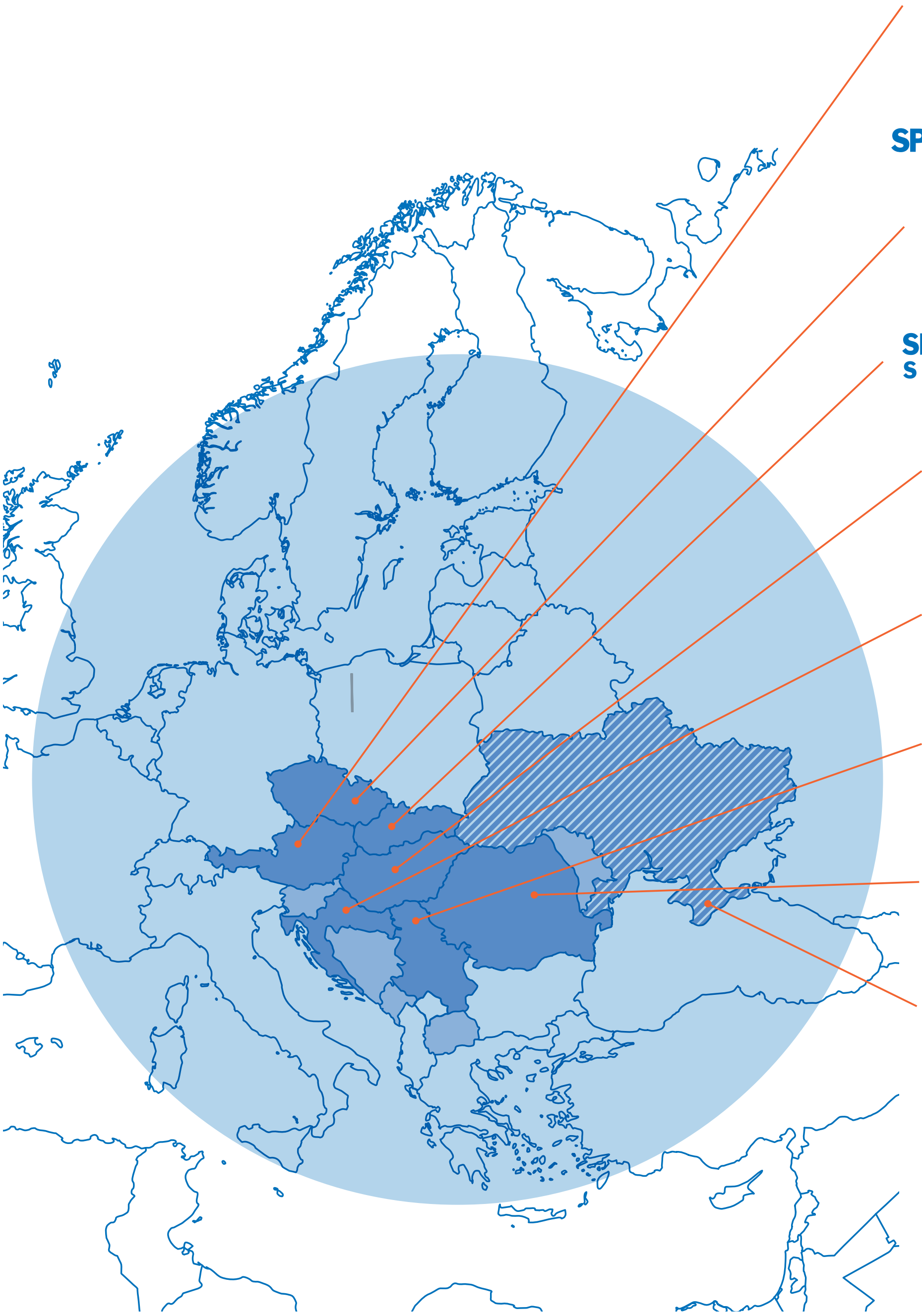
ERSTE GROUP

Disclosure pursuant to the Disclosure Regulation as of 31 December 2012

Group Strategic Risk Management

2012

Extensive presence in Central and Eastern Europe



ERSTE BANK

AUSTRIA
Employees: 16,060
Branches: 254
Customers: 0.8 million

SPARKASSE

Branches: 744
Customers: 2.5 million

ČESKÁ SPOŘITELNA

CZECH REPUBLIC
Employees: 11,014
Branches: 658
Customers: 5.3 million

SLOVENSKÁ SPORITEĽŇA

SLOVAKIA
Employees: 4,185
Branches: 297
Customers: 2.4 million

ERSTE BANK Hungary

HUNGARY
Employees: 2,690
Branches: 141
Customers: 0.9 million

ERSTE BANK Croatia

CROATIA
Employees: 2,629
Branches: 150
Customers: 1.0 million

ERSTE BANK Serbia

SERBIA
Employees: 944
Branches: 68
Customers: 0.3 million

BCR

ROMANIA
Employees: 8,289
Branches: 623
Customers: 3.5 million

ERSTE BANK Ukraine

UKRAINE
Employees: 1,530
Branches: 120
Customers: 0.3 million

Table of Contents

List of Tables

Definitions

1) Exposure classes: The breakdown by exposure class follows a structure used by the bank, which complies with solvency regulations at a detailed level which is applicable to both the Standardised and the IRB Approach and makes aggregations across approaches possible.

This breakdown has 13 exposure classes as follows (references are to the Austrian Banking Act):

- 01 Central Governments & Central Banks: comprises exposures as defined by Article 22a para. 4 no. 1 and exposures as defined by Article 22b para. 2 no. 1, which do not fall under lit a) b) or c)
- 02 Regional Governments & Local Authorities: comprises exposures as defined by Article 22a para. 4 no. 2 and exposures as defined by Article 22b para. 2 no. 1, lit a)
- 03 Administrative Bodies and Non-Commercial Undertakings: comprises exposures as defined by Article 22a para. 4 no. 3 and exposures as defined by Article 22b para. 2 no. 1, lit b)
- 04 Multilateral Development Banks: comprises exposures as defined by Article 22a para. 4 no. 4 and exposures as defined by Article 22b para. 2 no. 1, lit c) restricted to Multilateral Development Banks
- 05 International Organisations: comprises exposures as defined by Article 22a para. 4 no. 5 and exposures as defined by Article 22b para. 2 no. 1, lit c) restricted to International Organisations
- 06 Institutions: comprises exposures as defined by Article 22a para. 4 no. 6 and exposures as defined by Article 22b para. 2 no. 2, lit a), b) and c)
- 07 Corporates: comprises exposures as defined by Article 22a para. 4 no. 7 and exposures as defined by Article 22b para. 2 no. 3, lit a), b) and c)
- 08 Retail (incl. SME): comprises exposures as defined by Article 22a para. 4 no. 8 and exposures as defined by Article 22b para. 2 no. 4, lit a), b), c) and d)
- 09 Equity: comprises exposures as defined by Article 22b para. 2 no. 5, lit a) and b)
- 10 Securitisations: comprises exposures as defined by Article 22a para. 4 no. 13 and exposures as defined by Article 22b para. 2 no. 6
- 11 Covered Bonds: comprises exposures as defined by Article 22a para. 4 no. 12
- 12 Collective Investment Undertakings: comprises exposures as defined by Article 22a para. 2 no. 15
- 13 Other items: comprises exposures as defined by Article 22a para. 4 no. 16 and exposures as defined by Article 22b para. 2 no. 7

2) EAD (Exposure at Default): as defined by Articles 65– 67 SolvReg (Solvency Regulation) in the IRB Approach or pursuant to Article 22a para. 2 Austrian Banking Act in the Standardised Approach; exposure amounts are shown gross, which means that provisions, if any, are shown against the relevant exposure but are not deducted.

3) PD class (Probability of Default): The bank has defined ten PD classes, of which class 01 is the best and 10 the worst grade. Amounts are shown according to PD transfer as defined by Article 150 para. 1 SolvReg.

4) LGD (Loss given Default): average EAD weighted expected loss in case of default.

5) RW (Risk weight): average EAD weighted risk weight; the bank has defined eight risk weight bands, of which class 01 has the lowest and class 08 the highest risk weight.

6) Provisions comprise both specific and portfolio provisions. “Provisions 31.12.” are shown as at the reporting date, whereas "Provisions 1.1." show the relevant amount at the beginning of the year.

7) The reports for Specialised Lending and Equity Exposures under Article 9 DisclReg are in accordance with Article 74 para. 3 and Article 77 para. 3 SolvReg.

List of Abbreviations

ABS	Asset Backed Securities
ALM	Asset Liability Management
AMA	Advanced Measurement Approach
CBO	Collateralised Bond Obligation
CCF	Credit Conversion Factor
CDO	Collateralized Debt Obligation
CEE	Central and Eastern Europe
CESEE	Central Eastern and South Eastern Europe
CLO	Collateralised Loan Obligation
CMBS	Commercial Mortgage Backed Securities
CMO	Collateralised Mortgage Obligation
CRM	Credit Risk Mitigation
CRO	Chief Risk Officer
CSA	Credit Support Annex
DisclReg	Disclosure Regulation
EAD	Exposure at Default
ECAI	External Credit Assessment Institution
ERM	Enterprise-wide Risk Management
FMA	Austrian Financial Market Authority
FTP	Funds Transfer Pricing
FX	Foreign exchange
GCIB	Group Corporate & Investment Banking
GPM	Group Performance Management
IAS	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
IL	Incurred Loss
IRB	Internal Ratings-Based
ISDA	International Swaps and Derivatives Association
ISIN	International Securities Identification Number
LGD	Loss Given Default
LIP	Loss identification period
MREL	Maximum Risk Exposure Limit
NAV	Net asset value
OECD	Organisation for Economic Cooperation and Development
OeNB	Austrian central bank
OLC	Operational Liquidity Committee
PD	Probability of Default
PFE	Potential Future Exposure
RAS	Risk Appetite Statement
RCC	Risk-bearing capacity calculation
RMBS	Residential Mortgage Backed Securities
RW	Risk Weight
RWA	Risk Weighted Assets
SL	Specialised Lending
SME	Small and medium-sized Enterprises
SolvReg	Solvency Regulation
SPV	Special Purpose Vehicle
VaR	Value-at-risk

1 Introduction

Erste Group was founded in 1819 as the first Austrian savings bank. In 1997, Erste Group went public with a strategy to expand its retail business into Central and Eastern Europe (CEE). It is also quoted on the Prague Stock Exchange (since October 2002) and on the Bucharest Stock Exchange (since 14 February 2008).

The core activities of Erste Group, besides the traditional strength in serving private individuals, include advisory services and support for corporate clients in financing, investment and access to international capital markets, public sector funding and interbank market operations.

This report fulfills the disclosure requirements according to Article 26 Austrian Banking Act and according to the Disclosure Regulation for the financial year 2012.

The report gives the reader an opportunity to gain a comprehensive overview of the current risk profile and risk management of Erste Group and covers the following areas:

_ Organisational structure of risk management;
_ Capital structure;
_ Risk management systems and
_ Risk management with respect to each type of risk.

1.1 Disclosure policy and structure

The disclosure requirements of the Austrian Banking Act Article 26 and the Disclosure Regulation have been implemented throughout the Group since 1 January 2007. The disclosure of Erste Group Bank AG is published once a year in German and in English. The preparation of the Disclosure Report and the formal audit for completeness and compliance with the applicable requirements is carried out by the service unit Group Strategic Risk Management. The information published within the scope of the disclosure is subject to an audit by the external auditors and the Internal Audit department. Erste Group Bank AG chose the Internet as the medium for disclosure pursuant to Article 26 Austrian Banking Act and the Disclosure Regulation. The disclosure report is available at the website of Erste Group Bank AG (http://www.erstegroup.com/ir).

The disclosure report of Erste Group consists of 16 chapters and an appendix. Generally, each chapter is divided into a qualitative and a quantitative section. The first chapter comprises preliminary information in respect to the disclosure, the Basel II framework and the risk management of material risks within Erste Group. Chapter 2 covers all disclosure requirements regarding the scope of application. Chapter 3 provides information on capital adequacy, structure and features of the bank's regulatory capital as well as the regulatory minimum capital requirements for credit, market and operational risk. Chapter 4 includes the disclosure requirements for counterparty risk management. Chapters 5 to 8 give a comprehensive insight into the management, measurement and monitoring of credit risk. Chapter 9 is dedicated to the disclosure requirements with regard to securitisations. A detailed description on the treatment of market risk is summarised in chapter 10. Chapter 11 "Interest Rate Risk in the Banking Book" consists of disclosure requirements on interest rate risk, while Chapter 12 covers liquidity risk. Management and regulatory disclosure requirements of equity exposures are discussed in chapter 13. Information on the treatment of operational risk at Erste Group is presented in Chapter 14. Chapter 15 "Other Risks" outlines, the goals and principles on managing macroeconomic risks and concentration risk, while Chapter 16 refers to the remuneration policies and practices. The appendix contains details on the scope of consolidation, supplementary capital and subordinated capital as well as a glossary.

1.2 The regulatory framework of Basel II

Erste Group complies with the disclosure requirements under Basel II by having published qualitative and quantitative information since 1 January 2007.

The objectives of the "Three Pillar" framework are: a more risk sensitive capital allocation (Pillar 1 – Minimum Capital Requirements), a more detailed regulatory assessment of material risk categories (Pillar 2 - Supervisory Review Process) and increased market transparency (Pillar 3 – Market Discipline).

PILLAR 1 – MINIMUM CAPITAL REQUIREMENTS

The first pillar deals with minimum capital requirements in respect of credit, market and operational risk. Each of which has to be calculated using an approach which is suitable and sufficient for the individual bank.

PILLAR 2 – SUPERVISORY REVIEW PROCESS

Pillar 2 requires the banks to have procedures for the evaluation and assurance of an adequate capitalisation in relation to the risk profile as well as of a strategy concerning the preservation of the level of own funds (Internal Capital Adequacy Assessment Process – ICAAP). Compared to the regulatory capital requirement according to Pillar 1, Pillar 2 targets the financial internal point of view.

Furthermore, Pillar 2 requires the regulator to subject all banks to an evaluation process. Based on this evaluation regulatory measures are taken where required.

PILLAR 3 – MARKET DISCIPLINE

Taking account of Pillar 1 (Minimum Capital Requirements) and Pillar 2 (Supervisory Review Process), Pillar 3 aims to increase market transparency by providing information on the scope of application, regulatory capital, risk positions, risk measurement approaches and as a result, the adequacy of capital requirements of a bank.

These disclosure obligations are regulated by law in chapter 5 and appendix XII of the EU Directive 2006/48 EC, the Austrian Banking Act as amended from time to time as well as in the Disclosure Regulation (DisclReg) issued by the Austrian Financial Market Authority (FMA).

1.3 Risk management at Erste Group

Disclosure requirements covered: Article 2 DisclReg

RISK POLICY AND STRATEGY

It is a core function of every bank to take risks in a conscious and selective manner and to professionally manage such risks. Erste Group’s proactive risk policy and strategy aims to achieve an optimal balance of risk and return in order to achieve a sustainable, return on equity.

Erste Group uses a control and risk management system that is proactive and tailored to its business and risk profile. It is based on a clear risk strategy that is consistent with the Group’s business strategy and focused on early identification and management of risks and trends. In addition to meeting the internal goal of effective and efficient risk management, Erste Group’s control and risk management systems have been developed to fulfil external and, in particular, regulatory requirements.

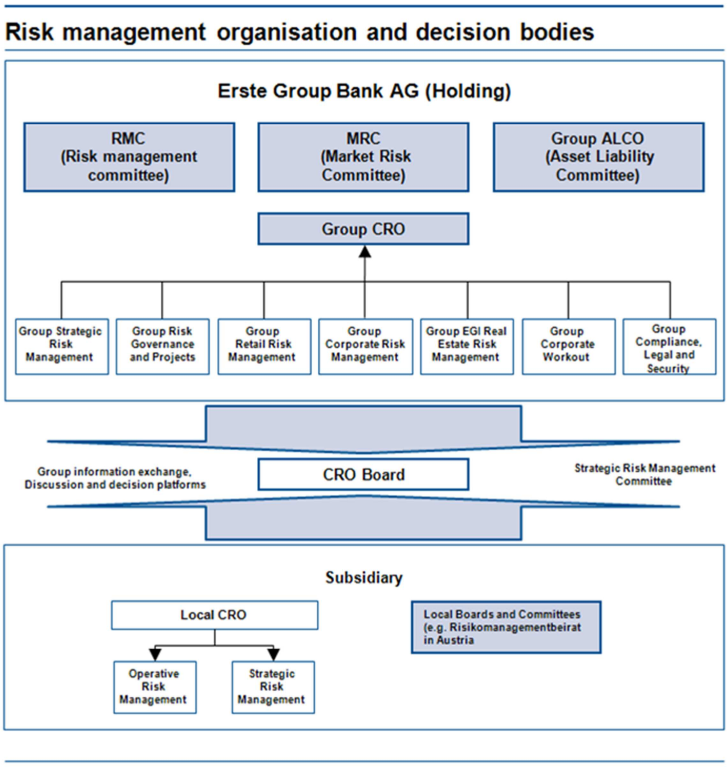
Given Erste Group’s business strategy, the key risks for Erste Group are credit risk, market risk and operational risk. Erste Group also focuses on managing liquidity, concentration and macroeconomic risks. In addition, Erste Group’s control and risk management framework takes into account the range of other significant risks faced by the banking Group.

In all areas of risk management, the bank always seeks to enhance and complement existing methods and processes.

The year 2012 was dominated by preparations for Basel III and its impacts. Another point of emphasis was on improving and up-grading the risk-bearing capacity calculation, in particular on reviewing the economic capital calculation and the coverage potential for the risk-bearing capacity calculation not only at Group level but also at subsidiary level. A focus was on continuously incorporating more risk-sensitive measures.

ORGANISATION OF RISK MANAGEMENT

Risk monitoring and control is achieved through a clear organisational structure with defined roles and responsibilities, delegated authorities, and risk limits. The following diagram presents an overview of Erste Group's risk management and control governance and responsibility.



Overview of risk management structure

The management board, and in particular Erste Group's chief risk officer (Group CRO), must perform its oversight function within Erste Group's risk management structure. Risk control and management functions within Erste Group are performed based on the business and risk strategies approved by the management board and contained in the strategic risk framework. The Group CRO, working together with the chief risk officers of the subsidiaries, is responsible for implementation of and adherence to the risk control and risk management strategies across all risk types and business lines. While the management board and, in particular, the Group CRO ensure the availability of appropriate infrastructure and staff as well as methods, standards and processes to that effect, the actual identification, measurement, assessment, approval, monitoring, steering, and limit-setting for the relevant risks are performed at the operating entity level within Erste Group. At Group level, the management board is supported by several divisions established to perform operational risk control functions and exercise strategic management responsibilities:

_ Group Strategic Risk Management;
_ Group Risk Governance and Projects;
_ Group Corporate Risk Management;
_ Group EGI Real Estate Risk Management;
_ Group Retail Risk Management;
_ Group Corporate Workout; and
_ Group Compliance, Legal and Security.

Group Strategic Risk Management

Group Strategic Risk Management, which exercises the risk control function, is responsible for the provision of adequate risk measurement methodologies and tools as well as an appropriate risk policy and control framework. The Group Strategic Risk Management unit performs the function of the central and independent risk control unit required by Article 39 (2) of the Austrian Banking Act. One objective of Group Strategic Risk Management, a unit that is independent from the business units, is to ensure that all risks measured or taken are within the limits approved by the management board. The division is composed of the departments Group Credit Risk Methods and Reporting, Group Enterprise-wide Risk Management, Group Market and Liquidity Risk Management, and Group

Operational Risk Control. Group Credit Risk Methods and Reporting is responsible for credit risk methods and rating models. Another key task of the department is the Group-wide credit risk reporting. Group Enterprise-wide Risk Management is in charge of the essential elements of the risk management framework, Erste Group's risk policy principles and the Group data pool. The Group-wide daily calculation, analysis and reporting of market and liquidity risks is provided by the department Group Market and Liquidity Risk Management. Group Operational Risk Control is responsible for modelling, managing and reporting of operational risks.

Group Risk Governance and Projects

Group Risk Governance and Projects was introduced in 2012 to ensure central management and oversight within risk management on key topics such as risk IT (risk project– portfolio), risk policy framework, risk reporting framework, and change management in the risk area. Key tasks are oversight and control of the Group-wide CRO division project portfolio, the role as interface to One IT, Erste Group's IT subsidiary, and the constant improvement of risk IT. Furthermore, the division is responsible for the Group-wide risk policy framework, the development of a Group-wide integrated risk reporting framework and, change management in those divisions which are reporting to the CRO.

Group Corporate Risk Management

Group Corporate Risk Management is the operative credit risk management function for Erste Group's divisionalised corporate business (GCIB). It is responsible for the formal and material verification, recommendation and approval of all credit risks of Erste Group Bank AG. Group Corporate Risk Management is also responsible for credit risk management for the GCIB segment as well as all credit applications where the amount involved exceeds the approval limits granted to the respective subsidiary. This unit covers country risks, sovereigns, other credit institutions, securitisations, large corporates, and real estate risks. Group Corporate Risk Management provides specific credit risk reports on the aforementioned centrally managed portfolios of Erste Group Bank AG as a holding company. It is in charge of process development for credit risk management and implementation of Group standards for these exposure classes. It also monitors compliance with relevant credit risk limits.

Group EGI Real Estate Risk Management

Group EGI Real Estate Risk Management was implemented in the course of 2012. The division performs the function of operative risk management for the divisionalised real estate business. In this function the division is responsible for the formal and material assessment, recommendation and approval of all credit risks in the real estate business that Erste Group Bank AG is taking. Furthermore, this organisational unit is responsible for managing credit risk in Erste Group Immorent AG (EGI) and for all credit applications with exposures exceeding the authority levels granted to the respective subsidiaries. The division is structuring and steering the respective alignment and decision processes. Furthermore, in close cooperation with EGI as the defined competence center for real estate business within Erste Group, business and risk policies are prepared and implemented as the basis for business activities and reporting. Additionally, tools and systems for project analyses and valuation are developed in order to standardise the assessment of transactions and risks.

Group Retail Risk Management

Group Retail Risk Management is responsible for monitoring and steering the Group's retail lending portfolio and defining the retail risk management lending framework. It provides an analytical framework to monitor local bank's retail loan portfolios and supplies timely and actionable information for senior management decisions. In addition, the unit ensures knowledge transfer across Erste Group entities. The local chief risk officers and the local retail risk heads assume primary responsibility for credit risk management of retail loan portfolios of their respective local banks and for managing the risk–reward trade-off of their businesses. In line with Group Retail Risk Management policies, local credit policy rules are defined locally in every bank while respecting the local regulatory and business environment.

Group Corporate Workout

Group Corporate Workout is responsible for managing problematic corporate clients of the Group-wide Group Corporate and Investment Banking (GCIB) segment as well as of the local corporate segment where the exposure exceeds the authority of the management board of the respective subsidiary. This task includes the operative restructuring as well as workout function for exposures booked in Erste Group Bank AG and the risk management function for all substandard and non-performing clients in the other local SME segments mentioned above. An important task in this regard is also to set up Group-wide standards and policies for handling problematic corporate clients. Additionally, this area organises expert training programmes as well as workshops to ensure knowledge transfer across Erste Group entities. Another important task of the division is its responsibility for the Group-wide collateral management. This includes the setup of standards for collateral management, the framework for a Group collateral catalogue, and principles for collateral evaluation and revaluation.

Group Compliance, Legal and Security

Since 1 February 2012, the functions Compliance, Legal and Security have been consolidated in the division Group Compliance, Legal and Security. In essence, the division consists of the three departments: Group Compliance, Group Legal and Group Security Management. Their single tasks are as following:

Group Compliance

Group Compliance includes the departments Central Compliance, Securities Compliance, Anti-Money Laundering (AML) Compliance and Fraud Management, and it is accountable to address compliance risks. Compliance risks are those of legal or regulatory sanctions, material financial loss, or loss of reputation which Erste Group might suffer as a result of failure to comply with laws, regulations, rules and standards.

Group Legal

Group Legal, with its two units 'Legal Corporate' and 'Legal Market', functions as the central legal department of Erste Group Bank, mitigates legal risk by providing legal support and counsel for the business and centre functions, and it attends to dispute resolution and litigation. Group Legal has a Group-wide focus on legal risk management and reporting aimed at identifying and then minimising, limiting or avoiding legal risk. Legal support for the business of the banking subsidiaries in those jurisdictions where they operate is performed at the local level.

Group Security Management

Group Security Management is in charge of the strategy, definition of security standards, quality assurance and monitoring, as well as the further development of issues relevant for security at Erste Group.

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

Group co-ordination of risk management activities

The management board deals with risk issues in its regular board meetings. All types of risks are reported periodically and actions are taken when needed. In addition, the board is concerned with current risk issues and receives through the internal risk reporting ad hoc reports for all types of risk.

With the purpose of carrying out risk management activities within Erste Group, certain committees have been established, including the following:

- Risk Management Committee,
- CRO Board,
- Strategic Risk Management Committee (SRMC),
- Group Asset/Liability Committee (Group ALCO),
- Group Operational Liquidity Committee (Group OLC),
- Market Risk Committee (MRC), and
- Group Operational Risk Committee (GORCO).

The Risk Management Committee is responsible for granting approval in all those cases in which loans and exposures or large exposures reach an amount exceeding the approval authority of the management board according to the approval authority regulation. It is charged with granting approval to exposures or large exposures pursuant to Article 27 of the Austrian Banking Act, if such an investment in credit institutions exceeds 10% of the entity's own funds or if the investment amounts to at least 10% of the consolidated banking group's own funds. Within the competence assigned to it, the committee may grant advance approvals to the extent permitted by law. In addition, it is responsible for supervising the risk management of Erste Group Bank AG. The Risk Management Committee meets regularly. As the central risk control body, the Risk Management Committee is regularly briefed on the risk status across all risk types.

The CRO Board and the Strategic Risk Management Committee are responsible for consistent co-ordination and implementation of risk management activities within Erste Group, including the Haftungsverbund. The CRO Board is made up of the Group CRO and the chief risk officers of the subsidiaries within Erste Group. Chaired by the Group CRO, the CRO Board has responsibility for Group-wide co-ordination of risk management and for ensuring uniformity of risk management standards across Erste Group.

The Strategic Risk Management Committee, which is made up of the division heads of the strategic risk management department at each subsidiary, provides support to the CRO Board in decision-making on current risk-related topics.

Erste Group has established committees at the holding level that are specifically responsible for monitoring and managing market and liquidity risk:

- Group ALCO manages the consolidated Group balance sheet, focusing on trade-offs between all consolidated balance sheet risks (interest rate, exchange rate and liquidity risks) as well as taking care of Erste Group Bank's profit and loss account by performing management actions on the holding's balance sheet and by setting the Group standards and limits for Erste Group members. Additionally, it approves policies and strategies for controlling liquidity risk, interest rate risk (net interest income), capital management of the banking book, as well as examining proposals, statements and opinions of ALM, risk management, controlling and accounting functions. The approved investment strategy is within the guidelines agreed with Risk Management.

- The Group Operational Liquidity Committee (Group OLC) is responsible for day-to-day management of the global liquidity position of Erste Group. It analyses the liquidity situation of Erste Group on a regular basis and reports directly to the Group Asset/Liability Committee (Group ALCO). It also proposes measures to the Group ALCO within the scope of the management policies and principles laid down in the Liquidity Risk Management Rule Book. Furthermore, members of the Group OLC are points of contact for other departments or Erste Group members for liquidity-related matters. Each local bank has its own local operational liquidity committee.

- The Market Risk Committee (MRC) is the main steering body for all risks related to capital market trading operations in Erste Group. The MRC meets quarterly, approves Group-wide market risk limits and elaborates on the current market situation. The members of the MRC are the Group CRO, the board member responsible for Group Capital Markets, the Head of Group Capital Markets, the Head of Group Strategic Risk Management, and the Head of Group Market and Liquidity Risk Management.

The objectives of the Group Operational Risk Committee (GORCO) are to reduce operational risk at Group level through decisions on risk mitigation measures, monitor these risks, and handle substantial operational risks within the Group. GORCO has the authority to decide on risk mitigation measures at Group level and consists of the following permanent members: Group CRO, the heads of Group Strategic Risk Management and Group Compliance, Legal and Security, as well as the Head of Group Operational Risk. In an advisory function, the Head of Group Audit is also a permanent member.

In addition, committees are established at local level, such as the *Risikomanagementbeirat* (Risk Management Advisory Council) in Austria. It implements a common risk approach within the Austrian members of Erste Group (i.e. Erste Bank Austria and the Savings Banks).

As a result of the principle of segregating risk origination and risk control, at every level of the risk management structure of Erste Group – and particularly concerning market and credit risks – the risk control functions are exercised independently of the front office functions.

GROUP-WIDE RISK AND CAPITAL MANAGEMENT

In light of the lessons learned from recent turbulence on the financial markets, among other reasons, Erste Group's risk management framework has been continuously strengthened. In particular, Group Strategic Risk Management and its Enterprise-wide Risk Management (ERM) have been developed into a comprehensive framework. This includes as its fundamental pillar the Internal Capital Adequacy Assessment Process (ICAAP), as required under Pillar 2 of the Basel framework.

The ERM framework is designed to support the bank's management in managing the risk portfolios as well as the coverage potential to assure at all times adequate capital reflecting the nature and magnitude of the bank's risk profile. ERM is tailored to the Group's business and risk profile, and it reflects the strategic goal of protecting shareholders and senior debt holders while ensuring sustainability of the organisation.

ERM is a modular and comprehensive management and steering system within Erste Group, and it is integral to the bank's and Group's overall steering and management system. The components necessary to ensure all aspects of ERM, regulatory requirements, but particularly internal value adding needs, can be clustered as follows:

- Risk Appetite Statement;
- Portfolio & Risk Analytics, including
  - Risk Materiality Assessment,
  - Concentration Risk Management, and

  _ Stress Testing;
- Risk-bearing Capacity Calculation;
- Risk Planning & Forecasting, including
  - RWA Management, and
  - Capital Allocation, as well as
- Emergency Response Plan

In addition to ICAAP's ultimate goal of assuring capital adequacy and sustainability at all times, the ERM components serve to support the bank's management in pursuing its strategy.

Risk Appetite Statement

The Risk Appetite Statement (RAS) is a high-level strategic statement and forms an integral part of Erste Group's business and risk strategy. It also serves as a formalised, high-level steering tool from which top-down targets for the bank's limit system on lower aggregation levels can be derived.

The objective of Erste Group's Risk Appetite Statement is to contain earnings volatility, avoid net losses, ensure a stable target rating for Erste Group (including all associated aspects, e.g. funding costs) and protect external and internal stakeholders. In order to reach those goals, general indicators are defined as well as indicators for credit, market and liquidity risk. To ensure that the RAS is operationally efficient, the indicators are classified as either limits, targets or principles, where the main differences will be in the mechanisms triggered in case of a breach of the RAS.

Exceeding a limit will typically trigger immediate management action. Counterbalancing measures must be taken to close the limit breach as soon as possible. Targets are in general derived as part of the planning process, where the final budget is aligned with the targets set. A significant deviation from a target usually will trigger management action and a 'cure' plan for the next 12 months must be formulated. Principles are the equivalent to a qualitative strategic statement/directive and are monitored ex ante and operationalised (e.g. via guidelines and policies).

The Risk Appetite Statement is part of the yearly planning process. The indicators of the RAS are regularly monitored and reported to the management.

In 2012, additional risk indicators were introduced in RAS to cover more risk types. Tighter limits and targets were defined which serve especially in managing of the economic capital. Furthermore the strategic pillars were revised in order to optimise the capital allocation.

Portfolio and risk analytics

For the purpose of adequately managing the Group's risk portfolios according to the strategy, risks are systematically analysed within the scope of portfolio and risk analytics. Therefore, Erste Group has developed adequate infrastructure, systems and processes with which extensive analyses are ensured. Risks are quantified, qualified and discussed in a consistent management process in order to decide on appropriate measures on a timely basis.

Risk materiality assessment

For the purpose of systematically and continuously assessing all relevant risk types and identifying risks which are significant for the Group, Erste Group has defined a clear and structured risk materiality assessment approach which is based on defined quantitative and qualitative factors for each risk type and is carried out annually.

This process constitutes the basis for the determination of material risk types to be included into the Risk-bearing Capacity Calculation. Insights generated by the assessment are also used to improve risk management practices per se to further mitigate risks within the Group but also as an input for the design and definition of the Group's Risk Appetite Statement. Furthermore, insights from the risk materiality assessment are considered in the stress test when defining stress parameters.

Concentration risk management

Erste Group has implemented a framework to identify, measure, control, report and manage concentration risks. This is essential to ensuring the long-term viability of Erste Group, and especially in times of stressed economic conditions.

Concentration risk management at Erste Group is based on a framework of processes, methodologies and reports covering both intra- and inter-risk concentrations. Concentration risks also comprise an integral part of stress test analyses. Furthermore, the outcome of a stress test is directly considered in the Risk-bearing Capacity Calculation of the Group

Additionally, the results of concentration risk assessments are used in defining the Risk Appetite Statement, defining stress factors for stress tests, and when setting or calibrating Erste Group's limit system.

Based on the results of concentration risk studies, potential regional, country and industry concentration risks can be identified in the credit portfolio. Country concentration mainly reflects the Group's strategy to operate in its core CEE region.

Stress testing

Modelling sensitivities of the Group's assets, liabilities and profit or loss provide management and steering impulses and help in optimising the Group's risk / return profile. The additional dimension of stress tests should help to factor in severe but plausible scenarios and provide further robustness to the measuring, steering and management system. Risk modelling and stress testing are vital forward-looking elements of ICAAP. Finally, sensitivities and stress scenarios are explicitly considered within the Group's planning and budgeting process as well as the Risk-bearing Capacity Calculation and the setting of the Maximum Risk Exposure Limit.

Erste Group's most complex stress tests take comprehensive account of the impact of stress scenarios, including second-round effects on all risk types (credit, market, operational and liquidity) and in addition impacts on the associated volumes (assets/liabilities) as well as on profit and loss sensitivities.

Erste Group has developed specific tools to support the stress testing process, which combines bottom–up and top–down approaches. In addition, Erste Group leverages the intimate knowledge of its professionals located in the different regions to further calibrate the model-based stress parameters. Special attention is given to consider adequate granularity and special characteristics when defining the stress parameters (e.g. the particular developments in the respective region, industry, product type or segment). The adequacy of scenarios and stress parameters is reviewed on a quarterly basis.

Results from all of Erste Group's stress tests are checked as to their explanatory power in order to decide on appropriate measures. All stress tests performed in the reporting period clearly showed capital adequacy to be sufficient.

Erste Group additionally participated in a stress test exercise at national level (OeNB). The results of this stress test showed that Erste Group's regulatory capital was adequate. An international stress test (EBA) did not take place in 2012.

Risk-bearing Capacity Calculation

The Risk-bearing Capacity Calculation (RCC) is ultimately the tool to define the capital adequacy required by ICAAP. Within the RCC, all material risks are aggregated and compared to the coverage potential and capital of the bank. The integral forecast, risk appetite limit as well as a traffic light system support management in its discussion and decision process.

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

The management board and risk management committees are briefed regularly (and at least on a quarterly basis) in relation to the results of the capital adequacy calculation. The report includes movements in risks and available capital and coverage potential after consideration of potential losses in stress situations, the degree of the risk limit's utilisation and the overall status of capital adequacy according to the traffic light system. The Group Risk Report also includes a comprehensive forecast of risk-weighted assets and capital adequacy.

Besides the Pillar 1 risk types (credit, market and operational risk), in the context of Pillar 2, interest rate risks in the banking book, foreign exchange risks arising from equity investments and credit spread risks in the banking book are explicitly considered within the economic capital via internal models. During 2012 the utilisation of the economic capital was between 67% and 76%. The methodologies which are applied for the different risk types in calculating the economic capital requirement are diverse and range from historic simulations, and value-at-risk approaches to the regulatory approach for residual portfolios. Moreover, additional portfolio calculations can be applied that are utilised under the standard regulatory approach and which are extended by risk parameters from the internal ratings-based approach.

In addition to the Risk-bearing Capacity Calculation, liquidity, concentration and macroeconomic risks, in particular, are managed by means of a proactive management framework that includes forward-looking scenarios, stress testing, trigger levels (including a risk buffer of 5.3% of the economic capital requirement), and traffic light systems.

Based on Erste Group's business and risk profile, the three main types of banking risks – credit risk, market risk and operational risk – are currently considered directly in the Risk-bearing Capital Calculation. Credit risk accounts for approximately 71% of the total economic capital requirement. Reflecting Erste Group's conservative risk management policy and strategy, the Group does not offset diversification effects between these three risk types. The economic capital requirement for unexpected losses is computed on a one-year time horizon with a 99.95% confidence level, which reflects the implied default risk consistent with a long-term credit rating of AA.

The capital or coverage potential required to cover economic risks and unexpected losses is based on equity, considering as well subordinated capital liabilities and regulatory deductibles. The coverage potential must be sufficient to absorb unexpected losses resulting from the Group's operations.

Risk planning and forecasting

The responsibility for strategic risk management within the Group and each subsidiary includes to ensure sound risk planning and forecasting processes. The numbers determined by risk management are a consequence of close co-operation with all stakeholders in the Group's overall planning process, and in particular with Group Performance Management (GPM), Asset/Liability Management and the business lines. The relevant numbers flow directly into the Group steering and planning process, which is hosted by GPM.

A particular role and forward-looking element is played by the rolling one-year forecast within the RCC which is vital in determining the trigger level of the traffic light system.

RWA management

As risk-weighted assets (RWA) determine the actual regulatory capital requirement of a bank and influence the capital ratio as a key performance indicator, particular emphasis is devoted to meeting targets and to the planning and forecasting capacity for this parameter. Insights from monthly RWA analyses are used to improve the calculation infrastructure, the quality of input parameters and data as well as the most efficient application of the Basel framework.

A major focus during 2012 was on meeting RWA targets. There is a process in place for tracking compliance with RWA targets, forecasting their future developments, and, thereby, defining further targets. Deviations are brought to the attention of the board within a short time frame. This process is carried out by a task force with dedicated experts from the relevant areas of risk management, controlling, and statutory reporting. The task force's steering committee is co-headed by the CFO and CRO, and its meetings take place at least monthly. In addition to discussions in the steering committee, the Group's management board is regularly informed about the current status, and findings are taken into account in the context of Erste Group's regular steering process. Furthermore, RWA targets are included in the Risk Appetite Statement.

Capital allocation

An important task integral to the risk planning process is the allocation of capital to entities, business lines and segments. This is done with close co-operation between Strategic Risk Management and Controlling. All insight from the ICAAP and controlling processes is used to allocate capital with a view to risk/ return considerations.

Emergency Response Plan

In order to respond in a timely and effective manner to a crisis situation, the Emergency Response Plan (ERP) provides a general governance framework and action plan for the Group in such eventuality. The ERP is a modular system which can be applied as required by a particular situation. As part of its supervisory guidance for strengthening the sustainability of the business models of large, internationally active Austrian banks, Erste Group is required to prepare recovery and resolution plans for potential crisis situations. The ERP will be incorporated into these recovery and resolution plans.

1.4 Material risks at Erste Group

At Erste Group, the risk materiality assessment is performed for all risk types to which a credit institution may be exposed. This disclosure document presents the qualitative and quantitative features of the following material risk types in detail:

- Credit risk (including counterparty and country risk);
- Market risk (including interest rate risk in the banking book);
- Operational risk;
- Macroeconomic risks;

_ Interest rate risk;
_ Liquidity risk and
_ Concentration risk.

These risks from banking operations are discussed in detail within the scope of the supervisory regulations in chapters 4 to 15 of this report. The chapters go into more detail on the risks arising from securitisations and equity exposures, which form an integral part of the risk types mentioned. Macroeconomic risks and concentration risk are presented as “Other Risks”, because they are not directly addressed in the disclosure regulations. With respect to these risks, Article 2 Disclosure Regulation is addressed.

