Interim Report
First Quarter 2015

ERSTE Group

Key financial data

Income statement

in EUR million	Q1 14	Q4 14	Q1 15	1-3 14	1-3 15
Net interest income	1,123.9	1,125.6	1,098.5	1,123.9	1,098.5
Net fee and commission income	452.1	497.1	461.0	452.1	461.0
Net trading and fair value result	50.4	75.8	72.4	50.4	72.4
Operating income	1,690.6	1,760.5	1,689.1	1,690.6	1,689.1
Operating expenses	-963.3	-1,003.6	-948.1	-963.3	-948.1
Operating result	**727.3**	**756.9**	**741.0**	**727.3**	**741.0**
Net impairment loss on non-fair value financial assets	-364.2	-484.3	-183.1	-364.2	-183.1
Post-provision operating result	**363.0**	**272.6**	**557.8**	**363.0**	**557.8**
Other operating result	-119.8	-124.3	-153.5	-119.8	-153.5
Levies on banking activities	-99.8	-47.6	-91.8	-99.8	-91.8
Pre-tax result from continuing operations	239.5	152.2	415.2	239.5	415.2
Taxes on income	-99.7	-75.5	-118.6	-99.7	-118.6
Net result for the period	**139.8**	**76.7**	**296.6**	**139.8**	**296.6**
Net result attributable to non-controlling interests	36.5	34.7	70.8	36.5	70.8
Net result attributable to owners of the parent	**103.3**	**42.0**	**225.8**	**103.3**	**225.8**
Earnings per share	0.24	0.10	0.53	0.24	0.53
Cash earnings per share	0.27	0.12	0.53	0.27	0.53
Return on equity	3.6%	1.7%	9.0%	3.6%	9.0%
Cash return on equity	4.1%	2.1%	9.1%	4.1%	9.1%
Net interest margin (on average interest-bearing assets)	2.62%	2.66%	2.55%	2.62%	2.55%
Cost/income ratio	57.0%	57.0%	56.1%	57.0%	56.1%
Provisioning ratio (on average gross customer loans)	1.14%	1.51%	0.57%	1.14%	0.57%
Tax rate	41.6%	49.6%	28.6%	41.6%	28.6%

Balance sheet

in EUR million	Mar 14	Dec 14	Mar 15	Dec 14	Mar 15
Cash and cash balances	10,373	7,835	8,223	7,835	8,223
Trading, financial assets	52,270	50,131	52,285	50,131	52,285
Loans and receivables to credit institutions	9,962	7,442	8,345	7,442	8,345
Loans and receivables to customers	119,805	120,834	123,437	120,834	123,437
Intangible assets	2,408	1,441	1,415	1,441	1,415
Miscellaneous assets	9,085	8,604	8,865	8,604	8,865
Total assets	**203,903**	**196,287**	**202,570**	**196,287**	**202,570**
Financial liabilities - held for trading	7,042	7,746	8,988	7,746	8,988
Deposits from banks	24,421	14,803	16,389	14,803	16,389
Deposits from customers	119,445	122,583	124,752	122,583	124,752
Debt securities issued	31,043	31,140	30,852	31,140	30,852
Miscellaneous liabilities	6,883	6,573	7,635	6,573	7,635
Total equity	15,069	13,443	13,956	13,443	13,956
Total liabilities and equity	**203,903**	**196,287**	**202,570**	**196,287**	**202,570**
Loan/deposit ratio	100.3%	98.6%	98.9%	98.6%	98.9%
NPL ratio	9.6%	8.5%	8.1%	8.5%	8.1%
NPL coverage (exc collateral)	62.6%	68.9%	67.9%	68.9%	67.9%
CET 1 ratio (phased-in)	11.1%	10.6%	10.5%	10.6%	10.5%

Ratings

Fitch			
Long-term	A	A	A
Short-term	F1	F1	F1
Outlook	Negative	Negative	Negative
Moody´s			
Long-term	A3	Baa2	Baa2
Short-term	P-2	P-2	P-2
Outlook	Negative	Negative	Under Review
Standard & Poor´s			
Long-term	A	A-	A-
Short-term	A-1	A-2	A-2
Outlook	Negative	Negative	Watch Neg

Letter from the CEO

Dear shareholders,

Erste Group posted a net profit of EUR 225.8 million for the first quarter of 2015 amid an environment that is set to remain challenging for European banks in 2015. On the expense side, the cost of regulatory measures has increased further. Even though contributions to resolution funds are due this year for the first time, Austria, Hungary and Slovakia are again levying banking taxes at levels that, overall, are substantial by international comparison. The income side is adversely impacted by persistently low interest rates. On the other hand, Erste Group is benefiting from the positive development of the economy in its core markets in Central and Eastern Europe. After the successful clean-up of legacy issues in Romania and Hungary last year, asset quality has improved further across the group. Another welcome trend has likewise continued – the volume of performing loans has expanded again while non-performing loans have contracted further.

In Central and Eastern Europe, the macroeconomic environment has remained robust over recent months. The main driver of positive economic development has clearly been strong domestic demand, driven by consumption. As revenues have been coming in higher than forecast, the Romanian government has decided to cut the value-added tax rate for food products already in June, six months earlier than originally planned, from 24% to 9% to give an additional boost to consumption. The contribution of exports to CEE growth has clearly been lower, though. In light of very low inflationary pressure, the central banks of Romania and Hungary cut their key policy rates once again to new historic lows of 1.75% and 1.8%, respectively. In Austria, the Czech Republic and Slovakia – Erste Group's three core markets that account for about two thirds of customer loans and deposits – the policy interest rates were kept at five basis points.

Against this backdrop, there have been no surprises in the normal course of business. Erste Group's operating income was stable at about EUR 1.7 billion, even though lower loan volumes in Romania and Hungary and low interest rates resulted in a decline in net interest income in the first quarter, as had been expected. Low interest rates buoyed up the securities business, especially in Austria, which supported the rise in net fee and commission income, while the net trading and fair value result improved on the back of positive valuation results. Strict cost management has reduced general administrative expenses and will be continued. The operating result for the first quarter was therefore moderately up, even though we expect a decline in the mid-single-digit percentage range for the full financial year 2015.

Risk costs dropped significantly to 57 basis points of average customer loans, reflecting not only substantially lower provisioning requirements in Romania and Hungary, but also the seasonality of the business, especially in the Savings Banks segment. For the full year we project risk costs of approx. EUR 1.0-1.2 billion.

Although we have finally left the phase of major one-off effects behind us, a number of extraordinary effects must still be mentioned. The other operating result includes all the contributions to be made to national resolution funds in 2015 in the total amount of EUR 54.9 million. This line item was also adversely impacted by banking and transaction taxes levied in Austria, Hungary and Slovakia in the total amount of EUR 91.8 million, including the full-year Hungarian banking tax in the amount of EUR 46.0 million.

Loans and receivables to customers (net) increased to EUR 123.4 billion across the group despite declining volumes, particularly in Romania and in Hungary. While the rise was partly attributable to the strength of the Swiss franc, loan demand in the core markets of Austria, the Czech Republic and Slovakia generated real growth. Customer deposits also kept growing in the face of low interest rates. As of the end of March 2015, the loan-to-deposit ratio stood at 98.9%.

At the same time, non-performing loans (NPLs) were down again, to EUR 10.5 billion. Erste Group's NPL ratio has decreased to 8.1% from 8.5% at year-end 2014. The improving trend in asset quality is hence continuing.

Erste Group's capitalisation remains solid. As of the end of March 2015, Erste Group's common equity tier 1 ratio (Basel 3, fully loaded) stood at 10.2%. For this calculation common equity tier 1 capital does not include retained earnings and risk costs have been deducted.

Based on the strong start into the year 2015 we are now focusing on strengthening our market position as one of the leading banks in our region.

Andreas Treichl mp

Erste Group on the capital markets

EQUITY MARKET REVIEW

In the first quarter, European equity markets advanced strongly on the back of the European Central Bank's (ECB's) continuing expansionary interest rate policy, the launch of its asset purchase programme and positive economic data from the euro zone. Despite existing uncertainty regarding the situation in Ukraine and intensified debate about Greek debt after the election of a new government in late January, European markets outperformed US equities, which was mainly attributable to surprisingly solid economic data.

The Dow Jones Industrial Index closed the first quarter unchanged at 17,776.12 points (-0.3%), as did the broader Standard & Poor's 500 Index at 2,067.89 points (+0.4%). Over the same period, almost all of the European indices posted two-digit gains. The Euro Stoxx 600 Index climbed 16.0% in the first quarter, to 397.3 points. The Austrian Traded Index (ATX), which had significantly underperformed other Western European markets in the second half of 2014, was up 16.2% as of 31 March, at 2,509.82 points. The Dow Jones Euro Stoxx Bank Index, which is composed of leading European bank shares, benefited from the ECB's actions and rose 17.2% to 157.65 points.

The focus of market participants was again on central bank action. While the ECB continued its monetary policy by starting its asset purchase programme (quantitative easing), concern was mounting in the US that the US central bank's (Fed's) first rate hike might be imminent. In the euro zone, the ECB plans to spend EUR 60 billion per month under its asset purchase programme to provide the market with liquidity and stimulate the economy. Assets eligible for purchase include government bonds (EUR 50 billion) as well as a mix of covered bonds and asset-backed securities (EUR 10 billion). This programme is scheduled to run from March 2015 to September 2016 and may reach a total volume of more than EUR 1,000 billion.

SHARE PERFORMANCE

After declining by more than 20% in 2014, the Erste Group share joined the rally of the European banking sector and saw a double-digit gain. In the first quarter, the share price was between EUR 18.97 and EUR 24.20. Closing at EUR 22.935 on 31 March, the Erste Group share traded 19.2% higher than at year-end 2014, outperforming both the ATX and the Euro Stoxx Bank Index. Additional momentum boosting the Erste Group share came from a fourth quarter net profit that exceeded market expectations and the affirmation of the outlook to achieve a return on tangible equity (ROTE) of 8 to 10%. Market participants also focused on the substantial improvements in asset quality and the expected turnaround in Romania and Hungary. Based on these developments, a number of analysts covering the Erste Group share raised their price targets.

There was further positive news flow from Hungary following the signing of an agreement by the Hungarian government and the European Bank for Reconstruction and Development (EBRD) designed to strengthen the Hungarian financial sector and gradually reduce the banking tax. This agreement led Erste Group to invite the Hungarian government and the EBRD to acquire interests in Erste Bank Hungary.

In the first quarter of 2015, trading volume on the three stock exchanges (Vienna, Prague, Bucharest) on which the Erste Group share is listed averaged 1,139,503 shares per day and accounted for about 45% of the total trading volume in Erste Group shares. More than half of the trading activity is executed over the counter (OTC) or through electronic trading systems.

INVESTOR RELATIONS

In February, after a three year absence from the covered bond market, Erste Group decided to issue a EUR 500 million 10 year mortgage Pfandbrief. The issuance confirmed Erste's emphasis on the prolongation of its redemption profile during times of historically low refinancing costs. Erste Group's retail and private placement channels will remain important sources of funding for 2015.

In the first quarter of 2015, the management and the investor relations team of Erste Group had a large number of one-on-one and group meetings, in which questions raised by investors and analysts were answered. Erste Group attended a large number of international banking and investor conferences staged, amongst others, by UBS, Kepler Cheuvreux, Morgan Stanley and HSBC, where the Erste Group presented its strategy against the backdrop of the current environment.

Interim management report

In the interim management report, financial results from January-March 2015 are compared with those from January-March 2014 and balance sheet positions as of 31 March 2015 with those as of 31 December 2014.

EARNINGS PERFORMANCE IN BRIEF

Net interest income declined to EUR 1,098.5 million (EUR 1,123.9 million), mainly due to the persistently low interest rate environment and, as expected, lower loan volumes in Romania and Hungary. **Net fee and commission income** increased to EUR 461.0 million (EUR 452.1 million) on the back of an improved result from asset management and payment transfers. Of the significant rise in the **net trading and fair value result** to EUR 72.4 million (EUR 50.4 million), almost one half was attributable to one-off effects, such as valuation results for financial liabilities in the Czech Republic. **Operating income** consequently remained unchanged at EUR 1,689.1 million (-0.1%; EUR 1,690.6 million).

General administrative expenses decreased to EUR 948.1 million (-1.6%, EUR 963.3 million), mostly due to a decline in other administrative expenses and in depreciation and amortisation. This led to a rise in the **operating result** to EUR 741.0 million (+1.9%; EUR 727.3 million) and an improved **cost/income ratio** of 56.1% (57.0%).

Net impairment loss on financial assets not measured at fair value through profit or loss decreased significantly to EUR 183.1 million or 57 basis points of average customer loans (-49.7%, EUR 364.2 million or 114 basis points) as a result of the substantial decline in Romania. **The NPL ratio** improved further to 8.1% (8.5%). The **NPL coverage ratio** decreased slightly to 67.9% (68.9%).

Other operating result amounted to EUR -153.5 million (EUR -119.8 million). This was largely due to provisions made for the full-year contributions to national resolution funds estimated to total EUR 54.9 million in 2015. At EUR 91.8 million (EUR 99.8 million), banking and financial transaction taxes were again significant: EUR 29.5million (EUR 30.4 million) in Austria, EUR 5.8 million (EUR 10.3 million) in Slovakia, and EUR 56.5 million (EUR 59.1 million) in Hungary (including the full Hungarian banking tax of EUR 46.0 for 2015).

Taxes on income rose to EUR 118.6 million. This rise is primarily due to improved profitability and the assumption that contributions to resolution funds will not be tax-deductible. The **net result attributable to owners of the parent** increased to EUR 225.8 million (EUR 103.3 million).

Total capital rose to EUR 14.0 billion (EUR 13.4 billion). **Common equity tier 1 capital** (CET 1, Basel 3 phased-in) edged up to EUR 10.7 billion (EUR 10.6 billion). **Total risk** (**risk-weighted assets** including credit, market and operational risk, Basel 3 phased-in) increased to EUR 101.8 billion (EUR 100.6 billion). The **common equity tier 1 ratio** (CET 1, Basel 3 phased-in) stood at 10.5% (10.6%), the **total capital ratio** (Basel 3 phased-in) at 15.8% (15.7%).

Total assets rose to EUR 202.6 billion (EUR 196.3 billion), driven mainly by an increase in loan volume – with **loans and receivables to customers (net)** rising to EUR 123.4 billion (EUR 120.8 billion) – as well as in trading and investment securities and loans and receivables to credit institutions (net). Within liabilities, **customer deposits** increased to EUR 124.8 billion (EUR 122.6 billion). The **loan-to-deposit ratio** stood at 98.9% (98.6%).

OUTLOOK

Operating environment anticipated to be conducive to credit expansion. Real GDP growth is expected to be between 2% and 3% in all major CEE markets, except Croatia, driven by solid domestic demand. For Austria, a real GDP growth below 1% is forecast.

Return on tangible equity (ROTE) expected at 8-10% in 2015 (YE 14 TE: EUR 8.4 billion). Operating result is expected to decline in the mid-single digits on the back of lower but sustainable operating results in Hungary (due to FX conversion related effects of lower average volume) and Romania (lower unwinding impact) as well as the persistent low interest rate environment.
For 2015, loan growth in the low single digits and a decline in risk costs to about EUR 1.0-1.2 billion are anticipated. Banking levies are expected to amount to about EUR 360 million in 2015, including parallel contributions to national as well as European bank resolution and deposit insurance funds. Related discussions with the Austrian government are still ongoing.

Risks to guidance. Consumer protection initiatives as well as geopolitical risks could have negative economic impacts.

PERFORMANCE IN DETAIL

in EUR million	1-3 14	1-3 15	Change
Net interest income	1,123.9	1,098.5	-2.3%
Net fee and commission income	452.1	461.0	2.0%
Net trading and fair value result	50.4	72.4	43.8%
Operating income	1,690.6	1,689.1	-0.1%
Operating expenses	-963.3	-948.1	-1.6%
Operating result	**727.3**	**741.0**	**1.9%**
Net impairment loss on financial assets not measured at fair value through profit or loss	-364.2	-183.1	-49.7%
Other operating result	-119.8	-153.5	28.1%
Levies on banking activities	-99.8	-91.8	-8.0%
Pre-tax result from continuing operations	**239.5**	**415.2**	**73.4%**
Taxes on income	-99.7	-118.6	19.0%
Net result for the period	**139.8**	**296.6**	**>100.0%**
Net result attributable to non-controlling interests	36.5	70.8	94.0%
Net result attributable to owners of the parent	**103.3**	**225.8**	**>100.0%**

Net interest income

Net interest income declined to EUR 1,098.5 million (EUR 1,123.9 million), mainly due to the low interest rate environment and developments in Romania (lower unwinding effect due to NPL sales) and Hungary (consumer loan law, FX conversion induced lower loan volume). The net interest margin (net interest income as a percentage of average interest-bearing assets) contracted from 2.62% to 2.55%.

Net fee and commission income

Net fee and commission income increased to EUR 461.0 million (EUR 452.1 million) due, among others, to improved results from the securities business and payment transfers.

Net trading and fair value result

The net trading and fair value result improved to EUR 72.4 million (EUR 50.4 million), which was largely attributable to extraordinary valuation results for financial liabilities in the Czech Republic.

General administrative expenses

in EUR million	1-3 14	1-3 15	Change
Personnel expenses	545.9	554.0	1.5%
Other administrative expenses	292.4	281.1	-3.9%
Depreciation and amortisation	125.0	112.9	-9.6%
General administrative expenses	**963.3**	**948.1**	**-1.6%**

General administrative expenses decreased to EUR 948.1 million (EUR 963.3 million). **Personnel expenses** were slightly higher at EUR 554.0 million (EUR 545.9 million) partly due to higher provisions. Other administrative expenses were primarily reduced on the back of lower office-related expenses amounting to EUR 29.8 million (EUR 34.5 million). **Depreciation and amortisation** declined to EUR 112.9 million (EUR 125.0 million). The line item other administrative expenses included deposit insurance contributions in the amount of EUR 19.2 million (EUR 22.9 million). The line item depreciation and amortisation included the straight-line amortisation of intangible assets (customer relationships) in the amount of EUR 2.5 million (EUR 15.9 million). The marked decline was due to the full write-down of customer relationships in BCR in 2014.

The **headcount** increased slightly versus year-end 2014, by 1.0% to 46,529.

