as free capital of Erste Group (defined as the difference of the total average IFRS equity and the average economical equity allocated to the segments).

Comparative figures for 2014 contained several one-off effects that did not recur in 2015. Thus, in 2014 the write-down of the entire remaining value of customer relationships and brand in Romania totaled EUR 470.7 million. Goodwill impairments amounted to EUR 475.0 million, whereby Romania accounted for EUR 319.1 million, Croatia for EUR 61.4 million and Austrian participations for EUR 94.5 million.

Intragroup Elimination

Intragroup Elimination (IC) is not defined as a segment but is the reconciliation to the consolidated accounting result. It includes all intragroup eliminations between participations of Erste Group (e.g. intragroup funding, internal cost charges). Intragroup eliminations within partial groups are disclosed in the respective segments.

Geographical segmentation

For the purpose of segment reporting by geographical areas the information is presented based on the location of the booking entity (not the country of risk). In case of information regarding a partial group, the allocation is based on the location of the respective parent entity.

Geographical areas are defined according to the country markets in which Erste Group operates. Based on the locations of the banking and other financial institution participations, the geographical areas consist of two core markets, Austria and Central and Eastern Europe and a residual market Other that comprises the remaining business activities of Erste Group outside its core markets as well as the reconciliation to the consolidated accounting result.

Erste Group – geographical segmentation								
Austria			Central and Eastern Europe					Other
EBOe & Subsidiaries	Savings Banks	Other Austria	Czech Republic	Slovakia	Romania	Hungary	Croatia	Serbia

The geographical area Austria consists of the following three segments:

- The **Erste Bank Oesterreich & Subsidiaries** (EBOe & Subsidiaries) segment comprises Erste Bank der oesterreichischen Sparkassen AG (Erste Bank Oesterreich) and its main subsidiaries (e.g. sBausparkasse, Salzburger Sparkasse, Tiroler Sparkasse, Sparkasse Hainburg).
- The **Savings banks** segment is identical to the business segment Savings banks.
- The **Other Austria** segment comprises Erste Group Bank AG (Holding) with its Large Corporates, Commercial Real Estate, Other Corporate and Group Markets business, Erste Group Immorent AG and Erste Asset Management GmbH.

The geographical area Central and Eastern Europe (CEE) consists of six segments covering Erste Group's banking subsidiaries located in the respective CEE countries:

- **Czech Republic** (comprising Česká spořitelna Group)
- **Slovakia** (comprising Slovenská sporiteľňa Group)
- **Romania** (comprising Banca Comercială Română Group)
- **Hungary** (comprising Erste Bank Hungary Group)
- **Croatia** (comprising Erste Bank Croatia Group), and
- **Serbia** (comprising Erste Bank Serbia Group).

The residual segment **Other** covers mainly centrally managed activities and items that are not directly allocated to other segments. It comprises the corporate center of Erste Group Bank AG (and thus dividends and the refinancing costs from participations, general administrative expenses), internal non-profit service providers (facility management, IT, procurement), amortization/write-down of customer relationships and brand, goodwill impairments, the banking tax of Erste Group Bank AG as well as free capital of Erste Group (defined as the difference of the total average IFRS equity and the average economical equity allocated to the segments). Asset/Liability Management of Erste Group Bank AG as well as the reconciliation to the consolidated accounting result (e.g. intercompany eliminations, dividend eliminations) are also part of the segment Other.

Measurement

The profit and loss statement of the segment report is based on the measures reported to the Erste Group management board for the purpose of allocating resources to the segments and assessing their performance. Management reporting as well as the segment report for Erste Group, is based on IFRS. Accounting standards and methods as well as measurements used in segment reporting are the same as for the consolidated financial statement of accounting.

Capital consumption per segment is regularly reviewed by the management of Erste Group to assess the performance of the segments. The average allocated equity is determined by the credit risk, market risk and operational risk. According to the regular internal reporting to Erste Group management board, total assets and total liabilities as well as risk weighted assets and allocated equity are disclosed per segment. For measuring and assessing the profitability of segments, Erste Group also uses the return on allocated equity defined as net result for the period before minorities in relation to the average allocated equity of the respective segment. In addition the cost/income ratio is calculated for each segment as operating expenses (general administrative expenses) in relation to operating income (total of net interest income, net fee and commission income, dividend income, net trading and fair value result, net result from equity method investments, rental income from investment properties and other operating lease).

For measuring and assessing the profitability of segments, Erste Group also uses the return on allocated equity defined as net result for the period before minorities in relation to the average allocated equity of the respective segment. In addition the cost/income ratio is calculated for each segment as operating expenses (general administrative expenses) in relation to operating income (total of net interest income, net fee and commission income, dividend income, net trading and fair value result, net result from equity method investments, rental income from investment properties and other operating lease).

Business segments (1)

	Retail		SME		ALM & LCC		Savings Banks		Large Corporates		Commercial Real Estate	
in EUR million	1-12 14	1-12 15	1-12 14	1-12 15	1-12 14	1-12 15	1-12 14	1-12 15	1-12 14 restated	1-12 15	1-12 14	1-12 15
Net interest income	2,175.1	2,207.7	569.4	570.2	164.7	4.8	891.8	926.4	214.1	229.3	150.1	169.3
Net fee and commission income	1,050.3	1,029.1	198.4	190.3	-65.3	-45.8	419.3	439.3	99.2	89.1	15.8	14.0
Dividend income	0.5	3.5	2.5	0.0	22.4	10.8	24.7	23.1	0.0	0.0	5.1	1.0
Net trading and fair value result	59.8	56.1	31.9	34.8	24.7	-53.1	1.1	3.1	9.3	13.5	-6.2	4.7
Net result from equity method investments	8.2	10.4	0.0	0.0	3.1	3.5	0.0	0.0	0.0	0.0	0.7	0.5
Rental income from investment properties & other operating leases	23.5	23.1	30.4	30.6	35.0	32.3	42.0	40.0	0.0	0.0	40.3	40.8
General administrative expenses	-1,814.3	-1,856.4	-292.8	-306.9	-112.9	-90.9	-932.1	-966.0	-85.0	-91.4	-88.2	-86.5
thereof depreciation and amortization	-191.1	-192.4	-40.8	-41.7	-22.9	-13.7	-75.9	-76.3	-6.0	-7.2	-19.7	-17.3
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	0.6	0.0	3.3	0.0	-16.4	32.6	27.7	45.8	0.7	0.0	0.0	0.0
Net impairment loss on financial assets not measured at fair value through profit or loss	-671.7	-289.7	-461.1	-187.4	1.2	-13.9	-199.4	-83.6	-310.7	-11.5	-364.3	-56.9
Other operating result	-393.7	-277.5	-2.8	-31.1	-197.7	-148.5	-43.1	-39.5	14.1	-34.5	-45.9	-34.0
Levies on banking activities	-59.1	-44.1	-10.6	-10.2	-64.2	-63.3	-15.9	-15.0	-3.2	-2.7	-0.4	-0.3
Pre-tax result from continuing operations	438.2	906.2	79.4	300.6	-141.2	-268.1	232.0	388.7	-58.3	194.6	-292.7	53.0
Taxes on income	-158.0	-195.1	-33.2	-68.6	-36.1	61.3	-54.7	-89.4	-1.1	-37.7	4.2	-21.5
Net result for the period	280.2	711.1	46.2	232.0	-177.3	-206.7	177.3	299.4	-59.5	156.9	-288.5	31.5
Net result attributable to non-controlling interests	8.5	-3.4	-4.2	1.1	-2.5	-2.2	158.9	259.1	-5.7	12.4	-8.9	5.8
Net result attributable to owners of the parent	271.7	714.6	50.4	230.9	-174.8	-204.5	18.4	40.2	-53.8	144.5	-279.6	25.7
Operating income	3,317.4	3,329.8	832.7	826.0	184.6	-47.3	1,379.0	1,432.0	322.5	331.9	205.7	230.4
Operating expenses	-1,814.3	-1,856.4	-292.8	-306.9	-112.9	-90.9	-932.1	-966.0	-85.0	-91.4	-88.2	-86.5
Operating result	1,503.1	1,473.4	539.9	519.1	71.8	-138.2	446.9	466.0	237.5	240.5	117.5	143.9
Risk-weighted assets (credit risk, eop)	18,505	18,771	14,672	14,557	4,480	4,503	22,511	21,955	9,373	9,860	9,397	8,338
Average allocated capital	2,058	2,121	1,291	1,182	1,792	1,770	1,968	1,774	812	716	798	722
Cost/income ratio	54.7%	55.8%	35.2%	37.2%	61.1%	>100%	67.6%	67.5%	26.4%	27.5%	42.9%	37.5%
Return on allocated capital	13.6%	33.5%	3.6%	19.6%	-9.9%	-11.7%	9.0%	16.9%	-7.3%	21.9%	-36.1%	4.4%
Total assets (eop)	51,438	53,933	22,143	22,793	51,497	46,762	56,704	57,953	9,470	11,056	10,164	9,528
Total liabilities excluding equity (eop)	69,227	72,027	12,977	14,187	54,011	50,174	52,684	53,835	4,988	4,345	4,668	4,288
Impairments and risk provisions	-697.3	-291.0	-473.1	-199.4	-45.1	-54.8	-221.3	-86.9	-299.1	-41.8	-466.2	-137.5
Net impairment loss on loans and receivables from credit institutions and customers	-671.6	-289.7	-460.3	-182.3	-0.8	-9.4	-193.6	-73.9	-316.5	-11.4	-365.5	-23.6
Net impairment loss on other financial assets not measured at fair value through profit and loss	-0.1	0.0	-0.8	-5.1	2.0	-4.5	-5.8	-9.7	5.8	0.0	1.2	-33.3
Allocation/release of provisions for contingent credit risk liabilities	-4.1	0.6	0.6	-9.0	0.9	-16.3	-18.3	-1.7	11.5	-30.3	-40.4	-64.0
Impairments from Goodwills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment loss on other non financial assets	-21.5	-1.9	-12.6	-3.0	-47.2	-24.5	-3.6	-1.6	0.0	0.0	-61.5	-16.5

Business segments (2)

	Other Corporate		Group Markets		Group Corporate Center		Intragroup Elimination		Total group	
in EUR million	1-12 14	1-12 15	1-12 14	1-12 15	1-12 14	1-12 15	1-12 14	1-12 15	1-12 14 restated	1-12 15
Net interest income	75.2	74.1	191.2	182.0	70.2	104.1	-6.6	-23.3	4,495.2	4,444.7
Net fee and commission income	18.9	14.8	102.9	123.3	69.1	33.4	-38.8	-25.7	1,869.8	1,861.8
Dividend income	0.5	0.0	2.4	1.8	16.4	9.9	-0.1	-0.3	74.2	49.9
Net trading and fair value result	4.8	-2.9	116.1	110.2	-11.3	14.9	12.0	28.9	242.3	210.1
Net result from equity method investments	0.0	0.0	0.0	0.0	3.9	3.1	0.0	0.0	15.8	17.5
Rental income from investment properties & other operating leases	0.1	0.0	0.0	0.0	35.1	44.7	-25.7	-23.7	180.6	187.9
General administrative expenses	-58.2	-58.6	-179.1	-187.0	-710.5	-735.4	485.9	510.2	-3,787.3	-3,868.9
thereof depreciation and amortization	-2.0	-2.0	-17.7	-22.2	-90.0	-72.2	0.0	0.0	-466.1	-445.0
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	0.1	18.6	0.0	0.4	-0.9	4.9	3.2	-1.4	18.3	100.9
Net impairment loss on financial assets not measured at fair value through profit or loss	-12.9	-53.0	-0.1	2.5	-64.7	-35.7	0.0	0.0	-2,083.7	-729.1
Other operating result	1.5	6.4	-0.7	-5.2	-654.7	392.8	-429.9	-464.6	-1,752.9	-635.6
Levies on banking activities	0.0	0.0	-2.1	-1.9	-100.8	-98.8	0.0	0.0	-256.3	-236.2
Pre-tax result from continuing operations	29.8	-0.6	232.7	228.0	-1,247.5	-163.4	0.0	0.0	-727.7	1,639.1
Taxes on income	-6.9	-0.4	-43.9	-46.7	-191.8	34.1	0.0	0.0	-521.5	-363.9
Net result for the period	22.9	-0.9	188.8	181.3	-1,439.4	-129.3	0.0	0.0	-1,249.2	1,275.1
Net result attributable to non-controlling interests	-0.1	0.0	3.5	4.6	-16.2	29.5	0.0	0.0	133.4	307.0
Net result attributable to owners of the parent	22.9	-1.0	185.3	176.6	-1,423.1	-158.8	0.0	0.0	-1,382.6	968.2
Operating income	99.4	86.1	412.6	417.3	183.3	210.1	-59.3	-44.2	6,877.9	6,771.8
Operating expenses	-58.2	-58.6	-179.1	-187.0	-710.5	-735.4	485.9	510.2	-3,787.3	-3,868.9
Operating result	41.1	27.4	233.4	230.3	-527.2	-525.4	426.6	466.0	3,090.7	2,902.9
Risk-weighted assets (credit risk, eop)	2,672	1,936	2,756	2,530	2,739	2,248	0	0	87,105	84,698
Average allocated capital	209	175	493	448	5,010	5,319	0	0	14,431	14,226
Cost/income ratio	58.6%	68.1%	43.4%	44.8%	>100%	>100%	>100%	>100%	55.1%	57.1%
Return on allocated capital	10.9%	-0.5%	38.3%	40.5%	-28.7%	-2.4%			-8.7%	9.0%
Total assets (eop)	3,656	2,968	18,022	19,534	12,093	10,955	-38,899	-35,738	196,287	199,743
Total liabilities excluding equity (eop)	93	69	11,456	12,161	11,716	9,648	-38,977	-35,799	182,844	184,936
Impairments and risk provisions	-13.0	-54.7	-0.1	2.5	-991.0	11.9	0.0	0.0	-3,206.2	-851.5
Net impairment loss on loans and receivables from credit institutions and customers	-17.7	-53.1	-0.2	2.5	-18.7	-25.7	0.0	0.0	-2,044.9	-666.5
Net impairment loss on other financial assets not measured at fair value through profit and loss	4.8	0.1	0.1	0.0	-46.0	-10.0	0.0	0.0	-38.8	-62.6
Allocation/release of provisions for contingent credit risk liabilities	-0.1	-1.7	0.0	0.0	33.8	59.4	0.0	0.0	-16.2	-63.0
Impairments from Goodwills	0.0	0.0	0.0	0.0	-475.0	0.0	0.0	0.0	-475.0	0.0
Net impairment loss on other non financial assets	0.0	0.0	0.0	0.0	-485.1	-11.8	0.0	0.0	-631.4	-59.4

Geographical segmentation - overview

in EUR million	Austria		Central and Eastern Europe		Other		Total group	
	1-12 14	1-12 15	1-12 14 restated	1-12 15	1-12 14	1-12 15	1-12 14 restated	1-12 15
Net interest income	1,900.7	1,971.7	2,418.8	2,301.0	175.7	171.9	4,495.2	4,444.7
Net fee and commission income	948.2	997.3	926.6	895.3	-4.9	-30.8	1,869.8	1,861.8
Dividend income	54.6	35.2	3.4	5.0	16.2	9.7	74.2	49.9
Net trading and fair value result	13.0	6.6	239.6	200.2	-10.3	3.3	242.3	210.1
Net result from equity method investments	2.7	1.9	9.2	12.5	3.9	3.1	15.8	17.5
Rental income from investment properties & other operating leases	101.5	100.3	69.7	66.6	9.4	20.9	180.6	187.9
General administrative expenses	-1,886.1	-1,932.1	-1,658.2	-1,693.8	-242.9	-243.0	-3,787.3	-3,868.9
thereof depreciation and amortization	-150.5	-154.1	-223.2	-216.5	-92.4	-74.4	-466.1	-445.0
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	27.7	65.0	4.5	14.2	-13.9	21.7	18.3	100.9
Net impairment loss on financial assets not measured at fair value through profit or loss	-573.1	-225.9	-1,433.5	-422.6	-77.1	-80.5	-2,083.7	-729.1
Other operating result	-44.1	-92.2	-621.9	-454.8	-1,086.9	-88.7	-1,752.9	-635.6
Levies on banking activities	-29.8	-29.8	-125.7	-107.6	-100.8	-98.8	-256.3	-236.2
Pre-tax result from continuing operations	545.1	927.8	-41.8	923.7	-1,231.0	-212.4	-727.7	1,639.1
Taxes on income	-173.0	-216.4	-151.8	-184.0	-196.6	36.4	-521.5	-363.9
Net result for the period	372.1	711.4	-193.7	739.7	-1,427.6	-176.0	-1,249.2	1,275.1
Net result attributable to non-controlling interests	170.2	278.7	-20.4	-1.0	-16.4	29.3	133.4	307.0
Net result attributable to owners of the parent	201.9	432.7	-173.3	740.8	-1,411.2	-205.3	-1,382.6	968.2
Operating income	3,020.7	3,113.0	3,667.3	3,480.7	189.9	178.1	6,877.9	6,771.8
Operating expenses	-1,886.1	-1,932.1	-1,658.2	-1,693.8	-242.9	-243.0	-3,787.3	-3,868.9
Operating result	1,134.6	1,180.9	2,009.1	1,786.9	-53.0	-64.9	3,090.7	2,902.9
Risk-weighted assets (credit risk, eop)	51,294	48,769	32,565	33,301	3,245	2,627	87,105	84,698
Average allocated capital	4,540	4,186	4,036	3,886	5,856	6,155	14,431	14,226
Cost/income ratio	62.4%	62.1%	45.2%	48.7%	>100%	>100%	55.1%	57.1%
Return on allocated capital	8.2%	17.0%	-4.8%	19.0%	-24.4%	-2.9%	-8.7%	9.0%
Total assets (eop)	131,916	131,151	75,181	79,266	-10,810	-10,674	196,287	199,743
Total liabilities excluding equity (eop)	108,069	106,655	67,132	70,588	7,643	7,693	182,844	184,936
Impairments and risk provisions	-668.8	-325.6	-1,532.1	-486.3	-1,005.4	-39.6	-3,206.2	-851.5
Net impairment loss on loans and receivables from credit institutions and customers	-581.1	-206.9	-1,432.7	-422.4	-31.1	-37.2	-2,044.9	-666.5
Net impairment loss on other financial assets not measured at fair value through profit and loss	8.0	-19.1	-0.7	-0.2	-46.0	-43.3	-38.8	-62.6
Allocation/release of provisions for contingent credit risk liabilities	-42.1	-82.2	-5.9	-33.5	31.8	52.7	-16.2	-63.0
Impairments from Goodwills	0.0	0.0	0.0	0.0	-475.0	0.0	-475.0	0.0
Net impairment loss on other non financial assets	-53.6	-17.5	-92.7	-30.1	-485.1	-11.8	-631.4	-59.4

Geographical area - Austria

in EUR million	EBOe & Subsidiaries		Savings Banks		Other Austria		Austria	
	1-12 14	1-12 15	1-12 14	1-12 15	1-12 14	1-12 15	1-12 14	1-12 15
Net interest income	613.5	638.2	891.8	926.4	395.4	407.1	1,900.7	1,971.7
Net fee and commission income	354.9	370.8	419.3	439.3	174.0	187.2	948.2	997.3
Dividend income	22.0	9.4	24.7	23.1	7.9	2.7	54.6	35.2
Net trading and fair value result	8.7	-0.6	1.1	3.1	3.1	4.1	13.0	6.6
Net result from equity method investments	2.1	1.4	0.0	0.0	0.7	0.5	2.7	1.9
Rental income from investment properties & other operating leases	19.2	19.4	42.0	40.0	40.4	40.8	101.5	100.3
General administrative expenses	-630.7	-640.3	-932.1	-966.0	-323.3	-325.9	-1,886.1	-1,932.1
thereof depreciation and amortization	-38.2	-40.7	-75.9	-76.3	-36.3	-37.1	-150.5	-154.1
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	-0.4	0.1	27.7	45.8	0.4	19.2	27.7	65.0
Net impairment loss on financial assets not measured at fair value through profit or loss	-104.5	-59.0	-199.4	-83.6	-269.2	-83.3	-573.1	-225.9
Other operating result	6.7	-25.6	-43.1	-39.5	-7.6	-27.1	-44.1	-92.2
Levies on banking activities	-13.8	-14.9	-15.9	-15.0	0.0	0.0	-29.8	-29.8
Pre-tax result from continuing operations	291.4	313.8	232.0	388.7	21.7	225.3	545.1	927.8
Taxes on income	-65.1	-73.5	-54.7	-89.4	-53.2	-53.5	-173.0	-216.4
Net result for the period	226.3	240.3	177.3	299.4	-31.5	171.8	372.1	711.4
Net result attributable to non-controlling interests	11.8	10.1	158.9	259.1	-0.5	9.5	170.2	278.7
Net result attributable to owners of the parent	214.5	230.2	18.4	40.2	-31.0	162.3	201.9	432.7
Operating income	1,020.3	1,038.6	1,379.0	1,432.0	621.5	642.4	3,020.7	3,113.0
Operating expenses	-630.7	-640.3	-932.1	-966.0	-323.3	-325.9	-1,886.1	-1,932.1
Operating result	389.6	398.4	446.9	466.0	298.1	316.5	1,134.6	1,180.9
Risk-weighted assets (credit risk, eop)	12,589	12,482	22,511	21,955	16,194	14,332	51,294	48,769
Average allocated capital	1,088	1,073	1,968	1,774	1,484	1,339	4,540	4,186
Cost/income ratio	61.8%	61.6%	67.6%	67.5%	52.0%	50.7%	62.4%	62.1%
Return on allocated capital	20.8%	22.4%	9.0%	16.9%	-2.1%	12.8%	8.2%	17.0%
Total assets (eop)	43,106	40,560	56,704	57,953	32,106	32,638	131,916	131,151
Total liabilities excluding equity (eop)	40,728	38,821	52,684	53,835	14,657	13,999	108,069	106,655
Impairments and risk provisions	-106.7	-76.6	-221.3	-86.9	-340.7	-162.1	-668.8	-325.6
Net impairment loss on loans and receivables from credit institutions and customers	-106.3	-49.6	-193.6	-73.9	-281.1	-83.4	-581.1	-206.9
Net impairment loss on other financial assets not measured at fair value through profit and loss	1.9	-9.4	-5.8	-9.7	11.9	0.1	8.0	-19.1
Allocation/release of provisions for contingent credit risk liabilities	-0.9	-11.7	-18.3	-1.7	-22.9	-68.9	-42.1	-82.2
Impairments from Goodwills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment loss on other non financial assets	-1.4	-5.9	-3.6	-1.6	-48.6	-9.9	-53.6	-17.5

Geographical area - Central and Eastern Europe

	Czech Republic		Romania		Slovakia		Hungary		Croatia		Serbia		Central and Eastern Europe	
in EUR million	1-12 14	1-12 15	1-12 14 restated	1-12 15	1-12 14	1-12 15	1-12 14	1-12 15	1-12 14	1-12 15	1-12 14	1-12 15	1-12 14 restated	1-12 15
Net interest income	924.0	911.2	484.7	428.7	451.0	457.5	263.4	194.4	261.2	268.3	34.4	40.8	2,418.8	2,301.0
Net fee and commission income	410.6	375.8	160.0	163.2	123.4	121.4	139.3	137.5	79.9	84.8	13.4	12.6	926.6	895.3
Dividend income	1.8	2.5	0.6	1.3	0.7	0.9	0.1	0.2	0.2	0.2	0.0	0.0	3.4	5.0
Net trading and fair value result	83.1	103.5	81.2	69.4	9.6	8.8	38.8	-0.5	24.1	15.9	2.9	3.2	239.6	200.2
Net result from equity method investments	0.0	0.0	0.2	0.6	6.9	9.1	0.0	0.0	2.2	2.6	-0.2	0.2	9.2	12.5
Rental income from investment properties & other operating leases	29.9	26.8	5.5	9.1	1.8	1.9	0.8	0.9	31.7	27.6	0.0	0.3	69.7	66.6
General administrative expenses	-662.2	-681.2	-331.9	-340.5	-266.2	-266.1	-175.8	-179.9	-183.5	-187.0	-38.6	-39.0	-1,658.2	-1,693.8
thereof depreciation and amortization	-82.5	-78.9	-39.5	-38.6	-45.1	-44.6	-19.8	-20.7	-33.9	-31.5	-2.3	-2.2	-223.2	-216.5
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	5.3	16.5	-0.1	1.1	1.3	0.9	-3.6	-4.7	1.5	0.4	0.0	0.0	4.5	14.2
Net impairment loss on financial assets not measured at fair value through profit or loss	-135.4	-97.1	-923.5	16.4	-51.4	-58.0	-152.2	-105.8	-155.3	-167.3	-15.7	-10.8	-1,433.5	-422.6
Other operating result	-21.9	-37.3	-117.1	-141.2	-44.2	-33.4	-431.3	-106.9	-6.0	-135.4	-1.3	-0.6	-621.9	-454.8
Levies on banking activities	0.0	0.0	0.0	0.0	-31.5	-23.6	-94.2	-84.0	0.0	0.0	0.0	0.0	-125.7	-107.6
Pre-tax result from continuing operations	635.1	620.7	-640.4	208.1	233.0	243.0	-320.6	-64.8	56.2	-90.0	-5.1	6.7	-41.8	923.7
Taxes on income	-124.1	-124.9	47.7	-17.1	-54.2	-58.5	-10.0	-7.8	-8.9	24.6	-2.3	-0.1	-151.8	-184.0
Net result for the period	511.1	495.8	-592.8	191.0	178.7	184.5	-330.6	-72.6	47.3	-65.4	-7.3	6.5	-193.7	739.7
Net result attributable to non-controlling interests	4.9	5.3	-38.0	12.3	0.0	0.0	0.0	0.0	14.7	-19.9	-1.9	1.2	-20.4	-1.0
Net result attributable to owners of the parent	506.2	490.6	-554.7	178.7	178.7	184.4	-330.6	-72.6	32.6	-45.5	-5.4	5.3	-173.3	740.8
Operating income	1,449.4	1,419.9	732.2	672.2	593.5	599.6	442.3	332.5	399.3	399.3	50.5	57.1	3,667.3	3,480.7
Operating expenses	-662.2	-681.2	-331.9	-340.5	-266.2	-266.1	-175.8	-179.9	-183.5	-187.0	-38.6	-39.0	-1,658.2	-1,693.8
Operating result	787.1	738.7	400.3	331.7	327.3	333.5	266.5	152.6	215.9	212.3	11.9	18.1	2,009.1	1,786.9
Risk-weighted assets (credit risk, eop)	13,745	14,406	5,676	5,489	4,416	4,905	3,409	3,328	4,664	4,369	655	803	32,565	33,301
Average allocated capital	1,429	1,438	1,089	932	512	543	490	430	443	461	72	82	4,036	3,886
Cost/income ratio	45.7%	48.0%	45.3%	50.7%	44.9%	44.4%	39.7%	54.1%	45.9%	46.8%	76.4%	68.4%	45.2%	48.7%
Return on allocated capital	35.8%	34.5%	-54.4%	20.5%	34.9%	34.0%	-67.5%	-16.9%	10.7%	-14.2%	-10.2%	7.9%	-4.8%	19.0%
Total assets (eop)	32,546	35,512	13,747	13,784	12,965	13,978	5,981	6,090	9,114	8,902	829	1,000	75,181	79,266
Total liabilities excluding equity (eop)	28,798	31,211	12,652	12,486	11,483	12,441	5,419	5,582	8,073	8,002	708	867	67,132	70,588
Impairments and risk provisions	-128.1	-116.9	-1,007.7	0.3	-60.8	-54.9	-161.3	-127.7	-157.4	-176.0	-16.8	-11.1	-1,532.1	-486.3
Net impairment loss on loans and receivables from credit institutions and customers	-135.5	-97.1	-923.5	16.7	-51.4	-58.1	-152.2	-105.8	-154.4	-167.3	-15.7	-10.8	-1,432.7	-422.4
Net impairment loss on other financial assets not measured at fair value through profit and loss	0.1	0.1	0.0	-0.3	0.0	0.0	0.0	0.0	-0.9	0.0	0.0	0.0	-0.7	-0.2
Allocation/release of provisions for contingent credit risk liabilities	3.6	-6.1	-4.0	-6.5	-6.0	3.0	1.3	-19.1	-0.3	-4.8	-0.5	0.0	-5.9	-33.5
Impairments from Goodwills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment loss on other non financial assets	3.7	-13.8	-80.2	-9.6	-3.5	0.2	-10.4	-2.8	-1.8	-3.8	-0.6	-0.2	-92.7	-30.1

38. Assets and liabilities denominated in foreign currencies and outside Austria and return on assets

Assets and liabilities not denominated in EUR were as follows:

in EUR million	Dec 14	Dec 15
Assets	65,673	68,004
Liabilities	51,031	54,294

The assets and liabilities outside Austria are given below:

in EUR million	Dec 14	Dec 15
Assets	111,167	112,229
Liabilities	85,786	81,713

Return on assets: Return on assets (net profit for the year divided by average total assets) was 0.16% at 31 December 2015 (-0.16% in 31 December 2014 restated).

39. Leases

Finance leases

Finance leases receivables are included under the balance sheet item 'Loans and advances to customers'.

Erste Group leases both movable property and real estate to other parties under finance lease arrangements. For the finance lease receivables included in this item, the reconciliation of the gross investment in leases to the present value of the minimum lease payments is as follows:

in EUR million	Dec 14	Dec 15
Outstanding minimum lease payments	3,530	3,568
Non-guaranteed residual values	824	751
Gross investment	4,354	4,319
Unrealised financial income	514	441
Net investment	3,840	3,877
Present value of non-guaranteed residual values	721	701
Present value of minimum lease payments	3,119	3,176

The maturity analysis of gross investment in leases and present values of minimum lease payments under non-cancellable leases is as follows (residual maturities):

in EUR million	Gross investment		Present value of non-guaranteed residual values	
	Dec 14	Dec 15	Dec 14	Dec 15
< 1 year	703	702	541	545
1 - 5 years	1,887	2,093	1,485	1,612
> 5 years	1,764	1,524	1,093	1,019
Total	4,354	4,319	3,119	3,176

In the reporting period, the total amount of accumulated allowance for uncollectable minimum lease payments, presented as risk provisions for loans and advances, was EUR 124 million (2014: EUR 191 million). The total amount of contingent rents from finance leases recognised as income in the period was EUR 33 million (2014: EUR 28 million).

Operating leases

Under operating leases, Erste Group leases both real estate and movable property to other parties.

Operating leases from the view of Erste Group as lessor.

Minimum lease payments from non-cancellable operating leases were as follows:

in EUR million	Dec 14	Dec 15
< 1 year	61	51
1 - 5 years	151	141
> 5 years	43	32
Total	255	224

The total amount of contingent rents from operating leases recognised as income in the period was EUR 11 million (2014: EUR 9 million).

Operating leases from the view of Erste Group as lessee.

Minimum lease payments from non-cancellable operating leases were as follows:

in EUR million	Dec 14	Dec 15
< 1 year	56	45
1 -5 years	126	78
> 5 years	73	27
Total	254	150

Lease payments from operating leases recognised as expense in the period amounted to EUR 84.9 million (2014: EUR 88.1 million).

40. Related-party transactions and principal shareholders

In addition to principal shareholders, Erste Group also defines as related parties subsidiaries that are not consolidated due to non-materiality and associates that are included in the consolidated financial statements by the equity method. Furthermore related parties consist of management and supervisory board members of Erste Group Bank AG. Moreover, Erste Group defines close family members of management and supervisory board members of Erste Group Bank AG, as well as companies over which management and supervisory board members of Erste Group Bank AG have control or significant influence, as other related parties.

Transactions between Erste Group Bank AG and fully consolidated companies are not recognised in the consolidated financial statements as they have been eliminated.

Principal shareholders

As of 31 December 2015, the foundation DIE ERSTE oesterreichische Spar-Casse Privatstiftung (hereinafter referred to as the 'Privatstiftung') held together with its syndicate partners a total of 29.17% interest in Erste Group Bank AG and is controlling shareholder with 12.88% interest. 9.22% of the shares were held directly by the Privatstiftung. Indirect participation of the Privatstiftung was at 3.66% and is held by Sparkassen Beteiligungs GmbH & Co KG, which is an affiliated undertaking of the Privatstiftung. 3.30% of the shares are directly held by Austrian savings banks, which act together with the Privatstiftung and are affiliated with Erste Group by virtue of the Haftungsverbund. 9.92% interest in Erste Group Bank AG was controlled by the Privatstiftung based on the syndication agreement with CaixaBank S.A. 3.8% belong to other syndicate partners.

In 2015 (for the financial year 2014), the Privatstiftung did not receive a dividend (2014: 12.9 million) on its stake in Erste Group Bank AG. The purpose of the Privatstiftung, to be achieved notably by way of the participating interest in Erste Group Bank AG, is to support social, scientific, cultural and charitable institutions as well as to generally promote the guiding principles of the savings bank philosophy. As of 31 December 2015, Franz Karl Prüller (chairman), Richard Wolf (vice chairman) and Bernhard Spalt were members of the Privatstiftung management board. The supervisory board of the Privatstiftung had eight members at the end of 2015, two of whom are also members of the supervisory board of Erste Group Bank AG.

Under article 15.1 of the articles of association, for the duration of its assumption of liability for all current and future debts in the event of default on payment by the company, the Privatstiftung is entitled, pursuant to Section 92 (9) of the Austrian Banking Act, to delegate up to one-third of the supervisory board members to be elected at the Annual General Meeting. Until now, the Privatstiftung has not exercised this right.

As of 31 December 2015, Erste Group had in relation to the Privatstiftung liabilities of EUR 24.8 million (2014: EUR 262.6 million) and no loans and advances (2014: EUR 26.5 million). In addition, standard derivative transactions for hedging purposes were in place between Erste Group and the Privatstiftung as of the end of 2015, namely interest rate swaps with caps in the notional amount of EUR 278.0 million (2014: EUR 282.0 million). As of the end of 2015, the Privatstiftung held bonds issued by Erste Group Bank AG in the amount of EUR 9.8 million (2014: EUR 0.2 million), and Erste Group held debt securities issued by the Privatstiftung in the amount of EUR 2.9 million (2014: EUR 3.7 million).

In 2015, the interest income of Erste Group for the reporting period amounted to EUR 12.2 million (2014: EUR 12.5 million) while the interest expenses amounted to EUR 8.0 million (2014: EUR 8.6 million), resulting from the mentioned loans and advances and liabilities as well as derivative transactions and debt securities.

As of 31 December 2015 CaixaBank S.A., which is based in Barcelona, Spain, held a total of 42,634,248 (2014: 42,634,248) Erste Group Bank AG shares, equivalent to 9.92% (2014: 9.92%) of the share capital of Erste Group Bank AG. During the annual general meeting

held on May 12, 2015, Mr. Antonio Massanell Lavilla (deputy chairman of CaixaBank S.A.) as well as Mr. Gonzalo Gortázar Rotaecche (CEO of CaixaBank S.A.) were elected to become members of the supervisory board of Erste Group Bank AG. Both were elected for a five year term until the annual general meeting in 2020.

In addition, the shareholders' agreement between CaixaBank S.A. and the Erste Foundation, which had been in effect since 2009, was renewed on 15 December 2014 (Preferred Partnership Agreement). On the basis of this agreement, CaixaBank S.A. joined the ranks of the core shareholders, which include Erste Foundation as well as the savings banks, their foundations as well as Wiener Städtische Wechselseitige Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group. As member of this syndicate, CaixaBank S.A. will abide by the recommendations of the Erste Foundation when electing new supervisory board members.

In 2015 (for the financial year 2014), CaixaBank S.A. received no dividend based on its stake in Erste Group Bank AG.

Balances and off-balance exposures with related parties

in EUR million	Dec 14		Dec 15	
	Investments in subsidiaries - not consolidated	Investments in associates and Investments in joint ventures	Investments in subsidiaries - not consolidated	Investments in associates and Investments in joint ventures
Selected financial assets	459	609	293	538
Equity instruments	128	11	31	8
Debt securities	0	40	0	37
Loans and advances	330	559	262	493
Loans and advances with credit institutions	32	98	26	117
Loans and advances with customers	298	461	235	376
of which: Impaired selected assets	9	0	3	0
Selected financial liabilities	42	98	46	102
Deposits	42	98	46	102
Deposits from banks	1	7	0	7
Deposits from customers	41	91	46	95
Debt securities issued	0	-	-	-
Loan commitments, financial guarantees and other commitments given [notional amount]	134	186	55	184
of which: defaulted	1	7	2	-
Loan commitments, financial guarantees and other commitments received	-	-	0	2
Derivatives [notional amount]	50	-	17	-
Allowances and provisions for impaired debt instruments, defaulted guarantees and defaulted commitments	10	3	9	3

Expenses/Income generated by transactions with related parties

in EUR million	Dec 14		Dec 15	
	Investments in subsidiaries - not consolidated	Investments in associates and Investments in joint ventures	Investments in subsidiaries - not consolidated	Investments in associates and Investments in joint ventures
Interest Income	8	10	6	9
Fee and commission income	-	7	0	1
Dividend income	7	26	3	12
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	-	0	-	-
Gains on derecognition of non-financial assets	-	-	-	-
Interest expenses	-	- 1	-	-
Fee and commission expenses	-	- 0	-	- 1
Realised losses on financial assets and liabilities not measured at fair value through profit or loss	-	- 0	-	-
Losses on derecognition of non-financial assets	-	-	- 1	-
Increase during the period in impairment and provisions for impaired debt instruments, defaulted guarantees and defaulted commitments	- 3	- 3	- 11	- 1
Decrease during the period in impairment and provisions for impaired debt instruments, defaulted guarantees and defaulted commitments	2	0	29	1

Transactions with related parties are done at arm's length.

Remuneration of management and supervisory board members

The remuneration paid to the management board in 2015 is as follows:

Fixed salaries

in EUR thousand	1-12 14	1-12 15
Andreas Treichl	1,334	1,335
Peter Bosek (starting with 1 January 2015)	0	633
Petr Brávek (starting with 1 April 2015)	0	495
Andreas Gottschling	633	633
Gernot Mittendorfer	633	633
Jozef Sikela (starting with 1 January 2015)	0	633
Franz Hochstrasser (until 31 December 2014)	792	0
Hebert Juranek (until 31 December 2014)	667	0
Total	4,059	4,362

Peter Bosek was in 2015 board member of Holding as well as of Erste Bank Oesterreich, the expenses were attributed to both companies by 50%.

Since the financial year 2010, the variable part of the management board's remuneration, including both cash payments and share-equivalents, is distributed over five years in accordance with legal requirements and is paid out only under certain conditions. Share-equivalents are not exchange-traded shares but phantom shares that are paid out in cash after a one-year vesting period based on defined criteria.

In 2015, performance-linked remuneration and share-equivalents were paid out or vested for previous financial years.

Performance-linked remuneration

	1-12 14				1-12 15			
	for 2013		for previous years		for 2014		for previous years	
	cash	share-equivalents	cash	share-equivalents	cash	share-equivalents	cash	share-equivalents
	in EUR thousand	in units	in EUR thousand	in units	in EUR thousand	in units	in EUR thousand	in units
Andreas Treichl	225	10,881	122	5,502	0	0	157	6,953
Peter Bosek (starting with 1 January 2015)	0	0	0	0	0	0	0	0
Petr Brávek (starting with 1 April 2015)	0	0	0	0	0	0	0	0
Andreas Gottschling	30	1,285	0	0	0	0	4	168
Gernot Mittendorfer	69	3,145	17	1,005	0	0	27	1,424
Jozef Sikela (starting with 1 January 2015)	0	0	0	0	0	0	0	0
Franz Hochstrasser (until 31 December 2014)	167	6,918	71	3,083	0	0	0	0
Hebert Juranek (until 31 December 2014)	56	2,365	33	1,498	0	0	0	0
Total	548	24,594	243	11,088	0	0	188	8,545

Share-equivalents were valued at the average weighted daily share price of Erste Group Bank AG of the year 2015 in the amount of EUR 25.13 per share.

No performance-linked remuneration was awarded to members of the management board for the financial years 2014 and 2011.

Long-Term Incentive-Programme

Currently, one long-term incentive programme (LTI), which is based on changes in the share price of Erste Group Bank AG versus a group of peers and the Dow Jones Euro Stoxx Banks, is still active. It was started on 1 January 2010 but did not result in any payment in 2015.

Other remuneration

in EUR thousand	1-12 14	1-12 15
Andreas Treichl	498	1,454
Peter Bosek (starting with 1 January 2015)	0	84
Petr Brávek (starting with 1 April 2015)	0	64
Andreas Gottschling	76	157
Gernot Mittendorfer	88	86
Jozef Sikela (starting with 1 January 2015)	0	82
Franz Hochstrasser (until 31 December 2014)	260	0
Hebert Juranek (until 31 December 2014)	92	0
Total	1,015	1,928

The item 'Other remuneration' comprises pension fund contributions, contributions to employee provision funds (for new-type severance payments) and remunerations in kind.

The remuneration of the members of the management board represented 0.3% (2014: 0.3%) of the total personnel expenses of Erste Group.

In 2015, EUR 3.1 million (2014: EUR 2.1 million) was paid in cash and 8,390 share-equivalents (2014: 2,572) were assigned to former members of the management bodies and their dependents.

Principles governing the pension scheme for management board members. Members of the management board participate in the defined contribution pension plan of Erste Group on the basis of the same principles as employees. For one member of the management board, compensatory payments have to be made to the pension fund in case the management board member's tenure ends before he reaches the age of 65 by no fault of the member.

Principles governing vested benefits and entitlements of management board members in case of termination of the position. Regarding vested benefits and entitlements of management board members in the event of termination of their position, the standard legal severance benefit provisions of section 23 of the Austrian Salaried Employees Act (Angestelltengesetz) still apply to one member of the management board. All other members of the management board are not entitled to receive any severance benefits.

The remuneration granted to the management board members complies with the banking rules on management remuneration.

Breakdown of supervisory board remuneration

in EUR thousand	1-12 14	1-12 15
Supervisory board compensation	537	580
Meeting fees	233	265
Total	770	845

In 2015, the members of the supervisory board of Erste Group Bank AG were paid EUR 845 thousand (2014: EUR 770 thousand) for their board function. The following members of the supervisory board received the following remuneration for their board function in fully consolidated subsidiaries of Erste Group Bank AG: Friedrich Rödler EUR 38,750.00, Jan Homan EUR 12,600.00, Gunter Griss EUR 52,000.00, Maximilian Hardegg EUR 39,945.00, Brian D. O'Neill EUR 33,250.00, John James Stack EUR 53,260.00, Georg Winckler EUR 11,750.00.

Erste Group Bank AG did not conclude other legal transactions with its members of the supervisory board.

Pursuant to the decision at the annual general meeting of 12 May 2015, the supervisory board adopted in its constituent meeting the following remuneration structure for the financial year 2014:

in EUR	Number	Allowance per person	Total allowance
President	1	100	100,000
Vice Presidents	2	75	150,000
Members	8	50	400,000
Total	11		650,000

The supervisory board consists of at least three and a maximum of twelve members elected by the Annual General Meeting. Unless the Annual General Meeting has determined a shorter term of office for individual, several or all supervisory board members on the occasion of their appointment, the term of office of the members of the supervisory board ends at the close of the Annual General Meeting that

resolves on the approvals of their actions for the fourth business year following their election; re-election is permitted. In addition, membership of the supervisory board ceases upon death, revocation, resignation or in the event of an impediment defined in the Articles of Association. Revocation requires a majority of three quarter of valid votes cast and a majority of three quarters of the registered capital represented at the time of the resolution.

Banking transactions with key management employees and persons and companies related to key management employees

As of the end of 2015, loans and advances granted to members of the management board and supervisory board totalled EUR 2,852 thousand. Deposits of members of the management board and supervisory board at Erste Group amounted to EUR 4,678 thousand in total. As of 31 December 2015, members of the management and supervisory board held bonds issued by Erste Group in the amount of EUR 385 thousand. Loan commitments and financial guarantees, issued in favour of members of the management and supervisory board totalled EUR 1,803 thousand as of the end of 2015. From banking transactions with members of the management board and supervisory board Erste Group received interest income and fee income of EUR 23 thousand in total, and paid interest expense of EUR 16 thousand.