Reputation risk and business risk are not discussed in detail. Reputation risk, which in a wider sense may also be covered by operational risk, refers to the risk of damage to the reputation or and therefore loss of confidence by the general public especially among customers and investors. Business risk results from the effects of the general economic and political environment on the business operations and business volume of the bank. Both types of risk are considered in the business and risk strategy of Erste Group and constitute an element of strategic risk management.

2 Scope of Application

Disclosure requirements covered: Article 3 no. 1 DisclReg

The disclosure refers to Erste Group Bank AG.

2.1 Comparison of consolidation for accounting and supervisory purposes

Disclosure requirements covered: Article 3 no. 2 DisclReg

The accounting rules pursuant to IFRS and for supervisory purposes contain different consolidation requirements and definitions for the scope of consolidation. The following sections describe the consolidation rules and the scope of consolidation.

2.1.1 CONSOLIDATION WITHIN THE GROUP FOR FINANCIAL REPORTING PURPOSES (IAS 27, 28 AND 31, IFRS 3)

Consolidation refers to the combining of several financial statements (balance sheet and income statement) of legally independent entities. A distinction is made between full consolidation and the equity method. Where the equity interests in the entity is less than 20%, it is normally not consolidated. The different consolidation methods are explained in detail below.

FULL CONSOLIDATION

All participations that represent subsidiaries must be fully included in the consolidated financial statements. As defined by IAS 27.4, an entity is a subsidiary if it is controlled by the parent (control principle). This is usually the case when the parent holds the majority of the shares with voting rights. If only half or less than half of voting rights are held, then the entity is a subsidiary pursuant to IAS 27.13 when the parent has the power to one of the following:

- Control over more than half of the shares with voting rights under an agreement with other shareholders;
- Govern the financial and operating policies of the other entity under article of association or an agreement;
- Appoint or remove the majority of the members of the executive management and/or supervisory body or equivalent governing body; or
- Cast the majority of the votes at meetings of the management board and/or supervisory board or an equivalent governing body.

When preparing the consolidated financial statements, the financial statements of the parent company and its subsidiaries are aggregated by adding equal items of assets, liabilities, equity, income and expenses (line-by-line consolidation). In consolidated financial statements, the accounting information on the Group is presented in a manner as if the Group were a single entity.

PROPORTIONATE CONSOLIDATION

In accordance with IAS 31.30, an entity under joint control (joint venture) is generally to be included in the consolidated financial statements by proportionate consolidation. Proportionate consolidation is an accounting method in which the parent company recognises the assets, liabilities, expenses and income of the jointly controlled entity proportionally in its consolidated financial statements.

As an alternative, IAS 31.38 permits the inclusion of joint ventures according to the equity accounting method. Erste Group takes advantage of this option and joint ventures of Erste Group are included in the consolidated financial statements by the equity accounting method, while proportionate consolidation is currently not applied.

EQUITY ACCOUNTING METHOD

Investments in associates are accounted for in the consolidated financial statements by the equity accounting method. Under IAS 28.2, an associated undertaking, or associate, is an entity (including an unincorporated entity such as a partnership) over which the investor exercises a significant influence and it is neither a subsidiary nor a joint venture of the investor. IAS 28.7 specifies that significant interest is usually given when one or more of the following circumstances apply:

_ Membership in the executive management and/or supervisory body or equivalent governing body of the investee;
_ Participation in the investees' policy-making process, including decisions on dividends or similar distributions;
_ Material transactions between the investor and the investee;
_ Interchange of managerial staff or
_ Provision of essential technical information.

In the equity method according to IAS 28, upon acquisition, the investor's share of the hidden reserves and liabilities of the associate are determined by measuring the assets and the liabilities at fair value; in this way the investor's share of the re-valued equity of the associate is determined. Subsequently, the cost of acquisition of the share in the assets and liabilities is compared with the share of the revalued equity. This results in either goodwill (excess of acquisition cost over investor's share), which forms part of the carrying amount of the investments in the associates [IAS 28.23a] or negative goodwill (acquisition cost is less than the investor's share of the re-valued equity) which must be taken to income in the period of acquisition [IAS 28.23b].

In subsequent periods, the acquisition cost is amortised (write-up or write-down) according to the following rule:

Carrying amount of investment *at the beginning* of the period
+/- share of profit or loss for the period
- Impairment, if impairment test is negative
+/- proportionate elimination of intra-Group gains and losses
Subtotal
+/- Change (not recognised in income statement) in an investor's share of equity through an increase or decrease in percentage of the equity interest (e.g. by profit distribution, capital paid in)
+/- Change (not recognised in the income statement) in an investor's share of equity as a result of items offset directly in equity (e.g. available for sale reserves, cash flow hedge, deferred taxes, foreign currency translation)

The difference between the beginning and ending carrying amount (excl. impairment and realised gains) is reported in the item "profit/loss from entities recognised at equity". Changes recognised in the income statement that result from a reduction or increase of fair value or from a realised gain are reported in the item "other operating result". A change not affecting income (carrying amount of the investment at end of period less the subtotal) is disclosed directly in equity [IAS 28.39].

Under IAS 28.35, the equity accounting method for equity interests is allowed only for consolidated financial statements, but not for single-entity financial statements.

NO CONSOLIDATION

Under IAS 39, holdings in entities over which neither control nor a significant influence is exercised (ownership less than 20%) are measured at fair value provided the fair value can be reliably determined.

When an investor intends to resell the investee within twelve months of acquisition, consolidation is prohibited by IFRS 5 in conjunction with IAS 27. Non-current assets held for sale are measured at the lower of carrying amount and fair value less cost of selling.

2.1.2 CONSOLIDATION IN THE GROUP OF CREDIT INSTITUTIONS OF ERSTE GROUP FOR SUPERVISORY PURPOSES

Pursuant to Article 30 para. 1 Austrian Banking Act, a "group of credit institutions" exists when a higher-level institution (a credit institution or a financial holding company) incorporated in Austria, in relation to one or more credit institutions, financial institutions, investment firms or firms providing banking support services (lower-level institutions) or registered non-profit housing associations, incorporated in Austria or abroad:

_ Directly or indirectly holds a majority ownership interest;
_ Holds the majority of the entity's voting power;
_ Has the right to appoint or remove the majority of the members of the administrative, management or supervisory body;
_ Has the right to exercise control of the entity;
_ Actually exercises control;

_ Under a contract with one or more other investors in the entity, has the right to decide how members' voting rights – inasmuch as they are needed to gain an overall majority of votes together with the higher-level entity's own voting rights – are to be exercised in the appointment or removal of the majority of members of the management or supervisory body or
_ Directly or indirectly holds at least 20% of the voting power or capital of the lower-order institution and this investee is managed jointly by an entity forming part of the group of credit institutions and one or more entities not forming part of the Group.

Indirectly held investments are to be included only if they are held via entities that are at least 20% owned by the higher-level institution.

The higher-level credit institution must fully consolidate according to Article 24 Austrian Banking Act the risk-weighted assets as specified under Article 22 para. 2 Austrian Banking Act, the positions of the securities trading book under Article 22o Austrian Banking Act, the merchandise risk and foreign currency risk under Article 22o para. 2 nos. 11 and 12 Austrian Banking Act and the regulatory capital (own funds) under Article 23 Austrian Banking Act.

The basis of consolidation in a group of credit institutions under Article 30 Austrian Banking Act consists of the following types of entities, regardless of their legal form or place of incorporation:

_ Fully consolidated credit institutions
_ Fully consolidated financial institutions
_ Fully consolidated investment firms
_ Fully consolidated entities providing bank-related support services
_ Fully consolidated financial holding companies

Application of the consolidation rules for determining the consolidated regulatory capital pursuant to the Austrian Banking Act:

Irrespective of the method applied for considering the respective consolidated companies in the determination of the consolidated regulatory capital, only those equity instruments and portions of capital in companies included in the regulatory consolidation for the purpose of consolidation are to be taken into account that conform to the legal requirements of Article 23 Austrian Banking Act.

FULL CONSOLIDATION

The determination of consolidated regulatory capital (own funds) and of the regulatory capital requirements (capital requirements) is generally to be done in accordance with Article 24 para. 1 Banking Act within the framework of full consolidation.

Consideration of own shares held in consolidated entities under full consolidation:

When full consolidation is applied, the capital of subsidiaries to be included in the full consolidation is compared with the direct and indirect carrying amounts of the equity interests in these companies. The own share held in qualifying regulatory capital of the consolidated entity is reduced by the total carrying amount attributable to this share in the capital of the relevant entity.

The result of full consolidation of own shares held in consolidated entities in the regulatory qualifying capital of the consolidated company is recognized in the consolidated regulatory capital of Erste Group under "consolidation difference".

The legal basis for the consolidation difference is defined Article 24 para. 2 no. 2 Austrian Banking Act.

Consideration of minority interests under full consolidation:

If there is a minority share in a fully consolidated company, i.e., if the institution´s participation is less than 100% of the interest, directly or indirectly in a fully consolidated company, then that portion of the equity which corresponds to the minority interest, is determined separately and therefore also reported separately. Any carrying amount attributable to minorities is to be eliminated in the process of determining the minority interest and reduces it accordingly.

According to Article 23 (4a) and (4b) Austrian Banking Act, the result of the regulatory capital attributable to minorities, which is to be included in the consolidated regulatory capital of Erste Group, is recognized in the consolidated regulatory capital under item "non-controlling interest excluding hybrid capital".

The legal basis for the minority interest is defined within Article 24 para. 2 no. 1 Austrian Banking Act.

Application of full consolidation in the calculation of the regulatory capital requirement:

The regulatory capital requirement of fully consolidated companies is included in its entirety in the regulatory capital requirement of Erste Group, intragroup transactions are eliminated.

An exemption from the application of Article 24 para. 1 Austrian Banking Act, full consolidation, is permitted only in certain defined cases when determining the consolidated regulatory capital.

Deviating from full consolidation, the following methods apply based on the size of participation held:

- proportionate consolidation or
- equity method.

PROPORTIONATE CONSOLIDATION

Proportionate consolidation according to Article 24 para. 3 no. 4 Austrian Banking Act (proportional consolidation) is required for those entities in the group of credit institutions (Article 30 para. 1 no. 7 Austrian Banking Act) in which it directly or indirectly holds at least 20% of the voting rights or capital and where this investee is managed by a group entity together with one or more entities not forming part of the group of credit institutions (joint ventures).

Within the scope of proportionate consolidation, the direct and indirect capital held, i.e., the capital determined in the corresponding company is reduced by the sum of the carrying amount in this company. The minority interests are not taken into account in proportionate consolidation.

The result of proportionate consolidation is recognized in the regulatory capital of Erste Group under “consolidation difference“.

Application of proportionate consolidation when determining regulatory capital requirements:

The regulatory capital requirement of proportionately consolidated companies is included in the consolidated capital requirement of Erste Group in accordance with the participation determined in this company; intragroup-transactions are eliminated.

EQUITY METHOD

The equity method according to Article 24 para. 2 no. 4 Austrian Banking Act is applied to those companies in which the participation is greater than 10% but less than 50%.

By applying the equity method within the scope of consolidation, direct and indirect capital held, which is calculated as the mean for the corresponding company, is reduced by the sum of the carrying amount in this entity. Deviating from proportionate consolidation, the carrying amounts of companies included in the consolidated regulatory capital according to the equity method are considered within the carrying amount deduction method according to Article 23 para. 13 no. 3 Austrian Banking Act.

The result of this inclusion of companies pursuant to the equity method is recognized in the regulatory capital of Erste Group under item “consolidation difference“.
By applying the equity method, there is no inclusion of risk-weighted assets of this company in the consolidated regulatory capital requirement.

NO CONSOLIDATION

In case none of aforementioned methods are applied, the respective company is not included in the consolidated regulatory capital.

Non-consolidated companies are considered either

- within the carrying amount deduction method according to Article 23 para. 13 no. 3, no. 4 or no. 4a Austrian Banking Act or
- included within regulatory capital requirement under the corresponding, defined risk-weighting of the carrying amount of the investment in this company

when determining the regulatory capital or the regulatory capital requirement.

No consolidation – carrying value deduction method pursuant to Article 23 para. 13 no. 3 Austrian Banking Act:

In case the participation in a credit or financial institution is greater than 10%, and it is not included in full consolidation or in proportionate consolidation, then the consolidated regulatory capital is to be reduced by the carrying amount in this non-consolidated credit or financial institution. The amount of the participation in the corresponding credit or financial institution must comprise the direct as well as indirect holdings.

Likewise, subordinate debts, participation capital, qualifying supplementary capital and other forms of capital instruments that are recognized under a respective foreign law as regulatory capital are to be taken into account within the carrying amount deduction method according to Article 23 para. 13 no. 3 Austrian Banking Act.

Normally, the carrying amount deduction method according to Article 23 para. 13 no. 3 Austrian Banking Act applies to credit institutions and financial institutions in which the participation determined is greater than 10% and less than 50%, and these credit and financial institutions are not included in full consolidation or in proportionate consolidation.

In deviation from this, the carrying amount deduction method according to Article 23 para. 13 no. 3 Austrian Banking Act is to be applied to financial institutions in which a participation greater than 50% is held, but is of minor importance in accordance to Article 24 para. 3a Austrian Banking Act (de minimis) for the purpose of consolidation of regulatory capital and of the consolidated regulatory capital requirement.

The legal threshold values of Article 24 para. 3a Austrian Banking Act (de minimis) refer to the total assets of the respective financial institution. If total assets of the financial institution are less than EUR 10 million or less than 1% of total assets of the superordinate credit institution (Erste Group Bank AG), its inclusion may be omitted in determining the consolidated regulatory capital and the consolidated regulatory capital requirements, provided the respective entity is only of secondary importance for the purposes of banking supervision.

If several subordinate institutions meet these requirements and these institutions in their entirety are not of secondary importance for the purposes of banking supervision, then they are to be included in the consolidated regulatory capital and the consolidated regulatory capital requirements within the scope of full consolidation or proportionate consolidation.

The de minimis rule pursuant to Article 24 para. 3a Austrian Banking Act does not apply to credit institutions.
Furthermore, at Erste Group, companies are not classified as de minimis companies if they were founded for special purposes (SPV) or generally meet the conditions of Article 24 para. 3a Austrian Banking Act, but hold interests in one or more fully consolidated, proportionately consolidated companies or companies included according to the equity method.

For companies included in the consolidated regulatory capital of Erste Group according to the equity method, the carrying amount deduction method is to be applied pursuant to Article 23 para. 13 no. 3 Austrian Banking Act. A surplus of the carrying amount in the respective company, which has already reduced the core capital (tier 1) under the equity consolidation method, is not taken into account again.

The sum deducted for the carrying amount of credit and financial institutions according to Article 23 para. 13 Austrian Banking Act is deducted 50% from core capital (tier 1) and 50% from qualifying supplementary capital (tier 2).

The amount deducted according to Article 23 para. 13 no. 3 Austrian Banking Act for Erste Group is reported in the regulatory capital as a deduction from core capital (tier 1) and from qualifying supplementary capital (tier 2) as "50% from investments in non-consolidated credit and financial institutions pursuant to Article 23 (13) 3 and 4 Austrian Banking Act" .

The amount reported under this item exclusively corresponds to the deducted amount for Erste Group of the investees and capital components pursuant to Article. 23 para. 13 no. 3 Austrian Banking Act, because based on the threshold for deductions according to Article. 23 para. 13 no. 3 Austrian Banking Act, there is no mandatory deduction of investees and capital components, on credit institutions and financial institutions according to Article. 23 para. 13 no. 3 Austrian Banking Act.

No consolidation – carrying amount deduction method according to Article 23 para. 13 no. 4 Austrian Banking Act:

If there is a direct or indirect investment in a credit or financial institution, i.e., all investments accounting for a stake smaller than or equal to 10%, the corresponding carrying amount is taken into account under the carrying amount deduction method according to Article 23 para. 13 no. 4 Austrian Banking Act.

Likewise, subordinate debts, participation capital, qualifying supplementary capital or other forms of capital that are recognized under the respective foreign law as regulatory capital, are to be taken into account within the scope of deduction of the carrying amount according to Article 23 para. 13 no. 4 Austrian Banking Act.

The corresponding deduction obligation for capital instruments is done irrespective of whether a stake in a credit institution or in a financial institution is held or not. Holding a capital instrument that is eligible as own funds meets the criteria of Article 23 para. 13 no. 4 Austrian Banking Act. Therefore, it triggers a deduction obligation also in cases in which no participation is held in this credit or financial institution.

Deviating from the rules for investments and equity instruments in credit and financial institutions with a stake greater than 10%, a threshold applies when determining the actual mandatory deduction amount for those investments and equity instruments which meet the provisions of Article 23 para. 13 no. 4 Austrian Banking Act.

The obligation to deduct the amount is triggered when the sum of the investments and capital instruments eligible as own funds pursuant to the definition of Article 23 para. 13 no. 4 Austrian Banking Act exceeds 10% of the total regulatory capital (own funds).

If the 10% threshold is exceeded, then according to Article 23 para. 13 no. 4 Austrian Banking Act only the exceeding amount has to be deducted.

No consolidation – carrying amount deduction method according to Article 23 para. 13 no. 4a Austrian Banking Act:

Article 23 para. 13 no. 4a Austrian Banking Act applies to investees and equity interests in insurance companies, reinsurance companies and insurance holding companies.

Insurance companies, reinsurance companies and insurance holding companies are not included in the regulatory scope of consolidation pursuant to EU law and Article 30 Austrian Banking Act, and thereforeare not included in the consolidated figures for groups of credit institutions for regulatory purposes.

Investees and holdings of regulatory eligible capital in insurance companies, reinsurance companies and insurance holding companies are to be deducted according to Article 23 para. 4a Austrian Banking Act.

The obligation to deduct equity interests in insurance companies, reinsurance companies and insurance holding companies applies pursuant to Article 23 para. 13 no. 4a Austrian Banking Act only if an actual stake is owned in the respective insurance companies, reinsurance companies and insurance holding companies.

The amount to be deducted for investees and equity instruments pursuant to Article 23 para. 13 no. 4a Austrian Banking Act is reported in the presentation of the regulatory capital of Erste Group under item "100% insurance deductions pursuant to Article 23 (13) 4a Austrian Banking Act" within the scope of deductions from qualifying supplementary capital (tier 2).

The deduction rule, which requires 100% deduction for investments in insurance companies, reinsurance companies and insurance holding companies from qualifying supplementary capital (tier 2), is defined in Article 103e para. 13 Austrian Banking Act. This refers to a transitory provision of the law that applies for the last time on 31 December 2012.

Starting with 1 January 2013, deductions for investments and equity instruments in insurance companies, reinsurance companies and insurance holding companies are to be deducted 50% from the core capital (tier 1) and 50% from the qualifying supplementary capital (tier 2) analogously to the provisions of Article 23 para. 13 no. 3 and no. 4 Austrian Banking Act.

No consolidation – accounting for the carrying amount of an investment for non-consolidated companies when determining the consolidated regulatory capital requirement:

With respect to full consolidation, proportionate consolidation and within the scope of the carrying amount deduction method for carrying amounts to be deducted from regulatory capital, the carrying amount is not considered when determining regulatory capital requirements.

All carrying amounts of investees not already included in the determination of the consolidated regulatory capital as a deduction are to be included when determining the consolidated regulatory capital requirement with the corresponding, defined risk weighting.

2.1.3 PRESENTATION OF THE SCOPE OF CONSOLIDATION

Comparison IFRS-Scope of Consolidation with Regulatory Scope of Consolidation:

The number of companies that are consolidated pursuant to IFRS was 605 as of 31 Dec. 2012.
The number of companies that are consolidated pursuant to regulatory capital requirements without De Minimis companies was 446 as of 31 Dec. 2012.

Credit Institutions	IFRS Fully	IFRS Equity	Regulatory Fully	Regulatory Proportional	Regulatory De Minimis	Regulatory Equity
Number	78	4	78	1	0	4
Financial Institutions and Financial Holdings	**IFRS Fully**	**IFRS Equity**	**Regulatory Fully**	**Regulatory Proportional**	**Regulatory De Minimis**	**Regulatory Equity**
Number	297	42	282	29	37	17
Auxilliary Companies and Investment Service Providers	**IFRS Fully**	**IFRS Equity**	**Regulatory Fully**	**Regulatory Proportional**	**Regulatory De Minimis**	**Regulatory Equity**
Number	81	2	35	0	76	0
Other	**IFRS Fully**	**IFRS Equity**	**Regulatory Fully**	**Regulatory Proportional**	**Regulatory De Minimis**	**Regulatory Equity**
Number	101	0	0	0	0	0

Table 1: Article 3 no. 2 DisclReg (1/2): Number of companies in the scope of consolidation as of 31 December 2012

* Companies that are included in the scope of consolidation under the equity method are by definition not part of the respective scope of consolidation but only cited for purposes of completeness.

Changes of fully consolidated entities in the regulatory scope of consolidation in financial year 2012:

Credit Institutions	1 Jan.2012	New	Deconsolidated	Merged	Reclassified	31 Dec.2012
Austria	63	0	0	1	0	62
CESEE	14	0	0	0	0	14
Other	2	0	0	0	0	2
Total	**79**	**0**	**0**	**1**	**0**	**78**
Financial Institutions and Financial Holdings	**1 Jan.2012**	**New**	**Deconsolidated**	**Merged**	**Reclassified**	**31 Dec.2012**
Austria	187	0	14	0	0	173
CESEE	115	0	7	0	0	108
Other	1	0	0	0	0	1
Total	**303**	**0**	**21**	**0**	**0**	**282**
Auxilliary Companies and Investment Service Providers	**1 Jan.2012**	**New**	**Deconsolidated**	**Merged**	**Reclassified**	**31 Dec.2012**
Austria	12	6	0	0	0	18
CESEE	12	0	2	0	0	10
Other	7	0	0	0	0	7
Total	**31**	**6**	**2**	**0**	**0**	**35**

Table 2: Article 3 no. 2 DisclReg (2/2): Changes to the regulatory scope of consolidation of fully consolidated companies in 2012

2.2 Impediments to the transfer of financial funds

Disclosure requirements covered: Article 3 no. 3 DisclReg

Currently there are no restrictions or significant impediments to the transfer of financial funds or regulatory capital within the group of credit institutions of Erste Group.

3 Capital Adequacy

3.1 Regulatory capital

3.1.1 CAPITAL STRUCTURE

Disclosure requirements covered: Article 4 nos. 2, 3, 4, 5 DisclReg

Erste Group as an Austrian credit institution is subject to the Austrian Banking Act and must comply with all capital requirements.

The own funds eligible for the purpose of regulatory capital consist of the core capital (tier 1), supplementary capital (tier 2) and short-term subordinated capital (tier 3).

As of balance sheet date 31 December 2012, the Group had the following regulatory capital structure:

	Qualifying Capital (mn EUR)
Subscribed capital	2,553
Share capital	789
Participation capital	1,764
Reserves	9,320
Deduction of Erste Group Bank shares held within the group	-632
Consolidation difference	-2,205
Non-controlling interests (excluding hybrid tier-1capital pursuant to Section 23 (4a) and (4b) Banking Act)	3,438
Intangible assets	-507
50% deduction for non-consolidated credit and financial institutions pursuant to Section 23 (13) 3 and 4 Banking Act	-107
50% deduction of IRB-shortfall pursuant to Section 23 (13) 4c Banking Act	0
50% deduction of securitisations pursuant to Section 23 (13) 4d Banking Act	-12
Core tier-1 capital	**11,848**
Hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act	375
Tier-1 capital	**12,223**
Eligible subordinated liabilities	4,055
Revaluation reserve	0
Excess risk provisions	19
Qualifying supplementary capital (Tier 2)	**4,074**
50% deduction for non-consolidated credit and financial institutions pursuant to Section 23 (13) 3 und 4 Banking Act	-107
50% deduction of IRB-shortfall pursuant to Section 23 (13) 4c Banking Act	0
50% deduction of securitisations pursuant to Section 23 (13) 4d Banking Act	-12
100% deductions of holdings in insurances pursuant to Section 23 (13) 4a Banking Act	-164
Short-term subordinated capital (Tier 3)	**297**
Total eligible qualifying capital	**16,311**

Table 3: Article 4 nos. 2, 3, 4, 5 DisclReg: Regulatory capital structure

Reconciliation from IFRS equity to the regulatory tier 1 capital as of 31 Dec.2012

IFRS equity	16,339
Intangible assets including goodwill	-2,894
Elimination of positive AfS-reserve and Cash Flow Hedge reserve (prudential filter)	-739
Eliminiation of planned dividend payments out of profit 2012	-299
Other differences (valuation, deductions, scope of consolidation)	-184
Tier 1 capital according to Austrian Banking Act	**12,223**

Table 4: Article 4 DisclReg: Reconciliation IFRS Equity

3.1.2 KEY FEATURES OF ALL ITEMS OF REGULATORY CAPITAL

Disclosure requirements covered: Article 4 no. 1 DisclReg

HYBRID CAPITAL (TIER 1)

At 31 December 2011, equity instruments in the form of five hybrid tier I issues existed in Erste Group group of credit institutions. The terms of these issues are governed by Article 23 para. 4a Austrian Banking Act.

Issuer	Title of the issue	Date of issue	Amount (mn EUR)	ISIN	Interest
Erste Finance Jersey IV	Series H FRN Preference shares	24.03.2004	127	XS0188305741	10y EUR CMS + 10 bp
Erste Finance Jersey VI	Series J 5.25% Preference shares	23.03.2005	107	XS0215338152	5.250%
Erste Capital Finance Jersey	Fixed/Floating Rate Perpetual Subord.Note	28.09.2006	124	XS0268694808	5.294%; from 2016: 3mEuribor + 2.27%
Erste Group Bank AG	Eigenkapital Plus-Daueremission	29.10.2007	15	AT000B001243	6mEur +100 Cap 7%; Floor 4.5%
Erste Group Bank AG	Eigenkapital Plus II - DE - Stufen Zins	03.03.2008	3	AT000B001417	4.75%; from 03/2010: 5.5%; from 03/2012: 6.5%; from 03/2014: 6.5%

Table 5: Article 4 nos. 1 DisclReg: Hybrid tier I issues

QUALIFYING SUPPLEMENTARY CAPITAL (TIER 2)

Supplementary capital of the Erste Group group of credit institutions comprises qualifying capital instruments of supplementary capital pursuant to Article 23 para. 7 Austrian Banking Act, subordinated capital pursuant to Article 23 para. 8 Austrian Banking Act, hidden reserves pursuant to Article 23 para. 4 Austrian Banking Act, excess risk provisions that is surplus from risk provisions and reserves versus expected losses according to Article 22 para. 6 Austrian Banking Act.

Supplementary capital

Pursuant to Article 23 para. 7 Austrian Banking Act, supplementary capital includes own funds paid in

_ that are available under a contract to the credit institution for at least eight years and that cannot be called before maturity by the creditor; the credit institution may prematurely terminate the contract only pursuant to the provisions of Article 23 para. 7 no. 5 Austrian Banking Act;
_ for which interest may be paid out but only if covered by the profits qualifying for payout;
_ that prior to liquidation may only be repaid under the pro rate deduction of the net losses incurred during its life;
_ that are subordinated pursuant to Article 45 para. 4 Austrian Banking Act and
_ that have a remaining maturity of at least three years; the credit institution has the right to terminate without prior notice effective up to three years before the remaining time to maturity expires if this has been contractually agreed upon and the credit institution has verifiably obtained capital in the same amount and with at least the same quality as own funds; the replacement of the capital must be documented.

The consolidated qualifying supplementary capital pursuant to Article 23 para. 7 Austrian Banking Act of Erste Group as of 31 December 2012 was EUR 591.0 million.

Details on supplementary capital instruments of Erste Group are presented in the appendix.

Subordinated capital

Pursuant to Article 23 para. 8 Austrian Banking Act, subordinated capital includes own funds paid in that are subordinated pursuant to Article 45 para. 4 Austrian Banking Act and comply with the following requirements:

_ The entire term must be at least five years; if the maturity is not defined or if it is not possible for the credit institution or creditor to call the debt, a notice of at least five years needs to be fixed; the credit institution may in contrast terminate the contract without

notice after a period of five years, if the capital has been replaced prior to termination in the same amount and with at least with the same quality as own funds; the period of five years does not need to be complied with if debt securities are terminated prematurely because a change to taxation incurs additional payment to the creditor and the credit institution has obtained replacement capital prior to termination in the same amount and with at least the same quality as own funds; in the event of termination of subordinate capital, the credit institution must document replacement of the capital;
_ The terms shall not contain any clauses according to which the debt can be repaid under circumstances other than liquidation of the credit institution, or, pursuant to Article 23 para. 8 no. 1 Austrian Banking Act, is repayable prior to the agreed-on repayment date or according to which changes in the debt situation are possible with respect to the subordinate nature of the debt;
_ Official documents on subordinate deposits, debt securities and global certificates as well as subscription and buy orders shall specifically define the subordinate nature of the bond in the terms (Article 864a Austrian Civil Code);
_ Offsetting the repayment amounts owed against receivables of the credit institution must be excluded and no contractual collateral may be deposited by the credit institution or a third party for the liabilities and
_ The particular name to be used in dealings with customers must be clear and ensure that it will not be confused with other deposits or debt securities.

The consolidated qualifying subordinated capital pursuant to Article 23 para. 8 Austrian Banking Act of Erste Group as of 31 December 2012 amounts to EUR 3,436.3 million (of which securitised issues amount to EUR 3,267.7 million and non-securitised subordinated liabilities amount to EUR 168.6 million). Hidden reserves, which arise from provisions for special banking risks pursuant to Article 57 para. 1 Banking Act, qualify as own funds pursuant to Article 23 para. 4 Banking Act and are reported in the qualifying subordinated liabilities. As of 31 Dec. 2012, adequate hidden reserves have been allocated at Erste Group in an amount of EUR 27.9 million within the qualifying subordinated liabilities.

Details on subordinated capital instruments of Erste Group are presented in the appendix.

Excess Risk Provisions

The consolidated excess risk provisions that result from the surplus of risk provisions and reserves compared to the expected losses pursuant to Article 22 para. 6 Banking Act at Erste Group were EUR 19 million as of 31 December 2012.

SHORT-TERM SUBORDINATED CAPITAL (TIER 3)

Pursuant to Article 23 para. 8a Austrian Banking Act, short-term subordinate capital (tier 3) includes those own funds paid in that are subordinated pursuant to Article 45 para. 4 Austrian Banking Act and comply with the following requirements:

_ The entire term must be at least two years; if the maturity is not defined or if it is possible for the credit institution or creditor to call the debt, a period of notice of at least two years must be fixed; the credit institution may in contrast terminate the contract without notice after a period of two years, if the capital has been replaced prior to termination in the same amount and of at least the same quality as own funds; the period of two years does not need to be complied with if debt securities are terminated prematurely because a change to taxation incurs additional payment to the creditor and the credit institution has obtained replacement capital prior to termination in the same amount and of at least the same quality as own funds; in the event of termination of subordinate capital, the credit institution must document the replacement of the capital;
_ The terms of Article 23 para. 8 nos. 2 to 5 Austrian Banking Act are met and
_ It has been contractually fixed that neither principal nor interest payments are permitted that would entail a drop in the qualifying own funds of a credit institution below the minimum capital requirements pursuant to Article 22 para. 1 nos. 1 to 5 Austrian Banking Act.

As of 31 December 2012, there were no issues at the Erste Group group of credit institutions that correspond to the provisions of Article 23 para. 8a Austrian Banking Act (short-term subordinated capital).

Qualifying short-term subordinated capital in the Erste Group credit institution group is derived pursuant to Article 23 (14) no. 5 Austrian Banking Act from the difference between the total subordinated capital of the Erste Group credit institution group and the qualifying subordinated capital pursuant to Article 23 para. 8 Austrian Banking Act (rededicated subordinated capital).

Due to the qualifying limit according to Article 23 para. 14 no. 5 Austrian Banking Act, a difference results from the total subordinated supplementary capital issued (EUR 4,899.2 million) and the qualifying supplementary capital and subordinated capital (EUR 4,027.4 million) of the Erste Group of EUR 871.8 million.

This difference in amount does not qualify as short-term subordinated capital in its entirety according to Article 23 para. 14 no.7 Austrian Banking Act, because of a limit that refers to the capital requirement according to Article 22 para. 1 no. 3 and Article 22o para. 2 nos. 1 to 8, 11 and 12 Austrian Banking Act.

The relevant consolidated capital requirement according to Article 22 para. 1 no. 3 and Article 22o para. 2 nos. 1 to 11 and 12 Austrian Banking Act for Erste Group as of 31 December 2012 was EUR 297.1 million and corresponds to the qualifying amount for consolidated short-term subordinated capital of Erste Group.

The difference in amount between the total short-term subordinated capital (EUR 871.8 million) and the eligible short-term subordinated capital (EUR 297.1 million) amounts to EUR 574.7 million and is not eligible as regulatory capital of Erste Group.

3.2 Regulatory capital requirements

Disclosure requirements covered: Article 5 nos. 2,3,5 DisclReg

Under Basel II, the full amount of the capital requirements is calculated and is put into relation to the above mentioned regulatory capital. The eligible qualifying capital must be available at least in the amount of the sum of the minimum capital requirements.

Based on the business activities of Erste Group, the following minimum capital requirements result for credit risk, for risk types in the trading book, for commodity risk and FX risk (including risks from gold positions) outside of the trading book and for operational risk.

The minimum capital requirements pursuant to the Austrian Banking Act were complied with at all times during the reporting period.

CREDIT RISK

The Austrian Financial Market Authority (FMA) granted approval together with the Oesterreichsiche Nationalbank (OeNB) for the application of the Internal Ratings-Based (IRB) Approach for the majority of the credit risk positions of Erste Group in January 2007. The Supervisory Slotting Approach is applied to specialised lending. The remaining risk positions are covered by the Standardised Approach. Further information on the topic is available in Chapter 6 “Credit Risk – Standardised Approach” and in Chapter 7 “Credit Risk – IRB Approach”. More details on securitisations are available in Chapter 9 “Securitisations”, on equity exposures in Chapter 13 “Equity Exposures in the Banking Book”.

The table below shows an overview of minimum capital requirements to cover credit risk. The credit risk in the IRB Approach, Standardised Approach and in the Supervisory Slotting Approach is broken down into exposure classes.

Exposure Class	Minimum capital requirements (mn EUR)	Minimum capital requirements (% of total)
IRB Approach		
01: Central Governments & Central Banks	46.7	0.6%
02: Regional Governments & Local Authorities	78.4	1.1%
03: Administrative Bodies and Non-Commercial Undertakings	5.6	0.1%
04: Multilateral Development Banks	0.1	0.0%
05: International Organisations	0.0	0.0%
06: Institutions	214.9	3.0%
07: Corporates	2,611.0	35.9%
08: Retail (incl. SME)	1,438.9	19.8%
Residential mortgage exposures	851.9	11.7%
Qualifying revolving retail exposures	22.5	0.3%
Other retail exposures	564.4	7.8%
09: Equity	72.0	1.0%
ER – Simple Risk Weight Approach	28.4	0.4%
Private equity exposures in sufficiently diversified portfolios	2.6	0.0%
Exchange traded equity exposures	1.8	0.0%
Other equity exposures	24.0	0.3%
PD – PD/LGD Approach	43.5	0.6%
10: Securitisations	103.3	1.4%
11: Covered Bonds	8.9	0.1%
12: Collective Investment Undertakings	20.6	0.3%
13: Other Items	1.3	0.0%
IRB Approach Total	**4,601.5**	**63.2%**
Standardised Approach		
01: Central Governments & Central Banks	26.0	0.4%
02: Regional Governments & Local Authorities	33.9	0.5%
03: Administrative Bodies and Non-Commercial Undertakings	29.2	0.4%
04: Multilateral Development Banks	0.0	0.0%
05: International Organisations	0.0	0.0%
06: Institutions	11.8	0.2%
07: Corporates	661.8	9.1%
08: Retail (incl. SME)	560.2	7.7%
09: Equity	39.8	0.5%
ST – Institute in Standardised Approach	0.1	0.0%
PU – Permanent Partial Use	1.3	0.0%
GF – Grandfathering Provisions	38.4	0.5%
10: Securitisations	0.0	0.0%
11: Covered Bonds	0.0	0.0%
12: Collective Investment Undertakings	6.5	0.1%
13: Other Items	433.5	6.0%
Standardised Approach Total	**1,802.7**	**24.8%**
Supervisory Slotting		
01: Central Governments & Central Banks	0.0	0.0%
02: Regional Governments & Local Authorities	0.0	0.0%
03: Administrative Bodies and Non-Commercial Undertakings	0.0	0.0%
04: Multilateral Development Banks	0.0	0.0%
05: International Organisations	0.0	0.0%
06: Institutions	0.0	0.0%
07: Corporates	871.3	12.0%
08: Retail (incl. SME)	0.0	0.0%
09: Equity	0.0	0.0%
10: Securitisations	0.0	0.0%
11: Covered Bonds	0.0	0.0%

12: Collective Investment Undertakings	0.0	0.0%
13: Other Items	0.0	0.0%
Supervisory Slotting Total	**871.3**	**12.0%**
Total	**7,275.6**	**100.0%**

Table 6: Article 5 nos. 2, 3 DisclReg: Minimum capital requirements for credit risk by exposure class and by Basel II approach

MARKET RISK

The calculation of the regulatory minimum capital requirements to cover market risk is based on an internal value-at-risk model for which Erste Group obtained approval in September 2001. In the case of coverage for specific position risks with interest rate instruments and for positions that are not suitable for the internal model as well as those trading units that are not covered by the approval, the Standard Method is used. More details on the internal value-at-risk model and the application of the Standard Method are presented in Chapter 10 “Market Risk”.

The table below gives an overview of the minimum capital requirements to cover market risk broken down by risk types in the trading book as well as commodity and foreign exchange risk (incl. gold) not included in the trading book.

Risk types in the trading book as well as commodity and FX risk (incl. gold) outside the trading book	Minimum capital requirements (mn EUR)	Minimum capital requirements (% of total)
Position risk (standardised approach)	183.2	61.7%
thereof position risk with interest rate instruments	*102.0*	*55.7%*
thereof position risk in equity instruments	*70.7*	*38.6%*
thereof commodity risk	*0.0*	*0.0%*
thereof FX risk (incl. gold)	*10.5*	*5.7%*
Position risk by internal model (VaR model)	113.8	38.3%
Settlement risk	0.0	0.0%
Total	**297.0**	**100.0%**

Table 7: Article 10 (and Article 5 no. 4) DisclReg: Minimum capital requirements for risk types in the trading book as well as commodity risk and FX risk (incl. gold) outside the trading book

OPERATIONAL RISK

For the calculation of regulatory capital requirements for operational risk at Erste Group the Advanced Measurement Approach (AMA) is used after approval by OeNB in the first half of 2009 and in those subsidiaries, which do not use the AMA Approach yet, the Basic Indicator Approach is used. The table below contains the minimum capital requirements for operational risk on the basis of the Advanced Measurement Approach and the Basic Indicator Approach. The details on the management of operational risks at Erste Group are presented in Chapter 14 “Operational Risk”.

Operational Risk	Minimum capital requirements (mn EUR)	Minimum capital requirements (% of total)
Advanced Measurement Approach	644.7	72.1%
Basic Indicator Approach	249.3	27.9%
Total	**894.0**	**100%**

Table 8: Article 5 no. 5 DisclReg: Minimum capital requirements for operational risk

3.3 Internal Capital Adequacy Assessment Process

Disclosure requirements covered: Article 5 no.1 DisclReg

The Internal Capital Adequacy Assessment Process (ICAAP) and the risk-bearing capacity calculation (RCC) form a part of the Basel II Pillar 2 requirements. Erste Group's RCC is an internally developed model, which measures the risk relevant exposure across all relevant risk types and compares it with the capital or the coverage potential Erste Group has for covering such risks.