Headcount as of end of the period

	Dec 14	Mar 15	Change
Domestic	**15,550**	**15,501**	**-0.3%**
Erste Group, EB Oesterreich and subsidiaries	8,324	8,310	-0.2%
Haftungsverbund savings banks	7,226	7,191	-0.5%
Abroad	**30,517**	**31,028**	**1.7%**
Česká spořitelna Group	10,504	10,547	0.4%
Banca Comercială Română Group	7,054	7,079	0.4%
Slovenská sporiteľňa Group	4,275	4,291	0.4%
Erste Bank Hungary Group	2,766	2,988	8.0%
Erste Bank Croatia Group	2,754	2,773	0.7%
Erste Bank Serbia	955	961	0.6%
Savings banks subsidiaries	1,166	1,195	2.5%
Other subsidiaries and foreign branch offices	1,043	1,195	14.6%
Total	**46,067**	**46,529**	**1.0%**

Operating result

Despite the decline in net interest income, operating income was stable at EUR 1,689.1 million (EUR 1,690.6 million). As general administrative expenses were reduced to EUR 948.1 million (-1.6%, EUR 963.3 million), the operating result improved to EUR 741.0 million (+1.9%, EUR 727.3 million).

Gains/losses from financial assets and liabilities not measured at fair value through profit or loss (net)

Gains/losses from financial assets and liabilities not measured at fair value through profit and loss (net) rose to EUR 10.9 million (EUR -3.7 million), mainly due to the positive contribution from the sale of available-for-sale financial assets.

Net impairment loss on financial assets

Net impairment loss on financial assets declined to EUR 183.1 million (EUR 364.2 million). This development was supported by the decline in the balance of the allocation and release of provisions for the lending business together with the costs of direct loan write-offs offset by income received from the recovery of loans already written off to EUR 180.1 million (EUR 366.3 million). This was driven by seasonally low risk costs at the savings banks in the current quarter and low risk costs in Hungary and Romania following extraordinarily high provisions in 2014. Consequently, net impairment loss on financial assets not measured at fair value through profit or loss, based on the average volume of customer loans, improved significantly to 57 basis points (114 basis points). In addition, this line item included net impairment loss on financial assets – held to maturity and financial assets – available for sale in the amount of EUR -3.0 million (EUR 2.1 million).

Other operating result

Other operating result amounted to EUR -153.5 million (EUR -119.8 million). This was primarily attributable to allocations to other provisions in the amount of EUR -60.1 million (EUR -2.0 million), including EUR 54.9 million (EUR 0) for the projected full-year contributions to national resolution funds in 2015.

Levies on banking activities declined to EUR 91.8 million (EUR 99.8 million). A substantial proportion of these – EUR 56.5 million (EUR 59.1 million) – was levied in Hungary and comprised the advance booking of total banking tax for the year of 2015 in the amount of EUR 46.0 million (EUR 47.9 million), a financial transaction tax of EUR 9.9 million (EUR 9.1 million), and the programme subsidising repayment of foreign-currency loans in the amount of EUR 0.7 million (EUR 2.1 million). Banking levies charged in Austria amounted to EUR 29.5 million (EUR 30.4 million) and in Slovakia – following a substantial reduction of banking tax – to EUR 5.8 million (EUR 10.3 million).

Net result

The pre-tax result from continuing operations amounted to EUR 415.2 million (EUR 239.5 million).

The net result attributable to owners of the parent rose to EUR 225.8 million (EUR 103.3 million).

FINANCIAL RESULTS – QUARTER-ON-QUARTER COMPARISON

First quarter of 2015 compared to fourth quarter of 2014

in EUR million	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15
Income statement					
Net interest income	1,123.9	1,119.7	1,126.0	1,125.6	1,098.5
Net fee and commission income	452.1	454.9	465.8	497.1	461.0
Dividend income	14.6	15.4	33.0	11.3	7.4
Net trading and fair value result	50.4	87.7	28.4	75.8	72.4
Net result from equity method investments	3.1	8.3	0.1	4.2	4.7
Rental income from investment properties & other operating leases	46.5	45.1	42.5	46.5	45.1
Personnel expenses	-545.9	-546.1	-515.0	-577.2	-554.0
Other administrative expenses	-292.4	-265.2	-264.2	-315.1	-281.1
Depreciation and amortisation	-125.0	-121.8	-108.0	-111.3	-112.9
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	-3.7	4.9	13.2	4.0	10.9
Net impairment loss on financial assets not measured at fair value through profit or loss	-364.2	-431.9	-878.8	-484.3	-183.1
Other operating result	-119.8	-1,152.0	-356.8	-124.3	-153.5
Levies on banking activities	-99.8	-54.3	-54.6	-47.6	-91.8
Pre-tax result from continuing operations	**239.5**	**-781.0**	**-414.0**	**152.2**	**415.2**
Taxes on income	-99.7	-235.9	-98.3	-75.5	-118.6
Net result for the period	**139.8**	**-1,016.9**	**-512.3**	**76.7**	**296.6**
Net result attributable to non-controlling interests	36.5	16.2	42.0	34.7	70.8
Net result attributable to owners of the parent	**103.3**	**-1,033.1**	**-554.2**	**42.0**	**225.8**

Net interest income declined to EUR 1,098.5 million (-2.4%; EUR 1,125.6 million). **Net fee and commission income** decreased to EUR 461.0 million (-7.3%; EUR 497.1 million), reflecting mainly a decline in payment transfers and lending. The **net trading and fair value result** went down to EUR 72.4 million (-4.4%, EUR 75.8 million). This was mainly attributable to a reduction in the securities and derivatives business.

General administrative expenses were lower at EUR 948.1 million (-5.5%; EUR 1,003.6 million). Personnel expenses were reduced to EUR 554.0 million (-4.0%; EUR 577.2 million). Depreciation and amortisation rose to EUR 112.9 (+1.5%; EUR 111.3 million. Other administrative expenses fell to EUR 281.1 million (-10.8%; EUR 315.1 million) on the back of lower advertising expenses. The **cost/income ratio** declined to 56.1% (57.0%).

Gains/losses from financial assets and liabilities not measured at fair value through profit and loss (net) improved to EUR 10.9 million (EUR 4.0 million), mainly due to the buyback of financial liabilities.

Net impairment loss on financial assets not measured at fair value through profit or loss improved to EUR -183.1 million (EUR -484.3 million), which primarily reflected significantly lower risk costs in Romania.

Other operating result amounted to EUR -153.5 million (EUR -124.3 million), impacted by the expected cost of contributions to resolution funds forecast at EUR -54.9 million (EUR 0) for the year of 2015.

Levies on banking activities amounted to EUR 91.8 million (EUR 47.6 million). Thereof, EUR 56.5 million (EUR 12.4 million) were levied in Hungary: the advance booking of total banking tax for the year of 2015 in the amount of EUR 46.0 million (EUR 0 million), financial transaction taxes of EUR 9.9 million (EUR 9.1 million) plus EUR 0.7 million (EUR 2.2 million) for the programme subsidising repayment of foreign-currency loans. Banking taxes were also charged in Austria in the amount of EUR 29.5 million (EUR 35.2 million) and in Slovakia in the amount of EUR 5.8 million (EUR 0.0 million).

The **pre-tax result** amounted to EUR 415.2 million (EUR 152.2 million). The **net result attributable to owners of the parent** stood at EUR 225.8 million (EUR 42.0 million).

DEVELOPMENT OF THE BALANCE SHEET

in EUR million	Dec 14	Mar 15	Change
Assets			
Cash and cash balances	7,835	8,223	4.9%
Trading, financial assets	50,131	52,285	4.3%
Loans and receivables to credit institutions	7,442	8,345	12.1%
Loans and receivables to customers	120,834	123,437	2.2%
Intangible assets	1,441	1,415	-1.8%
Miscellaneous assets	8,604	8,865	3.0%
Total assets	**196,287**	**202,570**	**3.2%**
Liabilities and equity			
Financial liabilities - held for trading	7,746	8,988	16.0%
Deposits from banks	14,803	16,389	10.7%
Deposits from customers	122,583	124,752	1.8%
Debt securities issued	31,140	30,852	-0.9%
Miscellaneous liabilities	6,573	7,635	16.2%
Total equity	13,443	13,956	3.8%
Total liabilities and equity	**196,287**	**202,570**	**3.2%**

Trading and investment securities held in various categories of financial assets rose to EUR 52.3 billion (EUR 50.1 billion). The rise in the line items financial assets – available for sale, financial assets – held to maturity and financial assets – held for trading more than offset the moderate decline in the line item financial assets – at fair value through profit or loss.

Loans and receivables to credit institutions (net) increased to EUR 8.3 billion (EUR 7.4 billion). **Loans and receivables to customers (net)** increased to EUR 123.4 billion (EUR 120.8 billion) despite declines especially in Romania and in Hungary. **Allowances for loans and receivables to customers** shown as part of loans and receivables to customers decreased slightly to EUR 7.2 billion (EUR 7.5 billion).

The **NPL ratio** – non-performing loans as a percentage of loans to customers – decreased further to 8.1% (8.5%). The **NPL coverage ratio** stood at 67.9% (68.9%).

Intangible assets were stable at EUR 1.4 billion (EUR 1.4 billion). **Miscellaneous assets** were slightly up at EUR 8.9 billion (EUR 8.6 billion). **Financial liabilities – held for trading** increased to EUR 9.0 billion (EUR 7.7 billion), primarily as a result of an increased portfolio of derivatives.

Deposits from banks rose to EUR 16.4 billion (EUR 14.8 billion), reflecting an increase in overnight deposits from credit institutions**.** **Deposits from customers** were likewise higher at EUR 124.8 billion (EUR 122.6 billion). The **loan-to-deposit ratio** stood at 98.9% (98.6%). **Debt securities in issue**, in particular bonds as well as mortgage and public sector covered bonds, were nearly unchanged at EUR 30.9 billion (EUR 31.1 billion). **Miscellaneous liabilities** rose to EUR 7.6 billion (EUR 6.6 billion).

Erste Group's **total capital** increased to EUR 14.0 billion (EUR 13.4 billion). After regulatory deductions and filtering according to the CRR, **tier 1 capital** (Basel 3 phased-in) amounted to EUR 10.7 billion (EUR 10.6 billion); **common equity tier 1 capital** (CET1, Basel 3 phased-in) stood at EUR 10.7 billion (EUR 10.6 billion). **Total risk** (**risk-weighted assets** including credit, market and operational risk, Basel 3 phased-in) rose to EUR 101.8 billion (EUR 100.6 billion).

As of 2014, Erste Group calculates consolidated regulatory capital according to Basel 3. The calculation follows the requirements as defined by the capital requirements regulation (CRR) taking into consideration transitional provisions as defined in the Austrian CRR-Begleitverordnung. These transitional provisions define the percentages applicable to eligible capital instruments and regulatory deduction items as well as filters. The **total capital ratio** (Basel 3 phased-in) in relation to the total risk (total eligible qualifying capital in relation to total risk pursuant to CRR) was 15.8% (15.7%), well above the legal minimum requirement.

The **tier 1 ratio**, which includes the capital requirements for credit, market and operational risk (total risk), stood at 10.5% (10.6%). The **common equity tier 1 ratio** amounted to 10.5% (10.6%).

SEGMENT REPORTING

January-March 2015 compared with January-March 2014

Erste Group's segment reporting is based on the matrix organisation. It provides comprehensive information to assess the business line and geographic performance. The tables and information below provide a brief overview and focus on selected and summarised items. For more details please see Note 26. At www.erstegroup.com additional information is available in Excel format.

Operating income consists of net interest income, net fee and commission income, net trading and fair value result as well as dividend income, net result from equity method investments and rental income from investment properties & other operating leases. The latter three listed items are not separately disclosed in the tables below. Operating expenses equal the position general administrative expenses. Operating result is the net amount of operating income and operating expenses. Risk provisions for loans and receivables are included in the position net impairment loss on financial assets not measured at fair value through P&L. Other result summarises the positions other operating result and gains/losses from financial assets and liabilities not measured at fair value through profit or loss. Cost/income ratio is calculated as operating expenses in relation to operating income. The return on allocated equity is defined as the net result after tax/before minorities in relation to the average allocated equity.

BUSINESS SEGMENTS

Retail

in EUR million	1-3 14	1-3 15	Change
Net interest income	537.7	552.0	2.7%
Net fee and commission income	264.8	259.9	-1.8%
Net trading and fair value result	13.2	4.0	-69.8%
Operating income	824.3	824.9	0.1%
Operating expenses	-433.6	-440.2	1.5%
Operating result	390.7	384.7	-1.5%
Cost/income ratio	52.6%	53.4%	
Net impairment loss on financial assets not measured at fair value through profit or loss	-118.7	-58.5	-50.7%
Other result	-19.4	-4.2	-78.3%
Net result attributable to owners of the parent	192.7	249.1	29.3%
Return on allocated capital	39.1%	48.8%	

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 specialised subsidiaries (such as factoring, leasing and asset management companies).

The increase in net interest income was driven by increased loan and deposit volumes in Austria as well as higher loan volumes and improved deposit margins in Slovakia; Czech Republic also contributed positively due to increasing mortgage loan volumes. These developments more than offset lower contribution from the lending business in Romania and Hungary. Net fee and commission income deteriorated primarily due to lower current account and lending fees in the Czech Republic. Increased asset management fees in Austria partially mitigated this impact. Net trading and fair value result was negatively impacted by the Swiss franc exchange rate fixing for retail loans maturing in 2015 required by the legislation in Croatia as well as the loan conversion in Hungary. Operating expenses increased in Austria due to the integration of new entities. Operating result declined moderately, cost/income ratio increased. The substantial improvement of net impairment loss on financial assets not measured at FV through profit and loss was driven by significantly lower risk costs in Romania, Hungary and Czech Republic. Other result was positively impacted by lower expenses related to workout activities and booking related to the loan conversion in Hungary. The net result attributable to the owners of the parent improved.

SME

in EUR million	1-3 14	1-3 15	Change
Net interest income	144.4	138.5	-4.0%
Net fee and commission income	47.3	44.9	-5.1%
Net trading and fair value result	5.7	8.6	50.5%
Operating income	206.7	200.3	-3.1%
Operating expenses	-68.5	-71.6	4.5%
Operating result	138.2	128.7	-6.9%
Cost/income ratio	33.1%	35.7%	
Net impairment loss on financial assets not measured at fair value through profit or loss	-59.3	-21.3	-64.1%
Other result	1.2	-4.1	n/a
Net result attributable to owners of the parent	61.8	76.2	23.3%
Return on allocated capital	18.9%	27.0%	

The SME segment consists of business with clients which are in the responsibility of the local corporate account managers, mainly consisting of micros, SMEs, small public sector companies and small financial institutions (e.g. third party leasing companies).

Net interest income decreased mainly due to lower income from unwinding in Romania and lower lending volumes in Hungary. Net fee and commission income decreased mainly in the Czech Republic. Net trading and fair value result improved as a result of positive credit value adjustments in Austria and foreign exchange business in Croatia. Operating expenses went up due to investments into local projects to improve processes and marketing expenses; the cost/income ratio rose. Net impairment loss on financial assets not measured at FV through profit and loss improved substantially on the back of lower risk provisions in Romania and Croatia. The other result deteriorated due to higher provisions for contingent credit risk liabilities in Hungary and in the Czech Republic. The net result attributable to the owners of the parent improved.

Asset/Liability Management & Local Corporate Center

in EUR million	1-3 14	1-3 15	Change
Net interest income	40.5	11.4	-71.9%
Net fee and commission income	-19.0	-16.7	-12.4%
Net trading and fair value result	-3.8	19.0	n/a
Operating income	29.5	24.1	-18.4%
Operating expenses	-31.3	-27.7	-11.8%
Operating result	-1.8	-3.6	98.9%
Cost/income ratio	>100.0%	>100.0%	
Net impairment loss on financial assets not measured at fair value through profit or loss	2.1	-9.8	n/a
Other result	-60.2	-113.4	88.3%
Net result attributable to owners of the parent	-62.8	-101.1	61.1%
Return on allocated capital	-14.4%	-23.8%	

The ALM & LCC segment includes all local asset/liability management functions as well as the one from Erste Group Bank AG and the local corporate centers which comprise all non-core banking activities, non-profit servicing participations and reconciliation items to local entity results.

Net interest income declined considerably mainly due to lower ALM contribution in the Czech Republic and Slovakia. The increase in net fee and commission income was primarily related to the positive impact from lower fee expenses in the Czech Republic. Net trading and fair value result improved substantially due to a better result from derivatives. The reduction in operating expenses was mainly attributable to lower personnel expenses in Austria. Operating result decreased slightly. Other result deteriorated as a consequence of the full year booking of the contribution to resolution funds. Consequently, the net result attributable to the owners of the parent decreased significantly.

Savings Banks

in EUR million	1-3 14	1-3 15	Change
Net interest income	214.3	223.4	4.2%
Net fee and commission income	102.9	113.5	10.3%
Net trading and fair value result	-0.6	0.7	n/a
Operating income	336.1	351.4	4.5%
Operating expenses	-231.1	-234.8	1.6%
Operating result	105.0	116.6	11.0%
Cost/income ratio	68.8%	66.8%	
Net impairment loss on financial assets not measured at fair value through profit or loss	-48.1	-20.8	-56.7%
Other result	-18.9	-12.2	-35.7%
Net result attributable to owners of the parent	1.6	13.0	>100.0%
Return on allocated capital	4.3%	15.0%	

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, and Sparkasse Hainburg.

The increase in net interest income was attributable to the reduction of deposit interest rates due to the lower interest rate environment. Net fee and commission income improved due to higher fees from securities, insurance and payments. Although operating expenses went up slightly, operating result and cost/income ratio improved. Net impairment loss on financial assets not measured at FV through profit and loss decreased. The decline in other result was caused by the resolution fund contribution for the full year in the amount of EUR 6.7 million and valuation effects, partially offset by lower provisions for contingent credit risk liabilities. Banking tax increased to EUR 3.8 million (EUR 3.4 million). The net result attributable to owners of the parent increased considerably.

Large Corporates

in EUR million	1-3 14	1-3 15	Change
Net interest income	53.9	54.9	1.9%
Net fee and commission income	22.4	20.3	-9.1%
Net trading and fair value result	2.3	3.7	64.5%
Operating income	78.5	78.9	0.6%
Operating expenses	-19.4	-20.9	7.5%
Operating result	59.1	58.1	-1.7%
Cost/income ratio	24.7%	26.4%	
Net impairment loss on financial assets not measured at fair value through profit or loss	-88.1	-17.5	-80.2%
Other result	-2.2	2.7	n/a
Net result attributable to owners of the parent	-25.2	32.7	n/a
Return on allocated capital	-13.5%	19.6%	

The Large Corporates segment comprises the business with large corporate customers whose annual turnover exceeds a defined threshold that varies depending on the country.