Loans and advances to close family members of key management employees and companies over which key management employees have control or significant influence (hereinafter referred to 'other related parties') totalled EUR 735 thousand as of 31 December 2015. As of the end of 2015, deposits of other related parties at Erste Group amounted to EUR 3,094 thousand in total. As of 31 December 2015 other related parties held bonds issued by companies of Erste Group in the total amount of EUR 11,599 thousand. Loan commitments and financial guarantees, issued in favour of other related parties totalled EUR 295 thousand as of the end of 2015. From banking transactions with other related parties Erste Group received interest income and fee income of EUR 30 thousand in total, and paid interest expense of EUR 21 thousand.

The applicable interest rates and other terms (maturity dates and collateral) represent market conditions.

41. Collaterals

The following assets were pledged as collateral for liabilities:

in EUR million	Dec 14	Dec 15
Loans and advances to credit institutions	199	61
Loans and advances to customers	16,943	18,983
Trading assets	25	93
Financial assets - at fair value through profit or loss	12	0
Financial assets - available for sale	1,713	1,721
Financial assets - held to maturity	2,723	1,237
Total	21,614	22,095

The financial assets pledged as collateral consist of loan receivables, bonds and other interest-bearing securities.

Collaterals were pledged as a result of repo transactions, refinancing transactions with the European Central Bank, loans backing issued mortgage bonds and other collateral arrangements.

The fair value of collaterals received which may be repledged or resold even without default of the owner of the collateral was EUR 3,506 million (2014: EUR 2,993 million). Prior year figure was adjusted. Collaterals with fair value of EUR 114 million (2014: EUR 180 million) were resold. Collaterals with fair value of EUR 130 million (2014: EUR 32) were repledged. The bank is obliged to return the resold and repledged collaterals.

42. Transfers of financial assets – repurchase transactions and securities lending

in EUR million	Dec 14		Dec 15	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Repurchase agreements				
Loans and advances to credit institutions	0	0	0	0
Loans and advances to customers	0	0	0	0
Trading assets	5	5	74	69
Financial assets - at fair value through profit or loss	0	0	0	0
Financial assets - available for sale	1,285	1,025	1,164	995
Financial assets - held to maturity	424	434	397	480
Total - repurchase agreements	1,714	1,464	1,636	1,544
Securities lendings				
Loans and advances to credit institutions	0	0	0	0
Loans and advances to customers	0	0	0	0
Trading assets	4	0	0	0
Financial assets - at fair value through profit or loss	0	0	0	0
Financial assets - available for sale	179	0	16	0
Financial assets - held to maturity	0	0	0	0
Total - securities lendings	182	0	16	0
Total	1,896	1,464	1,652	1,544

The transferred financial instruments consist of bonds and other interest-bearing securities.

The total amount of EUR 1,652 Mio (2014: EUR 1,896 Mio) equals the carrying amount of financial assets disclosed in the respective balance sheet positions for which the transferee has a right to sell or repledge.

Liabilities from repo transaction in the amount of EUR 1,544 Mio (2014: 1,464 Mio), which are measured at amortised cost, represent an obligation to repay the borrowed funds.

The following table shows fair values of the transferred assets and associated liabilities for repo transactions with an existing recourse right only on the transferred assets.

in EUR million	Dec 14			Dec 15		
	Fair value of transferred assets	Fair value of associated liabilities	Net position	Fair value of transferred assets	Fair value of associated liabilities	Net position
Loans and advances to credit institutions	0	0	0	0	0	0
Loans and advances to customers	0	0	0	0	0	0
Trading assets	5	5	0	74	69	5
Financial assets - at fair value through profit or loss	0	0	0	0	0	0
Financial assets - available for sale	1,305	955	350	1,164	995	170
Financial assets - held to maturity	479	434	45	497	480	17
Total	1,789	1,394	394	1,735	1,544	191

43. Offsetting of financial instruments

The following table shows netting effects on the balance sheet of Erste Group as well as the impacts of offsetting financial instruments which are subject to offsetting agreements.

Financial assets subject to offsetting and potential offsetting agreements

in EUR million	Financial assets (gross)	Amounts offset (gross)	Financial assets in balance sheet (net)	Potential effects of netting agreements not qualifying for balance sheet offsetting			Net amount after potential offsetting
				Financial instruments	Cash collateral received	Non-cash financial collateral received	
Derivatives	7,950	-456	7,494	3,057	1,497	35	2,906
Reverse repurchase agreements	1,966	0	1,966	0	0	1,676	291
Total	9,916	-456	9,461	3,057	1,497	1,711	3,196

Financial liabilities subject to offsetting and potential offsetting agreements

in EUR million	Financial liabilities (gross)	Amounts offset (gross)	Financial liabilities in balance sheet (net)	Potential effects of netting agreements not qualifying for balance sheet offsetting			Net amount after potential offsetting
				Financial instruments	Cash collateral provided	Non-cash financial collateral provided	
Derivatives	6,497	-471	6,026	3,057	300	23	2,647
Repurchase agreements	1,685	0	1,685	0	0	1,645	39
Total	8,182	-471	7,711	3,057	300	1,668	2,686

Financial assets subject to offsetting and potential offsetting agreements

in EUR million	Financial assets (gross)	Amounts offset (gross)	Financial assets in balance sheet (net)	Potential effects of netting agreements not qualifying for balance sheet offsetting			Net amount after potential offsetting
				Financial instruments	Cash collateral received	Non-cash financial collateral received	
Derivatives	10,045	0	10,045	5,655	2,378	0	2,012
Reverse repurchase agreements	1,435	0	1,435	0	0	1,074	360
Total	11,480	0	11,480	5,655	2,378	1,074	2,373

Financial liabilities subject to offsetting and potential offsetting agreements

in EUR million	Financial liabilities (gross)	Amounts offset (gross)	Financial liabilities in balance sheet (net)	Potential effects of netting agreements not qualifying for balance sheet offsetting			Net amount after potential offsetting
				Financial instruments	Cash collateral provided	Non-cash financial collateral provided	
Derivatives	7,914	0	7,914	5,655	605	0	1,655
Repurchase agreements	1,464	0	1,464	0	0	1,431	33
Total	9,379	0	9,379	5,655	605	1,431	1,688

Since the second quarter of 2015, Erste Group undertakes a part of interest rate derivative transactions via a London Clearing House. Consequently, those derivatives are shown net of the respective cash collaterals in the balance sheet in accordance with the criteria described in chapter 'B. Significant accounting policies'. The impact of offsetting is shown in the column 'Amounts offset'.

Erste Group employs repurchase agreements and master netting agreements as a means of reducing credit risk of derivative and financing transactions. They qualify as potential offsetting agreements.

Master netting agreements are relevant for counterparties with multiple derivative contracts. They provide for the net settlement of all the contracts in the event of default of any counterparty. For derivatives transactions the values of assets and liabilities that would be set off as a result of master netting agreements are presented in the column Financial instruments. If the net position is further secured by cash collateral or non-cash financial collaterals the effects are disclosed in columns Cash collateral received/pledged and Non-cash financial collaterals received/pledged respectively.

Repurchase agreements are primarily financing transactions. They are structured as a sale and subsequent repurchase of securities at a pre-agreed price and time. This ensures that the securities remain in the hands of the lender as collateral in case the borrower defaults on

fulfilling any of its obligations. Offsetting effects from repurchase agreements are disclosed in the column Non-cash financial collateral received / pledged respectively. Collateral is presented at the fair value of the transferred securities. However, if the fair value of collateral exceeds the carrying amount of the receivable/liability from the repo transaction the value is capped at the level of the carrying amount. Remaining position may be secured by cash collateral. Cash and non-cash financial collateral involved in these transactions is restricted from being used by the transferor during the time of the pledge.

44. Risk management

44.1 Risk policy and strategy

It is a core function of every bank to take risks in a conscious and selective manner and to manage such risks professionally. Erste Group's proactive risk policy and strategy aims at achieving balanced risk and return in order to generate a sustainable and adequate return on equity.

Erste Group uses a risk management and control system that is forward-looking and tailored to its business and risk profile. This system 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 risk management and control system has 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, interest rate risk in the banking book, liquidity risk, and operational risk. In addition, a risk materiality assessment is undertaken on an annual basis. It is ensured that all relevant material risks are covered by Erste Group's control and risk management framework. This entails a set of different tools and governance to ensure adequate oversight of the overall risk profile and sound execution of the risk strategy, including appropriate monitoring and escalation of issues that could materially impact the risk profile of the group. The bank always seeks to enhance and complement existing methods and processes in all areas of risk management.

In 2015, the management focus was concentrated on critical portfolios, including active management and sales of non-performing exposures, and further strengthening of the risk profile. This has been particularly demonstrated by the continuous increase of the performing portfolio and decrease of non-performing loans and risk costs for several quarters. Management actions resulted in improved profitability, asset quality, lending and capital levels. In addition, like last year, emphasis was put on strengthening risk governance and ensuring compliance with regulatory requirements.

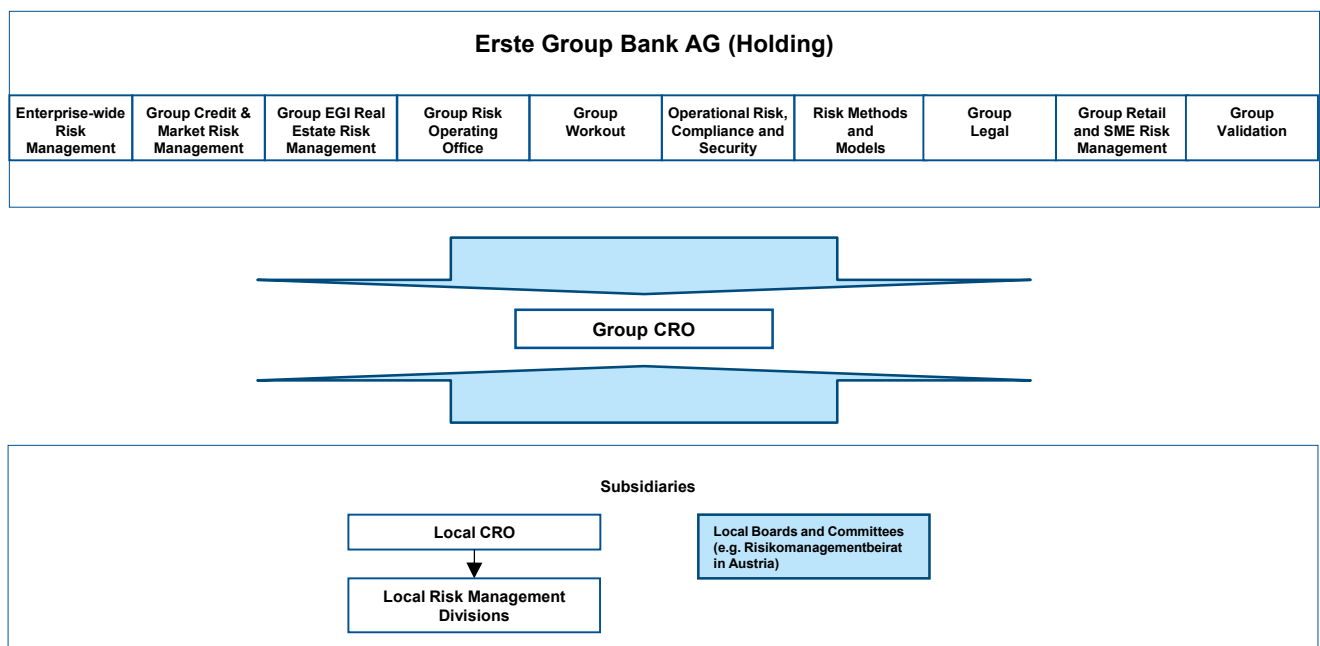
Erste Group Bank AG uses the Internet as the medium for publishing disclosures of Erste Group under Article 434 of the Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation - CRR). Details are available on the website of Erste Group at www.erstegroup.com/ir. Relevant disclosures are included in the annual report in the section "Reports" or published as separate documents in the section "Regulatory disclosure".

44.2 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 chart presents an overview of Erste Group's risk management organisation.

Risk management organisation



Overview of risk management structure

The management board, and in particular Erste Group's Chief Risk Officer (Group CRO) perform the oversight function within Erste Group's risk management structure. Risk control and risk steering within Erste Group are performed based on the business strategy and risk appetite approved by the management board. The Group CRO, working together with the chief risk officers of the subsidiaries, is responsible for the implementation of and adherence to the risk control and risk management strategies across all risk types and business lines.

The management board and, in particular, the Group CRO ensure the availability of appropriate infrastructure and staff as well as methods, standards and processes to that effect; 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 group level, the management board is supported by several divisions established to perform operating risk control functions and exercise strategic risk management responsibilities. The following risk management functions report directly to the Group CRO:

- _ Enterprise-wide Risk Management
- _ Group Credit & Market Risk Management
- _ Group EGI Real Estate Risk Management
- _ Group Risk Operating Office
- _ Group Workout
- _ Operational Risk, Compliance and Security
- _ Risk Methods and Models
- _ Group Legal
- _ Group Retail and SME Risk Management
- _ Group Validation
- _ Local Chief Risk Officers

Enterprise-wide Risk Management

Enterprise-wide Risk Management (ERM) enables an increased focus on holistic risk management and ensures comprehensive, cross-risk Group-wide risk portfolio steering.

ERM drives key strategic cross-risk initiatives to establish greater cohesion between the risk strategy including the risk appetite, limit steering and operational execution. ERM works with all risk functions and key divisions to strengthen risk oversight group-wide, covering capital (RWA and ICAAP), credit, liquidity (ILAAP), market, operational and business risk. This division is responsible for the group's Internal Capital Adequacy Assessment Process (ICAAP) including internal and external stress testing, and furthermore for the proper calculation of risk-weighted assets (RWA), the group-wide risk portfolio steering with respect to material risks, risk planning and risk input into capital planning, risk appetite and limit management, and liquidity and market risk steering including liquidity risk reporting as well as cross-divisional coordination of regulatory requests.

Group Credit & Market Risk Management

Group Credit & Market Risk Management is the operative risk management function for medium-sized and large customers as well as for institutional clients and counterparties. This division ensures that only credit and market risk in line with the risk appetite, the risk strategy and limits set by ERM are taken on the books of Erste Group. It consists of five departments: Group Corporate Analysis, Credit Underwriting Corporates, Credit Underwriting Financial Institutions & Sovereigns, Corporate Portfolio Monitoring & Management, and Market Risk Control & Infrastructure.

Group Corporate Analysis performs corporate analyses for Erste Group Bank AG and Erste Group Immorent (EGI) and is responsible for the Group financial analysis tool SABINE. Credit Underwriting Corporates is responsible for the group-wide underwriting of credit risks associated with major corporate customers and for the management of credit applications and training activities. It is the first-line risk management unit for all corporate business booked in Erste Group Bank AG and the second-line risk management unit for corporate business booked in Erste Group's subsidiaries and the "Haftungsverbund". Corporate Portfolio Monitoring & Management is responsible for corporate risk policies and procedures along with the credit process and the operative monitoring of credit risk (counterparty & country limit management, credit monitoring and early warning signal monitoring). Credit Underwriting Financial Institutions & Sovereigns is responsible for ratings, analysis, the operational credit risk management (risk assessment, approval of transactions and limits, policies, watch lists and early warning systems) and the workout activities related to financial institutions (banks, insurance companies and funds), regional governments, sovereigns, and structured products. Market Risk Control & Infrastructure is responsible for the group-wide risk and limit monitoring of all trading book positions, the end-of-day market data process that ensures validated market data for the valuation of all capital market products, independent price verification, the market conformity check of new trades, and the maintenance and support of all tools used by Market Risk Management.

Group EGI Real Estate Risk Management

The Group EGI Real Estate Risk Management department is responsible primarily for the real estate risk policies, in particular for Commercial Real Estate and risk operations, and for the support of the continuous development of operative real estate credit risk management in Erste Group. It supports and manages the credit application and approval process, as well as the setup and implementation of appropriate standards, and operating instructions across the group. It is the first line risk management unit for all real estate business booked in Erste Group Bank AG and in Erste Group Immorent AG; furthermore it is the second-line risk management unit for primarily commercial real estate business booked in the subsidiaries and exceeding defined thresholds.

Group Risk Operating Office

Group Risk Operating Office provides the infrastructure and general management across all functions within the risk organisation and is responsible for the budget and staff of the entire CRO division.

In detail, the covered business areas comprise the following units: Risk Data and Reporting, including Credit Risk Reporting and Market Risk Reporting, as well as Project Hub, Group Risk Regulatory Management and the Group Risk Administration Office. Risk Data and Reporting provides credit and market risk relevant data and reports for the CRO division, i.e. for internal, external and regulatory reporting purposes. In addition, the focus of the Group Risk Operating Office is on long-term infrastructure enhancements and proper project implementation which is managed by the Risk Project Hub. Group Risk Regulatory Management is a central information hub for regulatory issues within the CRO division; for upcoming legislation as well as existing legislation in the field of credit, operational, liquidity and market risk; for the facilitation of communication towards the supervisor; for providing regulatory interpretations; and for facilitating and supporting regulatory implementation initiatives and the monitoring and tracking of regulatory findings and their closure.

Group Workout

The Group Workout function has group-wide responsibility for clients allocated to the business segments Large Corporates, Commercial Real Estate and Other Corporate that are rated substandard or non-performing or are specifically defined as workout clients. It undertakes the direct workout management function for corporate workout clients of Erste Group Bank AG and additionally performs the (second-line) risk management function for corporate workout clients of the subsidiaries exceeding local management's authorisation level.

Based on regulatory requirements, Group Workout is responsible for generating group-wide workout policies, the design of guidelines for the preparation of local workout reports and the preparation of Erste Group Bank AG workout reports. Additionally, the division 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 the set-up of standards for collateral management, the framework for a group collateral catalogue, and principles for collateral evaluation and revaluation.

Operational Risk, Compliance and Security

Operational Risk, Compliance and Security is responsible for the management of operational risks, compliance risks and security issues. The business area comprises Group Operational Risk Management, Group Compliance and Group Security Management.

Group Operational Risk Management acts as the central and independent risk department for identification, measurement and steering of operational risk within Erste Group.

Compliance risks are those of legal or regulatory sanctions, material financial loss or loss of reputation that Erste Group might suffer as a result of failure to comply with laws, regulations, rules or standards. Core competencies in the handling of compliance risks are exercised by Group Compliance in the context of the Austrian Securities Supervision Act, the Austrian Stock Exchange Act and the Austrian Banking Act as well as the respective community law.

The Group Security Management unit protects and preserves the safety and security of bank personnel and assets (including information assets). Group Security Management is responsible for the definition of security standards, quality assurance and the monitoring and further development of security-related issues at Erste Group.

Risk Methods and Models

The Risk Methods and Models division is responsible for specific aspects of the management of credit, market and liquidity risk, especially the modelling aspects. This area provides adequate risk measurement methodologies and tools as well as an appropriate framework for relevant risk policy and control.

The Credit Risk Methods and Models unit, which is structured on the basis of competence centres, covers the topics of rating models, risk parameters and other credit risk methods.

The responsibilities covered by Market and Liquidity Risk Methods and Models are the development of risk models related to Basel III Pillar 1 (specifically the calculation of the regulatory capital requirements for market risk in the trading book) and Pillar 2 capital requirements as well as other internal steering purposes.

Group Legal

Group Legal, with its three sub-units Banking Legal, Markets Legal and Corporate Legal, acts as the central legal department of Erste Group Bank AG. Group Legal provides legal support and counsel for the management board, the business units and the central functions, and mitigates legal risk; it also attends to legal sourcing and to dispute resolution and litigation.

Legal support for the business activities of the banking subsidiaries in the respective jurisdictions in which they operate is performed by separate locally established legal departments. While reporting to the local management, typically the local CRO, the heads of the local legal department also report to the head of Group Legal in a functional dotted line matrix responsibility.

Group Retail and SME Risk Management

Group Retail and SME Risk Management is responsible for steering Erste Group's retail lending portfolios. It defines the group-wide retail lending and analytical framework that serves as a basis for monitoring local banks' retail lending practices and for identifying potential adverse portfolio developments early on. This department comprises three sub-units:

- _ Group Retail Risk Policy and Collections,
- _ Group Retail Risk Analytics,
- _ Retail and SME Risk Control.

Group Retail Risk Policy and Collections defines the policy rules for the entire retail lending cycle including underwriting, portfolio management, early and late collection. This unit ensures implementation of and compliance with these policies whereby countries' local lending practices are reviewed against the group-wide policy rules and the differences - if justified - are individually approved by the Head of Group Retail and SME Risk Management and/or the Group CRO. The unit also reviews and assesses local entities' new lending products and lending criteria changes in order to ensure that these are prudent and are in line with group-wide retail lending policies. In addition, this unit in addition ensures retail lending specific knowledge transfer across Erste Group entities offering a tailor-made, retail lending curriculum.

Group Retail Risk Analytics ensures oversight and independent management control through providing regular, operative retail risk management information. This unit defines the operative reporting requirements across the group and ensures regular monitoring of underlying retail loan portfolio dynamics and identifying risk mitigation if required. This unit also provides topical, pro-active, analyses in order to support decision making and background information related to key retail risk management developments in Erste Group.

Group Retail and SME Risk Control is a new unit (since 2014) that was established to ensure further strengthening of the existing group-wide operative steering and oversight of the SME loan portfolio. This unit defines, implements and operates a reporting and portfolio quality review mechanism to provide actionable management information of underlying SME loan portfolio dynamics for both business and risk management.

Group Validation

The objective of Group Validation is to comply with regulatory requirements to perform validations (initial and annual) of all models and methodologies (internal or external vendor) for credit ratings, scorecards, and risk parameters as well as models and methodologies for derivatives and securities valuation, asset liability management (ALM), pricing and internal steering in Erste Group.

Group Validation consists of three units. Group Credit Risk Validation is responsible for the independent review of credit risk methods and models developed internally by Erste Group. This unit validates all new models prior to initiation of the internal approval process and supports the local banks by ensuring prudential validation of all models. It also performs the annual validations, ensuring that the regulatory requirements for all validations are met.

Group Market Risk, ALM and Pricing Model Validation is responsible for the independent review and validation of: (1) VaR-related Market Risk methods and models, (2) internal or external vendor software or models for Derivatives or Securities Valuation and related functionality, (3) ALM related models either internally or externally developed as well as all ALM acquired software and (4) stress testing, back-testing and other methodologies for scenario analysis.

Group Steering Models and Operational Risk Validation is responsible for the validation of internal risk management systems that are based on (or complemented by) non-statistical techniques. This includes the integrity of processes, data quality and use test issues. Furthermore, operational risk validation, steering models validations, steering parameters and risk adjusted pricing methodology component validations are within the scope of this unit.

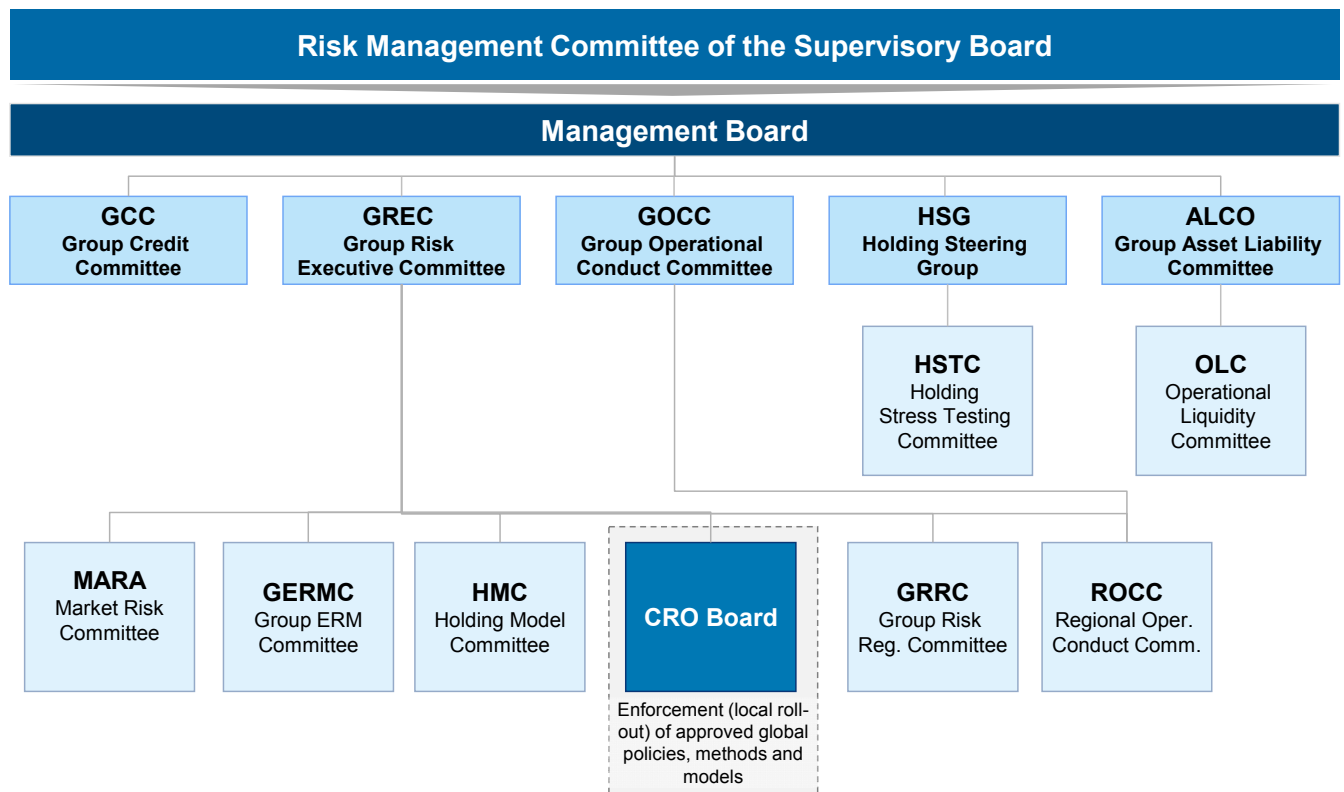
Local Chief Risk Officers

In addition to the risk management activities performed by Erste Group Bank AG in its role as the holding company, each subsidiary also has risk control and management units, the responsibilities of which are tailored to the local requirements and which are headed by the respective entity's chief risk officer.

Group coordination of risk management activities

The management board deals regularly with risk issues of all risk types in its regular board meetings. Actions are discussed and taken when needed.

Furthermore, certain cross-divisional committees were established with the purpose of carrying out risk management activities in Erste Group. They are shown in the following diagram:



The **Risk Management Committee of the Supervisory Board** is responsible for granting approval in all cases in which loans and exposures reach an amount exceeding the approval authority of the management board according to the Credit Risk Approval Authority Regulations. It is in charge of granting approval to large exposures pursuant to Article 392 CRR, if such a claim is equal to or exceeds 10% of the eligible capital of a credit institution. 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** is responsible for the consistent coordination and implementation of risk management activities within Erste Group. The CRO Board consists of the Group CRO and the chief risk officers of the subsidiaries within Erste Group. Chaired by the Group 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 **Group Credit Committee** (GCC) is responsible for deciding on transactions according to the current credit risk approval regulations. The GCC decides on credit risk exposures totalling up to EUR 300 million per group of connected clients. Exposures in excess of EUR 300 million must be decided upon by the Risk Management Committee on the basis of a recommendation by the Group Credit Committee. The GCC is headed by the Group CRO. Further members are the board member responsible for Corporates & Markets, the head of Group Credit & Market Risk Management, the head of Group Workout and the head of the requesting business line. Each local bank has its local credit committee established along the same principles.

The **Group Risk Executive Committee** (GREC) is the central forum for all joint resolutions and acknowledgements in the Erste Group Bank CRO division across all its departments and staff units. Its purpose is the division-wide coordination of all the risk management functions of Erste Group Bank AG. It discusses and decides on key risk management issues and topics; in particular it defines the division's strategy and ensures implementation of common risk management standards (e.g. pertaining to processes, systems, reporting and governance).

The **Group Operational Conduct Committee** (GOCC) is an executive-level committee responsible for enforcement of the Code of Conduct and regulatory compliance as well as management of the Erste Group's operational and reputational risk profile. Moreover, it serves as an escalation and decision-making committee for the ROCC.

The **Holding Steering Group** (HSG) is responsible for the regular monitoring of the group's Risk Appetite Statement (especially with regard to capital and liquidity adequacy, under both normal and stressed conditions), the review of proposed group and local capital measures and the proposal of remediation actions. Furthermore, it monitors recovery triggers and indicators and, when appropriate advises the management board to trigger recovery governance. The oversight of the implementation of the risk-return strategy and the proposal of actions to reinforce the risk-return steering also belong to the HSG's tasks and responsibilities.

The **Holding Stress Testing Committee** (HSTC) is the sole forum for all joint resolutions, decisions and acknowledgements in the stress testing area for group-wide stress testing activities.

The **Group Asset/Liability Committee** (ALCO) manages the consolidated Erste Group balance sheet, focusing on trade-offs between all affected consolidated balance sheet risks (interest rate, exchange rate and liquidity risks), and takes care of the setting of group standards and limits for the members of Erste Group. In addition, it approves policies and strategies for controlling liquidity risk as well as interest rate risk (net interest income) and examines proposals, statements and opinions of ALM, risk management, controlling and accounting functions. The approved investment strategy complies with the guidelines agreed with Risk Management.

The **Operational Liquidity Committee** (OLC) is responsible for the 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 ALCO. It also proposes measures to the 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** (MARA) is the main steering body for market risk and trading book related issues of Erste Group. The Market Risk Committee meets quarterly, approves group-wide market risk limits and elaborates on the current market situation. The members of the MARA are the Group CRO, the board member heading the Group Corporates and Markets division and the Group Chief Financial Officer (CFO) as well as the heads of the units Group Capital Markets, Group ALM, Group Credit & Market Risk Management, Risk Methods and Models, Enterprise-wide Risk Management and Group Validation.

The **Group ERM Committee** (GERMC) is the sole forum for all joint decisions and acknowledgements in the Enterprise-wide Risk Management (ERM) area across all Erste Group entities and Erste Group Bank AG. Its purpose is the group-wide coordination of the ERM functions, in particular on ICAAP and economic capital, stress testing, RWA, risk appetite and limit steering, risk strategies and alignment of risk input for capital planning, liquidity and market risk steering as well as pricing/provisioning. Furthermore, the GERMC ensures alignment on key ERM topics and the group-wide implementation of common ERM standards. Group Loan Loss Provisions Backtesting Committee (GLLPBC), as a subcommittee of GERMC, agrees and approves back-testing results and remedial actions.

The **Holding Model Committee** (HMC) is the steering and control body for the model development and validation process. All new models and changes of models and risk parameters in the group as well as group-wide methodology standards are reviewed by the Holding Model Committee and require its approval.

The **Group Risk Regulatory Committee** (GRRC) deals with all kinds of regulatory issues in the CRO area, i.e. implementation of new regulatory requirements, proper closure of regulatory findings, information about new regulatory initiatives, reports about regulatory communication and decisions on interpretative questions. The GRRC takes place at least on a quarterly basis.

The objective of the **Regional Operational Conduct Committee** (ROCC) is to decide on business applications based on the risk return evaluation, the implementation of group-wide corrective measures and risk mitigation actions to manage the Operational, Reputational, Compliance, Legal, Information and Communication Technology (ICT) and Security risks (collectively called non-financial risks). Furthermore, it defines group-wide standards for Non-Financial Risk topics. The ROCC is a forum for joint alignments, decisions, escalations and acknowledgements in the Non-Financial Risk areas across Erste Group entities and Erste Group Bank AG itself. In addition, committees are established at local level, such as the "Risikomanagementbeirat" in Austria. This implements a common risk approach with the Austrian savings banks.

44.3 Group-wide risk and capital management

As in prior years, Erste Group's risk management framework has been continuously strengthened. In particular, Enterprise-wide Risk Management (ERM) has continued to strengthen its 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 to ensure that the bank holds at all times adequate capital for the nature and magnitude of the bank's risk profile. ERM is tailored to the Erste Group's business and risk profile, and it reflects the strategic goal of protecting shareholders and senior debt holders while ensuring the sustainability of the organisation.

ERM is a modular and comprehensive management and steering system within Erste Group and is an essential part of the overall steering and management instruments. The ERM components necessary to ensure all aspects, in particular to fulfil regulatory requirements and to provide an internal added value, can be clustered as follows:

- _ Risk appetite statement
- _ Portfolio & risk analytics, including:
 - _ Risk materiality assessment
 - _ Concentration risk management
 - _ Stress testing
- _ Risk-bearing capacity calculation
- _ Risk planning & forecasting, including:
 - _ Risk-weighted asset management
 - _ Capital allocation
- _ Recovery and resolution planning

In addition to the 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

Erste Group defines its risk strategy and Risk Appetite Statement (RAS) through the annual strategic planning process to ensure appropriate alignment of risk, capital and performance targets. The Group RAS represents a strategic statement expressing the maximum level of risk that Erste Group is prepared to accept in order to achieve its business objectives. It consists of a set of core metrics providing quantitative direction for risk steering, from which a top-down boundary for target and limit setting is derived, creating a holistic perspective on optimising capital, funding and risk-return trade-offs, and qualitative statements in the form of key risk principles that form part of the strategic guidelines for managing risks. The key objective of the RAS is to:

- _ ensure that Erste Group has sufficient resources to support its business at any given point in time and absorb stress events
- _ set boundaries for the Group's risk-return target setting
- _ preserve and promote the market's perception of the group's financial strength and the robustness of its systems and controls

In 2015, the Group RAS framework was enhanced to (1) streamline core capital (common equity tier 1 ratio, solvency ratio, economic adequacy ratio, leverage ratio), liquidity (survival period analysis, liquidity coverage ratio, net stable funding ratio) and risk/earnings metrics (risk earnings ratio), (2) reinforce key risk principles that form part of guidelines for managing risks, (3) strengthen internal governance responsible for oversight of the risk profile development, (4) embed RAS into strategic planning and budgeting processes as well as day-to-day management, and (5) ensure timely management actions in case of adverse developments.

The Group sets its RAS on a forward-looking basis to foster risk-return steering and ensure proactive management of the risk profile. External constraints such as regulatory requirements form the ultimate boundary for the RAS and the amount of risk the Group is willing to accept. However, in order to avoid any breach of the regulatory requirements, the Group defines triggers (early warnings) and limits, which allow for appropriate lead time to enact effective countermeasures. A trigger (amber in RAS) describes a level or event that if breached requires an escalation to the designated governance and discussion of potential remediation actions. A limit (red in RAS) defines a level or event that if breached, requires an immediate escalation to the designated governance and immediate implementation of remediation actions.

In addition, strategic risk limits and principles are defined by material risk type based on the Group RAS in the Group Risk Strategy. These support implementation of the mid- to long-term strategy. Risk management governance ensures full oversight of risk decisions and

sound execution of the Group Risk Strategy. Mitigating actions are undertaken as part of the regular risk management process to ensure that the group remains within its RAS.

Moreover, stress triggers are defined for selected core metrics and integrated into the assessment of the stress testing results, which are reported to the management board to provide early warning signals and support proactive management of the risk and capital profile.

The Group RAS is also broken down to local entities under consideration of the approved proportionality guidelines. The local RAS is approved by the management board to ensure alignment with Group RAS. The group may also decide to include further compulsory constraints and limits in the local RAS to ensure alignment with the Group RAS and Group Risk Strategy.

In 2015, core capital, liquidity and risk-earnings metrics were developed within the tolerances defined in the Group RAS. Consistent follow-up on the Group RAS and limits with management actions implemented as part of the regular risk management and decision-making processes resulted in an improved group risk profile.

Portfolio and risk analytics

Erste Group uses dedicated infrastructure, systems and processes to actively identify, control and manage risks within its portfolio. Portfolio and risk analytics processes are designed to quantify, qualify and discuss risks in order to raise awareness to management in a timely manner.

Risk materiality assessment

The risk materiality assessment is an annual process with the purpose of systematically identifying new and assessing existing material risks for Erste Group. The process uses a combination of quantitative and qualitative factors in the assessment of each risk type.

This assessment represents the starting point of the ICAAP process, as identified material risk types need to be considered either directly by dedicating economic capital or indirectly through adequate consideration within other ICAAP framework elements. Insights generated by the assessment are used to improve risk management practices and further mitigate risks within the group. The assessment also serves as an input for the design and definition of Erste Group's Risk Strategy and Risk Appetite Statement. Key outputs and recommendations of the risk materiality assessment are used in the scenario design and selection of the comprehensive and reverse stress tests.

Risk concentration analysis

Erste Group has implemented a process to identify, measure, control and manage risk concentrations. This process is essential to ensure the long-term viability of Erste Group, especially in times of an adverse business environment and stressed economic conditions.

The risk concentration analysis at Erste Group covers credit risk, market risk, operational risk, liquidity risk and inter-risk concentrations. Identified risk concentrations are considered in the scenario design of the comprehensive stress test and measured under stressed conditions.

The output of the risk concentration analysis additionally contributes to the identification of material risks within the risk materiality assessment as well as to the Risk Appetite Statement and to the setting/calibration of Erste Group's limit system.

Stress testing

Modelling sensitivities of the 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 helps 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 the ICAAP. Finally, sensitivities and stress scenarios are considered within the Group's planning and budgeting process as well as in the risk-bearing capacity calculation.

Erste Group's most complex stress test is a scenario stress test that takes comprehensive account of the impact of various economic scenarios, including second-round effects on all risk types (credit, market, liquidity and operational) and in addition impacts on the associated volumes of assets and liabilities as well as on profit and loss sensitivities. In addition to the standard stress testing exercises, reverse stress tests are used to identify a scenario or a combination of scenarios in which viability of the current business model can be questioned.

Erste Group has developed specific tools to translate macroeconomic variables (e.g. GDP, unemployment rate development) into risk parameters in order to support the stress testing process, which combines bottom-up and top-down approaches. In addition, Erste Group leverages the specific knowledge of its professionals located in the different regions to further calibrate the model-based stress param-

ters. Special attention is given to taking into account adequate granularity and special characteristics when defining the stress parameters (e.g. the particular developments in the respective region, industry, product type or segment).

Results from all of Erste Group's stress tests are assessed with regard to their explanatory power in order to decide on appropriate measures. Taking into account the progressive implementation of the capital requirements according to Basel III (phase-in CET1 ratio), all stress tests performed in the reporting period indicated sufficient capital adequacy.

Risk-bearing capacity calculation

The risk-bearing capacity calculation (RCC) defines the capital adequacy required by the ICAAP. Within the RCC, all material risks are quantified, aggregated and compared to the coverage potential and the bank's own funds. The integral forecast, risk appetite limit and a traffic light system support management in its discussions and decision processes.

The traffic light system embedded in Erste Group's RCC helps to alert the management in case there is a need to decide on, plan and execute actions either to replenish the capital base or to take measures for reducing risk.

The management board and risk management committees are briefed 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 utilisation and the overall status of capital adequacy according to the traffic light system. The 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 risks), in the context of Pillar 2, interest rate risks in the banking book, foreign exchange risks arising from equity investments, credit spread risks in the banking book, risks from foreign currency loans as well as business and strategic risks are explicitly considered within the economic capital requirement via internal models. During 2015 the utilisation of the economic capital was between 58% and 64%. The methodologies that are applied for the different risk types are diverse and range from historic simulations and other value at risk approaches to the regulatory approach for residual portfolios. Moreover, calculations for portfolios under the standardised approach for credit risk are extended by risk parameters from the internal ratings-based approach in order to give a better economic view.

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 and traffic light systems.

Credit risk accounts for approximately 70% of the total economic capital requirement. Reflecting Erste Group's conservative risk management policy and strategy, the 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 as well as Erste Group's conservative approach and high risk management standards.

The capital or coverage potential required to cover economic risks and unexpected losses is based on Basel III fully loaded regulatory own funds adjusted by held-to-maturity reserves and the year-to-date profit. The coverage potential must be sufficient to absorb unexpected losses resulting from the group's operations at any point in time.

Risk planning and forecasting

The responsibility for risk management within the group and each subsidiary includes ensuring sound risk planning and forecasting processes. The forecasts determined by risk management are the result of close cooperation with all stakeholders in the group's overall planning process and in particular with Group Controlling, Asset Liability Management and the business lines. The risk planning and forecasting process includes both a forward- and backward-looking component, focusing on both portfolio and economic environment changes.

Risk-weighted asset management

As risk-weighted assets (RWA) 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 and the quality of input parameters and data as well as the most efficient application of the Basel framework. There is a process in place for tracking compliance with RWA targets, forecasting their future development and thereby defining further targets. Deviations are brought to the attention of the board within a short time frame. In addition to discussions in Group ERM Committee (GERMC), 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.

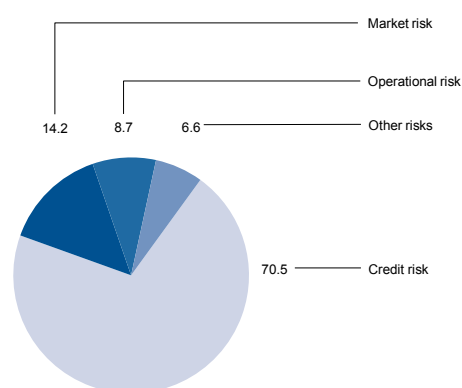
Capital allocation

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 cooperation between Risk Management and Controlling. All insights from the ICAAP and controlling processes are used to allocate capital with a view to risk-return considerations.

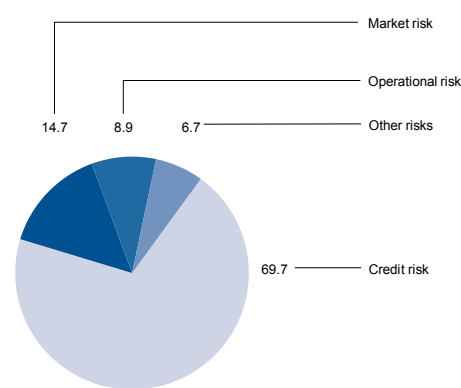
Erste Group's aggregate capital requirement by risk type

The following diagrams present the composition of the economic capital requirement according to type of risk:

**Economic capital allocation
in %, 31.12.2014**



**Economic capital allocation
in %, 31.12.2015**



Other risks include the risk from foreign currency loans and the business and strategic risk.

Leverage ratio

The leverage ratio represents the relationship between core capital (tier 1) and leverage exposure according to Article 429 CRR. Essentially, the leverage exposure represents the sum of unweighted on- and off-balance-sheet positions considering valuation and risk adjustments as defined within the CRR.

Based on the revised framework for the calculation and disclosure of the leverage ratio published by the Basel Committee on Banking Supervision (BCBS) in January 2014, the European Commission prepared a delegated regulation ((EU) 2015/62 of 10 October 2014), which was published in the Official Journal of the European Union on 17 January 2015. The revised requirements for calculation and disclosure of the leverage ratio within the European Union were implemented in Erste Group during the course of 2015.

Recovery and resolution plans

In compliance with the Austrian Banking Recovery and Resolution Law ("Bundesgesetz über die Sanierung und Abwicklung von Banken – BaSAG") in force since 1 January 2015, Erste Group has submitted an updated Group Recovery Plan to ECB in September 2015. The Group Recovery Plan identifies options for restoring financial strength and viability if Erste Group comes under severe economic stress. The plan specifies potential options for the replenishment of capital and liquidity resources of the bank in order to cope with a range of scenarios including both idiosyncratic and market-wide stress.

Erste Group collaborates with the newly established resolution authorities in the drawing up of resolution plans as required by BaSAG and EU Regulation No 806/2014 establishing the Single Resolution Mechanism (SRM Regulation).

44.4 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 allowances 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 by the credit risk management units in each of the banking subsidiaries locally and by Group Credit & Market Risk Management and Group EGI Real Estate Risk Management at group level. A detailed explanation of the role and respon-

sibilities of Group Credit & Market Risk Management and Group EGI Real Estate Risk Management is covered in the section “Risk management organisation”.

The central database used for credit risk management is above all the Group data pool. All data relevant to credit risk management, performance management and determination of risk-weighted assets and the regulatory capital requirement is regularly loaded into this database. Relevant subsidiaries not yet integrated into the Group data pool regularly deliver reporting packages.