More specifically, the risk side of the calculation serves to determine the economic capital requirement (the total potential loss from the assumption of risk) from unexpected losses in respect of credit, market and operational risk. The economic capital requirement for market risk as of 31 December 2012 also includes currency risk from equity investments and the risk of spread changes for securities in the banking book. Furthermore, liquidity, concentration and macroeconomic risks are taken into account within the scope of stress testing. This economic capital requirement is then compared to the capital held as coverage (broken down into equity, subordinated capital, reserves and retained earnings), thus determining the bank's ability to absorb these potential unexpected losses. The risk is calculated at a confidence level of 99.95%. The calculation of RCC is designed in accordance with the business strategy and risk profile of Erste Group and is accounted for the risk appetite of the Group. The risk-appetite statement defines the risk level that the Group is willing to expose itself to from a strategic perspective. The risk-appetite statement specifies restrictions and limits required for daily operations.

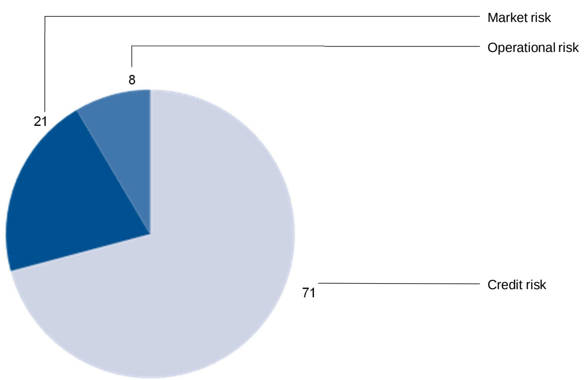
In general, the entire coverage potential has to be higher than or equal to the bank's overall risk exposure. The Group has defined a Maximum Risk Exposure Limit (MREL) as one of several measures to express and monitor the Group's risk appetite. The definition of the maximum risk limit is done, among other things, also by taking into account stress test results which portray the effects of extremes and shocks to be considered in the strategic management of the Group and therefore also reduce the flexibility available for business activities.

To determine the Group's capital adequacy also going forward, Erste Group deployed a forward-looking traffic light system. In this manner, the management may inspect at any time the extent to which the MREL of the Group is utilised and therefore respond in time to changes, and if necessary, take the relevant measures on either the risk side or the capital/coverage potential side.

The management board and risk management committees are briefed regularly, at least quarterly, on the results of the risk-bearing capacity determined, including the movements in risks and in available capital/coverage potential, the degree of utilisation of the risk limit and modelled risks and capital/coverage potential going forward. The calculation of risk-bearing capacity forms a vital part of the management of risk and capital at Erste Group.

The illustration opposite shows the distribution of risk types which form the economic capital requirement of Erste Group. The results of the risk-bearing capacity calculation are presented in the table below.

Economic capital requirement by risk types in %



Risk bearing capacity calculation	mn EUR
Economic capital requirement	12,996.3
Coverage potential	18,686.4
Excess	**5,690.1**

Table 9: Article 5 no. 1 DisclReg: Risk-bearing capacity calculation as at 31 December 2012

4 Counterparty Risk

4.1 Goals and principles of risk management

Disclosure requirements covered: Article 2 DisclReg

Counterparty default risk for over-the-counter derivatives and securities financing transactions (securities transactions and securities lending) consists of current replacement costs in the case of default of the counterparty (i.e. the positive market value taking into account netting agreements) as well as of potential replacement costs that may result from future changes in market values due to a change in the underlying market risk factors (e.g. interest rates, currencies, equity or commodity prices).

Counterparty default risks are monitored and controlled at deal level as well as at portfolio level. Erste Group has a Group-wide real-time limit monitoring system to which the companies of the Group are connected online, especially the units with trading activities. The availability of unused limits must be checked before a transaction is executed.

ORGANISATION

Credit risks from derivatives, repurchase agreements and securities lending transactions are fully integrated into the general credit risk management system. A requirement for entering into derivatives transactions is the compliance with the credit process for which the same standards as regards classification, limits and monitoring apply as for conventional credit transactions. Counterparty default risks are measured and monitored on a daily basis by an independent risk management unit in Group Corporate Risk Management. Counterparty default risk is taken into consideration in the credit risk reporting.

RISK MEASUREMENT AND CONTROL

For the internal measurement of credit risk arising from derivatives, repurchase transactions and securities lending transactions, the current market values (replacement values) and potential fluctuations of the replacement values (Potential Future Exposure; PFE) due to changes in the underlying market risk factors until maturity are taken into account.

The calculation of the PFE is done using standard methods as well as Monte Carlo simulation methods. The simulation method is used especially for interest rate and currency derivatives. These derivatives account for the larger part of the portfolio.

The standard method is the market value method (current market value plus add-on), which is used for repurchase agreements and derivatives that are not included in the simulation method. The market value method takes into account the current market value and an add-on for potential changes to the exposure at default in the future. The add-on values are based on internal estimates depending on the product, maturity and underlying risk factors.

For the calculation of current and potential credit risks, netting procedures are taken into account only if they can be legally enforced (depending on business partner and jurisdiction). The stability of legislation is examined based on legal expert opinions.

The amounts receivable are limited by own limits as well as within the scope of the limits of the overall credit risk exposure of the respective counterparty, groups of counterparties and countries. Additionally, the settlement risk is limited by adequate limits.

RISK HEDGING

An important basis for the reduction of counterparty risk is entering into framework agreements (international framework agreements for derivatives of the International Swap and Derivatives Association (ISDA), Austrian or German framework agreements, framework agreements for securities lending transactions and repurchase deals) with the respective business partners. Based on these agreements, in the case of a credit default it is possible to net all amounts due or payable for each individual transaction under a framework agreement, the outcome being that only the net receivables vis-à-vis the business partner are of relevance for credit risk.

Furthermore, collateral agreements (e.g. ISDA Credit Support Annex; CSA) are also used for reducing the credit risk from derivatives. Within the scope of these collateral agreements, the portfolio with the respective counterparty is revalued periodically, usually daily and in the case of insufficient coverage, additional collateral is requested.

4.2 Internal capital allocation and definition of credit limits for counterparty credit exposures

Disclosure requirements covered: Article 6 no. 1 DisclReg

Counterparty risk is assessed as part of the centralised calculation of risk-weighted assets and treated as a component of credit risk in the risk-bearing capacity calculation. In part, portfolios subject to the standardised approach are replaced by IRB parameters in order to gain an economic perspective. Via the risk-weighted assets are scaled to the confidence level of 99.95% in the risk-bearing capacity calculation. Via the risk-bearing capacity calculation, which is reported quarterly to the management board, counterparty risk is incorporated as described above and also enters into the risk limit, which is approved by the management board.

A credit limit for counterparties at individual customer level is requested and approved via the appropriate credit processing channels. Individual customer limits are regularly monitored and tracked in the reporting system.

A further limit is constituted by the maximum lending limit based on the group of associated customers which is defined in the risk appetite statement and also periodically reviewed and reported on.

4.3 Securing of collateral and establishing of reserves

Disclosure requirements covered: Article 6 no. 2 DisclReg

On the basis of bilateral contracts (securities repurchase transactions, securities lending, ISDA netting agreements, credit support annexes, etc.), Erste Group has the ability to apply risk mitigating measures (netting, taking of security).

Erste Group incurs credit risk only when the net market value is positive (replacement risk, i.e. the risk of having to replace the financial instrument in the open market at a higher cost). As this risk depends mainly on fluctuations in the market risk parameters (exchange rates, interest rates, share prices, credit spreads, etc.), open transactions must regularly be revalued and the collateral adjusted.

Acceptable collateral is usually cash denominated in certain defined major currencies (generally EUR, USD) and securities of top-rated issuers (government bonds of several European countries and the US or issues of Austrian banks backed by the Austrian government). In the case of securities used as collateral, an additional valuation discount (haircut) contingent on the residual maturity is applied.

The adjustment of the collateral to the current risk situation (mark-to-market valuation of the transactions with the respective counterparty) and the review of the current collateral value (taking into account exchange rate fluctuations for collateral in foreign currency, market value of securities) are performed at contractually agreed intervals. Valuation frequencies customary in the market are daily or weekly; Erste Group strives to ensure daily valuation.

The ability to realise collateral in the event of counterparty insolvency, and to reuse collateral (notably to repledge it to third parties, or to reuse it for lending or repo transactions), is ensured based on legal opinions issued on behalf of ISDA for the relevant jurisdictions of the individual counterparties.

As Erste Group accepts either cash deposits or securities with the best credit ratings issued by sovereign issuers as collateral, no further reserves are being created for exposures secured in this manner. Credit value adjustments are made for unsecured exposures from derivatives dealings contingent on the credit rating or probability of default of the counterparty and the maturity of the contract.

4.4 Estimation of the scaling factor (including treatment of correlation risks)

Disclosure requirements covered: Article 6 nos. 3,9 DisclReg

As Erste Group does not apply any own estimates of the scaling factor pursuant to Article 246 Solvency Regulation, a nil report is made.

4.5 Impact on collateralisation given a rating downgrade

Disclosure requirements covered: Article 6 no. 4 DisclReg

Contract provisions concerning dependencies between collateralisation by Erste Group Bank AG and the credit rating of Erste Group Bank AG exist only in the context of collateral agreements under derivatives contracts. The variables affected by this in some of the collateral agreements are the exposure-independent amount of collateral (referred to as the independent amount), the amount of exposure the counterparty is willing to accept before Erste Group Bank AG is required to post collateral (the threshold amount), and the minimum amount of additional collateral that may be requested (the minimum transfer amount). Based on the existing contracts, a rating downgrade of Erste Group Bank AG would not have a material impact on collateral depositing requirements.

4.6 Quantitative disclosure on counterparty risk

Disclosure requirements covered: Article 6 nos. 5,6,7,8 DisclReg

The table below contains the gross positive fair value of derivative transactions broken down by product groups, as well as after netting benefits and after consideration of collateral agreements.

Type of underlying risk	Original EAD (mn EUR)	Netting Effects (mn EUR)	EAD (mn EUR)	Eligible Collateral (mn EUR)	Net EAD (mn EUR)
Credit derivatives	333.3	46.8	286.5	5.9	280.7
FX derivatives and gold related transactions	2,728.3	915.4	1,812.9	159.7	1,637.9
Index & NAV related transactions	224.1	117.6	106.5	0.0	106.5
Interest rate derivatives	13,872.2	8,816.6	5,055.7	2,067.7	2,988.0
Other	168.8	0.5	168.2	0.0	168.2
Total	**17,326.7**	**9,896.9**	**7,429.9**	**2,233.2**	**5,181.3**

Table 10: Article 6 no. 5 DisclReg: Breakdown of derivatives by product groups

The amounts of EAD are determined by the following methods:

Calculation method	EAD (mn EUR)
Market value method	7,283.0
Original risk method	146.9
Standard method	0.0
Internal Model	0.0
Total	**7,429.9**

Table 11: Article 6 no. 6 DisclReg: Distribution of derivatives risk exposure by calculation methods

The table below shows the notional values of derivatives positions in Erste Group. The table groups the positions by banking book and trading book and subdivides further into protection purchased and protection sold.

The notional value of Erste Group’s hedging positions in the form of credit derivatives amounts to EUR 122.3 million and is depicted in the column banking book/protection purchased.

	Banking book		Trading book	
	Protection purchased	Protection sold	Protection purchased	Protection sold
Type of underlying risk		(mn EUR)		
Interest rate derivatives	**21,831.7**	**23,211.4**	**228,349.0**	**223,211.8**
FX derivatives and gold related transactions	**4,601.4**	**4,580.6**	**44,219.1**	**44,223.2**
Index & NAV related transactions	**1.1**	**14.6**	**1,395.3**	**554.9**
Other	**67.5**	**45.3**	**467.8**	**162.4**
Credit derivatives	**122.3**	**163.0**	**347.3**	**553.5**
a) Single name credit event/default swaps	122.3	163.0	246.0	456.2
b) Portfolio credit event/default swaps	0.0	0.0	101.3	97.3
c) Total return swaps	0.0	0.0	0.0	0.0
d) Credit spread forward	0.0	0.0	0.0	0.0
e) Credit spread options	0.0	0.0	0.0	0.0
f) Other credit derivatives	0.0	0.0	0.0	0.0

Table 12: Article 6 no. 7,8 DisclReg: Notional values of derivatives positions

5 Credit Risk

5.1 Goals and principles of risk management

Disclosure requirements covered: Article 2 DisclReg

Credit risk arises in the traditional lending and investment business and includes losses incurred due to the default of a borrower or the impairment of a credit exposure due to the downgrading of a debtor. Country risk is implicitly considered when assessing credit risk.

Dilution risk is defined at Erste Group as the risk that occurs when the value of an acquired receivable drops below its balance sheet value. As this risk is deemed insignificant due to the very low volume of purchased receivables at Erste Group, the topic is not discussed further in this document.

Credit risk in retail lending arises from the risk that customers fail to settle their financial obligations as stipulated by the contractual terms. Managing credit risk in retail implies dealing with a large number of relatively small exposures to private individual clients, free professionals, entrepreneurs or micro companies in compliance with the Basel II definitions. These exposures can be clustered into different risk segments with similar characters defined by rating and payment behaviour and then be treated according to the risk characteristics observed in their respective segment. The retail lending portfolio at Erste Group is being continuously monitored, analysed and steered based on such a segmented approach. The primary responsibility of developing new acquisition and portfolio management strategies that serve both, the customers and the bank´s interest, lies with the local banks across the Group. It is our common interest to provide customers with manageable credit facilities that are within their financial capacities.

In addition to the local retail risk management framework, there is a Group level steering function to ensure that adverse trends – if any – are regularly monitored, captured and addressed early on. These key principles of prudent lending ensure that the risk taken is duly managed and is in balance with the underlying profitability and risk appetite of Erste Group.

Every local bank has to develop its business strategies where the risk inputs play a significant role as to which segments, customer groups, products and risk controls should be in focus for the upcoming years. The credit risk management strategy at Group level is focused on a balanced approach based on proactive oversight of portfolio performance and ensuring compliance with existing Group-wide Retail Risk Management Policies. Retail Risk Management Policies represent a set of documented standards, methods and directives on how to manage retail risk and form the basis for establishing a consistent, prudent and harmonized lending platform for retail credit risk management across Erste Group. The analytics-based portfolio management on the other hand enables risk managers to identify key developments early on, which is a prerequisite for taking appropriate corrective actions.

For the non-retail business, the business and risk strategy in credit risk management is defined together with the account managers and risk managers taking into account the maximum limits/uncollaterised limits according to the rating and limit matrix, and moreover, considers expert opinions, analyses and reports of expert departments such as Economic and Country Research, Sector Research, Competence Centres, Creditworthiness Analysis and Workout. Where possible, peer group analyses and the analysis if industry leaders/losers are used to recognize as early as possible any industry consolidation trends and to adjust the business and risk strategies accordingly.

ORGANISATION

Group Retail Risk Management is responsible for steering the Group’s retail lending portfolio and defining the retail risk management lending framework. It also provides an analytical framework to monitor local banks’ retail loan portfolios and to provide timely and actionable information for senior management decisions. In addition, the unit also ensures knowledge transfer across the Group countries.

The local Chief Risk Officer and the local Retail Risk Head assume primary responsibility for credit risk management of the retail loan portfolios of the respective local bank and for managing the risk-reward trade-off of their business. In line with Group Retail Risk Management Policies, local credit policy rules are defined locally at every bank, respecting the local regulatory and business environment.

Group Corporate Risk Management is the operative credit risk management function for Erste Group’s divisionalised corporate business (GCIB). It is responsible for the formal and material verification, recommendation and approval of all credit risks of Erste Group Bank AG as a holding company. Group Corporate Risk Management is also responsible for credit risk management for the GCIB segment as well as all credit applications where the amount involved exceeds the approval limits granted to the respective subsidiary. This unit covers country risks, sovereigns, other credit institutions, securitisations, large corporates, and real estate risks. Group Corporate Risk

Management provides specific credit risk reports on the aforementioned portfolios managed centrally by Erste Group Bank AG as a holding company. It is in charge of process development for credit risk management and implementation of Group standards for these exposure classes, and it monitors compliance with relevant credit risk limits. This unit is also responsible for establishing and monitoring appropriate credit analysis processes and systems for corporate business at the subsidiary level and co-ordinating and reviewing corporate credit and project analysis adopted across the business.

RISK MEASUREMENT AND CONTROL

Prior to granting a loan, the creditworthiness of a retail client has to be determined and reasonably verified. Loans can only be granted if the repayment capacity of the borrower is sufficient to serve the regular repayments. Risk-adjusted pricing ensures a balanced relationship between risk and return. Every local bank has to ensure adequate new acquisition and portfolio management techniques as well as proper risk reporting.

The regular credit risk reports to the management board and the risk management committee contain information on the development of volumes in each of the business areas, the quality of the portfolio by rating category and detailed risk-relevant information on customers at risk of default or already defaulted. The reports serve as the basis for audits of the credit policy of the business areas and their business and risk strategy.

Local retail risk related reports are prepared monthly and shared with the local Management Board and Risk Steering Committee regularly. In addition, Group Retail Risk Management measures the quality of new bookings as well as total portfolio development using up-to-date portfolio monitoring techniques (vintage analysis, delinquency measurements, etc.). This ensures proactive risk management and provides for risk management planning and/or validates risk cost development.

Data regarding new acquisitions as well as total portfolio development have to be reported by the local banks to Group Retail Risk Management on a monthly basis. As a part of the reporting package, major changes in local credit policies have to be reported as well. Development of key risk indicators and credit policy changes are analysed and evaluated regularly. The main developments are discussed with each individual local bank regularly.

Credit decisions and credit processing for the non-retail business must be conducted in accordance with the currently valid authorisation matrix and the corresponding work instructions. Defined standards apply when granting loans. Among other things, credit analyses must be prepared using current business data and financial projections. This information serves to corroborate an indicative analysis for the rating and credit decision.

It is the interest of the lender not to put customers into a position in which they are no longer able to meet their contractual obligations. This also includes the principle of matching the term of the debt to the object financed; in particular, as the regards relations between operating output, cash flow, repayment capability and financing need; the recoverability of the loan and its use must be plausible and verifiable. Foreign currency loans depend on the regional market conditions and customer class. Generally, financing in local currency is given preference especially if the customer does not have any income in foreign currency. However, market practices vary in the different CEE markets along with different business strategies. Interest rate hedging is provided to the extent necessary. Holding companies and transactions with purely financing companies are financed only in exceptional cases, and if so, only by taking the assets and cash flows of the operating companies into account.

Generally, there is no mixing of conventional lending business and investment banking. The exceptions are those cases in which the claims of shareholders and/or lenders are governed by contracts with risk-adequate terms. In particular, in the case of relatively large – customer-specific – financing of investments, projected financial ratios are estimated and assessed. The financing of corporate acquisitions must withstand the “bank-case” and should not impair the economic development of the buyer. As a general rule, Erste Group does not take part in credit transactions of a highly/exclusively speculative nature or entailing unusual risk. New mezzanine and hybrid capital financing is largely avoided due to currently lacking exit options. Existing mezzanine and hybrid capital financing are intensely supported as special subportfolios.

RISK HEDGING

Apart from economic creditworthiness, the depositing of collateral is a central element of limiting risk and is particularly important for specialised lending. However, collateral is no substitute for lacking creditworthiness. The eligibility of collateral is determined in accordance with the bank's internal collateral catalogue. Non-collateralised portions of the debt are usually not accepted for new customers as of certain rating grades.

Retail risk mitigation is based, above all, on prudent lending criteria being applied. The debt-to-income and loan-to-value ratios have to be limited to a percentage that allows for a sufficient buffer in case of stressed conditions. Secured loans can only be granted in local currency – the only exception for foreign currency denominated loans is EUR if the customer has income in EUR or a state guarantee mitigates the risks involved. Unsecured loans can only be granted in local currency. Customers undergoing financial difficulties are managed by Retail Collection. This unit proactively supports customers with payment difficulties as appropriate.

Subsidiaries or sub-groups of a customer group are financed only if all material documents are available. All customers of a group of related customers or within a corporate group are subjected to a rating process. In such cases, the Group rating and the "corporate ceiling" are taken into account. Beyond a predefined total debt level companies or groups that have credit relations to more than one fully consolidated company of Erste Group are classified as limit customers, with the limit cap being determined in the respective limit application. In the case of sector clusters, once a certain size is reached, joint business strategies are defined following the GO/HOLD/STOP logic.

5.2 Definition of past due, substandard and defaulted

Disclosure requirements covered: Article 7 para. 1 no. 1 DisclReg

The Group's ongoing assessment of the customers' capacity to fulfil their obligations is carried out using a large number of risk management instruments. This includes the constant monitoring of the Group's portfolio of past due, substandard and defaulted exposures.

PAST DUE

In the case of payments in arrears, payments are considered past due as of the date when the borrower exceeded an approved credit limit, or the borrower was advised of a lower limit than the current outstanding, or drew on an unauthorised credit facility, or did not make a contractually agreed payment in due time, and the amount concerned is significant. Unpaid credit card debt is deemed past due from the earliest due date.

SUBSTANDARD

The borrower is vulnerable to negative financial and economic impacts; such loans are managed in specialised risk management departments. Substandard exposures are shown in the risk category "Substandard".

DEFAULTED

There is a default if one or more of the default criteria under Basel II apply:

_ 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.

5.3 Impairment losses and provisions

Disclosure requirements covered: Article 7 para. 1 no. 2 DisclReg

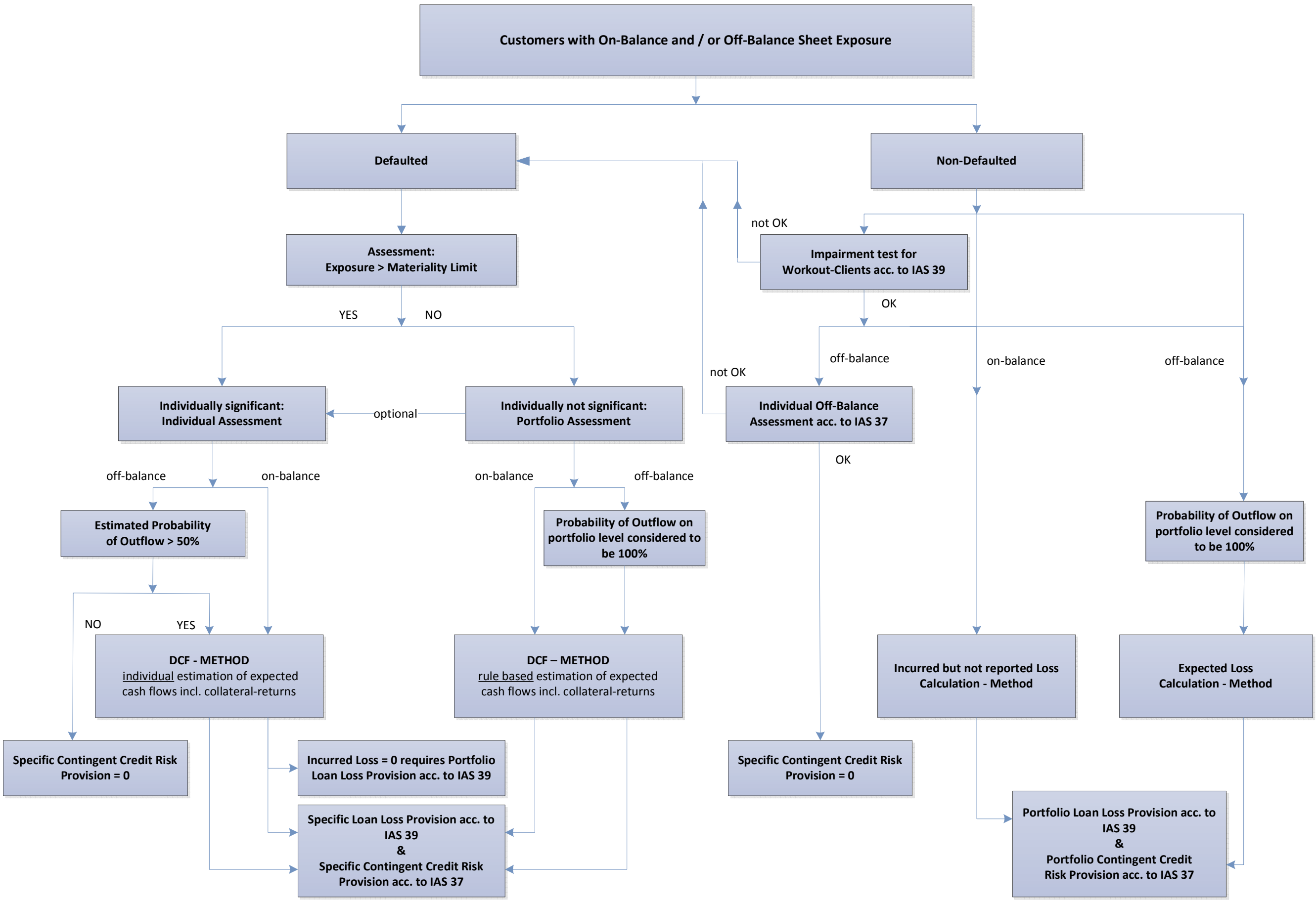
The special risks inherent in the banking business are taken into account as required through an allowance for impairment of loans and advances (for loans recognised on the balance sheet) and through provisions for off-balance-sheet transactions. There is a distinction between

_ loan loss provisions allocated for financial assets carried at amortised cost according to IAS 39 requirements, and
_ contingent credit risk provisions allocated for contingent credit liabilities reflecting IAS 37 principles.

The impairments/provisions ascertained according to IFRS are further split into specific and portfolio impairments/provisions, whereby specific impairments (hereinafter specific provisions) are allocated for defaulted customers or products, and portfolio provisions for non-defaulted customers or products. Under IAS 39, portfolio or collective loan loss provisions are calculated according to the incurred but not detected losses methodology. Under IAS 37, however, the expected loss method is applied to such provisions. For specific loan loss provisions, both IAS 39 and IAS 37 stipulate calculation based on the best estimate of future cash flows (inflows and outflows), including collateral recoveries, totalling all individual cash flows after discounting by the original effective interest rate.

The total amount of risk provisions for loans and advances, inasmuch as it relates to on-balance-sheet assets, is reported as a line item deduction from loans and advances to credit institutions and to customers. The provisions for off-balance-sheet transactions (particularly financial guarantees, letters of credit as well as other credit commitments) are included in the item "Other provisions".

To ensure the uniform calculation and standardised reporting of loan loss and other provisions throughout Erste Group, the following process has been implemented:



1. TRIGGER EVENT / IMPAIRMENT

Assumptions:

_ A trigger event, for calculating impairment or verifying whether impairment in the meaning of IAS 39 and IAS 37 has occurred (impairment test), is when the customer or the transaction is identified as defaulted, in intensive care or special care.
_ Under IAS 39 and IAS 37, a client or an exposure is considered impaired when the determined present value is less than the amount amortised at cost under IFRS.

Procedure:

_ Individually significant impaired exposures are measured individually using the discounted present value of specific expected cash flows as described above.
_ Individually non-significant impaired exposures are measured using the discounted present value of rule-based cash flow estimates.
_ In the case of exposures where no impairment was found, rule-based calculations are used at the individual customer level, with subsequent aggregation to arrive at an overall total, which is then recognised as portfolio provision.

2. CALCULATION OF SPECIFIC PROVISIONS

For each impaired exposure, the specific loan loss calculation method based on a discounted cash flow model must be applied. Impaired exposures with a single customer that, in the aggregate, equal or exceed a materiality threshold are generally assumed to be individually significant. The materiality threshold is to be viewed as a maximum applicable at Group level; i.e. thresholds at certain entities of Erste Group may be lower.

For individually significant impaired exposures, the expected cash flows from redemption and collateral recoveries must be estimated by the risk manager or restructuring manager. The current provisioning requirement is the difference between the current impaired exposure and the discounted expected recoveries. For non-significant impaired exposures, the calculation is done on an automated basis using rule-based expected recoveries.

A defaulted customer with a specific provision can be upgraded to a non-default rating grade after an appropriate transition period only if there is currently no incurred loss (IL) without taking into account expected collateral recoveries according to the present value calculation.

For customers that are no longer impaired (customers returned to a non-default rating grade), it is not permitted to retain a specific provision according to IAS 39.

3. CALCULATION OF PORTFOLIO PROVISIONS

The following incurred loss calculation method is used for incurred exposures and for incurred-but-not-detected exposures that are not impaired.

Incurred Loss = PD * EAD * LGD * LIP

PD – Probability of default
EAD – Exposure at default
LGD – Loss given default
LIP – Loss identification period for "incurred but not detected" customers

The effect of discounting to present value is already considered in the approximation of the risk parameter.

Incurred but not detected customers:

_ When the impairment already occurred but the fact is not yet known to the credit institution, the customer exposure is treated as incurred but not detected pursuant to IAS/IFRS.
_ As the impairment is not yet known to the credit institution, the relevant customers are missing from the incurred customers' data set which is used for calculating the incurred loss portfolio. According to IFRS, a separate incurred loss calculation method is required for incurred but not detected customers,
_ For most portfolios it is assumed that the time between the start of impairment and the recognition of impairment by the credit institution is on average twelve months so that the risk factor LIP, in connection with the applied PD of one year, is recognised at 1.
_ In some sub-segments a lower LIP factor can be assumed dependent on the monitoring processes.
_ The LIP factors are periodically reviewed based on empirical data.

The automated calculation of incurred loss (including collateral recoveries) already includes the effect of discounting to present value.

4. RISK PARAMETER ESTIMATES

Valid risk parameters are required by all credit institutions for the rule-based determination of incurred losses. At credit institutions that have been granted authorisation to apply the Foundation IRB approach by the supervisory authority, the risk parameters used are determined within the scope of Basel II in accordance with the current segmentation. Therefore, the parameter PD for all customer segments and the parameter LGD for the retail customer segment are both estimated in accordance with methods approved by the supervisory authority. Estimates of credit restructuring by experts are required for the LIP parameter and for all parameters of credit institutions and special customer segments without valid IRB approval. Within the scope of periodic backtesting (quantitative validation) of current risk provisions based on actual losses incurred, it must be guaranteed that the methodology applied, including the relevant parameters, is consistent with IFRS requirements.

5.4 Quantitative disclosure on credit risk

Disclosure requirements covered: Article 7 para. 1, nos. 3,9 and para. 3 DisclReg
A nil report is made in respect of Article 7 para. 2 DisclReg, as the following tables give a comprehensive overview of the risk situation.

The EAD below are the basis for credit risk and break down into the following exposure classes, groups of countries (by country of risk), industries and maturity bands. In addition, the average amount of EAD over the reporting period is presented.

Exposure Class	EAD (mn EUR)	average EAD in the reporting period (mn EUR)
01: Central Governments & Central Banks	40,072.5	36,613.1
02: Regional Governments & Local Authorities	7,713.3	7,906.4
03: Administrative Bodies and Non-Commercial Undertakings	1,255.9	1,227.3
04: Multilateral Development Banks	450.4	828.3
05: International Organisations	310.3	585.0
06: Institutions	17,061.7	17,844.7
07: Corporates	71,658.7	74,718.3
08: Retail (incl. SME)	68,951.0	69,213.2
09: Equity	862.2	1,070.6
10: Securitisations	1,586.3	1,759.4
11: Covered Bonds	2,934.2	3,266.6
12: Collective Investment Undertakings	1,127.6	1,260.9
13: Other Items	10,170.1	8,334.3
Total	**224,154.4**	**224,628.2**

Table 13: Article 7 para. 1 no. 3 DisclReg: Credit Risk - EAD and average EAD by exposure classes

Group of Countries	EAD (mn EUR)	EAD (% of total)
Core Market - Austria	100,206.6	44.7%
Core Market - Croatia	10,029.1	4.5%
Core Market - Czech Republic	35,404.3	15.8%
Core Market - Hungary	10,535.5	4.7%
Core Market - Romania	19,642.9	8.8%
Core Market - Serbia	1,305.8	0.6%
Core Market - Slovakia	15,295.9	6.8%
Core Market - Slovenia	1,972.9	0.9%
Emerging Markets - Asia	429.1	0.2%
Emerging Markets - Latin America	111.8	0.0%
Emerging Markets - Middle East/Africa	286.1	0.1%
Emerging Markets - SE Europe/CIS	2,959.0	1.3%
Other EU Countries	22,869.6	10.2%
Other Industrialized Countries	3,105.8	1.4%
Total	**224,154.4**	**100.0%**

Table 14: Article 7 para. 1 no. 4 DisclReg (1/2): Credit Risk - EAD by country groups (based on country of risk)

Group of Countries	Exposure Class	EAD (mn EUR)
Core Market - Austria	01: Central Governments & Central Banks	12,229.4
	06: Institutions	3,148.1
	07: Corporates	36,072.7
	08: Retail (incl. SME)	35,645.6
Core Market - Croatia	01: Central Governments & Central Banks	2,325.3
	06: Institutions	456.8
	07: Corporates	3,690.4
	08: Retail (incl. SME)	2,965.5
Core Market - Czech Republic	01: Central Governments & Central Banks	8,685.2
	06: Institutions	1,127.9
	07: Corporates	9,447.2
	08: Retail (incl. SME)	12,847.1
Core Market - Hungary	01: Central Governments & Central Banks	2,360.3
	06: Institutions	611.3
	07: Corporates	2,621.1
	08: Retail (incl. SME)	4,208.3
Core Market - Romania	01: Central Governments & Central Banks	6,008.4
	06: Institutions	68.1
	07: Corporates	6,571.7
	08: Retail (incl. SME)	5,007.1
Core Market - Slovakia	01: Central Governments & Central Banks	5,929.2
	06: Institutions	139.4
	07: Corporates	2,978.2
	08: Retail (incl. SME)	5,324.0
Other EU Countries	01: Central Governments & Central Banks	1,395.9
	06: Institutions	9,761.9
	07: Corporates	6,162.2
	08: Retail (incl. SME)	1,095.1

Table 15: Article 7 para. 1 no. 4 DisclReg (2/2): Credit Risk - EAD by important country groups (based on country of risk) and principal exposure classes

Industry	EAD (mn EUR)	EAD (% of total)
Agriculture and forestry	2,463.1	1.1%
Mining	539.3	0.2%
Manufacturing	13,027.8	5.8%
Energy and water supply	3,058.5	1.4%
Construction	8,693.3	3.9%
therof: Development of building projects	*3,190.4*	*1.4%*
Trade	10,492.8	4.7%
Transport and communication	4,526.3	2.0%
Hotels and restaurants	4,495.1	2.0%
Financial and insurance services	40,384.4	18.0%
therof:Holding companies	*5,594.9*	*2.5%*
Real estate and housing	22,509.1	10.0%
Services	6,063.3	2.7%
Public administration	39,425.2	17.6%
Education, Health and Art	2,967.7	1.3%
Private households	56,292.7	25.1%
Other	9,215.7	4.1%
Total	**224,154.4**	**100.0%**

Table 16: Article 7 para. 1 no. 5 DisclReg: Credit Risk - EAD by industry groups

Maturity Band	EAD (mn EUR)	EAD (% of total)
01: X <= 3months	30,877.5	13.8%
02: 3 months <= X < 1 year	17,333.6	7.7%
03: 1 year <= X < 2.5 years	44,867.6	20.0%
04: 2.5 years <= X < 5 years	25,391.1	11.3%
05: 5 years <= X < 10 years	38,923.1	17.4%
06: 10 years <= X < 15 years	23,768.6	10.6%
07: 15 years <= X < 20 years	17,823.7	8.0%
08: 20 years <= X	25,169.0	11.2%
Total	**224,154.4**	**100.0%**

Table 17: Article 7 para. 1 no. 6 DisclReg: Credit Risk - EAD by residual maturity bands

Exposures classified as substandard and as defaulted are presented below in detail for all industries and group of countries. They are broken down by EAD and risk provisions.