The net interest income increased largely due to the reallocation of a part of Erste Factoring portfolio in Croatia to the Large Corporates segment (shown fully in the SME segment in 2014) as well as higher customer loans in Austria and Slovakia. These positive effects offset the lower income attributable to unwinding related to the Romanian Large Corporates portfolio. Net fee and commission income decreased mostly due to lower fee income in the Czech Republic attributable to the absence of large one-off customer transactions of the previous year. Net trading and fair value result improved due to fixed income derivative business in Austria and positive credit value adjustments in Slovakia. The increase in operating expenses was mainly driven by Romanian cash and payments related activities. Operating result declined moderately, cost/income ratio increased. Net impairment loss on financial assets not measured at FV through profit and loss decreased substantially as the high risk provisions for loans and receivables booked in Romanian portfolio in the previous year did not recur. The improvement in other result was largely due to lower provisions for commitments and guarantees as well as releases in Austria and Slovakia. Net result attributable to the owners of the parent improved significantly.

Commercial Real Estate

in EUR million	1-3 14	1-3 15	Change
Net interest income	36.5	38.8	6.2%
Net fee and commission income	5.1	2.1	-59.0%
Net trading and fair value result	-3.5	-4.0	12.3%
Operating income	46.0	47.3	3.0%
Operating expenses	-23.6	-20.1	-14.7%
Operating result	22.3	27.2	21.7%
Cost/income ratio	51.4%	42.6%	
Net impairment loss on financial assets not measured at fair value through profit or loss	-60.3	-30.0	-50.2%
Other result	-12.3	-0.6	-94.8%
Net result attributable to owners of the parent	-53.3	-7.3	-86.2%
Return on allocated capital	-25.7%	-4.9%	

The Commercial Real Estate 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.

The increase in net interest income was mainly attributable to higher loan volumes in the Austrian portfolio. Net fee and commission income declined on the back of lower fees in the Czech Republic and in Immorent. The decline in the net trading and fair value result was due to negative credit value adjustments in the Austrian portfolio. Rental income increased mostly in Immorent. The decline in operating expenses was driven by strict cost management. The operating result increased and the cost/income ratio improved. Net impairment loss on financial assets not measured at FV through profit and loss improved, mainly driven by Erste Bank Hungary and the holding. The other result improved significantly due to lower impairments of repossessed assets and releases of provisions for commitments and guarantees in Immorent. Net result attributable to the owners of the parent improved significantly.

Other Corporate

in EUR million	1-3 14	1-3 15	Change
Net interest income	18.7	20.0	6.9%
Net fee and commission income	5.1	3.9	-24.4%
Net trading and fair value result	-0.2	1.1	n/a
Operating income	23.6	24.9	5.5%
Operating expenses	-12.2	-13.6	11.3%
Operating result	11.4	11.3	-0.8%
Cost/income ratio	51.6%	54.5%	
Net impairment loss on financial assets not measured at fair value through profit or loss	4.3	-18.7	n/a
Other result	2.4	7.1	>100.0%
Net result attributable to owners of the parent	14.2	-0.3	n/a
Return on allocated capital	25.8%	-0.6%	

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.

The improvement of net interest income was mostly attributable to the International Business loan portfolio in New York which made up for further reductions of the International business loan book in Austria. Net fee and commission income declined primarily due to lower fees in aircraft business and in institutional equity sales. The increase in net trading and fair value result was driven by positive valuation effects of asset-backed securities and derivatives in the structured credit business as well as by a better performance of derivatives in the hedging portfolio. Owing to the increased operating income operating result remained stable even though costs increased, the cost/income ratio went up. Net impairment loss on financial assets not measured at FV through profit and loss increased on the back of higher risk provisions for loans and receivables related to Ukrainian corporate business in London. Net result attributable to the owners of the parent declined.

Group Markets

in EUR million	1-3 14	1-3 15	Change
Net interest income	54.0	48.2	-10.8%
Net fee and commission income	25.3	30.8	21.4%
Net trading and fair value result	30.5	34.1	11.8%
Operating income	109.9	113.2	3.0%
Operating expenses	-44.6	-45.6	2.4%
Operating result	65.4	67.6	3.3%
Cost/income ratio	40.5%	40.3%	
Net impairment loss on financial assets not measured at fair value through profit or loss	0.0	-3.7	>100.0%
Other result	-0.2	-4.2	>100.0%
Net result attributable to owners of the parent	51.4	46.5	-9.4%
Return on allocated capital	51.4%	38.5%	

The Group Markets 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.

Net interest income declined primarily due to the extremely low interest rate environment affecting interest rate related products. Net fee and commission income improved due to increased syndication and origination business, corporate sales and the performance of funds of institutional customers. The increased net trading and fair value result was mainly attributable to good performance in money markets, government bonds, collateral and equity trading, alternative investments portfolio management as well as to valuation effects of interest rate related products. Operating result improved, due to increased operating income, although operating expenses went up moderately. The cost/income ratio remained stable. Other result deteriorated due to the contribution to resolution funds. Net result attributable to the owners of the parent declined.

Group Corporate Center

in EUR million	1-3 14	1-3 15	Change
Net interest income	25.3	13.1	-48.2%
Net fee and commission income	16.7	7.8	-53.1%
Net trading and fair value result	-0.7	6.0	n/a
Operating income	53.8	38.1	-29.1%
Operating expenses	-189.6	-179.3	-5.4%
Operating result	-135.8	-141.2	4.0%
Cost/income ratio	>100.0%	>100.0%	
Net impairment loss on financial assets not measured at fair value through profit or loss	3.5	-2.8	n/a
Other result	59.0	78.0	32.2%
Net result attributable to owners of the parent	-77.0	-82.9	7.6%
Return on allocated capital	-5.0%	-6.6%	

The Group Corporate Center segment covers mainly centrally managed activities and items that are not directly allocated to other segments. It includes the Corporate Center of Erste Group Bank AG, internal non-profit service providers, goodwill impairments and the free capital of Erste Group.

The net interest income decrease was mainly attributable to the further decreasing 5y moving average rate and thus a lower capital benefit from the free capital of the group. Net fee and commission income declined due to the reallocated of subsidiaries to other segments. Operating expenses went down as no amortisation of customer relationships for BCR was included following the write-down of the entire remaining value of customer relationships of BCR in 2014. Net trading and fair value result improved due to valuation results. Net result attributable to the owners of the parent decreased.

GEOGRAPHICAL SEGMENTS

Erste Bank Oesterreich & Subsidiaries

in EUR million	1-3 14	1-3 15	Change
Net interest income	145.4	157.7	8.5%
Net fee and commission income	90.6	91.0	0.4%
Net trading and fair value result	1.2	-1.1	n/a
Operating income	245.4	255.2	4.0%
Operating expenses	-145.5	-152.7	4.9%
Operating result	100.0	102.5	2.5%
Cost/income ratio	59.3%	59.8%	
Net impairment loss on financial assets not measured at fair value through profit or loss	-21.3	-21.8	2.4%
Other result	-9.0	-10.0	10.5%
Net result attributable to owners of the parent	52.5	50.8	-3.1%
Return on allocated capital	20.3%	20.6%	

The EBOe & Subsidiaries segment comprises Erste Bank Oesterreich and its main subsidiaries (e.g. sBausparkasse, Salzburger Sparkasse, Tiroler Sparkasse, Sparkasse Hainburg).

The increase in net interest income was primarily attributable to higher retail loan and deposit volumes, mainly current accounts. While net fee and commission income remained stable, net trading and fair value result decreased due to valuation of derivatives. Operating expenses increased due to higher IT costs and the merger of Brokerjet. Although operating result improved, cost/income ratio went up slightly. Net impairment loss on financial assets not measured at FV through profit and loss remained stable. The worsening of other result was mainly driven by the resolution fund contribution of EUR 4.2 million. Banking tax increased to EUR 3.6 million (EUR 2.0 million). Overall, the net result attributable to owners of the parent decreased slightly.

Savings Banks

The geographical segment Savings Banks is identical to the business segment Savings Banks (see page 10).

Other Austria

in EUR million	1-3 14	1-3 15	Change
Net interest income	98.5	103.1	4.6%
Net fee and commission income	43.3	48.8	12.6%
Net trading and fair value result	0.3	9.6	>100.0%
Operating income	150.1	172.0	14.6%
Operating expenses	-78.1	-77.9	-0.3%
Operating result	72.0	94.1	30.7%
Cost/income ratio	52.1%	45.3%	
Net impairment loss on financial assets not measured at fair value through profit or loss	-50.8	-66.6	31.2%
Other result	-8.3	1.8	n/a
Net result attributable to owners of the parent	-3.0	16.7	n/a
Return on allocated capital	-0.2%	4.2%	

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.

Net interest income increased on the back of lending business in the New York branch and real estate business in the holding. Net fee and commission income improved due to higher assets under management volume and a changed structure of sold products, as well as higher syndications and corporate sales fees in Group Markets. The increased net trading and fair value result was predominantly attributable to a good performance in money markets, government bonds and collateral and equity trading. Supported by stable operating expenses, operating result improved. Net impairment loss on financial assets not measured at FV through profit and loss increased on the back of high specific risk provisions in the Investment Banking business in the holding as well as in Immorent. Other result included a resolution fund contribution of EUR 3.8 million. The net result attributable to the owners of the parent increased and turned positive.

Czech Republic

in EUR million	1-3 14	1-3 15	Change
Net interest income	233.4	222.9	-4.5%
Net fee and commission income	101.6	91.3	-10.2%
Net trading and fair value result	21.5	43.1	>100.0%
Operating income	364.8	364.2	-0.2%
Operating expenses	-164.7	-160.0	-2.8%
Operating result	200.1	204.2	2.0%
Cost/income ratio	45.1%	43.9%	
Net impairment loss on financial assets not measured at fair value through profit or loss	-35.6	-31.3	-12.0%
Other result	6.5	-19.1	n/a
Net result attributable to owners of the parent	136.2	124.0	-8.9%
Return on allocated capital	37.7%	36.4%	

Net interest income in the Czech Republic segment (comprising Česká spořitelna Group) decreased due to the persistently low interest rate environment and a change of the balance sheet structure towards a higher proportion of lower margin loans such as housing loans. Net fee and commission income declined mostly due to lower private current account fees and lower lending fees. Net trading and FV result increased due to a one-off effect related to the valuation of derivatives. Lower operating expenses were partly attributable to timing of booking of IT costs. Operating result increased, cost/income ratio improved. The decline of net impairment loss on financial assets not measured at FV through profit and loss was attributable to a change in the provisioning methodology for retail portfolio risks. Other result deteriorated due to the full year booking of the contribution to the resolution fund of EUR 16.1 million. Overall, these developments led to a decline in the net result attributable to the owners of the parent.

Slovakia

in EUR million	1-3 14	1-3 15	Change
Net interest income	107.9	112.2	4.0%
Net fee and commission income	29.9	31.4	5.2%
Net trading and fair value result	2.7	-1.2	n/a
Operating income	143.1	145.4	1.6%
Operating expenses	-65.1	-65.3	0.3%
Operating result	78.0	80.1	2.7%
Cost/income ratio	45.5%	44.9%	
Net impairment loss on financial assets not measured at fair value through profit or loss	-12.7	-22.2	74.7%
Other result	-11.0	-8.6	-22.0%
Net result attributable to owners of the parent	41.6	37.6	-9.5%
Return on allocated capital	33.6%	29.1%	

The increase in net interest income in the Slovakia segment (comprising Slovenská sporitel'ňa Group) was mainly attributable to higher loan volumes, both housing and consumer loans, as well as a changed deposit structure. These effects were partially offset by a lower structural contribution due to the low interest rate environment. Net fee and commission income improved due to lending, card, insurance, as well as asset management fees. The decrease in the net trading and fair value result was driven by the valuation of derivatives. While total operating income increased slightly, operating expenses remained stable. As a consequence operating result and cost/income ratio improved. Net impairment loss on financial assets not measured at FV through profit and loss increased mainly due to a single event. The improvement of other result was driven by a lower banking tax due to a revised regulation in the amount of EUR 5.8 million (EUR 10.3 million), which was partially offset by the contribution into the resolution fund of EUR 2.4 million. The net result attributable to the owners of the parent declined.

Romania

in EUR million	1-3 14	1-3 15	Change
Net interest income	135.7	111.1	-18.1%
Net fee and commission income	39.1	37.7	-3.6%
Net trading and fair value result	19.6	13.9	-29.0%
Operating income	195.8	164.9	-15.8%
Operating expenses	-80.5	-80.4	-0.2%
Operating result	115.3	84.6	-26.7%
Cost/income ratio	41.1%	48.7%	
Net impairment loss on financial assets not measured at fair value through profit or loss	-110.3	8.9	n/a
Other result	-7.0	-7.4	4.8%
Net result attributable to owners of the parent	-7.9	69.7	n/a
Return on allocated capital	-2.4%	31.7%	

Net interest income in the Romania segment (comprising Banca Comercială Română Group) decreased mainly due to lower income from unwinding. Net fee and commission income declined predominantly due to lower current account maintenance fees. The decline in net trading and fair value result was mostly attributable to a lower result from the open FX position. Consequently, operating income decreased significantly. Operating expenses remained flat. Operating result declined and the cost/income ratio deteriorated. Net impairment loss on financial assets not measured at FV through profit and loss decreased significantly after non-performing loan portfolio clean-up activities in 2014 and more than offset the drop in operating result. Other result included the contribution to the resolution fund of EUR 5.6 million. Consequently, the net result attributable to the owners of the parent improved markedly.

Hungary

in EUR million	1-3 14	1-3 15	Change
Net interest income	69.6	55.1	-20.9%
Net fee and commission income	33.6	34.2	1.8%
Net trading and fair value result	-5.7	-4.1	-27.7%
Operating income	97.9	85.4	-12.7%
Operating expenses	-42.1	-43.2	2.7%
Operating result	55.8	42.2	-24.3%
Cost/income ratio	43.0%	50.6%	
Net impairment loss on financial assets not measured at fair value through profit or loss	-44.8	2.3	n/a
Other result	-61.6	-58.8	-4.5%
Net result attributable to owners of the parent	-53.8	-15.9	-70.4%
Return on allocated capital	-43.0%	-14.3%	

Net interest income in the Hungary segment (comprising Erste Bank Hungary Group) declined mainly due to lower loan volumes, the impact of the consumer loan law as well as lower contribution from securities. Net fee and commission income improved primarily on the back of higher fees from assets management and insurance business. Net trading and fair value result increased due to the better performance of the money market desk. Operating expenses increased moderately. Consequently operating result deteriorated, the cost/income ratio went up. Net impairment loss on financial assets not measured at FV through profit and loss improved substantially due to releases of loan loss provisions in retail and commercial real estate business. Other result benefited from a positive effect related to the loan conversion and lower workout expenses; the line item included the contribution to the resolution fund of EUR 1.6 million. This led to an improvement of the net result attributable to the owners of the parent.

Croatia

in EUR million	1-3 14	1-3 15	Change
Net interest income	63.0	66.0	4.9%
Net fee and commission income	18.3	17.8	-2.3%
Net trading and fair value result	3.8	-4.6	n/a
Operating income	93.7	86.8	-7.4%
Operating expenses	-43.5	-46.9	8.0%
Operating result	50.2	39.9	-20.6%
Cost/income ratio	46.4%	54.1%	
Net impairment loss on financial assets not measured at fair value through profit or loss	-39.7	-25.8	-35.0%
Other result	-0.4	-2.1	>100.0%
Net result attributable to owners of the parent	5.5	6.4	15.4%
Return on allocated capital	8.0%	8.4%	

Net interest income in the Croatia segment (comprising Erste Bank Croatia Group) increased due to lower interest expenses for liabilities. Net fee and commission income remained nearly stable. The net trading and fair value result was negatively impacted by the Swiss franc exchange rate fixing for retail loans maturing in 2015 required by the legislation. Operating expenses went up due to the increased personnel expenses as well as higher legal and IT costs. The operating result deteriorated, the cost/income ratio went up. The substantial improvement in net impairment loss on financial assets not measured at FV through profit and loss was driven by lower provisioning requirements in the SME business. Other result decreased due to the resolution fund contribution of EUR 1.7 million. The net result attributable to the owners of the parent improved.

Serbia

in EUR million	1-3 14	1-3 15	Change
Net interest income	7.7	10.0	30.7%
Net fee and commission income	3.1	2.8	-12.0%
Net trading and fair value result	0.6	1.0	63.5%
Operating income	11.5	13.9	20.0%
Operating expenses	-9.4	-9.3	-0.5%
Operating result	2.2	4.5	>100.0%
Cost/income ratio	81.2%	67.3%	
Net impairment loss on financial assets not measured at fair value through profit or loss	-2.7	-2.1	-22.2%
Other result	-0.2	0.1	n/a
Net result attributable to owners of the parent	0.0	2.0	n/a
Return on allocated capital	-1.0%	13.4%	

Net interest income in the Serbia segment (comprising Erste Bank Serbia Group) increased due to higher margins and growing customer loan volumes as well as higher deposit volumes in retail business. Net fee and commission income decreased mostly due to lower lending and payment fee income. The improvement of net trading and fair value result was mainly driven by foreign exchange business. Operating expenses remained stable. The development of net impairment loss on financial assets not measured at FV through profit and loss improved. As a result the net result attributable to the owners of the parent improved significantly.

Other

in EUR million	1-3 14	1-3 15	Change
Net interest income	48.5	36.9	-23.8%
Net fee and commission income	-10.3	-7.4	-27.7%
Net trading and fair value result	7.1	15.2	>100.0%
Operating income	52.1	49.9	-4.2%
Operating expenses	-103.3	-77.5	-25.0%
Operating result	-51.2	-27.6	-46.1%
Cost/income ratio	>100.0%	>100.0%	
Net impairment loss on financial assets not measured at fair value through profit or loss	1.7	-3.6	n/a
Other result	-13.5	-26.5	96.4%
Net result attributable to owners of the parent	-69.3	-78.5	13.3%
Return on allocated capital	-3.9%	-5.2%	

The residual segment Other consists mainly of centralised service providers, the Group Asset/Liability Management and the Corporate Center of Erste Group Bank AG as well as the reconciliation to the consolidated accounting result (e.g. intercompany elimination, dividend elimination), goodwill impairments, amortisation of customer relationships and free capital.

The decline of the net interest income in the residual segment Other was mainly attributable to the further decreasing 5y moving average rate and thus a lower capital benefit from the free capital of the group. Net trading and fair value result improved significantly due to valuation effects. Operating expenses declined as due to the write-down of the entire remaining value of customer relationships of BCR in 2014 no amortisation of customer relationships was included. The deterioration of the other result was driven predominantly by the resolution fund contribution of EUR 12.8 million in the holding. Net result attributable to the owners of the parent declined.