The Group Risk Data and Reporting department uses mainly the Group data pool for centralised credit risk reporting. This ensures centralised analysis and application of ratios according to unified methods and segmentation across Erste Group as a whole. Credit risk reporting comprises 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 AG as well as the risk managers, business unit directors and internal audit staff.

The Credit Limit System organisational unit, which is part of Group Credit & Market Risk Management, is in charge of operating, supervising and continuously improving the group-wide online limit system for the control of counterparty credit risk arising from treasury transactions, as well as for the monitoring of credit risk from exposures in the asset classes Corporates, Financial Institutions and Sovereigns.

Internal rating system

Erste Group has business and risk strategies in place that govern policies for lending and credit approval processes. These policies are reviewed and adjusted regularly, at a minimum on an annual basis. They cover the entire lending business, taking into account the nature, scope and risk level of the transactions and the counterparties involved. Credit approval considers individual information 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 the counterparty default risk. The internal rating of each customer is updated at least on an annual basis (annual rating review). Ratings of workout customers are reviewed with higher frequency.

The main purpose of the internal ratings is to support the decision-making for lending and for the terms of credit facilities. Internal ratings also determine the level of credit-approval authority within Erste Group and the monitoring procedures for existing exposures. At a quantitative level, internal ratings influence the level of required risk pricing, risk allowances and risk-weighted assets under Pillar 1 or 2.

For entities of Erste Group that use the internal ratings-based (IRB) approach, internal ratings are a key input into the risk-weighted assets calculation. They are also used in the group’s assessment of the economic capital requirement according to Pillar 2. For these purposes, a distinct PD value is assigned to each rating grade for its IRB portfolios within a calibration process that is performed individually for each rating method. PD values reflect a 12-month probability of default based on long-term average default rates per rating grade. The bank assigns margins of conservatism to the calculated PDs.

Internal ratings take into account all available significant information for the assessment of counterparty default risk. For non-retail borrowers, internal ratings take into account the financial strength of the counterparty, the possibility of external support, flexibility in corporate financing, general company information and external credit history information, where available. For retail clients, internal ratings are based mainly on payment behaviour versus the bank and, where applicable, credit bureau information, supplemented with information provided by the respective client and general demographic information. Rating ceiling rules on credit quality are applied based on membership in a group of economically related entities and the country of main economic activity (applicable to cross-border financing facilities).

Internal specialist teams develop and improve internal rating models and risk parameters in cooperation with risk managers. Model development follows an internal group-wide methodological standard and utilises relevant data covering the respective market. In this way, Erste Group ensures the availability of rating models with the best possible predictiveness across its core regions.

All rating models and their components (scorecards), whether retail or non-retail, are regularly validated by the central validation unit based on a group-wide standard methodology. Validation uses statistical techniques to evaluate the accuracy of default prediction, rating stability, data quality, completeness and relevance and reviews the quality of documentation and degree of 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 regular monitoring process on the performance of rating tools, reflecting developments in new defaults and early delinquencies.

A Holding Model Committee is established as the primary steering and control body for the model development and validation process. The Holding Model Committee reports to the Group Risk Executive Committee (GREC). All new models, model changes and changes to risk parameters in the group as well as group-wide methodology standards are reviewed by the Holding Model Committee and require its approval. This ensures group-wide integrity and consistency of models and methodologies. Furthermore, 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 Risk Methods and Models division with responsibility for validation in the independent Group Validation 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 8 risk grades (for private clients) and 13 risk grades (for all other segments) is used. Defaulted customers are classified into a separate risk grade.

For the purpose of external reporting, internal rating grades of Erste Group are grouped into the following four risk categories:

Low risk. Typically regional customers with well-established and rather long-standing relationships with Erste Group or large internationally recognised customers. Very good to satisfactory financial position and low likelihood of financial difficulties relative to the respective market in which the customers operate. Retail clients having long relationships with the bank, or clients with a wide product pool use. No relevant late payments currently or in the most recent 12 months. New business is generally done with clients in this risk category.

Management attention. Vulnerable non-retail clients that may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium term. Retail clients with possible payment problems in the past triggering early collection reminders. These clients typically have a good recent payment history.

Substandard. The borrower is vulnerable to short term negative financial and economic developments and shows an elevated probability of failure. In some cases, restructuring measures are possible or already in place. As a rule, such loans are managed in specialised risk management departments.

Non-performing. One or more of the default criteria under Article 178 of the CRR are met: among others, 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. As from 2015, Erste Group applies the customer view for all customer segments, including retail clients; if an obligor defaults on one deal then the customer's performing transactions are classified as non-performing as well. Furthermore, non-performing exposures also comprise non-performing forbore transactions even in cases where the client has not defaulted. Until 2014, the product view was used in the retail segment in some subsidiaries in CEE, so that only the product actually in default is counted as a non-performing exposure whereas the other products of the same customer are considered performing. This amendment had no significant impact for Erste Group.

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 that Erste Group is willing to have towards a particular customer or group of connected clients. An upper boundary for such limits is given by the entity-specific maximum lending limit (MLL), which is derived from the respective group and local Risk Appetite Statement (RAS). All credit limits and the transactions booked within the limits are reviewed at least once a year.

For smaller enterprises (micro) and retail customers, the monitoring and credit review are based on an automated early warning system. In retail risk management the following early warning signals indicate potential adverse portfolio developments, if left unaddressed:

- _ Deterioration of new business quality, and
- _ Decreasing collections efficiency.

The early warning signals are monitored at group level by Group Retail and SME Risk Management and locally by local Retail Risk/Collections Management. Adverse developments identified during the monitoring are discussed and the need for risk mitigation is addressed jointly.

Credit portfolio reports for asset classes and business lines are prepared on a regular basis. Watch-list meetings and remedial committee meetings are held on a regular basis to monitor customers with a poor credit standing and to discuss pre-emptive measures to help a particular debtor avoid default.

Credit risk exposure

Credit risk exposure relates to the following balance sheet items:

- _ Cash and cash balances - other demand deposits,
- _ Financial assets - held for trading (without equity instruments),
- _ Financial assets - at fair value through profit or loss (without equity instruments),
- _ Financial assets - available for sale (without equity instruments),
- _ Financial assets - held to maturity,
- _ Loans and Receivables to credit institutions,
- _ Loans and receivables to customers,
- _ Positive fair value of derivatives, and
- _ Off balance sheet credit risks (primarily financial guarantees and undrawn irrevocable credit commitments).

The credit risk exposure comprises the gross carrying amount (or nominal value in the case of off-balance-sheet positions) without taking into account loan loss allowances, provisions for guarantees, any collateral held (including risk transfer to guarantors), netting effects, other credit enhancements or credit risk mitigating transactions. The credit risk exposure of Erste Group increased by 0.6% or EUR 1,267 million from EUR 210.9 billion as of 31 December 2014 to EUR 212.2 billion as of 31 December 2015.

Reconciliation between the gross carrying amount and the carrying amount of the separate components of the credit risk exposure

in EUR million	Gross carrying amount	Allowances	Carrying amount
As of 31 December 2015			
Cash and cash balances – other demand deposits	2,228	0	2,228
Loans and receivables to credit institutions	4,819	14	4,805
Loans and receivables to customers	131,906	6,009	125,897
Financial assets - held to maturity	17,703	2	17,701
Financial assets - held for trading	3,163	0	3,163
Financial assets - at fair value through profit or loss	176	0	176
Financial assets - available for sale	19,307	0	19,307
Positive fair value of derivatives	7,494	0	7,494
Contingent liabilities	25,415	297	-
Total	212,211	6,322	180,771
As of 31 December 2014			
Cash and cash balances – other demand deposits	859	0	859
Loans and receivables to credit institutions	7,461	18	7,442
Loans and receivables to customers	128,325	7,491	120,834
Financial assets - held to maturity	16,879	2	16,877
Financial assets - held for trading	3,173	0	3,173
Financial assets - at fair value through profit or loss	139	0	139
Financial assets - available for sale	21,102	0	21,102
Positive fair value of derivatives	10,045	0	10,045
Contingent liabilities	22,963	241	-
Total	210,944	7,752	180,471

Concerning contingent liabilities the gross carrying amount refers to the nominal value, and allowances refer to provisions for guarantees. A carrying amount is not presented in the case of contingent liabilities.

Breakdown of credit risk exposure

The credit risk exposure is presented below divided into the following classes:

- _ by Basel 3 exposure class and financial instrument,
- _ by industry and financial instrument,
- _ by risk category,
- _ by industry and risk category,
- _ by region and risk category,
- _ by business segment and risk category, and
- _ by geographical segment and risk category

Thereafter, a breakdown is presented of

- _ contingent liabilities by region and risk category,
- _ contingent liabilities by product,
- _ credit risk exposure to sovereigns by region and financial instrument, and
- _ credit risk exposure to institutions by region and financial instrument

This is followed by presentation of

- _ non-performing credit risk exposure by business segment and credit risk provisions,
- _ non-performing credit risk exposure by geographical segment and credit risk provisions,
- _ the composition of allowances,
- _ credit risk exposure, forbearance exposure and credit risk provisions,
- _ the types of forbearance exposure,
- _ the development of forbearance exposure and credit risk provisions,
- _ credit quality of forbearance exposure by geographical segments,
- _ credit risk exposure by business segment and collateral,
- _ credit risk exposure by geographical segment and collateral,
- _ credit risk exposure by financial instrument and collateral, and
- _ credit risk exposure past due and not covered by specific allowances by financial instruments and collateralisation

and a breakdown of

- _ loans and receivables to customers by business segment and risk category,
- _ loans and receivables to customers by geographical segment and risk category,
- _ non-performing loans and receivables to customers by business segment and coverage by loan loss allowances and collateral,
- _ non-performing loans and receivables to customers by geographical segment and coverage by loan loss allowances and collateral,
- _ loans and receivables to customers by business segment and currency, and
- _ loans and receivables to customers by geographical segment and currency.

Credit risk exposure by Basel 3 exposure class and financial instrument

The assignment of obligors to Basel 3 exposure classes is based on legal regulations. For reasons of clarity, individual Basel 3 exposure classes are presented in aggregated form in the table below and in other tables in the section “Credit risk”. The aggregated exposure class “sovereigns” also contains regional and local governments as well as public sector entities in addition to central governments, central banks, international organisations and multinational development banks. Institutions include banks and recognised investment firms.

Debt securities										
	Cash and cash balances – other demand deposits	Loans and receivables to credit institutions	Loans and receivables to customers	Financial assets - held to maturity	Financial assets - held for trading	Financial assets - at fair value through profit or loss	Financial assets - available for sale	Positive fair value of derivatives	Contingent liabilities	Gross exposure
in EUR million	at amortised cost			at fair value						
As of 31 Dec 2015										
Sovereigns	11	1,271	7,414	16,479	2,393	13	14,998	338	1,231	44,147
Institutions	2,211	3,008	197	820	398	73	2,151	6,647	333	15,836
Corporates	6	540	58,727	405	373	91	2,158	508	17,738	80,546
Retail	0	0	65,569	0	0	0	0	1	6,113	71,682
Total	2,228	4,819	131,906	17,703	3,163	176	19,307	7,494	25,415	212,211
As of 31 Dec 2014										
Sovereigns	0	2,277	6,676	15,302	2,471	12	15,674	352	1,230	43,994
Institutions	848	5,164	78	1,041	391	79	2,983	9,040	366	19,989
Corporates	11	20	57,752	536	311	47	2,445	650	15,938	77,710
Retail	0	0	63,819	0	0	0	0	4	5,428	69,251
Total	859	7,461	128,325	16,879	3,173	139	21,102	10,045	22,963	210,944

Credit risk exposure by industry and financial instrument

in EUR million	Debt securities										Gross exposure
	Cash and cash balances – other demand deposits	Loans and receivables to credit institutions	Loans and receivables to customers	Financial assets - held to maturity	Financial assets - held for trading	Financial assets - at fair value through profit or loss	Financial assets - available for sale	Positive fair value of derivatives	Contingent liabilities		
										at amortised cost	
As of 31 December 2015											
Agriculture and forestry	0	0	2,384	0	0	0	0	4	217	2,606	
Mining	0	0	409	0	52	0	26	1	333	821	
Manufacturing	0	0	9,607	30	6	0	218	78	4,179	14,120	
Energy and water supply	0	0	3,339	0	13	0	87	90	782	4,311	
Construction	0	0	6,329	153	14	0	308	10	3,148	9,961	
Development of building projects	0	0	3,557	0	1	0	32	6	938	4,534	
Trade	0	0	7,860	0	1	0	23	12	2,777	10,673	
Transport and communication	0	0	3,621	206	98	0	1,066	43	1,751	6,785	
Hotels and restaurants	0	0	3,678	7	0	0	2	6	452	4,144	
Financial and insurance services	2,228	4,819	5,165	1,540	511	172	4,372	6,872	2,232	27,912	
Holding companies	0	0	3,288	45	21	0	208	44	1,641	5,247	
Real estate and housing	0	0	21,082	6	13	0	161	129	2,258	23,649	
Services	0	0	5,728	40	29	0	163	35	1,438	7,433	
Public administration	0	0	6,765	15,714	2,382	5	12,513	201	995	38,574	
Education, health and art	0	0	2,635	0	0	0	2	11	377	3,026	
Private households	0	0	53,251	0	0	0	0	1	4,184	57,436	
Other	0	0	54	8	42	0	366	2	291	763	
Total	2,228	4,819	131,906	17,703	3,163	176	19,307	7,494	25,415	212,211	
As of 31 December 2014											
Agriculture and forestry	0	0	2,121	0	0	0	1	5	207	2,333	
Mining	0	0	362	0	0	0	21	3	155	541	
Manufacturing	0	0	9,322	31	55	0	156	97	4,086	13,747	
Energy and water supply	0	0	3,148	37	19	0	54	112	781	4,152	
Construction	0	0	6,208	242	8	0	373	8	2,933	9,772	
Development of building projects	0	0	3,305	87	2	0	81	7	555	4,038	
Trade	0	0	7,903	0	4	0	14	17	2,405	10,343	
Transport and communication	0	0	3,539	222	121	0	733	30	943	5,587	
Hotels and restaurants	0	0	3,642	8	0	0	2	11	469	4,131	
Financial and insurance services	859	7,461	5,888	1,517	539	132	5,598	9,392	2,434	33,820	
Holding companies	0	0	3,511	45	64	0	239	47	1,828	5,735	
Real estate and housing	0	0	20,558	5	14	0	176	133	2,087	22,974	
Services	0	0	4,895	37	56	0	146	34	1,293	6,461	
Public administration	0	0	6,127	14,772	2,352	5	13,385	177	858	37,676	
Education, health and art	0	0	2,623	0	0	0	1	15	310	2,948	
Private households	0	0	51,807	0	0	0	0	4	3,377	55,187	
Other	0	0	181	8	5	1	444	6	626	1,270	
Total	859	7,461	128,325	16,879	3,173	139	21,102	10,045	22,963	210,944	

Credit risk exposure by risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Gross exposure
Total exposure as of 31 Dec 2015	181,644	18,091	2,663	9,813	212,211
Share of credit risk exposure	85.6%	8.5%	1.3%	4.6%	
Total exposure as of 31 Dec 2014	177,474	18,284	3,825	11,362	210,944
Share of credit risk exposure	84.1%	8.7%	1.8%	5.4%	
Change in credit risk exposure in 2015	4,170	-193	-1,162	-1,549	1,267
Change	2.4%	-1.1%	-30.4%	-13.6%	0.6%

From 31 December 2014 to 31 December 2015, only the share of credit risk exposure in the best category increased, while it decreased in the remaining three categories. Non-performing claims as a percentage of total credit risk exposure (i.e. the non-performing exposure ratio, NPE ratio) fell from 5.4% to 4.6%. Of Erste Group's total credit risk exposure as of year-end 2015, 85.6% fell into the best risk category and approximately 8.5% was in the management attention category. The combined proportion of the two weakest risk categories declined by 1.4 percentage points from 7.2% to 5.8% of total credit risk exposure between 31 December 2013 and 31 December 2014.

Credit risk exposure by industry and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Gross exposure
As of 31 December 2015					
Agriculture and forestry	1,870	506	44	186	2,606
Mining	601	88	10	121	821
Manufacturing	11,193	1,584	213	1,129	14,120
Energy and water supply	3,616	477	40	178	4,311
Construction	7,537	1,090	195	1,138	9,961
Development of building projects	3,609	411	84	429	4,534
Trade	7,809	1,662	177	1,024	10,673
Transport and communication	6,021	505	56	203	6,785
Hotels and restaurants	2,370	994	213	567	4,144
Financial and insurance services	26,787	710	99	316	27,912
Holding companies	4,853	100	42	253	5,247
Real estate and housing	19,244	2,771	322	1,311	23,649
Services	5,652	1,022	260	499	7,433
Public administration	37,929	602	21	22	38,574
Education, health and art	2,242	414	38	332	3,026
Private households	48,356	5,658	648	2,773	57,436
Other	417	7	325	14	763
Total	181,644	18,091	2,663	9,813	212,211
As of 31 December 2014					
Agriculture and forestry	1,596	429	46	262	2,333
Mining	435	63	5	38	541
Manufacturing	10,283	1,559	282	1,623	13,747
Energy and water supply	3,442	435	79	196	4,152
Construction	6,856	1,367	133	1,416	9,772
Development of building projects	3,003	472	35	527	4,038
Trade	7,340	1,605	174	1,224	10,343
Transport and communication	4,785	450	69	283	5,587
Hotels and restaurants	2,230	967	208	726	4,131
Financial and insurance services	32,370	855	107	488	33,820
Holding companies	5,226	126	50	333	5,735
Real estate and housing	18,422	2,778	510	1,264	22,974
Services	4,933	976	133	420	6,461
Public administration	37,148	487	14	27	37,676
Education, health and art	2,129	453	43	323	2,948
Private households	45,024	5,849	1,265	3,049	55,187
Other	482	10	755	24	1,270
Total	177,474	18,284	3,825	11,362	210,944

Credit risk exposure by region and risk category

The geographic analysis of credit exposure is based on the country of risk of borrowers and counterparties and also includes obligors domiciled in other countries if the economic risk exists in the respective country of risk. Accordingly, the distribution by regions differs from the composition of the credit risk exposure by geographical segments of Erste Group.

in EUR million	Low risk	Management attention	Substandard	Non-performing	Gross exposure
As of 31 December 2015					
Core markets	151,849	16,353	2,441	8,767	179,409
Austria	81,288	8,499	1,440	2,865	94,091
Croatia	7,104	1,125	205	1,237	9,671
Romania	11,430	2,022	219	1,927	15,599
Serbia	749	366	5	180	1,300
Slovakia	15,898	782	131	684	17,495
Czech Republic	29,622	2,802	284	1,017	33,725
Hungary	5,758	757	157	856	7,528
Other EU	23,255	1,080	110	632	25,077
Other industrialised countries	3,629	144	12	79	3,864
Emerging markets	2,912	513	100	335	3,860
South-Eastern Europe/CIS	1,328	357	98	321	2,104
Asia	1,054	97	1	1	1,153
Latin America	68	30	0	3	102
Middle East/Africa	461	29	1	10	501
Total	181,644	18,091	2,663	9,813	212,211
As of 31 December 2014					
Core markets	145,678	16,445	3,358	10,148	175,629
Austria	78,523	8,542	1,554	3,121	91,741
Croatia	6,889	1,234	339	1,584	10,045
Romania	11,234	1,960	465	2,309	15,967
Serbia	706	313	81	175	1,275
Slovakia	14,838	775	242	581	16,436
Czech Republic	28,309	2,562	426	1,025	32,322
Hungary	5,180	1,059	252	1,352	7,843
Other EU	24,954	1,262	376	695	27,287
Other industrialised countries	3,928	92	17	80	4,117
Emerging markets	2,914	485	74	439	3,911
South-Eastern Europe/CIS	1,340	394	73	407	2,214
Asia	1,068	32	1	14	1,115
Latin America	102	21	0	4	127
Middle East/Africa	404	38	0	13	455
Total	177,474	18,284	3,825	11,362	210,944

Between 31 December 2014 and 31 December 2015, the credit risk exposure increased by EUR1,267 million to approximately EUR 212.2 billion. While a growth of almost EUR 2,350 million, or 2.6%, was experienced in Austria, it increased by EUR 1,430 million, or almost 1.7% in the CEE core markets. In the other EU member states (EU 28 excluding core markets), the credit risk exposure declined by EUR 2,210 million, or 8.1%, from EUR 27.3 billion to EUR 25.1 billion between the two balance sheet dates. A decrease could be observed as well in other industrialised countries (- EUR 253 million) and in emerging markets (- EUR 51 million). In total, the countries of Erste Group's core market and the EU accounted for 96.4% of credit risk exposure as of 31 December 2015. At 1.8%, the share of emerging markets remained of minor importance. Russia and Ukraine do not belong to the core markets of Erste Group and, as part of emerging markets, are included in the region "South-Eastern Europe/CIS". Due to the continuing difficult economic situation the credit risk exposure was reduced further in both markets during the year 2015. In Ukraine the credit risk volume decreased from EUR 404 million in December 2014 to EUR 274 million in December 2015. Corporate and Commercial Real Estate customers accounted for the bulk of the exposure. At the end of 2015, the provisions for credit risks amounted to EUR 97 million (2014: EUR 151 million). Of the total credit risk exposure as of year-end 2015, borrowers resident in Ukraine accounted for EUR 98 million (2014: EUR 150 million) and Ukrainian debtors domiciled outside of Ukraine accounted for EUR 178 million (2014: EUR 254 million). In Russia, the credit risk exposure declined from EUR 178 million as of 31 December 2014 to EUR 149 million as of 31 December 2015. The majority of the credit risks consisted of claims on big commercial banks and corporate customers. As of year-end 2015, the provisions for credit risks amounted to EUR 4 million (2014: EUR 16 million). Of the total credit risk exposure, Russian borrowers domiciled outside Russia accounted for EUR 10 million (2014: EUR 15 million), and receivables of EUR 55 million (2014: EUR 64 million) were covered by guarantees issued by foreign guarantors. As of year-end 2015, the credit risk exposure to Greek borrowers, including the Greek government, amounted to EUR 32 million (2014: EUR 21 million). The Greek government only accounted for EUR 106 thousand (2014: EUR 126 thousand).

Credit risk exposure by reporting segment and risk category

The segment reporting of Erste Group is based on the matrix organisation by business segment as well as by geographical segment. The geographical segmentation follows the country markets in which Erste Group operates and the locations of the banking and other financial institutions participations.

Credit risk exposure by business segment and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Gross exposure
As of 31 December 2015					
Retail	46,280	4,810	588	2,622	54,300
Small and Medium Enterprises	19,996	3,055	321	1,860	25,233
Asset/Liability Management and Local Corporate Center	24,281	346	131	15	24,773
Savings Banks	44,880	6,837	986	2,381	55,084
Large Corporates	18,842	1,293	95	1,124	21,354
Commercial Real Estate	6,022	1,120	427	1,675	9,245
Other Corporate	2,543	191	7	106	2,847
Group Markets	16,998	399	7	8	17,412
Group Corporate Center	1,802	40	100	22	1,964
Total	181,644	18,091	2,663	9,813	212,211
As of 31 December 2014					
Retail	42,679	4,853	1,178	2,963	51,674
Small and Medium Enterprises	20,176	2,908	402	2,341	25,826
Asset/Liability Management and Local Corporate Center	29,072	226	219	67	29,585
Savings Banks	43,570	6,806	974	2,530	53,879
Large Corporates	14,860	1,253	108	1,352	17,573
Commercial Real Estate	5,861	1,546	464	2,001	9,872
Other Corporate	2,947	283	37	87	3,355
Group Markets	16,935	320	25	3	17,282
Group Corporate Center	1,375	88	417	18	1,899
Total	177,474	18,284	3,825	11,362	210,944

Credit risk exposure by geographical segment and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Gross exposure
As of 31 December 2015					
Austria	105,975	11,020	1,706	4,700	123,401
Erste Bank Oesterreich & Subsidiaries	33,805	2,839	401	913	37,959
Savings Banks	44,880	6,837	986	2,381	55,084
Other Austria	27,289	1,344	319	1,405	30,359
Central and Eastern Europe	66,143	7,024	857	5,054	79,078
Czech Republic	30,146	2,687	222	856	33,911
Romania	10,019	1,911	176	1,825	13,931
Slovakia	13,341	604	124	565	14,635
Hungary	4,817	530	116	685	6,148
Croatia	7,149	1,013	215	1,046	9,423
Serbia	671	280	3	77	1,031
Other	9,527	46	100	59	9,732
Total	181,644	18,091	2,663	9,813	212,211
As of 31 December 2014					
Austria	105,421	11,355	1,893	5,238	123,908
Erste Bank Oesterreich & Subsidiaries	32,588	2,817	449	1,115	36,970
Savings Banks	43,570	6,806	974	2,530	53,879
Other Austria	29,264	1,732	469	1,593	33,059
Central and Eastern Europe	62,702	6,757	1,515	6,064	77,037
Czech Republic	28,811	2,173	393	843	32,220
Romania	9,833	1,837	408	2,210	14,288
Slovakia	12,403	577	218	489	13,687
Hungary	4,171	784	194	1,161	6,310
Croatia	6,926	1,156	294	1,279	9,653
Serbia	559	230	7	83	879
Other	9,350	172	417	60	9,999
Total	177,474	18,284	3,825	11,362	210,944

Contingent liabilities by region and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Gross exposure
As of 31 December 2015					
Core markets	19,676	1,792	502	382	22,351
Austria	12,285	921	421	161	13,787
Croatia	744	92	20	17	873
Romania	1,184	287	11	113	1,594
Serbia	117	18	0	19	155
Slovakia	1,163	74	31	24	1,292
Czech Republic	3,404	356	18	18	3,796
Hungary	779	44	0	31	855
Other EU	2,167	92	18	77	2,353
Other industrialised countries	267	11	0	3	281
Emerging markets	345	74	8	1	428
South-Eastern Europe/CIS	220	38	8	1	267
Asia	86	24	0	0	110
Latin America	0	12	0	0	13
Middle East/Africa	38	1	0	0	39
Total	22,454	1,970	527	464	25,415
As of 31 December 2014					
Core markets	17,710	1,733	617	354	20,414
Austria	11,462	903	518	187	13,070
Croatia	652	98	15	23	788
Romania	926	270	41	56	1,292
Serbia	121	15	1	0	137
Slovakia	1,291	35	15	67	1,408
Czech Republic	2,860	314	26	14	3,213
Hungary	397	99	2	7	505
Other EU	1,580	88	152	29	1,849
Other industrialised countries	270	8	0	0	278
Emerging markets	295	85	12	30	421
South-Eastern Europe/CIS	174	61	12	30	276
Asia	84	4	0	0	88
Latin America	1	18	0	0	19
Middle East/Africa	36	2	0	0	38
Total	19,855	1,914	781	413	22,963

Contingent liabilities by product

in EUR million	Dec 2014	Dec 2015
Financial guarantees	6,862	6,288
Irrevocable commitments	16,101	19,127
Total	22,963	25,415

Credit risk exposure to sovereigns by region and financial instrument

The credit risk exposure to sovereigns is broken down by region and financial instrument. The assignment of obligors to sovereigns is based on Basel 3 exposure classes.

in EUR million	Cash and cash balances – other demand deposits	Loans and receivables to credit institutions	Loans and receivables to customers	Debt securities				Positive fair value of derivatives	Contingent liabilities	Gross exposure
				Financial assets - held to maturity	Financial assets - held for trading	Financial assets - at fair value through profit or loss	Financial assets - available for sale			
		at amortised cost			at fair value					
As of 31 December 2015										
Core markets	0	1,267	7,007	14,871	2,056	13	11,152	210	1,195	37,771
Austria	0	2	3,767	3,143	54	1	4,710	74	824	12,576
Croatia	0	518	1,284	137	266	0	560	0	59	2,824
Romania	0	1	985	2,269	777	0	1,504	0	3	5,539
Serbia	0	4	11	67	137	0	31	0	4	254
Slovakia	0	0	235	3,437	182	0	1,969	0	4	5,828
Czech Republic	0	0	654	4,900	224	12	2,192	124	10	8,118
Hungary	0	742	70	918	416	0	185	11	290	2,632
Other EU	11	0	66	1,136	308	0	3,121	128	2	4,773
Other industrialised countries	0	0	0	413	0	0	578	0	0	991
Emerging markets	0	5	341	59	28	0	147	0	34	613
South-Eastern Europe/CIS	0	0	188	59	17	0	142	0	29	435
Asia	0	0	148	0	0	0	1	0	4	153
Latin America	0	0	0	0	0	0	2	0	0	2
Middle East/Africa	0	5	5	0	11	0	4	0	0	24
Total	11	1,271	7,414	16,479	2,393	13	14,998	338	1,231	44,147
As of 31 December 2014										
Core markets	0	1,501	6,291	14,361	2,289	12	12,412	261	1,187	38,315
Austria	0	0	3,748	3,313	187	1	4,986	27	857	13,119
Croatia	0	597	1,279	183	266	0	571	0	15	2,910
Romania	0	1	25	1,941	852	0	1,412	0	126	4,358
Serbia	0	0	17	64	88	0	23	0	6	197
Slovakia	0	0	254	3,524	203	0	2,016	17	8	6,022
Czech Republic	0	0	637	4,627	312	12	3,340	193	172	9,292
Hungary	0	904	332	709	382	0	64	24	2	2,417
Other EU	0	28	58	914	135	0	2,715	90	3	3,945
Other industrialised countries	0	740	0	0	9	0	392	0	0	1,141
Emerging markets	0	8	327	27	37	0	154	0	40	594
South-Eastern Europe/CIS	0	0	193	24	23	0	149	0	40	430
Asia	0	0	127	3	0	0	0	0	0	130
Latin America	0	3	0	0	0	0	2	0	0	5
Middle East/Africa	0	5	7	0	14	0	3	0	0	29
Total	0	2,277	6,676	15,302	2,471	12	15,674	352	1,230	43,994

Credit risk exposure to institutions by region and financial instrument

The credit risk exposure to institutions is broken down by region and financial instrument. The assignment of obligors to institutions is based on Basel 3 exposure classes.

in EUR million	Cash and cash balances – other demand deposits	Loans and receivables to credit institutions	Loans and receivables to customers	Debt securities				Positive fair value of derivatives	Contingent credit risk liabilities	Gross exposure
				Financial assets - held to maturity	Financial assets - held for trading	Financial assets - at fair value through profit or loss	Financial assets - available for sale			
	At amortised cost			At fair value						
As of 31 December 2015										
Core markets	502	849	180	432	268	23	808	663	236	3,961
Austria	415	370	106	45	251	19	400	511	88	2,205
Croatia	4	43	7	0	0	0	0	0	13	67
Romania	43	55	2	0	0	4	52	1	25	182
Serbia	0	1	0	0	0	0	0	0	0	1
Slovakia	1	96	0	19	0	0	25	6	26	174
Czech Republic	35	269	0	353	4	0	248	133	84	1,125
Hungary	4	16	65	14	12	0	82	12	0	206
Other EU	1,578	1,708	16	325	120	7	1,108	5,815	81	10,758
Other industrialised countries	66	71	0	44	10	9	223	167	6	596
Emerging markets	64	379	0	18	0	34	12	2	11	521
South-Eastern Europe/CIS	1	17	0	0	0	0	0	0	0	18
Asia	62	346	0	18	0	34	9	2	8	479
Latin America	2	4	0	0	0	0	3	0	0	9
Middle East/Africa	0	13	0	0	0	0	0	0	3	16
Total	2,211	3,008	197	820	398	73	2,151	6,647	333	15,836
As of 31 December 2014										
Core markets	320	1,173	58	503	238	31	789	636	177	3,927
Austria	237	611	28	130	222	29	486	473	134	2,351
Croatia	2	79	4	0	0	0	0	0	0	86
Romania	37	67	0	240	0	0	223	1	0	569
Serbia	4	1	0	0	0	0	0	0	0	5
Slovakia	0	109	0	19	0	0	43	8	26	206
Czech Republic	40	234	0	114	12	1	37	123	15	576
Hungary	0	72	26	0	4	0	0	32	2	135
Other EU	235	2,856	0	454	141	42	1,997	8,149	95	13,968
Other industrialised countries	261	105	15	84	11	7	196	253	6	938
Emerging markets	32	1,031	4	0	0	0	1	1	88	1,156
South-Eastern Europe/CIS	1	45	4	0	0	0	0	0	25	75
Asia	29	716	0	0	0	0	0	1	27	773
Latin America	2	50	0	0	0	0	1	0	0	52
Middle East/Africa	1	220	0	0	0	0	1	0	36	257
Total	848	5,164	78	1,041	391	79	2,983	9,040	366	19,989

Non-performing credit risk exposure and credit risk provisions

For the definition of credit risk exposure classified as non-performing, please refer to the description of risk categories in the subsection “Internal rating system”. Credit risk provisions include specific and collective allowances and provisions for guarantees.

Credit risk allowances (specific and collective allowances) and provisions for guarantees covered 64.4% (2014: 68.2%) of the reported non-performing credit risk exposure as of 31 December 2015. For the portion of the non-performing credit risk exposure that is not covered by allowances, Erste Group assumes there are sufficient levels of collateral and expected other recoveries.

During the 12 months ended 31 December 2015, the non-performing credit risk exposure decreased by EUR 1,549 million, or more than 13.6%, from EUR 11,362 million as of 31 December 2014 to EUR 9,813 million as of 31 December 2015. The credit risk allowances and provisions for guarantees decreased by EUR 1,430 million, or 18.4%, from EUR 7,752 million as of 31 December 2014 to EUR 6,322 million as of 31 December 2015. These movements resulted in a decrease, from 68.2% to 64.4%, in the coverage of the non-performing credit risk exposure by credit risk provisions.

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 2015 and 31 December 2014 respectively. The differences in provisioning levels for the segments result from the risk situation in the respective markets, different levels of collateralisation, as well as the local legal environment and regulatory requirements.

The non-performing exposure ratio (NPE ratio) is calculated by dividing non-performing credit risk exposure by total credit risk exposure. The non-performing exposure coverage ratio (NPE coverage ratio) is calculated by dividing the credit risk provisions by non-performing credit risk exposure. Collateral or other recoveries are not taken into account.

Non-performing credit risk exposure by business segment and credit risk provisions

	Gross exposure		Total credit risk provisions	NPE ratio	NPE coverage (excl. collateral)
in EUR million	Non-performing	Gross exposure			
As of 31 December 2015					
Retail	2,622	54,300	1,785	4.8%	68.1%
Small and Medium Enterprises	1,860	25,233	1,352	7.4%	72.7%
Asset/Liability Management and Local Corporate Center	15	24,773	32	0.1%	215.6%
Savings Banks	2,381	55,084	1,366	4.3%	57.4%
Large Corporates	1,124	21,354	783	5.3%	69.6%
Commercial Real Estate	1,675	9,245	898	18.1%	53.6%
Other Corporate	106	2,847	64	3.7%	60.5%
Group Markets	8	17,412	2	0.0%	21.5%
Group Corporate Center	22	1,964	41	1.1%	185.9%
Total	9,813	212,211	6,322	4.6%	64.4%
As of 31 December 2014					
Retail	2,963	51,674	2,378	5.7%	80.3%
Small and Medium Enterprises	2,341	25,826	1,508	9.1%	64.4%
Asset/Liability Management and Local Corporate Center	67	29,585	26	0.2%	38.3%
Savings Banks	2,530	53,879	1,644	4.7%	65.0%
Large Corporates	1,352	17,573	970	7.7%	71.8%
Commercial Real Estate	2,001	9,872	1,156	20.3%	57.8%
Other Corporate	87	3,355	46	2.6%	52.6%
Group Markets	3	17,282	1	0.0%	35.2%
Group Corporate Center	18	1,899	23	1.0%	125.5%
Total	11,362	210,944	7,752	5.4%	68.2%

Non-performing credit risk exposure by geographical segment and credit risk provisions

	Gross exposure		Total credit risk provisions	NPE ratio	NPE coverage (excl. collateral)
in EUR million	Non-performing	Gross exposure			
As of 31 December 2015					
Austria	4,700	123,401	2,682	3.8%	57.1%
Erste Bank Oesterreich & Subsidiaries	913	37,959	588	2.4%	64.4%
Savings Banks	2,381	55,084	1,366	4.3%	57.4%
Other Austria	1,405	30,359	728	4.6%	51.8%
Central and Eastern Europe	5,054	79,078	3,557	6.4%	70.4%
Czech Republic	856	33,911	619	2.5%	72.4%
Romania	1,825	13,931	1,379	13.1%	75.5%
Slovakia	565	14,635	371	3.9%	65.6%
Hungary	685	6,148	409	11.1%	59.8%
Croatia	1,046	9,423	710	11.1%	67.9%
Serbia	77	1,031	68	7.5%	88.4%
Other	59	9,732	83	0.6%	140.2%
Total	9,813	212,211	6,322	4.6%	64.4%
As of 31 December 2014					
Austria	5,238	123,908	3,276	4.2%	62.5%
Erste Bank Oesterreich & Subsidiaries	1,115	36,970	736	3.0%	66.0%
Savings Banks	2,530	53,879	1,644	4.7%	65.0%
Other Austria	1,593	33,059	896	4.8%	56.2%
Central and Eastern Europe	6,064	77,037	4,415	7.9%	72.8%
Czech Republic	843	32,220	664	2.6%	78.8%
Romania	2,210	14,288	1,803	15.5%	81.6%
Slovakia	489	13,687	367	3.6%	75.0%
Hungary	1,161	6,310	744	18.4%	64.1%
Croatia	1,279	9,653	773	13.2%	60.4%
Serbia	83	879	64	9.4%	77.9%
Other	60	9,999	61	0.6%	102.8%
Total	11,362	210,944	7,752	5.4%	68.2%

The general principles and standards for credit risk provisions within Erste Group are described in internal policies. Credit risk provisions are calculated

- _ for financial assets carried at amortised cost (loans and receivables, financial assets held to maturity) in accordance with IAS 39, and
- _ for contingent liabilities (financial guarantees, loan commitments) in accordance with IAS 37.

Credit risk provisions are created in a process performed on customer level. The process includes the identification of default and impairment and the type of assessment (individual or collective) to be applied. "On customer level" means in this context that if one of the customer's exposures is classified as defaulted, typically all of this customer's exposures are classified as defaulted. Depending on the characteristics of the exposure and the respective expected cash flows (e.g. considering collateral), some exposures may not be impaired.

The bank distinguishes between

- _ specific allowances calculated for exposures to defaulted customers that are deemed to be impaired, and
- _ collective allowances (allowances for incurred but not reported losses) calculated for exposures to non-defaulted customers or defaulted customers that are not deemed to be impaired.

For the calculation of specific allowances, the discounted cash flow method is applied. This means that a difference between gross carrying amount and net present value (NPV) of the expected cash flows leads to an impairment and defines the amount of any allowance requirement. All estimated interest and redemption payments as well as estimated collateral recoveries and costs for selling and obtaining collateral are considered as expected cash flows. The effective interest rate is used as the discount rate in the calculation of the NPV of the expected cash flows.

The calculation of specific allowances is performed either on an individual basis or as a collective assessment (rule-based approach). In the case of significant customers, expected cash flows are estimated individually by workout or risk managers. A customer is considered as significant if the total exposure defined as the sum of all on- and off-balance-sheet exposures exceeds a defined materiality limit. Otherwise, the customer is considered as insignificant and a rule-based approach is used for the calculation of the specific allowance. Under this approach, specific allowances are calculated as the product of carrying amount and loss given default (LGD), where LGD depends on relevant characteristics such as time in default or the stage of the workout process.

Collective allowances are calculated on on- and off-balance-sheet exposures to non-defaulted customers for which a default has not been detected or reported. The level of collective allowances depends on the gross carrying amount, the probability of default (PD), the loss given default (LGD), the credit conversion factors (CCF) in case of off-balance-sheet exposures, and the loss identification period (LIP). The LIP corresponds to the average period between the occurrence and the detection of the loss and ranges from four months to one year. The result of discounting future cash flows to their present values is taken into consideration in the LGD calculation.

Generally, risk parameters used in the calculation of collective allowances may be different to the Basel III Pillar 1 or Pillar 2 risk parameters if the properties of the respective portfolio in combination with IAS/IFRS standards necessitate this.

Collective allowances are also calculated in case of exposures to defaulted customers that are not identified as impaired. For these customers, no specific allowances are allocated. Collective allowances are calculated based on the historical loss experience for the relevant customer segment.

Erste Group regularly reviews its specific and collective allowances. These exercises comprise the parameters and methodologies used in its provision calculation. Adjustments can take place in the context of specific reviews (in view of specific allowances), routine maintenance of parameters (such as regular calibration) or in the case of specific events (e.g. improved knowledge about recovery behaviour, back-testing results). In 2015, no material adjustments were made due to validation results.

Credit risk provisions divided into specific and collective allowances and provisions for guarantees

in EUR million	Dec 2014	Dec 2015
Specific allowances	6,737	5,284
Collective allowances	774	741
Provisions for guarantees	241	297
Total	7,752	6,322

Restructuring, renegotiation and forbearance

Restructuring means contractual modification of any of the customer's loan repayment conditions including tenor, interest rate, fees, principal amount due or a combination thereof. Restructuring can be business restructuring (in retail) and commercial renegotiation (in corporate) or forbearance in line with EBA requirements in both segments.

Business restructuring and renegotiation

Restructuring as business restructuring in the retail segment or as commercial renegotiation in the corporate segment is a potential and effective customer retention tool involving re-pricing or the offering of an additional loan or both in order to maintain the bank's valuable, good clientele.

Forbearance

The definition of "forbearance" is included in Regulation (EU) 2015/227. A restructuring is considered "forbearance" if it entails a concession towards a customer facing or about to face financial difficulties in meeting their contractual financial commitments. A borrower is in financial difficulties if any of the following conditions are met:

- the customer was more than 30 days past due in the past 3 months or
- the customer would be 30 days past due or more without receiving forbearance or
- the customer is in default or
- the modified contract was classified as non-performing or would be non-performing without forbearance or
- the contract modification involves total or partial cancellation by write-off of the debt on any of the customer's credit obligations while at customer level open credit exposure still remains.

Forborne exposure is assessed at loan contract level and means only the exposure to which forbearance measures have been extended and excludes any other exposure the customer may have, as long as no forbearance was extended to these.

Concession means that any of the following conditions are met:

- modification/refinancing of the contract would not have been granted, had the customer not been in financial difficulty;
- there is a difference in favour of the customer between the modified/refinanced terms of the contract and the previous terms of the contract;
- the modified/refinanced contract includes more favourable terms than other customers with a similar risk profile would have obtained from the same institution.

Forbearance can be initiated by the bank or by the customer (on account of loss of employment, illness etc.). Components of forbearance can be instalment reduction, tenor extension, interest reduction or forgiveness, principal reduction or forgiveness, revolving exposure change to instalment and/or others.

Forbearance measures are divided and reported as:

- _ performing forbearance (incl. performing forbearance under probation that was upgraded from non-performing forbearance) and
- _ non-performing forbearance (incl. non-performing forbearance and defaulted/impaired forbearance)

Forborne exposures are considered performing when

- _ the exposure did not have non-performing status at the time the extension of or application for forbearance was approved and
- _ granting the forbearance has not led to classifying the exposure as non-performing or default

Performing forborne exposures become non-performing when during the monitoring period of a minimum of 2 years following forbearance classification

- _ an additional forbearance measure is extended and in the past the customer was in the non-performing forbearance category or
- _ the customer becomes more than 30 days past due on forborne exposure and in the past the customer was in the non-performing forbearance category or
- _ the customer meets any of the default event criteria defined in the default definition

The performing forbearance classification can be discontinued and the account can become a non-forborne account when all of the following conditions are met:

- _ a minimum of 2 years have passed from the date of classifying the exposure as performing forbearance (probation period);
- _ under the forborne payment plan, at least 50% of the original (pre-forbearance) instalment has been regularly repaid at least during half of the probation period (in the case of retail customers) or
- _ regular repayments in a significant amount during at least half of the probation period have been made (in the case of corporate customers);
- _ none of the exposure of the customer is more than 30 days past due at the end of the probation period.