Industry	EAD (mn EUR)		Total	EAD (% of total)
	Substandard	Defaulted		
Agriculture and forestry	80.0	244.4	324.4	2.0%
Mining	4.6	83.3	87.9	0.5%
Manufacturing	501.1	1,714.6	2,215.7	13.4%
Energy and water supply	40.6	231.4	272.0	1.6%
Construction	275.6	1,670.5	1,946.2	11.8%
thereof: Development of building projects	*100.1*	*602.2*	*702.3*	*4.3%*
Trade	353.4	1,308.2	1,661.7	10.1%
Transport and communication	60.8	388.8	449.6	2.7%
Hotels and restaurants	299.8	825.2	1,124.9	6.8%
Financial and insurance services	39.9	383.0	422.9	2.6%
thereof: Holding companies	*29.8*	*210.0*	*239.9*	*1.5%*
Real estate and housing	616.6	1,171.4	1,788.1	10.8%
Services	126.5	522.2	648.7	3.9%
Public administration	8.2	25.7	34.0	0.2%
Education, Health and Art	47.0	196.8	243.8	1.5%
Private households	1,180.0	3,696.4	4,876.4	29.5%
Other	389.7	16.6	406.3	2.5%
Total	**4,023.9**	**12,478.7**	**16,502.6**	**100.0%**

Table 18: Article 7 para. 1 no. 7 lit. a) DisclReg (1/2): Credit Risk - EAD by industry groups for substandard and defaulted exposure

Industry	Risk Category	Provisions (mn EUR)	Expenditure (mn EUR)	Provisions (% of total)
Agriculture and forestry	Substandard	4.8	3.7	0.1%
	Defaulted	130.0	38.3	1.8%
Agriculture and forestry		**134.7**	**42.0**	**1.9%**
Mining	Substandard	0.3	0.3	0.0%
	Defaulted	53.3	10.1	0.7%
Mining		**53.6**	**10.3**	**0.7%**
Manufacturing	Substandard	28.8	10.9	0.4%
	Defaulted	1,042.3	320.2	14.4%
Manufacturing		**1,071.1**	**331.1**	**14.8%**
Energy and water supply	Substandard	2.2	1.6	0.0%
	Defaulted	118.6	56.1	1.6%
Energy and water supply		**120.8**	**57.7**	**1.7%**
Construction	Substandard	12.0	-3.6	0.2%
	Defaulted	962.0	443.5	13.3%
Construction		**974.0**	**439.9**	**13.5%**
thereof: Development of building projects	*Substandard*	*4.1*	*-4.3*	*0.1%*
	Defaulted	290.7	124.7	4.0%
thereof: Development of building projects		***294.8***	***120.4***	***4.1%***
Trade	Substandard	17.4	-0.1	0.2%
	Defaulted	823.5	237.4	11.4%
Trade		**840.8**	**237.3**	**11.6%**
Transport and communication	Substandard	3.5	0.0	0.0%
	Defaulted	270.7	65.6	3.7%
Transport and communication		**274.1**	**65.6**	**3.8%**
Hotels and restaurants	Substandard	8.9	-1.5	0.1%
	Defaulted	347.0	82.5	4.8%
Hotels and restaurants		**355.9**	**81.0**	**4.9%**
Financial and insurance services	Substandard	0.7	0.2	0.0%
	Defaulted	244.7	46.0	3.4%
Financial and insurance services		**245.4**	**46.2**	**3.4%**
thereof: Holding companies	*Substandard*	*0.0*	*0.0*	*0.0%*
	Defaulted	99.6	38.5	1.4%
thereof: Holding companies		***99.7***	***38.6***	***1.4%***
Real estate and housing	Substandard	25.2	2.3	0.3%
	Defaulted	644.8	192.6	8.9%
Real estate and housing		**670.0**	**194.9**	**9.3%**
Services	Substandard	11.4	5.1	0.2%
	Defaulted	309.7	40.0	4.3%
Services		**321.1**	**45.1**	**4.4%**
Public administration	Substandard	0.2	0.2	0.0%
	Defaulted	8.5	5.1	0.1%
Public administration		**8.6**	**5.2**	**0.1%**
Education, Health and Art	Substandard	4.0	-0.2	0.1%
	Defaulted	78.6	16.5	1.1%
Education, Health and Art		**82.6**	**16.3**	**1.1%**
Private households	Substandard	220.0	101.3	3.0%
	Defaulted	1,791.9	454.5	24.8%
Private households		**2,012.0**	**555.8**	**27.9%**
Other	Substandard	22.5	-17.4	0.3%
	Defaulted	35.5	12.7	0.5%
Other		**57.9**	**-4.7**	**0.8%**
Total		**7,222.8**	**2,123.7**	**100.0%**

Table 19: Article 7 para. 1 no. 7 lit. b), lit. c) DisclReg (2/2): Credit Risk - Provisions by industry groups for substandard and defaulted exposure

Group of Countries	EAD (mn EUR) Substandard	Defaulted	Total	EAD (% of total)
Core Market - Austria	1,048.4	3,304.6	4,353.0	26.4%
Core Market - Croatia	449.1	1,295.8	1,745.0	10.6%
Core Market - Czech Republic	547.2	1,200.9	1,748.1	10.6%
Core Market - Hungary	290.8	1,503.4	1,794.1	10.9%
Core Market - Romania	970.6	3,253.6	4,224.2	25.6%
Core Market - Serbia	49.2	81.8	131.0	0.8%
Core Market - Slovakia	119.1	576.1	695.1	4.2%
Core Market - Slovenia	120.0	229.5	349.5	2.1%
Emerging Markets - Asia	1.1	0.9	2.0	0.0%
Emerging Markets - Latin America	0.7	9.2	9.9	0.1%
Emerging Markets - Middle East/Africa	0.4	5.8	6.2	0.0%
Emerging Markets - SE Europe/CIS	116.8	311.0	427.8	2.6%
Other EU Countries	284.8	551.3	836.2	5.1%
Other Industrialized Countries	25.7	154.9	180.7	1.1%
Total	**4,023.9**	**12,478.7**	**16,502.6**	**100.0%**

Table 20: Article 7 para. 1 no. 8 DisclReg (1/2): Credit Risk - EAD by country groups (based on country of risk) for substandard and defaulted exposure

Group of Countries	Provisions (mn EUR) Substandard	Defaulted	Total	EAD (% of total)
Core Market - Austria	151.7	1,936.4	2,088.0	28.9%
Core Market - Croatia	15.7	576.7	592.4	8.2%
Core Market - Czech Republic	35.0	648.8	683.8	9.5%
Core Market - Hungary	15.3	859.6	875.0	12.1%
Core Market - Romania	121.0	1,744.0	1,865.1	25.8%
Core Market - Serbia	1.0	57.6	58.5	0.8%
Core Market - Slovakia	13.9	332.7	346.6	4.8%
Core Market - Slovenia	2.2	102.3	104.5	1.4%
Emerging Markets - Asia	0.1	0.3	0.4	0.0%
Emerging Markets - Latin America	0.1	5.6	5.7	0.1%
Emerging Markets - Middle East/Africa	0.0	1.4	1.4	0.0%
Emerging Markets - SE Europe/CIS	2.8	187.4	190.2	2.6%
Other EU Countries	2.7	306.8	309.5	4.3%
Other Industrialized Countries	0.1	101.5	101.6	1.4%
Total	**361.8**	**6,861.0**	**7,222.8**	**100.0%**

Table 21: Article 7 para. 1 no. 8 DisclReg (2/2): Credit Risk - Provisions by country groups (based on country of risk) for substandard and defaulted exposure

Risk provisions for substandard exposures developed as follows in the reporting period:

Risk Category	Provisions as of 1.1. (mn EUR)	Provisions release (mn EUR)	Provisions allocation (mn EUR)	Provisions write off by use (mn EUR)	Provisions revaluation (mn EUR)	Provisions transferred (mn EUR)	Provisions as of 31.12. (mn EUR)
Substandard	**372.5**	**242.2**	**300.0**	**80.2**	**6.6**	**-0.4**	**361.8**

Table 22: Article 7 para. 1 no. 9 DisclReg: Credit Risk - Development of provisions for substandard exposure

The following direct charge-offs and recoveries on written-off loans and advances were directly recognised in the profit and income statement:

	Direct charge-offs (mn EUR)	Recoveries (mn EUR)
Total	**153.2**	**64.6**

Table 23: Article 7 para. 3 DisclReg: Credit Risk - Direct charge-offs and recoveries

6 Credit Risk – Standardised Approach

6.1 Scope of application and use of external ratings

Disclosure requirements covered: Article 8 nos. 1,2,4 DisclReg
With respect to Article 8 no. 3 DisclReg, as Erste Group does not apply any ratings to issuers or issues for items that are not part of the trading book, a nil report is made.

Erste Group generally uses the IRB Approach for determining the minimum capital requirements according to Basel II. The Standardised Approach is applied to intangible business areas and business units as well as when the rollout plan specifies a later date for the changeover to the IRB Approach. Furthermore, specific legal regulations for certain business segments may trigger the application of the Standardised Approach (e.g. zero weighting for Austrian municipalities).

External ratings are used to a limited extent in some exposure classes to calculate the risk-weighted assets in the Standardised Approach. The following external ratings are used:

OECD COUNTRY RISK RATINGS

OECD country risk ratings apply to the following exposure classes:

- Central governments and central banks
- Institutions where Option 1 for exposures to institutions applies to the Group member's home country (home country government risk-weight-based method – 2006/48/EC, Annex VI, Part 1, para. 26). In such cases, the ratings are assigned depending on the creditworthiness level of the home country of the counterparty (institution).

STANDARD & POOR'S RATINGS

The external ratings published by the Standard & Poor's (S&P) rating agency are used by the Austrian Group company exclusively for the insurance companies subportfolio of the Corporates exposure class. Furthermore, the external S&P ratings of securities issuers are used for determining the eligibility of the financial collateral (bonds from the securities portfolio split) and the calculation of the adjustment for volatility pursuant to Article 134 para. 1 Solvency Regulation. If an issuer of a security is at the same time a borrower whose exposure is subject to the standardised approach, and a rating is available from both S&P's and the OECD, the lower of the two ratings is used.

Allocation of External Ratings to Credit Quality Steps and Risk Weights

The allocation of the ratings to credit quality steps is as follows:

Standard & Poors	OECD Country Risk Ratings	Credit Quality Step
AAA to AA-	0 to 1	1
A+ to A-	2	2
BBB+ to BBB-	3	3
BB+ to BB-	4 to 5	4
B+ to B-	6	5
CCC+ and below	7	6

Table 24: Article 8 no. 4 DisclReg (1/2): Allocation of the external ratings to credit quality steps and risk weights

The risk weight allocation depending on the credit quality step and the exposure class is as follows:

Credit Quality Step	Central governments and central banks	Institutions (Option 1)	Corporates
1	0%	20%	20%
2	20%	50%	50%
3	50%	100%	100%
4	100%	100%	100%
5	100%	100%	150%
6	150%	150%	150%

Table 25: Article 8 no. 4 DisclReg (2/2): Allocation of the external ratings to credit quality steps and risk weights

6.2 Quantitative disclosure on credit risk - Standardised Approach

Disclosure requirements covered: Article 8 no. 5 DisclReg

The portfolios in the Standardised Approach are presented below by exposure value and unsecured exposure value per risk-weight band for all exposure classes.

Exposure Class	Risk weight band	EAD (mn EUR)	EAD after CRM (mn EUR)	Collateralised (% of EAD)	EAD (% of total)
Standardised Approach					
01: Central Governments & Central Banks	01	32,875.3	32,833.9	0.1%	42.7%
	02	0.0	0.0	0.0%	0.0%
	03	20.2	20.2	0.0%	0.0%
	04	264.7	250.7	5.3%	0.3%
	05	0.0	0.0	0.0%	0.0%
	06	0.0	0.0	0.0%	0.0%
	07	0.0	0.0	0.0%	0.0%
	08	0.0	0.0	0.0%	0.0%
02: Regional Governments & Local Authorities	01	4,632.8	4,628.7	0.1%	6.0%
	02	1,256.4	1,238.4	1.4%	1.6%
	03	264.2	182.3	31.0%	0.3%
	04	31.3	30.9	1.4%	0.0%
	05	13.9	13.9	0.0%	0.0%
	06	0.0	0.0	0.0%	0.0%
	07	0.0	0.0	0.0%	0.0%
	08	0.0	0.0	0.0%	0.0%
03: Administrative Bodies and Non-Commercial Undertakings	01	103.5	88.3	14.7%	0.1%
	02	699.4	698.9	0.1%	0.9%
	03	3.3	2.1	37.2%	0.0%
	04	97.4	97.0	0.4%	0.1%
	05	82.1	82.1	0.0%	0.1%
	06	0.0	0.0	0.0%	0.0%
	07	0.0	0.0	0.0%	0.0%
	08	0.0	0.0	0.0%	0.0%
04: Multilateral Development Banks	01	362.2	362.2	0.0%	0.5%
	02	0.0	0.0	0.0%	0.0%
	03	0.0	0.0	0.0%	0.0%
	04	0.0	0.0	0.0%	0.0%
	05	0.0	0.0	0.0%	0.0%
	06	0.0	0.0	0.0%	0.0%
	07	0.0	0.0	0.0%	0.0%
	08	0.0	0.0	0.0%	0.0%
05: International Organisations	01	310.4	310.4	0.0%	0.4%
	02	0.0	0.0	0.0%	0.0%
	03	0.0	0.0	0.0%	0.0%
	04	0.0	0.0	0.0%	0.0%
	05	0.0	0.0	0.0%	0.0%
	06	0.0	0.0	0.0%	0.0%
	07	0.0	0.0	0.0%	0.0%
	08	0.0	0.0	0.0%	0.0%
06: Institutions	01	1,281.1	1,280.5	0.1%	1.7%
	02	472.8	472.7	0.0%	0.6%
	03	105.2	91.5	13.0%	0.1%
	04	110.4	110.4	0.0%	0.1%
	05	16.4	1.7	89.4%	0.0%
	06	0.0	0.0	0.0%	0.0%
	07	0.0	0.0	0.0%	0.0%
	08	0.0	0.0	0.0%	0.0%
07: Corporates	01	1,453.3	1,319.4	9.2%	1.9%
	02	292.5	36.1	87.7%	0.4%
	03	850.1	374.7	55.9%	1.1%

	04	10,385.9	7,653.3	26.3%	13.5%
	05	114.8	84.6	26.3%	0.1%
	06	0.0	0.0	0.0%	0.0%
	07	0.0	0.0	0.0%	0.0%
	08	0.0	0.0	0.0%	0.0%
08: Retail (incl. SME)	01	47.8	37.7	21.1%	0.1%
	02	1,119.9	-57.6	105.1%	1.5%
	03	2,465.5	2,211.1	10.3%	3.2%
	04	4,770.3	2,576.8	46.0%	6.2%
	05	59.1	55.5	6.2%	0.1%
	06	0.0	0.0	0.0%	0.0%
	07	0.0	0.0	0.0%	0.0%
	08	0.0	0.0	0.0%	0.0%
09: Equity	01	31.3	31.3	0.0%	0.0%
	02	0.0	0.0	0.0%	0.0%
	03	16.0	16.0	0.0%	0.0%
	04	446.8	446.8	0.0%	0.6%
	05	61.7	61.7	0.0%	0.1%
	06	0.0	0.0	0.0%	0.0%
	07	0.0	0.0	0.0%	0.0%
	08	0.0	0.0	0.0%	0.0%
10: Securitisations	01	0.0	0.0	0.0%	0.0%
	02	0.0	0.0	0.0%	0.0%
	03	0.0	0.0	0.0%	0.0%
	04	0.0	0.0	0.0%	0.0%
	05	0.0	0.0	0.0%	0.0%
	06	0.0	0.0	0.0%	0.0%
	07	0.0	0.0	0.0%	0.0%
	08	0.0	0.0	0.0%	0.0%
11: Covered Bonds	01	1,075.6	1,075.6	0.0%	1.4%
	02	0.0	0.0	0.0%	0.0%
	03	0.0	0.0	0.0%	0.0%
	04	0.0	0.0	0.0%	0.0%
	05	0.0	0.0	0.0%	0.0%
	06	0.0	0.0	0.0%	0.0%
	07	0.0	0.0	0.0%	0.0%
	08	0.0	0.0	0.0%	0.0%
12: Collective Investment Undertakings	01	674.6	674.6	0.0%	0.9%
	02	3.9	3.9	0.0%	0.0%
	03	0.5	0.5	0.0%	0.0%
	04	65.4	65.4	0.0%	0.1%
	05	9.2	9.2	0.0%	0.0%
	06	0.0	0.0	0.0%	0.0%
	07	0.0	0.0	0.0%	0.0%
	08	0.0	0.0	0.0%	0.0%
13: Other Items	01	4,630.8	4,630.8	0.0%	6.0%
	02	131.1	130.9	0.2%	0.2%
	03	53.1	44.8	15.7%	0.1%
	04	4,791.1	4,759.0	0.7%	6.2%
	05	503.5	137.3	72.7%	0.7%
	06	0.0	0.0	0.0%	0.0%
	07	0.0	0.0	0.0%	0.0%
	08	0.0	0.0	0.0%	0.0%
Total		**77,056.9**	**69,175.9**	**10.2%**	**100.0%**

Table 26: Article 8 no. 5 lit. a), lit. b) DisclReg: Portfolio in the Standardised Approach – EAD and credit risk mitigation by exposure classes and risk weight bands

7 Credit Risk – IRB Approach

7.1 Regulator approved approaches and transitional rules

Disclosure requirements covered: Article 16 para. 1 no. 1 DisclReg

In 2006, Erste Group was audited by the Austrian Financial Market Authority (FMA) and the Oesterreichische Nationalbank (Austrian central bank). The audit resulted in a positive decision for all portfolios in respect of the Internal Ratings-based (IRB) Approach. Erste Group is therefore authorised to calculate risk-weighted exposure amounts for credit risk using the IRB Approach beginning 1 January 2007.

The following segments fall under the Foundation IRB Approach:

_ Institutions
_ Sovereigns (Austrian regional and local authorities remain under the Permanent Partial Use clause)
_ Corporates
_ Specialised Lending - Slotting Criteria Approach

The following segment falls under the Advanced IRB Approach:

_ Retail

For the equity portfolio, the grandfathering option is applied to all investments made until 31 December 2007. For equity exposures entered into after 31 December 2007, the PD/LGD approach is applied. Equity exposures without a valid rating grade are treated under the simple risk weight method.

Erste Group Bank AG, as the higher-level credit institution, and the lower-level institutions of Erste Group uniformly apply the IRB Approach pursuant to Article 21a para. 8 Austrian Banking Act. The requirements of Article 21a para. 1 Austrian Banking Act are met jointly by the members of the group of credit institutions.

The authorisation by the supervisory authority FMA was issued for an indefinite period of time.

7.1.1 IRB OFFICIAL NOTICES AND IRB ROLL-OUT PLAN

IRB Official Notice for single banking entities and at consolidated level in Austria

Of the savings banks in the cross-guarantee system and the domestic operating subsidiaries of Erste Group Bank AG, the following entities were audited locally by the FMA/OeNB and received approval to apply the IRB Approach indefinitely effective as of 1 January 2007 or later:

IRB approval with application starting from 1 January 2007 applies to:

_ Allgemeine Sparkasse Oberösterreich Bank AG
_ Dornbirner Sparkasse Bank AG
_ Kärntner Sparkasse AG
_ Sparkasse Imst AG
_ Sparkasse Niederösterreich Mitte West AG
_ Steiermärkische Bank und Sparkassen AG
_ Tiroler Sparkasse Bank AG Innsbruck
_ Weinviertler Sparkasse AG
_ Bausparkasse der oesterreichischen Sparkassen AG
_ Sparkasse Baden
_ Sparkasse Bregenz Bank AG
_ Sparkasse Herzogenburg-Neulengbach
_ Kremser Bank und Sparkassen AG
_ Lienzer Sparkasse AG
_ Salzburger Sparkasse Bank AG
_ Sparkasse Bludenz Bank AG
_ Sparkasse der Stadt Feldkirch

_ Sparkasse Korneuburg AG
_ Sparkasse Frankenmarkt AG
_ Sparkasse Hainburg-Bruck-Neusiedl AG
_ Sparkasse Kremstal-Pyhrn AG
_ Sparkasse Horn-Ravelsbach-Kirchberg AG
_ Waldvierteler Sparkasse Bank AG
_ Sparkasse der Gemeinde Egg
_ Sparkasse der Stadt Amstetten AG
_ Sparkasse Eferding-Peuerbach-Waizenkirchen
_ Sparkasse Feldkirchen/ Kärnten
_ Sparkasse Lambach Bank AG
_ Sparkasse Langenlois
_ Sparkasse Mühlviertel-West Bank AG
_ Sparkasse Mürzzuschlag AG
_ Sparkasse Neuhofen Bank AG
_ Sparkasse Neunkirchen
_ Sparkasse Pöllau AG
_ Sparkasse Pottenstein N.Ö.
_ Sparkasse Poysdorf AG
_ Sparkasse Pregarten – Unterweißenbach AG
_ Sparkasse Rattenberg Bank AG
_ Sparkasse Scheibbs AG
_ Sparkasse Voitsberg-Köflach Bank AG
_ Wiener Neustädter Sparkasse
_ Bankhaus Krentschker & Co. AG

IRB approval with application later on applies to:

_ Sparkasse Salzkammergut AG (IRB Official Notice 30 June 2008)
_ Erste Bank der oesterreichischen Sparkassen AG (IRB Official Notice 26 Aug. 2008 after the split-off from Erste Group Bank AG)
_ Sparkasse Ried im Innkreis-Haag am Hausruck (IRB Official Notice 20 July 2009)
_ s Wohnbaubank AG (IRB Official Notice 1 May 2010)

The following savings banks were granted an individual IRB Official Notice prior to joining the cross-guarantee system that was supplemented when they joined the cross-guarantee system:

_ Sparkasse Schwaz AG (IRB Official Notice 28 Jun. 2007 / 29 Sept. 2008)
_ Sparkasse Reutte AG (IRB Official Notice 18 Apr. 2007 / 22 Sept. 2008)
_ Sparkasse der Stadt Kitzbühel (IRB Official Notice 18 Apr. 2007 / 22 Sept. 2008)
_ Sparkasse Mittersill Bank AG (IRB Official Notice 18 Apr. 2007 / 22 Sept. 2008)
_ Sparkasse Kufstein, Tiroler Sparkasse von 1877 (IRB Official Notice 18 Apr. 2007 / 1 Oct. 2009)

IRB Official Notice for single banking entities and at consolidated level for institutions abroad

The following foreign banks have been audited by the local supervisory authorities on behalf of the FMA and have been granted an indefinite approval to apply the IRB Approach as of 1 January 2007 or later:

_ Česká spořitelna, a.s. (IRB Official Notice 1 Jan. 2007)
_ Stavebni sporitelna Ceske sporitelny a.s. (IRB Official Notice 1 Jan. 2007)
_ Erste Bank (Malta) Limited (IRB Official Notice 1 Jan. 2007)
_ Erste Bank Hungary Zrt (IRB Official Notice 28 Mar. 2008)
_ Slovenská sporiteľňa, a.s. (IRB Official Notice 29 Jul. 2008)
_ Erste & Steiermärkische bank d.d., Rijeka (IRB Official Notice for the consolidated level 31 Jul. 2009 and single-entity level 7 Oct. 2011)

IRB Official Notice only at consolidated level

The following banks have been audited by the OeNB or by local supervisory authorities on behalf of the FMA and were granted approval to apply the IRB Approach at the consolidated level indefinitely:

_ EBV Leasing Gesellschaft m.b.H & Co.KG (IRB Official Notice 1 Jan. 2007)
_ IMMORENT AG (IRB Official Notice 1 Jan. 2007)

IRB application planned

The following members of the credit institutions group will be gradually implementing in the application of the IRB Approach, for which, agreed with the FMA, the rollout plan is in progress:

_ Banca Comerciala Romana SA
_ Waldviertler Sparkasse Bank AG
_ ERSTE BANK AD NOVI SAD.

At present, the application of the IRB Approach is not planned for any of the other fully consolidated credit institutions.

7.1.2 PERMANENT PARTIAL USE UND TRANSITIONAL RULES

Based on the approval of the FMA, Article 22b para. 9 Austrian Banking Act (Permanent Partial Use) is applicable to the following exposure classes and in the following cases:

_ Exposures with respect to the mandatory liquidity reserve with the central institution pursuant to Article 25 para. 13 Austrian Banking Act (Article 22b para. 9 no. 1 Austrian Banking Act);
_ Exposures with insignificant risk profiles in minor business areas and exposure classes of insignificant volume (Article 22b para. 9 no. 2 Austrian Banking Act);
_ Exposures in the exposure classes of the federal government, the federal states, municipalities and public sector entities (Article 22b para. 9 no. 3 Austrian Banking Act);
_ Exposures in the exposure class pursuant to Article 22b para. 2 no. 2 Austrian Banking Act regarding claims of a credit institution vis-à-vis its parent company, its subsidiaries or a subsidiary of its parent company (Article 22b para. 9 no. 4 Austrian Banking Act);
_ Investments of the exposure class pursuant to Article 22b para. 2 no. 5 Austrian Banking Act within the scope of government programmes of the member states to promote specific economic sectors (Article 22b para. 9 no. 5 Austrian Banking Act);
_ Exposures to institutions pursuant to Article 22a para. 4 no. 6 Austrian Banking Act in the form of mandatory minimum reserves (Article 22b para. 9 no. 6 Austrian Banking Act);
_ Liabilities and back-to-back guarantees of central governments (Article 22b para. 9 no. 7 Austrian Banking Act); and
_ Investments in companies if the exposures to these companies are assigned a weighting of 0 per cent (Article 22b para. 9 no. 9 Austrian Banking Act) under the credit risk Standardised Approach pursuant to Article 22a Austrian Banking Act.

At present, the following transitional rules apply:

_ Article 103e no. 2 Austrian Banking Act (preliminary approval, relevant for some savings banks);
_ Article 103e no. 6. Austrian Banking Act (floors: calculated for all units, actually relevant only for sWohnbaubank);
_ Article 103e no. 11. Austrian Banking Act (grandfathering for equity positions); and
_ Article 103e no. 13. Austrian Banking Act (deduction of participations in insurance companies).

7.2 Rating systems

Disclosure requirements covered: Article 16 para. 1 no. 2, lit a) DisclReg

A rating system comprises all models, methods, processes, controls, data collection and data processing processes that serve the assessment of credit risks, the allocation of exposures to rating grades and the quantification of default probabilities for certain types of exposures.

The rating systems used by Erste Group Bank AG meet the requirements for the application of the IRB Approach.

7.2.1 RATING MODELS

The internal rating models and the estimates of the risk parameters play a key role in credit risk management, in the decision-making processes and in lending operations. Furthermore, they deliver the main determinants for the procedures to assess the capital requirement. A periodical validation assures the quality of the rating models and risk parameters.

Of the various models available for assessing credit risk, Erste Group Bank AG selected the empirical-statistical and the expert-based model types.

Empirical-statistical model

The empirical-statistical model of risk assessment requires a large data base and is especially suitable for mass business.

Based on the sufficiently large empirical data base (data of a large population from the customer base of the bank), scorecards are developed based on a logistic regression model. The key criterion used for selecting the best scorecard is the accuracy ratio. The accuracy ratio indicates the ability of the scorecard to differentiate between customers with a low and a high default risk. The result of the scorecard is presented as a rating grade.

The key element in retail business rating models is assessing account behaviour, which is updated on a monthly basis. This enables constant risk monitoring of customer portfolios in the mass business. Furthermore, the rating models also include customer information that is updated at least once a year but in any case when a credit application is made (in the event of a credit decision).

The rating results (rating grades) are verifiable and objective, i.e. if the input information is the same they supply the same rating grade regardless of the individual assessment by the account manager.

The empirical-statistic model type is used not only in the retail business, but also in the corporate segment. In the case of corporates, the most important criterion for estimating the probability of default is not the assessment of account behaviour, but rather the statistically developed financial rating (valuation of financial statements ratios). Apart from the financial rating (hard facts), customer information (soft facts) also enters into the risk valuation of corporate customers, which is updated at least once a year.

Expert-based model

In the case of the expert-based model, the empirical-statistical component is not as important – due to the lack of a sufficiently large population of customers in the respective customer segments as well as due to the lack of a sufficient number of defaulted customers – and is replaced by expert know-how, which takes into account quantitative criteria (e.g. financial statements), qualitative criteria (e.g. market and industry development), but also macro-economic factors (e.g. country rating).

By helping to assess the specific debtor- and business-specific features, this expert knowledge makes an important contribution to the rating models for the following customer segments: specialised lending (which is currently being changed to a statistical model for each country), banks and sovereigns.

These rating models ensure a sound assessment of the debtor- and business-specific features, risk differentiation as well as precise and consistent quantitative risk estimates.

7.2.2 RATING METHODS

Disclosure requirements covered: Article 16 para. 1 no. 3 DisclReg

An overview of the exposure classes of the IRB Approach and the applicable rating methods is given in the table below:

Rating Method	Rating Private Individuals	Rating SME	Rating Corporates	Rating Specialised Lending	Bank Rating	Country Rating	External Ratings (ECAIs)
	Statistical Model			Expert Model			
Exposure Class							
Retail	•	•					
Corporate		•	•	•	•		
Institutions					•		
Sovereigns						•	
Equity			•	•	•		
Securitisations							•
Other assets							

Table 27: Article 16 para. 1 no. 2 lit. a): Map of Rating Methods

The rating methods Bank Rating and Country Rating are used as centralised methods throughout the entire Erste Group without any regional differentiation. The rating grades are determined by Erste Group Bank AG centrally and made available to the Group companies.

The other rating methods (Rating Private Individuals, Rating SME, Rating Corporates and Rating Specialised Lending) have a uniform structure and feature regional adaptations in the versions of the individual Group companies of Erste Group. As of 2011, the models have been developed at competence centres in order to achieve higher quality and efficiency by pooling expertise in specific fields.

Rating Private Individuals

Delineation

Customers are classified as private individuals by their occupational status. They are assigned to the rating method Rating Private Individuals in the customer database.

Development

The rating method Rating Private Individuals was developed by experts at Erste Group as an empirical-statistical model. The variants used at the various subsidiaries were developed on the basis of the local customer database, making it possible to take the local specifics into account. The rating method is applied in case of applications for a financing decision (e.g. new loan applications) and automatically within the monthly update of customer ratings.

Rating determinants

The rating model assigns scores based on demographic information (e.g. age), account data (e.g. debit balances and days in overdraft), product attributes as well as "external data" (e.g. information supplied by Kreditschutzverband, an Austrian creditor protection association). The assessment of account behaviour is done monthly and provides an essential input for timely risk assessment. Analyses done in the case of applications take into account not only the input factors for the rating, but also the current data from the revenue and expenditure accounting.

Outputs of the rating process

Based on a scorecard, every private individual is assigned a rating grade on a rating scale of 8 grades. The customers with rating grade A1 have the lowest and customers with rating grade D2 have the highest probability of default. The customer rating serves as basis for the calculation of capital requirements and is an indicator for the credit decision and the lending terms.

Private individual ratings derived from the analysis of the loan application, which includes all loans granted and applied for is an integral part of the decision recommendation. The periodic updating of the rating grades of customers is done at the monthly reappraisal of account behaviour.

Apart from the inputs for updating customer ratings, the monthly processing of customer and account data is the basis for the early warning system. The early warning list supplies account managers with valuable information on current risk assessments and also contains private individuals of substandard creditworthiness because of specific customer or account features. Such customers may include, for example, those with regular overdrafts or customers that have been sent reminders.

Rating SME

The rating method Rating SME (small and medium-sized enterprises; small commercial customers and professionals) is applied to small and medium-sized enterprises with sales revenues of up to EUR 5 million as well as to professionals.

Development

The SME rating procedure was developed at Erste Group. Statistically-derived rating models are used at all subsidiaries.

In principle, the probability of default for SME customers and professionals must be determined before and after financing. This Basel II requirement is complied with by means of an online rating for determining the current rating grade and the rating in the case of a loan application (rating by financing). The account manager and/or risk management staff may, in specific situations, launch a rating process ad hoc and carry out a rating.

Apart from the online rating, there is also the monthly batch rating where the current rating grade (determined based on behaviour evaluation and any available external information) is automatically updated.

Rating determinants

According to differences in income patterns, the method is broken down into three sub-groups: customers using double-entry accounting, customers using single-entry accounting and customers using flat-rate accounting. Depending on these accounting types, the following six rating determinants apply:

- Double-entry accounting
  From the analysis of financial statements, condensed information is extracted (financial rating) that can be adjusted by entering any corrections relevant to financial strength (such as hidden reserves or liabilities).
- Single-entry accounting
  A financial rating is also calculated based on the statement of income and expenses.
- Asset and liability status
  The asset and liability position may be considered in the financial rating for customers that use single-entry accounting. For customers using flat-rate accounting, it is used to calculate a debt ratio, which in turn is considered in the overall rating.
- Qualitative factors
  Qualitative factors make it possible to take into account input factors that cannot be discerned directly from financial statements. Examples are management, accounting practices, market and its trends, and external information (credit bureau notifications).
- Account behaviour
  Particular attention is paid to account behaviour, which is automatically assessed and updated on a monthly basis. The evaluation considers and scores, for example, the incidence of payment difficulties, account balances and the extent to which available credit and overdraft facilities are used.
- Creditworthiness
  Finally, the ability to service debts is evaluated. To this end, disposable income derived from the business documentation and from revenue and expenditure accounting is compared to current liabilities.

Outputs of the rating process

A specific rating grade is assigned to every SME or professional customer on a scale of 13 rating grades. This customer rating serves as the basis for determining the required regulatory capital, as an indicator for the credit decision and as a factor in credit terms.

Rating Corporates

Delineation

Corporates, i.e. commercial customers with sales revenues of more than EUR 5 million, are rated by the “Rating Corporates” method. Corporate customers with sales revenues of over EUR 100 million are classified as “Large Corporates” and are assessed as such in the algorithm for the financial rating (information from the evaluated financial statements). In addition, the savings banks of Erste Group have further rating methods for corporate clients that use double-entry accounting and belong to the segments Property Management and Non-Profit Residential Construction.

Development
Rating Corporates was developed at Erste Group. Statistically-derived rating models are used at all subsidiaries.

Rating determinants
The assignment of ratings for corporates is done systematically both with respect to information on past developments as well as future prospects, with special attention being paid to the relevant customer segment (e.g. capital goods intensive) and the characteristics of the relevant markets (e.g. divergent accounting rules in Eastern European countries).

Rating Corporates is a two-stage process:

_ Individual customer rating
The cornerstone is the evaluation of the company's financials. Based on ratios from the financial statements, a so-called "financial rating" (hard facts) is calculated. This financial rating also takes into account local factors based on the country where the company has its registered office. Another component for Rating Corporates are qualitative factors (soft facts). Unlike the hard facts that enter into the financial rating, these soft facts also include projections into the future. A company's potential, opportunities and risks are determined and evaluated according to a standardised procedure and documented.

_ Group rating
In a second step, the company is considered within the context of a group of companies that form an economic unit. A separate customer rating is produced for the group as a whole. Generally, the rating is capped by the group and the country ratings.

Outputs of the rating process
Based on the score every corporate is assigned a rating grade on a rating scale of 13 grades. The customer rating serves as the basis for determining the regulatory capital requirement, as an indicator for the credit decision and as a factor in the credit terms and conditions.

Rating Specialised Lending
The Corporates customer category includes the Specialised Lending (SL) customer segment. These are mainly real estate projects (rental, tourism and for-sale properties) and other project financings (e.g. power plants, cable car projects). SL essentially comprises all financing mentioned above that does not fall under the Retail portfolio.

Rating determinants
Both the hard facts (the ratios) and soft facts differ substantially from the rating for Corporates. In particular, from the beginning of its implementation the assessment of the available collateral package is part of the rating result ("supervisory slotting approach"). Other soft facts are, for example, the features of the object financed (e.g. location quality) and project risks. The indicators include LTV (loan to value) and DSCR (debt service coverage ratio).

Outputs of the rating process
In the meantime, a rating model based on default probabilities has been developed for this rating method for Group-wide application. This model is used in Austria and in the Czech Republic at present and will be gradually introduced at the other local units. Currently, the model output is mapped to one of five regulatory risk categories (supervisory slotting approach). These constitute the basis for the calculation of the capital requirement.

Bank Rating
Delineation
The Bank Rating method is used to evaluate foreign and domestic banks, investment banks as well as financial institutions belonging to banking groups.

Development
The expert-based Bank Rating model was developed by Erste Group and is now supported centrally by Erste Group Bank AG for Erste Group. The software was produced externally by Bureau van Dijk Electronic Publishing GmbH and accesses financial data from the Bankscope database, which is also made available by Bureau van Dijk.

A credit institution or financial institution is to be assigned a rating grade if

_ A bank overdraft limit is granted;
_ There is an exposure vis-à-vis the group;
_ Erste Group has a (nostro) account with the institution or
_ The institution has a (loro) account with Erste Group with overdraft privileges.

Rating determinants
The central component of the bank rating is a peer group comparison on the basis of quantitative, qualitative and country-related criteria. The institution to be analysed is compared with a group of banks of similar size, business activities, geographic location, ownership structure etc.

The following quantitative data for the institution to be rated is automatically compared by the rating model to the data for the peer group and evaluated:

_ Profitability (e.g. return on equity);
_ Liquidity (e.g. deposit base);
_ Asset quality (e.g. ratio of non-performing loans to gross loans) and
_ Capitalisation (e.g. capital ratio).

The following qualitative criteria are evaluated by the expert analyst:

_ Likelihood of support (e.g. by the owner or the state);
_ Importance of the institution for the country's financial system;
_ Quality of banking supervision;
_ Experience to date and
_ Future potential.

To recognize transfer risk, the country rating of the home country of the company is also considered in the rating. The model automatically assigns scores depending on the country's rating.

Outputs of the rating process
Based on the score achieved in the rating model, every customer from the Bank rating segment is assigned a rating grade on a rating scale of 13 grades. The exposure class determined is the basis for the calculation of the limit for the maximum exposure that the bank is prepared to enter into with a given customer. The rating grade must be stated in every limit application and credit application. After approval of the rating, the rating grade is made available to all member institutions of Erste Group.

Country Rating
Delineation
The rating method Country Rating is at the same time a rating for the sovereign and covers central governments, central banks and institutions guaranteed by the central government.

Development
The expert-based country rating model was developed in 1992/1993, adapted after the Asian crisis (1997/1998) and implemented in 2001 and subsequently adjusted as a consequence of the financial crisis 2008/2009. External ratings do not enter into the model as input factors.

The rating reflects the risk of a default in foreign currency and thus primarily represents the transfer risk (risk arising from cross-border transactions). The country ratings are determined centrally with binding effect by Erste Group Bank AG for Erste Group (generally quarterly, at least once a year) and are made available to the Group entities.

Rating determinants
Two groups of countries are distinguished: industrialised nations and emerging markets. The reason for the distinction is that foreign debt and debt service play an important role in emerging markets, but are of minor importance as indicators in established industrialised countries. For industrialised countries, the Maastricht criteria are used as indicators to help determine creditworthiness.

The emerging markets model contains 18 indicators. Of these, 12 are quantitative and 6 qualitative. Eight further quantitative indicators are indirectly incorporated via the qualitative variables. The data comes from the research organisation, Economist Intelligence Unit (EIU). The qualitative indicators have a weighting of about 40%.

Outputs of the rating process
Based on the score achieved in the rating model, every customer from the Country rating segment is assigned a rating grade on a rating scale of 13 grades. The country rating assigned is a key factor for determining the limits for countries and their sovereign institutions. Usually, the country rating serves as cap for the assessment of the companies located there (“sovereign ceiling”); exceptions exist, for example, when sovereign powers are transferred to higher-ranking supranational organisations (e.g. “Euroland”).

External Ratings (ECAIs)
External ratings are used for securitisations only.

7.2.3 RELATION BETWEEN INTERNAL AND EXTERNAL RATINGS

Disclosure requirements covered: Article 16 para. 1 no. 2, lit a) DisclReg

All IRB rating models currently in use at Erste Group are internally-developed models. External ratings are not used for the internal ratings with one exception and are not used as input factors. The exception concerns the Corporates model, which also covers the customer segment "Large Corporates”. In the case of “Large Corporates”, the valuation of the soft fact “capacity for raising external capital” takes external ratings into consideration, if available.

Therefore, external ratings hardly play a role in the internally-developed rating models and do not influence the rating grades that result from the model. However, the ratings of the external rating agencies (Standard & Poor’s, Fitch Ratings or Moody’s Investors Service) are used for benchmarking in the annual validation of the internally-developed rating models for banks and countries. In this case, verifying how the rating grades from the internal rating models for banks and countries correlate with the rating grades assigned by external rating agencies.

A high degree of correlation has been ascertained in the comparison of the internal models with the external ratings of banks and countries.

7.2.4 RATING PROCESS

Disclosure requirements covered: Article 16 para. 1 no. 3 DisclReg in conjunction with Article 16 para. 2 DisclReg

a) Assignment of customers to an internal rating method
Clients are assigned a rating method according to the Basel II customer class (i.e. Basel II portfolio) to which they have been classified. The criteria for the selection of the rating method include factors such as occupational status, type of determination of income (i.e. whether the client uses flat-rate, single-entry or double-entry accounting), and the company’s legal form and its size as expressed by operating output.

Even if the Retail portfolio includes three exposure classes – retail exposure secured by real estate, qualified revolving retail credit and other assets – the default risk is determined at the customer level by taking account of all products

For the Equity asset class, no special rating methods are used. The same rating methods are used for equity positions as for customers in the exposure classes Corporates and Institutions.

b) Rating by the selected method
i Decentralised methods

Under the decentralised methods – Rating Private Individuals, Rating SME, Rating Corporates, and Rating Specialised Lending – the input data needed for the rating is entered into the IT system by the account manager or the risk manager or is inferred from historical data on payment and use of overdraft facilities behaviour. The result is a computer-assisted rating grade.

ii Centralised methods

The centralised approaches are the rating methods Bank Rating and Country Rating. The input data is captured by central specialised departments; the process results in an internal rating grade.

c) Rating confirmation by Risk Management

In principle, the rating determined based on any of these methods must be confirmed by Risk Management (back office). The only exceptions are certain assets in the retail portfolio, unless the automation-assisted rating result is manually overridden.

7.2.5 CONTROL MECHANISMS FOR RATING SYSTEMS

Disclosure requirements covered: Article 16 para. 1 no. 2, lit d) DisclReg

Initial Validation

As of 2012, every new model developed by the competence centre must be commissioned prior to use by the independent Central Validation group created in 2011. Compliance with development standards and the quality of the results are audited based on the criteria of the periodical annual validation.

The final decision on its use is taken by the Model Committee that Erste Group has set up as a steering and control body at the holding level for the model development and validation process and which reports to the CRO Board.

Validation

The rating systems are monitored and reviewed by Central Validation by means of a standardised validation process carried out annually. The validation comprises the following methods:

- Review of the documentation of the rating method
- Review of the basic assumptions underlying the models (representativeness)
- Testing of the data quality
- Testing of the correlations and the multi-collinearity structure
- Benchmarking based on external ratings
- Testing of the discriminatory power of the rating method
- Testing of the discriminatory power of the rating method in subportfolios
- Testing of the coefficients of the risk variables
- Review of the distribution of rating grades
- Testing of migration matrices
- Testing of calibration
- Analysis of overruling behaviour

The validation methods comprise qualitative methods (data quality, model design, overruling) and quantitative methods (discriminatory power, stability, calibration) with the results being presented in three colours (traffic lights) on the basis of objective assessment criteria. If the validation of a rating model reveals a weakness, the relevant rating models and/or their components are re-assessed or further developed as necessary.

Monitoring

The focus of monitoring is not on the model, but on its application and consequences. These activities include monitoring lending practices as well as the application of and compliance with the respective regulations (and their effects). The findings of the monitoring process are not intended to be used primarily to change (or further develop) the rating model. Rather, they offer a possibility to recognise any changes needed with respect to the rules governing credit decisions and their handling as well as with respect to business and risk policy measures.