Group condensed consolidated financial statements of Erste Group Bank AG

Interim report – First quarter of 2015

I. Group condensed statement of comprehensive income

Income statement

in EUR thousand	Notes	1-3 14	1-3 15
Net interest income	1	1,123,872	1,098,504
Net fee and commission income	2	452,113	461,016
Dividend income	3	14,570	7,355
Net trading and fair value result	4	50,356	72,414
Net result from equity method investments		3,146	4,656
Rental income from investment properties & other operating leases	5	46,525	45,137
Personnel expenses	6	-545,878	-554,040
Other administrative expenses	6	-292,443	-281,135
Depreciation and amortisation	6	-124,975	-112,943
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	7	-3,744	10,877
Net impairment loss on financial assets not measured at fair value through profit or loss	8	-364,242	-183,117
Other operating result	9	-119,776	-153,483
Levies on banking activities	9	-99,753	-91,794
Pre-tax result from continuing operations		**239,525**	**415,241**
Taxes on income	10	-99,686	-118,628
Net result for the period		**139,838**	**296,613**
Net result attributable to non-controlling interests		36,506	70,827
Net result attributable to owners of the parent		**103,332**	**225,786**

Statement of comprehensive income

in EUR thousand	1-3 14	1-3 15
Net result for the period	**139,838**	**296,613**
Other comprehensive income		
Items that may not be reclassified to profit or loss		
Remeasurement of net liability of defined benefit plans	0	-54,772
Deferred taxes relating to items that may not be reclassified	0	5,924
Total	**0**	**-48,849**
Items that may be reclassified to profit or loss		
Available for sale reserve (including currency translation)	131,260	203,987
Gain/loss during the period	140,516	214,553
Reclassification adjustments	-9,255	-10,566
Cash flow hedge reserve (including currency translation)	22,740	11,283
Gain/loss during the period	27,946	21,514
Reclassification adjustments	-5,205	-10,230
Currency translation	-13,982	81,695
Gain/loss during the period	-13,982	81,695
Reclassification adjustments	0	0
Deferred taxes relating to items that may be reclassified	-51,254	-41,380
Gain/loss during the period	-53,678	-44,815
Reclassification adjustments	2,424	3,434
Total	**88,764**	**255,584**
Total other comprehensive income	**88,764**	**206,736**
Total comprehensive income	**228,602**	**503,349**
Total comprehensive income attributable to non-controlling interests	42,083	113,128
Total comprehensive income attributable to owners of the parent	**186,519**	**390,221**

Earnings per share

		1-3 14	1-3 15
Net result attributable to owners of the parent	in EUR thousand	103,332	225,786
Dividend on participation capital	in EUR thousand	0	0
Net result for the period attributable to owners of the parent after deduction of the participation capital dividend	in EUR thousand	103,332	225,786
Weighted average number of outstanding shares		427,568,187	426,810,685
Earnings per share	**in EUR**	**0.24**	**0.53**
Weighted average diluted number of outstanding shares		427,568,187	426,810,685
Diluted earnings per share	**in EUR**	**0.24**	**0.53**

Changes in number of shares

	1-3 14	1-3 15
Number of shares		
Shares outstanding at the beginning of the period	415,076,934	409,940,635
Acquisition of treasury shares	-5,713,057	-1,361,040
Disposal of treasury shares	7,627,638	1,373,511
Capital increases due to ESOP and MSOP	0	0
Capital increases	0	0
Shares outstanding at the end of the period	416,991,515	409,953,106
Treasury shares	12,808,485	19,846,894
Number of shares issued at the end of the period	**429,800,000**	**429,800,000**
Weighted average number of outstanding shares	427,568,187	426,810,685
Dilution due to MSOP/ESOP	0	0
Dilution due to options	0	0
Weighted average diluted number of outstanding shares	427,568,187	426,810,685

Quarterly results

in EUR million	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15
Income statement					
Net interest income	1,123.9	1,119.7	1,126.0	1,125.6	1,098.5
Net fee and commission income	452.1	454.9	465.8	497.1	461.0
Dividend income	14.6	15.4	33.0	11.3	7.4
Net trading and fair value result	50.4	87.7	28.4	75.8	72.4
Net result from equity method investments	3.1	8.3	0.1	4.2	4.7
Rental income from investment properties & other operating leases	46.5	45.1	42.5	46.5	45.1
Personnel expenses	-545.9	-546.1	-515.0	-577.2	-554.0
Other administrative expenses	-292.4	-265.2	-264.2	-315.1	-281.1
Depreciation and amortisation	-125.0	-121.8	-108.0	-111.3	-112.9
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	-3.7	4.9	13.2	4.0	10.9
Net impairment loss on financial assets not measured at fair value through profit or loss	-364.2	-431.9	-878.8	-484.3	-183.1
Other operating result	-119.8	-1,152.0	-356.8	-124.3	-153.5
Levies on banking activities	-99.8	-54.3	-54.6	-47.6	-91.8
Pre-tax result from continuing operations	**239.5**	**-781.0**	**-414.0**	**152.2**	**415.2**
Taxes on income	-99.7	-235.9	-98.3	-75.5	-118.6
Net result for the period	**139.8**	**-1,016.9**	**-512.3**	**76.7**	**296.6**
Net result attributable to non-controlling interests	36.5	16.2	42.0	34.7	70.8
Net result attributable to owners of the parent	**103.3**	**-1,033.1**	**-554.2**	**42.0**	**225.8**

Statement of comprehensive income					
Net result for the period	**139.8**	**-1,016.9**	**-512.3**	**76.7**	**296.6**
Other comprehensive income					
Items that may not be reclassified to profit or loss					
Remeasurement of net liability of defined pension plans	0.0	0.0	0.0	-188.2	-54.8
Deferred taxes relating to items that may not be reclassified	0.0	0.0	0.0	47.1	5.9
Total	**0.0**	**0.0**	**0.0**	**-141.1**	**-48.8**
Items that may be reclassified to profit or loss					
Available for sale reserve (including currency translation)	131.3	188.5	98.3	163.1	204.0
Gain/loss during the period	140.5	196.7	112.6	124.3	214.6
Reclassification adjustments	-9.3	-8.3	-14.3	38.9	-10.6
Cash flow hedge reserve (including currency translation)	22.7	97.0	36.2	16.8	11.3
Gain/loss during the period	27.9	121.3	52.1	23.0	21.5
Reclassification adjustments	-5.2	-24.2	-15.9	-6.2	-10.2
Currency translation	-14.0	44.3	-27.6	-65.7	81.7
Gain/loss during the period	-14.0	44.3	-27.6	-65.7	81.7
Reclassification adjustments	0.0	0.0	0.0	0.0	0.0
Deferred taxes relating to items that may be reclassified	-51.3	-57.0	-39.0	-43.3	-41.4
Gain/loss during the period	-53.7	-71.6	-38.2	-29.9	-44.8
Reclassification adjustments	2.4	14.6	-0.8	-13.4	3.4
Total	**88.8**	**272.8**	**67.8**	**70.9**	**255.6**
Total other comprehensive income	**88.8**	**272.8**	**67.8**	**-70.2**	**206.7**
Total comprehensive income	**228.6**	**-744.1**	**-444.4**	**6.5**	**503.3**
Total comprehensive income attributable to non-controlling interests	42.1	167.5	74.0	-13.3	113.1
Total comprehensive income attributable to owners of the parent	**186.5**	**-911.6**	**-518.5**	**19.8**	**390.2**

II. Group condensed balance sheet

in EUR thousand	Notes	Dec 14	Mar 15
Assets			
Cash and cash balances	11	7,835,417	8,223,213
Financial assets - held for trading		10,530,878	11,365,912
Derivatives	12	7,173,380	7,628,141
Other trading assets	13	3,357,498	3,737,771
Financial assets - at fair value through profit or loss	14	349,583	271,280
Financial assets - available for sale	15	22,373,356	23,186,555
Financial assets - held to maturity	16	16,877,214	17,461,613
Loans and receivables to credit institutions	17	7,442,288	8,344,760
Loans and receivables to customers	18	120,833,976	123,437,200
Derivatives - hedge accounting	19	2,871,607	2,913,847
Property and equipment		2,264,041	2,339,943
Investment properties		950,168	947,030
Intangible assets		1,440,946	1,415,136
Investments in associates and joint ventures		194,984	190,173
Current tax assets		107,310	107,144
Deferred tax assets		301,469	293,268
Assets held for sale		291,394	229,081
Other assets	20	1,622,702	1,844,050
Total assets		**196,287,334**	**202,570,204**
Liabilities and equity			
Financial liabilities - held for trading		7,746,381	8,987,598
Derivatives	12	7,188,386	8,163,294
Other trading liabilities	21	557,994	824,304
Financial liabilities - at fair value through profit or loss		2,072,725	1,965,756
Deposits from banks		0	0
Deposits from customers		319,960	257,175
Debt securities issued	22	1,752,765	1,708,581
Other financial liabilities		0	0
Financial liabilities measured at amortised cost		166,921,248	170,616,176
Deposits from banks	23	14,802,602	16,389,025
Deposits from customers	23	122,262,612	124,494,560
Debt securities issued	23	29,386,741	29,142,945
Other financial liabilities		469,294	589,646
Derivatives - hedge accounting	19	725,928	833,142
Changes in fair value of portfolio hedged items		1,225,473	1,277,165
Provisions	24	1,652,688	1,688,388
Current tax liabilities		91,050	110,687
Deferred tax liabilities		98,778	139,632
Liabilities associated with assets held for sale		0	0
Other liabilities	25	2,309,605	2,995,978
Total equity		**13,443,457**	**13,955,681**
Equity attributable to non-controlling interests		3,605,371	3,718,012
Equity attributable to owners of the parent		9,838,086	10,237,669
Total liabilities and equity		**196,287,334**	**202,570,204**

III. Group condensed statement of changes in total equity

	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 31 December 2014	**860**	**1,478**	**8,116**	**140**	**580**	**-849**	**-394**	**-92**	**9,838**	**3,605**	**13,444**
Changes in treasury shares	0	0	-4	0	0	0	0	0	-4	0	-4
Dividends paid	0	0	0	0	0	0	0	0	0	-6	-6
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 scope of consolidation	0	0	0	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0	0	0	0
Acquisition of non-controlling interest	0	0	13	0	0	0	0	0	13	5	18
Total comprehensive income	0	0	226	12	133	80	-32	-28	390	113	503
Net result for the period	0	0	226	0	0	0	0	0	226	71	297
Other comprehensive income	0	0	0	12	133	80	-32	-28	165	42	207
As of 31 March 2015	**860**	**1,478**	**8,351**	**152**	**713**	**-769**	**-427**	**-119**	**10,238**	**3,718**	**13,955**
As of 1 January 2014	**860**	**7,037**	**4,256**	**-33**	**259**	**-785**	**-277**	**2**	**11,319**	**3,466**	**14,785**
Changes in treasury shares	0	0	35	0	0	0	0	0	35	0	35
Dividends paid	0	0	0	0	0	0	0	0	0	-5	-5
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 scope of consolidation	0	0	-16	0	0	0	0	0	-16	40	24
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	103	23	110	-17	0	-32	187	42	229
Net result for the period	0	0	103	0	0	0	0	0	103	37	140
Other comprehensive income	0	0	0	23	110	-17	0	-32	83	6	89
As of 31 March 2014	**860**	**7,037**	**4,380**	**-10**	**369**	**-802**	**-277**	**-30**	**11,526**	**3,543**	**15,069**

IV. Group condensed cash flow statement

in EUR million	1-3 14	1-3 15
Cash and cash equivalents at the end of the previous year	**9,301**	**7,835**
Cash flow from operating activities	2,742	1,102
Cash flow from investing activities	416	-739
Cash flow from financing activities	-2,081	-6
Effect of currency translation	-4	31
Cash and cash equivalents at the end of period	**10,373**	**8,223**

V. Condensed notes to the group financial statements of Erste Group for the period from 1 January to 31 March 2015

BASIS OF PREPARATION

The condensed consolidated interim financial statements ("interim financial statements") of Erste Group for the period from 1 January to 31 March 2015 were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and are presented in accordance with the requirements of IAS 34 "Interim Financial Reporting". The Group's application of IFRS resulted in no differences between IFRS as issued by the International Accounting Standards Board ("IASB") and IFRS as endorsed by the EU.

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

BASIS OF CONSOLIDATION

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 number of entities and funds included in Erste Group's IFRS consolidation scope evolved during the first quarter of 2015 as follows:

As of 31 December 2014	**528**
Additions	
Entities newly added to the scope of consolidation	7
Disposals	
Companies sold or liquidated	-5
Mergers	-9
As of 31 March 2015	**521**

ACCOUNTING AND MEASUREMENT METHODS

The interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements. Therefore, the interim financial statements should be read in conjunction with Erste Group's consolidated financial statements as of 31 December 2014. The interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' (IAS 34) and are presented in Euro, which is the functional currency of the parent company.

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2014.

APPLICATION OF AMENDED AND NEW IFRS/IAS

Following standards, interpretations and their amendments which are relevant for the business of Erste Group are applicable for the first time in 2015:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
- Annual Improvements to IFRSs 2010 2012 and 2011 2013 Cycle

Compared to the annual group financial statements as of 31 December 2014, no material changes in accounting policies were resulting from new or amended standards.

1. Net interest income

in EUR million	1-3 14	1-3 15
Interest income		
Financial assets - held for trading	115.5	143.4
Financial assets - at fair value through profit or loss	1.0	0.3
Financial assets - available for sale	112.8	114.0
Financial assets - held to maturity	153.7	148.0
Loans and receivables	1,232.3	1,143.5
Derivatives - hedge accounting, interest rate risk	19.3	46.0
Other assets	31.5	0.1
Total interest income	**1,666.2**	**1,595.3**
Interest expenses		
Financial liabilities - held for trading	-33.2	-34.5
Financial liabilities - at fair value through profit or loss	-13.1	-12.7
Financial liabilities measured at amortised cost	-553.8	-474.9
Derivatives - hedge accounting, interest rate risk	82.7	24.9
Other liabilities	-25.0	0.4
Total interest expense	**-542.3**	**-496.8**
Net interest income	**1,123.9**	**1,098.5**

2. Net fee and commission income

in EUR million	1-3 14	1-3 15
Securities	51.0	58.5
Own issues	2.6	5.6
Transfer orders	42.4	49.0
Other	6.0	3.9
Clearing and settlement	2.0	0.2
Asset management	53.8	57.0
Custody	11.9	18.3
Fiduciary transactions	0.6	0.6
Payment services	213.3	220.3
Card business	52.0	51.0
Other	161.4	169.3
Customer resources distributed but not managed	44.0	46.2
Collective investment	3.4	3.3
Insurance products	27.6	29.9
Building society brokerage	6.3	7.6
Foreign exchange transactions	4.8	5.1
Other	1.9	0.3
Structured finance	0.0	0.0
Servicing fees from securitization activities	0.0	0.0
Lending business	61.0	49.6
Guarantees given, guarantees received	21.8	13.4
Loan commitments given, loan commitments received	9.5	9.1
Other lending business	29.7	27.2
Other	14.5	10.3
Net fee and commission income	**452.1**	**461.0**

The prior year´s (2014) amounts of the positions „Securities", „Clearing and settlement", „Asset management", „Payment services" and „Lending business" were adapted due to an improved attributability. The total „Net fee and commission income" remained unchanged.

3. Dividend income

in EUR million	1-3 14	1-3 15
Financial assets - held for trading	0.3	0.0
Financial assets - at fair value through profit or loss	1.3	0.5
Financial assets - available for sale	10.0	4.9
Dividend income from equity investments	3.0	1.9
Dividend income	**14.6**	**7.4**

4. Net trading and fair value result

in EUR million	1-3 14	1-3 15
Net trading result	76.0	72.8
Securities and derivatives trading	60.1	7.0
Foreign exchange transactions	15.9	65.8
Result from financial assets and liabilities designated at fair value through profit or loss	-25.6	-0.4
Result from measurement/sale of financial assets designated at fair value through profit or loss	20.2	3.2
Result from measurement/sale of financial liabilities designated at fair value through profit or loss	-45.8	-3.6
Net trading and fair value result	**50.4**	**72.4**

5. Rental income from investment properties & other operating leases

in EUR million	1-3 14	1-3 15
Investment properties	20.9	20.0
Other operating leases	25.6	25.1
Rental income from investment properties & other operating leases	**46.5**	**45.1**

6. General administrative expenses

in EUR million	1-3 14	1-3 15
Personnel expenses	**-545.9**	**-554.0**
Wages and salaries	-402.5	-411.0
Compulsory social security	-114.7	-107.9
Long-term employee provisions	-20.2	-9.9
Other personnel expenses	-8.4	-25.2
Other administrative expenses	**-292.4**	**-281.1**
Deposit insurance contribution	-22.9	-19.2
IT expenses	-76.7	-72.7
Expenses for office space	-64.6	-64.2
Office operating expenses	-34.5	-29.8
Advertising/marketing	-36.2	-37.0
Legal and consulting costs	-26.8	-25.2
Sundry administrative expenses	-30.7	-33.1
Depreciation and amortisation	**-125.0**	**-112.9**
Software and other intangible assets	-38.2	-40.0
Owner occupied real estate	-19.3	-18.5
Investment properties	-26.5	-27.9
Customer relationships	-15.9	-2.5
Office furniture and equipment and sundry property and equipment	-25.1	-24.1
General administrative expenses	**-963.3**	**-948.1**

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

in EUR million	1-3 14	1-3 15
From sale of financial assets available for sale	-4.7	13.7
From sale of financial assets held to maturity	3.0	0.5
From sale of loans and receivables	-0.6	-0.9
From repurchase of liabilities measured at amortised cost	-1.5	-2.3
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	**-3.7**	**10.9**

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

in EUR million	1-3 14	1-3 15
Financial assets - available for sale	1.5	-3.1
Loans and receivables	-366.3	-180.1
Allocation to risk provisions	-838.6	-580.1
Release of risk provisions	502.9	392.0
Direct write-offs	-44.1	-29.6
Recoveries recorded directly to the income statement	13.4	37.6
Financial assets - held to maturity	0.6	0.1
Net impairment loss on financial assets not measured at fair value through profit or loss	**-364.2**	**-183.1**

9. Other operating result

in EUR million	1-3 14	1-3 15
Result from properties/movables/other intangible assets other than goodwill	-3.1	4.4
Allocation to/release of other provisions	-2.0	-60.1
Allocation to/release of provisions for commitments and guarantees given	-28.2	-0.5
Levies on banking activities	-99.8	-91.8
Banking tax	-88.6	-81.2
Financial transaction tax	-11.1	-10.5
Other taxes	-4.4	-3.7
Impairment of goodwill	0.0	0.0
Result from other operating expenses/income	17.6	-1.8
Other operating result	**-119.8**	**-153.5**

In the line item “allocation to/release of other provisions” the expected contribution for the full-year 2015 to national resolution funds (according to the Bank Recovery and Resolution Directive) of EUR 54.9 Mio (2014: EUR 0 Mio) is included.