The non-performing forbearance classification can be discontinued and reclassified as performing under probation when all of the following conditions are met:

- _ one year has passed from the date of classifying the exposure as non-performing forbearance
- _ the forbearance has not led the exposure to be classified as non-performing
- _ retail customers: the customer has demonstrated the ability to comply with the post-forbearance conditions by either of the following
 - _ the customer has never been more than 30 days past due during the last 6 months and there is no delinquent amount or
 - _ the customer has repaid the full past due amount or the written-off amount (if there was any);
- _ corporate customers: analysis of the financial development, which leaves no concern about future compliance with post-forbearance terms and conditions. Furthermore, the customer has never been more than 30 days past due during the monitoring period and there is no delinquent amount.

In the corporate segment, recognition of forbearance measures typically leads to the involvement of the responsible local workout unit. The largest part of the forbearance measures are set within the responsibility of the local workout units and the affected clients are managed and monitored according to the internal regulations and standards for the workout involvement. Forbearance measures are defined as trigger events for carrying out impairment tests according to the internal regulations and standards based on the IFRS requirements.

The above rules and definitions were defined in Erste Group in Q3 2014 and the related IT-implementation was completed throughout Erste Group in 2015.

Credit risk exposure, forbearance exposure and credit risk provisions

in EUR million	Loans and receivables	Financial assets	Other balance-sheet positions	Contingent liabilities	Total
As of 31 December 2015					
Gross exposure	136,725	40,349	9,722	25,415	212,211
thereof gross forborne exposure	3,705	0	0	105	3,810
Performing exposure	127,392	40,342	9,713	24,951	202,398
thereof performing forborne exposure	1,221	0	0	54	1,276
Credit risk provisions for performing exposure	700	2	0	118	820
thereof credit risk provisions for performing forborne exposure	57	0	0	3	61
Non-performing exposure	9,333	7	9	464	9,813
thereof non-performing forborne exposure	2,484	0	0	51	2,535
Credit risk provisions for non-performing exposure	5,323	0	0	179	5,502
thereof credit risk provisions for non-performing forborne exposure	1,203	0	0	15	1,218
As of 31 December 2014					
Gross exposure	135,785	41,292	10,904	22,963	210,944
thereof gross forborne exposure	3,632	1	0	67	3,699
Performing exposure	124,882	41,289	10,861	22,550	199,582
thereof performing forborne exposure	1,034	1	0	29	1,063
Credit risk provisions for performing exposure	947	2	0	100	1,048
thereof credit risk provisions for performing forborne exposure	43	0	0	1	44
Non-performing exposure	10,903	3	43	413	11,362
thereof non-performing forborne exposure	2,598	0	0	38	2,636
Credit risk provisions for non-performing exposure	6,562	0	0	141	6,704
thereof credit risk provisions for non-performing forborne exposure	1,442	0	0	1	1,443

Types of forbearance exposure

in EUR million	Gross forborne exposure	Modification in terms and conditions	Refinancing
As of 31 December 2015			
Loans and receivables	3,705	3,493	212
Financial assets	0	0	0
Contingent liabilities	105	89	15
Total	3,810	3,583	227
As of 31 December 2014			
Loans and receivables	3,632	3,598	33
Financial assets	1	1	0
Contingent liabilities	67	67	0
Total	3,699	3,665	34

Credit quality of forbearance exposure by geographical segments

in EUR million	Gross forbore exposure	Neither past due nor impaired	Past due but not impaired	Impaired	Collateral	Credit risk provisions
As of 31 December 2015						
Austria	2,021	897	123	1,000	950	552
Erste Bank Oesterreich & Subsidiaries	376	181	27	167	203	95
Savings Banks	986	497	48	441	558	228
Other Austria	659	219	48	392	189	230
Central and Eastern Europe	1,785	563	82	1,139	609	723
Czech Republic	255	64	6	184	104	84
Romania	790	217	25	548	209	420
Slovakia	239	107	16	117	141	66
Hungary	190	83	9	98	34	62
Croatia	293	91	25	177	111	80
Serbia	19	2	2	16	9	12
Other	4	0	0	4	0	4
Total	3,810	1,461	206	2,144	1,558	1,279
As of 31 December 2014						
Austria	2,015	928	31	1,056	633	746
Erste Bank Oesterreich & Subsidiaries	465	157	6	302	140	221
Savings Banks	808	160	24	623	320	413
Other Austria	742	611	0	131	174	112
Central and Eastern Europe	1,669	402	88	1,179	385	741
Czech Republic	226	90	4	133	77	65
Romania	858	131	20	707	230	533
Slovakia	176	79	28	69	0	37
Hungary	119	9	7	102	56	42
Croatia	273	88	28	157	17	57
Serbia	19	6	1	12	5	8
Other	15	14	0	1	0	0
Total	3,699	1,343	119	2,237	1,018	1,487

Collateral

Recognition of collateral

The Collateral Management department is a staff unit within the Group Workout division. The Group Collateral Management Policy defines, among other things, uniform valuation standards for credit collateral across the entire group. It ensures that the credit risk decision processes are standardised with respect to accepted collateral values.

All collateral types acceptable within the group are contained 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 Enterprise-wide Risk Management after determining if the applicable regulatory requirements are met. Adherence to the standard work processes stipulated for assigning the acceptable collateral assets to the categories available is monitored by operational 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 primarily includes securities portfolios and cash deposits as well as life insurance policies.
- Guarantees: guarantees are provided mainly by governments, banks and corporates; all guarantors must have a minimum credit rating, which is reviewed annually.

Other types of collateral, such as collateral in the form of movable property or the assignment of receivables, are accepted less frequently. Protection by credit default swaps is only marginally used in the banking book.

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 their IT-supported technical application is performed by Collateral Management at group level and by authorised staff in each country with the assistance of software applications. The allocated collateral values are capped by the amount of the secured transaction; imputed excess collateral values are therefore not possible. 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 recoveries from realising collateral. The valuation methods are adjusted regularly – at least once a year – 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 operates, 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. 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 proceedings 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 is commercial land and buildings. In addition, residential real estate properties and transport vehicles are taken into Erste Group's possession. As of 31 December 2015, the carrying value of these assets amounted to EUR 148 million (2014: EUR 86 million).

The following tables compare the credit risk exposure broken down by business and geographical segments to the collateral received.

Credit risk exposure by business segment and collateral

			Collateralised by			Credit risk exposure net of collateral
in EUR million	Gross exposure	Collateral total	Guarantees	Real estate	Other	
As of 31 December 2015						
Retail	54,300	31,271	618	27,829	2,825	23,029
Small and Medium Enterprises	25,233	10,184	1,342	6,473	2,369	15,049
Asset/Liability Management and Local Corporate Center	24,773	1,127	682	7	438	23,646
Savings Banks	55,084	24,818	1,515	19,893	3,410	30,266
Large Corporates	21,354	4,146	2,541	950	656	17,208
Commercial Real Estate	9,245	5,580	739	4,683	158	3,665
Other Corporate	2,847	1,123	225	3	895	1,724
Group Markets	17,412	3,755	71	2	3,682	13,657
Group Corporate Center	1,964	76	51	11	14	1,888
Total	212,211	82,081	7,784	59,850	14,446	130,131
As of 31 December 2014						
Retail	51,674	30,547	1,138	26,843	2,566	21,126
Small and Medium Enterprises	25,826	11,411	2,142	6,855	2,414	14,415
Asset/Liability Management and Local Corporate Center	29,585	1,201	720	5	475	28,384
Savings Banks	53,879	24,397	1,569	19,070	3,758	29,482
Large Corporates	17,573	3,543	1,973	779	791	14,031
Commercial Real Estate	9,872	5,696	345	4,566	786	4,176
Other Corporate	3,355	430	336	4	90	2,924
Group Markets	17,282	3,458	189	0	3,270	13,824
Group Corporate Center	1,899	108	80	15	13	1,791
Total	210,944	80,791	8,491	58,137	14,163	130,153

Credit risk exposure by geographical segment and collateral

in EUR million	Gross exposure	Collateral total	Collateralised by			Credit risk exposure net of collateral
			Guarantees	Real estate	Other	
As of 31 December 2015						
Austria	123,401	56,512	5,448	40,445	10,619	66,889
Erste Bank Oesterreich & Subsidiaries	37,959	21,331	2,011	16,870	2,450	16,628
Savings Banks	55,084	24,818	1,515	19,893	3,410	30,266
Other Austria	30,359	10,363	1,923	3,682	4,759	19,996
Central and Eastern Europe	79,078	24,691	1,921	19,394	3,376	54,387
Czech Republic	33,911	8,693	642	7,339	713	25,218
Romania	13,931	4,421	178	2,660	1,582	9,510
Slovakia	14,635	5,923	63	5,651	208	8,712
Hungary	6,148	2,092	251	1,637	203	4,056
Croatia	9,423	3,270	758	1,922	591	6,153
Serbia	1,031	293	30	184	79	738
Other	9,732	877	415	11	452	8,855
Total	212,211	82,081	7,784	59,850	14,446	130,131
As of 31 December 2014						
Austria	123,908	54,592	5,211	38,784	10,597	69,316
Erste Bank Oesterreich & Subsidiaries	36,970	21,033	1,970	16,423	2,641	15,936
Savings Banks	53,879	24,397	1,569	19,070	3,758	29,482
Other Austria	33,059	9,161	1,673	3,291	4,198	23,898
Central and Eastern Europe	77,037	25,254	2,837	19,339	3,079	51,783
Czech Republic	32,220	9,526	943	7,636	947	22,694
Romania	14,288	4,861	1,015	2,602	1,244	9,427
Slovakia	13,687	5,169	71	4,907	191	8,518
Hungary	6,310	2,166	33	1,834	298	4,144
Croatia	9,653	3,292	739	2,221	333	6,361
Serbia	879	241	36	139	66	638
Other	9,999	945	443	15	487	9,054
Total	210,944	80,791	8,491	58,137	14,163	130,153

Credit risk exposure by financial instrument and collateral

Credit risk exposure by financial instrument and collateral									
in EUR million	Credit risk exposure	Collateral total	Collateralised by			Credit risk exposure net of collateral	Neither past due nor impaired	Past due but not impaired	Impaired
			Guarantees	Real estate	Other				
As of 31 December 2015									
Cash and cash balances – other demand deposits	2,228	764	0	0	764	1,464	2,224	4	0
Loans and receivables to credit institutions	4,819	1,394	143	0	1,251	3,425	4,797	4	18
Loans and receivables to customers	131,906	72,829	5,495	57,974	9,360	59,078	119,982	3,126	8,798
Financial assets - held to maturity	17,703	286	283	3	0	17,417	17,703	1	0
Financial assets - held for trading	3,163	45	45	0	0	3,117	3,163	0	0
Financial assets - at fair value through profit or loss	176	0	0	0	0	176	176	0	0
Financial assets - available for sale	19,307	883	873	0	10	18,425	19,300	0	7
Positive fair value of derivatives	7,494	2,052	0	0	2,052	5,442	7,489	0	5
Contingent liabilities	25,415	3,829	945	1,873	1,010	21,586	25,015	72	327
Total	212,211	82,081	7,784	59,850	14,446	130,131	199,849	3,207	9,155
As of 31 December 2014									
Cash and cash balances – other demand deposits	859	0	0	0	0	859	859	0	0
Loans and receivables to credit institutions	7,461	1,405	131	0	1,273	6,056	7,435	3	23
Loans and receivables to customers	128,325	71,814	6,227	56,104	9,483	56,510	113,056	4,302	10,967
Financial assets - held to maturity	16,879	363	359	4	0	16,516	16,878	1	0
Financial assets - held for trading	3,173	170	159	0	12	3,002	3,173	0	0
Financial assets - at fair value through profit or loss	139	0	0	0	0	139	139	0	0
Financial assets - available for sale	21,102	962	952	0	10	20,139	21,089	2	12
Positive fair value of derivatives	10,045	2,548	0	0	2,548	7,497	10,045	0	0
Contingent liabilities	22,963	3,528	663	2,029	836	19,435	22,963	49	201
Total	210,944	80,791	8,491	58,137	14,163	130,153	195,636	4,355	11,203

In the case of contingent liabilities, the impaired credit risk exposure corresponds to positions for which provisions for credit risks were created. No values were shown for contingent liabilities in the consolidated financial statements 2014.

Credit risk exposure past due and not covered by specific allowances by financial instrument and collateralisation

in EUR million	Gross exposure						Thereof collateralised					
	Total	thereof 1-30 days past due	thereof 31-60 days past due	thereof 61-90 days past due	thereof 91-180 days past due	thereof more than 180 days past due	Total	thereof 1-30 days past due	thereof 31-60 days past due	thereof 61-90 days past due	thereof 91-180 days past due	thereof more than 180 days past due
As of 31 December 2015												
Cash and cash balances – other demand deposits	4	4	0	0	0	0	0	0	0	0	0	0
Loans and receivables to credit institutions	4	3	0	0	0	1	0	0	0	0	0	0
Loans and receivables to customers	3,126	2,145	581	226	40	134	1,678	1,033	383	160	24	78
Financial assets - held to maturity	1	0	0	0	0	1	0	0	0	0	0	0
Financial assets - held for trading	0	0	0	0	0	0	0	0	0	0	0	0
Financial assets - at fair value through profit or loss	0	0	0	0	0	0	0	0	0	0	0	0
Financial assets - available for sale	0	0	0	0	0	0	0	0	0	0	0	0
Positive fair value of derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Contingent liabilities	72	55	14	2	0	1	35	31	3	0	0	0
Total	3,207	2,207	596	228	41	136	1,713	1,065	386	160	24	79
As of 31 December 2014												
Cash and cash balances – other demand deposits	0	0	0	0	0	0	0	0	0	0	0	0
Loans and receivables to credit institutions	3	2	0	0	0	0	0	0	0	0	0	0
Loans and receivables to customers	4,302	2,772	739	376	168	246	2,124	1,234	436	228	128	99
Financial assets - held to maturity	1	0	0	0	0	1	0	0	0	0	0	0
Financial assets - held for trading	0	0	0	0	0	0	0	0	0	0	0	0
Financial assets - at fair value through profit or loss	0	0	0	0	0	0	0	0	0	0	0	0
Financial assets - available for sale	2	0	0	0	0	2	0	0	0	0	0	0
Positive fair value of derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Contingent liabilities	49	49	0	0	0	0	0	0	0	0	0	0
Total	4,355	2,823	739	376	169	249	2,124	1,234	436	228	128	99

In the case of contingent liabilities, the impaired credit risk exposure corresponds to positions for which provisions for credit risks were created. No values were shown for contingent liabilities in the consolidated financial statements 2014.

All claims presented in the table above were classified as non-performing if they were more than 90 days past due. Allowances are, as a rule, established for assets that are more than 90 days past due. However, specific allowances are not established if the loans and other receivables are covered by adequate collateral.

Loans and receivables to customers

The following tables present the customer loan book excluding loans to financial institutions and commitments, broken down by reporting segment and risk category.

Loans and receivables to customers by business segment and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Gross customer loans
As of 31 December 2015					
Retail	41,143	4,460	567	2,598	48,769
Small and Medium Enterprises	15,811	2,668	277	1,806	20,562
Asset/Liability Management and Local Corporate Center	147	26	3	9	186
Savings Banks	30,451	5,825	830	2,219	39,326
Large Corporates	10,317	868	45	953	12,183
Commercial Real Estate	5,513	1,048	370	1,615	8,545
Other Corporate	1,595	116	7	98	1,816
Group Markets	202	47	0	0	250
Group Corporate Center	229	1	23	17	270
Total	105,409	15,060	2,123	9,314	131,906
As of 31 December 2014					
Retail	38,417	4,537	1,152	2,938	47,044
Small and Medium Enterprises	16,123	2,457	358	2,275	21,213
Asset/Liability Management and Local Corporate Center	68	16	56	21	162
Savings Banks	29,325	5,986	816	2,441	38,568
Large Corporates	7,835	889	57	1,170	9,952
Commercial Real Estate	5,499	1,409	422	1,942	9,271
Other Corporate	1,417	201	31	72	1,721
Group Markets	85	19	0	0	104
Group Corporate Center	159	39	74	18	290
Total	98,928	15,552	2,967	10,878	128,325

Loans and receivables to customers by geographical segment and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Gross customer loans
As of 31 December 2015					
Austria	67,075	9,316	1,339	4,414	82,144
Erste Bank Oesterreich & Subsidiaries	26,500	2,468	254	861	30,082
Savings Banks	30,451	5,825	830	2,219	39,326
Other Austria	10,124	1,023	255	1,334	12,736
Central and Eastern Europe	38,052	5,744	761	4,848	49,404
Czech Republic	17,153	2,118	198	834	20,303
Romania	5,031	1,574	163	1,712	8,481
Slovakia	8,478	560	93	540	9,671
Hungary	2,236	490	116	655	3,498
Croatia	4,609	904	187	1,032	6,732
Serbia	544	97	3	75	719
Other	281	1	23	53	358
Total	105,409	15,060	2,123	9,314	131,906
As of 31 December 2014					
Austria	63,779	9,895	1,507	4,936	80,117
Erste Bank Oesterreich & Subsidiaries	25,219	2,442	291	1,012	28,963
Savings Banks	29,325	5,986	816	2,441	38,568
Other Austria	9,235	1,468	400	1,483	12,585
Central and Eastern Europe	34,966	5,581	1,385	5,883	47,815
Czech Republic	15,798	1,693	365	821	18,676
Romania	4,982	1,544	343	2,138	9,007
Slovakia	7,212	545	203	422	8,383
Hungary	2,278	681	194	1,157	4,308
Croatia	4,286	1,032	273	1,262	6,853
Serbia	412	87	7	83	588
Other	184	75	74	60	392
Total	98,928	15,552	2,967	10,878	128,325

In the tables below, the non-performing loans and receivables to customers subdivided by reporting segment are contrasted with allowances for customer loans (specific and collective allowances) and the collateral for non-performing loans (NPL). 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 specific and collective allowances as well as by collateral for non-performing loans.

Non-performing loans and receivables to customers by business segment and coverage by loan loss allowances and collateral

in EUR million	Non-performing	Gross customer loans	Allowances for customer loans	NPL ratio	NPL coverage (excl. collateral)	Collateral for NPL	NPL total coverage
As of 31 December 2015							
Retail	2,598	48,769	1,760	5.3%	67.7%	1,081	109.3%
Small and Medium Enterprises	1,806	20,562	1,301	8.8%	72.0%	682	109.8%
Asset/Liability Management and Local Corporate Center	9	186	4	4.6%	46.4%	0	46.4%
Savings Banks	2,219	39,326	1,281	5.6%	57.7%	984	102.1%
Large Corporates	953	12,183	673	7.8%	70.7%	197	91.3%
Commercial Real Estate	1,615	8,545	884	18.9%	54.7%	811	105.0%
Other Corporate	98	1,816	55	5.4%	56.1%	36	92.9%
Group Markets	0	250	1	0.0%	3,546.7%	0	3546.7%
Group Corporate Center	17	270	51	6.3%	299.3%	4	322.8%
Total	9,314	131,906	6,009	7.1%	64.5%	3,795	105.3%
As of 31 December 2014							
Retail	2,938	47,044	2,360	6.2%	80.3%	995	114.2%
Small and Medium Enterprises	2,275	21,213	1,462	10.7%	64.3%	772	98.2%
Asset/Liability Management and Local Corporate Center	21	162	24	13.1%	113.2%	0	115.2%
Savings Banks	2,441	38,568	1,561	6.3%	64.0%	1,056	107.2%
Large Corporates	1,170	9,952	898	11.8%	76.7%	296	102.0%
Commercial Real Estate	1,942	9,271	1,135	20.9%	58.4%	805	99.9%
Other Corporate	72	1,721	43	4.2%	59.4%	29	100.3%
Group Markets	0	104	1	0.1%	814.7%	0	814.7%
Group Corporate Center	18	290	7	6.2%	38.2%	0	38.2%
Total	10,878	128,325	7,491	8.5%	68.9%	3,954	105.2%

Non-performing loans and receivables to customers by geographical segment and coverage by loan loss allowances and collateral

in EUR million	Non-performing	Gross customer loans	Allowances for customer loans	NPL ratio	NPL coverage (excl. collateral)	Collateral for NPL	NPL total coverage
As of 31 December 2015							
Austria	4,414	82,144	2,492	5.4%	56.5%	1,950	100.7%
Erste Bank Oesterreich & Subsidiaries	861	30,082	539	2.9%	62.6%	328	100.7%
Savings Banks	2,219	39,326	1,281	5.6%	57.7%	984	102.1%
Other Austria	1,334	12,736	672	10.5%	50.4%	639	98.3%
Central and Eastern Europe	4,848	49,404	3,433	9.8%	70.8%	1,805	108.0%
Czech Republic	834	20,303	604	4.1%	72.4%	156	91.1%
Romania	1,712	8,481	1,326	20.2%	77.4%	559	110.1%
Slovakia	540	9,671	355	5.6%	65.7%	279	117.3%
Hungary	655	3,498	386	18.7%	59.0%	344	111.5%
Croatia	1,032	6,732	695	15.3%	67.4%	444	110.5%
Serbia	75	719	66	10.5%	88.4%	24	119.6%
Other	53	358	84	14.7%	160.6%	40	236.6%
Total	9,314	131,906	6,009	7.1%	64.5%	3,795	105.3%
As of 31 December 2014							
Austria	4,936	80,117	3,120	6.2%	63.2%	2,011	104.0%
Erste Bank Oesterreich & Subsidiaries	1,012	28,963	697	3.5%	68.9%	340	102.5%
Savings Banks	2,441	38,568	1,561	6.3%	64.0%	1,056	107.2%
Other Austria	1,483	12,585	862	11.8%	58.1%	614	99.5%
Central and Eastern Europe	5,883	47,815	4,325	12.3%	73.5%	1,925	106.2%
Czech Republic	821	18,676	654	4.4%	79.7%	316	118.2%
Romania	2,138	9,007	1,758	23.7%	82.2%	386	100.3%
Slovakia	422	8,383	348	5.0%	82.4%	203	130.4%
Hungary	1,157	4,308	740	26.8%	64.0%	454	103.2%
Croatia	1,262	6,853	762	18.4%	60.4%	542	103.3%
Serbia	83	588	63	14.1%	75.8%	25	106.0%
Other	60	392	45	15.2%	75.6%	18	106.6%
Total	10,878	128,325	7,491	8.5%	68.9%	3,954	105.2%

The “NPL ratio” in this section (loans and receivables to customers) is calculated by dividing non-performing loans and receivables by total loans and receivables to customers. Hence, it differs from the “NPE ratio” in the section “Credit risk exposure”.

The loan loss allowances that are shown in the tables above in the amount of EUR 6,009 million as of 31 December 2015 (2014: EUR 7,491 million) are composed of specific provisions amounting to EUR 5,276 million (2014: EUR 6,723 million) and portfolio provisions amounting to EUR 733 million (2014: EUR 768 million). Collateral for non-performing loans mainly consists of real estate.

Loans and receivables to customers by business segment and currency

in EUR million	EUR	CEE-local currencies	CHF	USD	Other	Gross customer loans
As of 31 December 2015						
Retail	27,956	18,135	2,524	23	132	48,769
Small and Medium Enterprises	13,666	6,275	425	177	19	20,562
Asset/Liability Management and Local Corporate Center	119	65	0	2	0	186
Savings Banks	34,918	0	3,531	84	792	39,326
Large Corporates	9,684	1,551	21	619	307	12,183
Commercial Real Estate	7,403	428	256	88	370	8,545
Other Corporate	105	16	0	1,667	27	1,816
Group Markets	125	117	0	8	0	250
Group Corporate Center	237	18	4	10	0	270
Total	94,214	26,606	6,762	2,678	1,647	131,906
As of 31 December 2014						
Retail	27,149	15,377	4,357	24	137	47,044
Small and Medium Enterprises	14,239	6,300	472	156	46	21,213
Asset/Liability Management and Local Corporate Center	128	32	0	1	1	162
Savings Banks	33,819	0	3,929	99	721	38,568
Large Corporates	7,722	1,552	32	307	338	9,952
Commercial Real Estate	8,033	443	322	93	379	9,271
Other Corporate	245	0	3	1,403	69	1,721
Group Markets	12	54	0	37	0	104
Group Corporate Center	218	15	4	54	0	290
Total	91,566	23,774	9,119	2,174	1,692	128,325

Loans and receivables to customers by geographical segment and currency

in EUR million	EUR	CEE-local currencies	CHF	USD	Other	Gross customer loans
As of 31 December 2015						
Austria	72,267	0	6,071	2,243	1,562	82,144
Erste Bank Oesterreich & Subsidiaries	27,497	0	2,387	56	143	30,082
Savings Banks	34,918	0	3,531	84	792	39,326
Other Austria	9,852	0	154	2,102	627	12,736
Central and Eastern Europe	21,638	26,571	686	425	84	49,404
Czech Republic	2,095	18,063	1	85	59	20,303
Romania	4,436	3,832	0	213	0	8,481
Slovakia	9,634	0	0	18	19	9,671
Hungary	509	2,807	157	25	0	3,498
Croatia	4,419	1,716	513	79	5	6,732
Serbia	545	152	16	6	0	719
Other	309	35	4	10	0	358
Total	94,214	26,606	6,762	2,678	1,647	131,906
As of 31 December 2014						
Austria	70,136	0	6,565	1,788	1,628	80,117
Erste Bank Oesterreich & Subsidiaries	26,309	0	2,421	63	170	28,963
Savings Banks	33,819	0	3,929	99	721	38,568
Other Austria	10,007	0	216	1,626	736	12,585
Central and Eastern Europe	21,110	23,759	2,549	332	64	47,815
Czech Republic	1,584	16,996	4	65	27	18,676
Romania	5,263	3,578	0	158	7	9,007
Slovakia	8,334	0	0	22	26	8,383
Hungary	894	1,425	1,972	17	0	4,308
Croatia	4,615	1,612	557	64	4	6,853
Serbia	419	148	16	5	0	588
Other	320	15	4	54	0	392
Total	91,566	23,774	9,119	2,174	1,692	128,325

In the geographical segment Croatia, loans and receivables denominated in Swiss francs amounting to approximately EUR 480 million as of 31 December 2015 are subject to a government-decreed currency conversion into euros or Croatian kunas. The settlement of this conversion at favourable rates for the borrowers takes place in 2016.

Securitisations

As of 31 December 2015, Erste Group held a conservative portfolio of securitisations; there were no new investments undertaken and all repayments were made as scheduled in 2015.

As at year-end 2015, the carrying amount of Erste Group's securitisation portfolio totalled EUR 513 billion, which was EUR 581 million lower than at the year-end 2014. Changes in the carrying amount were due to repayments, currency effects, changes in prices and predominantly disposals of assets. More than 99% of the securitisation portfolio was rated investment grade at the year-end 2015.

As of 31 December 2015 and 31 December 2014 respectively, the composition of the total portfolio of securitisations according to products and balance sheet line items was as follows:

Composition of the total portfolio of securitisations

in EUR million	Loans and receivables to credit institutions		Financial assets - held to maturity		Financial assets - at fair value through profit or loss	Financial assets - available for sale	Financial assets - held for trading	Total	
	Carrying amount	Fair value	Carrying amount	Fair value	Fair value	Fair value	Fair value	Carrying amount	Fair value
As of 31 December 2015									
Prime RMBS	0	0	18	17	0	9	0	27	26
CMBS	0	0	0	0	0	0	0	0	0
SME ABS	0	0	0	0	0	0	0	0	0
Leasing ABS	0	0	0	0	0	0	0	0	0
Other ABS	0	0	0	0	0	0	0	0	0
CLOs	0	0	0	0	0	389	0	389	389
Other RMBS	0	0	0	0	0	0	0	0	0
Total ABS / CDO	0	0	18	17	0	398	0	416	406
Student Loans	0	0	0	0	0	97	0	97	97
Total securitisations	0	0	18	17	0	495	0	513	503
As of 31 December 2014									
Prime RMBS	0	0	146	142	2	78	20	245	241
CMBS	0	0	24	23	1	28	0	53	52
SME ABS	0	0	5	5	0	19	2	26	26
Leasing ABS	0	0	2	2	0	1	0	3	3
Other ABS	0	0	0	0	1	3	0	4	4
CLOs	0	0	0	0	32	602	6	640	640
Other RMBS	0	0	0	0	2	17	5	24	24
Total ABS / CDO	0	0	176	172	37	748	33	995	990
Student Loans	0	0	0	0	1	98	0	99	99
Total securitisations	0	0	176	172	38	846	33	1,094	1,089

If not mentioned explicitly the carrying amount corresponds to the fair value.

Collateralised loan obligations (CLOs)

CLOs are securitisations backed by pools of corporate loans. Erste Group is invested in US CLOs.

Other securitisations

Erste Group holds securitisations of lease receivables (Leasing ABS) and Prime RMBSs, which are backed by mortgages on residential real estate.

Erste Group is further invested in securitisations of US student loans, all of which are triple-A-rated securities. These securitisations carry the guarantee of the US 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.

44.5 Market risk

Definition and overview

Market risk is the risk of loss that may arise due to adverse changes in market prices and to the parameters derived from them. These market value changes might appear in the profit and loss account, in the statement of comprehensive income or in hidden reserves. At Erste Group, market risk is divided into interest rate risk, credit spread risk, currency risk, equity risk, commodity risk and volatility risk. This concerns both trading and banking book positions.

Methods and instruments employed

At Erste Group, potential losses that may arise from market movements are assessed using the value at risk (VaR). The calculation is done according to the method of historic simulation with a one-sided confidence level of 99%, a holding period of one day and a simulation period of two years. The VaR describes what level of losses may be expected as a maximum at a defined probability – the confidence level – within a certain holding period of the positions under historically observed market conditions.

Back-testing is used to constantly 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 VaR statistically only two to three times a year (1% of around 250 workdays). This shows one of the limits of the VaR 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 in each case within the simulation period of two years, and calculates the VaR 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 VaR 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 that constitutes a relevant period of stress for the current portfolio mix. 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 own funds available for the trading book even in periods of elevated market volatility, while on the other hand also enabling it to incorporate these resulting effects into the management of trading positions.

In the extreme value theory, a Pareto distribution is fitted 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. Furthermore, 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. Historic scenarios are a modification of the concept of standard scenarios. In this case, risk factor movements after certain events such as “9/11” or the “Lehman bankruptcy” form the basis of the stress calculation. In order to calculate historical probabilistic scenarios, the most significant risk factors for the current portfolio are determined and their most adverse movement during the last years is applied. For the probabilistic scenarios, shifts of important market factors are determined for various quantiles of their distributions, and these values are then used to calculate stress results. These analyses are made available to the management board and the supervisory board within the scope of the monthly market risk reports.

The VaR model was approved by the Financial Market Authority (FMA) as an internal market risk model to determine the own funds requirements of the trading book of Erste Group pursuant to the Austrian Banking Act.

Erste Group is upgrading the Internal Market Risk Model with respect to infrastructure and methodology. The application of the changes in calculation of own funds requirement for market risk is subject to a regulatory approval process.

Methods and instruments of risk mitigation

At Erste Group, market risks are controlled in the trading book by setting several layers of limits. The overall limit on the basis of VaR for the trading book is allocated by the management board in the Risk Appetite Statement while taking into account the risk-bearing capacity and projected earnings. A further breakdown is done by the Market Risk Committee on the basis of a proposal from the Market Risk Control & Infrastructure unit.

All market risk activities of the trading book are assigned risk limits that are statistically consistent in their entirety with the overall VaR limit. The VaR limit is assigned in a top-down procedure to the individual trading units. This is done down to the level of the individual trading groups or departments. Additionally, in a bottom-up procedure, sensitivity limits are assigned to even smaller units all the way down to the desk level. These are then aggregated and applied as a second limit layer to the VaR limits.

Limit compliance is verified at two levels: by the appropriate local decentralised risk management unit and by the Market Risk Control & Infrastructure unit. The monitoring of sensitivity limits is performed on both intraday and end of day basis. On demand, limit reports can also be triggered by individual traders or chief traders on an ad hoc basis. The VaR 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.

Banking book positions are subjected to a monthly VaR analysis. In this manner, the total VaR is determined with exactly the same methodology as for the trading book. In addition to VaR, a long-horizon risk measure is used to gauge the interest rate risk, credit spread risk of

the banking book and foreign exchange risk of equity participations. For this purpose, 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

The following tables show the VaR amounts at the 99% confidence level using equally weighted market data and with a holding period of one day.

Value at Risk of banking book and trading book

in EUR thousand	Total	Interest	Currency	Shares	Commodity	Volatility
As of 31 December 2015						
Erste Group	42,507	43,132	614	1,101	128	466
Core Group	50,297	50,893	614	1,101	128	466
Banking book	51,729	51,671	204	3	0	32
Trading book	2,873	2,142	572	1,101	128	466
As of 31 December 2014						
Erste Group	17,574	15,582	733	2,439	217	302
Core Group	20,639	19,038	733	2,439	217	302
Banking book	17,579	17,708	265	2	0	1
Trading book	4,035	1,881	887	2,440	217	302

In the above table, “Erste Group” comprises the entire group, and “Core Group” comprises all units that are directly or indirectly majority-owned by Erste Group Bank AG. The method used is subject to limitations that may result in the information 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 in the banking book

Interest rate risk is the risk of an adverse change in the fair value of financial instruments caused by a 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 on 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 that are determined by means of statistical methods.

The current low or in certain countries even negative interest rate environment poses a challenge for the interest rate risk measurement of banks. Until 2015, a floor at 0% was applied in interest rate risk calculations; nevertheless, this approach was revised during the year. Consequently, from the first quarter of 2016 the floor will be abandoned in the internal risk calculations, while according to the “Guidelines on the management of interest rate risk arising from non-trading activities” issued by the European Banking Authority for the calculation of the regulatory interest rate risk measure it has to be kept.

The following tables list the open fixed-income positions held by Erste Group in the four currencies that carry a significant interest rate risk: EUR, CZK, HUF and RON. 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

in EUR million	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
As of 31 December 2015					
Fixed-interest gap in EUR positions	-3,474.3	3,008.5	-509.3	582.3	2,781.5
Fixed-interest gap in CZK positions	1,837.0	915.6	-1,157.0	-2,784.2	86.4
Fixed-interest gap in HUF positions	83.7	109.1	-247.1	-275.5	0.0
Fixed-interest gap in RON positions	636.4	263.4	26.1	-228.5	0.9
As of 31 December 2014					
Fixed-interest gap in EUR positions	-2,841.1	869.2	1,638.5	1,648.0	1,791.9
Fixed-interest gap in CZK positions	666.5	1,539.7	-1,703.5	-1,758.9	242.8
Fixed-interest gap in HUF positions	196.5	4.7	-173.9	-225.8	0.0
Fixed-interest gap in RON positions	1,000.8	288.0	50.2	-273.7	0.9

Credit spread risk

Credit spread risk is the risk of an adverse movement in the fair value of financial instruments caused by a change in the creditworthiness of an issuer perceived by the market. Erste Group is exposed to credit spread risk with respect to its securities portfolio, both in the trading as well as in the banking book.

In order to identify credit spread risk, all securities are grouped into maturity bands based on their remaining terms to maturity or terms to an expected call date on the one hand, and assigned to risk factors reflecting the riskiness of their issuer on the other hand.

Exchange rate risk

The bank is exposed to several types of risks related to exchange rates. These concern risks from open foreign exchange positions and others.

Risk from open foreign exchange 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 items, 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 rates on asset performance (for example as a result of foreign exchange lending in the CEE countries that was stopped for clients not having sufficient regular income in the respective loan currency).

In order to manage its multi-currency earnings structure, Erste Group regularly discusses hedging opportunities and takes decisions in the Group Asset Liability Committee (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 currency cash flows. The proposal, which mainly includes the volume, hedging level, hedge ratio and timeline of the hedging, is submitted by ALM to ALCO. The impact of translation on consolidated capital is monitored and reported to ALCO. The ALCO decisions are then implemented by ALM and the implementation status is reported on a monthly basis to ALCO.

The following table shows the largest open exchange rate positions of Erste Group as of 31 December 2015 and the corresponding open positions of these currencies as of 31 December 2014 respectively (excluding foreign exchange positions arising from equity participation).

Open exchange rate positions

in EUR thousand	Dec 2014	Dec 2015
Czech koruna (CZK)	-19,314	-141,134
US dollar (USD)	-7,349	-14,157
Hungarian forint (HUF)	-8,979	-12,865
British Pound (GBP)	5,081	10,746
Romanian Lei (RON)	22,126	9,753
Swiss franc (CHF)	-54,188	-7,874
Croatian Kuna (HRK)	23,327	-5,694
Japanese yen (JPY)	-4,108	-3,961

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 ALCO. ALM submits proposals for actions to steer the interest rate risk to ALCO and implements 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. IFRS hedge accounting is applied, if possible, to avoid accounting mismatches due to hedging activity. 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 of foreign exchange rate risk.

44.6 Liquidity risk

Definition and overview

The liquidity risk is defined in Erste Group in line with the principles set out by the Basel Committee on Banking Supervision and the Austrian regulators (“Kreditinstitute-Risikomanagement-Verordnung – KI-RMV”). Accordingly, a distinction is made between market liquidity risk, which is the risk that the group entities cannot easily offset or close 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 the 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 the 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 the Group’s own refinancing cost or spread.

Liquidity strategy

In 2015, client deposits remained the primary source of funding for Erste Group: the volume of client deposits increased to EUR 127.9 billion as of year-end 2015, amounting to 64% of the balance sheet total. The loan-to-deposit ratio stands at 98%, which is in line with the targeted level.

With regards to own issuance, Erste Group issued EUR 2.36 billion in bonds in 2015 which was in accordance with the size of the budgeted figure. EUR 1 billion was collected via two mortgage covered bonds in benchmark size. EUR 731 million was collected by issuing senior unsecured bonds via private placements or the retail network. Subordinated debt (Tier 2) issuance was in the size of EUR 600 million. The average tenor of all new issues in 2015 is approximately 7.4 years.

Since 2014, the ECB supports bank lending to the non-financial sector through a series of targeted longer-term refinancing operations (TLTROs) with a maturity of up to four years and an early repayment option. At group level, Erste Group’s total TLTRO participation increased slightly in 2015 to EUR 1,96 billion (2014: EUR 1,78 billion).

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 severe combined market and idiosyncratic 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 outflows. Furthermore, the simulation assumes increased drawdown on guarantees and loan commitments dependent on the type of customer, as well as the potential outflows from collateralised derivative transactions estimating the effect of collateral outflows in the case of adverse market movements. To reflect the reputational risk from callable own issues, the principal outflows from these liabilities are modelled to the next call date in all stress scenarios.

Additional to QIS monitoring according to BCBS guidelines and reporting of Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) according to CRR, Erste Group is reporting LCR internally according to the Delegated Act (Regulation (EU) 2015/61) since October 2015. The ratios are monitored at both entity and group level, and since 2014 LCR is part of the internal Risk Appetite Statement, targeting to be above 100% at group level ahead of the regulatory requirement.

Legal lending limits exist in all CEE countries where Erste Group is represented. As they restrict liquidity flows between Erste Group’s subsidiaries in different countries they are taken into account for the assessment of liquidity risk in the survival period model as well as in the calculation of the Liquidity Coverage Ratio at group level.

Additionally, the traditional liquidity gaps (depicting the going concern maturity mismatches) of the subsidiaries and the group as a whole are reported and monitored regularly. Funding concentration risk is continuously analysed with respect to counterparties. Erste Group’s funds transfer pricing (FTP) system has also proven to be an efficient tool for structural liquidity risk management.

Last year’s improvements of the internal stress testing methodology have been successfully completed. At the same time Erste Group is continuing its ongoing project activities to improve the framework for group-wide liquidity risk reporting and liquidity risk measurement. Aside from the adoption of changed and additional regulatory reporting requirements, current projects focus on improving data quality and granularity used in the internal and regulatory risk measurement as well as increasing flexibility in reporting.

Methods and instruments of risk mitigation

Short-term liquidity risk is managed by limits resulting from the survival period model, internal stress testing and by internal LCR targets at both entity and group level. Limit breaches are reported to the Group Asset Liability Committee (ALCO). Another important instrument for managing the liquidity risk within Erste Group Bank AG and in relation to its subsidiaries is the FTP system. As the process of planning funding needs provides important information 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 of the Erste Group ensures the necessary coordination of all parties involved in the liquidity management process in case of crisis and is reviewed on a regular basis. The contingency plans of the subsidiaries are coordinated as part of the plan for Erste Group Bank AG.

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 material currency and based on the assumption of ordinary business activity. Fulfilment of the internal and regulatory liquidity risk requirements as well as the current and expected market environment are also taken into account.

Expected cash flows are broken down by contractual maturities in accordance with the amortisation schedule and arranged in maturity ranges. All products without contractual maturities (such as demand deposits and overdrafts) are shown in the first time bucket, irrespective of the statistically observed client behaviour.

The following table shows the liquidity gaps as of 31 December 2015 and 31 December 2014:

in EUR million	< 1 month		1-12 months		1-5 years		> 5 years	
	Dec 2014	Dec 2015	Dec 2014	Dec 2015	Dec 2014	Dec 2015	Dec 2014	Dec 2015
Liquidity GAP	-7,590	-19,075	-21,032	-15,177	-2,486	6,092	31,109	28,160

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. The callable own issues are modelled to their next call dates. The cash inflows from liquid securities amounting to EUR 36.6 billion (2014: EUR 33.5 billion), which are accepted as collateral by the central banks to which Erste Group has access, are taken into account in the first time bucket rather than considering them at their contractual maturity.

Counterbalancing capacity

Erste Group regularly monitors its counterbalancing capacity, which consists of cash, excess minimum reserves at the central banks as well as unencumbered central bank eligible assets and other liquid securities, including impacts 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 year-end 2015 and year-end 2014 are shown in the tables below:

Term structure of counterbalancing capacity

in EUR million	< 1 week	1 week-1 month	1-3 months	3-6 months	6-12 months
As of 31 December 2015					
Cash, excess reserve	6,908	843	0	0	0
Liquid assets	32,743	180	530	89	344
Other central bank eligible assets	5,820	0	0	0	350
Thereof retained covered bonds	3,546	0	0	0	0
Thereof credit claims	2,274	0	0	0	350
Counterbalancing capacity	45,471	1,023	530	89	694
As of 31 December 2014					
Cash, excess reserve	3,998	-156	0	0	0
Liquid assets	31,730	439	73	136	1,092
Other central bank eligible assets	7,090	98	247	-5	-9
Thereof retained covered bonds	4,353	0	0	0	0
Thereof credit claims	2,737	98	247	-5	-9
Counterbalancing capacity	42,819	382	320	131	1,082

The figures above show the total amount of potential liquidity available for the group in a going concern situation, taking into account the applicable central bank haircuts. In a crisis situation adverse market movements and legal transfer restrictions among group members can

decrease this amount. Taking into account these effects, the initial counterbalancing capacity available at group level is reduced by additional haircuts and liquidity transfer constraints (e.g. legal lending limits). Negative figures are maturing positions of the counterbalancing capacity. Positive figures after 1 week are positions not immediately available as counterbalancing capacity.

Financial liabilities

Maturities of contractual undiscounted cash flows from financial liabilities as of 31 December 2015 and 31 December 2014 respectively, were as follows:

in EUR million	Carrying amounts	Contractual cash flows	< 1 month	1-12 months	1-5 years	> 5 years
As of 31 December 2015						
Non-derivative liabilities	171,714	175,495	82,046	37,374	36,419	19,656
Deposits by banks	14,212	14,322	6,826	1,942	4,176	1,378
Customer deposits	127,797	128,449	74,623	29,694	19,115	5,016
Debt securities in issue	23,947	25,832	568	4,911	10,584	9,768
Subordinated liabilities	5,758	6,892	28	827	2,544	3,494
Derivative liabilities	6,027	6,126	424	1,597	3,018	1,087
Contingent liabilities	0	25,415	25,415	0	0	0
Financial guarantees	0	19,126	19,126	0	0	0
Irrevocable commitments	0	6,288	6,288	0	0	0
Total	177,741	207,036	107,884	38,971	39,438	20,743
As of 31 December 2014						
Non-derivative liabilities	168,225	173,996	65,122	42,372	40,467	26,035
Deposits by banks	14,803	15,127	5,929	2,720	3,825	2,654
Customer deposits	122,263	123,803	58,793	33,755	21,915	9,340
Debt securities in issue	25,402	28,027	388	5,614	12,923	9,102
Subordinated liabilities	5,758	7,038	12	283	1,804	4,939
Derivative liabilities	7,914	7,964	484	1,724	3,982	1,775
Contingent liabilities	0	22,963	22,963	0	0	0
Financial guarantees	0	6,862	6,862	0	0	0
Irrevocable commitments	0	16,101	16,101	0	0	0
Total	176,140	204,923	88,569	44,096	44,449	27,809

As of year-end 2015, the currency composition of the non-derivative liabilities consisted of approximately 73% EUR, 15% CZK, 4% RON, 4% USD and the rest 4% in other currencies.