At Erste Group, the monitoring reports cover the rating models for private individuals, SME customers, professionals and corporates. They are prepared monthly for the credit institutions of Erste Group and cover a period of 12 months; the reports include details on the business with existing and with new customers (number and volume weighted) and supply statements on future risk trends. The quality of the rating models is assessed under short-term considerations such as forecasts of probabilities of default for a period of six months in order to be able to respond in time to changing market and risk conditions.

These monitoring reports are used mainly in operative risk management and are an important instrument for risk controlling, risk steering and risk-based sales management.

Review of the rating systems in use by exposure segment

The rating method to be used is determined depending on customer classification:

_ Retail
_ Corporates
_ Banks
_ Sovereigns

Every customer is assigned a certain rating method. This allocation process is highly automated to keep the percentage of manual work as low as possible. It includes a number of checks executed by the IT system, e.g. the permanent monitoring of the criteria occupational status, operating output, legal form and industry code, which are needed for the automated allocation of rating methods to customers.

The checks conducted by the system for plausibility and correct completion of the data entry fields inform the user of any errors by sending a warning or error message. Ensuring data quality is done by special periodical evaluations, which are conducted centrally, for example, for the entire Sparkassen Group by a separate unit in charge of data quality and forwarded to the respective Group member for processing. The main responsibility for the correct application of the rating methods and correct data entry lies ultimately with the local level, from the account managers to the persons responsible in the operative risk management department.

Work instructions covering the rating process, the use of rating methods, the allocation of customers to customer classes and of rating methods to customers as well as guidelines on financing, delegation authorities and overruling govern the use of the rating systems.

7.2.6 DEFINITIONS, METHODS, AND DATA FOR THE ESTIMATION AND VALIDATION OF THE RISK PARAMETERS

Disclosure requirements covered: Article 16 para 1 no. 3 DisclReg in conjunction with Article 16 para. 2 DisclReg

Probability of default

The probability of default represents the probability that a given customer will default within the subsequent twelve months (one-year PD). Probability of default (PD) is estimated internally for the portfolios Retail, Corporates, Banks and Sovereigns.

The one-year PD is estimated by the method developed by Lando and Skødeberg (Lando Method). The Lando Method permits the determination of default and migration probability matrices for any desired period, irrespective of the duration of the underlying time series. Another major advantage of this method is that it also covers indirect defaults. Indirect defaults are migrations into a performing rating grade that exhibits direct defaults. This means that even a very good rating grade in which no customers defaults can have a PD greater than zero.

For every customer examined in the large population from the customer base of the bank, the length of time spent in a non-default rating grade ("durability vector") is first determined. Subsequently, the method determines the migrations between performing rating grades and from a performing rating grade to the defaulted-customers rating grade. The output of this step is referred to as a migration matrix. With the durability vector and the migration matrix, and by means of appropriate scaling, a migration probability matrix is constructed. From this matrix, one can then read off the PD for every rating grade of non-defaulted customers.

Additionally, when estimating PD, a safety margin is added for every portfolio to ensure a conservative estimate.

The validation of the PDs employs both qualitative and quantitative methods.

_ Audit of the documentation
_ Audit of the underlying model assumptions
_ Testing of the data quality
_ Analysis of the time series
_ Backtesting

In the quantitative validation the estimated PDs are validated using the binomial test (backtesting). This involves contrasting the actual default rates with the estimated probabilities of default. Qualitative methods comprise primarily large population distribution tests, such as time-series analysis of default rates and analysis of raw data.

Both the qualitative and quantitative validation is performed annually by Central Validation in line with the rating models and adapted depending on the results, where appropriate.

The table below shows the estimated PDs per rating method compared to actual default rates (backtesting). The figures are derived from the number-weighted average across all Group member banks which apply the IRB approach, for each time period given. For the rating method Country Rating, all countries rated by Erste Group were used for the PD estimate and the default rate calculation because of the small number of countries involved, while otherwise only customers with exposure were considered as relevant. From a global perspective, the estimates turned out to be sufficiently conservative in general.

Rating method	Time period	Average PD estimates	Average Default rates
Country Rating	12/1993 -12/2010	1.9%	1.2%
Bank Rating	12/2001 -12/2010	0.5%	0.3%
Rating Corporates	01/2006 -12/2010	3.4%	2.9%
Rating SME	01/2006 -12/2010	4.5%	3.1%
Rating Private Individuals	01/2006 -12/2010	3.3%	2.7%

Table 28: Article 16 para. 2 no.2 DisclReg: Backtesting PD

Loss given default

Loss given default (LGD) is currently estimated at Erste Group internally only for the Retail portfolio.

Loss given default is defined as the expected economic loss after recoveries (from collateral and from customer repayments) as a percentage of exposure at default (EAD). Depending on data availability and local factors (e.g. processes, business needs) modelling is based either on a total recovery rate or on a combination of a redemption recovery rate (customer repayments) and a collateral recovery rate (proceeds of realisation of collateral).

Depending on credit exposure, LGD is calculated taking into account proportionately allocated costs (direct, indirect and funding costs) and a margin of conservatism. The risk drivers are identified, homogenous segments (pools) formed and a recovery rate calculated for every segment. This rate is directly incorporated in the modelling and estimation of the LGD.

Central Validation validates the LGD risk parameter once a year, using both qualitative and quantitative methods:

_ Audit of the documentation
_ Audit of the underlying model assumptions
_ Testing of the data quality
_ Analysis of the time series
_ Backtesting

The quantitative validation (backtesting) consists primarily of the comparison of actual and expected LGDs. Qualitative methods address the internal validity of the models and their suitability for risk measurement, investigations of data quality and default trends (time series analysis).

The table below shows the LGD backtesting results for defaulted customers at Group level on the long-term EAD-weighted average. The defaults of an observation period of five years, from the year 2006 to 2010, were taken into consideration. The model valid as of the beginning of 2010 was used for calculating estimated LGDs. Segmentation was done by retail customer class. While the LGD for private individuals was slightly underestimated, the opposite is true for SMEs.

Asset Class	Average LGD estimates	Average observed LGD
Private Individuals	41.5%	41.8%
SME	34.6%	30.9%

Table 29: Article 16 para. 2 no.2 DisclReg: Backtesting LGD

Credit conversion factor

The Credit Conversion Factor (CCF) is estimated internally only in the Retail portfolio.

The credit conversion factor is defined as the expected drawdown of off-balance sheet, non-derivative positions within twelve months on the condition that the customer defaults within this period. Exposure at default (EAD) represents current drawings plus the off-balance sheet non-derivative positions (that is, the available undrawn credit), multiplied by the CCF.

The CCF is estimated in a two-stage process:

- In the first step, empirical conversion rates are determined based on the loss data collected on defaulted customers. The conversion rate represents the relationship between the net credit increase from the reference date to the default date, on the one hand, and the available undrawn credit at the reference date on the other hand. The reference date is the date one year before default.
- The second step consists of the identification of risk drivers and, based on this, the segmentation and the estimation of the CCF for each homogeneous segment.

The estimates of CCFs are calculated by segment as the respective mean of all conversion rates per given segment over the entire period, plus an allowance for estimation error. The amount of error is determined based on a bootstrapping method.

Central Validation validates the CCF risk parameter once a year, using both qualitative and quantitative methods:

- Audit of the documentation
- Audit of the underlying model assumptions
- Segmentation
- Outlier rules
- Use test
- Approval of limits
- Testing of the data quality
- Analysis of the time series
- Benchmarking

Quantitative methods consist primarily of the comparison of actual and expected CCFs. Qualitative methods are large population distribution tests, such as analysis of raw data and time series analysis of defaults, of conversion rates and of exposure at the reference date.

The following table presents the results of backtesting at the Group level. This procedure is analogous to LGD, with the difference being that the weighting was done with the off-balance volume (unused commitment) to ensure a useful aggregate.

Asset Class	Average CCF estimates	Average observed CCF
Private Individuals	69.6%	62.7%
SME	66.0%	47.1%

Table 30: Article 16 para. 2 no.2 DisclReg: Backtesting CCF

7.3 Use of internal estimates for purposes other than calculating risk-weighted exposure amounts

Disclosure requirements covered: Article 16 para. 1 no. 2, lit b) DisclReg

Having qualified for the IRB Approach under Basel II, Erste Group has internal risk parameters which, aside from the calculation of regulatory capital requirements, are also employed for the purposes of standard risk costs, the creation of provisions under IAS 39 and IAS 37, and all types of stress testing.

STANDARDISED RISK COSTS

Standardised risk costs (SRC) are used at Erste Group Bank AG as part of risk-adjusted loan pricing to cover future loan losses. Standardised risk costs represent the average loss of the total credit portfolio over several years (Expected Loss). Standardised risk costs must cover the expected loss of the credit portfolio over the entire life of the portfolio.

The expected loss results from the multiplication of the probability of default (PD), the expected amount of the exposure at the time of default (exposure at default; EAD) and the loss given default (LGD).

CREATION OF PROVISIONS

Internally-assessed risk parameters are also applied to the recognition of specific loan loss provisions for individually non-significant exposures as well as to the recognition of portfolio loan loss provisions according to IAS/IFRS. To create portfolio loan loss provisions for on-balance-sheet credit risk exposure, Erste Group applies the incurred loss calculation method pursuant to IAS 39, which takes additional account of the risk parameter LIP (Loss Identification Period).

STRESS TESTING

Stress testing is an indispensable element of risk management at Erste Group and is applied to forecasting and to strategy planning, business activities, capital and liquidity. The vulnerability of the bank to massive but plausible future economic downswings provides information on the sustainability and robustness of the bank, and supports the planning of emergency and mitigation measures.

Stress testing for credit risk is done at Erste Group for all portfolios including the portfolios under the Basel II Standardised Approach. Especially with respect to the IRB portfolio, the internal risk parameters are used for stress tests by simulating the current values of these parameters under stress conditions. Erste Group models sensitivities for the individual parameters (e.g. PD or LGD) and also complex crisis testing scenarios based on simulations.

Simulations are calculated for the individual exposures by applying shifts in the current values of the rating grade and of the parameters PD, LGD and CCF parameters in the IRB portfolio in order to compute the effects on RWA, expected loss, non-performing loans and risk costs. The results are used to define the impact on the income statement and also on capitalisation.

Stress testing results are analysed individually and are taken into consideration in further financial projections and budgeting processes, in concentration risk management, in the calculation of risk-bearing capacity and in determining the maximum risk limit.

7.4 Quantitative disclosure on credit risk - IRB Approach

Disclosure requirements covered: Article 16 para. 1 nos. 4,5,6,7 DisclReg in conjunction with Article 9 DisclReg

The EAD of the IRB portfolio (including Supervisory Slotting) broken down by exposure class, is as follows:

Exposure Class	EAD (mn EUR)	EAD (% of total)
IRB Approach		
01: Central Governments & Central Banks	6,912.3	4.7%
02: Regional Governments & Local Authorities	1,514.6	1.0%
03: Administrative Bodies and Non-Commercial Undertakings	270.2	0.2%
04: Multilateral Development Banks	88.2	0.1%
05: International Organisations	0.0	0.0%
06: Institutions	15,075.8	10.2%
07: Corporates	45,264.9	30.8%
08: Retail (incl. SME)	60,488.4	41.1%
09: Equity	306.4	0.2%
10: Securitisations	1,586.3	1.1%
11: Covered Bonds	1,858.6	1.3%
12: Collective Investment Undertakings	374.0	0.3%
13: Other Items	60.5	0.0%
IRB Approach	**133,800.3**	**91.0%**
Supervisory Slotting		
01: Central Governments & Central Banks	0.0	0.0%
02: Regional Governments & Local Authorities	0.0	0.0%
03: Administrative Bodies and Non-Commercial Undertakings	0.0	0.0%
04: Multilateral Development Banks	0.0	0.0%
05: International Organisations	0.0	0.0%
06: Institutions	0.0	0.0%
07: Corporates	13,297.2	9.0%
08: Retail (incl. SME)	0.0	0.0%
09: Equity	0.0	0.0%
10: Securitisations	0.0	0.0%
11: Covered Bonds	0.0	0.0%
12: Collective Investment Undertakings	0.0	0.0%
13: Other Items	0.0	0.0%
Supervisory Slotting	**13,297.2**	**9.0%**
Total	**147,097.5**	**100.0%**

Table 31: Article 16 para. 1 no. 4 DisclReg: IRB Approach (incl. supervisory slotting) - EAD by exposure class

As regards exposures in the IRB Approach, a breakdown is given below of the exposure classes of central governments and central banks, institutions, corporates, retail and equity by PD classes, EAD and EAD-weighted average risk weights (RW). For the exposure class retail – which is the only exposure class for which LGD estimates are made – an additional presentation is given by EAD-weighted average LGD.

Exposure Class	PD-Class	EAD (mn EUR)	RW (EAD weighted %)	EAD (% total)
IRB - Approach				
01: Central Governments & Central Banks	01	6,765.0	6.6%	97.9%
	02	9.9	30.5%	0.1%
	03	10.6	48.2%	0.2%
	04	0.0	0.0%	0.0%
	05	113.6	62.4%	1.6%
	06	10.2	120.6%	0.1%
	07	0.0	0.0%	0.0%
	08	0.0	168.5%	0.0%
	09	0.0	0.0%	0.0%
	10	3.0	0.0%	0.0%
Total		**6,912.3**	**8.4%**	**100.0%**

Table 32: Article 16 para. 1 no. 5 DisclReg (1/4): IRB Approach - Exposure class Central Governments & Central Banks by PD classes

Exposure Class	PD-Class	EAD (mn EUR)	RW (EAD weighted %)	EAD (% total)
IRB - Approach				
06: Institutions	01	1,232.2	13.8%	8.2%
	02	9,512.8	14.8%	63.1%
	03	3,011.0	34.1%	20.0%
	04	720.9	25.0%	4.8%
	05	515.9	93.1%	3.4%
	06	11.9	44.8%	0.1%
	07	0.0	155.0%	0.0%
	08	2.0	123.9%	0.0%
	09	2.9	259.2%	0.0%
	10	66.3	0.0%	0.4%
Total		**15,075.8**	**21.8%**	**100.0%**

Table 33: Article 16 para. 1 no. 5 DisclReg (2/4): IRB Approach - Exposure class Institutions by PD classes

Exposure Class	PD-Class	EAD (mn EUR)	RW (EAD weighted %)	EAD (% total)
IRB - Approach				
07: Corporates	01	449.5	52.0%	1.0%
	02	3,646.6	21.3%	8.1%
	03	8,037.0	39.5%	17.8%
	04	8,487.4	67.7%	18.8%
	05	10,570.6	80.5%	23.4%
	06	3,652.0	97.2%	8.1%
	07	4,233.5	120.5%	9.4%
	08	1,881.2	142.0%	4.2%
	09	1,511.3	184.5%	3.3%
	10	2,795.7	0.0%	6.2%
Total		**45,264.9**	**71.9%**	**100.0%**

Table 34: Article 16 para. 1 no. 5 DisclReg (3/4): IRB Approach - Exposure class Corporates by PD classes

Exposure Class		PD-Class	EAD (mn EUR)	LGD (EAD weighted %)	RW (EAD weighted %)	EAD (% total)
IRB - Approach						
08: Retail (incl. SME)	Residential mortgage exposures	01	97.9	26.4%	2.6%	0.2%
		02	2,700.0	16.0%	2.6%	4.5%
		03	4,812.3	19.4%	6.7%	8.0%
		04	15,004.8	18.1%	13.8%	24.8%
		05	5,103.3	19.9%	30.5%	8.4%
		06	2,573.4	22.0%	50.0%	4.3%
		07	2,486.0	21.8%	68.1%	4.1%
		08	1,826.4	17.8%	75.2%	3.0%
		09	1,666.2	22.5%	127.9%	2.8%
		10	1,999.0	24.6%	6.4%	3.3%
	Residential mortgage exposures		**38,269.3**	**19.4%**	**27.8%**	**63.3%**
	Qualifying revolving retail exposures	01	0.0			0.0%
		02	0.0			0.0%
		03	39.3	77.6%	9.7%	0.1%
		04	759.0	49.7%	9.6%	1.3%
		05	16.8	71.2%	37.7%	0.0%
		06	77.4	53.4%	39.0%	0.1%
		07	48.9	49.4%	50.8%	0.1%
		08	67.8	52.1%	84.4%	0.1%
		09	38.8	55.3%	167.8%	0.1%
		10	10.0	48.6%	181.6%	0.0%
	Qualifying revolving retail exposures		**1,058.0**	**51.7%**	**26.6%**	**1.8%**
	Other retail exposures	01	49.6	42.0%	4.4%	0.1%
		02	2,078.7	37.9%	6.4%	3.4%
		03	3,512.8	35.9%	12.8%	5.8%
		04	5,501.1	36.3%	26.1%	9.1%
		05	3,111.0	37.0%	42.9%	5.1%
		06	1,609.8	38.4%	53.6%	2.7%
		07	1,585.8	39.8%	60.5%	2.6%
		08	1,188.9	38.3%	63.0%	2.0%
		09	862.8	41.9%	99.9%	1.4%
		10	1,660.5	45.2%	15.7%	2.7%
	Other retail exposures		**21,161.1**	**38.0%**	**33.3%**	**35.0%**
Total			**60,488.4**	**26.5%**	**29.7%**	**100.0%**

Table 35: Article 16 para. 1 no. 6 DisclReg (disclosure according to no. 5): IRB Approach - Exposure class Retail (incl. SME) by PD and Retail classes

Exposure Class	PD-Class	EAD (mn EUR)	RW (EAD weighted %)	EAD (% total)
IRB - Approach				
09: Equity	01	45.2	300.9%	14.8%
	02	49.3	0.0%	16.1%
	03	0.0		0.0%
	04	8.1	191.9%	2.7%
	05	184.1	286.4%	60.1%
	06	0.2	346.9%	0.1%
	07	19.4	417.6%	6.3%
	08	0.0	546.9%	0.0%
	09	0.0		0.0%
	10	0.0	0.0%	0.0%
Total		**306.4**	**306.2%**	**100.0%**

Table 36: Article 16 para. 1 no. 5 DisclReg (4/4): IRB Approach - Exposure class Equity by PD classes

Specialised lending exposures for which the Supervisory Slotting Approach is used pursuant to Article 74 para. 3 Solvency Regulation have the following exposure amounts by remaining time to maturity in the different regulatory categories (Supervisory Slots):

Maturity	Supervisory Slot	EAD (mn EUR)	EAD (% of total)
Supervisory Slotting			
X <= 2.5 years	Category 1	1,244.4	9.4%
	Category 2	1,259.1	9.5%
	Category 3	436.1	3.3%
	Category 4	310.9	2.3%
	Category 5 – Default	868.3	6.5%
X <= 2.5 years		**4,118.7**	**31.0%**
X > 2.5 years	Category 1	3,709.8	27.9%
	Category 2	2,842.0	21.4%
	Category 3	1,300.2	9.8%
	Category 4	506.0	3.8%
	Category 5 – Default	820.5	6.2%
X > 2.5 years		**9,178.5**	**69.0%**
Total		**13,297.2**	**100.0%**

Table 37: Article 9 DisclReg (1/2): Portfolio in the supervisory slotting approach – Exposure by residual maturity bands and supervisory slots

Exposure amounts for equity exposures calculated according to the simple risk weight method pursuant to Article 77 para. 3 Solvency Regulation break down as follows for the categories specified:

Exposure Class	Portfolios under the Simple Risk Weight Approach	EAD (mn EUR)	EAD (% of total)
09: Equity	Private equity exposures in sufficiently diversified portfolios	17.3	16.3%
	Exchange traded equity exposures	7.8	7.4%
	Other equity exposures	81.0	76.3%
Total		**106.2**	**100.0%**

Table 38: Article 9 DisclReg (2/2): Exposure class Equity – Exposure by different portfolios

The following table shows the actual risk provisions by exposure classes during the reporting period:

Exposure Class	Provisions 1.1. (mn EUR)	Provisions 31.12. (mn EUR)	Change of provisions (%)	Provisions (% of total)
01: Central Governments & Central Banks	8.4	1.3	-84.1%	0.0%
02: Regional Governments & Local Authorities	5.1	17.7	243.7%	0.2%
03: Administrative Bodies and Non-Commercial Undertakings	0.8	2.1	155.0%	0.0%
04: Multilateral Development Banks	0.0	0.0	0.0%	0.0%
05: International Organisations	0.0	0.0	0.0%	0.0%
06: Institutions	54.2	88.0	62.3%	1.2%
07: Corporates	3,826.3	4,377.3	14.4%	57.8%
08: Retail (incl. SME)	3,215.7	3,020.9	-6.1%	39.9%
09: Equity	0.0	0.0	0.0%	0.0%
10: Securitisations	0.0	0.0	0.0%	0.0%
11: Covered Bonds	0.0	0.0	0.0%	0.0%
12: Collective Investment Undertakings	0.0	0.0	0.0%	0.0%
13: Other Items	91.7	65.4	-28.7%	0.9%
Total	**7,202.4**	**7,572.6**	**5.1%**	**100.0%**

Table 39: Article 16 para. 1 no. 7 DisclReg: Provisions and changes in provisions by exposure classes

The provisioning of the retail portfolio shows a biased picture: while in Austria and Slovakia the decreasing NPL and solid economic environment let the level of provisions decrease, it was significantly increased in the CEE countries, especially in Romania and Hungary. In Romania and the Czech Republic the coverage ratio of the existing NPL portfolio was significantly increased while in Hungary the provisioning level increased due to the increasing level of NPL caused by the deteriorating secured loan portfolio in foreign currency and the challenging economic environment (devaluation of Hungarian forint, etc).

Risk provisions for corporates developed differently within the Group. Due to a quiet solid economic environment risk provisions remained stable in Austria and the Czech Republic and even show a decreasing level in the Slovak Republic. In Hungary provisions increased due to further defaults. In Romania and also Croatia the risk provisioning level increased rapidly mainly due to problematic market circumstances especially on the real estate financing sector.

8 Credit Risk Mitigation

8.1 Management and recognition of credit risk mitigation

Disclosure requirements covered: Article 16 para. 1 no. 2, lit c) DisclReg

Collateral Management has been set up as a staff unit within the business area Group Corporate Workout. The “Collateral Management Policy” adopted defines, among other things, Group-wide uniform valuation standards for credit collateral. This ensures that the requirements of credit risk mitigation are met as well as the standardisation of the credit risk decision process with respect to the assets recognised as collateral.

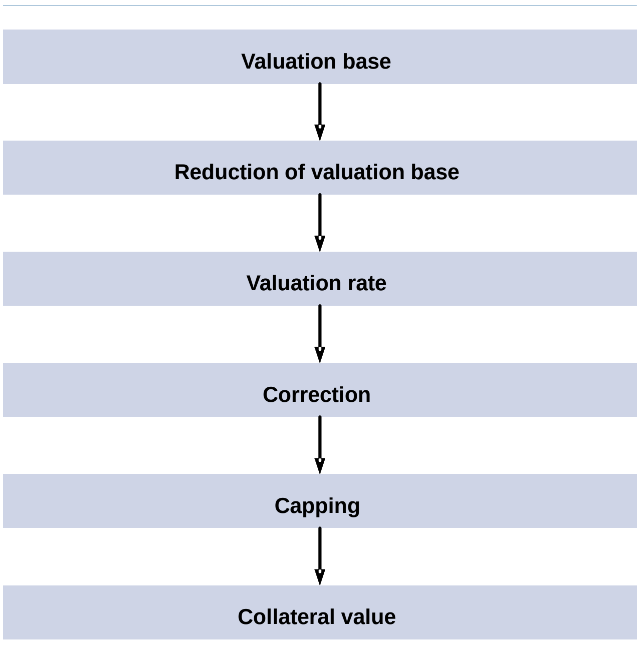
All collateral eligible within the Group is specified in an exhaustive list in the Group Collateral Catalogue. Locally-permitted collateral is defined by the respective bank in accordance with applicable national legal provisions. The valuation and revaluation of the collateral is done according to the principles defined in the Group catalogue, and internal work instructions grouped by class and based on individual supervisory requirements. Whether or not a class of collateral or a specific collateral asset is admitted for credit risk mitigation is decided by Strategic Risk Management after determining whether the applicable regulatory capital requirements are met. Adherence to the standard work processes stipulated for assigning the eligible collateral to the categories available is monitored by Group Operational Risk Control.

8.2 Collateral valuation and netting

8.2.1 COLLATERAL VALUATION AND MANAGEMENT

Disclosure requirements covered: Article 17 no. 2 DisclReg

The valuation of collateral is done according to the following process:



Collateral valuation is based on current market prices taking into account an amount that can be recovered within a reasonable period. The valuation processes are defined and technically implemented by authorised staff with the assistance of software applications. Only independent appraisers not involved in the lending decision process are permitted to conduct real estate valuations; the valuation methods to be applied are defined. For quality assurance purposes, the real estate valuations are validated on an ongoing basis and real estate appraisers, who do not work according to standard, are eliminated from future valuations as a consequence. The decision on who can be used as an appraiser and which valuation procedures are to be applied is taken exclusively by Credit Risk Management.

The methods and discounts used for valuations are based on empirical data representing the past experience of the workout departments and on the results of the data collected on the proceeds from the realisation of collateral. The valuation methods are adjusted regularly – at least once a year – to current recovery proceeds. Financial collateral assets are recognized at market value and are subject to the simple risk weight approach.

The revaluation of collateral is done periodically and is automated as far as possible. In the case of external data sources, the appropriate interfaces are used. The maximum periods for the revaluation of individual collateral assets are predefined and compliance is monitored by Risk Management using software applications. Apart from periodic revaluations, collateral is assessed when information becomes available that indicates a decrease in the value of the collateral for exceptional reasons.

The regular monitoring of the value of real estate assets is automated based on publicly available indices provided these are recognised by the national supervisory authority. For real estate located in Austria, a software application has been developed that performs annual automatic adjustments based on the value determined by an appraiser for both private and commercial real estate. This procedure is also used for private real estate located in the Romania, Slovakia, the Czech Republic and Hungary.

8.2.2 POLICIES AND PROCESSES FOR NETTING

Disclosure requirements covered: Article 17 no. 1 DisclReg

Netting is not used yet for risk mitigation in the customer lending business.

8.3 Main types of collateral

Disclosure requirements covered: Article 17 no. 3 DisclReg

The following main types of collateral are accepted:

- **Real collateral in the form of real estate:** This includes both private and commercial real estate.
- **Financial collateral:** This category includes primarily securities portfolios and cash deposits as well as life insurance policies.
- **Guarantees:** Guarantees are provided mainly by states, banks and companies. All guarantors must have a minimum credit rating that is reviewed annually.

Other types of collateral such as real collateral in the form of movable property or the assignment of receivables are less frequent.

8.4 Main types of guarantors and credit derivative counterparties

Disclosure requirements covered: Article 17 no. 4 DisclReg

Credit derivatives business is transacted only with credit institutions of sufficient credit quality based in Austria or abroad, and only within a limit that is based on the counterparty´s credit rating.

8.5 Risk concentration within credit risk mitigation

Disclosure requirements covered: Article 17 no. 5 DisclReg

Concentration risk resulting from credit risk mitigation techniques is understood to be the risk of a detrimental correlation of risks that may arise from the use of these techniques. This may affect a single customer, but also a portfolio defined by region, industry or type of collateral. Erste Group is a retail bank and due to its customer structure and the different markets in which it does business, it does not have any concentrations with respect to collateral.

The collateral portfolios are analysed within the scope of portfolio monitoring using statistical evaluations, among other things, for regional or industry-specific concentrations. An important role is played by early-warning tools. The response to the risks identified includes the adjustment of volume targets, the setting of corresponding limits, the definition of discretionary limits and other similar measures.

8.6 Quantitative disclosure on credit risk mitigation

Disclosure requirements covered: Article 17 nos. 6,7 DisclReg

The EAD of each exposure class is secured by the following collateral values split up by type of collateral:

Exposure Class	Guarantees (mn EUR)	Mortgage Coll. (mn EUR)	Other Coll. (mn EUR)
01: Central Governments & Central Banks	381.6	0.0	32.9
02: Regional Governments & Local Authorities	135.7	79.8	5.2
03: Administrative Bodies and Non-Commercial Undertakings	988.8	2.8	15.6
04: Multilateral Development Banks	0.0	0.0	0.0
05: International Organisations	0.0	0.0	0.0
06: Institutions	571.4	0.0	4,151.8
07: Corporates	4,274.3	15,062.8	2,591.3
08: Retail (incl. SME)	856.5	33,960.2	4,080.3
09: Equity	0.0	0.0	0.0
10: Securitisations	0.0	0.0	0.0
11: Covered Bonds	12.8	0.0	0.0
12: Collective Investment Undertakings	51.4	0.0	0.0
13: Other Items	43.6	251.3	112.3
Total	**7,316.1**	**49,356.9**	**10,989.4**

Table 40: Article 17 nos. 6, 7 DisclReg: Collateral values by type of collateral

9 Securitisations

9.1 Investments in securitisations

Disclosure requirements covered: Article 2 DisclReg in conjunction with Article 15 no. 6 DisclReg

Securitisation deals are concluded by Erste Group to diversify risks and returns. Credit decisions are reached on the basis of a fundamental analysis of the underlying pools and taking into account the structural risks of securitisation. Limits for new investments, which were originally implemented contingent on rating and product risk, have meanwhile been suspended, as new investments are made only in exceptional cases. 2012 saw no new investments in securitisations. It is planned to largely phase out this portfolio.

Changes in market risk are analysed on a monthly basis using current market prices for each of the securitisations. The development of credit spreads are also analysed in the various asset classes of the securitisation portfolio and used in the regular monitoring of market liquidity.

Valuations by external rating agencies as well as a series of performance-linked indicators are used for the monthly assessment of credit risk. Additionally, annual reviews are prepared at the individual transaction level to check for impairment and measure the development of the securitisations. Transactions that fall below certain defined thresholds are furthermore tracked in a watch list that is regularly updated.

Erste Group holds only a very small number of resecuritisations in its securitisation portfolio. Due to lacking materiality, no separate analyses are conducted in this case. Most resecuritisations held by Erste Group consist of CLOs that are thoroughly investigated with respect to their underlyings applying the look-through analysis method. As resecuritisations account for only an extremely small share (1% to 2%) of the underlying asset pool, it is not necessary – unlike with classic securitisations – to conduct a separate analysis of changes in market and credit risks for this form of resecuritisation.

9.2 Securitisation activities at Erste Group

Disclosure requirements covered: Article 15 nos. 1,4,5,8,10,11,14,16 DisclReg

Securitisation transactions can improve the risk/return profile and enable growth through the following effects:

- Transfer of credit risk to the capital market
- Freeing of credit limits for customers of Erste Group
- Release of economic and regulatory capital; and
- Raising liquidity at attractive terms

In April 2012, Erste Group exercised the option of an early redemption (10% clean-up call) of its only outstanding securitisation and fully redeemed the outstanding amount of EUR 18.7 million.

Erste Group plans to issue a follow-up transaction by mid-2013. Like its predecessor, this is a traditional (true sale) securitisation of Austrian car leasing receivables of Erste Group subsidiary EBV-Leasing Ges.m.b.H. & Co.KG in the amount of EUR 300 to 350 million. In contrast to the first transaction, the follow-up transaction will feature a shorter refill period and consist of three tranches instead of two, which will be placed fully in the capital market. The reserve fund (first-loss piece) will once more be provided by the originator.

9.3 Quantitative disclosure on securitisations

9.3.1 SECURITISATION ACTIVITIES

Disclosure requirements covered: Article 15 nos. 14,16 DisclReg

At the reporting date there were no outstanding exposure amounts.

Type of securitisation	Type of exposure	Exposure (mn EUR)	Exposure (% of total)
Traditional	Car finance	0.0	
Traditional securitisations total		**0.0**	**0.0%**
Synthetic	Car finance	0.0	
Synthetic securitisations total		**0.0**	**0.0%**
Total		**0.0**	**100.0%**

Table 41: Article 15 no. 14 lit. b) DisclReg: Overview on outstanding securitisation exposure

Risk category	Type of exposure	Exposure (mn EUR)	Losses incurred during reporting period (mn EUR)	Exposure (% of total)
Substandard	Car finance	0.0		
Substandard total		**0.0**	**0.0**	**0.0%**
Defaulted	Car finance	0.0		
Defaulted total		**0.0**	**0.0**	**0.0%**
Total		**0.0**	**0.0**	**100.0%**

Table 42: Article 15 no. 16 DisclReg: Outstanding securitisation exposure – substandard and non-performing exposure as well as losses during the reporting period

9.3.2 EXPOSURE VALUES FOR INVESTMENTS IN SECURITSATIONS

Disclosure requirements covered: Article 15 no. 9 DisclReg
With respect to Article 15 no. 15, lit b) DisclReg a nil report is made as the securitisations held are not hedged.

Investments in securitisations differ by type of securitisation and are broken down into the following risk weight bands:

Exposure Class	Type of receivable	EAD (mn EUR)	EAD (% of total)
10: Securitisations			
	ABS	567.8	35.8%
	CBO	0.0	0.0%
	CLO	291.4	18.4%
	CMBS	30.2	1.9%
	CMO	0.0	0.0%
	RMBS	114.4	7.2%
	Resecuritisation	582.5	36.7%
	Other CDO	0.1	0.0%
Total		**1,586.3**	**100.0%**

Table 43: Article 15 no. 15 lit. a) DisclReg: Exposure class Securitisations – EAD by receivable types

Exposure Class	Risk weight band	EAD (mn EUR)	EAD (% of total)
10: Securitisations			
	01	575.5	36.3%
	02	521.6	32.9%
	03	267.7	16.9%
	04	68.5	4.3%
	05	76.2	4.8%
	06	18.6	1.2%
	07	34.0	2.1%
	08	24.3	1.5%
Total		**1,586.3**	**100.0%**

Table 44: Article 15 no. 15 lit. a) DisclReg: Exposure class Securitisations – EAD by risk weight bands

10 Market Risk

10.1 Goals and principles of risk management

Disclosure requirements covered: Article 2 DisclReg

Market risks arise due to fluctuations of interest rates, exchange rates, security prices and commodity prices. Market risks derive from short-term trading in instruments whose prices are determined daily (trading book) as well as from the traditional banking business (banking book).

A priori control of market risk is achieved by having limits defined by the Market Risk Committee. Ongoing control is provided by the daily calculation of value-at-risk, which is communicated to the trading units, and by the monitoring of adherence to the defined limits.

ORGANISATION

The responsibility for market risk at Group level rests with Group Market and Liquidity Risk Management and comprises the following tasks:

- Operation and optimisation of the internal market risk model;
- Group-wide calculation of all market risks on the basis of value-at-risk;
- Analysis and periodic reporting (daily, monthly);
- Ongoing parameterisation of the KVAR+ risk management software;
- Further improvement and development of methodology;
- Model testing regarding market risks;
- Stress testing
- Contact for the Oesterreichische Nationalbank and for the Financial Market Authority with respect to the calculation of regulatory capital using the internal rating-based model;
- Fulfilment of internal and external reporting requirements regarding the internal rating-based model;
- Preparation of Risk Committee meetings as regards market risk and
- Ad-hoc analyses.

RISK MEASUREMENT AND CONTROL

The market risk model approved by the Austrian Financial Market Authority (FMA) is used to determine the minimum capital requirement for Erste Group under the Austrian Banking Act. The calculation employs a multiplier of 3.5, which was assigned by the FMA on the basis of an appraisal by Oesterreichische Nationalbank. Market risk at Erste Group is generally measured by means of value-at-risk, calculated using the historical simulation method with the help of the KVAR + software package.

Taking into account the bank's risk-bearing capacity and projected earnings, the management board sets the aggregate limit in the Market Risk Committee. The aggregate limit is allocated in the Market Risk Committee based on a recommendation of the Group Market and Liquidity Risk Management unit. All market risk activities are assigned risk limits that, in the aggregate, are statistically consistent with the aggregate value-at-risk limit covering all market risks of Erste Group. Limit compliance is verified at several levels: by the appropriate local decentralised risk management units and by Group Market and Liquidity Risk Management:

A key step in defining the limits is estimating the potential losses that could result from market movements. This amount, the value-at-risk, is calculated at Group level on a daily basis and made available to the management board. Value-at-risk is determined by the historical simulation method. In its analysis, Erste Group uses a 99% confidence interval and a holding period of one day. The validity of the statistical methods employed is constantly checked by backtesting.

RISK HEDGING

Risk hedging is guaranteed by the daily calculation of value-at-risk for the entire Group and for each of the trading units. Additionally, a system of sensitivity limits is in place. This system permits control that extends to the level of the individual trading desks and the individual traders. The limits are monitored daily.

Furthermore, a consistency check between the value-at-risk limits and the sensitivity limits is carried out. The value-at-risk model is also supplemented by periodical stress tests.

Extreme market situations can exert a strong influence on the value of trading positions and may thus result in unexpected effects on trading results. This includes above all market movements with a low probability of occurring. Risk measurement by purely statistical methods such as value-at-risk does not adequately take into account the consequences of crisis situations. For this reason, Erste Group supplements its value-at-risk-based risk measurement with stress testing based on several methods (stressed value-at-risk, extreme value theory, scenario analysis). The results of these assessments are also made available to the management board.

MARKET RISK REPORTING

Risk reporting is divided into internal and external reporting.

Internal reporting comprises:

- Daily: Measurement of the market risk of all trading books in the Group based on value-at-risk, continual reporting to management
- Monthly: Detailed monthly reports including the banking book to the management board and supervisory board
  - Value-at-risk overview for the Group, movements over time by risk type, banking book, hedge funds, detailed analyses of the trading book, limit utilisation
  - Stress testing: stressed value-at-risk, extreme value theory, standard scenarios, combination scenarios

External reporting comprises:

- Capital requirement based on the internal model
- Quarterly reports to FMA
- Reports on exceptions in backtesting of the internal model if required

10.2 Market Risk Model

10.2.1 SCOPE OF APPLICATION AS APPROVED BY THE SUPERVISORY AUTHORITY

Disclosure requirements covered: Article 11 no. 2 DisclReg

On 13 November 2000, Erste Group requested approval for the calculation of its capital requirement using an internal model in accordance with Article 26b para. 3 Austrian Banking Act. Upon completion of the review by Oesterreichische Nationalbank, the Federal Minister of Finance on 3 September 2001 approved the calculation of the regulatory capital requirement by means of the model chosen by Erste Group, which has been continually developed and refined. The model considered the following risk positions:

- General position risk in interest-related instruments
- Specific and general position risk in equity instruments
- Commodity position risk
- Risk from positions in foreign currency and gold
- Gamma risk
- Vega risk.

The approval covered the securities trading books of the Treasury Vienna and Investment Banking Vienna business units, the New York branch, the Hong Kong branch and the London-based subsidiary, Erste Financial Products Ltd.

On 6 April 2004, the scope of approval was expanded to include the securities trading books of the following subsidiaries: Česká spořitelna a.s., Slovenská sporiteľňa a.s., Erste Bank Hungary Zrt, Erste Securities Polska s.a., and Erste Befektetesi Zrt.

On 12 January 2012 with retroactive effect from 31 December 2011, the FMA approved the method for the integration of the event risk of equity instruments in the internal model as well as the implementation of stressed value-at-risk.

The standard method is used for trading units not covered by the approval of the FMA for the internal model (recently joined subsidiaries) and for risks in positions that do not qualify for being captured by the internal model (e.g., new shares whose price history is too short or certain types of collective investment undertakings). The standard method is also applied to hedge against the specific risk of interest-linked instruments.

10.2.2 CHARACTERISTICS OF THE INTERNAL MODEL

Disclosure requirements covered: Article 11 no. 1, lit a) DisclReg
With respect to Article 11 no. 1, lit d) DisclReg, a nil report is made as the applied model does not cover specific position risk.