10. Taxes on Income

Group’s consolidated net tax expense for the first three months of 2015 amounted to EUR 118.6 million, thereof EUR 17.2 million net deferred tax expense.

11. Cash and cash balances

in EUR million	Dec 14	Mar 15
Cash on hand	2,467	2,327
Cash balances at central banks	4,509	5,102
Other demand deposits	859	795
Cash and cash balances	**7,835**	**8,223**

12. Derivatives – held for trading

in EUR million	As of 31 December 2014			As of 31 March 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**	**160,852**	**6,480**	**6,260**
Interest rate	127,497	5,450	5,403	121,858	5,596	5,527
Equity	801	35	5	1,182	36	7
Foreign exchange	29,981	628	508	36,828	826	704
Credit	362	1	4	426	1	5
Commodity	402	19	21	557	20	17
Other	209	1	0	0	0	0
Derivatives held in the banking book	**34,726**	**1,040**	**1,246**	**34,676**	**1,148**	**1,903**
Interest rate	18,473	781	928	17,717	858	1,009
Equity	1,512	83	66	1,557	97	71
Foreign exchange	13,588	127	237	14,311	135	808
Credit	600	13	12	568	14	12
Commodity	74	2	1	60	1	0
Other	478	34	3	462	43	3
Total	**193,978**	**7,173**	**7,188**	**195,527**	**7,628**	**8,163**

13. Other trading assets

in EUR million	Dec 14	Mar 15
Equity instruments	185	150
Debt securities	3,124	3,507
General governments	2,377	2,632
Credit institutions	333	449
Other financial corporations	154	171
Non-financial corporations	260	255
Loans and advances	49	81
Other trading assets	**3,357**	**3,738**

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

in EUR million	Dec 14	Mar 15
Equity instruments	211	191
Debt securities	139	80
General governments	6	6
Credit institutions	83	63
Other financial corporations	49	11
Non-financial corporations	1	0
Loans and advances	0	0
Financial assets - at fair value through profit or loss	**350**	**271**

15. Financial assets - available for sale

in EUR million	Dec 14	Mar 15
Equity instruments	1,272	1,338
Debt securities	21,102	21,848
General governments	13,814	14,558
Credit institutions	3,658	3,621
Other financial corporations	878	822
Non-financial corporations	2,752	2,847
Loans and advances	0	0
Financial assets - available for sale	**22,373**	**23,187**

16. Financial assets – held to maturity

in EUR million	Gross carrying amount		Collective allowances		Net carrying amount	
	Dec 14	Mar 15	Dec 14	Mar 15	Dec 14	Mar 15
General governments	15,024	15,488	0	0	15,023	15,488
Credit institutions	1,024	1,180	-1	-1	1,023	1,180
Other financial corporations	242	214	0	0	241	214
Non-financial corporations	590	581	-1	-1	590	581
Total	**16,879**	**17,464**	**-2**	**-2**	**16,877**	**17,462**

17. 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 March 2015				
Debt securities	406	0	-1	404
Central banks	69	0	0	69
Credit institutions	336	0	-1	335
Loans and receivables	7,956	-15	-1	7,941
Central banks	2,230	0	0	2,230
Credit institutions	5,726	-15	-1	5,710
Total	**8,362**	**-15**	**-2**	**8,345**
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 receivables	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**

Allowances for loans and receivables to credit institutions

in EUR million	As of	Allocations	Use	Releases	Interest income from impaired loans	Exchange-rate and other changes (+/-)	As of	Amounts written off	Recoveries of amounts previously written off
	Dec 14						Mar 15		
Specific allowances	**-15**	**0**	**0**	**2**	**0**	**-2**	**-15**	**-1**	**1**
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 receivables	-15	0	0	2	0	-2	-15	-1	1
Central banks	0	0	0	0	0	0	0	0	0
Credit institutions	-15	0	0	2	0	-2	-15	-1	1
Collective allowances	**-3**	**-1**	**0**	**5**	**0**	**-3**	**-2**	**0**	**0**
Debt securities	-1	0	0	0	0	0	-1	0	0
Central banks	0	0	0	0	0	0	0	0	0
Credit institutions	-1	0	0	0	0	0	-1	0	0
Loans and receivables	-2	-1	0	5	0	-3	-1	0	0
Central banks	0	0	0	0	0	0	0	0	0
Credit institutions	-2	0	0	4	0	-3	-1	0	0
Total	**-17**	**-1**	**0**	**7**	**0**	**-6**	**-17**	**-1**	**1**
	Dec 13						Mar 14		
Specific allowances	**-54**	**-1**	**7**	**2**	**0**	**0**	**-45**	**-2**	**0**
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 receivables	-54	-1	7	2	0	0	-45	-2	0
Central banks	0	0	0	0	0	0	0	0	0
Credit institutions	-54	-1	7	2	0	0	-45	-2	0
Collective allowances	**-1**	**-11**	**0**	**3**	**0**	**0**	**-10**	**0**	**0**
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 receivables	-1	-11	0	3	0	0	-10	0	0
Central banks	0	0	0	0	0	0	0	0	0
Credit institutions	-1	-11	0	3	0	0	-10	0	0
Total	**-55**	**-12**	**7**	**5**	**0**	**0**	**-54**	**-2**	**0**

18. 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 March 2015				
Debt securities with customers	292	-14	-2	276
General governments	120	0	-1	118
Other financial corporations	26	0	0	26
Non-financial corporations	147	-14	-1	132
Loans and advances to customers	130,319	-6,383	-775	123,161
General governments	7,736	-6	-15	7,715
Other financial corporations	5,533	-154	-53	5,326
Non-financial corporations	55,228	-4,123	-434	50,671
Households	61,822	-2,100	-273	59,449
Total	**130,611**	**-6,397**	**-777**	**123,437**
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**

Allowances for loans and receivables to customers

in EUR million	As of	Allocations	Use	Releases	Interest income from impaired loans	Exchange-rate and other changes (+/-)	As of	Amounts written off	Recoveries of amounts previously written off
	Dec 14						Mar 15		
Specific allowances	**-6,723**	**-472**	**581**	**280**	**39**	**-102**	**-6,397**	**-28**	**36**
Debt securities with customers	-13	-1	0	0	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	0	0	-1	-14	0	0
Loans and advances to customers	-6,710	-471	581	280	39	-101	-6,383	-28	36
General governments	-6	0	0	1	0	-1	-6	0	0
Other financial corporations	-142	-20	5	2	1	-1	-154	-2	8
Non-financial corporations	-4,134	-257	154	147	20	-53	-4,123	-16	21
Households	-2,428	-194	421	130	19	-46	-2,100	-10	7
Collective allowances	**-768**	**-108**	**0**	**105**	**0**	**-7**	**-777**	**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	-1	0	0
Loans and advances to customers	-766	-107	0	105	0	-7	-775	0	0
General governments	-14	-4	0	3	0	0	-15	0	0
Other financial corporations	-25	-33	0	5	0	0	-53	0	0
Non-financial corporations	-440	-41	0	46	0	1	-434	0	0
Households	-287	-30	0	52	0	-8	-273	0	0
Total	**-7,491**	**-580**	**581**	**385**	**39**	**-109**	**-7,174**	**-28**	**36**
	Dec 13						Mar 14		
Specific allowances	**-7,102**	**-583**	**378**	**285**	**55**	**2**	**-6,966**	**-42**	**13**
Debt securities with customers	-9	-3	0	0	0	0	-12	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	-9	-3	0	0	0	0	-12	0	0
Loans and advances to customers	-7,092	-580	378	285	55	2	-6,953	42	13
General governments	-6	-3	1	3	0	0	-5	0	0
Other financial corporations	-183	-22	34	15	1	-28	-183	-2	0
Non-financial corporations	-4,594	-322	215	119	38	81	-4,464	-25	9
Households	-2,310	-232	128	148	16	-51	-2,301	-15	4
Collective allowances	**-651**	**-243**	**2**	**213**	**0**	**-16**	**-694**	**0**	**0**
Debt securities with customers	-2	-2	2	0	0	0	-2	0	0
General governments	0	-1	0	0	0	0	-1	0	0
Other financial corporations	0	-1	1	0	0	0	0	0	0
Non-financial corporations	-2	0	1	0	0	0	-1	0	0
Loans and advances to customers	-649	-241	0	213	0	-17	-692	0	0
General governments	-11	-2	0	1	0	2	-11	0	0
Other financial corporations	-16	-8	0	2	0	-4	-27	0	0
Non-financial corporations	-363	-107	0	93	0	-5	-382	0	0
Households	-258	-124	0	118	0	-9	-273	0	0
Total	**-7,753**	**-827**	**380**	**498**	**55**	**-14**	**-7,660**	**-42**	**13**

19. Derivatives – hedge accounting

in EUR million	As of 31 December 2014 Notional value	Positive fair value	Negative fair value	As of 31 March 2015 Notional value	Positive fair value	Negative fair value
Fair value hedges	**29,184**	**2,689**	**724**	**28,286**	**2,715**	**824**
Interest rate	29,142	2,689	712	28,241	2,715	819
Equity	0	0	0	0	0	0
Foreign exchange	42	0	12	45	0	5
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**	**4,621**	**199**	**9**
Interest rate	3,760	181	1	3,994	199	0
Equity	0	0	0	0	0	0
Foreign exchange	567	2	1	627	0	9
Credit	0	0	0	0	0	0
Commodity	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	**33,511**	**2,872**	**726**	**32,907**	**2,914**	**833**

20. Other assets

in EUR million	Dec 14	Mar 15
Prepayments and accrued income	218	244
Inventories	471	459
Sundry assets	934	1,141
Other assets	**1,623**	**1,844**

21. Other trading liabilities

in EUR million	Dec 14	Mar 15
Short positions	422	669
Equity instruments	139	281
Debt securities	283	388
Debt securities issued	47	62
Sundry trading liabilities	88	94
Other trading liabilities	**558**	**824**

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

Debt securities issued

in EUR million	Dec 14	Mar 15
Subordinated liabilities	276	274
Subordinated issues and deposits	276	274
Supplementary capital	0	0
Hybrid issues	0	0
Other debt securities issued	1,477	1,434
Bonds	1,086	1,045
Certificates of deposit	0	0
Other certificates of deposits/name certificates	77	77
Mortgage covered bonds	315	312
Public sector covered bonds	0	0
Other	0	0
Debt securities issued	**1,753**	**1,709**

23. Financial liabilities measured at amortised costs

Deposits from banks

in EUR million	Dec 14	Mar 15
Overnight deposits	1,913	3,258
Term deposits	11,975	11,934
Repurchase agreements	914	1,197
Deposits from banks	**14,803**	**16,389**

Deposits from customers

in EUR million	Dec 14	Mar 15
Overnight deposits	**65,103**	**66,181**
Savings deposits	17,314	17,972
General governments	0	0
Other financial corporations	165	163
Non-financial corporations	1,556	1,417
Households	15,592	16,392
Non-savings deposits	47,790	48,209
General governments	3,301	3,342
Other financial corporations	3,396	3,307
Non-financial corporations	14,576	14,706
Households	26,517	26,854
Term deposits	**56,609**	**57,648**
Deposits with agreed maturity	52,013	52,945
Savings deposits	35,725	35,878
General governments	0	0
Other financial corporations	1,221	1,338
Non-financial corporations	1,258	1,577
Households	33,246	32,963
Non-savings deposits	16,289	17,066
General governments	1,260	1,973
Other financial corporations	2,965	3,174
Non-financial corporations	3,930	3,718
Households	8,133	8,201
Deposits redeemable at notice	4,595	4,704
General governments	0	4
Other financial corporations	43	51
Non-financial corporations	108	105
Households	4,444	4,544
Repurchase agreements	**550**	**665**
General governments	290	544
Other financial corporations	213	68
Non-financial corporations	48	53
Households	0	0
Deposits from customers	**122,263**	**124,495**
General governments	**4,851**	**5,863**
Other financial corporations	**8,003**	**8,102**
Non-financial corporations	**21,476**	**21,575**
Households	**87,933**	**88,955**

Debt securities issued

in EUR million	Dec 14	Mar 15
Subordinated liabilities	5,482	6,145
Subordinated issues and deposits	4,182	4,466
Supplementary capital	942	1,318
Hybrid issues	357	361
Other debt securities issued	23,905	22,998
Bonds	13,017	12,018
Certificates of deposit	281	504
Other certificates of deposits/name certificates	591	622
Mortgage covered bonds	6,911	7,494
Public sector covered bonds	2,838	2,093
Other	266	266
Debt securities issued	**29,387**	**29,143**

24. Provisions

in EUR million	Dec 14	Mar 15
Long-term employee provisions	1,158	1,202
Pending legal issues and tax litigation	163	165
Commitments and guarantees given	241	242
Provisions for guarantees - off balance sheet (defaulted customers)	141	145
Provisions for guarantees - off balance sheet (non-defaulted customers)	99	97
Other provisions	91	79
Provisions for onerous contracts	5	5
Other	86	74
Provisions	**1,653**	**1,688**

Effects from the change in material valuation parameters

For the calculation of the defined benefit obligation for pension and severance payment provisions as well as for jubilee provisions, the interest rate used has been reduced compared to the previous year to 1.6% as of 31 March 2015 (31 December 2014: 2.0 %) in order to reflect the declining interest rate levels. All other valuation parameters remained unchanged. According to IAS 19 the resulting measurement adjustments for pension and severance payment provisions amounting to EUR -54.8 million (before tax) have been recognised in other comprehensive income and those for jubilee provisions, an amount of EUR -3.1 million, have been considered in the income statement.

25. Other liabilities

in EUR million	Dec 14	Mar 15
Deferred income and accrued fee expenses	233	258
Sundry liabilities	2,076	2,738
Other liabilities	**2,310**	**2,996**

26. 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 factoring, 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), amortisation of customer relationships at Erste Card Club d.d. and Ringturm KAG, 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).

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.

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 sporitel'ňa 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** consists mainly of centralized service providers, the Group Asset/Liability Management and the Corporate Center of Erste Group Bank AG as well as the reconciliation to the consolidated accounting result (e.g. intercompany elimination, dividend elimination), goodwill impairments, amortisation of customer relationships and free capital.

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).

Business segments (1)

	Retail		SME		ALM & LCC		Savings Banks		Large Corporates		Commercial Real Estate	
in EUR million	**1-3 14**	**1-3 15**	**1-3 14**	**1-3 15**	**1-3 14**	**1-3 15**	**1-3 14**	**1-3 15**	**1-3 14**	**1-3 15**	**1-3 14**	**1-3 15**
Net interest income	537.7	552.0	144.4	138.5	40.5	11.4	214.3	223.4	53.9	54.9	36.5	38.8
Net fee and commission income	264.8	259.9	47.3	44.9	-19.0	-16.7	102.9	113.5	22.4	20.3	5.1	2.1
Dividend income	0.5	0.5	1.8	0.5	2.1	1.5	8.8	3.8	0.0	0.0	0.0	0.2
Net trading and fair value result	13.2	4.0	5.7	8.6	-3.8	19.0	-0.6	0.7	2.3	3.7	-3.5	-4.0
Net result from equity method investments	2.2	2.7	0.0	0.0	0.5	0.7	0.0	0.0	0.0	0.0	0.0	0.1
Rental income from investment properties & other operating leases	6.0	5.9	7.6	7.8	9.3	8.2	10.7	10.0	0.0	0.0	7.9	10.1
General administrative expenses	-433.6	-440.2	-68.5	-71.6	-31.3	-27.7	-231.1	-234.8	-19.4	-20.9	-23.6	-20.1
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	0.0	0.0	3.2	0.0	0.7	-6.6	-5.0	7.2	0.0	0.0	0.3	0.0
Net impairment loss on financial assets not measured at fair value through profit or loss	-118.7	-58.5	-59.3	-21.3	2.1	-9.8	-48.1	-20.8	-88.1	-17.5	-60.3	-30.0
Other operating result	-19.4	-4.2	-2.0	-4.1	-60.9	-106.8	-14.0	-19.4	-2.2	2.7	-12.6	-0.6
Levies on banking activities	-16.2	-11.1	-2.6	-2.3	-51.0	-51.4	-3.4	-3.8	-0.9	-0.6	-0.1	-0.1
Pre-tax result from continuing operations	**252.7**	**321.9**	**80.1**	**103.2**	**-59.9**	**-126.7**	**38.0**	**83.6**	**-31.2**	**43.3**	**-50.2**	**-3.5**
Taxes on income	-52.7	-65.8	-17.6	-22.6	-2.3	24.8	-16.8	-17.0	4.0	-8.5	-2.6	-5.7
Net result for the period	**199.9**	**256.1**	**62.5**	**80.6**	**-62.1**	**-101.9**	**21.2**	**66.5**	**-27.2**	**34.8**	**-52.9**	**-9.2**
Net result attributable to non-controlling interests	7.2	7.0	0.8	4.4	0.7	-0.7	19.6	53.5	-1.9	2.1	0.4	-1.8
Net result attributable to owners of the parent	**192.7**	**249.1**	**61.8**	**76.2**	**-62.8**	**-101.1**	**1.6**	**13.0**	**-25.2**	**32.7**	**-53.3**	**-7.3**
Operating income	824.3	824.9	206.7	200.3	29.5	24.1	336.1	351.4	78.5	78.9	46.0	47.3
Operating expenses	-433.6	-440.2	-68.5	-71.6	-31.3	-27.7	-231.1	-234.8	-19.4	-20.9	-23.6	-20.1
Operating result	**390.7**	**384.7**	**138.2**	**128.7**	**-1.8**	**-3.6**	**105.0**	**116.6**	**59.1**	**58.1**	**22.3**	**27.2**
Risk-weighted assets (credit risk, eop)	17,738	18,710	14,657	14,373	4,864	4,664	22,441	22,792	8,930	9,971	9,641	8,964
Average allocated capital	2,073	2,130	1,344	1,212	1,747	1,734	2,007	1,801	820	720	834	761
Cost/income ratio	52.6%	53.4%	33.1%	35.7%	>100.0%	>100.0%	68.8%	66.8%	24.7%	26.4%	51.4%	42.6%
Return on allocated capital	39.1%	48.8%	18.9%	27.0%	-14.4%	-23.8%	4.3%	15.0%	-13.5%	19.6%	-25.7%	-4.9%
Total assets (eop)	50,735	52,577	22,684	22,331	52,341	49,561	56,074	57,383	8,974	10,529	10,310	9,863
Total liabilities excluding equity (eop)	67,665	69,402	12,459	13,029	56,538	53,425	52,106	53,370	5,399	4,947	4,820	4,678
Impairments and risk provisions	**-119.7**	**-60.0**	**-62.2**	**-23.6**	**3.3**	**-12.8**	**-56.5**	**-18.5**	**-88.7**	**-13.5**	**-75.7**	**-33.8**
Net impairment loss on loans and receivables to credit institutions/customers	-118.7	-58.6	-58.5	-21.3	2.2	-9.6	-48.5	-20.2	-88.1	-17.5	-60.3	-30.0
Net impairment loss on other financial assets not measured at fair value through profit or loss	0.0	0.0	-0.8	0.0	0.0	-0.2	0.4	-0.7	0.0	0.0	0.0	0.0
Allocations/releases of provisions for contingent credit risk liabilities	-0.6	-1.3	-0.7	-1.8	0.1	-1.3	-8.3	2.6	-0.7	4.0	-13.3	-3.6
Impairment of goodwill	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	-0.4	-0.2	-2.2	-0.5	1.1	-1.8	-0.1	-0.2	0.0	0.0	-2.1	-0.2