Besides the contingent liabilities from unused credit lines and guarantees, material potential cash outflow is estimated from the collateralised derivative transactions for the stress testing, which amounted to EUR 667.4 million in the worst-case scenario as of 31 December 2014 (2014: EUR 338.6 million).

As of 31 December 2015, the volume of customer deposits due on demand amounted to EUR 64.6 billion (2014: EUR 50.6 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 withdrawn by the customer, whereas the major part generally remains in the bank.

According to customer segments, the customer deposits are composed as follows: 70% private individuals, 13% large corporates, 9% small and medium-sized enterprises, 4% non-banking financial institutions and 4% public sector. The deposits by banks include the top five providers of funds.

Liquidity ratios

With the implementation of the CRR at the beginning of 2014, new liquidity ratios, the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) have been introduced as ratios relevant for reporting purposes. For the LCR, the European Commission released a delegated regulation (EU) 2015/61 of 10 October 2014, published in the Official Journal of the European Union on 17 January 2015, specifying details on the ratio and setting a binding minimum requirement for the ratio as of 1 October 2015. The LCR represents a ratio of highly liquid assets vis-à-vis net cash outflows over a 30 day time horizon. The minimum ratio has been set at 60% for 2015 (from 1 October), 70% for 2016, 80% for 2017 and 100% from 2018. The NSFR remains for the time being a reporting requirement only, with a binding minimum requirement potentially introduced from 2018. The NSFR represents a ratio of available stable funding vis-à-vis required stable funding within a 12 month time horizon. Both ratios have been implemented within Erste Group.

44.7 Operational risk

Definition and overview

In line with Article 4 Section 52 of regulation (EU) 575/2013 (CRR), Erste Group defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and 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 Article 323 CRR.

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. 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 programme, 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 a vehicle to share losses within the 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 reports, which describe the recent loss history, loss development, qualitative information from risk assessments and key risk indicators as well as the operational VaR for Erste Group.

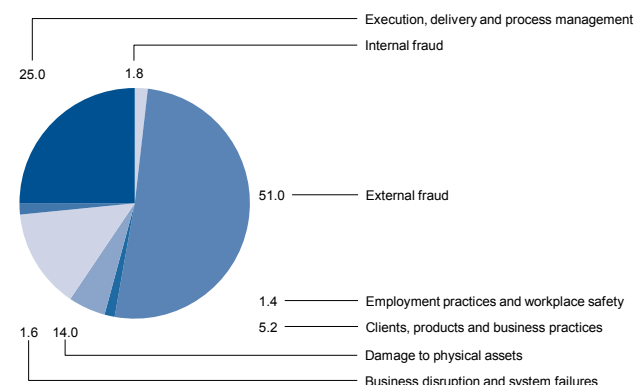
Distribution of operational risk events

Detailed below is the percentage composition by type of event of operational risk sources as defined by Article 324 CRR. The observation period is from 1 January 2011 to 31 December 2015.

The event type categories

- **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 that 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 of or damage to physical assets caused by 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 %)



45. Hedge accounting

The interest rate risk of the banking book is managed by Group ALM. Preference in managing interest rate risk is given to using bonds, loans or derivatives, with hedge accounting for derivatives usually applied in accordance with IFRS. The main guideline for interest rate risk positioning is the Group Interest Rate Risk Strategy that is approved by the Group ALCO for the relevant time period.

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, Erste Group policy is to swap all substantial fixed or structured issued bonds to floating items 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.

A minor part of the cash flow hedge relationship have been terminated in 2015 because of inefficiencies caused by the zero percent floors in the client loan contracts.

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 of 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 the reporting period, EUR 38.8 million (2014: EUR 51.5 million) was taken from the cash flow hedge reserve and recognised as income in the consolidated income statement; while EUR 11.4 million (2014: EUR 224.3 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 EUR 0.1 million (2014: EUR -0.2 million) is reported in the net trading result.

Fair value hedges in 2015 resulted in losses of EUR 366.1 million (2014: gain of EUR 497.4 million) on hedging instruments and gains of EUR 359.6 million on hedged items (2014: loss of EUR 466.4 million).

Fair values of hedging instruments are disclosed in the following table:

in EUR million	Dec 14		Dec 15	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Hedging instrument - fair value hedge	2,689	724	2,031	581
Hedging instrument - cash flow hedge	183	2	161	12

46. Fair value of financial instruments

All financial instruments are measured at fair value on recurring basis.

Financial instruments carried at fair value

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). Financial instruments for which the fair value is determined on the basis of quoted market prices are mainly listed securities and derivatives as well as liquid OTC bonds.

Description of valuation models and parameters

Erste Group uses valuation models that have been tested internally and for which the valuation parameters (such as interest rates, exchange rates, volatilities and credit spreads) have been determined independently. In 2015, as a consequence of the negative interest environment, valuation models of interest rate options for the respective currencies were adjusted. Log-normal valuation models were replaced by standard market models which are based on a shifted log-normal distribution or a standard distribution. For such models negative interest rates are no restriction.

Securities. For plain vanilla (fixed and floating) debt securities the fair value is calculated by discounting the future cash-flows using a discounting curve depending on the interest rate for the respective issuance currency and a spread adjustment. The spread adjustment is usually derived from the credit spread curve of the issuer. If no issuer curve is available the spread is derived from a proxy instrument and adjusted for differences in the risk profile of the instruments. If no close proxy is available, the spread adjustment is estimated using other information, including estimation of the credit spread based on internal ratings and PDs or management judgment. For more complex debt securities (e.g. including option-like features such as callable, cap/floor, index-linked) the fair value is determined using combinations of discounted cash-flow models and more sophisticated modeling techniques including methods described for OTC-derivatives. The fair value of financial liabilities designated at fair value through profit or loss under the fair value option is determined in consistency with similar instruments held as assets. The spread adjustment for Erste Group's own credit risk is derived from buy-back levels of own issuances. Techniques for equity securities may also include models based on earnings multiples.

OTC-derivative financial instruments. Derivative instruments traded in liquid markets (e.g. interest rate swaps and options, foreign exchange forward and options, options on listed securities and indices, credit default swaps and commodity swaps) are valued by using standard valuation models. These models include discounting cash flow models, option models of the Black-Scholes- and Hull-White-type as well as hazard rate models. Models are calibrated on quoted market data (including implied volatilities). Valuation models for more complex instruments also use Monte-Carlo-techniques. For instruments in less liquid markets, data obtained from less frequent transactions or extrapolation techniques are used.

Erste Group values derivatives at mid-market levels. To reflect the potential bid-ask-spread of the relevant positions an adjustment based on market liquidity is performed. The adjustment parameters depend on product type, currency, maturity and notional size. Parameters are reviewed on a regular basis or in case of significant market moves. Netting is not applied when determining the bid-ask-spread adjustments.

Credit value adjustments (CVA) for counterparty risk and debit value adjustments (DVA) for own default credit risk are applied to OTC derivatives. For the CVA the adjustment is driven by the expected positive exposure of all derivatives and the credit quality of the counterparty. DVA is driven by the expected negative exposure and Erste Group's credit quality. Erste Group has implemented an approach, where the modeling of the expected exposure is based on option replication strategies. For products where an option replication is not feasible the exposure is computed with Monte-Carlo simulation techniques. One of the two modeling approaches is considered for the most relevant portfolios and products. The methodology for the remaining entities and products is determined by market value plus additional considerations. The probability of default by counterparties that are not traded in an active market is determined from internal PDs mapped to a basket of liquid titles present in the central European market. Market based valuation concepts are incorporated for this. Counterparties with liquid bond or CDS markets are valued by the respective single-name market based PD derived from the prices. Erste Group's probability of default has been derived from the buy-back levels of Erste Group's issuances. Netting has only been considered for a few counterparties where the impact was material. In these cases, netting has been applied for both CVA and DVA. For collateralised derivatives the effect of collateral received is considered and reduces the amount of CVA accordingly. For counterparties with CSA-agreements in place no CVA was taken into account for all cases with immaterial threshold amounts.

According to the described methodology the accumulated CVA-adjustments amounts to EUR 43.9 million (2014: EUR -52.8 million) and the total DVA-adjustment amounts to EUR 12.0 million (2014: EUR 12.7 million).

Validation and control

The responsibility for valuation of financial instruments measured at fair value is independent of the trading units. In addition, Erste Group has implemented an independent validation function in order to ensure separation between units responsible for model development, fair value measurement and validation. The aim of independent model validation is to evaluate model risks arising from the models' theoretical foundation, the appropriateness of input data (market data) and model calibration.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value are categorized under the three levels of the IFRS fair value hierarchy.

Level 1 of the fair value hierarchy

The fair value of financial instruments assigned to level 1 of the fair value hierarchy is determined based on quoted prices in active markets for identical financial assets and liabilities. More particular, the evaluated fair value can qualify as level 1 if transactions occur with sufficient frequency, volume and pricing consistency on an ongoing basis.

These include exchange traded derivatives (futures, options), shares, government bonds as well as other bonds and funds, which are traded in highly liquid and active markets.

Level 2 of the fair value hierarchy

In case a market quote is used for valuation but due to restricted liquidity the market does not qualify as active (derived from available market liquidity indicators) the instrument is classified as level 2. If no market prices are available the fair value is measured by using valuation models which are based on observable market data. If all the significant inputs in the valuation model are observable the instrument is classified as level 2 of the fair value hierarchy. For level 2 valuations typically yield curves, credit spreads and implied volatilities are used as observable market parameters.

These include OTC derivatives, less liquid shares, bonds and funds as well as asset backed securities (ABS), collateralized debt obligations (CDO) and own issues.

Level 3 of the fair value hierarchy

In some cases, the fair value can be determined neither on the basis of sufficiently frequent quoted market prices nor of valuation models that rely entirely on observable market data. In these cases individual valuation parameters not observable in the market are estimated on the basis of reasonable assumptions. If any unobservable input in the valuation model is significant or the price quote used is updated infrequently the instrument is classified as level 3 of the fair value hierarchy. For level 3 valuations besides observable parameters typically credit spreads derived from internally calculated historical probability of default (PD) and loss given default (LGD) measures are used as unobservable parameters

These include shares and funds not quoted, illiquid bonds as well as illiquid asset backed securities (ABS) and collateralized debt obligations (CDO).

A reclassification from level 1 into level 2 or level 3 as well as vice versa will be performed if the financial instrument does no longer meet the criteria described above for the respective level.

The following table shows the classification of financial instruments carried at fair value with respect to levels of the fair value hierarchy.

in EUR million	Dec 14				Dec 15			
	Quoted market prices in active markets (Level 1)	Marked to model based on observable market data (Level 2)	Marked to model based on non-observable inputs (Level 3)	Total	Quoted market prices in active markets (Level 1)	Marked to model based on observable market data (Level 2)	Marked to model based on non-observable inputs (Level 3)	Total
Assets								
Financial assets - held for trading	2,363	8,038	130	10,531	2,801	5,768	150	8,719
Derivatives	1	7,048	124	7,173	2	5,158	143	5,303
Other trading assets	2,361	990	6	3,357	2,798	611	7	3,416
Financial assets - at fair value through profit or loss	52	258	39	350	221	88	50	359
Financial assets - available for sale	16,915	4,963	428	22,306	17,759	2,306	627	20,692
Derivatives - hedge accounting	0	2,866	6	2,872	0	2,191	0	2,191
Assets held for sale	0	53	0	53	0	0	0	0
Total assets	19,330	16,178	603	36,111	20,780	10,353	827	31,961
Liabilities								
Financial liabilities - held for trading	339	7,407	0	7,746	363	5,503	1	5,867
Derivatives	4	7,184	0	7,188	14	5,418	1	5,434
Other trading liabilities	336	222	0	558	349	85	0	434
Financial liabilities - at fair value through profit or loss	0	2,073	0	2,073	0	1,907	0	1,907
Deposits from customers	0	320	0	320	0	149	0	149
Debt securities issued	0	1,753	0	1,753	0	1,758	0	1,758
Other financial liabilities	0	0	0	0	0	0	0	0
Derivatives - hedge accounting	0	726	0	726	0	593	0	593
Total liabilities	339	10,206	0	10,545	363	8,002	1	8,367

The chosen method for the allocation of positions to levels is the following: all the levels and level changes are reflected at the end of the reporting period.

Valuation process for financial instruments categorised as level 3

The valuation of financial instruments categorised as level 3 involves one or more significant inputs that are not directly observable on the market. Additional price verification steps need to be done. These may include reviewing relevant historical data and benchmarking for similar transactions, among others. This involves estimation and expert judgment.

Changes in volumes of level 1 and level 2

This paragraph describes the changes in volumes of level 1 and level 2 of financial instruments carried at fair value in the balance sheet.

Movements on asset side between level 1 and level 2

in EUR million	Dec 14		Dec 15	
	Level 1	Level 2	Level 1	Level 2
Securities				
Net transfer from level 1	0	-416	0	-839
Net transfer from level 2	416	0	839	0
Net transfer from level 3	64	-152	-6	-58
Purchases/Sales/Expiries/Changes in Fair Value	2,049	-3,015	617	-2,363
Changes in derivatives	-14	1,740	1	-2,565
Total year-to-date change	2,515	-1,843	1,451	-5,825

Movements in 2015. In 2015 the total amount of level 1 financial assets increased by EUR 1,451 million. The change in volume of level 1 securities (increase by EUR 1,450 million) was determined on the one hand by matured or sold assets in the amount of EUR 2,693 million and on the other hand by new investments in the amount of EUR 2,869 million. The increase in volume for securities that were allocated to level 1 at both reporting dates (2015 and 2014) amounted to EUR 542 million (due to partial purchases and sales and fair value changes caused by market movements). Due to improved market liquidity, assets in the amount of EUR 1,039 million could be reclassified from level 2 to level 1. This applied mainly to securities issued by financial institutions (2015: EUR 703 million), but also to securities issued by governments (2015: EUR 63 million) and other corporates (2015: EUR 273 million). Due to lower market activity and change to modelled fair value, securities in total of EUR 200 million have been moved from level 1 to level 2. This applies mainly to securities issued by financial institutions (2015: EUR 74 million) and other corporates (2015: EUR 65 million) as well as securities issued by governments (2015: EUR 61 million). Level 1 instruments in the amount of EUR 6 million were reclassified to level 3. The remaining decrease in the amount of EUR 101 million was due to partial sales and fair value changes of reclassified instruments.

As of 31 December 2015, no significant liabilities measured at fair value are reported in level 3.

Movements in 2014. In comparison to 2013, in 2014, the total amount of level 1 financial assets increased by EUR 2,515 million. The change in volume of level 1 securities (increase by EUR 2,529 million) was determined on the one hand by matured or sold assets in the amount of EUR 1.9 billion and on the other hand by new investments in the amount of EUR 2.4 billion. The increase in volume for securities that were allocated to level 1 at both reporting dates (2014 and 2013) amounted to EUR 2.2 billion (due to partial purchases and sales and fair value changes caused by market movements). Due to improved market liquidity, assets in the amount of EUR 1.1 billion could be reclassified from level 2 to level 1. This applied mainly to securities issued by governments (2014: EUR 525 million), but also to securities issued by financial institutions (2014: EUR 470 million) and other corporates (2014: EUR 127 million). Due to lower market activity and change to modelled fair value, securities in total of EUR 0.7 billion have been moved from level 1 to level 2. This applies mainly to securities issued by financial institutions (EUR 496 million) and other corporates (2014: EUR 167 million) as well as securities issued by governments (EUR 43 million). The remaining decrease in the amount of EUR 0.6 billion was due to partial sales and fair value changes of reclassified instruments.

The reclassifications between level 1 and level 2, broken down to measurement categories and instruments, are shown below:

in EUR million	From level 1 to level 2 in 2014	From level 1 to level 2 in 2015
Financial assets - available for sale	588	176
Bonds	71	175
Funds	481	0
Other	10	0
Stocks	26	1
Financial assets - at fair value through profit or loss	82	1
Funds	82	0
Bonds	0	1
Financial assets - held for trading	36	23
Bonds	8	23
Funds	18	0
Other	2	0
Stocks	8	0
Total	706	200

in EUR million	From level 2 to level 1 in 2014	From level 2 to level 1 in 2015
Financial assets - available for sale	962	782
Bonds	945	361
Funds	0	342
Other	17	12
Shares	0	65
Financial assets designated at fair value through profit or loss	30	78
Bonds	30	0
Funds	0	78
Financial assets - held for trading	130	179
Bonds	125	35
Funds	0	1
Other	4	0
Shares	0	143
Total	1,122	1,039

Movements in 2015. The total value of level 2 financial assets decreased between 2015 and 2014 by EUR 5,825 million. The level 2 securities fair value change (down by EUR 3,260 million) can be explained for the most part by matured or sold positions in the amount of EUR 2,838 million and new investments in the amount of EUR 925 million. The reduction in volume for securities that have been allocated to level 2 at both reporting dates 2015 and 2014 amounted to EUR 204 million (due to partial sales and purchases and fair value changes caused by market movements).

Due to reduced market depth a total volume of EUR 200 million was reclassified from level 1 to level 2 in 2015. As previously outlined, this applies mainly to bonds issued by financial institutions and other corporates. Securities in the amount of EUR 1,039 million were reclassified from level 2 to level 1 for the reporting date. Due to the use of significant non-observable valuation parameters a total volume of EUR 151 million was reclassified from level 2 to level 3. Participations as well as securities issues by financial institutions are affected by this reclassification. Due to a change to valuation models with significant observable parameters a total volume of EUR 94 million was

reclassified from level 3 to level 2. As a consequence of the sale of assets which were held for sale the level 2 position decreased by EUR 53 million. The remaining decrease in the amount of EUR 193 million was due to partial sales and fair value changes of reclassified instruments. The decrease on the asset side derivatives in level 2 by EUR 2,565 million are caused by changes in market values and by netting effects.

On the liability side, as far as securities are concerned, there were no significant movements between the levels. Changes in the amounts were caused either by purchases, sales or changes in market value. The changes of derivatives were mainly caused by changes in the market value and netting effects.

Movements in 2014. The total value of level 2 financial assets decreased between 2014 and 2013 by EUR 1,843 million. The level 2 securities fair value change (down by EUR 3,631 million) can be explained for the most part by matured or sold positions in the amount of EUR 5.2 billion and new investments in the amount of EUR 2.3 billion. The reduction in volume for securities that have been allocated to level 2 at both reporting dates 2014 and 2013 amounted to EUR 70 million (due to partial sales and purchases and fair value changes caused by market movements).

Due to reduced market depth a total volume of EUR 0.7 billion was reclassified from level 1 to level 2 in 2014. As previously outlined, this applies mainly to bonds issued by financial institutions and other corporates. Securities in the amount of EUR 1.1 billion were reclassified from level 2 to level 1 for the reporting date. Due to the use of significant non-observable valuation parameters a total volume of EUR 0.2 billion was reclassified from level 2 to level 3. This applies mainly to securitizations and securities issued by financial institutions. Due to a change to valuation models with significant observable parameters a total volume of EUR 0.1 billion was reclassified from level 3 to level 2. The remaining decrease in the amount of EUR 0.2 billion was due to partial sales and fair value changes of reclassified instruments. The decrease on the asset side in derivatives in level 1 by EUR 14 million represented only a very small contribution to the overall changes.

On the liability side, as far as securities are concerned, there were no movements between the levels. Changes in the amounts were caused either by purchases, sales or changes in market value. The changes of derivatives were mainly caused by changes in the market value.

Movements in level 3 of financial instruments carried at fair value

The following tables show the development of fair value of financial instruments in level 3 categorie:

in EUR million	As of Dec 14	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Purchases	Sales	Settlements	Additions to the group	Disposals out of the group	Transfers into level 3	Transfers out of level 3	Currency translation	As of Dec 15
Assets												
Financial assets - held for trading	130	20	0	7	-1	-3	0	0	15	-19	1	150
Derivatives	124	21	0	4	0	-2	0	0	14	-19	1	143
Other trading assets	6	-1	0	2	-1	0	0	0	1	0	0	7
Financial assets - at fair value through profit or loss	39	-2	0	0	-10	0	0	0	22	0	0	50
Financial assets - available-for-sale	428	-5	114	58	-5	-100	0	-1	337	-199	0	627
Derivatives - hedge accounting	6	-3	0	0	0	0	0	0	0	-3	0	0
Total assets	603	11	114	65	-16	-102	0	-1	374	-222	1	827
	Dec 13											Dec 14
Assets												
Financial assets - held for trading	96	15	0	8	-5	0	0	0	57	-41	0	130
Derivatives	96	17	0	0	-1	0	0	0	52	-41	0	124
Other trading assets	0	-2	0	8	-5	0	0	0	5	0	0	6
Financial assets - at fair value through profit or loss	56	-3	0	1	-6	0	0	0	10	-19	0	39
Financial assets - available-for-sale	248	3	3	13	-49	0	0	0	297	-88	1	428
Derivatives - hedge accounting	0	0	0	0	0	0	0	0	6	0	0	6
Total assets	401	14	3	22	-60	0	0	0	369	-148	1	603

The profit or loss of level 3 financial instruments classified as 'Financial assets – held for trading', 'Financial assets – at fair value through profit or loss' and 'Derivatives – hedge accounting' is disclosed in the income statement line item 'Net trading and fair value result'. Profit or loss from derecognition of 'Financial assets – available for sale' is shown in the income statement line item 'Gains/Losses from financial assets and liabilities not measured at fair value through profit or loss, net'. Impairments of 'Financial assets – available for sale' is disclosed in the line item 'Net impairment loss on financial assets not measured at fair value through profit or loss'. Gains or losses in other comprehensive income of level 3 financial instruments disclosed in the balance sheet line item 'Financial assets – available for sale' are reported directly in equity under 'Available for sale reserve'.

Movements in 2015. The reclassification of securities to level 3 was caused by a decrease in market liquidity and was based on an in-depth analysis of broker quotes. In addition to the assessment of the parameters used for the fair value determination, the external market values of securitizations were subject to an internal validation process, which is based on observable market inputs. Based on the described analysis securities in the amount of EUR 151 million were reclassified from level 2 to level 3. The change is coming from securities issued by corporates (EUR 68 million), securities from financial institutions (EUR 58 million) and securities from sovereigns in the amount of EUR 25 million. On the other hand securities in the amount of EUR 94 million were reclassified from level 3 to level 2. Thereof EUR 46 million are securities issued by corporates, EUR 35 million from financial institutions and EUR 13 million are securities issued by sovereigns. Out of level 1 EUR 6 million were reclassified to level 3. The additional increase in level 3 positions was on the one hand caused by an increase in derivative exposure of EUR 20 million and on the other hand caused by the purchase, sale and market value change of securities in the amount of EUR 140 million.

The increase of level 3 market values in the category Financial Assets – Available for Sale is based on the fair value valuation of the VISA Europe participation as of 31st December 2015. The revaluation of the participation was necessary due to a purchase offer posted by VISA Inc. The proposed offer is a combination of an initial cash payment combined with preferred shares of VISA Inc. and a potential earn out payment in 2020. All these elements have been considered in the determination of the fair value. As significant input parameters for the fair value determination could not be derived from external observable parameters it was necessary to include assumptions and estimations in the determination of the fair value. In total this revaluation led to an increase within the category 'Financial Assets – Available for Sale' amounting to EUR 127 million.

The cash payment was accounted for with its present value as of 31st December 2015. The preferred shares, which are issued as part of the initial purchase price can only be sold after a minimum holding period of 12 years. In addition to that the preferred shares are subject to conditions for which a non-fulfilment would affect the conversation into market tradable VISA Inc. shares. Based on these restrictive conditions the preferred shares were subject to a discount compared to tradable VISA Inc. shares. Moreover the amount of the potential earn out payment is influenced by external specification for which the probability of fulfilment cannot be derived from external observable parameters. As a consequence the potential earn out payment was derived from estimated assumptions.

Movements in 2014. The reclassification of securities to level 3 was caused by a decrease in market liquidity and was based on an in-depth analysis of broker quotes. In addition to the assessment of the parameters used for the fair value determination, securitisations were subject to a market liquidity analysis based on market data provider scoring. The issues with insufficient score were moved from level 2 to level 3. The move to level 3 mainly affects securitizations (EUR 146 million), where significant valuation parameters were no longer observable, as well as issues from financial institutions (EUR 42 million). In contrast, the reclassification of securities from level 3 to level 2 in 2014 was mainly due to a change to modelled prices with observable input parameters.

An amount of EUR 117 million shown within 'Transfers into level 3' is related to investments in equity instruments which have been measured at cost according to IAS 39.46 (c) in the past. In 2014 these investments have been measured at fair value for the first time and have therefore been added to the category 'Available for Sale'.

Gains or losses on level 3 instruments held at the reporting period's end and which are included in profit or loss are as follow:

in EUR million	Dec 14	Dec 15
Assets		
Financial assets - held for trading	-14.5	22.2
Derivatives	-13.8	22.5
Other trading assets	-0.7	-0.3
Financial assets designated at fair value through profit or loss	0.9	-1.6
Derivatives hedge accounting	0.0	-2.7
Total	-13.6	17.9

The volume of level 3 financial assets can be allocated to the following two categories:

- Market values of derivatives where the credit value adjustment (CVA) has a material impact and is calculated based on unobservable parameters (i.e. internal estimates of PDs and LGDs).
- Illiquid bonds, shares and funds not quoted in an active market where either valuation models with non-observable parameters have been used (e.g. credit spreads) or broker quotes have been used that cannot be allocated to level 1 or level 2.

Unobservable inputs and sensitivity analysis for level 3 measurements

In case the fair value of a financial asset is retrieved from input parameters which are not observable in the market, those parameters can be retrieved from a range of alternative parameters. For the preparation of the balance sheet the parameters were chosen to reflect the market situation at the reporting date.

The range of unobservable valuation parameters used in level 3 measurements is shown in the following table.

Financial assets	Type of instrument	Fair value in EUR million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs (weighted average)
As of 31 December 2015					
Positive fair value of derivatives	Forwards, swaps, options	142.9	Discounted cash flow and option models with CVA adjustment based on potential future exposure	PD LGD	0.96% -100% (11.7%) 60%
Financial assets - at fair value through profit or loss	Fixed and variable coupon bonds	10.9	Discounted cash flow	Credit spread	0.1% -1.5% (0.4%)
Financial assets - available for sale	Fixed and variable coupon bonds	270.9	Discounted cash flow	Credit spread	0.1% -9.9% (2.2%)
As of 31 December 2014					
Positive fair value of derivatives	Forwards, swaps, options	129.5	Discounted cash flow and option models with CVA adjustment based on potential future exposure	PD LGD	1.21% -100% (15.5%) 60%
Financial assets - at fair value through profit or loss	Fixed and variable coupon bonds	11.9	Discounted cash flow	Credit spread	0.1% -7.5% (0.7%)
Financial assets - available for sale	Fixed and variable coupon bonds	291.3	Discounted cash flow	Credit spread	0.1% -9.9% (1.5%)

The following table shows the sensitivity analysis using reasonably possible alternatives per product type.

in EUR million	Positive fair value changes when applying alternative valuation parameters		Negative fair value changes when applying alternative valuation parameters	
	Dec 14	Dec 15	Dec 14	Dec 15
Derivatives	10.2	10.5	-11.5	-8.8
Income statement	10.2	10.5	-11.5	-8.8
Other comprehensive income	0.0	0.0	0.0	0.0
Debt securities	23.3	13.5	-31.1	-18.0
Income statement	0.9	0.6	-1.2	-0.8
Other comprehensive income	22.4	12.9	-29.9	-17.2
Equity instruments	1.3	9.9	-2.7	-19.7
Income statement	0.4	1.1	-0.8	-2.3
Other comprehensive income	0.9	8.7	-1.9	-17.4
Total	34.8	33.8	-45.3	-46.5
Income statement	11.5	12.2	-13.5	-11.9
Other comprehensive income	23.3	21.6	-31.8	-34.7

In estimating these impacts, mainly changes in credit spreads (for bonds), PDs, LGDs (for CVA of derivatives) and market values of comparable equities were considered. An increase (decrease) of spreads, PDs and LGDs result in a decrease (increase) of the corresponding market values. Positive correlation effects between PDs and LGDs were not taken into account in the sensitivity analysis.

The following ranges of reasonably possible alternatives of the unobservable inputs were considered in the sensitivity analysis table:

- for debt securities range of credit spreads between +100 basis points and -75 basis points,
- for equity related instruments the price range between -10% and +5%,
- for CVA on derivatives PDs rating upgrade/downgrade by one notch, as well as the change of LGD by -5% and +10%.

Financial instruments not carried at fair value with fair value disclosed in the notes

The following table shows fair values and the fair value hierarchy of financial instruments for which fair value is disclosed in the notes.

2015					
in EUR million	Carrying amount	Fair value	Quoted market prices in active markets level 1	Marked to model based on observable market data level 2	Marked to model based on non-observable inputs level 3
Assets					
Cash and cash balances	12,350	12,350	0	0	0
Financial assets - held to maturity	17,701	19,514	18,539	920	56
Loans and receivables to credit institutions	4,805	4,881	0	173	4,708
Loans and receivables to customers	125,897	129,000	0	154	128,846
Liabilities	0	0	0	0	0
Financial liabilities measured at amortised costs	170,787	173,274	9,326	19,338	144,610
Deposits from banks	14,212	14,493	0	0	14,493
Deposits from customers	127,797	128,719	0	0	128,719
Debt securities issued	27,896	29,238	9,326	19,338	573
Other financial liabilities	882	825	0	0	825
Financial guarantees and commitments					
Financial guarantees	n/a	-14	0	0	-14
Irrevocable commitments	n/a	-25	0	0	-25
2014					
in EUR million	Carrying amount	Fair value	Quoted market prices in active markets level 1	Marked to model based on observable market data level 2	Marked to model based on non-observable inputs level 3
Assets					
Cash and cash balances	7,835	7,835	6,976	0	859
Financial assets - held to maturity	16,877	18,876	17,542	1,255	79
Loans and receivables to credit institutions	7,442	7,974	0	266	7,707
Loans and receivables to customers	120,834	124,560	0	199	124,361
Liabilities					
Financial liabilities measured at amortised costs	166,921	166,976	6,461	17,989	142,526
Deposits from banks	14,803	15,035	0	0	15,035
Deposits from customers	122,263	122,087	0	0	122,087
Debt securities issued	29,387	29,372	6,461	17,989	4,922
Other financial liabilities	469	482	0	0	482
Financial guarantees and commitments					
Financial guarantees	n/a	-346	0	0	-346
Irrevocable commitments	n/a	-155	0	0	-155

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 and credit spread effects. The interest rate impact is based on the movements of market rates, while credit spread changes are derived from PDs and LGDs used for internal risk calculations. For the calculation of fair value loans and advances were grouped into homogeneous portfolios based on rating method, rating grade, maturity and the country where they were granted.

The fair values of financial assets held to maturity are either taken directly from the market or they are determined by directly observable input parameters (i.e. yield curves).

For liabilities without contractual maturities (e.g. demand deposits), the carrying amount represents the minimum of their fair value.

The fair value of issued securities and subordinated liabilities measured at amortized cost is based on market prices or on observable market parameters, if these are available. For issued securities where the fair value cannot be retrieved from quoted market prices, the fair value is calculated by discounting the future cash flows. The applied discount rate is based on the interest rates at which instruments with comparable characteristics could have been issued at the balance sheet date. Moreover optionality is taken into account when calculating the fair value. The fair value of other liabilities, measured at amortised cost, is estimated by taking into account the current interest rate environment, as well as the own credit spreads. This positions are assigned to the level 3 category.

The fair value of off-balance sheet liabilities (i.e. financial guarantees and unused loan commitments) is estimated with the help of regulatory credit conversion factors. The resulting loan equivalents are treated like other on-balance sheet assets. The difference between the calculated market value and the notional amount of the hypothetical loan equivalents represents the fair value of these contingent liabilities. In case of the total market value being higher than the notional amount of the hypothetical loan equivalents the fair value of these contingent liabilities is presented with a negative sign.

47. Fair values of non-financial assets

The following table shows fair values and fair value hierarchy of non-financial instruments.

2015					
in EUR million	Carrying amount	Fair value	Quoted market prices in active markets level 1	Marked to model based on observable market data level 2	Marked to model based on non-observable inputs level 3
Assets whose fair value is disclosed in the notes					
Investment property	539	607	1	326	280
Assets whose fair value is presented in the balance sheet					
Assets held for sale (IFRS 5)	194	218	0	57	161
2014					
in EUR million	Carrying amount	Fair value	Quoted market prices in active markets level 1	Marked to model based on observable market data level 2	Marked to model based on non-observable inputs level 3
Assets whose fair value is disclosed in the notes					
Investment property	950	988	0	461	528
Assets whose fair value is presented in the balance sheet					
Assets held for sale (IFRS 5)	1	1	0	0	1

Investment property is measured at fair value on recurring basis. Assets held for sale are measured at fair value on non-recurring basis when their carrying amount is impaired down to fair value less costs to sell.

The fair values of non-financial assets are determined by experts with recognised and relevant professional qualification.

Fair values of non-financial assets owned by Erste Group through Austrian companies which are located in developed and active real estate markets such as Austria, Czech Republic and Slovakia are based on valuation reports relying essentially on observable market inputs (such as selling price per square meter charged in recent market observable transactions for similar assets). Such measurements are disclosed as level 2 of the fair value hierarchy. If fair values of non-financial assets result from valuation models using expected future rental income method they are presented in level 3 of the fair value hierarchy.

For non-financial assets owned by Erste Group through subsidiaries located in CEE countries the valuations are carried out mainly using the comparative and investment methods. Assessment is made on the basis of a comparison and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the relevant property. The characteristics of such similar transactions are then applied to the asset, taking into account size, location, terms, covenant and other material factors. Such measurements are presented in level 3 of the fair value hierarchy.

The book value related to investment property for which no disclosure according to IFRS 13 is required amounts to EUR 214 million. as at 31 December 2015. The corresponding fair value amounts to EUR 217 million.

The book value related to assets held for sale for which no disclosure according to IFRS 13 is required amounts to EUR 333 million as at 31 December 2015. The corresponding fair value amounts to EUR 376 million.

48. Financial instruments per category according to IAS 39

Dec 2015

	Category of financial instruments						Financial liabilities at amortised cost	Other financial assets	Derivatives designated as hedging instruments	Finance lease according to IAS 17	Total
in EUR million	Loans and receivables	Held to maturity	Trading	Designated at fair value	Available for sale						
ASSETS											
Cash and cash balances	9,556	0	0	0	0	0	2,794	0	0		12,350
Loans and receivables to credit institutions	4,805	0	0	0	0	0	0	0	0		4,805
Loans and receivables to customers	122,146	0	0	0	0	0	0	0	3,751		125,897
Derivatives - hedge accounting	0	0	0	0	0	0	0	2,191	0		2,191
Financial assets - held for trading	4	0	8,716	0	0	0	0	0	0		8,719
Financial assets - at fair value through profit or loss	0	0	0	359	0	0	0	0	0		359
Financial assets - available for sale	0	0	0	0	20,763	0	0	0	0		20,763
Financial assets - held to maturity	0	17,701	0	0	0	0	0	0	0		17,701
Total financial assets	136,511	17,701	8,716	359	20,763	0	2,794	2,191	3,751		192,785
Net gains / losses recognized through profit or loss	-668	1	37	0	22	0	0	-6	0		-615
Net gains / losses recognized through OCI	0	0	0	0	-32	0	0	0	0		-32
LIABILITIES											
Financial liabilities - held for trading	0	0	-5,867	0	0	0	0	0	0		-5,867
Financial liabilities - at fair value through profit or loss	0	0	0	-1,907	0	0	0	0	0		-1,907
Financial liabilities measured at amortised cost	0	0	0	0	0	-170,787	0	0	0		-170,787
Derivatives - hedge accounting	0	0	0	0	0	0	0	-593	0		-593
Total financial liabilities	0	0	-5,867	-1,907	0	-170,787	0	-593	0		-179,154
Net gains / losses recognized through profit or loss	0	0	37	32	0	17	0	0	0		-86

Net gains/losses recognised through profit or loss include impairments.

Dec 2014

	Category of financial instruments						Financial liabilities at amortised cost	Other financial assets	Derivatives designated as hedging instruments	Finance lease according to IAS 17	Total
in EUR million	Loans and receivables	Held to maturity	Trading	Designated at fair value	Available for sale						
ASSETS											
Cash and cash balances	5,368	0	0	0	0	0	2,467	0	0	7,835	
Loans and receivables to credit institutions	7,442	0	0	0	0	0	0	0	0	7,442	
Loans and receivables to customers	117,185	0	0	0	0	0	0	0	3,649	120,834	
Derivatives - hedge accounting	0	0	0	0	0	0	0	2,872	0	2,872	
Financial assets - held for trading	0	0	10,531	0	0	0	0	0	0	10,531	
Financial assets - at fair value through profit or loss	0	0	0	350	0	0	0	0	0	350	
Financial assets - available for sale	0	0	0	0	22,373	0	0	0	0	22,373	
Financial assets - held to maturity	0	16,877	0	0	0	0	0	0	0	16,877	
Total financial assets	129,996	16,877	10,531	350	22,373	0	2,467	2,872	3,649	189,115	
Net gains / losses recognized through profit or loss	-2,120	4	182	9	7	0	0	31		-1,888	
Net gains / losses recognized through OCI	0	0	0	0	581	0	0	0		581	
LIABILITIES											
Financial liabilities - held for trading	0	0	-7,746	0	0	0	0	0	0	-7,746	
Financial liabilities - at fair value through profit or loss	0	0	0	-2,073	0	0	0	0	0	-2,073	
Financial liabilities measured at amortised cost	0	0	0	0	0	-166,921	0	0	0	-166,921	
Derivatives - hedge accounting	0	0	0	0	0	0	0	-726	0	-726	
Total financial liabilities	0	0	-7,746	-2,073	0	-166,921	0	-726	0	-177,466	
Net gains / losses recognized through profit or loss	0	0	-32	-81	0	-17	0	0	0	-130	

Net gains/losses recognised through profit or loss include impairments.

49. Audit fees and tax consultancy fees

The following table contains fundamental audit fees and tax fees charged by the auditors (of Erste Group Bank AG and subsidiaries; the auditors primarily being Sparkassen-Prüfungsverband, Ernst & Young and Deloitte) in the financial years 2015 and 2014:

in EUR million	Dec 14	Dec 15
Audit fees	13.8	15.7
Other services involving the issuance of a report	4.5	3.3
Tax consultancy fees	3.7	3.9
Other services	5.8	5.3
Total	27.7	28.1

For auditing services provided by the Group's auditors EUR 9.1 million (2014: EUR 8.9 million) was paid by Erste Group. The Group's auditors also performed tax consultancy for Erste Group with a value of EUR 1.0 million (2014: EUR 0 million).

50. Contingent liabilities

To meet the financial needs of customers, the bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the balance sheet, they do involve credit risk and are therefore part of the overall risk of the Bank (see Note 44.5 Credit risk).

Legal proceedings

Erste Group Bank and some of its subsidiaries are involved in legal disputes, most of which have arisen in the course of ordinary 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, some of which, if adversely adjudicated, may have a significant impact on the financial position or profitability of Erste Group or Erste Group Bank:

Consumer protection claims

Several banking subsidiaries of Erste Group in CEE 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 and that certain fees charged to customers in the past must be repaid. The allegations relate to the enforceability of certain fees as well as of contractual provisions for the adjustment of interest rates and currencies. In some jurisdictions the legal risks in connection with loans granted in the past to consumers are also increased by the enactment of politically motivated laws impacting existing lending relationships, which may result in repayment obligations towards customers, and a level of unpredictability of judicial decisions beyond the level of uncertainty generally imminent in court proceedings. The following consumer protection issues are deemed particularly noteworthy: In Romania, BCR is, besides being a defendant in a substantial number of individual law suits by consumers, among several local banks pursued by the consumer protection authority for alleged abusive clauses pertaining to pre-2010 lending practices. In connection therewith, BCR is currently a defendant in eight individual litigation claims filed by the local consumer protection authority, in each case on behalf of a single or several borrowers. So far the court of first instance took a decision only in one of these eight cases, and decided in favour of BCR, against which an appeal was filed. In most of these cases the proceeding have been suspended until the Constitutional Court rules on whether the legal provisions on which the actions were grounded are compliant with the Romanian Constitution. If one of these cases on the validity of certain clauses becomes adversely adjudicated, this may have the impact of invalidating such clauses also in agreements of BCR with several other consumers. In Hungary, foreign currency loan related invalidity lawsuits by consumers against banks, including EBH, have been suspended by the regulations of the 2014 consumer loan law until the completion of the settlement and refund process towards the customers concerned. While some plaintiffs may not pursue further their claims, it is expected that EBH will remain a defendant in a number of these litigations and that consumers will continue and initiate further court cases even upon the completion of the refund process set out in the 2014 consumer loan law, creating a level of legal uncertainty which makes it impossible to quantify the potential financial impact in the case of adverse adjudications. In Croatia, in a case instituted by a consumer protection organization against several local banks, among them EBC, the Supreme Court in the second quarter 2015, while rejecting some other requests by plaintiffs, declared null and void contractual provisions used over a certain period in the past which allowed banks to change unilaterally the variable interest rates in CHF denominated consumer loans approved in the period from 2004 - 2008. EBC submitted a constitutional complaint before the Constitutional Court of the Republic of Croatia contesting the part of the decision referring to the illegality of unilateral change of the variable interest. In addition, in spite of the long term practice of foreign currency denominated lending, recognized and confirmed by courts of all instances in Croatia, laws have been enacted in the fourth quarter of 2015 that forced banks to accept requests from clients that are consumers or individual professionals to convert their CHF denominated loans into EUR with retroactive effect. Legal steps have been taken to challenge such forced retroactive conversion.

Corporate Bond investors' prospectus claims

Since 2014 a number of investors in corporate bonds, issued by a large Austrian construction group in the years 2010, 2011 and 2012, have filed claims with the courts of Vienna against Austrian banks, among them Erste Group Bank, requesting compensation for their losses as bond-holders following the bankruptcy of the issuer in 2013. The plaintiffs argue in essence that the defendant banks, who acted as joint-lead managers in the issuing of the respective bond, already knew of the insolvency status of the issuer at such time and should be liable for the issuing prospectus failing to state this. Erste Group Bank, together with a second Austrian bank, acted as joint-lead manager of the bond issuance in 2011. Erste Group Bank rejects the claims.

Claim by an Austrian sub-sovereign

In Austria, Land Salzburg, a sub-sovereign, which had engaged in derivatives transactions with international and Austrian banks, among them EBOe, for several years until 2012, when its government made public having suffered losses in the region of EUR 350 million from

such transactions, announced that it would hold the respective counterparties liable for the losses it had allegedly suffered from such transactions, arguing among others miss-counselling on the part of the banks and a lack of authority on the level of the sub-sovereign to enter into speculative financial transactions. Following a review of its own transactions, EBOe refused to enter into an out-of-court settlement with the sub-sovereign and rejected the request to grant a temporary waiver of statute of limitations. In July 2015 Land Salzburg filed a legal action against EBOe with a claims amount of EUR 88.6 million. EBOe rejects the claim.

BCR Banca pentru Locuinte dispute

In 2015, the Romanian Court of Accounts ('CoA') conducted an audit review in BCR Banca Pentru Locuinte ('BpL') in order to assess whether the Bank has allocated the state subsidies to its clients in accordance with the applicable legal provisions. Following the review, the CoA claims that several deficiencies were identified and that conditions for state subsidies have not been met. BpL did not accept the position taken by the CoA and initiated a contestation process which is currently ongoing. An obligation of repayment of subsidies will, if any, be determined pursuant to an irrevocable court decision, which has not been issued yet.