The internal model uses the method of historical simulation for the value-at-risk calculation. Value-at-risk is the greatest expected loss that will not be exceeded within a defined period with a certain probability. The KVAR+ software supplied by Mysis is used for the calculation of value-at-risk.

The historical simulation method makes few assumptions on market behaviour and the calculated values are easily verifiable. To calculate value-at-risk by this method, a historical time series is needed for every market parameter that goes into the valuation of the portfolio. Subsequently, the assumption is made that past price changes are an approximation of future market behaviour.

The calculation of value-at-risk involves three stages:

_ In the first step, the present value of the positions being assessed is calculated based on the current market data (e.g. interest, volatilities).
_ In a second step, the changes in market data are determined for every day – within a selected historical time period. The current market data are adapted to take account of these changes and then the value of the portfolio is re-assessed. The difference between the current present value and the new present value based on historical change is calculated for every day of the simulation period. This produces a time series of gains and losses.
_ In the third step, the present value gains and losses are analysed statistically. To this end, confidence intervals and ranks are calculated.

The computation is based on a confidence level of 99% and a holding period of one day. For value-at-risk, the simulation period is the past two years. For the stressed value-at-risk, the simulation period is one year during which there were particularly adverse market price fluctuations for the position of the bank. At present, this is the period from 1 July 2008 to 30 June 2009. For the purposes of capital requirements, the values calculated are scaled to a holding period of ten days using the square-root-of-time rule.

10.2.3 DESCRIPTION OF THE STRESS TESTS APPLIED

Disclosure requirements covered: Article 11 no. 1, lit b) DisclReg

Stressed value-at-risk
In contrast to the normal value-at-risk calculation, the simulation does not cover the past two years, but rather a 12-month period during which there were particularly adverse market price fluctuations for the position of the bank. At present, this is the period from 1 July 2008 to 30 June 2009.

Extreme value theory
The extreme value theory is a statistical theory about the behaviour of extreme values in probability distributions. As stress tests are concerned with exactly these extreme values, the extreme value theory is particularly suitable for determining crisis-level values.

The extreme value theory uses observations in the simulated profit-and-loss time series to determine a theoretical profit-and-loss distribution of the highest losses, known as the Pareto distribution. Based on this distribution, value-at-risk can be determined at a confidence level of 99.95%. The 99.95% level here represents a probability of one occurrence every eight years. From the hypothetical profit-and-loss results of the last two years for the trading book positions, the crisis amount under the extreme value theory is calculated at a confidence level of 99.95% and scaled to achieve a 10-day holding period.

Standard scenarios
The following standard scenarios are calculated:

_ Four interest rate scenarios with a respective shift of 1, 25, 50, 100, 200 and 500 basis points upward and downward in the currencies EUR, CZK, HUF, RON, HRK, UAH, USD and CHF
_ Increases and declines of 10%, 25% and 50% in the equity index
_ Appreciation and depreciation of USD, CZK, HUF, RON and HRK vs. EUR by 6%, 25% and 50%
_ Increases and declines in volatilities of interest rates, exchange rates and equities of 50%

Combination scenarios

A historical worst-case calculation (i.e., a value-at-risk with a confidence level of 100%) for the simulation period 1 July 2009 to 30 June 2010 and a holding period of 10 and 20 days is carried out.

Comprehensive stress tests

On the one hand, historical scenarios are used as a basis for calculations, i.e. actual historical market crises are replicated and applied to the current position. The advantage of this approach is that no assumptions need to be made about the correlations between market risk factors and that the scenarios are always realistic, since they actually happened in the past. Calculations are made for holding periods of 1, 10 and 20 work days, which also generates information on the development of the portfolio under illiquid market conditions.

In addition, the method also relies on probabilistic scenarios in which the strongest historical fluctuations in the most relevant market risk factors are applied to the portfolio. Such scenarios can be computed with different holding periods and difference percentiles.

10.2.4 BACKTESTING AND VALIDATION OF THE INTERNAL MODEL

Disclosure requirements covered: Article 11 no. 1, lit c) DisclReg

Backtesting is performed mark-to-model, i.e. based on hypothetical changes in the portfolio value at unchanged daily closing positions as well as on the economic result.

Backtesting is executed in three steps based on the mark-to-model method:

_ First, the present value of the daily closing position is measured at current prices.
_ In a second step, the position is then revalued at the next business day’s prices.
_ The difference represents the hypothetical profit or loss on the trading position given a one-day holding period.

Backtesting is done both for the overall risk and the individual risk types (interest rate, currency, equities, commodity, and volatility).

As for determining value-at-risk, the backtesting calculations also employ KVAR+. The same positions, time series and valuation methods are used for backtesting as well as for the valuation of the positions for the historical simulation-derived value-at-risk. Data consistency between backtesting and value-at-risk is therefore always ensured.

The actual gains and losses are used for backtesting results, if necessary, corrected by gains and losses from positions not covered by the internal model.

10.3 Description of the extent of and methodologies for compliance with the requirements set forth in Articles 198 to 202 SolvReg

Disclosure requirements covered: Article 11 no. 3 DisclReg

Valuation at market prices

Generally, all positions in the trading book are valued daily in the front office system independent of trading operations. The valuation of all positions is done, if possible, based on market data obtained from independent external providers such as Reuters, Bloomberg, etc. Bond positions are valued on bid-ask prices, and exchange-traded securities and trades are valued using the closing prices or the last traded price.

Valuation at model prices

If it is not possible to conduct the valuation at market prices, model prices are used. For this purpose, models commonly found on the market are used (e.g. Black Scholes, Hagan, Hull White, Copula, Libor Market). If available, the input data is obtained, from the same data providers that are used for determining market prices. The valuation of the positions is done at mean rates. The figures of relevance for the internal model are determined daily in a system independent of trading operations.
The periodical review of market conformity of the models, model parameters and model prices determined is the responsibility of Market Risk Management which is independent from the trading business.

The sections of the trading book for which model prices are used are reported periodically to the management board.

Independent price review

The valuations are coordinated periodically by Trading, Mid-Office and Risk Management. Additionally, at least once a month, an independent coordination of the position valuations is conducted with Accounting.

Valuation adjustments or reserves

For financial instruments for which a mid-model price is determined, product-specific valuation adjustments are carried out that take into account the usual market bid-ask spreads, remaining times to maturity and nominal values which reflect the model and liquidity risks as well as ask-bid spreads. The adjustments are reported separately in the risk systems.

Systems and controls

All models used are documented and accorded with Risk Management, Trading and the auditors. All model parameters and data that cannot be obtained from market providers are documented and are reviewed periodically for market conformity independently of the Front Office.
The valuation method applied for a specific product is defined and documented in the product auditing process. The final approval is given by the Market Risk Committee, which serves as Product Approval Board.

Generally, three categories are distinguished for positions in the trading book:

- **Level 1:**
  Financial instruments for which there is a price in an active market belong to this category. An active market is a market in which there are transactions in sufficient frequency and volumes. In some cases, it may occur that a price on an active market does not reflect the fair value. For example, if a major event occurs after the market closes but before the value date. If the price quoted needs to be adjusted (to account for this), it results in a classification at a lower level.

- **Level 2:**
  Level 2 inputs are inputs that are not included in Level 1; these inputs may be directly observable (prices) or indirectly observable inputs (derived from prices). When a financial instrument has a fixed maturity, Level 2 inputs must be observable for the entire life (for example the discount curve for a bond or swap).
  The following inputs belong to Level 2:
  - Prices quoted for similar instruments in active markets;
  - Prices quoted for identical or similar financial instruments in markets that are not active;
  - Inputs that do not represent prices such as interest rates (if available for the entire life), volatilities, prepayment rates and default rates and
  - Inputs that may be derived from observable market data.

- **Level 3:**
  These are inputs that are not based on observable market data. Unobservable inputs may be used if there are no observable inputs to determine the fair value of a financial instrument for which there is no active market. Unobservable inputs must reflect the assumptions that market participants would make in their assessment. When measuring unobservable inputs as much information as possible must be used, including internal data.

10.4 Quantitative disclosure on market risk

Disclosure requirements covered: Article 11 no. 4, lit a), no. 6. DisclReg
With respect to Article 11 no. 4, lit b) - d) and no. 5 DisclReg, a nil report is made.as the applied model does not cover the specific position risk

The table below shows the maximum, the mean and the minimum VaR value in the reporting period as well as the value at the end of the reporting period:

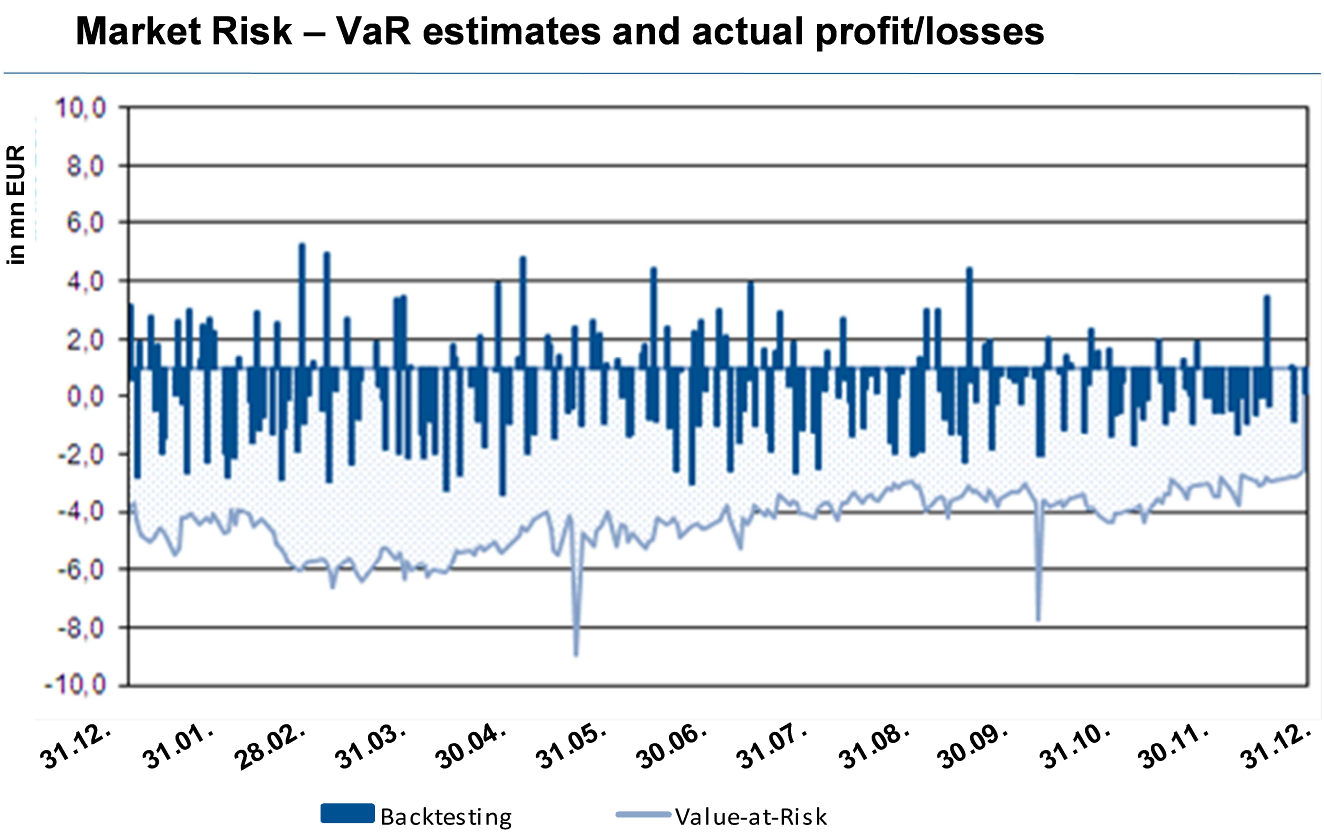
Value-at-Risk 2012
(mn EUR)

Maximum	Mean	Minimum	End of Dec. 12
8.9	4.4	2.6	2.6

Table 45: Article 11 no. 4 (a) Discl.Reg: Market Risk - Value-at- Risk 2012

In 2012, there were no outliers in backtesting. In the second half of 2011, market movements, especially with regard to interest, where higher. For this reason, there were four outliers during this period. As the simulation period of the VaR covers two years, the VaR was still impacted by the fluctuations experienced in 2011. Given the low level of market price fluctuations in 2012, no further outliers occurred.

The chart below shows a comparison of the VaR estimates with the actual gains/losses of the bank including the significant outliers of the backtesting carried out during the reporting period:



11 Interest Rate Risk in the Banking Book

11.1 Goals and principles of risk management

Disclosure requirements covered: Article 2 DisclReg in conjunction with Article 14 nos. 1,2 DisclReg

Interest rate risk is the risk of a change in the market value of the balance sheet as a result of a certain change in the yield curve. Changes in the yield curve can have a negative effect on net interest income and the amounts of interest-sensitive income/expenses. These changes also affect the market value of assets, liabilities and off-balance sheet items, as the future payments (and thus also their present value) vary directly with changes in interest rates. As a consequence, an effective risk management process that keeps the impacts of interest rate changes on the bank's balance sheet within appropriate limits is of fundamental importance for the security and creditworthiness of the bank.

The forms of interest rate risk to which a bank is exposed are:

_ **Prolongation risk/repricing risk** – results from the incongruence in the fixed terms applicable to interest rates
_ **Yield curve risk** – is caused by changes in the slope and shape of the interest rate curve
_ **Basis risk** – results from the imperfect correlation in the adjustment of the credit and debit interest rates of different products that otherwise would have the same interest rate terms
_ **Optionality risk** – is derived mainly from options (gamma and vega effect) that are contained in many positions of the banking book (e.g., right to call loans)

The first three types represent traditional interest rate risk. The fourth type is becoming increasingly important with the growing number of options embedded in products reported both on and off the balance sheet.

ORGANISATION

The interest rate risk is dealt with by the management in the Group Asset Liability Committee. The purpose of the Asset Liability Committee is the steering of assets and liabilities on the balance sheet. It meets monthly within the scope of the regular management board meetings.

The tasks of Asset Liability Management (ALM) comprise the management of interest risk on the banking books of Erste Group and also the further development and maintenance of the Funds Transfer Pricing Systems (FTP Systems). Group Market and Liquidity Risk Management is responsible for risk controlling. For the Group's Austrian subsidiaries and the savings banks, all analyses and Asset & Liability Committee documents are prepared by ALM of Erste Bank der oesterreichischen Sparkassen AG. The foreign subsidiaries have their own ALM, which is responsible for the analyses and the preparation of the documents. With respect to these subsidiaries, the responsibility of Erste Group Bank AG's ALM is to safeguard uniform standards of analysis and ensure that the ALM tasks at the subsidiaries are performed according to Group guidelines.

RISK MEASUREMENT AND CONTROL

The ALM software QRM Balance Sheet Management is used throughout the entire Erste Group. This software makes planning and consolidation possible at the Group level as well as the modelling of the interest rate risk on the balance sheet of Erste Group. This system captures all significant sources of interest rate risk and calculates the effect of these changes on the balance sheet of Erste Group. The data for the current portfolio, market data for the cutoff date in question and the assumptions on future portfolio developments (volume, margins, etc.) are all entered into this system. It measures both the effect on profit/loss and the market value of the banking book positions. The data are organised in an account/product structure. The account structure corresponds to that of the IFRS balance sheet, while the product structure represents the currency and the interest rate-related behaviour of the products in this group. The portfolios are analysed once a month with the exception of the savings banks (review intervals are usually every quarter).

The interest rate risk of the Group is based on the optimisation of market risk and income risk, i.e. all measures developed in the interest rate strategy were analysed with respect to their effect on the income defined in the financial projections and on the market value. The interest rate risk strategy is approved by the Asset Liability Committee and periodically reviewed to ensure it is up-to-date. A modification may become necessary due to changes in the business plan or the market situation and is therefore a requirement for active risk control.

Key assumptions used in risk modelling

Products without fixed terms are simulated. For modelling the interest rate risk behaviour of products with variable interest rates(i.e. valid until changed), Erste Group currently uses the applicable internal transfer pricing interest rate (moving average of short and long term interest rates) plus a static margin. The weighting used reflects the historic pattern of the interest rate curves of products with variable interest rates (valid until changed). In 2012, the assumptions were reviewed and updated. The resulting new modelling approach will be applied as of 2013.

RISK HEDGING AND MONITORING SUSTAINABLE EFFECTIVENESS OF HEDGING POSITIONS

The investment process is part of the entire ALM process. The investment decisions are made by the Asset Liability Committee on the basis of the overall risk profile of the bank and the expected development of the economy. Balance Sheet Management/Group ALM provides regular updates on economic trends and forecasts of interest rate trends (Market Report).

Balance Sheet Management/Group ALM analyses the banking book by means of present value simulations of the market value, for example, the effect of a 100bp interest rate shock (understood to mean a sudden and unexpected change in interest rates on the money and/or capital market) on market value and interest income, and also by means of net interest income simulations. Based on the results and the economic forecast, investment recommendations are presented to the Asset Liability Committee. These recommendations may increase or decrease risk. They may be implemented by means of on-balance sheet or off-balance sheet transactions. For cash flow hedges and fair value hedges, the relationship between the underlying transaction and the hedge (effectiveness) is continually monitored and documented.

INTEREST RATE RISK REPORTING

The interest rate risk of Erste Group is calculated separately by currency (EUR, CHF, JPY, USD, CZK, HRK, HUF, RON and UAH) and reported at the monthly Group Asset Liability Committee meeting and to the local Asset Liability Committee. Furthermore, materials on the following topics are prepared for the Group Asset Liability Committee:

- Market overview;
- Periodic and economic risk ratios for the Group and subsidiaries;
- Positions (held-to-maturity portfolios in the Group, strategies);
- Balance sheet movements (equity, liquidity, primary deposits, non-bank business) and
- Liquidity management.

11.2 Quantitative disclosure on interest rate risk

Disclosure requirements covered: Article 14 no. 3 DisclReg

The potential effects of interest rate changes on equity instruments of the Group are analysed at Erste Group using the simulation method already described under “Risk Measurement and Control”. Simulation models make it possible to apply maximum precision and flexibility to risk measurement, also for complex portfolio structures. The present value simulation accounts for all future cash flows based on current knowledge.

The following table exhibits Erste Group’s fair value risk, specifically the change in the market value in the case of a parallel shift of the interest rate curve by 100bp upwards. At Erste Group, monthly upward and downward shocks of 100bps and 200bps are calculated and analysed for all entities and all currencies. The 200bps shock enters into the calculation of the internal Basel II ratio. As shown in the table, the 100bps shock resulted in a negative risk at the Group level.

mn EUR	EGB	EBOe	SPK subsidiaries	BSPK	Immo	sAL	WBB	CS	SLSP	EBH	BCR	EBC	EBU	Total
EUR	-131.3	43.3	16.0	17.8	-0.7	0.3	-2.4	-25.0	-83.0	6.0	-6.0	9.4	-0.4	-156.0
USD	-3.0	5.3	-0.2					1.2		0.5	1.0	1.5	-9.3	-2.9
CZK	-11.8	-0.4	0.0					96.3						84.1
HUF	1.5	0.0	0.0							-0.3				1.2
HRK	0.3											2.7		3.0
JPY	9.8	-0.3	0.1											9.6
CHF	-0.5	-0.5	2.9							6.3		0.2		8.5
RON	-1.6		0.0								-30.0			-31.6
UAH													-3.0	-3.0
Total	**-136.6**	**47.4**	**18.8**	**17.8**	**-0.7**	**0.3**	**-2.4**	**72.5**	**-83.0**	**12.5**	**-35.0**	**13.9**	**-12.7**	**-87.2**

Table 46: Article 14 no. 3 DisclReg: Changes in Market Risk as at 31.12.2012
Legend: EGB… Erste Group Bank; EBOe… Erste Bank Österreich; SPK subsidiaries...savings banks subsidiaries; BSPK… Bausparkasse der österreichischen Sparkassen; Immo… Immorent; sAL… s Autoleasing; WBB… s Wohnbaubank; CS… Česká spořitelna; SLSP… Slovenská sporiteľňa; EBH… Erste Bank Hungary; BCR… Banca Comercială Română; EBC… Erste Bank Croatia; EBU… Erste Bank Ukraine

12 Liquidity Risk

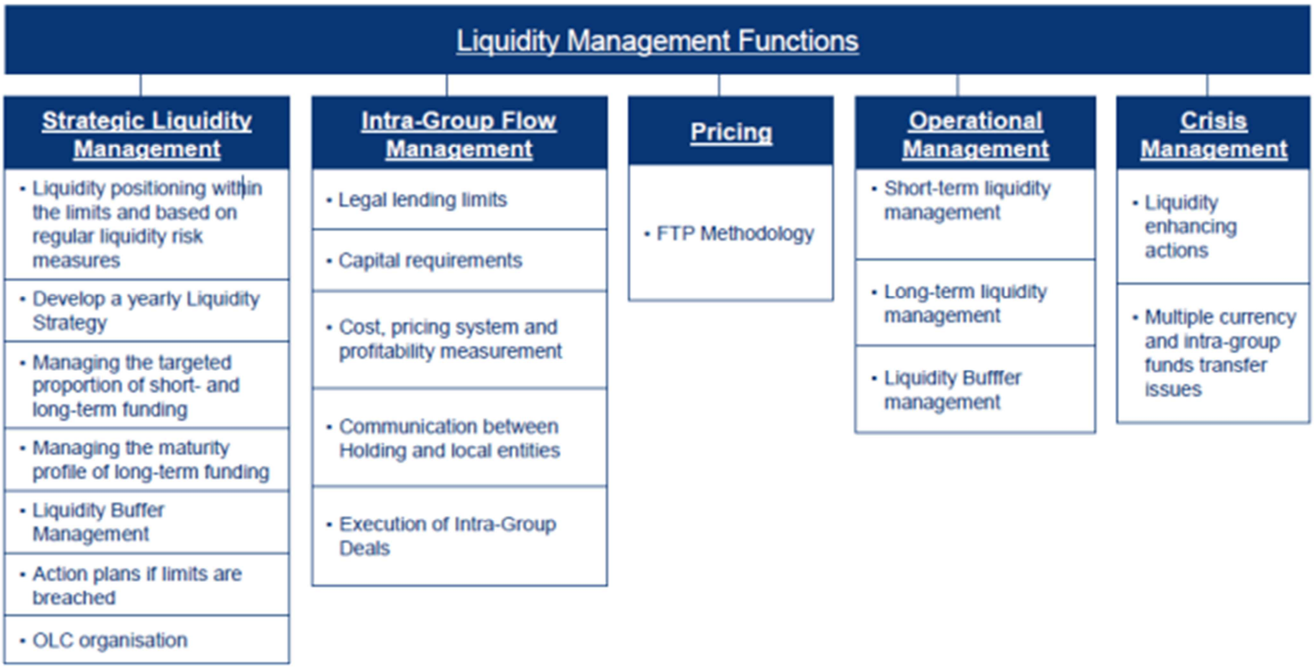
12.1 Goals and principles of risk management

Disclosure requirements covered: Article 2 DisclReg

Liquidity risk is defined by Erste Group according to the principles of the Basel Committee for Banking Supervision. Thus, a difference is made between market liquidity risk, i.e., the risk that the companies of the Group will be unable to close a position due to insufficient market depth or market disruptions, and refinancing risk, i.e., the risk that the banks of the Group would not be capable of efficiently fulfilling expected or unexpected requirements for current and future cash flows and collateral without restricting their daily business or the financial situation of the Group's members.

The refinancing risk is broken down further into insolvency risk and structural liquidity risk. The former is the short-term risk that current or future payment obligations will not be fully met in a timely and economically appropriate manner, while structural liquidity risk refers to the long-term risk of losses due to a change in the refinancing costs or in the issuer spread of the Group.

The chart below presents an overview of the functions of liquidity risk management.



RISK MEASUREMENT AND CONTROL

The short-term liquidity risk (insolvency risk) is measured and limited by applying a "Survival Period Analysis" for every currency at the single-entity level and the Group level. This analysis provides the maximum period during which a bank in a serious combined crisis (simultaneous adverse market conditions and reputation crisis) can survive taking into account the liquid assets. The assumptions are dramatic restrictions to the availability of short and long-term capital market financing with simultaneous, significant outflows of customer deposits. Furthermore, a simulation is conducted of heightened calling of guarantees and loan commitments. When estimating the probability of a call, the type of customer is taken into account.

To monitor long-term (structural) liquidity risk at the consolidated level and at the single-entity level, Erste Group analyses the different scenarios. The dynamic aspects with respect to the new placement of existing asset items are taken into account under specific assumptions with respect to the normal situation as well as to a crisis scenario in the analysis. Assumptions with respect to modelling of customer transactions are adjusted depending on the scenario. The purpose of the analysis is to determine ex ante the capability of Erste Group to master crisis situations. Additionally, the usual liquidity gaps (incongruent maturities in the normal situation) that tend to occur at the subsidiaries and at the entire Group at the currency level are reported and regularly checked. The concentration risk with respect to the business partners is analysed on an ongoing basis. The Funds Transfer Pricing (FTP) of Erste Group for monetary funds has also proven an efficient control instrument for the management of structural liquidity risk.

METHODS AND INSTRUMENTS OF RISK MITIGATION

The general standards of liquidity risk controlling and management (standards, limits and analyses) are defined by Erste Group and are constantly reviewed and improved.

The short-term liquidity risk is controlled by the Survival Period Concept at the Group and single-entity level. The long-term liquidity risk is limited by a “traffic light system” that considers units and currencies. Breaches to limits are reported to the Group Asset Liability Committee. A further instrument for monitoring the liquidity risk within Erste Group Bank and its subsidiaries is the FTP system. The planning of the refinancing needs is of fundamental significance for liquidity management and is analysed in detail for the entire Erste Group on a quarterly basis.

The comprehensive crisis plan ensures the coordination of all parties involved in liquidity crisis management and is updated on an ongoing basis. The crisis plans of the subsidiaries are coordinated within the scope of the planning for Erste Group.

13 Equity Exposures in the Banking Book

13.1 Goals and principles of risk management

Disclosure requirements covered: Article 2 DisclReg

Investment risk refers to the potential loss in value resulting from lack of dividend payouts, the (partial) write-off of assets, losses from divestments and the reduction of hidden reserves from invested own funds, from profit transfer contracts (loss transfers) or from liability risks (e.g. letters of comfort). Investment risk covers both strategic investments as well as operating investees and includes all affiliated and associated companies (irrespective of consolidation) as well as other investees of the Group.

The continuing implementation of the concept of a comprehensive financial services provider is Erste Group's strategy for equity exposures aimed primarily at complementing and rounding out the bank's core business through investment companies that provide financial products and services (esp. Bausparkasse der österreichischen Sparkassen Aktiengesellschaft, Erste Group Immorent AG, Erste Asset Management GmbH, S-Real Immobilienvermittlung GmbH). Investments outside the bank's core business (except for providers of support services for banking operations) are being reduced in the interest of a greater strategic focus. Within its international business activities in Europe, the USA and Asia, Erste Group places particular emphasis on Central Europe as it views the region as its extended core market.

As of 31 December 2012, the investees of Erste Group AG include 51 direct holdings of various legal forms and size with a carrying value of EUR 8 billion of which 20 are fully consolidated companies under IFRS with a carrying value of EUR 11.5 billion and 13 fully consolidated companies pursuant to the Austrian Banking Act (carrying value of EUR 11.4 billion) and 6 fully consolidated companies under the de minimis concept (carrying value EUR 0.1 billion).

Counting all indirectly held entities as well as the investees in the cross-guarantee system of savings banks (Haftungsverbund), the credit institution Group consists, as of 31 December 2012 of 559 companies of which 395 are fully consolidated.

ORGANISATION

Responsibility for investees lies with Participation Management, a unit belonging to Group Strategy and Participation Management and reporting to the Chief Executive Officer of Erste Group Bank AG. When it acts for Erste Bank der oesterreichischen Sparkassen AG (outsourcing partner), it reports to the management board member responsible for investments.

The unit assists the Group management board and business units of Erste Group Bank AG and Erste Bank der oesterreichischen Sparkassen AG by providing coordination and information processing services as well as support for decision-making. It additionally serves in a dual internal and external role. Inside the Group, it acts as contact, interface, service provider and coordinator for the various units and governing bodies of the subsidiaries. Outside the Group, it serves as contact and coordinator for auditors, notaries, lawyers, public authorities and other parties for business, legal, tax and investee-related matters.

In the case of subgroups with investees of their own (currently CEE subsidiaries and Erste Group Immorent AG), the unit fulfils its Group responsibilities by ensuring that an investee management framework in line with the system of Erste Group is established at these subgroups (policy-making powers rest with Erste Group Bank AG) and by assuming Group wide responsibility for defined topics (e.g. offshore investments).

To accomplish these tasks, it is considered important to involve the investee support units early in deliberations and decision-making processes (matrix responsibilities).

Responsibilities in detail:

- Investee-related decision support (relating to any kind of equity measure) to the management board and other bodies of Erste Group Bank AG and Erste Bank der oesterreichischen Sparkassen AG in line with applicable guidelines on decision-making powers;
- Preparation of quarterly reports, investee reports, etc.;
- Implementation, management and ongoing administration of the investee database. Central distributor of the banks' investee data (for internal and external purposes);
- Implementation of notifications and reports to OeNB, the Ministry of Finance and foreign authorities and organisations and
- Implementation of and support for company setups, acquisition and disposal processes.

RISK MEASUREMENT AND CONTROL

Once a year, all equity interests are subjected to a standardised earning-capacity value calculation based on future budgets and multiple year projections, taking into account, among others, the valid (local) capital adequacy regulations for each of the entities. These calculations are based on standards for the valuation of goodwill from the acquisition of investments pursuant to IFRS from which the required depreciations and appreciations in value, capital measures and hidden reserves are derived. The result of these calculations is discussed in detail with Group Accounting and Group Performance Management and the corresponding measures (bookings, reports) are initiated. Moreover, any capital measures required are accorded with the business area responsible for operations prior to execution.

REPORTING ON EQUITY EXPOSURES

As part of the monitoring and control process, the economic development of all significant direct and indirect investees and any risk provisions or revaluations that may become necessary during the course of the year are evaluated regularly (four times a year) just before the end of each quarter on the basis of the actual figures and extrapolations provided by the individual investees. Requirements for risk provisions are forwarded to the banks' accounting and controlling units for further processing. Any new requirements that may arise on an ad-hoc basis are promptly communicated.

13.2 Differentiation between exposures based on their objectives

Disclosure requirements covered: Article 13 no. 1 DisclReg

The exposures can be distinguished by objectives based on the following criteria:

- Investments in bank and bank-related investees (specifically, fully consolidated banks and financial institutions, support service providers, financial holding companies and other financial services providers) are regularly acquired for reasons of business strategy. As a rule, this also applies to minority shareholdings in investees from the area of combined banking.
- In selected cases, in connection with the realisation of collateral, Erste Group chooses to acquire ownership in order to facilitate orderly realisation. This is done primarily in the area of real estate, where rapid disposal typically yields poorer results and where construction projects that are in progress can usually only be sold after they are completed.
- To a limited extent, positions involving the basic intention of generating capital gains are taken in the Group's venture capital units.

13.3 Accounting policies and valuation methods

Disclosure requirements covered: Article 13 no. 2 DisclReg

Investees are measured in accordance with general commercial accounting principles (historical cost principle, modified lower-of-cost or market-value principle), based on capitalised income value and net asset value as well as the value derived from the investee's functional integration in the Group, as determined by periodic analyses regarding provisioning requirements and hidden reserves.

Under IFRS standards applied to the Group, investees are classified as available-for-sale in accordance with IAS 39 and are generally measured at fair value.

13.4 Quantitative disclosure on equity exposures in the banking book

Disclosure requirements covered: Article 13 nos. 3,4,5,6 DisclReg

The following table presents an overview of the different valuations in the individual equity exposures in the banking book:

Type of equity exposures	Type of instrument	Book value (mn EUR)	Fair value (mn EUR)	Market value (mn EUR)
Credit institutions				
	Exchange traded instruments	1.4	12.2	n.a.
	Instruments not traded on an equity exchange	59.6	151.9	
	Other equity instruments	0.0	0.0	
Financial institutions				
	Exchange traded instruments	0.0	0.0	n.a.
	Instruments not traded on an equity exchange	51.2	55.4	
	Other equity instruments	0.0	0.0	
Others				
	Exchange traded instruments	55.9	32.9	n.a.
	Instruments not traded on an equity exchange	915.4	1,109.6	
	Other equity instruments	0.0	0.0	
Total		**1,083.4**	**1,361.9**	**n.a.**

Table 47: Article 13 nos. 3, 4 DisclReg: Equity positions in the banking book

The following profits and losses from sales and liquidations of investees were achieved in the reporting period:

Realised and unrealised profits or losses from equity positions	Value (mn EUR)
Realised profits or losses from sales / liquidations	42.0
Unrealised profits or losses	-22.4
Deferred revaluation gains or losses	0.0
thereof: values in core capital	*0.0*
thereof: values in supplementary capital	*0.0*

Table 48: Article 13 nos. 5, 6 DisclReg: Realised and unrealised profits and losses from equity positions in the banking book

14 Operational Risk

14.1 Goals and principles of risk management

Disclosure requirements covered: Article 2 DisclReg

In accordance with banking law, Erste Group defines operational risk as “the risk of loss resulting from inadequacy or failure of internal processes, people or systems, or from external events – including legal risks”.

Both quantitative and qualitative methods are used to identify operational risks, and are refined further in order to capture all information relevant to risk management.

ORGANISATION

While the business areas and infrastructure units are responsible for the daily management of operational risks, Group Operational Risk Control is responsible for operational risk control across all business areas and countries as well as for the uniform application of the strategy and Group standards for operational risk management in all areas of the bank.

In detail, this results in the following tasks:

_ Identification of risk potentials as well as measures for early detection and risk avoidance
_ Definition of ratios and risk indicators as well as guidelines
_ Implementation, management and ongoing administration of the loss database
_ Calculation of scenarios and assessment of specific risk situations
_ Group-wide calculation of the required own funds of all operational risks and execution of stress tests
_ Analysis and periodic reporting
_ Further development of methods

Operational risk is dealt with in the Strategic Risk Management Committee and in the Group Operational Risk Committee. The structure of operational risk management and control at Erste Group is also defined in the Group Risk Policy Framework in order to safeguard the complete identification of all risk components and consistent treatment of all operational risks.

RISK MEASUREMENT AND CONTROL

The quantitative measurement methods are based on internal loss experience data, which is collated across the Group using a standard methodology and entered in a central data pool. In order to be able to also model losses that have not yet occurred but are nonetheless possible, scenarios and external data are used. In this context it is worth noting that Erste Group has been a member of the Operational Riskdata eXchange Association, an international loss data consortium, since 2006, and participates in the consortium on a Group-wide basis.

Apart from quantitative approaches, qualitative approaches are used to determine operational risk, primarily by performing risk analysis (Risk Control Self Assessments) surveys. In order to also ensure early detection of risk potentials, a series of risk indicators (Key Risk Indicators) has been developed and implemented at the Group level.

The results and proposals for risk control derived from the quantitative and qualitative processes are reported to the line management and form the basis for measures to reduce operational risks.

RISK HEDGING

Since the beginning of 2004, the insurance contracts for operational risks of Erste Group’s core institutions have been combined in a Group-wide insurance programme. This reduced the cost of meeting the Group’s traditional property insurance needs and thus made it possible to buy additional insurance for previously uninsured banking-specific risks. The savings potential and the additional cover are achieved – while keeping expenses unchanged as far as possible – by having a certain share of the loss or damage assumed by the Group’s own insurance company, Erste Reinsurance S.A. This makes it possible to diversify risk within the Group.

OPERATIONAL RISK REPORTING

Information on operational risks is reported regularly to the management board. This is done within the scope of various reports, above all, the quarterly report for the top management, which informs on recent losses, loss trends, qualitative information derived from Risk Control Self Assessment, risk indicators, key ratios and VaR for operational risk computed for Erste Group.

14.2 Use of insurance contracts for risk mitigation in the Advanced Measurement Approach

Disclosure requirements covered: Article 18 DisclReg

Risk mitigating insurance effects under existing insurance contracts, taking into account all applicable legal provisions, are included in the models developed for the insurance-related reduction of capital requirements for operational risk only when the risk is reinsured on the external insurance market. The risk mitigating insurance effects are calculated using a Monte Carlo simulation for all eligible losses.

In selecting insurance partners, Erste Reinsurance S.A. strictly observes supervisory requirements. The insurance portfolio and the captive reinsurance activities are periodically audited by Group Audit.

14.3 Approaches for the measurement of minimum capital requirements

Disclosure requirements covered: Article 12 nos. 1,3 DisclReg

In the first half-year 2009, Erste Group was granted approval by the supervisory bodies to apply the Advanced Measurement Approach (AMA) at the Group level for five companies

- Erste Group Bank AG
- Erste Bank der oesterreichischen Sparkassen AG
- Česká spořitelna a.s.
- Slovenská sporitel'ňa a.s.
- Erste Bank Hungary Zrt.

and in 2010 for three further companies

- Banca Comercială Română
- Erste & Steiermärkische Bank d.d.
- Erste Leasing Group Hungary

The scope of application of the Advanced Measurement Approach was further enlarged in the second half of 2011 by two companies:

- Bausparkasse der österreichischen Sparkassen AG
- Stavebni sporitelna Ceske sporitelny, a.s.

In 2012, another five companies were approved to adopt the approach:

- Steiermärkische Sparkasse Bank AG
- Kärntner Sparkasse AG
- Salzburger Sparkasse AG
- Tiroler Sparkasse Bank AG Innsbruck
- Brokerjet Bank AG

As of December 2012, use of the Advanced Measurement Approach was also requested for ERSTE BANK AD NOVI SAD. After the positive completion of the approval process, approval by the supervisory authorities is expected be granted with effect from 1 July 2013. Minimum capital requirements for those subsidiaries that do not yet apply the Advanced Measurement Approach are calculated using the Basis Indicator Approach. These subsidiaries will also apply for approval of the application of the Advanced Measurement Approach.

14.4 Advanced Measurement Approach

Disclosure requirements covered: Article 12 no. 2 DisclReg

The Advanced Measurement Approach is a complex approach used for the valuation of operational risk. The required capital is calculated using an internal VaR model taking into account the following factors:

- Internal data (historic gross loss)
- External data (data from the external consortium Operational Riskdata eXchange Association)
- Scenario analysis (supplements the internal and external data by rare events that may lead to large loss or damage)
- Business environment and internal risk control factors (such as risk indicators and risk assessment)

The weighting is evaluated and calculated on a quarterly basis using quantitative and qualitative features.

The key ratio in this context is the value-at-risk at a confidence level of 99.9% for one year, which is computed for all units using the AMA and is distributed across the respective subsidiaries based on a risk sensitive allocation ratio.

Furthermore, apart from the regulatory capital requirement under the Austrian Banking Act, the economic risk capital is represented for the material part of the Group using the AMA. The remaining part is taken into account using the BIA method.

The quantitative methods outlined (based on the central data pool, scenarios and external data) and the qualitative methods (e.g. risk control self-assessments) including the insurance strategy and the modelling approaches, form the operational risk framework of Erste Group.

For the modelling of operational risk, Erste Group uses the Loss Distribution Approach. The modelling of aggregate damage distribution is done in two steps. In a first step, the individual distributions of damage frequency and the damage amount are calculated and then combined using a Monte Carlo simulation. The structure of the Loss Distribution Approach model is in accordance with Basel II rules and EU Directives as well as with the Austrian Solvability Regulation.

Apart from internal and external data, scenario analyses as well as economic framework conditions and changes to the risk profile are factors inputted into the model of Erste Group. Erste Group does not take any correlation effects into account in its model. The regulatory capital requirement is not reduced by the expected loss.

The AMA capital value of Erste Group takes into account both unexpected and expected losses of all banks using the AMA. Both the expected loss and the unexpected loss are reported to the management.