Business segments (2)

in EUR million	Other Corporate		Group Markets		Group Corporate Center		Intragroup Elimination		Total group	
	1-3 14	1-3 15	1-3 14	1-3 15	1-3 14	1-3 15	1-3 14	1-3 15	1-3 14	1-3 15
Net interest income	18.7	20.0	54.0	48.2	25.3	13.1	-1.4	-1.8	1,123.9	1,098.5
Net fee and commission income	5.1	3.9	25.3	30.8	16.7	7.8	-18.4	-5.5	452.1	461.0
Dividend income	0.0	0.0	0.1	0.2	2.2	0.8	-0.9	0.0	14.6	7.4
Net trading and fair value result	-0.2	1.1	30.5	34.1	-0.7	6.0	7.6	-0.8	50.4	72.4
Net result from equity method investments	0.0	0.0	0.0	0.0	0.5	1.2	0.0	0.0	3.1	4.7
Rental income from investment properties & other operating leases	0.0	0.0	0.0	0.0	9.8	9.2	-4.8	-6.0	46.5	45.1
General administrative expenses	-12.2	-13.6	-44.6	-45.6	-189.6	-179.3	90.6	105.7	-963.3	-948.1
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	2.2	6.1	0.0	0.0	-5.2	-0.6	0.0	4.7	-3.7	10.9
Net impairment loss on financial assets not measured at fair value through profit or loss	4.3	-18.7	0.0	-3.7	3.5	-2.8	0.2	0.0	-364.2	-183.1
Other operating result	0.2	1.0	-0.2	-4.2	64.1	78.5	-72.9	-96.3	-119.8	-153.5
Levies on banking activities	0.0	0.0	-0.6	-0.4	-25.0	-22.1	0.0	0.0	-99.8	-91.8
Pre-tax result from continuing operations	**18.2**	**-0.3**	**65.2**	**59.6**	**-73.3**	**-66.0**	**0.0**	**0.0**	**239.5**	**415.2**
Taxes on income	-4.0	-0.1	-13.3	-13.2	5.6	-10.6	0.0	0.0	-99.7	-118.6
Net result for the period	**14.2**	**-0.3**	**51.9**	**46.4**	**-67.7**	**-76.6**	**0.0**	**0.0**	**139.8**	**296.6**
Net result attributable to non-controlling interests	0.0	0.0	0.5	-0.1	9.3	6.3	0.0	0.0	36.5	70.8
Net result attributable to owners of the parent	**14.2**	**-0.3**	**51.4**	**46.5**	**-77.0**	**-82.9**	**0.0**	**0.0**	**103.3**	**225.8**
Operating income	23.6	24.9	109.9	113.2	53.8	38.1	-17.9	-14.1	1,690.6	1,689.1
Operating expenses	-12.2	-13.6	-44.6	-45.6	-189.6	-179.3	90.6	105.7	-963.3	-948.1
Operating result	**11.4**	**11.3**	**65.4**	**67.6**	**-135.8**	**-141.2**	**72.7**	**91.6**	**727.3**	**741.0**
Risk-weighted assets (credit risk, eop)	2,471	2,371	3,061	2,692	4,071	3,029	0	0	87,874	87,566
Average allocated capital	224	208	410	489	5,519	4,728	0	0	14,977	13,783
Cost/income ratio	51.6%	54.5%	40.5%	40.3%	>100.0%	>100.0%	>100.0%	>100.0%	57.0%	56.1%
Return on allocated capital	25.8%	-0.6%	51.4%	38.5%	-5.0%	-6.6%			3.8%	8.7%
Total assets (eop)	3,455	3,550	30,882	19,857	9,185	14,552	-40,737	-37,633	203,903	202,570
Total liabilities excluding equity (eop)	90	91	24,252	14,744	6,243	12,648	-40,737	-37,721	188,834	188,615
Impairments and risk provisions	**4.3**	**-18.6**	**0.0**	**-3.7**	**-1.9**	**-1.8**	**0.6**	**0.0**	**-396.4**	**-186.5**
Net impairment loss on loans and receivables to credit institutions/customers	4.4	-18.7	0.0	-3.7	0.9	-0.5	0.2	0.0	-366.3	-180.1
Net impairment loss on other financial assets not measured at fair value through profit or loss	-0.1	0.0	0.0	0.0	2.6	-2.2	0.0	0.0	2.1	-3.0
Allocations/releases of provisions for contingent credit risk liabilities	0.0	0.0	0.0	0.0	-5.2	0.9	0.4	0.0	-28.2	-0.5
Impairment of goodwill	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	0.0	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	-4.0	-2.9

Geographical segmentation - overview

	Austria		Central and Eastern Europe		Other		Total group	
in EUR million	1-3 14	1-3 15	1-3 14	1-3 15	1-3 14	1-3 15	1-3 14	1-3 15
Net interest income	458.2	484.2	617.2	577.4	48.5	36.9	1,123.9	1,098.5
Net fee and commission income	236.8	253.3	225.5	215.2	-10.3	-7.4	452.1	461.0
Dividend income	12.6	6.4	0.7	0.1	1.3	0.8	14.6	7.4
Net trading and fair value result	0.8	9.1	42.5	48.1	7.1	15.2	50.4	72.4
Net result from equity method investments	0.0	0.6	2.7	2.8	0.5	1.2	3.1	4.7
Rental income from investment properties & other operating leases	23.2	24.9	18.2	17.0	5.1	3.3	46.5	45.1
General administrative expenses	-454.8	-465.5	-405.2	-405.2	-103.3	-77.5	-963.3	-948.1
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	-3.3	13.3	4.3	-4.1	-4.8	1.6	-3.7	10.9
Net impairment loss on financial assets not measured at fair value through profit or loss	-120.2	-109.3	-245.7	-70.2	1.7	-3.6	-364.2	-183.1
Other operating result	-33.0	-33.6	-78.1	-91.8	-8.7	-28.1	-119.8	-153.5
Levies on banking activities	-5.4	-7.4	-69.3	-62.3	-25.0	-22.1	-99.8	-91.8
Pre-tax result from continuing operations	**120.5**	**183.6**	**182.0**	**289.3**	**-63.0**	**-57.6**	**239.5**	**415.2**
Taxes on income	-45.9	-48.2	-56.7	-55.9	2.8	-14.6	-99.7	-118.6
Net result for the period	**74.6**	**135.4**	**125.4**	**233.5**	**-60.1**	**-72.2**	**139.8**	**296.6**
Net result attributable to non-controlling interests	23.5	54.9	3.8	9.6	9.2	6.3	36.5	70.8
Net result attributable to owners of the parent	**51.1**	**80.5**	**121.6**	**223.8**	**-69.3**	**-78.5**	**103.3**	**225.8**
Operating income	731.7	778.6	906.8	860.6	52.1	49.9	1,690.6	1,689.1
Operating expenses	-454.8	-465.5	-405.2	-405.2	-103.3	-77.5	-963.3	-948.1
Operating result	**276.9**	**313.1**	**501.6**	**455.4**	**-51.2**	**-27.6**	**727.3**	**741.0**
Risk-weighted assets (credit risk, eop)	49,770	51,414	33,615	32,605	4,490	3,547	87,874	87,566
Average allocated capital	4,486	4,305	4,297	3,863	6,194	5,615	14,977	13,783
Cost/income ratio	62.2%	59.8%	44.7%	47.1%	>100.0%	>100.0%	57.0%	56.1%
Return on allocated capital	6.7%	12.8%	11.8%	24.5%	-3.9%	-5.2%	3.8%	8.7%
Total assets (eop)	139,294	131,881	77,133	77,030	-12,524	-6,341	203,903	202,570
Total liabilities excluding equity (eop)	117,930	109,705	68,563	68,775	2,341	10,134	188,834	188,615
Impairments and risk provisions	**-146.5**	**-114.5**	**-246.6**	**-68.7**	**-3.3**	**-3.4**	**-396.4**	**-186.5**
Net impairment loss on loans and receivables to credit institutions/customers	-120.5	-108.5	-244.9	-70.3	-0.9	-1.4	-366.3	-180.1
Net impairment loss on other financial assets not measured at fair value through profit or loss	0.3	-0.8	-0.8	0.0	2.6	-2.2	2.1	-3.0
Allocations/releases of provisions for contingent credit risk liabilities	-24.3	-4.1	0.9	3.3	-4.8	0.2	-28.2	-0.5
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment loss on other non-financial assets	-2.0	-1.1	-1.8	-1.8	-0.2	0.0	-4.0	-2.9

Geographical area - Austria

in EUR million	EBOe & Subsidiaries 1-3 14	EBOe & Subsidiaries 1-3 15	Savings Banks 1-3 14	Savings Banks 1-3 15	Other Austria 1-3 14	Other Austria 1-3 15	Austria 1-3 14	Austria 1-3 15
Net interest income	145.4	157.7	214.3	223.4	98.5	103.1	458.2	484.2
Net fee and commission income	90.6	91.0	102.9	113.5	43.3	48.8	236.8	253.3
Dividend income	3.6	2.3	8.8	3.8	0.2	0.4	12.6	6.4
Net trading and fair value result	1.2	-1.1	-0.6	0.7	0.3	9.6	0.8	9.1
Net result from equity method investments	0.0	0.5	0.0	0.0	0.0	0.1	0.0	0.6
Rental income from investment properties & other operating leases	4.7	4.9	10.7	10.0	7.9	10.1	23.2	24.9
General administrative expenses	-145.5	-152.7	-231.1	-234.8	-78.1	-77.9	-454.8	-465.5
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	-0.9	0.0	-5.0	7.2	2.5	6.1	-3.3	13.3
Net impairment loss on financial assets not measured at fair value through profit or loss	-21.3	-21.8	-48.1	-20.8	-50.8	-66.6	-120.2	-109.3
Other operating result	-8.1	-10.0	-14.0	-19.4	-10.9	-4.3	-33.0	-33.6
Levies on banking activities	-2.0	-3.6	-3.4	-3.8	-0.1	0.0	-5.4	-7.4
Pre-tax result from continuing operations	**69.6**	**70.7**	**38.0**	**83.6**	**12.9**	**29.3**	**120.5**	**183.6**
Taxes on income	-15.6	-17.0	-16.8	-17.0	-13.4	-14.2	-45.9	-48.2
Net result for the period	**54.0**	**53.7**	**21.2**	**66.5**	**-0.5**	**15.1**	**74.6**	**135.4**
Net result attributable to non-controlling interests	1.5	2.9	19.6	53.5	2.4	-1.6	23.5	54.9
Net result attributable to owners of the parent	**52.5**	**50.8**	**1.6**	**13.0**	**-3.0**	**16.7**	**51.1**	**80.5**
Operating income	245.4	255.2	336.1	351.4	150.1	172.0	731.7	778.6
Operating expenses	-145.5	-152.7	-231.1	-234.8	-78.1	-77.9	-454.8	-465.5
Operating result	**100.0**	**102.5**	**105.0**	**116.6**	**72.0**	**94.1**	**276.9**	**313.1**
Risk-weighted assets (credit risk, eop)	11,679	12,737	22,441	22,792	15,649	15,885	49,770	51,414
Average allocated capital	1,078	1,056	2,007	1,801	1,401	1,447	4,486	4,305
Cost/income ratio	59.3%	59.8%	68.8%	66.8%	52.1%	45.3%	62.2%	59.8%
Return on allocated capital	20.3%	20.6%	4.3%	15.0%	-0.2%	4.2%	6.7%	12.8%
Total assets (eop)	42,215	40,538	56,074	57,383	41,005	33,959	139,294	131,881
Total liabilities excluding equity (eop)	39,985	39,051	52,106	53,370	25,839	17,284	117,930	109,705
Impairments and risk provisions	**-24.8**	**-24.6**	**-56.5**	**-18.5**	**-65.2**	**-71.4**	**-146.5**	**-114.5**
Net impairment loss on loans and receivables to credit institutions/customers	-21.3	-21.7	-48.5	-20.2	-50.7	-66.6	-120.5	-108.5
Net impairment loss on other financial assets not measured at fair value through profit or loss	0.0	-0.1	0.4	-0.7	-0.1	0.0	0.3	-0.8
Allocations/releases of provisions for contingent credit risk liabilities	-3.4	-2.1	-8.3	2.6	-12.6	-4.6	-24.3	-4.1
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment loss on other non-financial assets	-0.1	-0.7	-0.1	-0.2	-1.8	-0.2	-2.0	-1.1

Geographical area - Central and Eastern Europe

in EUR million	Czech Republic		Romania		Slovakia		Hungary		Croatia		Serbia		Central and Eastern Europe	
	1-3 14	1-3 15	1-3 14	1-3 15	1-3 14	1-3 15	1-3 14	1-3 15	1-3 14	1-3 15	1-3 14	1-3 15	1-3 14	1-3 15
Net interest income	233.4	222.9	135.7	111.1	107.9	112.2	69.6	55.1	63.0	66.0	7.7	10.0	617.2	577.4
Net fee and commission income	101.6	91.3	39.1	37.7	29.9	31.4	33.6	34.2	18.3	17.8	3.1	2.8	225.5	215.2
Dividend income	0.4	0.0	0.0	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.1
Net trading and fair value result	21.5	43.1	19.6	13.9	2.7	-1.2	-5.7	-4.1	3.8	-4.6	0.6	1.0	42.5	48.1
Net result from equity method investments	0.0	0.0	0.2	0.2	1.9	2.4	0.0	0.0	0.5	0.1	0.1	0.1	2.7	2.8
Rental income from investment properties & other operating leases	8.0	6.9	1.2	2.0	0.4	0.5	0.3	0.2	8.2	7.3	0.0	0.0	18.2	17.0
General administrative expenses	-164.7	-160.0	-80.5	-80.4	-65.1	-65.3	-42.1	-43.2	-43.5	-46.9	-9.4	-9.3	-405.2	-405.2
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	4.2	0.3	0.1	0.0	0.0	0.0	0.0	-4.7	0.0	0.3	0.0	0.0	4.3	-4.1
Net impairment loss on financial assets not measured at fair value through profit or loss	-35.6	-31.3	-110.3	8.9	-12.7	-22.2	-44.8	2.3	-39.7	-25.8	-2.7	-2.1	-245.7	-70.2
Other operating result	2.3	-19.4	-7.2	-7.4	-11.0	-8.6	-61.6	-54.1	-0.5	-2.4	-0.2	0.1	-78.1	-91.8
Levies on banking activities	0.0	0.0	0.0	0.0	-10.3	-5.8	-59.1	-56.5	0.0	0.0	0.0	0.0	-69.3	-62.3
Pre-tax result from continuing operations	**171.1**	**153.8**	**-2.0**	**86.1**	**54.3**	**49.3**	**-50.7**	**-14.4**	**10.1**	**11.9**	**-0.8**	**2.5**	**182.0**	**289.3**
Taxes on income	-34.1	-28.6	-5.9	-11.5	-12.7	-11.7	-3.1	-1.6	-1.5	-2.4	0.6	0.0	-56.7	-55.9
Net result for the period	**137.0**	**125.2**	**-7.9**	**74.5**	**41.6**	**37.6**	**-53.8**	**-15.9**	**8.6**	**9.6**	**-0.2**	**2.5**	**125.4**	**233.5**
Net result attributable to non-controlling interests	0.8	1.1	0.0	4.8	0.0	0.0	0.0	0.0	3.1	3.2	-0.1	0.5	3.8	9.6
Net result attributable to owners of the parent	**136.2**	**124.0**	**-7.9**	**69.7**	**41.6**	**37.6**	**-53.8**	**-15.9**	**5.5**	**6.4**	**0.0**	**2.0**	**121.6**	**223.8**
Operating income	364.8	364.2	195.8	164.9	143.1	145.4	97.9	85.4	93.7	86.8	11.5	13.9	906.8	860.6
Operating expenses	-164.7	-160.0	-80.5	-80.4	-65.1	-65.3	-42.1	-43.2	-43.5	-46.9	-9.4	-9.3	-405.2	-405.2
Operating result	**200.1**	**204.2**	**115.3**	**84.6**	**78.0**	**80.1**	**55.8**	**42.2**	**50.2**	**39.9**	**2.2**	**4.5**	**501.6**	**455.4**
Risk-weighted assets (credit risk, eop)	13,949	13,762	6,893	5,681	3,962	4,566	3,741	3,270	4,505	4,662	565	665	33,615	32,605
Average allocated capital	1,475	1,394	1,303	954	502	525	507	453	439	461	72	76	4,297	3,863
Cost/income ratio	45.1%	43.9%	41.1%	48.7%	45.5%	44.9%	43.0%	50.6%	46.4%	54.1%	81.2%	67.3%	44.7%	47.1%
Return on allocated capital	37.7%	36.4%	-2.4%	31.7%	33.6%	29.1%	-43.0%	-14.3%	8.0%	8.4%	-1.0%	13.4%	11.8%	24.5%
Total assets (eop)	33,307	33,594	14,757	13,758	11,802	13,175	7,366	6,430	9,040	9,226	861	848	77,133	77,030
Total liabilities excluding equity (eop)	29,584	29,669	13,098	12,564	10,292	11,800	6,815	5,854	8,042	8,167	734	721	68,563	68,775
Impairments and risk provisions	**-32.3**	**-30.4**	**-111.5**	**11.2**	**-12.7**	**-22.2**	**-46.1**	**1.0**	**-41.0**	**-26.5**	**-3.0**	**-1.9**	**-246.6**	**-68.7**
Net impairment loss on loans and receivables to credit institutions/customers	-35.6	-31.3	-110.3	8.9	-12.7	-22.2	-44.8	2.3	-38.9	-25.8	-2.7	-2.1	-244.9	-70.3
Net impairment loss on other financial assets not measured at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.8	0.0	0.0	0.0	-0.8	0.0
Allocations/releases of provisions for contingent credit risk liabilities	2.2	-0.2	0.2	2.4	-0.1	2.0	0.1	-1.2	-1.5	0.2	-0.1	0.2	0.9	3.3
Impairment of goodwill	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	1.1	1.1	-1.5	0.0	0.0	-2.0	-1.4	0.0	0.1	-0.9	-0.1	0.0	-1.8	-1.8

27. Risk management

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.