51. Analysis of remaining maturities

in EUR million	Dec 14		Dec 15	
	< 1 year	> 1 year	< 1 year	> 1 year
Cash and cash balances	7,835	0	12,350	0
Financial assets - held for trading	2,491	8,039	2,217	6,502
Derivatives	1,240	5,933	1,035	4,268
Other trading assets	1,251	2,107	1,182	2,234
Financial assets - designated at fair value through profit or loss	178	172	53	306
Financial assets - available-for-sale	4,500	17,873	2,487	18,275
Financial assets - held to maturity	2,103	14,774	1,769	15,932
Loans and receivables to credit institutions	7,052	391	4,196	609
Loans and receivables to customers	29,249	91,585	21,416	104,480
Derivatives - hedge accounting	363	2,509	280	1,911
Property and equipment	0	2,264	0	2,402
Investment properties	0	950	0	753
Intangible assets	0	1,441	0	1,465
Investments in associates and joint ventures	0	305	0	167
Current tax assets	107	0	119	0
Deferred tax assets	0	301	0	310
Assets held for sale	291	0	526	0
Other assets	1,294	219	989	228
TOTAL ASSETS	55,465	140,823	46,403	153,340
Financial liabilities - held for trading	1,446	6,300	1,203	4,665
Derivatives	1,315	5,874	1,193	4,241
Other trading liabilities	131	427	10	423
Financial liabilities designated at fair value through profit or loss	242	1,831	239	1,668
Deposits from banks	0	0	0	0
Deposits from customers	197	123	134	15
Debt securities issued	44	1,708	105	1,653
Other financial liabilities	0	0	0	0
Financial liabilities measured at amortised cost	91,363	75,558	99,750	71,036
Deposits from banks	11,001	3,862	9,910	4,302
Deposits from customers	75,459	46,499	84,511	43,286
Debt securities issued	4,440	25,173	4,464	23,432
Other financial liabilities	463	25	866	16
Derivatives - hedge accounting	33	693	48	545
Changes in fair value of portfolio hedged items	138	1,088	98	868
Provisions	210	1,336	245	1,491
Current tax liabilities	91	0	90	0
Deferred tax liabilities	0	99	0	96
Liabilities associated with assets held for sale	0	0	578	0
Other liabilities	2,000	417	1,939	378
TOTAL LIABILITIES	95,522	87,322	104,189	80,747

52. Own funds and capital requirements

Own funds according to CRR consist of common equity tier 1 (CET1), additional tier 1 (AT1) and tier 2 (T2). In order to determine the capital ratios, each respective capital component - after application of all regulatory deductions and filters - is considered in relation to the total risk.

The minimum capital ratios amount to 4.5% for CET1, 6% for tier 1 capital (sum from CET1 and AT1) and 8% for total own funds. In addition to minimum capital ratios, institutions also have to fulfil additional capital requirements determined in the Supervisory Review and Evaluation Process (SREP) and capital buffer requirements.

Capital buffer requirements are set out in sections 23 (capital conservation buffer), 23a (countercyclical buffer), 23b (G-SII buffer), 23c (O-SII buffer) and 23d (systemic risk buffer) of the ABA and further specified in the regulation of the Financial Market Authority (FMA) on the establishment and recognition of the countercyclical buffer rate in accordance with section 23a para 3 ABA, on the establishment of the systemic risk buffer in accordance with section 23d para 3 ABA as well as on the detailed definition of the bases of calculation in accordance with section 23a para 3 clause 1 ABA and section 24 para 2 ABA (capital buffers regulation). All capital buffers, except the countercyclical buffer, have to be met entirely with CET1 capital, and relate to total risk.

Sections 23, 23a, 23b and 23c of the ABA as well as the capital buffers regulation enter into force on 1 January 2016. As of the reporting date 31 December 2015, Erste Group was not subject to any capital buffer requirements.

According to section 23 para 1 ABA, Erste Group has to establish a capital conservation buffer in the amount of 2.5%.

The transitional provisions for capital conservation buffers are regulated in section 103q para 11 of the ABA as follows:

- _ For the period from 1 January 2016 until 31 December 2016 by way of derogation from the requirements under section 23 ABA the capital buffer requirement for the capital conservation buffer amounts to 0.625%;
- _ For the period from 1 January 2017 until 31 December 2017 by way of derogation from the requirements under section 23 ABA, the capital buffer requirement for the capital conservation buffer amounts to 1.25%;
- _ For the period from 1 January 2018 until 31 December 2018 by way of derogation from the requirements under section 23 ABA, the capital buffer requirement for the capital conservation buffer amounts to 1.875%.

According to section 23a ABA the capital buffer requirement for the countercyclical capital buffer is regulated in section 4 capital buffers regulation as follows:

- _ The institution specific requirement for the countercyclical buffer in accordance with section 23a para 1 ABA results from the weighted average of the rates of the countercyclical capital buffer that apply in the jurisdictions where significant credit risk positions are situated in accordance with section 5 of the credit institution, multiplied by the total amount of risk in accordance with Art. 92 (3), of the Regulation (EU) no. 575/2013
- _ For the calculation of the weighted average according to para 1, the countercyclical buffer quota for the national area as defined by the respective authority is multiplied with the result out of the comparison of the capital requirement related to significant credit risk positions within the national area and the total capital requirement as defined within Part 3, Title II and IV of Regulation (EU) no. 575/2013.
- _ Starting from 1 January 2016 is for the purposes of section 23a para 3 clause 2 ABA the capital buffer rate for the home country allocated, significant credit risk positions 0%.
- _ If the competent authority of another member state or a third country for the national legal area determines a rate of over 2.5% for the purposes of para 1 for significant credit risk positions in this legal area, a rate of 2.5% has to be applied.
- _ If the responsible third country authority establishes a national buffer rate, this rate is valid twelve months after the date on which the relevant third country authority has announced a change in the buffer rate.

The transitional provisions for the countercyclical are regulated in section 103q para 11 of the ABA as follows:

- _ For the period from 1 January 2016 until 31 December 2016 by way of derogation from the requirements under section 23a ABA the capital buffer requirement for the countercyclical buffer requirement amounts to a maximum of 0.625%;
- _ For the period from 1 January 2017 until 31 December 2017 by way of derogation from the requirements under section 23a ABA, the capital buffer requirement for the countercyclical buffer requirement amounts to a maximum of 1.25%;
- _ For the period from 1 January 2018 until 31 December 2018 by way of derogation from the requirements under section 23a ABA, the capital buffer requirement for the countercyclical buffer requirement amounts to a maximum of 1.875%.

Erste Group is not subject to a G-SII or O-SII buffer in line with sections 23b and 23c ABA.

With respect to the systemic risk buffer under section 23d ABA, the capital buffers regulation specifies:

- _ According to section 7 para 1 b capital buffers regulation, Erste Group has to establish a capital buffer for systemic vulnerability in the amount of 1%.
- _ According to section 7 para 2 a capital buffers regulation, Erste Group has to establish a capital buffer for the systemic concentration risk in the amount of 1%.

In accordance with section 10 capital buffers regulation the buffer rates for systemic vulnerability and for systemic concentration risk respectively are phased in according to the schedule below:

- _ from 1 January to 31 December 2016 with 0.25%,
- _ from 1 January to 31 December 2017 with 0.5%,
- _ from 1 January to 31 December 2018 with 1%.

As a result of the 2015 SREP performed by the European Central Bank (ECB), Erste Group on a consolidated level is required to meet a transitional Common Equity Tier 1 (CET1) ratio of 9.5% as of 1 January 2016. This minimum CET1 ratio of 9.5% includes Pillar 1, Pillar 2 and capital conservation buffer requirements. In addition, the systemic risk buffer required by the Austrian Financial Markets Authority (FMA) to be applied on top of the SREP ratio is equal to 0.25% for the Group from 1 January 2016, resulting in a prudential capital requirement of 9.75% relating to total risk, for Erste Group as of 1 January 2016. The systemic risk buffer will increase in the following years to 0.5% (2017), 1% (2018) and 2% (2019).

The Austrian savings banks are included as subsidiaries in Erste Group's regulatory scope of consolidation based on the cross-guarantee contract of the 'Haftungsverbund'. Furthermore, Erste Group Bank AG together with the savings banks forms an institutional protection scheme (IPS) according to Article 113 (7) CRR. Disclosure requirements for the institutional protection scheme according to Article 113 (7) e CRR are met by the publication of the consolidated financial statements, which cover all entities included in the institutional protection scheme.

Erste Group determines the not eligible, unrealized gains (according to instrument-by-instrument approach) per AFS instrument with a positive market value. An offsetting with a negative market value (portfolio approach) is not conducted. For Basel 3 Final, a haircut of 25% is considered.

Capital structure according to the EU directive 575/2013 (CRR)

in EUR million	Article pursuant to CRR	Dec 14		Dec 15	
		Phased-in	Final	Phased-in	Final
Common equity tier 1 capital (CET1)					
	26 (1) (a) (b), 27 to 30, 36 (1) (f), 42				
Capital instruments eligible as CET1		2,336	2,336	2,336	2,336
Own CET1 instruments	36 (1) (f), 42	-82	-82	-72	-72
Retained earnings	26 (1) (c), 26 (2)	8,130	8,130	8,811	8,811
Accumulated other comprehensive income	4 (1) (100), 26 (1) (d)	-325	-325	-190	-190
Minority interest recognised in CET1	4 (1) (120) 84	3,078	3,078	3,395	3,395
Transitional adjustments due to additional minority interests	479, 480	102	0	57	0
Prudential filter: cash flow hedge reserve	33 (1) (a)	-118	-118	-97	-97
Prudential filter: cumulative gains and losses due to changes in own credit risk on fair valued liabilities	33 (1) (b)	-54	-54	-38	-38
Prudential filter: fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	33 (1) (c), 33 (2)	-16	-16	-9	-9
Value adjustments due to the requirements for prudent valuation	34, 105	-113	-113	-112	-112
Regulatory adjustments relating to unrealised gains and losses (60%)	467, 468	-992	-248	-571	-238
Goodwill	4 (1) (113), 36 (1) (b), 37	-771	-771	-771	-771
Other intangible assets	4 (1) (115), 36 (1) (b), 37 (a)	-654	-654	-657	-657
Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	36 (1) (c), 38	-103	-103	-93	-93
IRB shortfall of credit risk adjustments to expected losses	36 (1) (d), 40, 158, 159	-249	-249	-220	-220
Other transitional adjustments CET1	469 to 472, 478, 481	1,398	0	1,030	0
Goodwill (60%)		617	0	462	0
Other intangible assets (60%)		523	0	394	0
IRB shortfall of provisions to expected losses (60%)		199	0	132	0
Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities (90%)		58	0	42	0
Excess of deduction from AT1 items over AT1	36 (1) (j)	-944	0	-663	0
Common equity tier 1 capital (CET1)	50	10,623	10,811	12,136	12,045

The table will be continued on the next page.

Retained earnings include EUR 718 million of total comprehensive income attributable to owners of the parent.

Minority interest recognized in CET1 include EUR 199 million of total comprehensive income attributable to non-controlling interests.

Continuation of the table:

Continuation of the table.

in EUR million	Article pursuant to CRR	Dec 14		Dec 15	
		Phased-in	Final	Phased-in	Final
Additional tier 1 capital (AT1)					
Capital instruments eligible as AT1	51 (a), 52 to 54, 56 (a), 57	0	0	0	0
Own AT1 instruments	52 (1) (b), 56 (a), 57	-4	0	-4	0
Instruments issued by subsidiaries that are given recognition in AT1	85, 86	0	0	1	1
Transitional adjustments due to grandfathered AT1 instruments	483 (4) (5), 484-487, 489, 491	300	0	263	0
AT1 instruments of financial sector entities where the institution has a significant investment	4 (1) (27), 56 (d), 59, 79	0	0	0	0
Other transitional adjustments AT1	474, 475, 478, 481	-1,240	0	-923	0
Goodwill (60%)		-617	0	-462	0
Other intangibles (60%)		-523	0	-394	0
IRB shortfall of provisions to expected losses (30%)		-100	0	-66	0
Excess of deduction from AT1 items over AT1	36 (1) (j)	944	0	663	0
Additional tier 1 capital (AT1)	61	0	0	0	1
Tier 1 capital - total amount of common equity tier 1 (CET1) and additional tier 1 (AT1)	25	10,623	10,811	12,136	12,046
Tier 2 capital (T2)					
Capital instruments and subordinated loans eligible as T2	62 (a), 63 to 65, 66 (a), 67	4,197	4,197	4,649	4,649
Own T2 instruments	63 (b) (i), 66 (a), 67	-71	-71	-50	-50
Instruments issued by subsidiaries recognised in T2	87, 88	332	332	233	233
Transitional adjustments due to additional recognition in T2 of instruments issued by subsidiaries	480	227	0	191	0
Transitional adjustments due to grandfathered T2 instruments and subordinated loans	483 (6) (7), 484, 486, 488, 490, 491	47	0	67	0
IRB excess of provisions over expected losses eligible	62 (d)	410	410	408	408
Standardised approach general credit risk adjustments	62 (c)	175	175	0	0
Other transitional adjustments to T2	476, 477, 478, 481	-99	0	-66	0
IRB shortfall of provisions to expected losses (30%)		-100	0	-66	0
T2 instruments of financial sector entities where the institution has a significant investment	4 (1) (27), 66 (d), 68, 69, 79	-0.4	0	-0.4	0
Tier 2 capital (T2)	71	5,216	5,042	5,431	5,239
Total own funds	4 (1) (118) and 72	15,839	15,853	17,566	17,284
Capital requirement	92 (3), 95, 96, 98	8,047	8,150	7,864	8,023
CET1 capital ratio	92 (2) (a)	10.6%	10.6%	12.3%	12.0%
Tier 1 capital ratio	92 (2) (b)	10.6%	10.6%	12.3%	12.0%
Total capital ratio	92 (2) (c)	15.7%	15.6%	17.9%	17.2%

Risk structure according to EU Regulation 575/2013 (CRR)

in EUR million	Article pursuant to CRR	Dec 2014		Dec 2015	
		Calculation base / total risk (phased-in)	Capital requirement (phased-in)	Calculation base / total risk (phased-in)	Capital requirement (phased-in)
Total Risk Exposure Amount	92 (3), 95, 96, 98	100,590	8,047	98,300	7,864
Risk weighted assets (credit risk)	92 (3) (a) (f)	85,556	6,845	83,445	6,676
Standardised approach		17,244	1,379	15,528	1,242
IRB approach		68,313	5,465	67,917	5,433
Settlement Risk	92 (3) (c) (ii), 92 (4) (b)	0	0	0	0
Trading book, foreign FX risk and commodity risk	92 (3) (b) (i) and (c) (i) and (iii), 92 (4) (b)	3,209	257	2,847	228
Operational Risk	92 (3) (e), 92 (4) (b)	10,277	822	10,755	860
Exposure for CVA	92 (3) (d)	1,548	124	1,252	100
Other exposure amounts incl. Basel 1 floor	3, 458, 459, 500	0	0	0	0

in EUR million	Article pursuant to CRR	Dec 2014		Dec 2015	
		Calculation base / total risk (final)	Capital requirement (final)	Calculation base / total risk (final)	Capital requirement (final)
Total Risk Exposure Amount	92 (3), 95, 96, 98	101,870	8,150	100,281	8,023
Risk weighted assets (credit risk)	92 (3) (a) (f)	86,836	6,947	85,427	6,834
Standardised approach		17,244	1,379	15,528	1,242
IRB approach		69,593	5,567	69,899	5,592
Settlement Risk	92 (3) (c) (ii), 92 (4) (b)	0	0	0	0
Trading book, foreign FX risk and commodity risk	92 (3) (b) (i) and (c) (i) and (iii), 92 (4) (b)	3,209	257	2,847	228
Operational Risk	92 (3) (e), 92 (4) (b)	10,277	822	10,755	860
Exposure for CVA	92 (3) (d)	1,548	124	1,252	100
Other exposure amounts incl. Basel 1 floor	3, 458, 459, 500	0	0	0	0

The capital structure table above shows only those positions which are relevant for Erste Group. Basel 3 final figures (fully loaded) are calculated based on the current requirements according to the CRR. Changes are possible due to final Regulatory Technical Standards (RTS) that are not available yet.

The consolidated financial statements have not been reviewed and noticed by the Supervisory Board and the financial statements of Erste Group Bank AG have not been reviewed by the Supervisory Board yet.

Likewise financial statements of single entities within the group have not been noticed by the Supervisory Board yet. In addition, no resolution on the appropriation of the profit has yet been made by the general meeting of the single entity.

53. Events after the balance sheet date

There are no significant events after the balance sheet date.

54. Country by country reporting

Starting with 2015 Erste Group publishes information about Group's country by country activities as required by Article 89 of the EU Capital Requirements Directive IV, as follows:

2015				
in EUR million	Operating income	Pre-tax result from continuing operations	Taxes on income	Taxes paid
Austria	2,838	406	-146	-89
Croatia	466	-29	21	-21
Czech Republic	1,409	660	-136	-135
Hungary	365	-27	-13	-11
Romania	755	311	-21	-12
Serbia	71	17	0	0
Slovakia	611	241	-64	-84
Other locations	257	59	-4	-3
Total	6,772	1,639	-364	-355

2014				
in EUR million	Operating income	Pre-tax result from continuing operations	Taxes on income	Taxes paid
Austria	2,662	-125	-414	-33
Croatia	467	28	-11	-14
Czech Republic	1,440	643	-139	-156
Hungary	482	-279	-14	-19
Romania	830	-1,422	134	-3
Serbia	66	7	1	0
Slovakia	703	327	-64	-42
Other locations	227	17	-2	-1
Total	6,878	-803	-509	-267

Further details about the content of each country category could be found in Note 55 Details of the companies wholly or partly owned by Erste Group as of 31 December 2015, where the information about the relevant country of residence of each fully consolidated entity is presented.

For the reported periods above, Erste Group hasn't been subject to any kind of public or state subsidies.

Information about the geographical split of the average number of headcounts employed in Erste Group throughout 2015 is disclosed in the Note 6 General administrative expenses.

55. Details of the companies wholly or partly owned by Erste Group as of 31 December 2015

The table below presents material, fully consolidated subsidiaries, investments in associates accounted for at equity and other investments.

Company name, registered office	Interest of Erste Group in %		
	Dec 14	Dec 15	
Fully consolidated subsidiaries			
Credit institutions			
Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Linz	39.8	39.8
Banca Comerciala Romana Chisinau S.A.	Chişinău	93.6	93.6
Banca Comerciala Romana SA	Bucharest	93.6	93.6
Banka Sparkasse d.d.	Ljubljana	28.0	28.0
Bankhaus Krentschker & Co. Aktiengesellschaft	Graz	25.0	25.0
Bausparkasse der österreichischen Sparkassen Aktiengesellschaft	Vienna	95.0	95.0
BCR Banca pentru Locuinte SA	Bucharest	93.9	93.9
Ceska sporitelna, a.s.	Prague	99.0	99.0
Die Zweite Wiener Vereins-Sparcasse	Vienna	0.0	0.0
Dornbirner Sparkasse Bank AG	Dornbirn	0.0	0.0
Erste & Steiermärkische Bank d.d.	Rijeka	69.3	69.3
ERSTE BANK AD NOVI SAD	Novi Sad	80.5	80.5
ERSTE BANK AD PODGORICA	Podgorica	69.3	69.3
Erste Bank der oesterreichischen Sparkassen AG	Vienna	100.0	100.0
Erste Bank Hungary Zrt	Budapest	100.0	100.0
Erste Group Bank AG	Vienna	0.0	0.0
Erste Lakas-Takarekpenztar Zartkoruen Mukodo Reszvenytarsasag	Budapest	100.0	99.8
Kärntner Sparkasse Aktiengesellschaft	Klagenfurt	25.0	25.0
KREMSER BANK UND SPARKASSEN AKTIENGESELLSCHAFT	Krems an der Donau	0.0	0.0
Lienzer Sparkasse AG	Lienz	0.0	0.0
s Wohnbaubank AG	Vienna	90.8	90.8
Salzburger Sparkasse Bank Aktiengesellschaft	Salzburg	98.7	98.7
Slovenska sporitelna, a. s.	Bratislava	100.0	100.0
Sparkasse Baden	Baden	0.0	0.0
Sparkasse Bank dd Bosna i Hercegovina	Sarajevo	24.3	24.3
SPARKASSE BANK MAKEDONIJA AD SKOPJE	Skopje	24.9	24.9
Sparkasse Bank Malta Public Limited Company	Sliema	0.0	0.0
Sparkasse Bludenz Bank AG	Bludenz	0.0	0.0
Sparkasse Bregenz Bank Aktiengesellschaft	Bregenz	0.0	0.0
Sparkasse der Gemeinde Egg	Egg	0.0	0.0
Sparkasse der Stadt Amstetten AG	Amstetten	0.0	0.0
Sparkasse der Stadt Feldkirch	Feldkirch	0.0	0.0
Sparkasse der Stadt Kitzbühel	Kitzbühel	0.0	0.0
Sparkasse Eferding-Peuerbach-Waizenkirchen	Eferding	0.0	0.0
Sparkasse Feldkirchen/Kärnten	Feldkirchen in Kärnten	0.0	0.0
SPARKASSE FRANKENMARKT AKTIENGESELLSCHAFT	Frankenmarkt	0.0	0.0
Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft	Hainburg an der Donau	75.0	75.0
Sparkasse Haugsdorf	Haugsdorf	0.0	0.0
Sparkasse Herzogenburg-Neulengbach Bank Aktiengesellschaft	Herzogenburg	0.0	0.0
Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft	Horn	0.0	0.0
Sparkasse Imst AG	Imst	0.0	0.0
Sparkasse Korneuburg AG	Korneuburg	0.0	0.0
Sparkasse Kufstein, Tiroler Sparkasse von 1877	Kufstein	0.0	0.0
Sparkasse Lambach Bank Aktiengesellschaft	Lambach	0.0	0.0
Sparkasse Langenlois	Langenlois	0.0	0.0
Sparkasse Mittersill Bank AG	Mittersill	0.0	0.0
Sparkasse Mühlviertel-West Bank Aktiengesellschaft	Rohrbach	40.0	40.0
Sparkasse Mürrzzuschlag Aktiengesellschaft	Mürrzzuschlag	0.0	0.0
Sparkasse Neuhofen Bank Aktiengesellschaft	Neuhofen an der Krems	0.0	0.0
Sparkasse Neunkirchen	Neunkirchen	0.0	0.0
SPARKASSE NIEDERÖSTERREICH MITTE WEST AKTIENGESELLSCHAFT	St. Pölten	0.0	0.0
Sparkasse Pöllau AG	Pöllau bei Hartberg	0.0	0.0
Sparkasse Pottenstein N.Ö.	Pottenstein	0.0	0.0
Sparkasse Poysdorf AG	Poysdorf	0.0	0.0
Sparkasse Pregarten - Unterweißenbach AG	Pregarten	0.0	0.0
Sparkasse Rattenberg Bank AG	Rattenberg	0.0	0.0
Sparkasse Reutte AG	Reutte	0.0	0.0
Sparkasse Ried im Innkreis-Haag am Hausruck	Ried im Innkreis	0.0	0.0
Sparkasse Salzkammergut AG	Bad Ischl	0.0	0.0
Sparkasse Scheibbs AG	Scheibbs	0.0	0.0
Sparkasse Schwaz AG	Schwaz	0.0	0.0
Sparkasse Voitsberg-Köflach Bankaktiengesellschaft	Voitsberg	5.0	5.0
Stavebni sporitelna Ceske sporitelny, a.s.	Prague	99.0	99.0
Steiermärkische Bank und Sparkassen Aktiengesellschaft	Graz	25.0	25.0
Tiroler Sparkasse Bankaktiengesellschaft Innsbruck	Innsbruck	75.0	75.0
Waldviertler Sparkasse Bank AG	Zwettl	0.0	0.0
Wiener Neustädter Sparkasse	Wiener Neustadt	0.0	0.0

Company name, registered office	Interest of Erste Group in %		
	Dec 14	Dec 15	
Fully consolidated subsidiaries			
Financial institutions			
'DIE EVA' Grundstückverwaltungsgesellschaft m.b.H.	Vienna	100.0	100.0
'Die Kärntner' Trust- Vermögensverwaltungsgesellschaft m.b.H. & Co KG	Klagenfurt	25.0	25.0
'Die Kärntner' Trust-Vermögensverwaltungsgesellschaft m.b.H.	Klagenfurt	25.0	25.0
'Nare' Grundstücksverwertungs-Gesellschaft m.b.H.	Vienna	100.0	100.0
'SELIMMO' - Sparkasse Mühlviertel-West - DIE ERSTE Leasing - Immobilienvermietung GmbH	Rohrbach	69.4	69.4
5 HOTEL Ingatlanhasznosító Koriátolt Felelősségű Társaság	Budapest	100.0	100.0
Alea-Grundstückverwaltung Gesellschaft m.b.H.	Vienna	100.0	100.0
Altstadt Hotelbetriebs GmbH	Vienna	100.0	100.0
AS-Alpha Grundstücksverwaltung Gesellschaft m.b.H.	Vienna	39.8	39.8
Asset Management Slovenskej sporitelne, správ. spol., a. s.	Bratislava	100.0	100.0
Augarten - Hotel - Errichtungsgesellschaft m.b.H.	Vienna	100.0	100.0
AVION-Grundverwertungsgesellschaft m.b.H.	Vienna	51.0	51.0
AWEKA - Kapitalverwaltungsgesellschaft m.b.H.	Graz	25.0	25.0
BCR Leasing IFN SA	Bucharest	93.5	93.6
BCR Payments Services SRL	Sibiu	93.6	93.6
BCR PENSII, SOCIETATE DE ADMINISTRARE A FONDURILOR DE PENSII PRIVATE SA	Bucharest	93.6	93.6
BOOTES-Immorent Grundverwertungs-Gesellschaft m.b.H.	Vienna	100.0	100.0
BTV-Beteiligungs-, Treuhand-, Vermögens-Verwaltungsgesellschaft m.b.H.	Klagenfurt	25.0	25.0
Business Center Marchfeld Betriebsgesellschaft m.b.H.	Vienna	100.0	100.0
CEE Property Development Portfolio 2 a.s.	Amsterdam	99.0	99.0
CEE Property Development Portfolio B.V.	Amsterdam	19.8	19.8
Cinci-Immorent Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
CS Investment Limited	St Peter Port	99.0	99.0
CS Property Investment Limited	Nicosia	99.0	99.0
Czech and Slovak Property Fund B.V.	Amsterdam	19.8	19.8
Czech TOP Venture Fund B.V.	Groesbeek	83.1	83.1
DENAR-Immorent Grundverwertungsgesellschaft m.b.H.	Vienna	62.5	62.5
Derop B.V.	Amsterdam	100.0	100.0
DIE ERSTE Leasing Grundaufschließungs- und Immobilienvermietungsgesellschaft m.b.H.	Vienna	100.0	100.0
DIE ERSTE Leasing Grundbesitzgesellschaft m.b.H.	Vienna	100.0	100.0
DIE ERSTE Leasing Grundstückverwaltungsgesellschaft m.b.H.	Vienna	100.0	100.0
DIE ERSTE Leasing Immobilien Vermietungsgesellschaft m.b.H.	Vienna	100.0	100.0
DIE ERSTE Leasing Immobilienbesitzgesellschaft m.b.H.	Vienna	100.0	100.0
DIE ERSTE Leasing Immobilienverwaltungs- und -vermietungsgesellschaft m.b.H.	Vienna	100.0	100.0
DIE ERSTE Leasing Realitätenverwaltungsgesellschaft m.b.H.	Vienna	100.0	100.0
DIE EVA - Liegenschaftsverwaltungsgesellschaft m.b.H.	Vienna	100.0	100.0
DIE EVA-Gebäudeleasinggesellschaft m.b.H.	Vienna	100.0	100.0
DIE EVA-Immobilienleasing und -erwerb Gesellschaft m.b.H.	Vienna	100.0	100.0
Društvo za lizing nekretnina, vozila, plovila i masina 'S-Leasing' doo Podgorica	Podgorica	62.5	62.5
EB Erste Bank Internationale Beteiligungen GmbH	Vienna	100.0	100.0
EBB-Epsilon Holding GmbH	Vienna	100.0	100.0
EB-Grundstücksbeteiligungen GmbH	Vienna	100.0	100.0
EKZ-Immorent Vermietung GmbH	Vienna	100.0	100.0
Epsilon Immorent s.r.o.	Prague	100.0	100.0
Erste & Steiermärkische S-Leasing društvo s ogranicenom odgovornoscu za leasing vozila i strojeva	Zagreb	47.1	47.1
Erste Asset Management d.o.o.	Zagreb	100.0	100.0
Erste Asset Management Ltd. (vm Erste Alapkezezo Zrt.)	Budapest	100.0	100.0
Erste Bank Beteiligungen GmbH	Vienna	100.0	100.0
Erste Bank und Sparkassen Leasing GmbH	Vienna	100.0	100.0
ERSTE CARD CLUB d.o.o.	Zagreb	69.3	69.3
ERSTE CARD poslovanje s kreditnimi karticama, d.o.o.	Ljubljana	69.3	69.3
ERSTE FACTORING d.o.o.	Zagreb	76.9	76.9
Erste Group Immorent AG	Vienna	100.0	100.0
Erste Group Immorent CR s.r.o.	Prague	100.0	100.0
Erste Group Immorent International Holding GmbH	Vienna	100.0	100.0
Erste Group Immorent Koriátolt Felelősségű Társaság	Budapest	100.0	100.0
ERSTE GROUP IMMORENT LEASING društvo s ogranicenom odgovornoscu	Zagreb	92.5	92.5
Erste Group Immorent Lizing Zártkörűen Működő Részvénytársaság	Budapest	100.0	100.0
ERSTE GROUP IMMORENT POLSKA SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Warsaw	100.0	100.0
ERSTE GROUP IMMORENT ROMANIA IFN S.A.	Bucharest	100.0	100.0
Erste Group Immorent Slovensko s.r.o.	Bratislava	100.0	100.0
ERSTE GROUP IMMORENT SME financne storitve d.o.o.	Ljubljana	100.0	100.0
ERSTE GROUP IMMORENT SRL	Bucharest	100.0	100.0
Erste Lakaslizing Zrt.	Budapest	100.0	100.0
Erste Leasing, a.s.	Znojmo	99.0	99.0
EVA-Immobilienvermietungs- und -verwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
Eva-Immobilienverwaltungsgesellschaft m.b.H.	Vienna	100	100
Eva-Realitätenverwaltungsgesellschaft m.b.H.	Vienna	100.0	100.0
EXTRON-Immorent Immobilienleasing GmbH	Vienna	100.0	100.0
F & S Leasing GmbH	Klagenfurt	100.0	100.0
Factoring Ceske sporitelny a.s.	Prague	99.0	99.0
Financiara SA - company in liquidation	Bucharest	91.2	91.2

Company name, registered office		Interest of Erste Group in %	
		Dec 14	Dec 15
Gémeskút Ingatlanforgalmazó és Beruházó Kft.	Budapest	100.0	100.0
GIROLEASING-Mobilienvermietungsgesellschaft m.b.H.	Vienna	62.5	62.5
GLADIATOR LEASING IRELAND LIMITED	Dublin	0.0	100.0
Gladiator Leasing Limited (vm. Erste Bank (Malta) Limited)	Pieta	100.0	100.0
GLL 29235 LIMITED	Pieta	100.0	100.0
GLL A319 AS LIMITED	Pieta	0.0	100.0
GLL A330 Limited	Dublin	100.0	100.0
GLL CLASSIC 400 LIMITED	Pieta	100.0	100.0
GLL Engine Leasing Limited	Pieta	0.0	100.0
GLL MSN 038 / 043 LIMITED	Pieta	100.0	100.0
GLL MSN 2118 LIMITED	Dublin	100.0	100.0
good.bee credit IFN S.A.	Bucharest	60.0	60.0
good.bee Holding GmbH	Vienna	60.0	60.0
Grand Hotel Marienbad s.r.o.	Prague	100.0	100.0
HORIZON YACHTING LIMITED	Gibraltar	100.0	100.0
Hotel- und Sportstätten Beteiligungs-, Errichtungs- und Betriebsgesellschaft m.b.H. Leasing KG	St. Pölten	54.5	54.5
Hotel- und Sportstätten-Beteiligungs-, Errichtungs- und Betriebsgesellschaft m.b.H.	Vienna	38.0	38.0
ILGES - Immobilien- und Leasing - Gesellschaft m.b.H.	Rohrbach	40.0	40.0
ILION-IMMORENT Grundverwertungsgesellschaft m.b.H.	Vienna	28.8	28.8
IMMORENT - ANDROMEDA Grundverwertungsgesellschaft m.b.H.	Vienna	41.9	41.9
Immorent - Immobilienleasing Gesellschaft m.b.H.	Vienna	96.3	100.0
Immorent - Kagraner Grundstücksverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
Immorent - Kappa Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
Immorent - Weiko Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
Immorent - Wörgler Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT ALFA leasing družba, d.o.o.	Ljubljana	50.0	50.0
IMMORENT DELTA, leasing družba, d.o.o.	Ljubljana	50.0	50.0
ImmoRent Einkaufszentren Verwaltungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT EPSILON, leasing družba, d.o.o.	Ljubljana	50.0	50.0
IMMORENT ETA, leasing družba, d.o.o.	Ljubljana	100.0	100.0
Immorent Hotel- und Resortvermietung Katschberg GmbH & Co OG	Vienna	100.0	100.0
IMMORENT INPROX Budweis s.r.o.	Prague	100.0	100.0
IMMORENT leasing nepremicinin d.o.o.	Ljubljana	47.5	44.9
Immorent Lehrbauhöfeerrichtungsgesellschaft m.b.H.	Vienna	100.0	100.0
Immorent Oktatási Ingatlanhasznosító és Szolgáltató Kft.	Budapest	56.0	56.0
Immorent Orange Ostrava s.r.o.	Prague	100.0	100.0
Immorent Orange s.r.o.	Prague	100.0	100.0
IMMORENT PPP Ingatlanhasznosító és Szolgáltató Korlátozott Felelősségű Társaság	Budapest	100.0	100.0
IMMORENT Project Development Holding GmbH	Vienna	100.0	100.0
IMMORENT PTC s.r.o.	Prague	100.0	100.0
IMMORENT RIED GmbH	Vienna	100.0	100.0
IMMORENT SPARKASSE ST.PÖLTEN Leasinggesellschaft m.b.H.	St. Pölten	50.0	50.0
IMMORENT Térinvest Ingatlanhasznosító és Szolgáltató Korlátozott Felelősségű Társaság	Budapest	100.0	100.0
IMMORENT West Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-ANUBIS Grundverwertungsgesellschaft m.b.H.	Vienna	95.0	100.0
IMMORENT-ASTRA Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-BRAUGEBÄUDE-Leasinggesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-CHEMILEN Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
Immorent-Clio-Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-DOMUS Grundverwertungsgesellschaft m.b.H.	Vienna	92.5	100.0
Immorent-Gamma-Grundstücksverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
Immorent-Gebäudeleasinggesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-GREKO Grundverwertungsgesellschaft m.b.H.	Vienna	93.8	100.0
Immorent-Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-JULIA Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-KRABA Grundverwertungsgesellschaft m.b.H.	Vienna	90.0	90.0
Immorent-Lamda Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-LEANDER Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
Immorent-Lispa Grundverwertungsgesellschaft m.b.H.	Innsbruck	51.0	51.0
IMMORENT-MARCO Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-MOMO Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-MÖRE Grundverwertungsgesellschaft m.b.H.	Vienna	69.8	64.7
Immorent-Mytho Grundverwertungsgesellschaft m.b.H.	Innsbruck	50.0	50.0
IMMORENT-NERO Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-Objektvermietungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-OSIRIS Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-PAN Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-RAFI Grundverwertungsgesellschaft m.b.H.	Vienna	62.5	62.5
IMMORENT-Raiffeisen Fachhochschule Errichtungs- und BetriebsgmbH (ehem. ERIS-Immorent Errichtungs GmbH)	Vienna	55.0	55.0
IMMORENT-RAMON Grundverwertungsgesellschaft m.b.H.	Vienna	62.5	62.5
IMMORENT-RASTA Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-REMUS Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-RIALTO Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0

Company name, registered office	Interest of Erste Group in %	
	Dec 14	Dec 15
IMMORENT-RIO Grundverwertungsgesellschaft m.b.H.	Vienna	55.0
IMMORENT-RIWA Grundverwertungsgesellschaft m.b.H.	Vienna	100.0
IMMORENT-RONDO Grundverwertungsgesellschaft m.b.H.	Vienna	100.0
IMMORENT-RUBIN Grundverwertungsgesellschaft m.b.H.	Vienna	100.0
IMMORENT-SALVA Grundverwertungsgesellschaft m.b.H.	Vienna	100.0
IMMORENT-SARI Grundverwertungsgesellschaft m.b.H.	Vienna	100.0
Immorent-Sigre Grundverwertungsgesellschaft m.b.H.	Vienna	100.0
Immorent-Smaragd Grundverwertungsgesellschaft m.b.H.	Schwaz	0.0
IMMORENT-SOBEK Grundverwertungsgesellschaft m.b.H.	Vienna	93.8
Immorent-Steiko Grundverwertungsgesellschaft m.b.H.	Vienna	100.0
Immorent-Theta-Grundverwertungsgesellschaft m.b.H.	Vienna	100.0
IMMORENT-TOPAS Grundverwertungsgesellschaft m.b.H.	Vienna	62.5
IMMORENT-TRIAS Grundverwertungsgesellschaft m.b.H.	Vienna	62.5
IMMORENT-UTO Grundverwertungsgesellschaft m.b.H.	Vienna	100.0
Immorent-WBV Grundverwertungsgesellschaft m.b.H.	Innsbruck	50.0
IMMORENT-WEBA Grundverwertungsgesellschaft m.b.H.	Vienna	75.0
IMNA-Immorent Immobilienleasing GmbH	Vienna	100.0
Imobilias Kik s.r.o.	Prague	100.0
IMV 2004 Ingatlankezelő Koriátolt Felelősségű Társaság	Budapest	100.0
Intermarket Bank AG	Vienna	84.9
IR Beteiligungsverwaltungsgesellschaft mbH	Vienna	100.0
IR Domestic Project Development Holding GmbH	Vienna	100.0
IR-PRIAMOS Grundverwertungsgesellschaft m.b.H.	Vienna	100.0
IR-Sparkasse Wels Leasinggesellschaft m.b.H. in Liqu.	Vienna	56.6
ISATIS-Immorent Grundverwertungsgesellschaft m.b.H.	Vienna	100.0
Jersey Holding (Malta) Limited	Pieta	100.0
Jura GrundverwertungsgmbH	Graz	25.0
Kärntner Sparkasse Vermögensverwaltungsgesellschaft m.b.H.	Klagenfurt	25.0
KS-Beteiligungs- und Vermögens-Verwaltungsgesellschaft m.b.H.	Klagenfurt	25.0
LAMBDA IMMORENT s.r.o.	Prague	100.0
Lassallestraße 7b Immobilienverwaltung GmbH	Vienna	100.0
Liba Grundstücksverwaltungs-Gesellschaft m.b.H.	Vienna	100.0
Lighthouse 449 Limited	Pieta	100.0
LogCap CR s.r.o.	Prague	51.0
LogCap Immorent Uno s.r.o.	Bratislava	51.0
LogCap-IR Grundverwertungsgesellschaft m.b.H.	Vienna	51.0
Mala Stepanska 17 s.r.o.	Prague	100.0
MEKLA Leasing Gesellschaft m.b.H.	Vienna	100.0
MOPET CZ a.s.	Prague	92.9
NAXOS-Immorent Immobilienleasing GmbH	Vienna	100.0
NÖ-Sparkassen Beteiligungsgesellschaft m.b.H.	Vienna	2.5
Ölim-Grundverwertungsgesellschaft m.b.H.	Graz	25.0
Omega Immorent s.r.o.	Prague	100.0
OREST-Immorent Leasing GmbH	Vienna	100.0
PAROS-Immorent Grundverwertungsgesellschaft m.b.H.	Vienna	100.0
Pischeldorfer Straße 221 Liegenschaftsverwertungs GmbH	Vienna	100.0
PONOS-Immorent Immobilienleasing GmbH (vormals Technologiepark Niklasdorf)	Graz	62.5
PREDUZECE ZA FINANSIJSKI LIZING S-LEASING DOO, BEOGRAD	Belgrade	66.6
RHEA-Immorent Holding GmbH	Vienna	100.0
s Autoleasing a.s.	Prague	99.0
s Autoleasing SK, s.r.o.	Bratislava	99.0
S IMMORENT KAPPA društvo s ogranicenom odgovornoscu za poslovanje nekretninama	Zagreb	100.0
S IMMORENT OMIKRON društvo s ogranicenom odgovornoscu za poslovanje nekretninama	Zagreb	100.0
S Slovensko, spol. s r.o.	Bratislava	100.0
SAI Erste Asset Management S.A.	Bucharest	100.0
SAL Liegenschaftsverwaltungsgesellschaft m.b.H.	Vienna	69.3
Salzburger Sparkasse Leasing Gesellschaft m.b.H.	Vienna	99.0
SCIENTIA Immorent GmbH	Vienna	100.0
SERPENS-Immorent Grundverwertungsgesellschaft m.b.H.	Vienna	100.0
S-Factoring, faktoring družba d.d.	Ljubljana	28.0
Sieben-Tiroler-Sparkassen Beteiligungsgesellschaft m.b.H.	Kufstein	0.0
S-IMMORENT nepremicnine d.o.o.	Ljubljana	50.0
S-Leasing d.o.o., Skopje	Skopje	25.0
S-Leasing Gesellschaft m.b.H.	Kirchdorf	69.9
S-Leasing Immobilienvermittlungsgesellschaft m.b.H.	Wiener Neustadt	33.3
SOLIS-CIVITAS-IMMORENT GmbH	Vienna	100.0
Sparkasse (Holdings) Malta Ltd.	Sliema	0.0
SPARKASSE IMMORENT Grundverwertungsgesellschaft m.b.H.	Vienna	99.0
Sparkasse Kufstein Immobilien GmbH	Kufstein	0.0
Sparkasse Leasing d.o.o., Sarajevo	Sarajevo	24.6
Sparkasse Leasing S.družba za financiranje d.o.o.	Ljubljana	28.0
Sparkasse Mühlviertel-West Holding GmbH	Rohrbach	40.0
Sparkassen IT Holding AG	Vienna	29.7
SPARKASSEN LEASING družba za financiranje d.o.o.	Ljubljana	50.0