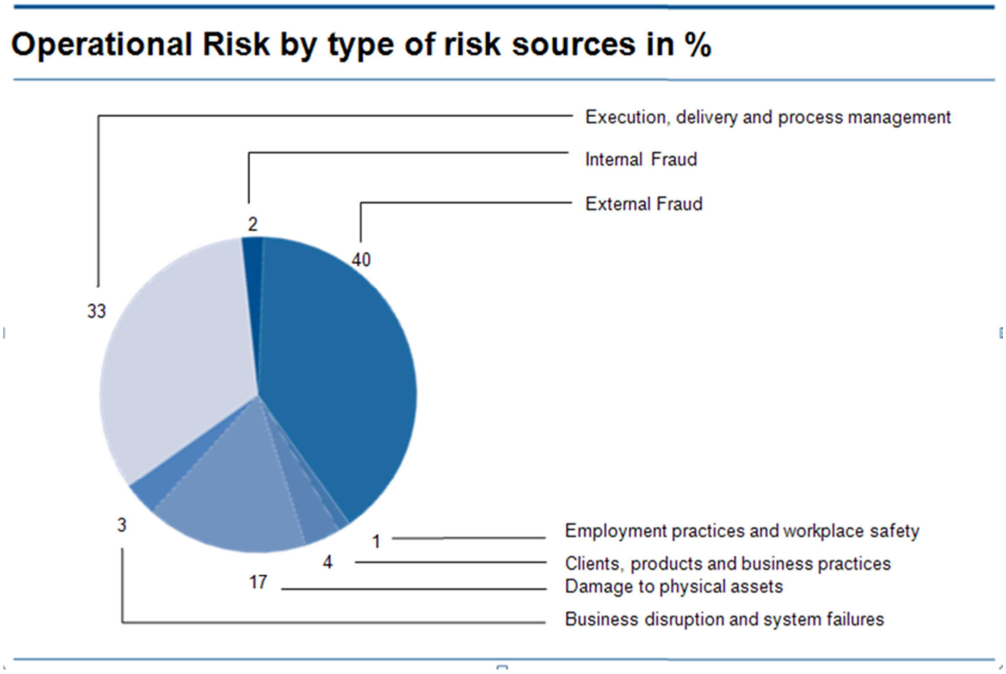
The model assumptions and input factors are validated once a year by Group Operational Risk Control and the results of the validation are reported to the Strategic Risk Management Committee. Furthermore, Erste Group conducts periodical stress tests and sensitivity analyses to assess risk potential.

Differentiation of operational risk to credit and market risk

A loss event relating to credit risk is reported as an operational risk event when the operational risk was the actual cause of the loss. Whenever an event occurs that may be attributed to operational risk, or that triggers a loss or gain on the market side, then this is deemed an operational risk and reported as such.

14.5 Quantitative disclosure on operational risk

The chart below shows the percentage composition by type of event of operational risk as defined in the principles of Basel II. The observation period runs from 1 January 2008 to 31 December 2012.



The different types of event categories are defined as follows:

_ **Internal fraud**
Losses due to acts intended to defraud, misappropriate property or circumvent regulations, the law or company policy, excluding diversity/discrimination loss events, which involves at least one internal party.

_ **External fraud**
Losses due to acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party.

_ **Employment practices and workplace safety**
Losses arising from acts in breach of employment, health or safety laws and agreements, from payment of personal injury claims, or from diversity/discrimination events.

_ **Clients, products and business practices**
Losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product

_ **Damage to physical assets**
Losses arising from loss or damage to physical assets caused by natural disaster or other events.

_ **Business disruption and system failures**
Losses arising from disruption of business or system failures.

_ **Execution, delivery and process management**
Losses from failed transaction processing or process management, from relations with trade counterparties and suppliers/vendors.

15 Other Risks

15.1 Macroeconomic risks

Disclosure requirements covered: Article 2 DisclReg

Macroeconomic risk is the risk of losses resulting from a change of the general economic situation.

METHODS AND INSTRUMENTS APPLIED

In the course of stress testing, scenarios are developed based on assumptions of deteriorating economic conditions. These economic scenarios apply not only to the entire portfolio of the Group (credit, market, operational and liquidity risk) but also to earnings and capital requirements. This method reveals how the changed economic conditions affect the risk and earnings situation as well as own funds.

Stress testing is included in the calculation of the risk-bearing capacity through the maximum risk limit and in this manner macroeconomic risk is taken into account. Furthermore, the stress tests are also included in financial projections and in the budgeting process for strategic planning, and therefore, macroeconomic risk is also taken into account in this context.

15.2 Concentration risk

Disclosure requirements covered: Article 2 DisclReg

Concentration risk is the risk of possible adverse consequences that may result from concentrations or mutual effects of similar and divergent risk factors or risk types. These include, for example, the risk that may arise from loans to the same customer, to a group of associated companies or to customers from the same region or industry or to customers offering the same services and goods, from the use of credit risk mitigating techniques and especially from indirect large volume loans.

METHODS AND INSTRUMENTS APPLIED

Erste Group has implemented a comprehensive system for the identification, measurement, control, reporting and management of concentration risks. This is of key importance for securing the long-term viability of every single credit institution especially in phases with an adverse macroeconomic environment.

Concentration risk management at Erste Group is based upon a framework of processes, methods and reports covering both intra- and inter-risk concentrations. Diverse analyses are regularly conducted, reviewed and reported. Concentration risks are also taken into account systematically in the stress factors of stress tests. The result of the internal stress tests is included in the calculation of the risk-bearing capacity calculation.

Moreover, the results of the concentration risk analysis are used in the definition of the risk-appetite statement as well as for the setting and calibration of Group limits.

Concentration risk analyses have revealed potential regional, country and industrial concentrations in the credit portfolio. Regional concentration plays a role in the Group strategy, because the main market for Erste Group is the CEE region.

16 Remuneration policy and practices

Disclosure requirements covered: Article 15a DisclReg

Information on remuneration policy and practices in Erste Group will be disclosed in a separate document at a later point of time, which will be published on Erste Group Bank AG's website.

Appendix

DETAILS ON THE SCOPE OF CONSOLIDATION

CREDIT INSTITUTIONS

				IFRS		Regulatory (Austrian Banking Act)			
Company Name	Location	Country Code	Participation in %	Fully cons.	Equity method	Fully cons.	Proportional cons.	De Minimis	Equity method
Erste Group Bank AG	Vienna	AT		x		x			
Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Linz	AT	29.78	x		x			
Banca Comerciala Romana Chisinau S.A.	Chişinău	RO	93.27	x		x			
Banca Comerciala Romana SA	Bucharest	RO	93.27	x		x			
Banka Sparkasse d.d.	Ljubljana	SI	28.00	x		x			
Bankhaus Krentschker & Co. Aktiengesellschaft	Graz	AT	25.00	x		x			
Bausparkasse der österreichischen Sparkassen Aktiengesellschaft	Vienna	AT	95.00	x		x			
BCR Banca pentru Locuinte SA	Bucharest	RO	93.62	x		x			
Brokerjet Bank AG	Vienna	AT	100.00	x		x			
Ceska sporitelna, a.s.	Prague	CZ	98.97	x		x			
Die Zweite Wiener Vereins-Sparcasse	Vienna	AT	0.00	x		x			
Dornbirner Sparkasse Bank AG	Dornbirn	AT	0.00	x		x			
Erste & Steiermärkische Bank d.d.	Rijeka	HR	69.26	x		x			
Erste Asset Management GmbH	Vienna	AT	100.00	x		x			
Erste Bank (Malta) Limited	Sliema	MT	100.00	x		x			
ERSTE BANK AD NOVI SAD	Novi Sad	RS	80.50	x		x			
ERSTE BANK AD PODGORICA	Podgorica	ME	69.26	x		x			
Erste Bank der oesterreichischen Sparkassen AG	Vienna	AT	100.00	x		x			
Erste Bank Hungary Zrt	Budapest	HU	100.00	x		x			
ERSTE Immobilien Kapitalanlagegesellschaft m.b.H.	Vienna	AT	74.16	x		x			
ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.	Vienna	AT	86.50	x		x			

CREDIT INSTITUTIONS

				IFRS		Regulatory (Austrian Banking Act)			
Company Name	Location	Country Code	Participation in %	Fully cons.	Equity method	Fully cons.	Proportional cons.	De Minimis	Equity method
IMMORENT BANK GMBH*	Vienna	AT	100.00	x		x			
Intermarket Bank AG	Vienna	AT	91.47	x		x			
Kärntner Sparkasse Aktiengesellschaft	Klagenfurt	AT	25.00	x		x			
KREMSER BANK UND SPARKASSEN AKTIENGESELLSCHAFT	Krems an der Donau	AT	0.00	x		x			
Lienzer Sparkasse AG	Lienz	AT	0.00	x		x			
NÖ Beteiligungsfinanzierungen GmbH	Vienna	AT	30.00		x				x
NÖ Bürgschaften GmbH	Vienna	AT	25.00		x				x
PayLife Bank GmbH	Vienna	AT	18.21						x
Prvá stavebná sporitelna, a.s.	Bratislava	SK	35.00		x				x
Public Company "Erste Bank"	Kiev	UA	100.00	x		x			
RINGTURM Kapitalanlagegesellschaft m.b.H.	Vienna	AT	95.00	x		x			
s Wohnbaubank AG	Vienna	AT	90.83	x		x			
Salzburger Sparkasse Bank Aktiengesellschaft	Salzburg	AT	98.69	x		x			
Slovenska sporitelna, a. s.	Bratislava	SK	100.00	x		x			
SPAR-FINANZ BANK AG	Salzburg	AT	50.00		x		x		
Sparkasse Baden	Baden	AT	0.00	x		x			
Sparkasse Bank dd	Sarajevo	BH	24.26	x		x			
SPARKASSE BANK MAKEDONIJA AD SKOPJE	Skopje	MK	24.92	x		x			
Sparkasse Bank Malta Public Limited Company	Sliema	MT	0.00	x		x			
Sparkasse Bludenz Bank AG	Bludenz	AT	0.00	x		x			
Sparkasse Bregenz Bank Aktiengesellschaft	Bregenz	AT	0.00	x		x			
Sparkasse der Gemeinde Egg	Egg	AT	0.00	x		x			

CREDIT INSTITUTIONS

Company Name	Location	Country Code	Participation in %	IFRS Fully cons.	IFRS Equity method	Regulatory (Austrian Banking Act) Fully cons.	Regulatory (Austrian Banking Act) Proportional cons.	Regulatory (Austrian Banking Act) De Minimis	Regulatory (Austrian Banking Act) Equity method
Sparkasse der Stadt Amstetten AG	Amstetten	AT	0.00	x		x			
Sparkasse der Stadt Feldkirch	Feldkirch	AT	0.00	x		x			
Sparkasse der Stadt Kitzbühel	Kitzbühel	AT	0.00	x		x			
Sparkasse Eferding-Peuerbach-Waizenkirchen	Eferding	AT	0.00	x		x			
Sparkasse Feldkirchen/Kärnten	Feldkirchen	AT	0.00	x		x			
Sparkasse Frankenmarkt Aktiengesellschaft	Frankenmarkt	AT	0.00	x		x			
Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft	Hainburg	AT	75.03	x		x			
Sparkasse Haugsdorf	Haugsdorf	AT	0.00	x		x			
Sparkasse Herzogenburg-Neulengbach	Herzogenburg	AT	0.00	x		x			
Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft	Horn	AT	0.00	x		x			
Sparkasse Imst AG	Imst	AT	0.00	x		x			
Sparkasse Korneuburg AG	Korneuburg	AT	0.00	x		x			
Sparkasse Kremstal-Pyhrn Aktiengesellschaft	Kirchdorf a.d. Krems	AT	30.00	x		x			
Sparkasse Kufstein, Tiroler Sparkasse von 1877	Kufstein	AT	0.00	x		x			
Sparkasse Lambach Bank Aktiengesellschaft	Lambach	AT	0.00	x		x			
Sparkasse Langenlois	Langenlois	AT	0.00	x		x			
Sparkasse Mittersill Bank AG	Mittersill	AT	0.00	x		x			
Sparkasse Mühlviertel-West Bank Aktiengesellschaft	Rohrbach	AT	40.00	x		x			
Sparkasse Mürzzuschlag Aktiengesellschaft	Mürzzuschlag	AT	0.00	x		x			

CREDIT INSTITUTIONS

				IFRS		Regulatory (Austrian Banking Act)			
Company Name	Location	Country Code	Participation in %	Fully cons.	Equity method	Fully cons.	Proportional cons.	De Minimis	Equity method
Sparkasse Neuhofen Bank Aktiengesellschaft	Neuhofen	AT	0.00	x		x			
Sparkasse Neunkirchen	Neunkirchen	AT	0.00	x		x			
SPARKASSE NIEDERÖSTERREICH MITTE WEST AKTIENGESELLSCHAFT	St. Pölten	AT	0.00	x		x			
Sparkasse Oberösterreich Kapitalanlagegesellschaft m.b.H.	Linz	AT	29.64	x		x			
Sparkasse Pöllau AG	Pöllau	AT	0.00	x		x			
Sparkasse Pottenstein N.Ö.	Pottenstein/Triesting	AT	0.00	x		x			
Sparkasse Poysdorf AG	Poysdorf	AT	0.00	x		x			
Sparkasse Pregarten - Unterweißenbach AG	Pregarten	AT	0.00	x		x			
Sparkasse Rattenberg Bank AG	Rattenberg	AT	0.00	x		x			
Sparkasse Reutte AG	Reutte	AT	0.00	x		x			
Sparkasse Ried im Innkreis-Haag am Hausruck	Ried im Innkreis	AT	0.00	x		x			
Sparkasse Salzkammergut AG	Bad Ischl	AT	0.00	x		x			
Sparkasse Scheibbs AG	Scheibbs	AT	0.00	x		x			
Sparkasse Schwaz AG	Schwaz	AT	0.00	x		x			
Sparkasse Voitsberg-Köflach Bankaktiengesellschaft	Voitsberg	AT	5.03	x		x			
Stavebni sporitelna Ceske sporitelny, a.s.	Prague	CZ	98.77	x		x			
Steiermärkische Bank und Sparkassen Aktiengesellschaft	Graz	AT	25.00	x		x			
Tiroler Sparkasse Bankaktiengesellschaft Innsbruck	Innsbruck	AT	74.99	x		x			
Tirolinvest Kapitalanlagegesellschaft mbH.	Innsbruck	AT	77.87	x		x			
Waldviertler Sparkasse Bank AG	Zwettl	AT	0.00	x		x			
Wiener Neustädter Sparkasse	Wiener Neustadt	AT	0.00	x		x			
Total				**78**	**4**	**78**	**1**	**0**	**4**

FINANCIAL INSTITUTIONS
AND FINANCIAL HOLDINGS

				IFRS		Regulatory (Austrian Banking Act)			
Company Name	Location	Country Code	Participation in %	Fully cons.	Equity method	Fully cons.	Proportional cons.	De Minimis	Equity method
Asset Management Slovenskej sporitelne, správ. spol., a. s.	Bratislava	SK	100.00	x				x	
AS-WECO 4 Grundstückverwaltung Gesellschaft m.b.H.	Salzburg	AT	29.98					x	
AVS Beteiligungsgesellschaft m.b.H.	Innsbruck	AT	74.99	x		x			
BCR Leasing IFN SA	Bucharest	RO	93.15	x		x			
BCR Partener IFN SA	Buharest	RO	93.27	x		x			
BCR Payments Services SRL	Sibiu	RO	93.27	x				x	
brokerjet Ceske sporitelny, a.s.	Prague	CZ	99.48	x				x	
Brokerjet financne storitve d.d. - v likvidaciji	Ljubljana	SI	100.00	x				x	
Company for Investment Funds Management "Erste Invest" a.d. Belgrade	Belgrade	RS	100.00					x	
Diners Club BH d.o.o. Sarajevo	Sarajevo	BH	69.26	x					
DINESIA a.s.	Prague	CZ	97.99					x	
EB Erste Bank Internationale Beteiligungen GmbH	Vienna	AT	100.00	x				x	
EB-Malta-Beteiligungen Gesellschaft m.b.H.	Vienna	AT	100.00	x		x			
EBV - Leasing Gesellschaft m.b.H. & Co. KG.	Vienna	AT	100.00	x		x			
E-C-A-Holding Gesellschaft m.b.H.	Vienna	AT	65.54			x			
E-C-B Beteiligungsgesellschaft.m.b.H.	Vienna	AT	25.00						x
EGB Ceps Beteiligungen GmbH	Vienna	AT	100.00	x		x			
EGB Ceps Holding GmbH	Vienna	AT	100.00	x		x			
EGB e-business Holding GmbH	Vienna	AT	100.00	x		x			
Erste Alapkezelo Zrt.	Budapest	HU	100.00	x				x	
Erste Bank Beteiligungen GmbH	Vienna	AT	100.00	x		x			
Erste Befektetesi Zrt.	Budapest	HU	100.00	x		x			

FINANCIAL INSTITUTIONS AND FINANCIAL HOLDINGS

Company Name	Location	Country Code	Participation in %	IFRS		Regulatory (Austrian Banking Act)			
				Fully cons.	Equity method	Fully cons.	Proportional cons.	De Minimis	Equity method
ERSTE CARD CLUB d.o.o.	Zagreb	HR	69.26	x		x			
ERSTE DELTA DRUSTVO S OGRANICENOM ODGOVORNOSCU ZA POSLOVANJE NEKRETNINAMA	Zagreb	HR	69.26	x				x	
ERSTE FACTORING d.o.o.	Zagreb	HR	76.95	x				x	
Erste Faktor Penzügyi Szolgaltato Zrt.	Budapest	HU	100.00	x		x			
Erste Invest d.o.o.	Zagreb	HR	100.00	x				x	
Erste Lakas-Takarekpenztar Zartkoruen Mukodo Reszvenytarsasag	Budapest	HU	100.00	x		x			
Erste Leasing Autofinanszirozasi Penzügyi Szolgaltato Zrt.	Budapest	HU	100.00	x		x			
Erste Leasing Berlet Szolgaltato Kft. (vm. Erste Leasing Szolgaltato Kft.)	Budapest	HU	100.00	x		x			
Erste Leasing Eszközfinanszirozasi Penzügyi Szolgaltato Zrt. (vm. Erste S Leasing Pénzügyi Szolgáltató Rt.)	Budapest	HU	100.00	x		x			
Erste Securities Istanbul Menkul Degerler AS	Istanbul	TR	100.00	x				x	
Erste Securities Polska S.A.	Warsaw	PL	100.00	x				x	
Factoring Ceske sporitelny a.s.	Prague	CZ	98.97	x				x	
Factoring Slovenskej sporitelne, a.s.	Bratislava	SK	100.00	x				x	
Flottenmanagement GmbH	Vienna	AT	51.00	x				x	
good.bee Holding GmbH	Vienna	AT	60.00			x			
Grema - Grundstückverwaltung Gesellschaft m.b.H.	Innsbruck	AT	74.99					x	
ILGES - Immobilien- und Leasing - Gesellschaft m.b.H.	Rohrbach	AT	40.00			x			
Immorent - Süd Gesellschaft m.b.H., S - Leasing KG	Graz	AT	46.43	x		x			
Immorent-Smaragd Grundverwertungsgesellschaft m.b.H.	Schwaz	AT	0.00	x				x	
Immorent-Süd Gesellschaft m.b.H.	Graz	AT	51.25	x		x			
Investicni spolecnost Ceske sporitelny, a.s.	Prague	CZ	100.00	x				x	

FINANCIAL INSTITUTIONS AND
FINANCIAL HOLDINGS

				IFRS		Regulatory (Austrian Banking Act)			
Company Name	Location	Country Code	Participation in %	Fully cons.	Equity method	Fully cons.	Proportional cons.	De Minimis	Equity method
Kärntner Sparkasse Vermögensverwaltungsgesellschaft m.b.H.	Klagenfurt	AT	25.00	x		x			
KERES-Immorent Immobilienleasing GmbH	Vienna	AT	25.00					x	
Leasing Slovenskej sporitelne, a.s.	Bratislava	SK	100.00	x		x			
Lorit Immobilien Leasing Gesellschaft m.b.H.	Vienna	AT	56.24					x	
Magyar Factor Penzugyi Szolgaltato Zartkoruen Mukodo Reszvenytarsasag	Budapest	HU	100.00	x		x			
N.Ö. Kommunalgebäudeleasing Gesellschaft m.b.H.	Vienna	AT	5.00						x
Neue Eisenstädter gemeinnützige Bau-, Wohn- und Siedlungsgesellschaft m.b.H.	Eisenstadt	AT	49.98					x	
NÖ-Sparkassen Beteiligungsgesellschaft m.b.H.	Vienna	AT	2.52	x		x			
Österreichisches Volkswohnungswerk, Gemeinnützige Gesellschaft mit beschränkter Haftung	Vienna	AT	100.00			x			
ÖWB Gemeinnützige Wohnungsaktiengesellschaft	Salzburg	AT	22.73					x	
Portfolio Kereskedelmi, Szolgaltato es Szamitastechnikai Kft.	Budapest	HU	100.00	x		x			
REICO investicni spolecnost Ceske sporitelny, a.s.	Prague	CZ	98.97	x				x	
s Autoleasing a.s.	Prague	CZ	98.97	x		x			
s Autoleasing GmbH	Vienna	AT	100.00	x				x	
S IMMOKO Leasing Gesmbh	Korneuburg	AT	0.00					x	
S MORAVA Leasing, a.s.	Znojmo	CZ	98.97	x		x			
S Slovensko, spol. s r.o.	Bratislava	SK	100.00	x		x			
SAI Erste Asset Management S.A.	Bucharest	RO	100.00	x				x	
S-Factoring, faktoring druzba d.d.	Ljubljana	SI	53.39	x				x	
Sieben-Tiroler-Sparkassen Beteiligungsgesellschaft m.b.H.	Kufstein	AT	0.00	x		x			
S-Leasing d.o.o., Sarajevo	Sarajevo	BH	24.93					x	

FINANCIAL INSTITUTIONS AND
FINANCIAL HOLDINGS

				IFRS		Regulatory (Austrian Banking Act)			
Company Name	Location	Country Code	Participation in %	Fully cons.	Equity method	Fully cons.	Proportional cons.	De Minimis	Equity method
S-Leasing d.o.o., Skopje	Skopje	MK	24.99					x	
Sparkasse (Holdings) Malta Ltd.	Sliema	MT	0.00	x		x			
SPARKASSE Bauholding Gesellschaft m.b.H.	Salzburg	AT	98.69			x			
Sparkasse Bauholding Leasing I GmbH	Salzburg	AT	98.69					x	
Sparkasse Bauholding Leasing V GmbH	Salzburg	AT	98.69					x	
Sparkasse Leasing S,družba za financiranje d.o.o.	Ljubljana	SI	28.00	x				x	
Sparkassenbeteiligungs und Service AG für Oberösterreich und Salzburg	Linz	AT	69.25	x		x			
SPK Immobilien- und Vermögensverwaltungs GmbH	Graz	AT	25.00	x		x			
STUWO Gemeinnützige Studentenwohnbau Aktiengesellschaft	Vienna	AT	50.32				x		
Transfactor Slovakia a.s.	Bratislava	SK	91.47					x	
Vorarlberger Sparkassen Beteiligungs GmbH	Dornbirn	AT	0.00			x			
Waldviertler Sparkasse von 1842 Leasing GmbH	Waidhofen an der Thaya	AT	0.00					x	
WIEPA-Vermögensverwaltungsgesellschaft m.b.H.	Dornbirn	AT	0.00			x			
WNI Wiener Neustädter Immobilienleasing Ges.m.b.H.	Wiener Neustadt	AT	0.00					x	
Erste Group Immorent AG, subgroup	Vienna	AT	100.00	245	42	245	28		15
Total				**297**	**42**	**282**	**29**	**37**	**17**

AUXILIARY COMPANIES AND INVESTMENT SERVICE PROVIDERS

				IFRS		Regulatory (Austrian Banking Act)			
Company Name	Location	Country Code	Participation in %	Fully cons.	Equity method	Fully cons.	Proportional cons.	De Minimis	Equity method
"Die Kärntner - Förderungs- und Beteiligungsgesellschaft für die Stadt Friesach Gesellschaft m.b.H.	Friesach	AT	25.00					x	
"Die Kärntner" - Förderungsgesellschaft für das Gurktal Gesellschaft m.b.H.	Gurk	AT	25.00					x	
"Die Kärntner" Trust-Vermögensberatungsgesellschaft m.b.H.	Villach	AT	25.00	x		x			
"Die Kärntner"-Förderungs- und Beteiligungsgesellschaft für den Bezirk Wolfsberg Gesellschaft m.b.H.	Wolfsberg	AT	25.00					x	
"Sparkassen-Haftungs Aktiengesellschaft"	Vienna	AT	43.19	x		x			
APHRODITE Bauträger Aktiengesellschaft	Vienna	AT	45.42		x			x	
AWEKA - Kapitalverwaltungsgesellschaft m.b.H.	Graz	AT	25.00	x		x			
BCR Finance BV	Amsterdam	NL	93.27	x		x			
BCR Partener Mobil SRL	Bucharest	RO	93.27	x				x	
BCR Procesare SRL	Bucharest	RO	93.27	x				x	
BCR Real Estate Management SRL	Bucharest	RO	93.27	x		x			
Beta-Immobilienvermietung GmbH	Vienna	AT	100.00	x				x	
BRS Büroreinigungsgesellschaft der Steiermärkischen Bank und Sparkassen Aktiengesellschaft Gesellschaft m.b.H.	Graz	AT	25.00	x				x	
BTV-Beteiligungs-, Treuhand-, Vermögens-Verwaltungsgesellschaft m.b.H.	Klagenfurt	AT	25.00			x			
Capexit Beteiligungs Invest GmbH	Vienna	AT	100.00	x				x	
Capexit Private Equity Invest GmbH	Vienna	AT	100.00	x				x	
CS Investment Limited	St. Peter Port	GG	98.97	x				x	
CSSC Customer Sales Service Center GmbH	Vienna	AT	57.31	x				x	
Czech TOP Venture Fund B.V.	Groesbeek	NL	83.13	x				x	
Derop B.V.	Amsterdam	NL	100.00	x				x	

AUXILIARY COMPANIES AND INVESTMENT SERVICE PROVIDERS

				IFRS		Regulatory (Austrian Banking Act)			
Company Name	Location	Country Code	Participation in %	Fully cons.	Equity method	Fully cons.	Proportional cons.	De Minimis	Equity method
DIE ERSTE Immobilienvermietungsgesellschaft m.b.H.	Vienna	AT	100.00	x				x	
Die Kärntner Sparkasse - Förderungsgesellschaft für den Bezirk Hermagor Gesellschaft m.b.H.	Hermagor	AT	25.00					x	
EB-Beteiligungsservice GmbH	Vienna	AT	99.86	x				x	
EB-Restaurantsbetriebe Ges.m.b.H.	Vienna	AT	100.00	x				x	
EBV-Leasing Gesellschaft m.b.H.	Vienna	AT	50.00					x	
EGB-Service CEE GmbH	Vienna	AT	100.00					x	
Erste Asset Management Deutschland Ges.m.b.H.	Zorneding	DE	100.00					x	
Erste Campus Mobilien GmbH & Co KG	Vienna	AT	100.00	x				x	
Erste Capital Finance (Jersey) PCC	St. Helier	JE	100.00	x		x			
Erste Corporate Finance, a.s.	Prague	CZ	97.99					x	
Erste Finance (Delaware) LLC	City of Wilmington	US	100.00	x		x			
Erste Finance (Jersey) -6 Limited	St. Helier	JE	100.00	x		x			
Erste Finance (Jersey) Limited III	St. Helier	JE	100.00	x		x			
Erste Finance (Jersey) Limited IV	St. Helier	JE	100.00	x		x			
Erste Finance (Jersey) Limited V	St. Helier	JE	100.00	x		x			
Erste GCIB Finance I B.V.	Amsterdam	NL	100.00	x		x			
Erste Group IT International, spol. s.r.o.	Bratislava	SK	100.00	x				x	
Erste Group IT SK, spol. s r.o.	Bratislava	SK	100.00	x				x	
Erste Group Services GmbH	Vienna	AT	100.00	x				x	
Erste Group Shared Services (EGSS), s.r.o.	Hodonín	CZ	99.59	x				x	
Erste Ingatlan Fejleszto, Hasznosito es Mernoki Kft. (vm. PB Risk Befektetesi es Szolgaltato Kft).	Budapest	HU	100.00	x		x			
Erste Ingatlanlizing Penzügyi Szolgaltato Zrt.	Budapest	HU	100.00	x		x			

AUXILIARY COMPANIES AND INVESTMENT SERVICE PROVIDERS

				IFRS		Regulatory (Austrian Banking Act)			
Company Name	Location	Country Code	Participation in %	Fully cons.	Equity method	Fully cons.	Proportional cons.	De Minimis	Equity method
Erste Lakaslizing Zrt.	Budapest	HU	100.00	x		x			
ESPA- Financial Advisors GmbH	Vienna	AT	84.20					x	
Euro Dotacie, a.s.	Žilina	SK	65.32	x				x	
Financiara SA	Bucharest	RO	90.91	x		x			
Finanzpartner GmbH	Vienna	AT	50.00					x	
Gladiator Leasing Limited	Sliema	MT	99.94	x				x	
GLL 29235 LIMITED	Sliema	MT	99.89					x	
GLL MSN 038 / 043 LIMITED	Sliema	MT	99.86	x				x	
good.bee credit IFN S.A.	Bucharest	RO	29.40			x			
GRANTIKA Ceske sporitelny, a.s.	Brno	CZ	98.97						
Haftungsverbund GmbH	Vienna	AT	63.45	x		x			
HEBRA Holding GmbH	Vienna	AT	100.00	x		x			
ILGES - Liegenschaftsverwaltung G.m.b.H.	Rohrbach	AT	40.00					x	
Immobilienverwertungsgesellschaft m.b.H.	Klagenfurt	AT	25.00	x				x	
KS - Dienstleistungsgesellschaft m.b.H.	Klagenfurt	AT	25.00	x				x	
KS-Beteiligungs- und Vermögens-Verwaltungsgesellschaft m.b.H.	Klagenfurt	AT	25.00	x				x	
LANED a.s.	Bratislava	SK	100.00	x				x	
LBH Liegenschafts- und Beteiligungsholding GmbH	Innsbruck	AT	74.99					x	
LIEGESA Immobilienvermietung GmbH Nfg OHG	Graz	AT	25.00	x				x	
Lighthouse 449 Limited	Sliema	MT	99.86	x				x	
MBU d.o.o.	Zagreb	HR	91.32	x				x	
ÖCI-Unternehmensbeteiligungsgesellschaft.m.b.H.	Vienna	AT	99.59	x				x	
OM Objektmanagement GmbH	Vienna	AT	100.00	x				x	
PARTNER CESKE SPORITELNY, A.S.	Prague	CZ	98.97	x				x	
Procurement Services CZ s.r.o.	Prague	CZ	99.50	x				x	
Procurement Services GmbH	Vienna	AT	99.86	x				x	
Procurement Services HU Kft.	Budapest	HU	99.86	x				x	
Procurement Services RO srl	Bucharest	RO	99.86	x				x	
Procurement Services SK, s.r.o.	Bratislava	SK	99.93	x				x	
Procurement Services Zagreb d.o.o.	Zagreb	HR	99.86	x				x	
Quest Investment Services Limited	Sliema	MT	0.00	x				x	
S - Leasing und Vermögensverwaltung - Gesellschaft m.b.H.	Peuerbach	AT	0.00					x	
s ASG Sparkassen Abwicklungs- und Servicegesellschaft mbH	Graz	AT	25.00	x				x	

AUXILIARY COMPANIES AND INVESTMENT SERVICE PROVIDERS

				IFRS		Regulatory (Austrian Banking Act)			
Company Name	Location	Country Code	Participation in %	Fully cons.	Equity method	Fully cons.	Proportional cons.	De Minimis	Equity method
s IT Solutions AT Spardat GmbH	Vienna	AT	82.21	x		x			
s IT Solutions CZ, s.r.o.	Prague	CZ	99.59	x				x	
s IT Solutions Holding GmbH	Vienna	AT	100.00	x		x			
s IT Solutions HR drustvo s ogranicenom odgovornoscu za usluge informacijskih tehnologija	Bjelovar	HR	93.85	x				x	
s IT Solutions SK, spol. s r.o.	Bratislava	SK	99.76	x		x			
s Real Sparkasse nepremicnine d.o.o.	Ljubljana	SI	51.48					x	
s Wohnbauträger GmbH	Vienna	AT	90.84	x				x	
s Wohnfinanzierung Beratungs GmbH	Vienna	AT	75.38	x				x	
SC Bucharest Financial Plazza SRL	Bucharest	RO	93.27	x		x			
S-Finanzservice Gesellschaft m.b.H.	Baden bei Wien	AT	0.00					x	
S-Immobilien Weinviertler Sparkasse GmbH	Hollabrunn	AT	100.00	x				x	
SK - Immobiliengesellschaft m.b.H.	Krems an der Donau	AT	0.00					x	
Slovak Banking Credit Bureau, s.r.o.	Bratislava	SK	33.33		x				
Sparfinanz-, Vermögens-, Verwaltungs- und Beratungs-Gesellschaft m.b.H.	Wiener Neustadt	AT	0.00					x	
Sparkasse Imst Immobilienverwaltung GmbH & Co KG	Imst	AT	0.00					x	
Sparkasse Kufstein Immobilien GmbH	Kufstein	AT	0.00					x	
Sparkasse Kufstein Immobilien GmbH & Co KG	Kufstein	AT	0.00	x				x	
Sparkasse Lambach Versicherungsmakler GmbH	Lambach	AT	0.00					x	
Sparkasse Mühlviertel-West Holding GmbH	Rohrbach	AT	40.00					x	
Sparkasse Nekretnine d.o.o.	Sarajevo	BH	33.67					x	
Sparkasse S d.o.o.	Ljubljana	SI	25.00	x				x	

AUXILIARY COMPANIES AND INVESTMENT SERVICE PROVIDERS

				IFRS		Regulatory (Austrian Banking Act)			
Company Name	Location	Country Code	Participation in %	Fully cons.	Equity method	Fully cons.	Proportional cons.	De Minimis	Equity method
Sparkassen Facility Management GmbH	Innsbruck	AT	74.99					x	
Sparkassen Zahlungsverkehrsabwicklungs GmbH	Linz	AT	57.81	x				x	
Steiermärkische Verwaltungssparkasse Immobilien & Co KG	Graz	AT	25.00	x		x			
S-Tourismusfonds Management Aktiengesellschaft	Vienna	AT	100.00	x				x	
SUPORT COLECT SRL	Bucharest	RO	93.27	x		x			
SVD-Sparkassen-Versicherungsdienst Versicherungsbörse Nachfolge GmbH & Co. KG	Innsbruck	AT	74.99	x				x	
UBG-Unternehmensbeteiligungsgesellschaft m.b.H.	Vienna	AT	100.00			x			
Waldviertler Leasing s.r.o.	Jindrichuv Hradec	CZ	0.00					x	
ZWETTLER LEASING Gesellschaft m.b.H.	Zwettl	AT	0.00					x	
Erste Group Immorent AG, subgroup	Vienna	AT	100.00	8		8			
Total				81	2	35	0	76	0

OTHER

Company Name	Location	Country Code	Participation in %	IFRS Fully cons.	IFRS Equity method	Regulatory (Austrian Banking Act) Fully cons.	Regulatory (Austrian Banking Act) Proportional cons.	Regulatory (Austrian Banking Act) De Minimis	Regulatory (Austrian Banking Act) Equity method
Atrium Center s.r.o.	Bratislava	SK	0.00	x					
BCR Fleet Management SRL	Bucharest	RO	93.15	x					
BCR PENSII, SOCIETATE DE ADMINISTRARE A FONDURILOR DE PENSII PRIVATE SA	Bucharest	RO	93.27	x					
BECON s.r.o.	Prague	CZ	0.00	x					
BGA Czech, s.r.o.	Prague	CZ	0.00	x					
Campus Park a.s.	Prague	CZ	19.79	x					
CEE Property Development Portfolio 2 B.V.	Amsterdam	NL	19.79	x					
CEE Property Development Portfolio B.V.	Amsterdam	NL	19.79	x					
CP Praha s.r.o.	Prague	CZ	19.79	x					
CPDP 2003 s.r.o.	Prague	CZ	19.79	x					
CPDP Jungmannova s.r.o.	Prague	CZ	19.79	x					
CPDP Logistics Park Kladno I a.s.	Prague	CZ	19.79	x					
CPDP Logistics Park Kladno II a.s.	Prague	CZ	19.79	x					
CPDP Polygon s.r.o.	Prague	CZ	19.79	x					
CPDP Prievozska a.s.	Bratislava	SK	19.79	x					
CPDP Shopping Mall Kladno, a.s.	Prague	CZ	19.79	x					
CPP Lux S. 'ar.l.	Luxembourg	LU	19.78	x					
CS Property Investment Limited	Nicosia	CY	98.97	x					
CSPF Residential B.V.	Amsterdam	NL	0.00	x					
Czech and Slovak Property Fund B.V.	Amsterdam	NL	0.00	x					
EBB Beteiligungen GmbH	Vienna	AT	100.00	x					
EGB Capital Invest GmbH	Vienna	AT	100.00	x					
ERSTE DMD d.o.o.	Zagreb	HR	69.26	x					

OTHER

Company Name	Location	Country Code	Participation in %	IFRS Fully cons.	IFRS Equity method	Regulatory (Austrian Banking Act) Fully cons.	Regulatory (Austrian Banking Act) Proportional cons.	Regulatory (Austrian Banking Act) De Minimis	Regulatory (Austrian Banking Act) Equity method
ERSTE NEKRETNINE d.o.o. za poslovanje nekretninama	Zagreb	HR	69.26	x					
Erste ÖSW Wohnbauträger GmbH	Vienna	AT	90.84	x					
Gallery MYSAK a.s.	Prague	CZ	19.79	x					
IT Centrum s.r.o.	Prague	CZ	98.97	x					
Jegeho Residential s.r.o.	Bratislava	SK	0.00	x					
Nove Butovice Development s.r.o.	Prague	CZ	0.00	x					
Penzijni fond Ceske sporitelny, a.s.	Prague	CZ	98.97	x					
Realitna spolocnost Slovenskej sporitelne, a.s.	Bratislava	SK	100.00	x					
Real-Service für oberösterreichische Sparkassen Realitätenvermittlungsgesellschaft m.b.H.	Linz	AT	62.64	x					
Real-Service für steirische Sparkassen, Realitätenvermittlungsgesellschaft m.b.H.	Graz	AT	59.73	x					
s REAL Immobilienvermittlung GmbH	Vienna	AT	96.13	x					
S Tourismus Services GmbH	Vienna	AT	100.00	x					
SATPO Jeseniova, s.r.o.	Prague	CZ	0.00	x					
SATPO Kralovska vyhlidka, s.r.o.	Prague	CZ	0.00	x					
SATPO Sacre Coeur II, s.r.o.	Prague	CZ	0.00	x					
sBAU Holding GmbH	Vienna	AT	95.00	x					
Sio Ingatlan Invest Kft.	Budapest	HU	100.00	x					
Smichov Real Estate, a.s.	Prague	CZ	0.00	x					
Solitaire Real Estate, a.s.	Prague	CZ		x					
Sparkassen Real Vorarlberg Immobilienvermittlung GmbH	Dornbirn	AT	48.07	x					
Sparkassen-Real-Service für Kärnten und Osttirol Realitätenvermittlungs-Gesellschaft m.b.H.	Klagenfurt	AT	55.53	x					
Sparkassen-Real-Service -Tirol Realitätenvermittlungs-Gesellschaft m.b.H.	Innsbruck	AT	66.74	x					
TAVARESA a.s.	Prague	CZ	1.87	x					
Trencin Retail Park a.s.	Bratislava	SK	0.00	x					
BELBAKA a.s.	Prague	CZ	0.00	x					
Erste Reinsurance S.A.	Howald	LU	100.00	x					
Erste Group Immorent AG, subgroup	Vienna	AT	100.00	52					
Total				**101**					