Concerning risk policy and strategy as well as regarding risk management organisation, reference is made to the chapter of the same name in the annual report 2014.

Current regulatory topics

Regulatory scope of consolidation and institutional protection scheme

The consolidated regulatory capital and the consolidated regulatory capital requirements are calculated based on the scope of consolidation stipulated in the Capital Requirements Regulation (CRR). Based on Article 4 (1) (3), (16) to (27) CRR in line with Articles 18 and 19 CRR, the scope consists of credit institutions, investment firms, financial institutions and ancillary service undertakings. This definition differs from the Accounting scope of consolidation according to IFRS, which also includes insurance companies and other entities.

The Austrian savings banks are included as subsidiaries in Erste Group's regulatory scope of consolidation based on the cross-guarantee contracts 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.

Regulatory capital

Since 1 January 2014, Erste Group has been calculating the regulatory capital and the regulatory capital requirements according to Basel 3. The requirements are implemented within the European Union via the Capital Requirements Directive (CRD IV) and the Capital Requirements Regulation (CRR), as well as within the regulatory technical standards. Furthermore, the Austrian Banking Act applies in connection with the CRR. Erste Group applies these rules and calculates the capital ratios according to Basel 3, taking into consideration the Austrian transitional provisions which are laid down in the CRR 'Begleitverordnung', published by the Austrian regulator.

The disclosure requirements for the regulatory capital and regulatory capital requirements were published in the Official Journal of the European Union on 20 December 2013. Erste Group has adapted the charts accordingly and publishes the details of the regulatory capital and regulatory capital requirements in the Note 32. Positions that are not relevant for Erste Group or do not have any impact on the capital ratios are not shown.

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 applying 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. No additional capital buffers were required for the reporting date 31 March 2015.

Leverage ratio

The leverage ratio represents the relationship between core capital (tier 1) and the 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.

As of 31 March 2015, the leverage ratio for Erste Group Bank AG at consolidated level amounted to 5.0% (Basel 3 final), comfortably above the required minimum of 3.0%.

Based on the revised framework for the calculation and disclosure of the leverage ratio published by the Basel Committee on Banking Supervision 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 in the European Union will be implemented in Erste Group during the course of 2015.

Credit risk

The classification of credit assets into risk grades is based on Erste Group's internal ratings. 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. A strong and good financial position and no foreseeable financial difficulties. Retail clients having long relationships with the bank, or clients with a wide product pool use. No late payments currently or in the most recent 12 months. New business is generally with clients in this risk category.

Management attention

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

Substandard

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

Non-performing

One or more of the default criteria under Basel 3 are met by the borrower: full repayment unlikely, interest or principal payments on a material exposure more than 90 days past due, restructuring resulting in a loss to the lender, realisation of a loan loss, or initiation of bankruptcy proceedings.

For purposes of analysing non-performing positions, Erste Group applies the 'customer view' in Austria. Accordingly, if a customer defaults on one product then all of that customer's performing products are classified as non-performing. For corporate borrowers in CEE, the customer view is also applied. However, in the Retail and SME segment in some subsidiaries in CEE, Erste Group uses the 'product view', so that only the product actually in default is counted as a NPL whereas the other products of the same customer are considered performing.

Credit risk exposure

Credit risk exposure relates to the following balance sheet items:

- 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,
- Derivatives - hedge accounting, 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 gross carrying amount of the credit risk exposure of Erste Group increased by 2.7% or EUR 5.8 billion from approximately EUR 210.9 billion as of 31 December 2014 to EUR 216.7 billion as of 31 March 2015.

The following table shows the 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	Net carrying amount
As of 31 Mar 2015			
Cash balances at central banks and other demand deposits	795	0	795
Loans and receivables to credit institutions	8,362	17	8,345
Loans and receivables to customers	130,611	7,174	123,437
Financial assets - held to maturity	17,464	2	17,462
Financial assets - held for trading	3,588	0	3,588
Financial assets - at fair value through profit or loss	80	0	80
Financial assets - available for sale	21,848	0	21,848
Positive fair value of derivatives	10,542	0	10,542
Contingent credit risk liabilities	23,409	242	--
Total	**216,699**	**7,435**	**186,097**
As of 31 Dec 2014			
Cash balances at central banks and 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 credit risk 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.

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

_ by Basel 3 exposure class and financial instrument,
_ by industry (NACE) and risk category,
_ by country of risk and risk category,
_ by business segment and risk category and
_ by geographical segment and risk category.

Furthermore, a breakdown of loans and receivables to customers is presented as follows:

_ loans and receivables to customers by business segment and risk category,
_ loans and receivables to customers by geographical segment and risk category (inclusive coverage of non-performing loans by loans and receivables to customers) and
_ loans and receivables to customers by geographical segment and currency.

Credit risk exposure

The tables on the following pages give a break-down of Erste Group's credit risk exposure (gross of allowances for credit losses) by different categories as of the end of the reporting period and end of the prior year.

Credit risk exposure by Basel 3 exposure class and financial instrument

				Debt securities						
	Cash balances at central banks and 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 credit risk liabilities	Gross exposure
in EUR million		At amortised cost			At fair value					
As of 31 Mar 2015										
Sovereigns	24	2,383	6,619	14,119	2,657	12	15,386	352	1,188	42,740
Institutions	759	5,634	119	776	488	51	2,593	9,301	298	20,018
Corporates	12	341	59,070	2,568	423	16	3,869	905	16,477	83,683
Retail	0	4	64,804	0	0	0	0	4	5,447	70,258
Total	**795**	**8,362**	**130,611**	**17,464**	**3,568**	**80**	**21,848**	**10,562**	**23,409**	**216,699**
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**

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 tables 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 mul-tinational development banks.

Credit risk exposure by industry (NACE) and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Gross exposure
As of 31 March 2015					
Agriculture and forestry	1,603	422	51	257	2,333
Mining	585	37	48	39	709
Manufacturing	10,476	1,631	264	1,568	13,938
Energy and water supply	3,478	439	84	196	4,197
Construction	7,063	1,334	115	1,398	9,909
Development of building projects	2,904	368	29	359	3,661
Trade	7,391	1,559	180	1,216	10,346
Transport and communication	5,355	424	120	254	6,153
Hotels and restaurants	2,278	905	213	726	4,123
Financial and insurance services	33,426	903	74	475	34,879
Holding companies	5,336	151	52	314	5,853
Real estate and housing	18,377	3,021	449	1,302	23,150
Services	5,152	904	146	420	6,622
Public administration	39,010	595	14	15	39,634
Education, health and art	2,185	460	48	333	3,026
Households	45,892	6,325	1,370	2,752	56,340
Other	446	93	796	4	1,340
Total	**182,718**	**19,052**	**3,974**	**10,955**	**216,699**
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
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 country of risk and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Gross exposure
As of 31 March 2015					
Core markets	**148,572**	**17,143**	**3,418**	**9,829**	**178,961**
Austria	79,157	8,921	1,727	3,059	92,864
Czech Republic	28,691	2,777	393	1,035	32,897
Romania	11,477	2,060	471	2,272	16,279
Slovakia	15,544	802	244	572	17,162
Hungary	6,046	1,044	278	1,065	8,433
Croatia	6,937	1,247	246	1,651	10,082
Serbia	719	292	59	175	1,245
Other EU	**26,851**	**1,372**	**377**	**606**	**29,206**
Other industrialised countries	**4,391**	**111**	**16**	**80**	**4,597**
Emerging markets	**2,905**	**426**	**164**	**440**	**3,935**
Southeastern Europe/CIS	1,345	329	114	408	2,196
Asia	1,055	38	49	15	1,158
Latin America	106	21	0	4	131
Middle East/Africa	399	38	0	13	450
Total	**182,718**	**19,052**	**3,974**	**10,955**	**216,699**
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
Czech Republic	28,309	2,562	426	1,025	32,322
Romania	11,234	1,960	465	2,309	15,967
Slovakia	14,838	775	242	581	16,436
Hungary	5,180	1,059	252	1,352	7,843
Croatia	6,889	1,234	339	1,584	10,045
Serbia	706	313	81	175	1,275
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**
Southeastern 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**

The change in credit risk exposure by EUR 5.8 billion from 31 December 2014 to 31 March 2015 reflects a rise of EUR 3.3 billion, or 1.9%, in the core markets, coupled with an increase of EUR 1.9 billion, or 7.0%, in the other EU member states (EU 28 excluding core markets) and a growth of EUR 480 million, or 11.7%, in other industrialised countries, as well as a gain of EUR 23 million, or 0.6%, in emerging markets. The countries of Erste Group's core market and the EU account for 96.1% of total credit risk exposure as of 31 March 2015. At 1.8%, credit risk exposure in emerging markets remains of minor significance.

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.

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. The following tables show the credit risk exposure of Erste Group broken down by reporting segments and risk category.

Credit risk exposure by business segment and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Gross exposure
As of 31 March 2015					
Retail	43,338	5,014	1,234	2,635	52,221
Small and Medium Enterprises	24,453	2,861	405	2,361	30,080
Asset/Liability Management and Local Corporate Center	26,876	297	204	24	27,402
Savings Banks	43,817	7,183	1,092	2,518	54,609
Large Corporates	16,124	1,281	97	1,350	18,851
Commercial Real Estate	5,661	1,550	389	1,947	9,547
Other Corporate	2,558	292	79	74	3,004
Group Markets	18,534	379	79	26	19,018
Group Corporate Center	1,358	196	395	19	1,967
Total	**182,718**	**19,052**	**3,974**	**10,955**	**216,699**
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 March 2015					
Austria	108,151	11,758	2,082	5,177	127,168
Erste Bank Oesterreich & Subsidiaries	33,014	2,939	492	1,064	37,508
Savings Banks	43,817	7,183	1,092	2,518	54,609
Other Austria	31,321	1,636	498	1,595	35,050
Central and Eastern Europe	64,209	7,117	1,498	5,759	78,583
Czech Republic	29,333	2,437	353	857	32,980
Romania	10,108	1,913	420	2,176	14,616
Slovakia	12,647	598	223	478	13,947
Hungary	4,674	763	220	857	6,513
Croatia	6,898	1,185	274	1,309	9,666
Serbia	549	222	7	83	861
Other	10,358	177	395	19	10,948
Total	**182,718**	**19,052**	**3,974**	**10,955**	**216,699**
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**

Loans and receivables to customers

The tables on the following pages present the structure of the customer loan book (gross of allowances for loan losses) broken-down by different categories as of the end of the reporting period and as of the end of the prior business year.

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 March 2015					
Retail	38,866	4,738	1,205	2,614	47,423
Small and Medium Enterprises	16,675	2,403	346	2,297	21,720
Asset/Liability Management and Local Corporate Center	122	18	63	14	217
Savings Banks	29,401	6,311	889	2,437	39,039
Large Corporates	8,612	948	46	1,194	10,800
Commercial Real Estate	5,369	1,372	353	1,904	8,999
Other Corporate	1,352	197	77	59	1,686
Group Markets	375	21	52	22	469
Group Corporate Center	167	31	42	19	259
Total	**100,939**	**16,039**	**3,073**	**10,560**	**130,611**
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 March 2015					
Austria	65,088	10,247	1,657	4,953	81,945
Erste Bank Oesterreich & Subsidiaries	25,598	2,597	331	993	29,519
Savings Banks	29,401	6,311	889	2,437	39,039
Other Austria	10,088	1,339	436	1,523	13,387
Central and Eastern Europe	35,616	5,731	1,375	5,588	48,310
Czech Republic	16,009	1,856	329	834	19,029
Romania	4,949	1,533	358	2,112	8,952
Slovakia	7,540	559	208	416	8,723
Hungary	2,323	664	219	851	4,057
Croatia	4,374	1,038	255	1,293	6,960
Serbia	421	80	6	81	589
Other	235	61	42	19	356
Total	**100,939**	**16,039**	**3,073**	**10,560**	**130,611**
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**

Non-performing loans and receivables to customers by business segment and coverage by risk provisions

in EUR million	Non-performing loans	Gross customer loans	Allowances for customer loans	NPL ratio	NPL coverage (exc collateral)
As of 31 March 2015					
Retail	2,614	47,423	2,032	5.5%	77.7%
Small and Medium Enterprises	2,297	21,720	1,474	10.6%	64.2%
Asset/Liability Management and Local Corporate Center	14	217	41	6.4%	295.9%
Savings Banks	2,437	39,039	1,531	6.2%	62.8%
Large Corporates	1,194	10,800	899	11.1%	75.3%
Commercial Real Estate	1,904	8,999	1,116	21.2%	58.6%
Other Corporate	59	1,686	56	3.5%	94.7%
Group Markets	22	469	7	4.6%	34.7%
Group Corporate Center	19	259	19	7.3%	99.1%
Total	**10,560**	**130,611**	**7,174**	**8.1%**	**67.9%**
As of 31 December 2014					
Retail	2,938	47,044	2,360	6.2%	80.3%
Small and Medium Enterprises	2,275	21,213	1,462	10.7%	64.3%
Asset/Liability Management and Local Corporate Center	21	162	24	13.1%	113.2%
Savings Banks	2,441	38,568	1,561	6.3%	64.0%
Large Corporates	1,170	9,952	898	11.8%	76.7%
Commercial Real Estate	1,942	9,271	1,135	20.9%	58.4%
Other Corporate	72	1,721	43	4.2%	59.4%
Group Markets	0	104	1	0.1%	814.7%
Group Corporate Center	18	290	7	6.2%	38.2%
Total	**10,878**	**128,325**	**7,491**	**8.5%**	**68.9%**

Non-performing loans and receivables to customers by geographical segment and coverage by risk provisions

in EUR million	Non-performing loans	Gross customer loans	Allowances for customer loans	NPL ratio	NPL coverage (exc collateral)
As of 31 March 2015					
Austria	4,953	81,945	3,110	6.0%	62.8%
Erste Bank Oesterreich & Subsidiaries	993	29,519	687	3.4%	69.2%
Savings Banks	2,437	39,039	1,531	6.2%	62.8%
Other Austria	1,523	13,387	892	11.4%	58.6%
Central and Eastern Europe	5,588	48,310	4,008	11.6%	71.7%
Czech Republic	834	19,029	659	4.4%	79.1%
Romania	2,112	8,952	1,740	23.6%	82.4%
Slovakia	416	8,723	354	4.8%	85.1%
Hungary	851	4,057	402	21.0%	47.2%
Croatia	1,293	6,960	787	18.6%	60.9%
Serbia	81	589	65	13.8%	80.3%
Other	19	356	57	5.3%	299.8%
Total	**10,560**	**130,611**	**7,174**	**8.1%**	**67.9%**
As of 31 December 2014					
Austria	4,936	80,117	3,120	6.2%	63.2%
Erste Bank Oesterreich & Subsidiaries	1,012	28,963	697	3.5%	68.9%
Savings Banks	2,441	38,568	1,561	6.3%	64.0%
Other Austria	1,483	12,585	862	11.8%	58.1%
Central and Eastern Europe	5,883	47,815	4,325	12.3%	73.5%
Czech Republic	821	18,676	654	4.4%	79.7%
Romania	2,138	9,007	1,758	23.7%	82.2%
Slovakia	422	8,383	348	5.0%	82.4%
Hungary	1,157	4,308	740	26.8%	64.0%
Croatia	1,262	6,853	762	18.4%	60.4%
Serbia	83	588	63	14.1%	75.8%
Other	60	392	45	15.2%	75.6%
Total	**10,878**	**128,325**	**7,491**	**8.5%**	**68.9%**

The NPL ratio is calculated by dividing non-performing loans and receivables by total loans and receivables. The NPL coverage ratio is calculated by dividing risk provisions by non-performing loans and receivables to customers. Collateral or other recoveries are not taken into account.

Loans and receivables to customers by geographical segment and currency

in EUR million	EUR	CEE-LCY	CHF	USD	Other	Gross customer loans
As of 31 March 2015						
Austria	71,112	0	7,104	2,039	1,705	81,961
Erste Bank Oesterreich & Subsidiaries	26,590	0	2,688	66	175	29,519
Savings Banks	34,016	-16	4,184	95	761	39,039
Other Austria	10,506	0	232	1,879	769	13,387
Central and Eastern Europe	20,982	25,818	999	399	113	48,310
Czech Republic	1,667	17,187	4	96	75	19,029
Romania	5,080	3,691	0	174	7	8,952
Slovakia	8,669	0	0	25	29	8,723
Hungary	526	3,159	353	20	0	4,057
Croatia	4,628	1,631	623	77	1	6,960
Serbia	413	151	18	6	0	589
Other	265	0	5	70	17	356
Total	**92,359**	**25,802**	**8,107**	**2,508**	**1,835**	**130,611**
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**

Market risk

The following table shows the value at risk of the trading book at the 99% confidence level using equally weighted market data and with a holding period of one day.

in EUR million	Dec 14	Mar 15
Interest	1.9	2.0
Currency	0.9	0.9
Shares	2.4	1.9
Commodity	0.2	0.3
Volatility	0.3	0.6
Total	**4.0**	**3.7**

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.

Liquidity risk

In Erste Group Group's liquidity strategy for 2015 long-term issuance of EUR 2.5 billion is planned. The issuance plan for 2015 is focused on covered bonds (more than 50%) while the remaining amount is split equally between senior unsecured and Tier 2 bonds. Year-to-date issuance is in line with the plan, amounting to EUR 0.9 billion and consisting of EUR 0.5 billion in covered bonds, EUR 150 million in tier 2 bonds, and around EUR 250 million in senior unsecured debt.

28. Related party transactions

The foundation DIE ERSTE oesterreichische Spar-Casse Privatstiftung ('Privatstiftung') controls a total of 30.04% interest in Erste Group Bank AG. This makes the Privatstiftung the largest single investor in Erste Group Bank AG. As of 31 March 2015, Erste Group had, in relation to Privatstiftung, accounts payable of EUR 92.7 million (31 December 2014: EUR 262.6 million) and accounts receivable of EUR 26.5 million (31 December 2014: EUR 26.5 million). In addition, standard derivative transactions for hedging purposes were in place between Erste Group and Privatstiftung as of 31 March 2015, namely interest rate swaps with caps in the notional amount of EUR

282.0 million (31 December 2014: EUR 282.0 million). Furthermore, as of 31 March 2015 the Privatstiftung held bonds issued by Erste Group Bank AG in the amount of EUR 0.2 million (31 December 2014: EUR 0.2 million). Erste Group held as of 31 March 2015 debt securities issued by the Privatstiftung in the amount of EUR 6.9 million (31 December 2014: EUR 3.7 million). The interest income of Erste Group in the first quarter amounted to EUR 3.0 million (cumulated in 2014: EUR 12.5 million) while the interest expenses amounted to EUR 1.8 million (cumulated in 2014: EUR 8.6 million), resulting from the said accounts receivable and accounts payable as well as derivative transactions and debt securities.