Company name, registered office		Interest of Erste Group in %	
		Dec 14	Dec 15
Sparkassen Leasing Süd GmbH	Graz	51.3	51.3
Sparkassen Leasing Süd GmbH & Co KG	Graz	46.4	46.4
Sparkassenbeteiligungs und Service AG für Oberösterreich und Salzburg	Linz	69.3	69.3
SPK - Immobilien- und Vermögensverwaltungs GmbH	Graz	25.0	25.0
S-RENT DOO BEOGRAD	Belgrade	35.5	35.5
Strabag Oktatási PPP Ingatlanhasznosító és Szolgáltató Korlátolt Felelősségű Társaság	Budapest	70.0	70.0
Subholding Immorent GmbH	Vienna	100.0	100.0
SVJETILJKA društvo s ograničenom odgovornošću za trgovinu i promet nekretninama	Zagreb	100.0	100.0
TAURIS-Immorent Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
Tempo Projekt Ingatlanhasznosító Korlátolt Felelősségű Társaság	Budapest	100.0	100.0
Theta Immorent s.r.o.	Prague	100.0	100.0
Theuthras-Immorent Grundverwertungsgesellschaft m.b.H.	Graz	62.5	62.5
THOR-Immorent Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
TIPAL Immobilien GmbH in Liquidation	Bozen	92.5	92.5
VIA Immobilien Errichtungsgesellschaft m.b.H.	Vienna	100.0	100.0
Vorarlberger Sparkassen Beteiligungs GmbH	Dornbirn	0.0	0.0
WIESTA-Immorent Immobilienleasing GmbH	Vienna	100.0	100.0
XENIA-Immorent Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
Zeta Immorent s.r.o.	Prague	100.0	100.0
Other			
VIDAR Handels GmbH in Liqu.	Vienna	100.0	100.0
IMMORENT-STIKÖ Leasinggesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT Treuhand- und Vermögensverwaltungsgesellschaft m.b.H.	Vienna	100.0	100.0
S-Invest Beteiligungsgesellschaft m.b.H.	Vienna	70.0	70.0
IMMORENT-Sparkasse St. Pölten II Grundverwertungsgesellschaft m.b.H.	Vienna	51.0	51.0
IMMORENT-PIA Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
IMMORENT-HATHOR Grundverwertungsgesellschaft m.b.H.	Vienna	62.5	62.5
IGP Industrie und Gewerbepark Wörgl Gesellschaft m.b.H.	Innsbruck	56.2	0.0
LEDA-Immorent Grundverwertungsgesellschaft m.b.H.	Vienna	69.9	64.9
FUKO-Immorent Grundverwertungsgesellschaft m.b.H.	Vienna	100.0	100.0
Immorent-Mobilienvermietungs-Gesellschaft m.b.H., Liegenschaftsverwaltung Penzing & Co KG	Vienna	100.0	100.0
Innovationspark Graz-Puchstraße GmbH	Graz	51.0	51.0
IBF-Anlagenleasing 95 Gesellschaft m.b.H.	Vienna	100.0	100.0
'SGL' Grundstücksverwaltungs- und Leasing Gesellschaft m.b.H.	Vienna	100.0	100.0
HT Immobilien Tau GmbH	Vienna	100.0	100.0
SK Immobilien Epsilon GmbH	Vienna	100.0	100.0
HBM Immobilien Kamp GmbH	Vienna	100.0	100.0
HV Immobilien Hohenems GmbH	Vienna	100.0	100.0
HP Immobilien Psi GmbH	Vienna	100.0	100.0
HT Immobilien Theta GmbH	Vienna	100.0	100.0
AMICUS Immorent Kommunalleasing GmbH	Graz	63.3	63.3
Dienstleistungszentrum Leoben GmbH	Graz	51.0	51.0
ERSTE CAMPUS Immobilien GmbH & Co KG	Vienna	100.0	100.0
LEGU-Immorent Leasing GmbH	Vienna	75.0	75.0
Wirtschaftspark Siebenhirten Entwicklungs- und Errichtungs GmbH	Vienna	60.0	60.0
LBG 61 LiegenschaftsverwaltungsgmbH	Vienna	100.0	100.0
QBC Management und Beteiligungen GmbH & Co KG	Vienna	68.8	65.0
HBf Eins Holding GmbH	Vienna	100.0	100.0
HEKET Immobilien GmbH	Vienna	100.0	100.0
Wallgasse 15+17 Projektentwicklungs GmbH	Vienna	100.0	100.0
QBC Management und Beteiligungen GmbH	Vienna	68.8	65.0
DIE ERSTE Vermietungs GmbH	Vienna	100.0	100.0
SPARDAT - Bürohauserrichtungs- und Vermietungsgesellschaft m.b.H.	Vienna	100.0	100.0
Hauptbahnhof Zwei Holding GmbH	Vienna	100.0	100.0
HBf Fünf Epsilon Projektentwicklungs GmbH	Vienna	100.0	100.0
HBf Sechs Gamma Projektentwicklungs GmbH	Vienna	100.0	100.0
MCS 14 Projektentwicklung GmbH & Co KG	Vienna	100.0	100.0
SILO II LBG 57 -59 Liegenschaftsverwertung GmbH & Co KG	Vienna	100.0	100.0
SILO DREI next LBG 57 Liegenschaftsverwertung GmbH & Co KG	Vienna	0.0	100.0
IR CEE Project Development Holding GmbH	Vienna	100.0	100.0
Erste Asset Management GmbH	Vienna	100.0	100.0
ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.	Vienna	86.5	86.5
Sparkasse Oberösterreich Kapitalanlagegesellschaft m.b.H.	Linz	38.1	29.6
Tirolinvest Kapitalanlagegesellschaft m.b.H.	Innsbruck	77.9	77.9
brokerjet Ceske sporitelny, a.s.	Prague	99.0	99.0
Capexit Beteiligungs Invest GmbH	Vienna	100.0	100.0
ERSTE Immobilien Kapitalanlagegesellschaft m.b.H.	Vienna	74.2	74.2
Erste Securities Polska S.A.	Warsaw	100.0	100.0
Erste Befektetési Zrt.	Budapest	100.0	100.0

Company name, registered office		Interest of Erste Group in %	
		Dec 14	Dec 15
Erste Private Equity Limited	London	100.0	100.0
Procurement Services RO srl	Bucharest	99.9	99.9
Erste Finance (Jersey) Limited IV	St. Helier	100.0	100.0
Erste Finance (Jersey) (6) Limited	St. Helier	100.0	100.0
Erste Capital Finance (Jersey) PCC	St. Helier	100.0	100.0
ERSTE GROUP IMMORENT LJUBLJANA, finančne storitve, d.o.o.	Ljubljana	100.0	100.0
IMMORENT Alpha Ingatlanbérbeadó és Üzemeltető Karlított Felelősségű Társaság	Budapest	100.0	100.0
Mayer Property Gama doo (vormals IMMORENT GAMA, leasing družba, d.o.o.)	Ljubljana	50.0	50.0
S IMMORENT ZETA društvo s ograničenom odgovornošću za poslovanje nekretninama	Zagreb	84.9	84.9
Immorent razvoj projektov d.o.o.	Ljubljana	100.0	100.0
Immorent Severna vrata d.o.o.	Ljubljana	100.0	100.0
Proxima IMMORENT s.r.o.	Prague	100.0	100.0
Realia Consult Magyarország Beruházás Szervezési KFT	Budapest	100.0	100.0
IMMORENT Plzen s.r.o.	Prague	100.0	100.0
IMMOKOR BUZIN društvo s ograničenom odgovornošću za poslovanje nekretninama	Zagreb	84.9	84.9
IMMORENT Orion s.r.o.	Prague	100.0	100.0
IMMORENT Vega s.r.o.	Prague	100.0	100.0
S IMMORENT LAMBDA društvo s ograničenom odgovornošću za poslovanje nekretninama	Zagreb	70.0	100.0
ERSTE GROUP IMMORENT SERBIA DOO BEOGRAD	Beograd	100.0	100.0
ERSTE GROUP IMMORENT HRVATSKA društvo s ograničenom odgovornošću za upravljanje	Zagreb	100.0	100.0
IMMORENT STROY EOOD	Sofia	100.0	100.0
Erste Leasing Berlet Szolgáltató Korlátolt Felelősségű Társaság 'végrehajtás alatt' (vm. Erste Leasing Szolgáltató Kft.)	Budapest	100.0	100.0
IMMORENT Österreich GmbH	Vienna	100.0	100.0
s Wohnbauträger GmbH	Vienna	90.8	90.8
Ceska sporitelna - penzijní společnost, a.s.	Prague	99.0	99.0
Erste Reinsurance S.A.	Bertrange	100.0	100.0
s REAL Immobilienvermittlung GmbH	Vienna	96.1	96.1
CPDP 2003 s.r.o.	Prague	99.0	99.0
Gallery MYSK a.s.	Prague	99.0	99.0
'Sparkassen-Haftungs Aktiengesellschaft'	Vienna	43.2	43.2
EGB Ceps AUT Holding GmbH (vm. Erste Corporate Finance GmbH)	Vienna	100.0	100.0
Real-Service für steirische Sparkassen, Realitätenvermittlungsgesellschaft m.b.H.	Graz	59.8	59.8
Sparkassen-Real-Service für Kärnten und Osttirol Realitätenvermittlungs-Gesellschaft m.b.H.	Klagenfurt	55.6	55.6
Real-Service für oberösterreichische Sparkassen Realitätenvermittlungsgesellschaft m.b.H.	Linz	62.6	62.6
Sparkassen-Real-Service -Tirol Realitätenvermittlungs-Gesellschaft m.b.H.	Innsbruck	66.8	66.8
BGA Czech, s.r.o.	Prague	19.8	19.8
LANED a.s.	Bratislava	100.0	100.0
Beta-Immobilienvermietung GmbH	Vienna	100.0	100.0
DIE ERSTE Immobilienvermittlungsgesellschaft m.b.H.	Vienna	100.0	100.0
s IT Solutions AT Spardat GmbH	Vienna	82.2	82.2
Erste Group Services GmbH (vorm.EB-Beteiligungsservice GmbH)	Vienna	100.0	100.0
Erste Ingatlan Fejlesztő, Hasznosító és Mernoki Kft. (vm. PB Risk Befektetési és Szolgáltató Kft.)	Budapest	100.0	100.0
s ServiceCenter GmbH (vm. CSSC)	Vienna	58.4	57.3
s Wohnfinanzierung Beratungs GmbH	Vienna	75.4	75.4
OM Objektmanagement GmbH	Vienna	100.0	100.0
s IT Solutions SK, spol. s r.o. v likvidácii	Bratislava	99.8	99.8
Erste Group Card Processor d.o.o. (vm.MBU)	Zagreb	100.0	100.0
ÖCI-Unternehmensbeteiligungsgesellschaft m.b.H.	Vienna	99.6	99.6
Procurement Services GmbH	Vienna	99.9	99.9
sDG Dienstleistungsgesellschaft mbH	Linz	57.8	57.8
EB-Restaurantsbetriebe Ges.m.b.H.	Vienna	100.0	100.0
S-Tourismusfonds Management Aktiengesellschaft	Vienna	100.0	100.0
Erste Finance (Delaware) LLC	Wilmington	100.0	100.0
ERSTE NEKRETNINE d.o.o. za poslovanje nekretninama	Zagreb	69.3	69.3
REICO investični společnost Ceske sporitelny, a.s.	Prague	99.0	99.0
Bucharest Financial Plaza SRL	Bucharest	93.6	93.6
CPDP Prievozska a.s.	Bratislava	99.0	99.0
BECON s.r.o.	Prague	19.8	19.8
Realitna spoločnosť Slovenskej sporitelne, a.s.	Bratislava	100.0	100.0
EGB Capital Invest GmbH	Vienna	100.0	100.0
EBB Beteiligungen GmbH	Vienna	100.0	100.0
Procurement Services CZ s.r.o.	Prague	99.5	99.5
Procurement Services SK, s.r.o.	Bratislava	99.9	99.9
Procurement Services HU Kft.	Budapest	99.9	99.9
Procurement Services HR d.o.o.	Zagreb	99.9	99.9
Erste Group IT SK, spol. s r.o.	Bratislava	100.0	100.0
s IT Solutions CZ, s.r.o.	Prague	99.6	99.0
s IT Solutions HR društvo s ograničenom odgovornošću za usluge informacijskih tehnologija	Bjelovar	93.9	93.9
Erste Grantika Advisory, a.s.	Brno	99.0	99.0
Euro Dotacie, a.s.	Žilina	65.3	65.3
CPP Lux S. 'ar.l.	Luxembourg	19.8	19.8
CP Praha s.r.o.	Prague	19.8	19.8
Flottenmanagement GmbH	Vienna	51.0	51.0

Company name, registered office		Interest of Erste Group in %	
		Dec 14	Dec 15
Nove Butovice Development s.r.o.	Prague	19.8	19.8
CPDP Logistics Park Kladno I a.s.	Prague	99.0	99.0
CPDP Logistics Park Kladno II a.s.	Prague	99.0	99.0
BCR Real Estate Management SRL	Bucharest	93.6	93.6
Sparkasse Kufstein Immobilien GmbH & Co KG	Kufstein	0.0	0.0
RINGTUM Kapitalanlagegesellschaft m.b.H.	Vienna	95.0	95.0
sBAU Holding GmbH	Vienna	95.0	95.0
CIT ONE SRL	Bucharest	93.6	93.6
Sio Ingatlan Invest Kft.	Budapest	100.0	100.0
s ASG Sparkassen Abwicklungs- und Servicegesellschaft mbH	Graz	25.0	25.0
Erste Campus Mobilien GmbH & Co KG	Vienna	100.0	100.0
Erste GCIB Finance I B.V.	Amsterdam	100.0	100.0
CS DO DOMU, A.S.	Prague	99.0	99.0
SUPPORT COLECT SRL	Bucharest	93.6	93.6
BCR Fleet Management SRL	Bucharest	93.5	93.6
Erste Securities Istanbul Menkul Degerler AS	Istanbul	100.0	100.0
Erste Group Shared Services (EGSS), s.r.o.	Hodonin	99.6	99.6
BeeOne GmbH	Vienna	100.0	100.0
Sparkassen Real Vorarlberg Immobilienvermittlung GmbH	Dornbirn	48.1	48.1
Erste Group IT International, spol. s.r.o.	Bratislava	100.0	100.0
Steiermärkische Verwaltungssparkasse Immobilien & Co KG	Graz	25.0	25.0
Erste Energy Services, a.s.	Prague	99.0	99.0
Campus Park a.s.	Prague	99.0	99.0
ERSTE IN-FORG Korlátolt felelősségű társaság	Budapest	100.0	100.0
VERNOSTNI PROGRAM IBOD, a.s.	Prague	99.0	99.0
Project Development Vest s.r.l	Bucharest	100.0	100.0
STRAULESTI PROPERTY DEVELOPMENT SRL	Bucharest	50.0	100.0
Solaris Park Kft.	Budapest	100.0	100.0
Solaris City Kft.	Budapest	100.0	100.0
IMMORENT SIGMA društvo s ograničenom odgovornošću za poslovanje nekretninama	Zagreb	62.5	62.5
K1A Kft	Budapest	100.0	100.0
IMMORENT Jilska s.r.o.	Prague	100.0	100.0
Immorent Singidunum d.o.o.	Novi Beograd	100.0	100.0
Immorent Omega d.o.o.	Zagreb	100.0	100.0
Invalidovna centrum a.s.	Prague	100.0	100.0
Collat-real Korlátolt Felelősségű Társaság	Budapest	100.0	100.0
Haftungsverbund GmbH	Vienna	63.9	63.9
Toplice Sveti Martin d.d.	Saint Martin	57.5	87.8
Sluzby SLSP, s.r.o.	Bratislava	0.0	100.0
Schauersberg Immobilien Gesellschaft m.b.H.	Graz	25.0	25.0
LIEGESA Immobilienvermietung GmbH Nfg OG	Graz	25.0	25.0
BRS Büroreinigungsgesellschaft der Steiermärkischen Bank und Sparkassen Aktiengesellschaft Gesellschaft m.b.H.	Graz	25.0	25.0
SVD-Sparkassen-Versicherungsdienst Versicherungsbörse Nachfolge GmbH & Co. KG	Innsbruck	75.0	75.0
SK - Immobiliengesellschaft m.b.H.	Krems an der Donau	0.0	0.0
Sparfinanz-, Vermögens-, Verwaltungs- und Beratungs- Gesellschaft m.b.H.	Wiener Neustadt	0.0	0.0
S-Real, Realitätenvermittlungs- und -verwaltungs Gesellschaft m.b.H.	Wiener Neustadt	0.0	0.0
ZWETTLER LEASING Gesellschaft m.b.H.	Zwettl	0.0	0.0
Österreichische Sparkassenakademie GmbH	Vienna	100.0	44.8
IPS Fonds Gesellschaft bürgerlichen Rechts	Vienna	64.7	64.2
KS - Dienstleistungsgesellschaft m.b.H.	Klagenfurt	25.0	25.0
Immobilienverwertungsgesellschaft m.b.H.	Klagenfurt	25.0	25.0
Sparkasse S d.o.o.	Ljubljana	25.0	25.0
Funds			
Bee First Finance S.A. acting for and on behalf of its compartment Edelweiss 2013-1	Luxembourg	0.0	0.0
ESPA BOND DURATION SHIELD	Vienna	1.2	0.0
ESPA BOND EURO-RESERVA	Vienna	0.0	0.0
ESPA CORPORATE BASKET 2020	Vienna	0.0	0.0
IPS Fonds	Vienna	0.0	0.0
PRO INVEST PLUS	Vienna	0.0	0.0
S CASHRESERVE	Linz	0.0	0.0
s RegionenFonds	Linz	0.0	0.0
SPARKASSE 9	Vienna	0.0	0.0
SPARKASSEN 19	Vienna	0.0	0.0
SPARKASSEN 2	Vienna	0.0	0.0
SPARKASSEN 21	Vienna	0.0	0.0
SPARKASSEN 26	Vienna	0.0	0.0
SPARKASSEN 4	Vienna	0.0	0.0
SPARKASSEN 5	Vienna	0.0	0.0
SPARKASSEN 8	Vienna	0.0	0.0
SPARRENT	Vienna	0.0	0.0

Company name, registered office	Interest of Erste Group in %		
	Dec 14	Dec 15	
Equity method investments			
Credit institutions			
SPAR-FINANZ BANK AG	Salzburg	50.0	50.0
Prva stavebna sporitelna, a.s.	Bratislava	35.0	35.0
Financial institutions			
Adoria Grundstückvermietungs Gesellschaft m.b.H.	Vienna	24.5	24.5
Aventin Grundstücksverwaltungs Gesellschaft m.b.H.	Horn	24.5	24.5
CALDO Grundstücksverwertungsgesellschaft m.b.H.	Vienna	31.2	31.2
Epsilon - Grundverwertungsgesellschaft m.b.H.	Vienna	50.0	50.0
Esquilin Grundstücksverwaltungs Gesellschaft m.b.H.	Vienna	24.5	24.5
Fondul de Garantare a Creditului Rural IFN SA	Bucharest	31.2	31.2
FORIS Grundstückvermietungs Gesellschaft m.b.H.	Vienna	24.5	24.5
HOSPES-Grundstückverwaltungs Gesellschaft m.b.H.	St. Pölten	33.3	33.3
Immorent-Hypo-Rent Grundverwertungsgesellschaft m.b.H.	Innsbruck	50.0	50.0
LITUS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	24.5	24.5
MELIKERTES Raiffeisen-Mobilien-Leasing Gesellschaft m.b.H.	Vienna	20.0	20.0
N.Ö. Gemeindegebäudeleasing Gesellschaft m.b.H. i.Liqu.	Vienna	33.4	33.4
N.Ö. Kommunalgebäudeleasing Gesellschaft m.b.H.	Vienna	28.4	28.4
NÖ Bürgschaften und Beteiligungen GmbH	Vienna	24.1	24.1
NÖ-KL Kommunalgebäudeleasing Gesellschaft m.b.H.	Vienna	28.4	28.4
O.Ö. Kommunalgebäude-Leasing Gesellschaft m.b.H.	Linz	40.0	40.0
Quirinal Grundstücksverwaltungs Gesellschaft m.b.H.	Vienna	33.3	33.3
Rembra Leasing Gesellschaft m.b.H.	Vienna	50.0	50.0
Steirische Gemeindegebäude Leasing Gesellschaft m.b.H.	Graz	50.0	50.0
Steirische Kommunalgebäudeleasing Gesellschaft m.b.H.	Graz	50.0	50.0
Steirische Leasing für Gebietskörperschaften Gesellschaft m.b.H.	Graz	50.0	50.0
Steirische Leasing für öffentliche Bauten Gesellschaft m.b.H.	Graz	50.0	50.0
SUPRIA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H.	Vienna	50.0	50.0
SWO Kommunalgebäudeleasing Gesellschaft m.b.H.	Vienna	50.0	50.0
TKL V Grundverwertungsgesellschaft m.b.H.	Innsbruck	33.3	33.3
TKL VIII Grundverwertungsgesellschaft m.b.H.	Innsbruck	33.3	33.3
TRABITUS Grundstückvermietungs Gesellschaft m.b.H.	Vienna	25.0	25.0
VALET-Grundstückverwaltungs Gesellschaft m.b.H.	St. Pölten	24.5	24.5
VBV - Betriebliche Altersvorsorge AG	Vienna	26.9	26.9
Viminal Grundstücksverwaltungs Gesellschaft m.b.H.	Vienna	25.0	25.0
VKL II Grundverwertungsgesellschaft m.b.H.	Dornbirn	33.3	33.3
VKL III Gebäudeleasing-Gesellschaft m.b.H.	Dornbirn	33.3	33.3
VOLUNTAS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	35.0	35.0
Vorarlberger Kommunalgebäudeleasing Gesellschaft m.b.H.	Dornbirn	33.3	33.3
Other			
APHRODITE Bauträger Aktiengesellschaft	Vienna	45.4	45.4
Bio-Wärme Scheifling GmbH	Scheifling	49.0	49.0
CII Central Investments Imobiliare SRL	Bucharest	52.0	47.0
EBB-Gamma Holding GmbH	Vienna	49.0	49.0
ERSTE d.o.o.	Zagreb	45.2	45.2
Erste ÖSW Wohnbauträger GmbH	Vienna	45.7	45.7
Garage Eisenstadt Betriebsgesellschaft m.b.H.	Vienna	50.0	50.0
Gelup GesmbH	Vienna	31.7	31.7
Gemdat Niederösterreichische Gemeinde-Datenservice Gesellschaft m. b. H.	Korneuburg	0.8	0.8
Hochkönig Bergbahnen GmbH	Mühlbach	45.3	45.3
Immobilien West GmbH	Salzburg	49.3	49.3
KWC Campus Errichtungsgesellschaft m.b.H.	Klagenfurt	12.5	12.5
Let's Print Holding AG	NeudörfI an der Leitha	42.0	42.0
Slovak Banking Credit Bureau, s.r.o.	Bratislava	33.3	33.3
TRGOVINSKI CENTAR ZADAR - FAZA 2 d.o.o.	Zadar	50.0	50.0
WASHINGTON PROJEKT OOD	Sofia	55.4	50.0
Other investments			
Credit institutions			
EUROAXIS BANK AD Moskva	Moscow	0.0	1.6
Gorenjska Banka d.d.	Kranj	2.3	2.3
JUBMES BANKA AD BEOGRAD	Belgrade	0.0	0.0
Oesterreichische Kontrollbank Aktiengesellschaft	Vienna	12.9	12.9
Open Joint Stock Company Commercial Bank 'Center Invest'	Rostov-on-Don	9.8	9.1
Südtiroler Sparkasse AG	Bozen	0.0	0.1
Swedbank AB	Stockholm	0.1	0.1
Waldviertler Volksbank Horn registrierte Genossenschaft mit beschränkter Haftung	Horn	0.0	0.0
Financial institutions			
'Wohnungseigentum', Tiroler gemeinnützige Wohnbaugesellschaft m.b.H.	Innsbruck	19.1	19.1
'Wohnungseigentümer' Gemeinnützige Wohnbaugesellschaft m.b.H.	Mödling	12.9	12.9
AB Banka, a.s. v likvidaci	Mlada Boleslav	4.4	4.4
ACP Financial Solutions GmbH	Vienna	0.0	75.0
ARWAG Holding-Aktiengesellschaft	Vienna	19.2	19.2
AS-WECO 4 Grundstückverwaltung Gesellschaft m.b.H.	Salzburg	30.0	30.0

Company name, registered office		Interest of Erste Group in %	
		Dec 14	Dec 15
Bank Austria Leasing - IMMORENT Immobilienleasing GmbH	Vienna	50.0	50.0
BRB Burgenländische Risikokapital Beteiligungen AG	Eisenstadt	6.4	6.4
C+R Projekt s.r.o.	Prague	100.0	100.0
CaixaBank Electronic Money E.D.E., S.L.	Barcelona	10.0	10.0
Casa de Compensare Bucuresti SA	Bucharest	0.3	0.3
CONATUS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	24.5	12.5
CULINA Grundstücksvermietungs Gesellschaft m.b.H.	St. Pölten	25.0	25.0
Diners Club BH d.o.o. Sarajevo	Sarajevo	69.3	69.3
Diners Club Bulgaria AD	Sofia	3.6	3.6
Diners Club Russia	Moscow	11.0	11.0
DINESIA a.s.	Prague	99.0	99.0
DRUŠTVO ZA KONSALTING I MENADŽMENT POSLOVE TRŽIŠTE NOVCA A.D. BEOGRAD (SAVSKI VENAC)	Beograd	0.8	0.8
EBV-Leasing Gesellschaft m.b.H.	Vienna	51.0	51.0
EFH-Beteiligungsgesellschaft m.b.H.	Vienna	50.0	50.0
European Directories Parent S.A.	Luxembourg	4.0	6.1
EWU Wohnbau Unternehmensbeteiligungs-Aktiengesellschaft	St. Pölten	12.8	12.8
FINANSIJSKI BERZANSKI POSREDNIK BEOGRADSKI ESKONTNI CENTAR AKCIONARSKO DRUŠTVO, BEOGRAD (STARI GRAD) - U STECAJU	Beograd	0.0	0.0
Fondul Roman de Garantare a Creditorilor pentru Intreprinzatorii privati SA	Bucharest	8.9	8.9
Garantiqa Hitelgarancia Zrt.	Budapest	2.2	2.2
GEBAU-NIOBAU Gemeinnützige Baugesellschaft m.b.H.	Maria Enzersdorf	12.2	12.2
Gemeinnützige Bau- und Siedlungsgenossenschaft 'Waldviertel' registrierte Genossenschaft mit beschränkter Haftung	Raabs an der Thaya	0.0	0.0
Gemeinnützige Wohnungsgesellschaft 'Austria' Aktiengesellschaft	Mödling	12.7	12.7
GLL 1551 TA Limited	Pieta	0.0	100.0
GWG - Gemeinnützige Wohnungsgesellschaft der Stadt Linz GmbH	Linz	5.0	5.0
GWS Gemeinnützige Alpenländische Gesellschaft für Wohnungsbau und Siedlungswesen m.b.H.	Graz	7.5	7.5
Holding Card Service, s.r.o.	Praha	0.0	99.0
I+R Projekt Fejlesztési Korlátolt Felelősségű Társaság	Budapest	100.0	100.0
Immorent-VBV Grundverwertungsgesellschaft m.b.H.	Vienna	0.0	0.0
K+R Projekt s.r.o.	Prague	100.0	100.0
KERES-Immorent Immobilienleasing GmbH	Vienna	25.0	25.0
Kisvállalkozás-fejlesztő Penzügyi Zrt.	Budapest	1.1	1.1
LBH Liegenschafts- und Beteiligungsholding GmbH	Innsbruck	75.0	75.0
MIGRA Gemeinnützige Wohnungsges.m.b.H.	Vienna	19.8	19.8
MONTENEGRO BERZA AD Podgorica	Podgorica	0.1	0.1
NATA Immobilien-Leasing Gesellschaft m.b.H.	Vienna	10.0	10.0
Neue Eisenstädter gemeinnützige Bau-, Wohn- und Siedlungsgesellschaft m.b.H.	Eisenstadt	50.0	50.0
O.Ö. Kommunal-Immobilienleasing GmbH	Linz	40.0	40.0
O.Ö. Leasing für Gebietskörperschaften Ges.m.b.H.	Linz	33.3	33.3
O.Ö. Leasing für öffentliche Bauten Gesellschaft m.b.H.	Linz	33.3	33.3
Oberösterreichische Kreditgarantiesgesellschaft m.b.H.	Linz	4.5	4.5
Oberösterreichische Unternehmensbeteiligungsgesellschaft m.b.H.	Linz	4.5	4.5
Objekt-Lease Grundstücksverwaltungs-Gesellschaft m.b.H.	Vienna	50.0	50.0
Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H.	Vienna	18.8	18.8
Österreichisches Volkswohnungswerk, Gemeinnützige Gesellschaft mit beschränkter Haftung	Vienna	100.0	100.0
ÖSW Wohnbauvereinigung Gemeinnützige Gesellschaft m.b.H.	Salzburg	15.4	15.4
ÖWB Gemeinnützige Wohnungsaktiengesellschaft	Salzburg	25.1	25.1
ÖWGES Gemeinnützige Wohnbaugesellschaft m.b.H.	Graz	2.5	2.5
REWE Magyarország Ingatlankezelő és -forgalmazó Korlátolt Felelősségű Társaság	Budapest	100.0	100.0
S IMMOKO Holding GesmbH	Korneuburg	0.0	0.0
S IMMOKO Leasing GesmbH	Korneuburg	0.0	0.0
S Servis, s.r.o.	Znojmo	99.0	99.0
Salzburger Kreditgarantiesgesellschaft m.b.H. (vm. Bürgschaftsbank Salzburg GmbH)	Salzburg	18.0	18.0
Sapor Beteiligungsverwaltungs GmbH	Vienna	100.0	100.0
Seilbahnleasing GmbH	Innsbruck	33.3	33.3
Societatea de Transfer de Fonduri si Decontari TransFonD SA	Bucharest	3.0	3.0
STUWO Gemeinnützige Studentenwohnbau Aktiengesellschaft	Vienna	50.3	50.3
T+R Projekt Fejlesztési Korlátolt Felelősségű Társaság	Budapest	100.0	100.0
Tiroler Kommunalgebäudeleasing Gesellschaft m.b.H.	Innsbruck	33.3	33.3
Tiroler Landesprojekte Grundverwertungs GmbH	Innsbruck	33.3	33.3
TKL II. Grundverwertungsgesellschaft m.b.H.	Innsbruck	33.3	33.3
TKL VI Grundverwertungsgesellschaft m.b.H.	Innsbruck	28.2	28.2
TKL VII Grundverwertungsgesellschaft m.b.H.	Innsbruck	28.4	28.4
Trziste novca d.d.	Zagreb	8.6	8.6
UBG-Unternehmensbeteiligungsgesellschaft m.b.H.	Vienna	100.0	100.0
UNDA Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	25.0	25.0
VBV - Vorsorgekasse AG	Vienna	24.5	24.5
VKL IV Leasinggesellschaft mbH	Dornbirn	23.3	23.3
VKL V Immobilien Leasinggesellschaft m.b.H.	Dornbirn	23.3	23.3
WKBG Wiener Kreditbürgschafts- und Beteiligungsbank AG (vorm.Kapital-Beteiligungs Aktiengesellschaft)	Vienna	15.1	14.7
WNI Wiener Neustädter Immobilienleasing Ges.m.b.H.	Wiener Neustadt	0.0	0.0
Z Leasing METIS Immobilien Leasing Gesellschaft m.b.H.	Vienna	50.0	50.0

Company name, registered office	Interest of Erste Group in %		
	Dec 14	Dec 15	
Other investments			
Other			
'Die Kärntner - Förderungs- und Beteiligungsgesellschaft für die Stadt Friesach Gesellschaft m.b.H.	Friesach	25.0	25.0
'Die Kärntner' - Förderungsgesellschaft für das Gurktal Gesellschaft m.b.H.	Gurk	25.0	25.0
'Die Kärntner'-BTWF-Beteiligungs- und Wirtschaftsförderungsgesellschaft für die Stadt St. Veit/Glan Gesellschaft mbH	St. Veit	25.0	25.0
'Die Kärntner'-Förderungs- und Beteiligungsgesellschaft für den Bezirk Wolfsberg Gesellschaft m.b.H.	Wolfsberg	25.0	25.0
'Gasthof Löwen' Liegenschaftsverwaltung GmbH & Co., KG	Feldkirch	0.0	0.0
'Photovoltaik-Gemeinschaftsanlage' der Marktgemeinde Wolfurt	Wolfurt	0.0	0.0
'SIMM' Liegenschaftsverwertungsgesellschaft m.b.H.	Graz	25.0	25.0
'S-PREMIUM' Društvo sa ograničenom odgovornošću za posredovanje i zastupanje u osiguranju d.o.o. Sarajevo	Novo Sarajevo	24.5	24.5
'TBG' Thermenzentrum Geinberg Betriebsgesellschaft m.b.H.	Geinberg	1.1	1.1
'THG' Thermenzentrum Geinberg Errichtungs-GmbH	Linz	1.1	1.1
Achenseebahn-Aktiengesellschaft	Jenbach	0.0	0.0
AD SPORTSKO POSLOVNI CENTAR MILLENNIUM VRŠAC	Vršac	0.2	0.2
Agrargemeinschaft Kirchschlag	Kirchschlag	0.0	0.0
AKCIONARSKO DRUŠTVO DUNAV ZA PROIZVODNJU TEKSTILNIH I AMBALAŽNIH PROIZVODA CELAREVO - U STECAJU	Celarevo	4.7	4.7
AKCIONARSKO DRUŠTVO PETAR DRAPŠIN NOVI SAD - U RESTRUKTURIRANJU	Novi Sad	1.1	1.1
AKCIONARSKO DRUŠTVO ZA PROIZVODNJU DELOVA ZA MOTORE GARANT, FUTOG	Futog	6.2	6.2
AKCIONARSKO DRUŠTVO ZA PROIZVODNJU KABLOVA I PROVODNIKA NOVOSADSKA FABRIKA KABELA NOVI SAD	Novi Sad	1.1	1.1
Alpbacher Bergbahn Gesellschaft m.b.H.	Alpbach	0.0	0.0
Alpendorf Bergbahnen AG	St. Johann	0.0	0.0
AREALIS Liegenschaftsmanagement GmbH	Vienna	50.0	50.0
Argentum Immobilienverwertungs Ges.m.b.H.	Linz	29.8	29.8
ÄRZTEHAUS GMUNDEN IMMOBILIEN GmbH	Bad Wimsbach-Neydharting	0.0	0.0
AS LEASING Gesellschaft m.b.H.	Linz	29.8	29.8
ASTRA BANKA AKCIONARSKO DRUŠTVO BEOGRAD - U STECAJU	Beograd	0.0	0.0
AS-WECO Grundstückverwaltung Gesellschaft m.b.H.	Linz	29.8	29.8
Austrian Reporting Services GmbH	Vienna	16.8	14.3
AU-VISION Entwicklungs-GmbH	Leoben	24.9	24.9
AWEKA-Beteiligungsgesellschaft m.b.H.	Vienna	25.0	25.0
Bad Leonfelden Hotelbetriebs Gesellschaft mbH	Bad Leonfelden	63.4	63.4
Bad Tatzmannsdorf - Thermal- und Freizeitzentrum Gesellschaft mit beschränkter Haftung & Co KG	Bad Tatzmannsdorf	0.9	0.9
Bäder - Betriebs - Gesellschaft m.b.H. der Stadt Schladming & Co Kommanditgesellschaft	Schladming	0.0	0.0
Balance Resort GmbH (vm. Wellness Hotel Stegersbach)	Stegersbach	100.0	100.0
Bäuerliches Blockheizkraftwerk reg. Gen.m.b.H.	Kautzen	0.0	0.0
BCR Asigurari de Viata Vienna Insurance Group SA	Bucharest	5.1	5.1
Beogradska Berza, Akcionarsko Društvo Beograd	Belgrade	12.6	12.6
Berg- und Schilift Schwaz-Pill Gesellschaft m.b.H.	Schwaz	0.0	0.0
Bergbahn Aktiengesellschaft Kitzbühel	Kitzbühel	0.0	0.0
Bergbahn Lofer Ges.m.b.H.	Lofer	7.8	7.8
Bergbahn- und Skiliftgesellschaft St. Jakob i.D. GmbH in Liqu.	St. Jakob	0.0	0.0
Bergbahnen Oetz Gesellschaft m.b.H.	Oetz	0.0	0.0
Bergbahnen Westendorf Gesellschaft m.b.H.	Westendorf	0.0	0.0
Betriebliche Altersvorsorge - Software Engineering GmbH	Vienna	24.2	24.2
BGM - IMMORANT Aktiengesellschaft & Co KG	Vienna	2.4	0.0
Biogenrohstoffgenossenschaft Kamptal und Umgebung registrierte Genossenschaft mit beschränkter Haftung	Gars am Kamp	0.0	0.0
Biomasse Heizwerk Zürs GmbH	Zürs	0.0	0.0
Biroul de credit SA	Bucharest	17.8	18.2
Biroul de Credit SRL	Chişinău	6.3	6.3
BL Hotel Beteiligungs GmbH	Rohrbach	69.4	69.4
Brauerei Murau eGen	Murau	0.6	0.6
Bregenz Tourismus & Stadtmarketing GmbH	Bregenz	0.0	0.0
BSV Mountain Immobilieninvest GmbH	Klosterneuburg	0.0	0.0
Burza cennych papierov v Bratislave, a.s.	Bratislava	3.9	3.9
C.I.M. Beteiligungen 1998 GmbH	Vienna	41.1	41.1
C.I.M. Verwaltung und Beteiligungen 1999 GmbH	Vienna	26.7	26.7
Camelot Informatik und Consulting Gesellschaft m.b.H.	Villach	4.1	4.1
Camping- und Freizeitanlagen Betriebsgesellschaft m.b.H.	St. Pölten	0.0	0.0
CAMPUS 02 Fachhochschule der Wirtschaft GmbH	Graz	3.8	3.8
Cargo-Center-Graz Betriebsgesellschaft m.b.H.	Werndorf	1.6	1.6
Cargo-Center-Graz Betriebsgesellschaft m.b.H. & Co KG	Werndorf	1.6	1.6
Casa Romana de Compensatie Sibiu	Sibiu	0.4	0.4
CBCB-Czech Banking Credit Bureau, a.s.	Prague	19.8	19.8
CEESEG Aktiengesellschaft	Vienna	12.6	12.6
CITY REAL Immobilienbeteiligungs- und Verwaltungsgesellschaft mbH	Graz	25.0	25.0
CITY REAL Immobilienbeteiligungs- und Verwaltungsgesellschaft mbH & Co KG	Graz	25.8	25.8
Dachstein Tourismus AG	Gosau	0.0	0.0
DC TRAVEL d.o.o. putnicka agancija	Zagreb	69.3	69.3

Company name, registered office		Interest of Erste Group in %	
		Dec 14	Dec 15
Die Kärntner Sparkasse - Förderungsgesellschaft für den Bezirk Hermagor Gesellschaft m.b.H.	Hermagor	25.0	25.0
Dolomitencenter Verwaltungs GmbH	Lienz	50.0	50.0
Dolomitengolf Osttirol GmbH	Lavant	0.0	0.0
DONAU Versicherung AG Vienna Insurance Group	Vienna	0.8	0.8
Dornbirner Seilbahn GmbH	Dornbirn	0.0	0.0
Dubrovacki Vrtovi Sunca d.o.o.	Orasac	0.0	100.0
EBB-Delta Holding GmbH	Vienna	100.0	100.0
EBB-Zeta Holding GmbH	Vienna	100.0	100.0
EBSPK-Handelsgesellschaft m.b.H.	Vienna	29.7	29.7
EC Energie Center Lipizzanerheimat GmbH	Bämbach	0.1	0.1
Egg Investment GmbH	Egg	0.0	0.0
E-H Liegenschaftsverwaltungs-GmbH	Etsdorf am Kamp	0.0	0.0
Einlagensicherung der Banken und Bankiers GmbH	Vienna	0.3	0.3
ELAG Immobilien AG	Linz	1.6	1.4
Energie AG Oberösterreich	Linz	0.2	0.2
Erste alpenländische Volksbrauerei Schladming registrierte Genossenschaft mit beschränkter Haftung	Schladming	0.1	0.1
Erste Asset Management Deutschland Ges.m.b.H.	Zorneding	100.0	100.0
Erste Campus Mobilien GmbH	Vienna	100.0	100.0
Erste Corporate Finance, a.s.	Prague	99.0	99.0
Erste Group Beteiligungen GmbH	Vienna	100.0	100.0
Erste Group IT International GmbH	Vienna	100.0	100.0
ERSTE Immobilien Aspernbrückengasse 2 GmbH & Co KG	Vienna	0.1	0.1
ERSTE Jelzálogbank Zártkörűen Működő Részvénytársaság	Budapest	0.0	100.0
ERSTE OSIGURANJE VIENNA INSURANCE GROUP D.D.	Zagreb	3.5	3.5
ERSTE Vienna Insurance Group Biztosito Zrt.	Budapest	5.0	5.0
ESB Holding GmbH	Vienna	69.3	69.3
F&S Finance and Service Leasing GmbH	Fellbach-Schmidten	90.0	90.0
FINAG D.D. INDUSTRIJA GRADJEVNOG MATERIJALA	Garesnica	18.2	18.2
Finanzpartner GmbH	Vienna	50.0	50.0
FINTEC-Finanzierungsberatungs- und Handelsgesellschaft m.b.H.	Vienna	25.0	25.0
FMTG Development GmbH	Vienna	0.0	0.0
FOTEC Forschungs- und Technologietransfer GmbH	Wiener Neustadt	0.0	0.0
Freizeitpark Zell GmbH	Zell am Ziller	0.0	0.0
Freizeitzentrum Zillertal GmbH	Fügen	0.0	0.0
Fügen-Bergbahn Ges.m.b.H. & Co.KG	Fügen, Tirol	0.0	0.0
Fund of Excellence Förderungs GmbH	Vienna	100.0	49.0
FWG-Fernwärmeversorgung Engelbrechts registrierte Genossenschaft mit beschränkter Haftung	Kautzen	0.0	0.0
FWG-Fernwärmeversorgung Raabs a.d. Thaya registrierte Genossenschaft mit beschränkter Haftung	Raabs an der Thaya	0.0	0.0
Galsterbergalm Bahnen Gesellschaft m.b.H. & Co KG	Pruggern	0.4	0.4
Gastberger Hotelbetriebe GmbH & Co KG	St. Wolfgang	0.0	0.0
Gasteiner Bergbahnen Aktiengesellschaft	Bad Hofgastein	13.2	13.2
GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination G.m.b.H.	Vienna	0.9	0.9
GEMDAT Oberösterreichische Gemeinde-Datenservice Gesellschaft m.b.H.	Linz	8.5	8.5
GEMDAT Oberösterreichische Gemeinde-Datenservice Gesellschaft m.b.H. & Co.KG	Linz	9.5	9.5
Gerlitz - Kanzelbahn - Touristik Gesellschaft m.b.H.&Co KG	Sattendorf	0.0	0.0
Gewerbe- und Dienstleistungspark der Gemeinden Bad Radkersburg und Radkersburg Umgebung Kommanditgesellschaft	Bad Radkersburg	12.5	12.5
Golf Ressort Kremstal GmbH	Kematen an der Krems	0.0	0.0
Golf Ressort Kremstal GmbH & Co. KG.	Kematen an der Krems	0.0	0.0
Golfclub Bludenz-Braz GmbH	Bludenz - Braz	0.0	0.0
Golfclub Brand GmbH	Brand bei Bludenz	0.0	0.0
Golfclub Pfarrkirchen im Mühlviertel GesmbH	Pfarrkirchen	0.2	0.2
GOLF-CLUB Schärding/Pramtal GMBH & CO KG	Taufkirchen a. d. Pram	0.1	0.1
Golfplatz Hohe Salve - Brixental Errichtergesellschaft m.b.H. & Co KG	Westendorf	0.0	0.0
Golfresort Haugschlag GmbH & Co KG	Haugschlag	0.0	0.0
Großarl Bergbahnen Gesellschaft mit beschränkter Haftung & Co. KG.	Großarl, Salzburg	0.5	0.5
GW St. Pölten Integrative Betriebe GmbH	St.Pölten-Hart	0.0	0.0
GXT Vermögensverwaltung GmbH & Co KG	Vienna	0.0	0.0
GZ-Finanz Leasing Gesellschaft m.b.H.	Vienna	100.0	100.0
HAPIMAG Verwaltungs- und Vertriebsgesellschaft Havag AG	Baar	0.0	0.0
Harkin Limited	Dublin	100.0	100.0
Harrys Hotel Home Wien Millenium GmbH	Innsbruck	0.0	0.0
Hauser Kaibling Seilbahn- und Liftgesellschaft m.b.H. & Co. KG.	Haus im Ennstal	0.4	0.4
HDL Fiecht GmbH	Vomp	0.0	0.0
Health and Fitness International Holdings N.V.	Willemstad	3.5	3.5
Heiltherme Bad Waltersdorf GmbH	Bad Waltersdorf	4.5	4.5
Heiltherme Bad Waltersdorf GmbH & Co KG	Bad Waltersdorf	4.1	4.1
Hinterstoder-Wurzeralm Bergbahnen Aktiengesellschaft	Hinterstoder	0.3	0.3
HOLDING RUDARSKO METALURŠKO HEMIJSKI KOMBINAT TREPCA AD ZVECAN - U RESTRUKTURIRANJU	Zvecan	0.0	0.0
Hollawind - Windkraftanlagenerrichtungs- und Betreibergesellschaft mit beschränkter Haftung	Göllersdorf	25.0	25.0