29. Contingent liabilities - litigations

There have not been any material changes versus the annual report 2014 in the assessment of the influence of the outcome of the litigation cases in which Erste Group Bank and some of its subsidiaries are involved with respect of the financial and/or earnings situation of Erste Group.

30. Fair value of financial instruments

The best indication of fair value is quoted market prices in an active market. Where such prices are available, they are used to measure the fair value (Level 1 of the fair value hierarchy).

Where 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 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. Yield curves, credit spreads and implied volatilities are typically used as observable market parameters for Level 2 valuations.

In some cases, the fair value cannot be determined on the basis of sufficiently frequent quoted market prices or 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. Besides observable parameters, Level 3 valuations typically use credit spreads derived from internally calculated historical probability of default (PD) and loss given default (LGD) measures, as unobservable parameters.

Fair values of financial instruments

All financial instruments are measured at fair value on recurring basis.

Financial instruments measured at fair value on the balance sheet

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 the valuation models and inputs

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.

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 and 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 debt value adjustments (DVA) for the 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 add-on 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 cumulative CVA-adjustments amounts to EUR -53.8 million and the total DVA-adjustment amounts to EUR 11.3 million.

Description of the valuation process for fair value measurements categorised as Level 3

A level 3 position 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.

The responsibility for valuation of a position 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 determination 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

The table below details the methods used to determine the fair value with respect to levels of fair value hierarchy.

in EUR million	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	
	Dec 14	Mar 15	Dec 14	Mar 15	Dec 14	Mar 15	Dec 14	Mar 15
Assets								
Financial assets - held for trading	2,363	2,645	8,038	8,561	130	161	10,531	11,366
Derivatives	1	5	7,048	7,470	124	153	7,173	7,628
Other trading assets	2,361	2,640	990	1,090	6	8	3,357	3,738
Financial assets - at fair value through profit or loss	52	77	258	163	39	31	349	271
Financial assets - available for sale	16,915	17,857	4,963	4,852	428	410	22,306	23,119
Derivatives - hedge accounting	0	0	2,866	2,914	6	0	2,872	2,914
Assets held for sale	0	0	53	53	0	0	53	53
Total assets	**19,330**	**20,578**	**16,178**	**16,543**	**603**	**602**	**36,111**	**37,723**
Liabilities								
Financial liabilities - held for trading	340	681	7,407	8,301	0	5	7,746	8,988
Derivatives	4	27	7,184	8,131	0	5	7,188	8,163
Other trading liabilities	336	654	222	170	0	0	558	824
Financial liabilities - at fair value through profit or loss	0	1	2,073	1,965	0	0	2,073	1,966
Deposits from customers	0	0	320	257	0	0	320	257
Debt securities issued	0	1	1,753	1,708	0	0	1,753	1,709
Other financial liabilities	0	0	0	0	0	0	0	0
Derivatives - hedge accounting	0	0	726	827	0	7	726	833
Total liabilities	**340**	**682**	**10,206**	**11,093**	**0**	**12**	**10,545**	**11,786**

Chosen method for the allocation of positions to levels: all levels and level changes are reflected at the end of the respective reporting period.

Changes in volumes of Level 1 and Level 2

The changes in volumes of Level 1 and Level 2 of financial instruments measured at fair value in the balance sheet are outlined below.

The following table shows the movements on the asset side between Level 1 and Level 2.

in EUR million	2014		1-3 15	
	Level 1	Level 2	Level 1	Level 2
Securities				
Net transfer from Level 1	0	-416	0	-47
Net transfer from Level 2	416	0	47	0
Net transfer from Level 3	64	-152	-1	-37
Purchases/sales/expiries	2,049	-3,015	1,199	448
Changes in derivatives	-14	1,740	4	523
Total year-to-date change	2,515	-1,843	1,249	887

In the first quarter of 2015 the total amount of level 1 financial assets increased by EUR 1,249 million compared to December 2014. The change in volume of Level 1 securities (increase by EUR 1,245 million) was determined on the one hand by matured assets in the amount of EUR 602 million and sold assets in the amount of EUR 91 million, on the other hand by new investments in the amount of EUR 729 million. The increase in volume for securities that were allocated to Level 1 at both reporting dates amounted to EUR 1,161 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 640 million could be reclassified from Level 2 to Level 1. This applied mainly to securities issued by financial institutions in the amount of EUR 449 million, securities issued by governments in the amount of EUR 84 million and securities from corporates in the amount of 107 million. Due to lower market activity and change to modelled fair value, securities in total of EUR 593 million have been moved from Level 1 to Level 2. This applies mainly to securities issued by financial institutions in the amount of 423 million and securities from governments in the amount of EUR 151 million. The reclassification of securities of corporates amounted to EUR 19 million.

Movements in Level 3 of financial instruments measured at fair value

The following table shows the development of fair value of securities for which valuation models are based on non-observable inputs.

in EUR million	As of	Gain/loss in profit or loss	Gain/loss in other compre-hensive 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 14										Mar 15
Assets											
Financial assets - held for trading	130	30	0	3	-2	0	0	10	-11	0	161
Derivatives	124	30	0	1	-2	0	0	10	-10	0	153
Other trading assets	6	0	0	2	0	0	0	0	-1	0	8
Financial assets - at fair value through profit or loss	39	0	0	0	-9	0	0	0	0	0	31
Financial assets - available-for-sale	310	0	-3	32	-46	0	0	12	-14	1	410
Derivatives - hedge accounting	6	0	0	0	0	0	0	0	-6	0	0
Total assets	**485**	**30**	**-3**	**35**	**-57**	**0**	**0**	**23**	**-31**	**1**	**602**
	Dec 13										Mar 14
Assets											
Financial assets - held for trading	96	-14	0	0	0	0	0	0	0	0	83
Derivatives	96	-14	0	0	0	0	0	0	0	0	83
Other trading assets	0	0	0	0	0	0	0	0	0	0	0
Financial assets - at fair value through profit or loss	56	-3	0	0	-1	0	0	0	0	0	52
Financial assets - available-for-sale	248	1	3	4	12	0	0	5	0	0	274
Derivatives - hedge accounting	0	0	0	0	0	0	0	4	0	0	4
Total assets	**400**	-16	**3**	**4**	**10**	**0**	**0**	**9**	**0**	**0**	**412**

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 significant unobservable inputs were moved from Level 2 to Level 3. At the end of the first quarter, securities in the amount of EUR 57 million were moved from Level 2 to Level 3. Thereof EUR 40 million are securities from corporates, the remaining EUR 17 million are due to the reclassification of securities from financials.

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. In total securities in the amount of EUR 19 million were reclassified from Level 3 to Level 2, thereof EUR 12 million applies to corporate securities. Due the sale of securitization the amount of Level 3 securities was decreased. In the first quarter of 2015 Level 3 securities in the amount of EUR 55 million were sold, Level 3 securities with a market value of EUR 2 million matured in the first quarter.

The increase of Level 3 derivatives is mainly caused by higher market values combined with higher CVA Adjustments, based on non-observable inputs in the case of Level 3 Derivatives.

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:

	Gain/loss in profit or loss	
in EUR million	1-3 14	1-3 15
Assets		
Financial assets - held for trading	14.0	-15.5
Derivatives	13.8	-15.8
Other trading assets	0.2	0.2
Financial assets - at fair value through profit or loss	0.9	0.6
Derivatives - hedge accounting	0.0	0.0
Total	**14.9**	**-14.9**

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

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 March 2015					
Positive fair value of derivatives	Forwards, swaps, options	152.6	Discounted cash flow and option models with CVA adjustment based on potential future exposure	PD	0.91% - 100% (13.8%)
				LGD	60%
Financial assets - at fair value through profit or loss	Fixed and variable coupon bonds	31.0	Discounted cash flow	Credit spread	0.1% – 7.3% (5.6%)
Financial assets - available for sale	Fixed and variable coupon bonds	279.5	Discounted cash flow	Credit spread	0.1% – 9.9% (1.7%)
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	0.21% - 100% (15.5%)
				LGD	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%)

If the value of financial instruments is dependent on unobservable input parameters, the precise Level for these parameters could be drawn from a range of reasonably possible alternatives. In preparing the financial statements, Levels for the parameters are chosen from these ranges using judgment consistent with prevailing market evidence.

The following table shows the sensitivity analysis using reasonably possible alternatives per product type:

	Positive fair value changes when applying alternative valuation parameters		Negative fair value changes when applying alternative valuation parameters	
in EUR million	**Dec 14**	**Mar 15**	**Dec 14**	**Mar 15**
Derivatives	10.2	13.5	-11.5	-14.9
Income statement	10.2	13.5	-11.5	-14.9
Other comprehensive income	0.0	0.0	0.0	0.0
Debt securities	23.3	29.8	-31.1	-39.7
Income statement	0.9	9.7	-1.2	-12.8
Other comprehensive income	22.4	20.1	-29.9	-26.9
Equity instruments	1.3	1.1	-2.7	-2.3
Income statement	0.4	0.0	-0.8	0.0
Other comprehensive income	0.9	1.1	-1.9	-2.3
Total	**34.8**	**44.4**	**-45.3**	**-56.8**
Income statement	**11.5**	**59.6**	**-13.5**	**-18.8**
Other comprehensive income	**23.2**	**34.8**	**-31.8**	**-44.0**

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 whose fair value is disclosed in the notes

in EUR million	As of 31 December 2014 Carrying amount	Fair value	As of 31 March 2015 Carrying amount	Fair value
Assets				
Cash and cash balances	7,835	7,835	8,223	8,223
Financial assets - held to maturity	16,877	18,876	17,462	19,653
Loans and receivables to credit institutions	7,442	7,974	8,345	8,458
Loans and receivables to customers	120,834	124,560	123,437	127,765
Liabilities				
Financial liabilities measured at amortised cost	166,921	166,976	170,616	172,179
Deposits from banks	14,803	15,035	16,389	16,418
Deposits from customers	122,263	122,087	124,495	124,529
Debt securities issued	29,387	29,372	29,143	30,629
Other financial liabilities	469	482	590	603
Financial guarantees and commitments				
Financial guarantees	n/a	-346	n/a	-256
Irrevocable commitments	n/a	-155	n/a	-67

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

	1-3 14	1-3 15
Domestic	**15,762**	**15,558**
Erste Group, EB Oesterreich and subsidiaries	8,354	8,365
Haftungsverbund savings banks	7,408	7,193
Abroad	**30,096**	**30,949**
Česká spořitelna Group	10,417	10,543
Banca Comercială Română Group	7,045	7,089
Slovenská sporiteľňa Group	4,196	4,269
Erste Bank Hungary Group	2,790	2,944
Erste Bank Croatia Group	2,576	2,747
Erste Bank Serbia	962	955
Erste Bank Ukraine	0	0
Savings banks subsidiaries	1,142	1,196
Other subsidiaries and foreign branch offices	968	1,207
Total	**45,858**	**46,507**

32. Regulatory capital and capital requirements

Capital structure according to the EU directive 575/2013 (CRR)

		Dec 14		Mar 15	
in EUR million	Article pursuant to CRR	Phased-in	Final	Phased-in	Final
Common equity tier 1 capital (CET1)					
Capital instruments eligible as CET1	26 (1) (a) (b), 27 to 30, 36 (1) (f), 42	2,336	2,336	2,336	2,336
Own CET1 instruments	36 (1) (f), 42	-82	-82	-83	-83
Retained earnings	26 (1) (c), 26 (2)	8,130	8,130	8,116	8,116
Accumulated other comprehensive income	4 (1) (100), 26 (1) (d)	-325	-325	-366	-366
Minority interest recognised in CET1	4 (1) (120) 84	3,078	3,078	3,052	3,052
Transitional adjustments due to additional minority interests	479, 480	102	0	82	0
Prudential filter: cash flow hedge reserve	33 (1) (a)	-118	-118	-126	-126
Prudential filter: cumulative gains and losses due to changes in own credit risk on fair valued liabilities	33 (1) (b)	-54	-54	-54	-54
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	-16	-16
Value adjustments due to the requirements for prudent valuation	34, 105	-113	-113	-117	-117
Regulatory adjustments relating to unrealised gains and losses (60%)	467, 468	-992	-248	-605	-252
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	-628	-628
Deferred tax assets dependent upon future profitability and not temporary differences net of associated tax liabilities	36 (1) (c), 38	-103	-103	-90	-90
IRB shortfall of credit risk adjustments to expected losses	36 (1) (d), 40, 158, 159	-249	-249	-268	-268
Development of unaudited risk provisions during the year (EU No 183/2014)		0	0	-181	-181
Other transitional adjustments CET1	469 to 472, 478, 481	1,398	0	1,053	0
Goodwill (60%)		617	0	462	0
Other intangible assets (60%)		523	0	377	0
IRB shortfall of provisions to expected losses (60%)		199	0	161	0
Deferred tax assets that rely on future profitability and do not arise from temporary differences (90%)		58	0	53	0
Excess of deduction from AT1 items over AT1	36 (1) (j)	-944	0	-661	0
Common equity tier 1 capital (CET1)	**50**	**10,623**	**10,811**	**10,674**	**10,552**
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	0	0
Transitional adjustments due to grandfathered AT1 instruments	483 (4) (5), 484 to 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	-920	0
Goodwill (40%)		-617	0	-462	0
Other intangible assets (40%)		-523	0	-377	0
IRB shortfall of provisions to expected losses (30%)		-100	0	-81	0
Excess of deduction from AT1 items over AT1	36 (1) (j)	944	0	661	0
Additional tier 1 capital (AT1)	**61**	**0**	**0**	**0**	**0**
Tier 1 capital - total of common equity tier 1 (CET1) and additional tier 1 (AT1)	**25**	**10,623**	**10,811**	**10,674**	**10,552**

The table will be continued on the subsequent page.

Continuation of the table:

in EUR million	Article pursuant to CRR	Dec 14 Phased-in	Dec 14 Final	Mar 15 Phased-in	Mar 15 Final
Tier 1 capital - total of common equity tier 1 (CET1) and additional tier 1 (AT1)	**25**	**10,623**	**10,811**	**10,674**	**10,552**
Tier 2 capital (T2)					
Capital instruments and subordinated loans eligible as T2	62 (a), 63 to 65, 66 (a), 67	4,197	4,197	4,400	4,400
Own T2 instruments	63 (b) (i), 66 (a), 67	-71	-71	-79	-79
Instruments issued by subsidiaries recognised in T2	87, 88	332	332	305	305
Transitional adjustments due to additional recognition in T2 of instruments issued by subsidiaries	480	227	0	172	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	415	415
Standardised approach general credit risk adjustments	62 (c)	175	175	179	179
Other transitional adjustments to T2	476, 477, 478, 481	-99	0	-81	0
IRB shortfall of provisions to expected losses (30%)		-100	0	-81	0
T2 instruments of financial sector entities where the institution has a significant investment	4 (1) (27), 66 (d), 68, 69, 79	0	0	0	0
Tier 2 capital (T2)	**71**	**5,216**	**5,042**	**5,379**	**5,220**
Total own funds	**4 (1) (118) and 72**	**15,839**	**15,853**	**16,052**	**15,772**
Capital requirement	**92 (3), 95, 96, 98**	**8,047**	**8,150**	**8,140**	**8,258**
CET1 capital ratio	**92 (2) (a)**	**10.6%**	**10.6%**	**10.5%**	**10.2%**
Tier 1 capital ratio	**92 (2) (b)**	**10.6%**	**10.6%**	**10.5%**	**10.2%**
Total capital ratio	**92 (2) (c)**	**15.7%**	**15.6%**	**15.8%**	**15.3%**

The capital structure table above is based on EBA´s final draft for implementing technical standards on disclosure for own funds published in the Official Journal of the European Union on 20 December 2013. Positions not relevant for Erste Group are not shown. Basel 3 final figures (fully loaded) are calculated based on the current requirements according to CRR. Changes are possible due to final Regulatory Technical Standards (RTS) that are not yet available. The percentage rates of the transitional provisions refer to the current year. Risk data in the regulatory capital and capital requirements tables are preliminary.

Risk structure according to EU directive 575/2013 (CRR)

in EUR million	Article pursuant to CRR	Dec 14 Calculation base/total risk	Dec 14 Capital requirement	Mar 15 Calculation base/total risk (phased-in)	Mar 15 Capital requirement (phased-in)
Total risk exposure amount	92 (3), 95, 96, 98	100,590	8,047	101,753	8,140
Risk-weighted assets (credit risk)	92 (3) (a) (f)	85,556	6,845	86,125	6,890
Standardised approach		17,244	1,379	16,995	1,360
IRB approach		68,313	5,465	69,130	5,530
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), (c) (i) and (iii), 92 (4) (b)	3,209	257	3,390	271
Operational risk	92 (3) (e) 92 (4) (b)	10,277	822	10,796	864
Exposure for CVA	92 (3) (d)	1,548	124	1,441	115
Other exposure amounts (including Basel 1 floor)	3, 458, 459, 500	0	0	0	0

in EUR million	Article pursuant to CRR	Dec 14 Calculation base/total risk	Dec 14 Capital requirement	Mar 15 Calculation base/total risk (final)	Mar 15 Capital requirement (final)
Total risk exposure amount	92 (3), 95, 96, 98	101,870	8,150	103,228	8,258
Risk-weighted assets (credit risk)	92 (3) (a) (f)	86,836	6,947	87,600	7,008
Standardised approach		17,244	1,379	16,995	1,360
IRB approach		69,593	5,567	70,605	5,648
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), (c) (i) and (iii), 92 (4) (b)	3,209	257	3,390	271
Operational risk	92 (3) (e) 92 (4) (b)	10,277	822	10,796	864
Exposure for CVA	92 (3) (d)	1,548	124	1,441	115
Other exposure amounts (including Basel 1 floor)	3, 458, 459, 500	0	0	0	0

33. Events after the reporting date

There were no significant events after the balance sheet date.

Your Notes

We have prepared this report with the greatest possible care and have thoroughly checked the data presented in it. However, we cannot rule out errors associated with rounding, transmission, typesetting or printing. The English version of the report is a translation.

Note regarding forward-looking statements

This report contains forward-looking statements. These statements are based on current estimates, assumptions and projections of Erste Group Bank AG and currently available public information. They are not guarantees of future performance and involve certain known and yet unknown risks and uncertainties and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results or performance to be materially different from those that may be expressed or implied by such statements. Erste Group Bank AG does not assume any obligation to update the forward-looking statements contained in this report.

Shareholder Events

12 May 2015	Annual general meeting
7 August 2015	Half year financial report 2015
6 November 2015	Interim report Q3 2015

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