Company name, registered office		Interest of Erste Group in %	
		Dec 14	Dec 15
Hotel Chesa Monte GmbH	Fiss	0.0	0.0
Hotel Corvinus Gesellschaft m.b.H. & Co KG	Vienna	100.0	100.0
Hrvatski olimpijski centar Bjelolosa d.o.o. (Kroatisches Olympiazentrum)	Jesenak	1.2	1.2
Hrvatski registar obveza po kreditima d.o.o. (HROK)	Zagreb	7.3	7.3
HV-Veranstaltungsservice GmbH	St. Lorenzen	100.0	100.0
ILGES - Liegenschaftsverwaltung G.m.b.H.	Rohrbach	40.0	40.0
IMMO Primum GmbH	St. Pölten	0.0	0.0
Immorent Beteiligungs- und Mobilienleasing GmbH	Vienna	100.0	100.0
IMMORENT S-Immobilienmanagement GesmbH	Vienna	100.0	100.0
Immorent-Hackinger Grundverwertungsgesellschaft m.b.H.	Vienna	10.0	10.0
IMS Nanofabrication AG	Vienna	0.0	0.0
Informativni centar Bjelovar d.o.o.	Bjelovar	1.4	1.4
International Factors Group Srl	Kraainem	0.6	0.6
Investicniweb s.r.o.	Prague	99.0	99.0
IZBOR NEKRETNINA D.O.O. ZA USLUGE	Zagreb	69.3	69.3
JADRAN dionicko drustvo za hotelijerstvo i turizam	Crikvenica	3.4	3.4
JAVNO SKLADIŠTE SLOBODNA CARINSKA ZONA NOVI SAD AD NOVI SAD	Novi Sad	5.2	5.2
JUGOALAT-JAL - U STECAJU	Novi Sad	5.0	5.0
Kapruner Freizeitzentrum Betriebs GmbH	Kaprun	0.0	0.0
Kapruner Promotion und Life GmbH	Kaprun	6.4	6.4
Kitzbüheler Anzeiger Gesellschaft m.b.H.	Kitzbühel	0.0	0.0
Kleinkraftwerke-Betriebsgesellschaft m.b.H.	Vienna	100.0	100.0
Kommanditgesellschaft MS 'SANTA LORENA' Offen Reederei GmbH & Co.	Hamburg	0.0	0.0
Kommanditgesellschaft MS 'SANTA LUCIANA' Offen Reederei GmbH & Co.	Hamburg	0.0	0.0
Kraftwerksmanagement GmbH	Vienna	100.0	100.0
Kreco Realitäten Aktiengesellschaft	Vienna	19.7	19.7
Kreditni Biro Sisbon d.o.o.	Ljubljana	1.6	1.6
KULSKI ŠTOFOVI' FABRIKA ZA PROIZVODNJU VUNENIH TKANINA I PREDIVA AKCIONARSKO DRUŠTVO IZ KULE - U	Kula	6.1	6.1
Kurzentrum 'Landsknechte' Bad Schönau Gesellschaft m.b.H.	Bad Schönau	0.0	0.0
ländleticket marketing gmbh	Bregenz	0.0	0.0
Landzeit Restaurant Angath GmbH	St. Valentin	0.0	0.0
Langenloiser Liegenschaftsverwaltungs-Gesellschaft m.b.H.	Langenlois	0.0	0.0
Lantech Innovationszentrum GesmbH	Landeck	0.0	0.0
Latifundium Holding Gesellschaft m.b.H.	Vienna	100.0	100.0
Lebens.Resort & Gesundheitszentrum GmbH	Ottenschlag	0.0	0.0
Lebensquell Bad Zell Gesundheits- und Wellnesszentrum GmbH & Co KG	Bad Zell	0.0	0.0
Lienzer-Bergbahnen-Aktiengesellschaft	Gaimberg	0.0	0.0
Liezener Bezirksnachrichten Gesellschaft m.b.H.	Liezen	1.1	1.1
LOCO 597 Investment GmbH	Egg	0.0	0.0
Logistik Center Leoben GmbH	Leoben	14.0	14.0
Luitpoldpark-Hotel Betriebs- und Vermietungsgesellschaft mbH	Füssen	75.0	75.0
LV Holding GmbH	Linz, Donau	28.5	28.5
M Schön Wohnen Immorent GmbH	Vienna	100.0	100.0
Maiskogel Betriebs AG	Kaprun	0.6	0.6
Maissauer Amethyst GmbH	Maissau	0.0	0.0
MAJEVICA HOLDING AKCIONARSKO DRUŠTVO, BACKA PALANKA - U RESTRUKTURIRANJU	Bacčka Palanka	5.2	5.2
Marktgemeinde Bad Mitterndorf Thermalquelle Erschließungsges. m.b.H.	Bad Mitterndorf	0.6	0.6
MasterCard Incorporated	Purchase, NY	0.0	0.0
Mayer Property Alpha d.o.o.	Zagreb	100.0	100.0
Mayer Property Beta d.o.o.	Zagreb	100.0	100.0
Mayrhofner Bergbahnen Aktiengesellschaft	Mayrhofen	0.0	0.0
MCG Graz e.gen.	Graz	1.4	1.4
Medimurske novine d.o.o., Cakovec nema fin. izvjesca	Cakovec	4.9	4.9
MEG-Liegenschaftsverwaltungsgesellschaft m.b.H.	Vienna	100.0	100.0
Mittersiller Golf- und Freizeitanlagen Gesellschaft m.b.H.	Mittersill	0.0	0.0
Montana Tech Components AG	Menziken	1.5	1.5
MUNDO FM & S GmbH	Vienna	100.0	100.0
Murauer WM Halle Betriebsgesellschaft m.b.H.	Murau	3.1	3.1
Musikkonservatoriumserrichtungs- und vermietungsgesellschaft m.b.H.	St. Pölten	0.0	0.0
Natursee und Freizeitpark Wechselland GmbH	Pinggau	0.4	0.4
Natursee und Freizeitpark Wechselland GmbH & Co KG in Liqu.	Pinggau	0.1	0.1
Neo Investment B.V.	Amsterdam	0.0	0.0
Neubruck Immobilien GmbH	St. Anton	0.0	0.0
Neuhofner Bauträger GmbH	Neuhofen	0.0	0.0
Newstin, a.s.	Prague	17.6	17.6
NÖ. HYPO LEASING - Sparkasse Region St. Pölten Grundstücksvermietungs Gesellschaft m.b.H.	St. Pölten	0.0	0.0
Oberpinzgauer Fremdenverkehrsförderungs- und Bergbahnen AG	Neukirchen	0.0	0.0
Obertilliacher Bergbahnen-Gesellschaft m.b.H.	Obertilliach	0.0	0.0

Company name, registered office		Interest of Erste Group in %	
		Dec 14	Dec 15
Öhlknecht-Hof Errichtungs- und Verwaltungsgesellschaft m.b.H.	Horn	0.0	0.0
ÖKO-Heizkraftwerk GmbH	Pöllau	0.0	0.0
ÖKO-Heizkraftwerk GmbH & Co KG	Pöllau	0.0	0.0
Omniasig Vienna Insurance Group SA	Bucharest	0.1	0.1
OÖ HightechFonds GmbH	Linz	6.1	6.3
OÖ Science-Center Wels Errichtungs-GmbH	Wels	0.7	0.7
Ortswärme Fügen GmbH	Fügen, Tirol	0.0	0.0
Österreichische Wertpapierdaten Service GmbH	Vienna	32.5	32.5
Osttiroler Wirtschaftspark GesmbH	Lienz	0.0	0.0
ÖVW Bauträger GmbH	Vienna	100.0	100.0
PANORAMABAHN KITZBÜHELER-ALPEN GMBH	Hollersbach	0.0	0.0
Pistotnik Irodahaz es Ingatlankezelő Korlátolt Felelőségi Társaság	Budapest	100.0	100.0
PK Irodahaz Ingatlankezelő Korlátolt Felelőségi Társaság	Budapest	100.0	100.0
Planai - Hochwurzen - Bahnen Gesellschaft m.b.H.	Schladming	0.7	0.7
Planung und Errichtung von Kleinkraftwerken Aktiengesellschaft	Vienna	82.7	82.9
Poistovna Slovenskej sporitelne, a.s. Vienna Insurance Group	Bratislava	5.0	5.0
Pojistovna Ceske sporitelny, a.s., Vienna Insurance Group	Pardubice	4.9	4.9
POSLOVNO UDRUŽENJE DAVAOKA LIZINGA 'ALCS' BEOGRAD	Beograd	8.3	8.3
PREDUZECE ZA PRUŽANJE CONSULTING USLUGA BANCOR CONSULTING GROUP DOO NOVI SAD	Novi Sad	2.6	2.6
PRIVREDNO DRUŠTVO ZA PROIZVODNJU IPRERADU CELIKA ŽELEZARA SMEDEREVO DOO SMEDEREVO	Smederevo	0.0	0.0
První certifikační autorita, a.s.	Prague	23.0	23.0
PSA Payment Services Austria GmbH	Vienna	19.5	18.4
Radio Ostirol GesmbH	Lienz	0.0	0.0
RADIO VRŠAC DRUŠTVO SA OGRANICENOM ODGOVORNOŠĆU U MEŠOVITOJ SVOJINI, VRŠAC - U STECAJU	Vršac	6.4	6.4
Rätikon-Center Errichtungs- und Betriebsgesellschaft m.b.H.	Bludenz	0.0	0.0
Realitäten und Wohnungsservice Gesellschaft m.b.H.	Köflach	4.8	4.8
Realitni spolecnost Ceske sporitelny, a.s.	Prague	99.0	99.0
REGIONALNA AGENCIJA ZA RAZVOJ MALIH I SREDNJIH PREDUZECA ALMA MONS D.O.O.	Novi Sad	3.3	3.3
RegioZ Regionale Zukunftsmanagement und Projektentwicklung Ausseerland Salzkammergut GmbH&Co KG in Liqu	Bad Aussee	3.1	3.1
RegioZ Regionale Zukunftsmanagement und Projektentwicklung Ausseerland Salzkammergut GmbH in Liqu.	Bad Aussee	5.0	5.0
Reuttener Seilbahnen GmbH	Höfen	0.0	0.0
Reuttener Seilbahnen GmbH & Co KG	Höfen	0.0	0.0
RIBA D.D.	Garesnica	17.1	17.1
Riesneralm - Bergbahnen Gesellschaft m.b.H. & Co. KG.	Donnersbach	0.0	0.0
RTG Tiefgaragenerrichtungs und -vermietungs GmbH	Graz	25.0	25.0
RVG Czech, s.r.o.	Prague	19.8	19.8
RVS, a.s.	Bratislava	0.0	8.9
S - Leasing und Vermögensverwaltung - Gesellschaft m.b.H.	Peuerbach	0.0	0.0
S IMMO AG	Vienna	10.7	10.7
SALIX-Grundstückserwerbs Ges.m.b.H.	Eisenstadt	50.0	50.0
SALZBURG INNENSTADT, Vereinigung zur Förderung selbständiger Unternehmer der Salzburger Innenstadt, registrierte Genossenschaft mit beschränkter Haftung	Salzburg	2.0	2.0
Salzburger Unternehmensbeteiligungsgesellschaft mbH	Salzburg	18.8	18.8
S-AMC1 DOOEL Skopje	Skopje	25.0	25.0
Schweighofer Gesellschaft m.b.H. & Co KG	Friedersbach	0.0	0.0
S-City Center Wirtschaftsgütervermietungsgesellschaft m.b.H.	Wiener Neustadt	0.0	0.0
S-Commerz Beratungs- und Handelsgesellschaft m.b.H.	Neunkirchen	0.0	0.0
SEG Sport Event GmbH	Hohenems	0.0	0.0
Seniorenresidenz 'Am Steinberg' GmbH	Graz	25.0	25.0
Senningerfeld Projektenwicklungs und Verwertungs GmbH	Bramberg	0.0	0.0
S-Finanzservice Gesellschaft m.b.H.	Baden bei Wien	0.0	0.0
Silvrettaseilbahn Aktiengesellschaft	Ischgl	0.0	0.0
SK 1 Properties s.r.o.	Bratislava	0.0	0.0
SK 2 Properties s.r.o.	Bratislava	0.0	0.0
Skilifte Unken - Heutal Gesellschaft m.b.H. & Co, KG	Unken	0.0	0.0
Skilifte Unken Heutal Gesellschaft m.b.H.	Unken	2.2	2.2
SM-Immobilien-gesellschaft m.b.H.	Melk	0.0	0.0
SN Immobilienprojekt GmbH	St.Pölten	0.0	0.0
Society for Worldwide Interbank Financial Telecommunication scr	La Hulpe	0.3	0.2
SPAKO Holding GmbH	Innsbruck	75.0	75.0
Sparkasse Amstetten Service- und Verwaltungsgesellschaft m. b. H.	Amstetten	0.0	0.0
Sparkasse Bludenz Beteiligungsgesellschaft mbH	Bludenz	0.0	0.0
Sparkasse Bludenz Immobilienverwaltungsgesellschaft mbH	Bludenz	0.0	0.0
Sparkasse Imst Immobilienverwaltung GmbH	Imst	0.0	0.0
Sparkasse Imst Immobilienverwaltung GmbH & Co KG	Imst	0.0	0.0
Sparkasse Lambach Versicherungsmakler GmbH	Lambach	0.0	0.0
Sparkasse Nekretnine d.o.o.	Sarajevo	26.4	26.4
Sparkasse Niederösterreich Mitte West Beteiligungsgesellschaft m.b.H.	St. Pölten	0.0	0.0
Sparkasse Niederösterreich Mitte West Immobilien GmbH	St. Pölten	0.0	0.0

Company name, registered office		Interest of Erste Group in %	
		Dec 14	Dec 15
Sparkasse Niederösterreich Mitte West Stadtentwicklungs GmbH	St. Pölten	0.0	0.0
Sparkasse Reutte Liegenschaftsverwertungs GmbH	Reutte	0.0	0.0
Sparkassen - Betriebsgesellschaft mbH.	Linz	29.8	29.8
Sparkassen Bankbeteiligungs GmbH	Dornbirn	0.0	0.0
Sparkassen Beteiligungs GmbH & Co KG	Vienna	13.1	13.1
Sparkassen Facility Management GmbH	Innsbruck	75.0	75.0
Sparkassen Versicherung AG Vienna Insurance Group	Vienna	5.0	5.0
SPES Bildungs- u. Studiengesellschaft m.b.H. & Co KG	Schlierbach	0.0	0.0
SPKB Beteiligungs- und Verwaltungsgesellschaft m.b.H.	Bregenz	0.0	0.0
Sport- und Freizeitanlagen Gesellschaft m.b.H.	Schwanenstadt	9.8	9.8
SREDISNJE KLIRINSKO DEPOZITARNO DRUSTVO DD (CENTRAL DEPOZITORY&CLEARING COMPANY Inc.)	Zagreb	0.2	0.2
Stadtgemeinde Weiz - Wirtschaftsentwicklung KG	Weiz	0.5	0.5
Stadtmarketing-Ternitz GmbH	Ternitz	0.0	0.0
Sternstein Sessellift Gesellschaft m.b.H.	Bad Leonfelden	7.2	7.2
Stoderzinken - Liftgesellschaft m.b.H. & Co. KG.	Gröbming	0.4	0.4
Studiengesellschaft für Zusammenarbeit im Zahlungsverkehr (STUZZA) G.m.b.H.	Vienna	10.7	10.7
Suncani vrtovi d.o.o.	Orasac	0.0	100.0
SZG-Dienstleistungsgesellschaft m.b.H.	Salzburg	98.7	98.7
Tannheimer Bergbahnen GmbH & Co KG	Tannheim	0.0	0.0
Tauern SPA World Betriebs- GmbH & Co KG	Kaprun	9.8	9.8
Tauern SPA World Betriebs-GmbH	Kaprun	12.0	12.0
Tauern SPA World Errichtungs- GmbH & Co KG	Kaprun	9.8	9.8
Tauern SPA World Errichtungs-GmbH	Kaprun	12.0	12.0
TDZ Technologie- und Dienstleistungszentrum Donau-Böhmerwald Bezirk Rohrbach GmbH.	Neufelden	1.0	1.0
TECH21 Bürohaus und Gewerbehof Errichtungs- und Betriebsgesellschaft mbH & Co KG	Vienna	0.1	0.1
Technologie- und Dienstleistungszentrum Ennstal GmbH	Reichraming	0.0	0.0
TECHNOLOGIE- und GRÜNDERPARK ROSENAL GmbH	Rosental	0.3	0.3
Technologie- und Innovationszentrum Kirchdorf GmbH	Schlierbach	0.0	0.0
Technologie- und Marketing Center Frohnleiten GmbH	Frohnleiten	2.5	2.5
Technologiezentrum Deutschlandsberg GmbH	Deutschlandsberg	7.3	7.3
Technologiezentrum Freistadt-Mühlviertel-Errichtungs- und Betriebsgesellschaft m.b.H.	Freistadt	1.2	1.2
Technologiezentrum Inneres Salzkammergut GmbH	Bad Ischl	0.0	0.0
Technologiezentrum Kapfenberg Vermietungs-GmbH	Kapfenberg	6.0	6.0
Technologiezentrum Perg GmbH	Perg	1.1	1.1
Technologiezentrum Salzkammergut GmbH	Gmunden	0.5	0.5
Technologiezentrum Salzkammergut-Bezirk Vöcklabruck GmbH	Attnang-Puchheim	0.0	0.0
Techno-Z Ried Technologiezentrum GmbH	Ried im Innkreis	0.0	0.0
Tekanawa Ingatlanforgalmazasi Korlatolt Felelőssegű Tarsasag	Budapest	100.0	100.0
Tennis-Center Hofkirchen i. M. GmbH	Hofkirchen	7.3	7.3
TGZ Technologie- und Gründerzentrum Schärding GmbH	Schärding	3.0	3.0
Thermalquelle Loipersdorf Gesellschaft m.b.H. & Co KG	Loipersdorf	0.0	0.0
Therme Wien Ges.m.b.H.	Vienna	15.0	15.0
Therme Wien GmbH & Co KG	Vienna	15.0	15.0
Tiefgarage Anger, Gesellschaft m.b.H. & Co. KG.	Lech	0.0	0.0
TIRO Bauträger GmbH	Innsbruck	75.0	75.0
Tispa Liegenschaftsverwaltungsgesellschaft mbH	Füssen	75.0	75.0
TIZ Landl - Grieskirchen GmbH	Grieskirchen	0.0	0.0
TKL III Grundverwertungsgesellschaft m.b.H.	Innsbruck	33.3	100.0
TONDACH GLEINSTÄTTEN AG	Gleinstätten	9.6	9.6
Tourismus- u. Freizeitanlagen GmbH	Hinterstoder	0.0	0.0
TPK-18 Sp. z o.o.	Warsaw	100.0	100.0
Transformovany fond penzijního pripojísteni se statnim prispevkem Ceska sportelna - penzijní společnost, a.s.	Prague	0.0	0.0
Trencin Retail Park 1 a.s.	Bratislava	19.8	19.8
Trencin Retail Park 2 a.s.	Bratislava	19.8	19.8
Triglav d.d.	Rijeka	0.1	0.1
TSG EDV-Terminal-Service Ges.m.b.H.	Vienna	0.0	0.1
Unzmarkter Kleinkraftwerk-Aktiengesellschaft	Vienna	81.4	83.2
Valtecia Achizitii S.R.L.	Bucharest	100.0	100.0
Vasudvar Hotel Kft.	Budapest	100.0	100.0
Vaudeville Ingatlanberuhazo Korlatolt Felelőssegű Tarsasag	Budapest	100.0	100.0
VBV - Asset Service GmbH	Vienna	26.9	26.9
VBV - Consult Beratung für betriebliche Vorsorge GmbH	Vienna	26.9	26.9
VBV - Pensionservice-Center GmbH	Vienna	26.9	26.9
VBV-Pensionskasse Aktiengesellschaft	Vienna	26.9	26.9
VERMREAL Liegenschaftserwerbs- und -betriebs GmbH	Vienna	25.6	25.6
Visa Europe Limited	London	0.0	0.0
VISA INC.	Wilmington	0.0	0.0
VMG Versicherungsmakler GmbH	Vienna	5.0	5.0

Company name, registered office		Interest of Erste Group in %	
		Dec 14	Dec 15
Waldviertel-Incoming Fremdenverkehrsförderungs- und Betriebsgesellschaft m.b.H.	Weitra	0.0	0.0
Waldviertler Leasing s.r.o.	Jindřichův Hradec	0.0	0.0
Wärmeversorgungs-genossenschaft Tamsweg registrierte Genossenschaft mit beschränkter Haftung	Tamsweg	0.3	0.3
Wassergenossenschaft Mayrhofen	Mayrhofen	0.0	0.0
WBV Beteiligungs- und Vermögensverwaltungsgesellschaft m.b.H.	Feldkirch	0.0	0.0
WEB Windenergie AG	Pfaffenschlag	0.0	0.0
WECO Treuhandverwaltung Gesellschaft m.b.H.	Salzburg	49.3	49.3
WED Holding Gesellschaft m b H	Vienna	19.2	19.2
WED Wiener Entwicklungsgesellschaft für den Donauraum Aktiengesellschaft	Vienna	11.9	11.9
Weißsee-Gletscherwelt GmbH	Uttendorf	0.0	0.0
WEST CONSULT Bauten- und Beteiligungsverwaltung GmbH	Salzburg	49.3	49.3
WEVA - Veranlagungs- und Beteiligungsgesellschaft m.b.H.	Linz	29.8	29.8
Wien 3420 Aspern Development AG	Vienna	23.2	23.2
WIEPA-Vermögensverwaltungsgesellschaft m.b.H.	Dornbirn	0.0	0.0
Wirtschaftspark Kleinregion Fehring Errichtungs- und Betriebsgesellschaft m.b.H.	Fehring	2.0	2.0
World Trade Center Bucuresti SA	Bucharest	7.2	7.2
WORLD TRADE HOTEL SA	Bucharest	7.2	7.2
Zagreb Stock Exchange, Inc.	Zagreb	2.3	2.3
Zelina Centar d.o.o.	Saint Helena	100.0	100.0
Funds			
Carlyle Europe Partners,L.P. (in Liquidation)	Vale	0.6	0.6
EUROPEAN INVESTMENT FUND	Luxembourg	0.1	0.1
Achtundsechzigste Sachwert Rendite-Fonds Holland GmbH & Co KG	Hamburg	0.0	0.0
Zweite Beteiligungsgesellschaft Reefer-Flottenfonds mbH & Co KG	Hamburg	0.0	0.0
ROMANIAN EQUITY PARTNERS COÖPERATIEF U.A.	Amsterdam	77.4	77.4
Business Capital for Romania - Opportunity Fund Coöperatief UA	Amsterdam	77.4	77.4
MPC Rendite-Fonds Leben plus spezial III GmbH & Co KG	Quickborn	0.0	0.0
aws Gründerfonds Equity Invest GmbH & Co KG	Vienna	49.0	49.0
AUSTROMUENDELRENT	Linz	0.0	0.0
BARRESERVE	Linz	0.0	0.0
DELPHIN TREND GLOBAL	Vienna	0.0	0.0
E 4	Vienna	0.0	0.0
ERSTE RESPONSIBLE BOND	Vienna	0.0	0.0
ERSTE RESPONSIBLE STOCK AMERICA	Vienna	0.0	0.0
ESPA BOND EMERGING MARKETS CORPORATE	Vienna	0.0	0.0
ESPA BOND EMERGING MARKETS CORPORATE IG (EUR)	Vienna	0.0	0.0
ESPA BOND LOCAL EMERGING	Vienna	0.0	0.0
ESPA PORTFOLIO BOND EUROPE	Vienna	0.0	0.0
ESPA RESERVE CORPORATE	Vienna	0.0	0.0
ESPA RESERVE EURO	Vienna	0.0	0.0
ESPA SELECT BOND DYNAMIC	Vienna	0.0	0.0
ESPA STOCK EUROPE	Vienna	0.0	0.0
ESPA STOCK GLOBAL	Vienna	0.0	0.0
ESPA STOCK VIENNA	Vienna	0.0	0.0
PRB-VM	Vienna	0.0	0.0
QIMCO BALKAN EQUITY	Vienna	0.0	0.0
RT ACT.GLOBAL TREND	Vienna	0.0	0.0
SALZBURGER SPARKASSE BOND EUROLAND	Vienna	0.0	0.0
SALZBURGER SPARKASSE SELECT TREND	Vienna	0.0	0.0
SAM-PF 1	Vienna	0.0	0.0
SAM-PF 2	Vienna	0.0	0.0
TIROLKAPITAL	Innsbruck	0.0	0.0
TIROLRENT	Innsbruck	0.0	0.0
TIROLEFFEKT	Innsbruck	0.0	0.0
YOU INVEST Solid EUR	Bucharest	0.0	0.0
Fond rizenych vynosu	Prague	0.0	0.0
Akciový Mix FF	Prague	0.0	0.0
Dynamický Mix FF	Prague	0.0	0.0
Smísený fond	Prague	0.0	0.0
Fond 2005	Prague	0.0	0.0
Privatní portfolio AR AKCIE	Prague	0.0	0.0
YOU INVEST active	Prague	0.0	0.0
ISCS MPF 10	Prague	0.0	0.0
ISCS MPF 30	Prague	0.0	0.0
E.ALTERNAT	Vienna	0.0	0.0
B MUENDEL	Vienna	0.0	0.0
B COMBIREN	Vienna	0.0	0.0
B DANUBIA	Vienna	0.0	0.0

Company name, registered office		Interest of Erste Group in %	
		Dec 14	Dec 15
N/A (3422 ERSA1)	Vienna	0.0	0.0
N/A (3422 ERSA2)	Vienna	0.0	0.0
SEL.BOND T	Vienna	0.0	0.0
PF BOND A	Vienna	0.0	0.0
N/A (1221 SPK Kirchberg)	Vienna	0.0	0.0
CS NEMOVITOSTNI FOND	Vienna	0.0	0.0
N/A (1502 SPK Imst)	Vienna	0.0	0.0
smn Investment Services Ltd.	Vienna	0.0	0.0
N/A (3422 ERSA3)	Vienna	0.0	0.0
N/A (1227 SPK Korneuburg)	Vienna	0.0	0.0
B EM-MARKE	Vienna	0.0	0.0
ARGUS CAPITAL PARTNERS II	Vienna	0.0	0.0
ISHARES	Vienna	0.0	0.0
HENDEPF	Vienna	0.0	0.0
DAXEX	Vienna	0.0	0.0
CIS FUND	Vienna	0.0	0.0
N/A (3422 ERSA4)	Vienna	0.0	0.0
GLO.GROWTH	Vienna	0.0	0.0
INNOVA/4 LP	Vienna	0.0	0.0
ACCESSION MEZZANINE CAPITAL II LP	Vienna	0.0	0.0
B MORTGAGE	Vienna	0.0	0.0
Discovery Fund	Vienna	0.0	0.0
B US-CORPO	Vienna	0.0	0.0
PI TOPRENT	Vienna	0.0	0.0
MUTUAL FUND	Vienna	0.0	0.0
PLUS OPF	Vienna	0.0	0.0
TIROLRESERVE	Innsbruck	0.0	0.0
N/A (1003 Holding - NY)	Vienna	0.0	0.0
BD EURO-TR	Vienna	0.0	0.0
Franklin Templeton International Services S.A.	Vienna	0.0	0.0
G.SACHS	Vienna	0.0	0.0
N/A (2416 AVS B)	Vienna	0.0	0.0
AXA	Vienna	0.0	0.0
B EUR-RENT	Vienna	0.0	0.0
AXA IM-US	Vienna	0.0	0.0
MQ MS EM.	Vienna	0.0	0.0
Goldman Sachs Asset Management International	Vienna	0.0	0.0
Federal National Mortgage Association_16485	Vienna	0.0	0.0
Federal Home Loan Mortgage Corp_18739	Vienna	0.0	0.0
Stoney Lane Funding Ltd._23846	Vienna	0.0	0.0
SLM Student Loan Trust_25221	Vienna	0.0	0.0
SLM Student Loan Trust_25205	Vienna	0.0	0.0
APIDOS CDO V_23788	Vienna	0.0	0.0
SATURN CLO, LTD Class A2_107755	Vienna	0.0	0.0
FRANKLIN CLO VI B NOTES_107995	Vienna	0.0	0.0
VENTURE VIII CDO, LIMITED_107862	Vienna	0.0	0.0
Bridgeport CLO II, Ltd._24083	Vienna	0.0	0.0
VOYA Investment Management IV_24042	Vienna	0.0	0.0
1776 CLO I., LTD_106781	Vienna	0.0	0.0
Westchester CLO, Ltd._23960	Vienna	0.0	0.0
APIDOS QUATTRO CDO_107847	Vienna	0.0	0.0
Carlyle High Yield Partners X, Ltd._23838	Vienna	0.0	0.0
WE TOP DYNAMIC	Vienna	0.0	0.0
TOP STRATEGIE dynamic	Vienna	0.0	0.0
ESPA HIGH COUPON BASKET 2015	Vienna	0.0	0.0
ESPA NEW EUROPE BASKET 2014	Vienna	0.0	0.0
ESPA RESERVE EURO MÜNDEL	Vienna	0.0	0.0
ESPA BOND EURO-MÜNDELRENT	Vienna	0.0	0.0
ESPA CORPORATE PLUS BASKET 2017 II	Vienna	0.0	0.0
ESPA RISING CORPORATE BOND BASKET 2017	Vienna	0.0	0.0
ESPA BOND USA-CORPORATE	Vienna	0.0	0.0
PRO INVEST AKTIV	Vienna	0.0	0.0
ESPA BOND COMBIRENT	Vienna	0.0	0.0
ESPA CORPORATE PLUS BASKET 2016	Vienna	0.0	0.0
ESPA SHORT TERM EMERGING MARKETS	Vienna	0.0	0.0
ESPA BOND INFLATION-LINKED	Vienna	0.0	0.0
ESPA BOND DANUBIA	Vienna	0.0	0.0
FTC GIDEON I	Vienna	0.0	0.0

Company name, registered office		Interest of Erste Group in %	
		Dec 14	Dec 15
PIZ BUIN GLOBAL	Vienna	0.0	0.0
ESPA BOND EURO-CORPORATE	Vienna	0.0	0.0
ESPA BOND EMERGING-MARKETS	Vienna	0.0	0.0
ESPA BOND MORTGAGE	Vienna	0.0	0.0
ESPA SELECT BOND	Vienna	0.0	0.0
ESPA SELECT MED	Vienna	0.0	0.0
ESPA RESERVE EURO PLUS	Vienna	0.0	0.0
ESPA BOND EURO-TREND	Vienna	0.0	0.0
ESPA D-A-CH Fonds	Vienna	0.0	0.0
ESPA BOND USA-HIGH YIELD	Vienna	0.0	0.0
ESPA PORTFOLIO TARGET	Vienna	0.0	0.0
ERSTE RESPONSIBLE BOND EURO CORPORATE	Vienna	0.0	0.0
ESPA STOCK COMMODITIES	Vienna	0.0	0.0
ESPA PORTFOLIO BALANCED 30	Vienna	0.0	0.0
ESPA BEST OF WORLD	Vienna	0.0	0.0
ESPA BOND EUROPE-HIGH YIELD	Vienna	0.0	0.0
ESPA BOND EURO-MIDTERM	Vienna	0.0	0.0
ESPA STOCK EUROPE-EMERGING	Vienna	0.0	0.0
ESPA BOND CORPORATE BB	Vienna	0.0	0.0
ESPA BOND DOLLAR	Vienna	0.0	0.0
ESPA STOCK JAPAN	Vienna	0.0	0.0
ESPA BOND EURO-RENT	Vienna	0.0	0.0
ESPA STOCK EUROPE-PROPERTY	Vienna	0.0	0.0
ESPA BOND RISING MARKETS	Vienna	0.0	0.0
ESPA BOND INTERNATIONAL	Vienna	0.0	0.0
SAM-PF 3	Vienna	0.0	0.0
S DOUBLESTOCK	Linz	0.0	0.0
S EMERGING	Linz	0.0	0.0
SAM A1	Linz	0.0	0.0
S GENERATION	Linz	0.0	0.0
VIENNASTOCK	Linz	0.0	0.0
AUSTRORENT	Linz	0.0	0.0
S-PENSIONSVERSORGE-OOE	Linz	0.0	0.0
AM SLSP Real estate fund	Bratislava	0.0	0.0
AM SLSP Euro Plus Fund	Bratislava	0.0	0.0
AM SLSP Euro bond fund	Bratislava	0.0	0.0
AM SLSP Active portfolio	Bratislava	0.0	0.0
AM SLSP Private money market fund	Bratislava	0.0	0.0
AM SLSP Private fund of regular revenues	Bratislava	0.0	0.0
AM SLSP SIP Clasik	Bratislava	0.0	0.0
Erste MONEY	Zagreb	0.0	0.0
Erste EURO-MONEY	Zagreb	0.0	0.0
Erste ADRATIC EQUITY	Zagreb	0.0	0.0
Erste ADRIATIC BOND	Zagreb	0.0	0.0
Erste ELITE	Zagreb	0.0	0.0
Erste EXCLUSIVE	Zagreb	0.0	0.0
Erste Money Market RON	Bucharest	0.0	0.0
Erste Bond Flexible RON	Bucharest	0.0	0.0
YOU INVEST Active RON	Bucharest	0.0	0.0
YOU INVEST Balanced RON	Bucharest	0.0	0.0
YOU INVEST Active EUR	Bucharest	0.0	0.0
YOU INVEST Balanced EUR	Bucharest	0.0	0.0
Lyon Capital Management VI Ltd._24018	Vienna	0.0	0.0
Flagship CLO VI_23952	Vienna	0.0	0.0
Westbrook CLO, Ltd._23671	Vienna	0.0	0.0
HARBOURM22_409077	Vienna	0.0	0.0
TRIMARAN CLO V_108159	Vienna	0.0	0.0
LIGHTPOINT CLO LTD.SERIES 2006-5A_107748	Vienna	0.0	0.0
COLUMBUS NOVA CLO LTD._107797	Vienna	0.0	0.0
GREENS CREEK FUNDING_107896	Vienna	0.0	0.0
SILVERADO CLO 2006-II, LTD_23606	Vienna	0.0	0.0
EASTLAND CLO, LTD_107714	Vienna	0.0	0.0
BlackRock Senior Income Series Corp. V_24091	Vienna	0.0	0.0
AUBURN0441_403250	Vienna	0.0	0.0
Callidus Debt Partners CDO Fund, Ltd._23630	Vienna	0.0	0.0
LANDMARK VIII CLO LTD_108142	Vienna	0.0	0.0
CARLYLE ARNAGE_108233	Vienna	0.0	0.0
SLM Student Loan Trust_25197	Vienna	0.0	0.0

Company name, registered office		Interest of Erste Group in %	
		Dec 14	Dec 15
HARV.0621_406284	Vienna	0.0	0.0
JASPER CLO LTD_107813	Vienna	0.0	0.0
CORNERSTONE CLO_108118	Vienna	0.0	0.0
LEOP.07/23_414780	Vienna	0.0	0.0
LATITUDE CLO II LTD_108035	Vienna	0.0	0.0
GALAXY VII CLO LTD_107086	Vienna	0.0	0.0
BABSON MIDMARKET_108225	Vienna	0.0	0.0
FOOTHILL CLO I, LTD_107425	Vienna	0.0	0.0
HALCYON STRUCTURED_107953	Vienna	0.0	0.0
STONE TOWER CLO_107771	Vienna	0.0	0.0
NAUTIQUE FUNDING_106724	Vienna	0.0	0.0
CELF0723_414813	Vienna	0.0	0.0
SAN GABRIEL CLO I_107664	Vienna	0.0	0.0
Lyon Capital Management V Ltd_23812	Vienna	0.0	0.0
FRANKLIN CLO V_106831	Vienna	0.0	0.0
SHASTA CLO I LTD_107383	Vienna	0.0	0.0
CARLYLE DAYTONA_107474	Vienna	0.0	0.0
CARLYLE MCLAREN CLO LTD_107904	Vienna	0.0	0.0
FAIRWAY LOAN FUNDING_106997	Vienna	0.0	0.0
DRYDEN XVI CDO_107409	Vienna	0.0	0.0
Grant Grove CLO, Ltd_23747	Vienna	0.0	0.0
JUBILEE24_414544	Vienna	0.0	0.0
Ocean Trails CLO_23648	Vienna	0.0	0.0
VITESSE CLO LTD_106898	Vienna	0.0	0.0
BRIDGEPORT CLO LTD_106948	Vienna	0.0	0.0
MAYPORT CLO LTD_107268	Vienna	0.0	0.0
Landmark IX CDO, Ltd_23903	Vienna	0.0	0.0
HEWETTS 18_409389	Vienna	0.0	0.0
BlackRock Senior Income Series Corp. IV_23754	Vienna	0.0	0.0
SAGR05-56_412016	Vienna	0.0	0.0
SLM Student Loan Trust_25213	Vienna	0.0	0.0
MALIN07/23_414922	Vienna	0.0	0.0
AVOCA 0724_414332	Vienna	0.0	0.0
NORTHWOODS CAPITAL VI_106658	Vienna	0.0	0.0
Debt securities OF AfS HW_405667	Vienna	0.0	0.0
Debt securities OF AfS HW_414753	Vienna	0.0	0.0
Galaxy VIII CLO, Ltd_23770	Vienna	0.0	0.0
ACA CLO, Ltd_23697	Vienna	0.0	0.0
GALAXY0719_414221	Vienna	0.0	0.0
FDO 02/33_400139	Vienna	0.0	0.0
Debt securities OF AfS HW_402045	Vienna	0.0	0.0
Eaton Vance CDO IX Ltd_23853	Vienna	0.0	0.0
AVOCA05/21_404723	Vienna	0.0	0.0
CELF05/21_404240	Vienna	0.0	0.0
AVOCA04/20_403394	Vienna	0.0	0.0
MAGELLAN36_826641	Vienna	0.0	0.0
LEEK06-37_406292	Vienna	0.0	0.0
PARAGON41_406190	Vienna	0.0	0.0
PARA07-39_414601	Vienna	0.0	0.0
BABSON0620_408715	Vienna	0.0	0.0
Debt securities OF AfS HW_403602	Vienna	0.0	0.0
GREAT 0638_409365	Vienna	0.0	0.0
PERP07-38_409794	Vienna	0.0	0.0
LATITUDE CLO I LTD_108217	Vienna	0.0	0.0
CANARY0737_611150	Vienna	0.0	0.0
SWALDVIERTEL BD T	Vienna	0.0	0.0
TIROLPENSION	Innsbruck	0.0	0.0
TYROLBOND INTERNATIONAL	Innsbruck	0.0	0.0
SPARDA-RENT	Innsbruck	0.0	0.0
SPARDA VORS PLU	Innsbruck	0.0	0.0
TIROLVISION AKTIEN	Innsbruck	0.0	0.0
SERLES 1	Innsbruck	0.0	0.0
TIROLDYNAMIK	Innsbruck	0.0	0.0
TIROLIMPULS	Innsbruck	0.0	0.0
HS PRIVATVERMÖGENSVERWALTUNG	Innsbruck	0.0	0.0
ISCS Vyvazeny Mix FF	Prague	0.0	0.0

Vienna, 26 February 2016

The Management Board

Andreas Treichl mp
Chairman

Peter Bosek mp
Member

Petr Brávek mp
Member

Andreas Gottschling mp
Member

Gernot Mittendorfer mp
Member

Jozef Síkela mp
Member

AUDITORS REPORT (REPORT OF THE INDEPENDENT AUDITORS)

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Sparkassen-Prüfungsverband and Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna, have audited the accompanying consolidated financial statements of Erste Group Bank AG, Vienna, for the fiscal year from January 1, 2015 to December 31, 2015. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2015, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in total equity for the fiscal year ended December 31, 2015, and the notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The management of Erste Group Bank AG is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 59a BWG. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2015 and of its financial performance and its cash flows for the fiscal year from January 1, 2015 to December 31, 2015 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 26 February 2016

(Austrian Savings Bank Auditing Association)

(Audit Agency)

(Bankprüfer)

Gerhard Margetich
Certified Accountant

Stephan Lugitsch
Certified Accountant

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Ernst Schönhuber
Certified Accountant

Andrea Stippl
Certified Accountant

This report is a translation of the original report in German, which is solely valid.

Publication of the consolidated financial statements together with our auditor's opinion may only be made if the consolidated financial statements and the notes are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

STATEMENT OF ALL MEMBERS OF THE MANAGEMENT BOARD

We confirm that to the best of our knowledge the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties to which the Group is exposed.

Vienna, 26 February 2016

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Glossary

Book value per share

Total equity attributable to owners of the parent of a public company, excluding participation capital, divided by the number of shares outstanding (excluding treasury shares).

Cash return on equity

Also referred to as cash ROE. Calculated as return on equity, but excluding the impact of non-cash items on net profit/loss for the year attributable to owners of the parent such as goodwill impairment and amortisation of customer relationships.

Cash earnings per share

Calculated as earnings per share based on net profit/loss for the year attributable to owners of the parent, adjusted for dividends on participation capital, excluding goodwill impairments and amortisation of customer relationships.

CEE (Central and Eastern Europe)

Encompasses the new member states of the EU that joined in 2004 and 2007, the CIS countries, states that evolved from the former Yugoslavia, as well as Albania.

Common Equity Ratio (CET 1 ratio)

Common equity tier 1 capital (CET1) according to article 50 CRR of the institution expressed as a percentage of the total risk amount according to Art. 92 (3) CRR

Cost/income ratio

General administrative expenses as a percentage of operating income.

Dividend yield

Dividend payment of the financial year as a percentage of the year-end closing price or the most recent price of the share.

Earnings per share

Net profit for the year attributable to owners of the parent adjusted for dividends of participation capital, divided by average shares outstanding.

Equity Ratio (T 1 ratio)

Tier 1 capital according to article 25 CRR of the institution expressed as a percentage of the total risk amount according to Art. 92 (3) CRR.

Interest-bearing assets

Total assets less cash, derivative financial instruments, tangible and intangible assets, tax assets, assets held for sale and other assets.

Net interest margin

Net interest income as a percentage of average interest-bearing assets, calculated on a monthly basis.

Operating income

Consists of net interest income, net commission income and trading result.

Operating result

Operating income less operating expenses (i.e. general administrative expenses).

Price/earnings ratio

Closing share price of the financial year divided by earnings per share. Usually used for valuation comparisons.

Market capitalisation

Overall value of a company calculated by multiplying the share price by the number of shares outstanding.

Non-performing exposure (NPE) coverage ratio

Risk provisions for the credit risk exposure as a percentage of the non-performing credit risk exposure.

Non-performing exposure (NPE) ratio

Non-performing credit risk exposure as a percentage of total credit risk exposure.

Non-performing loans (NPL) coverage ratio

Risk provisions for loans and advances to customers as a percentage of non-performing loans and advances to customers.

Non-performing loans (NPL) ratio

Non-performing loans and advances to customers as a percentage of total loans and advances to customers.

Non-performing loans (NPL) total coverage ratio

Risk provisions and collateral for non-performing loans and advances to customers as a percentage of non-performing loans and advances to customers.

Return on equity

Also referred to as ROE. Net profit/loss for the year attributable to owners of the parent, as a percentage of average equity. The average equity is calculated based upon the equity outstanding as of the close of each of the 12 months during the year.

Risk categories

Risk categories are based on internal customer ratings and are used for classification of the bank's assets and contingent credit liabilities. Erste Group applies internal rating systems, which for private individuals comprise eight rating grades for non-defaulted customers and one rating grade for customers in default. For all other customer segments, the Group uses thirteen rating grades for non-defaulted customers and one rating grade for defaulted customers.

Risk category – low risk

Typically regional customers with well-established and rather long-standing relationships with Erste Group or large, interna-

tionally recognised customers. Strong and good financial positions and no foreseeable financial difficulties. Retail clients with long relationships with the bank, or clients with wide product pool use. No late payments currently or in the most recent 12 months. New business is generally done with clients in this risk category.

Risk category – management attention

Vulnerable non-retail clients, that 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 possible payment problems in the past triggering early collection reminders. These clients typically have good recent histories and no current delinquencies.

Risk category – substandard

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

Risk category – non-performing

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

Share capital

Total equity attributable to owners of the parent of a company, subscribed to by the shareholders at par.

Solvency ratio

The ratio of the sum of tier-1, tier-2 and tier-3 capital, after regulatory deductions, to the calculation basis for the capital requirement pursuant to Section 22 (1) of the Austrian Banking Act.

Tax rate

Taxes on income/loss as a percentage of pre-tax profit from continuing operations.

Total Capital Ratio

Total own funds according to article 72 CRR of the institution expressed as a percentage of the total risk amount according to Art. 92 (3) CRR.

Total shareholder return

Annual performance of an investment in Erste Group Bank AG shares including all income streams (e.g. dividend for the year plus or minus gain or loss in the share price from the beginning to the end of the year).

Your Notes

Important addresses

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