DETAILS ON SUPPLEMENTARY CAPITAL

Information on supplementary capital-components in the form of securities of Erste Group as of 12/31/2012

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT0000273784	AT0000275920	AT000B000062	AT000B000195	AT000B000450	AT000B000518	AT000B001078
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	20,000,000	5,000,000	7,000,000	10,000,000	7,700,000	5,000,000	13,000,000
Issue price	100.0	100.0	100.0	100.3	101.0	100.5	100.0
Redemption price	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	17.02.2000	27.01.2003	28.02.2006	27.03.2006	28.07.2006	28.09.2006	31.07.2007
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	17.02.2020	27.01.2018	28.02.2016	27.03.2016	28.07.2016	28.09.2016	31.01.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	NO	NO	NO	NO
Optional call date (next)		27.01.2013					
Subsequent call dates, if applicable							
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO	NO	NO	NO
Eligible capital before eliminations	20,000,000	5,000,000	7,000,000	10,000,000	7,700,000	5,000,000	13,000,000
Eliminations (amount held in own portfolio and consolidation)	0	0	-33,413	0	-1,279,854	-28,289	-27,203
Eligible capital after eliminations	**20,000,000**	**5,000,000**	**6,966,588**	**10,000,000**	**6,420,146**	**4,971,711**	**12,972,798**

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B001466	XS0143383148	XS0145171970	XS0145736319	XS0146806673	XS0303559115	XS0315064682
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	94,750,000	3,500,000	5,000,000	5,000,000	3,000,000	20,000,000	10,000,000
Issue price	100.5	100.0	100.0	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	31.03.2008	21.02.2002	25.03.2002	05.04.2002	26.04.2002	13.06.2007	09.08.2007
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	30.09.2016	21.02.2017	25.03.2022	05.04.2022	26.04.2017	13.06.2019	09.08.2022
Issuer call subject to prior supervisory approval	NO	NO	NO	NO	NO	NO	NO
Optional call date (next)							
Subsequent call dates, if applicable							
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO	NO	NO	NO
Eligible capital before eliminations	94,750,000	3,500,000	5,000,000	5,000,000	3,000,000	20,000,000	10,000,000
Eliminations (amount held in own portfolio and consolidation)	-1,457,000	0	0	0	0	0	0
Eligible capital after eliminations	**93,293,000**	**3,500,000**	**5,000,000**	**5,000,000**	**3,000,000**	**20,000,000**	**10,000,000**

Issuer	Erste Bank der oesterreichischen Sparkassen AG	Sparkasse Mühlviertel-West Bank Aktiengesellschaft	Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft	Sparkasse Bregenz Bank Aktiengesellschaft	Sparkasse Voitsberg-Köflach Bankaktiengesellschaft
Unique identifier	AT0000A0G1P4	AT000B031836	AT000B031869	AT0000348339	AT0000348347	QOXDB9965852	QOXDB9968526
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	90,000,000	1,834,000	6,916,000	20,000,000	20,000,000	576,000	339,000
Issue price	100.0	100.0	100.0	100.0	100.0	100.5	100.0
Redemption price	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	22.12.2009	16.11.2007	15.01.2008	30.09.2005	30.09.2005	30.03.2005	01.03.2006
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	22.12.2017	16.11.2017	15.01.2016	29.09.2025	29.09.2025	29.03.2017	29.02.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	NO	NO	NO	NO
Optional call date (next)	22.12.2014					30.03.2014	
Subsequent call dates, if applicable	22.03., 22.06., 22.09., 22.12.						
Existence of step up or other incentive to redeem	NO	NO	NO	YES	YES	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO	NO	NO	NO
Eligible capital before eliminations	90,000,000	1,834,000	6,916,000	20,000,000	20,000,000	576,000	339,000
Eliminations (amount held in own portfolio and consolidation)	-90,000,000	0	0	-242,000	-187,000	0	0
Eligible capital after eliminations	**0**	**1,834,000**	**6,916,000**	**19,758,000**	**19,813,000**	**576,000**	**339,000**

Issuer	Sparkasse Voitsberg-Köflach Bankaktiengesellschaft	Sparkasse Voitsberg-Köflach Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft
Unique identifier	AT000B032685	AT0000795208	AT0000473582	AT0000473590	AT000B099569	AT000B099601
Instrument type	Supplementary capital	Partizipationskapital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	2,200,000	726,728	1,469,600	5,543,900	2,368,900	3,489,100
Issue price	100.0	36.3	100.0	100.0	100.4	100.0
Redemption price	100.0		100.0	100.0	100.0	100.0
Accounting classification	Subordinated Liabilities	Paid-up capital	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	27.10.2009	Dezember 1987 bzw. Oktober 1990	17.11.2005	17.11.2005	24.01.2007	29.03.2007
Perpetual or dated	Dated	Perpetual	Dated	Dated	Dated	Dated
Original maturity date	26.10.2017		17.11.2017	17.11.2020	24.01.2017	29.03.2016
Issuer call subject to prior supervisory approval	NO	YES	NO	YES	NO	NO
Optional call date (next)				17.11.2015		
Subsequent call dates, if applicable						
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO	NO
Noncumulative or cumulative	NO	YES	NO	NO	NO	NO

Eligible capital before eliminations	2,200,000	726,728	1,469,600	5,543,900	2,368,900	3,489,100
Eliminations (amount held in own portfolio and consolidation)	-2,200,000	0	-102,139	-48,300	-544,343	-374,648
Eligible capital after eliminations	**0**	**726,728**	**1,367,461**	**5,495,600**	**1,824,557**	**3,114,452**

Issuer	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft
Unique identifier	AT000B099650	AT000B099726	AT000B099809	AT000B099817	AT000B099825	AT000B099833
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	13,473,700	4,953,000	18,969,800	5,036,500	1,582,800	5,500,500
Issue price	100.0	100.0	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0	100.0	100.0
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	06.06.2007	05.10.2007	26.02.2008	26.02.2008	18.04.2008	18.04.2008
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	06.06.2016	05.10.2017	26.02.2018	26.02.2018	18.10.2016	18.10.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	NO	NO	NO
Optional call date (next)						
Subsequent call dates, if applicable						
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO	NO	NO
Eligible capital before eliminations	13,473,700	4,953,000	18,969,800	5,036,500	1,582,800	5,500,500
Eliminations (amount held in own portfolio and consolidation)	-97,555	-531,249	-299,174	-90,571	-230,776	-395,404
Eligible capital after eliminations	**13,376,145**	**4,421,751**	**18,670,626**	**4,945,929**	**1,352,024**	**5,105,096**

Issuer	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft
Unique identifier	AT000B099841	AT000B099924	AT000B099973	AT000B099981	AT000B100045	AT000B100136
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	8,476,000	37,300	8,387,300	3,751,600	26,466,700	19,133,400
Issue price	100.0	100.0	100.0	100.0	100.0	100.3
Redemption price	100.0	100.0	100.0	100.0	100.0	100.0
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	08.05.2008	15.10.2008	19.12.2008	19.12.2008	18.02.2009	07.07.2009
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	08.05.2018	15.04.2017	19.03.2018	19.03.2018	18.02.2019	07.12.2017
Issuer call subject to prior supervisory approval	YES	NO	YES	NO	NO	NO
Optional call date (next)	08.05.2013		19.03.2014			
Subsequent call dates, if applicable	08.05.2014 08.05.2015 08.05.2016 08.05.2017					
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO	NO	NO
Eligible capital before eliminations	8,476,000	37,300	8,387,300	3,751,600	26,466,700	19,133,400
Eliminations (amount held in own portfolio and consolidation)	-563,390	-18,430	-55,958	-229,840	-2,290,243	-333,541
Eligible capital after eliminations	**7,912,610**	**18,870**	**8,331,342**	**3,521,760**	**24,176,457**	**18,799,859**

Issuer	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft
Unique identifier	AT000B100243	AT000B100292	AT000B100425	AT000B100508	AT000B100698	AT000B100763
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	13,524,100	11,319,800	12,383,000	5,000,000	6,071,200	5,774,200
Issue price	100.5	100.0	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0	100.0	100.0
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	15.12.2009	22.03.2010	21.09.2010	10.02.2011	30.03.2012	28.09.2012
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	15.05.2018	22.09.2018	21.09.2020	10.02.2021	30.03.2021	28.09.2022
Issuer call subject to prior supervisory approval	NO	NO	NO	NO	NO	NO
Optional call date (next)						
Subsequent call dates, if applicable						
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO	NO	NO
Eligible capital before eliminations	13,524,100	11,319,800	12,383,000	5,000,000	6,071,200	5,774,200
Eliminations (amount held in own portfolio and consolidation)	-1,178,205	-588,840	-433,088	-206,404	0	0
Eligible capital after eliminations	**12,345,895**	**10,730,960**	**11,949,912**	**4,793,596**	**6,071,200**	**5,774,200**

Issuer	Tiroler Sparkasse Bankaktiengesellschaft Innsbruck	s Wohnbaubank Aktiengesellschaft	s Wohnbaubank Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft
Unique identifier	AT000B032479	AT0000443254	AT000B073564	AT000B031083	AT000B031216	AT000B031406
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	15,000,000	6,000,000	9,000,000	30,000,000	10,515,000	10,000,000
Issue price	100.0	100.0	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0	100.0	100.0
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	20.03.2009	02.12.2005	20.10.2006	10.02.2006	12.05.2006	10.10.2006
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	22.03.2017	01.12.2025	19.10.2021	09.02.2018	11.05.2020	09.10.2018
Issuer call subject to prior supervisory approval	NO	NO	NO	NO	NO	NO
Optional call date (next)			19.10.2017	09.02.2018	11.05.2020	09.10.2018
Subsequent call dates, if applicable			19.10.2018; 19.10.2019; 19.10.2020			
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO	NO	NO
Eligible capital before eliminations	15,000,000	6,000,000	9,000,000	24,022,000	7,773,000	7,477,000
Eliminations (amount held in own portfolio and consolidation)	-15,000,000	-29,000	-10,000	0	0	-4,254,000
Eligible capital after eliminations	**0**	**5,971,000**	**8,990,000**	**24,022,000**	**7,773,000**	**3,223,000**

Issuer	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Sparkasse der Stadt Amstetten AG	Sparkasse Herzogenburg-Neulengbach
Unique identifier	AT000B031661	AT000B031844	AT000B032545	AT0000483714	AT000B031067	QOXDB0550703
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	18,500,000	10,000,000	10,000,000	12,500,000	5,000,000	198,000
Issue price	100.0	100.0	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0	100.0	100.0
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	30.03.2006	05.11.2006	20.05.2009	17.05.2005	20.02.2006	18.12.2006
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	02.03.2017	04.11.2017	19.05.2019	31.12.2015	19.02.2016	17.12.2016
Issuer call subject to prior supervisory approval	NO	NO	YES	NO	NO	YES
Optional call date (next)	02.03.2017	04.11.2017	19.05.2019	31.12.2015		17.12.2016
Subsequent call dates, if applicable						17.12.2016
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO	NO	NO
Eligible capital before eliminations	7,811,000	9,708,000	9,871,000	5,050,000	5,000,000	198,000
Eliminations (amount held in own portfolio and consolidation)	0	-8,242,000	-7,804,000	0	-3,877,000	0
Eligible capital after eliminations	**7,811,000**	**1,466,000**	**2,067,000**	**5,050,000**	**1,123,000**	**198,000**

Issuer	Sparkasse Korneuburg AG	Sparkasse Neunkirchen	Sparkasse Neunkirchen	Sparkasse Neunkirchen	Salzburger Sparkasse Bank Aktiengesellschaft	Salzburger Sparkasse Bank Aktiengesellschaft
Unique identifier	AT000B031125	QOXDB9965522	QOXDB0550208	QOXDB0550190	AT000B031372	AT000B031893
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	1,000	1,600,000	1,500,000	1,500,000	25,000,000	5,000,000
Issue price	100.0	100.0	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0	100.0	100.0
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	01.04.2006	01.03.2005	05.10.2006	05.10.2006	27.09.2006	02.01.2008
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	01.04.2016	28.02.2017	04.10.2018	04.10.2018	27.09.2021	31.01.2018
Issuer call subject to prior supervisory approval	YES	NO	NO	NO	YES	NO
Optional call date (next)	01.04.2013				27.09.2016	
Subsequent call dates, if applicable	1.4.2014, 1.4.2015				27.03.2017	
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO	NO	NO
Eligible capital before eliminations	276,000	1,164,000	1,500,000	1,500,000	25,000,000	5,000,000
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0	-25,000,000	-1,895,380
Eligible capital after eliminations	**276,000**	**1,164,000**	**1,500,000**	**1,500,000**	**0**	**3,104,620**

Issuer	Waldviertler Sparkasse Bank AG	Waldviertler Sparkasse Bank AG	Waldviertler Sparkasse Bank AG	Waldviertler Sparkasse Bank AG	Sparkasse Imst AG	Sparkasse Imst AG
Unique identifier	AT0000346069	AT000B032339	AT000B033261	AT000B033527	AT0000318076	AT0000318258
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR	ATS	EUR
Nominal amount of instrument in EURO	4,000,000	2,500,000	2,000,000	9,100,000	2,543,549	5,000,000
Issue price	100.0	100.0	100.0	100.0		
Redemption price	100.0	100.0	100.0	100.0		
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	30.04.2004	22.12.2008	10.01.2011	16.05.2011	01.07.1996	02.12.2005
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	29.04.2016	21.12.2016	09.01.2019	16.05.2019	30.06.2016	02.12.2020
Issuer call subject to prior supervisory approval	NO	YES	YES	YES	NO	NO
Optional call date (next)		20.12.2013				
Subsequent call dates, if applicable						
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO	YES
Noncumulative or cumulative	NO	NO	NO	NO	NO	NO
Eligible capital before eliminations	4,000,000	2,500,000	2,000,000	9,100,000	2,543,549	5,000,000
Eliminations (amount held in own portfolio and consolidation)	-21,000	-2,500,000	0	0	0	0
Eligible capital after eliminations	**3,979,000**	**0**	**2,000,000**	**9,100,000**	**2,543,549**	**5,000,000**

Issuer	Sparkasse der Stadt Kitzbühel	Sparkasse der Stadt Kitzbühel	Sparkasse der Stadt Kitzbühel	Sparkasse der Stadt Kitzbühel	Sparkasse Schwaz AG	Dornbirner Sparkasse Bank AG
Unique identifier	AT000B031026	AT000B031034	AT000B031596	AT000B031901	AT000B073051	QOXDB9963741
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	500,000	938,000	908,000	945,000	1,800,000	13,905,000
Issue price	100.0	100.0	100.0	100.0	100.0	100.5
Redemption price	100.0	100.0	100.0	100.0	100.0	100.0
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	20.01.2006	20.01.2006	01.02.2007	21.01.2008	10.10.2007	01.07.2004
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	18.01.2016	18.01.2016	30.01.2017	19.01.2018	09.10.2017	04.07.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	NO	NO	YES
Optional call date (next)						05.07.2013
Subsequent call dates, if applicable						05.07.2014
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO	NO	NO
Eligible capital before eliminations	500,000	938,000	908,000	945,000	1,800,000	13,905,000
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0	-63,000	-390,000
Eligible capital after eliminations	**500,000**	**938,000**	**908,000**	**945,000**	**1,737,000**	**13,515,000**

Issuer	Dornbirner Sparkasse Bank AG	Sparkasse der Stadt Feldkirch	Sparkasse Bludenz Bank AG	Bankhaus Krentschker & Co. Aktiengesellschaft	Bankhaus Krentschker & Co. Aktiengesellschaft	Bankhaus Krentschker & Co. Aktiengesellschaft
Unique identifier	QOXDB9965845	QOXDB9965795	AT000B031471	AT000B051230	AT0000225255	AT000B051016
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	9,035,000	2,000,000	4,442,000	2,000,000	2,000,000	1,100,000
Issue price	100.5	100.0	101.0	100.5	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0	100.0	100.0
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	18.03.2005	15.04.2005	20.11.2006	08.02.2010	07.11.2003	03.04.2006
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	29.03.2017	14.04.2016	19.11.2016	07.02.2021	06.11.2018	02.04.2016
Issuer call subject to prior supervisory approval	YES	YES	NO	YES	NO	YES
Optional call date (next)	30.03.2014	15.04.2013		08.02.2018	06.11.2018	03.04.2013
Subsequent call dates, if applicable	30.03.2015			8.2.2019, 8.2.2020		
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO	NO	NO
Eligible capital before eliminations	9,035,000	697,000	4,442,000	2,000,000	2,000,000	1,100,000
Eliminations (amount held in own portfolio and consolidation)	0	-396,000	0	0	0	0
Eligible capital after eliminations	**9,035,000**	**301,000**	**4,442,000**	**2,000,000**	**2,000,000**	**1,100,000**

Issuer	Bankhaus Krentschker & Co. Aktiengesellschaft	Kärntner Sparkasse Aktiengesellschaft	Kärntner Sparkasse Aktiengesellschaft	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse
Unique identifier	AT000B051115	AT0000328141	AT0000328158	AT0000512710	AT0000512728	AT000B032222
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	8,500,000	8,462,000	4,317,000	2,975,000	1,409,000	819,000
Issue price	100.5	100.4	100.3	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0	100.0	100.0
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	07.03.2008	05.02.2004	01.07.2004	28.02.2005	28.02.2005	15.10.2008
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	06.03.2019	05.02.2016	01.07.2016	27.02.2017	27.02.2017	14.10.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	YES	YES	NO
Optional call date (next)	07.03.2016			15.12.2013	28.02.2013	
Subsequent call dates, if applicable				15.12.2014	28.02.2014	
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO	NO	NO
Eligible capital before eliminations	8,500,000	8,462,000	4,317,000	2,975,000	1,409,000	819,000
Eliminations (amount held in own portfolio and consolidation)	0	-628,224	-75,840	0	0	0
Eligible capital after eliminations	**8,500,000**	**7,833,776**	**4,241,160**	**2,975,000**	**1,409,000**	**819,000**

Issuer	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse	Spar-Finanz Bank AG
Unique identifier	AT000B031208	AT000B031422	AT000B031513	Privatplatzierung (ISIN n.a.)
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	ATS
Nominal amount of instrument in EURO	774,000	1,033,000	100,000	798,000
Issue price	100.0	100.0	100.0	n.a.
Redemption price	100.0	100.0	100.0	n.a.
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	30.06.2006	01.12.2006	20.12.2006	09.06.1905
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	29.06.2018	30.11.2018	19.12.2017	31.03.1996
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)			20.12.2014	31.03.2016
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO
Eligible capital before eliminations	774,000	1,033,000	100,000	399,500
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations	**774,000**	**1,033,000**	**100,000**	**399,500**

DETAILS ON SUBORDINATED CAPITAL

Information on subordinated capital-components in the form of securities of Erste Group as of 12/31/2012

Subordinated capital components in securitised form comprise subordinated capital pursuant to Articel 23 para. 8 Austrian Banking Act as well as supplementary capital with a remaining maturity of less than 3 years, which according to Articel 23 para. 7 Austrian Banking Act is eligible as a subordinated capital component.

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT0000272604	AT0000296181	AT0000300017	AT0000300025
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	ATS	ATS	EUR	EUR
Nominal amount of instrument in EURO	218,018,503	6,540,555	5,000,000	2,500,000
Issue price	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	30.03.1998	26.05.1994	22.07.2005	30.06.2005
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	29.03.2013	25.05.2024	21.07.2015	29.06.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO
Eligible capital before eliminations	218,018,503	6,540,555	5,000,000	2,473,000
Eliminations (amount held in own portfolio and consolidation)	0	-28,575	-2,901	0
Eligible capital after eliminations and before remaining maturities	218,018,503	6,511,980	4,997,099	2,473,000
Depiction of remaining maturities				
Remaining maturity below 1 Year	218,018,503			
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years			4,997,099	2,473,000
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years		6,511,980		
Sum	**218,018,503**	**6,511,980**	**4,997,099**	**2,473,000**
Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	1,998,840	989,200
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	6,511,980	0	0
Sum	**0**	**6,511,980**	**1,998,840**	**989,200**

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT0000301262	AT000B000039	AT000B000476	AT000B001334
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	16,510,000	5,000,000	17,000,000	151,675,552
Issue price	102.0	100.0	100.0	95.5
Redemption price	100.0	100.0	100.0	164.5
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	30.09.2005	01.02.2006	21.08.2006	01.04.2008
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	29.09.2015	31.01.2026	20.08.2021	31.03.2020
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)	30.9.2013	01.2.2016		
Subsequent call dates, if applicable	30.9.2014			
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO
Eligible capital before eliminations	16,510,000	5,000,000	17,000,000	159,547,266
Eliminations (amount held in own portfolio and consolidation)	-2,673	0	0	0
Eligible capital after eliminations and before remaining maturities	16,507,327	5,000,000	17,000,000	159,547,266
Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years	16,507,327			
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years		5,000,000	17,000,000	159,547,266
Sum	**16,507,327**	**5,000,000**	**17,000,000**	**159,547,266**
Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	6,602,931	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	5,000,000	17,000,000	159,547,266
Sum	**6,602,931**	**5,000,000**	**17,000,000**	**159,547,266**

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B001342	AT000B001458	AT000B001474	AT000B001813
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	99,201,630	81,649,407	11,000,000	30,000,000
Issue price	84.9	95.5	100.0	95.5
Redemption price	159.0	166.5	100.0	166.5
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	03.03.2008	01.07.2008	22.02.2008	01.10.2008
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	02.03.2020	30.06.2020	21.02.2018	30.09.2020
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)			22.2.2013	
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	119,627,651	98,686,423	11,000,000	35,939,624
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations and before remaining maturities	119,627,651	98,686,423	11,000,000	35,939,624

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years	119,627,651	98,686,423	11,000,000	35,939,624
Sum	**119,627,651**	**98,686,423**	**11,000,000**	**35,939,624**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	119,627,651	98,686,423	11,000,000	35,939,624
Sum	**119,627,651**	**98,686,423**	**11,000,000**	**35,939,624**

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B001920	AT000B001938	AT000B002043	AT000B002142
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	SKK	SKK	CZK	EUR
Nominal amount of instrument in EURO	13,416,982	7,527,640	12,577,361	28,077,274
Issue price	96.0	86.7	96.5	95.5
Redemption price	150.0	151.0	152.0	166.5
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	01.10.2008	01.12.2008	27.11.2008	02.01.2009
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	30.09.2018	30.11.2018	29.11.2018	01.01.2021
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO
Eligible capital before eliminations	15,267,358	9,820,155	14,865,333	29,627,448
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations and before remaining maturities	15,267,358	9,820,155	14,865,333	29,627,448
Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years	15,267,358	9,820,155	14,865,333	29,627,448
Sum	**15,267,358**	**9,820,155**	**14,865,333**	**29,627,448**
Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	15,267,358	9,820,155	14,865,333	29,627,448
Sum	**15,267,358**	**9,820,155**	**14,865,333**	**29,627,448**

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B002175	AT000B002274	AT000B002381	AT000B002480
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	SKK	EUR	EUR
Nominal amount of instrument in EURO	35,180,000	2,818,164	88,330,480	100,000,000
Issue price	86.0	96.0	95.5	100.0
Redemption price	160.0	150.0	166.5	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	28.11.2008	01.12.2008	01.04.2009	29.12.2008
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	29.11.2020	30.11.2018	31.03.2021	28.12.2018
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				29.12.2013
Subsequent call dates, if applicable				29.3.2014
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO
Eligible capital before eliminations	41,294,051	3,131,084	103,217,004	100,000,000
Eliminations (amount held in own portfolio and consolidation)	0	0	0	-35,512,165
Eligible capital after eliminations and before remaining maturities	41,294,051	3,131,084	103,217,004	64,487,835
Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years	41,294,051	3,131,084	103,217,004	64,487,835
Sum	**41,294,051**	**3,131,084**	**103,217,004**	**64,487,835**
Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	41,294,051	3,131,084	103,217,004	64,487,835
Sum	**41,294,051**	**3,131,084**	**103,217,004**	**64,487,835**

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B003884	AT000B004296	AT000B004312	AT000B004791
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	52,282,884	62,023,363	23,535,748	40,565,036
Issue price	95.5	95.5	86.0	95.5
Redemption price	162.2	160.8	158.0	154.1
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	01.04.2010	01.07.2010	01.06.2010	01.11.2010
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	30.03.2022	31.05.2022	31.05.2022	31.10.2022
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	55,870,369	66,257,998	26,091,382	43,251,564
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations and before remaining maturities	55,870,369	66,257,998	26,091,382	43,251,564

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years	55,870,369	66,257,998	26,091,382	43,251,564
Sum	**55,870,369**	**66,257,998**	**26,091,382**	**43,251,564**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	55,870,369	66,257,998	26,091,382	43,251,564
Sum	**55,870,369**	**66,257,998**	**26,091,382**	**43,251,564**

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B004817	AT000B004981	AT000B005137	AT000B005202
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	1,500,000	18,208,114	25,340,454	70,000,000
Issue price	100.0	84.8	95.5	95.0
Redemption price	100.0	145.0	150.0	175.8
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	06.08.2010	01.12.2010	01.12.2010	03.05.2011
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	21.02.2017	30.11.2022	30.11.2022	31.07.2026
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	1,500,000	21,334,594	26,825,888	74,452,393
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations and before remaining maturities	1,500,000	21,334,594	26,825,888	74,452,393

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years	1,500,000			
Remaining maturity > 5 Years		21,334,594	26,825,888	74,452,393
Sum	**1,500,000**	**21,334,594**	**26,825,888**	**74,452,393**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	1,200,000	0	0	0
Remaining maturity > 5 Years (100%)	0	21,334,594	26,825,888	74,452,393
Sum	**1,200,000**	**21,334,594**	**26,825,888**	**74,452,393**

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B005566	AT000B005624	AT000B005731	AT000B006002
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	36,000,000	111,000,000	5,040,000	71,000,000
Issue price	102.5	102.0	100.4	100.5
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	21.03.2011	31.03.2011	24.03.2011	30.06.2011
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	21.09.2019	29.09.2019	23.01.2020	30.12.2019
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	36,000,000	111,000,000	5,040,000	71,000,000
Eliminations (amount held in own portfolio and consolidation)	-68,521	-55,000	0	-20,948
Eligible capital after eliminations and before remaining maturities	35,931,479	110,945,000	5,040,000	70,979,053

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years	35,931,479	110,945,000	5,040,000	70,979,053
Sum	**35,931,479**	**110,945,000**	**5,040,000**	**70,979,053**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	35,931,479	110,945,000	5,040,000	70,979,053
Sum	**35,931,479**	**110,945,000**	**5,040,000**	**70,979,053**

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B006077	AT000B007513	XS0124614537	XS0146588073
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	2,000,000	50,000,000	50,000,000	1,500,000
Issue price	103.0	100.5	102.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	14.07.2011	20.11.2012	28.02.2001	22.04.2002
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	14.07.2017	19.11.2020	27.02.2013	21.04.2022
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	2,000,000	50,000,000	50,000,000	1,500,000
Eliminations (amount held in own portfolio and consolidation)	-1,232,407	-107,241	-151,365	-1,027,000
Eligible capital after eliminations and before remaining maturities	767,593	49,892,759	49,848,635	473,000

Depiction of remaining maturities				
Remaining maturity below 1 Year			49,848,635	
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years	767,593			
Remaining maturity > 5 Years		49,892,759		473,000
Sum	**767,593**	**49,892,759**	**49,848,635**	**473,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	614,074	0	0	0
Remaining maturity > 5 Years (100%)	0	49,892,759	0	473,000
Sum	**614,074**	**49,892,759**	**0**	**473,000**

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	XS0159324812	XS0161276398	XS0226514809	XS0260783005
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	18,400,000	10,000,000	20,000,000	455,150,000
Issue price	100.0	100.0	100.0	99.9
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	23.12.2002	27.01.2003	10.08.2005	19.07.2006
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	22.12.2022	26.01.2023	09.08.2020	18.07.2017
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)		27.1.2013	10.8.2015	19.10.2012
Subsequent call dates, if applicable			10.8.2016	19.1.2013
Existence of step up or other incentive to redeem	NO	NO	NO	YES
Noncumulative or cumulative	NO	NO	NO	NO
Eligible capital before eliminations	18,400,000	10,000,000	20,000,000	455,150,000
Eliminations (amount held in own portfolio and consolidation)	0	0	0	-1,679,800
Eligible capital after eliminations and before remaining maturities	18,400,000	10,000,000	20,000,000	453,470,200
Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				453,470,200
Remaining maturity > 5 Years	18,400,000	10,000,000	20,000,000	
Sum	**18,400,000**	**10,000,000**	**20,000,000**	**453,470,200**
Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	362,776,160
Remaining maturity > 5 Years (100%)	18,400,000	10,000,000	20,000,000	0
Sum	**18,400,000**	**10,000,000**	**20,000,000**	**362,776,160**

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	XS0836299320	XS0840062979	AT0000273727	AT0000273875
Instrument type	Subordinated capital	Subordinated capital	Supplementary capital	Supplementary capital
Currency of issue	USD	EUR	EUR	EUR
Nominal amount of instrument in EURO	393,700,787	500,000,000	7,000,000	5,000,000
Issue price	100.0	99.8	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	02.10.2012	08.10.2012	17.02.2000	23.03.2000
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	27.03.2023	09.10.2022	16.02.2015	23.03.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)	28.3.2018			
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	378,960,133	500,000,000	7,000,000	5,000,000
Eliminations (amount held in own portfolio and consolidation)	-1,505,533	-445,220	-2,503,000	0
Eligible capital after eliminations and before remaining maturities	377,454,600	499,554,780	4,497,000	5,000,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years			4,497,000	5,000,000
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years	377,454,600	499,554,780		
Sum	**377,454,600**	**499,554,780**	**4,497,000**	**5,000,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	1,798,800	2,000,000
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	377,454,600	499,554,780	0	0
Sum	**377,454,600**	**499,554,780**	**1,798,800**	**2,000,000**

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT0000275060	AT0000275557	AT0000275862	AT0000275953
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	93,100,000	14,250,000	42,250,000	105,800,000
Issue price	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	01.02.2002	31.07.2002	23.01.2003	19.02.2003
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	31.01.2014	30.07.2014	22.01.2015	18.02.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	93,100,000	14,250,000	42,250,000	105,800,000
Eliminations (amount held in own portfolio and consolidation)	-4,936,187	-688,401	-2,585,623	-6,048,300
Eligible capital after eliminations and before remaining maturities	88,163,813	13,561,599	39,664,377	99,751,700

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years	88,163,813	13,561,599		
Remaining maturity 2-3 Years			39,664,377	99,751,700
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years				
Sum	**88,163,813**	**13,561,599**	**39,664,377**	**99,751,700**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	17,632,763	2,712,320	0	0
Remaining maturity 2-3 Years (40%)	0	0	15,865,751	39,900,680
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**17,632,763**	**2,712,320**	**15,865,751**	**39,900,680**

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT0000298260	AT0000298286	AT000B000344	AT000B000658
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	21,000,000	89,500,000	33,250,000	5,000,000
Issue price	99.0	100.0	100.8	100.5
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	24.06.2003	10.07.2003	31.05.2006	30.01.2007
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	23.06.2015	09.07.2015	30.05.2014	29.01.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	21,000,000	89,500,000	33,250,000	5,000,000
Eliminations (amount held in own portfolio and consolidation)	-53,638	-913,985	-38,922	-1,958,000
Eligible capital after eliminations and before remaining maturities	20,946,362	88,586,015	33,211,078	3,042,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years			33,211,078	
Remaining maturity 2-3 Years	20,946,362	88,586,015		3,042,000
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years				
Sum	**20,946,362**	**88,586,015**	**33,211,078**	**3,042,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	6,642,216	0
Remaining maturity 2-3 Years (40%)	8,378,545	35,434,406	0	1,216,800
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**8,378,545**	**35,434,406**	**6,642,216**	**1,216,800**

Issuer	Erste Group Bank AG	Erste Bank der oesterreichischen Sparkassen AG	Erste Bank der oesterreichischen Sparkassen AG	Sparkasse Mühlviertel-West Bank Aktiengesellschaft
Unique identifier	AT000B000708	AT0000331111	AT0000A0AJ04	AT0000313200
Instrument type	Supplementary capital	Subordinated capital	Subordinated capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	28,000,000	1,991,000	400,000,000	3,000,000
Issue price	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	31.01.2007	19.08.2002	05.08.2008	31.01.2003
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	30.07.2015	27.12.2017	04.08.2018	31.01.2013
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)		27.12.2014	05.8.2013	
Subsequent call dates, if applicable		27.12.	05.02., 05.05., 05.08., 05.11. quart.	
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	28,000,000	1,991,000	400,000,000	3,000,000
Eliminations (amount held in own portfolio and consolidation)	-412,967	0	-400,000,000	0
Eligible capital after eliminations and before remaining maturities	27,587,033	1,991,000	0	3,000,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				3,000,000
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years	27,587,033			
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years		1,991,000		
Remaining maturity > 5 Years			0	
Sum	**27,587,033**	**1,991,000**	**0**	**3,000,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	11,034,813	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	1,592,800	0	0
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**11,034,813**	**1,592,800**	**0**	**0**

Issuer	Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft
Unique identifier	AT000B031869	AT0000A0MRX1	AT0000348321	AT0000348305
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	1,884,000	20,000,000	23,000,000	7,500,000
Issue price	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	15.01.2008	25.02.2011	15.12.2003	28.02.2001
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	15.01.2016	15.02.2017	15.12.2018	27.02.2013
Issuer call subject to prior supervisory approval	NO	NO	41623	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	1,884,000	20,000,000	23,000,000	7,500,000
Eliminations (amount held in own portfolio and consolidation)	0	-20,000,000	-81,000	0
Eligible capital after eliminations and before remaining maturities	1,884,000	0	22,919,000	7,500,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				7,500,000
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years	1,884,000			
Remaining maturity 4-5 Years		0		
Remaining maturity > 5 Years			22,919,000	
Sum	**1,884,000**	**0**	**22,919,000**	**7,500,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	1,130,400	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	0	22,919,000	0
Sum	**1,130,400**	**0**	**22,919,000**	**0**

Issuer	Sparkasse Bregenz Bank Aktiengesellschaft	Sparkasse Voitsberg-Köflach Bankaktiengesellschaft	Sparkasse Voitsberg-Köflach Bankaktiengesellschaft	Sparkasse Voitsberg-Köflach Bankaktiengesellschaft
Unique identifier	AT0000171319	AT0000319447	AT0000319462	QOXDB9965399
Instrument type	Subordinated capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	7,000,000	746,000	1,101,000	281,000
Issue price	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	01.08.2003	03.11.2003	31.01.2004	01.02.2005
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	01.08.2015	30.01.2014	30.01.2014	31.01.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	7,000,000	746,000	1,101,000	281,000
Eliminations (amount held in own portfolio and consolidation)	-1,868,000	0	0	0
Eligible capital after eliminations and before remaining maturities	5,132,000	746,000	1,101,000	281,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years		746,000	1,101,000	
Remaining maturity 2-3 Years	5,132,000			281,000
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years				
Sum	**5,132,000**	**746,000**	**1,101,000**	**281,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	149,200	220,200	0
Remaining maturity 2-3 Years (40%)	2,052,800	0	0	112,400
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**2,052,800**	**149,200**	**220,200**	**112,400**

Issuer	Sparkasse Voitsberg-Köflach Bankaktiengesellschaft	Sparkasse Voitsberg-Köflach Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft
Unique identifier	QOXDB9966504	QOXDB9961117	AT0000212725	AT0000212832
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	1,500,000	857,000	9,390,000	2,300,000
Issue price	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	01.07.2005	11.07.2003	20.01.2003	26.06.2003
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	30.06.2015	10.07.2013	20.01.2015	26.06.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	1,500,000	857,000	9,390,000	2,300,000
Eliminations (amount held in own portfolio and consolidation)	0	0	-1,857,627	-125,440
Eligible capital after eliminations and before remaining maturities	1,500,000	857,000	7,532,373	2,174,560

Depiction of remaining maturities				
Remaining maturity below 1 Year		857,000		
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years	1,500,000		7,532,373	2,174,560
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years				
Sum	**1,500,000**	**857,000**	**7,532,373**	**2,174,560**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	600,000	0	3,012,949	869,824
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**600,000**	**0**	**3,012,949**	**869,824**

Issuer	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft
Unique identifier	AT0000212840	AT000B099619	AT0000212493	AT0000212550
Instrument type	Supplementary capital	Supplementary capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	17,999,000	15,697,600	1,723,000	20,000,000
Issue price	99.5	100.0	100.0	99.9
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	26.06.2003	29.03.2007	02.02.2001	21.08.2001
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	26.06.2015	29.09.2015	02.02.2013	21.08.2031
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	17,999,000	15,697,600	1,723,000	20,000,000
Eliminations (amount held in own portfolio and consolidation)	-55,376	-650,122	-56,885	0
Eligible capital after eliminations and before remaining maturities	17,943,624	15,047,478	1,666,115	20,000,000

Depiction of remaining maturities				
Remaining maturity below 1 Year			1,666,115	
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years	17,943,624	15,047,478		
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years				20,000,000
Sum	**17,943,624**	**15,047,478**	**1,666,115**	**20,000,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	7,177,450	6,018,991	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	0	0	20,000,000
Sum	**7,177,450**	**6,018,991**	**0**	**20,000,000**

Issuer	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Tiroler Sparkasse Bankaktiengesellschaft Innsbruck	Tiroler Sparkasse Bankaktiengesellschaft Innsbruck	s Wohnbaubank Aktiengesellschaft
Unique identifier	AT000B100185	AT0000476619	AT0000476627	AT000B073622
Instrument type	Subordinated capital	Supplementary capital	Supplementary capital	Subordinated capitalanleihe
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	26,605,109	10,000,000	10,000,000	20,000,000
Issue price	95.0	101.5	100.7	100.0
Redemption price	n.a.	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	01.02.2010	05.10.2004	01.06.2005	26.01.2007
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	01.02.2022	21.10.2014	31.05.2015	25.01.2022
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	26,605,109	10,000,000	10,000,000	20,000,000
Eliminations (amount held in own portfolio and consolidation)	0	-3,194,000	-4,247,000	-51,000
Eligible capital after eliminations and before remaining maturities	26,605,109	6,806,000	5,753,000	19,949,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years		6,806,000		
Remaining maturity 2-3 Years			5,753,000	
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years	26,605,109			19,949,000
Sum	**26,605,109**	**6,806,000**	**5,753,000**	**19,949,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	1,361,200	0	0
Remaining maturity 2-3 Years (40%)	0	0	2,301,200	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	26,605,109	0	0	19,949,000
Sum	**26,605,109**	**1,361,200**	**2,301,200**	**19,949,000**

Issuer	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft
Unique identifier	AT0000483425	AT0000483482	AT0000483508	AT0000483524
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	15,000,000	5,000,000	10,000,000	10,000,000
Issue price	100.0	100.0	100.5	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	01.02.2002	05.11.2002	17.01.2003	15.03.2003
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	31.01.2014	31.12.2013	16.01.2013	14.03.2013
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)	31.1.2014	31.12.2013	16.1.2013	14.3.2013
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO
Eligible capital before eliminations	6,844,000	1,956,000	7,247,000	8,936,000
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations and before remaining maturities	6,844,000	1,956,000	7,247,000	8,936,000
Depiction of remaining maturities				
Remaining maturity below 1 Year			7,247,000	8,936,000
Remaining maturity 1-2 Years	6,844,000	1,956,000		
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years				
Sum	**6,844,000**	**1,956,000**	**7,247,000**	**8,936,000**
Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	1,368,800	391,200	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**1,368,800**	**391,200**	**0**	**0**

Issuer	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft
Unique identifier	AT0000483581	AT0000483599	AT0000483607	AT0000483672
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	5,270,000	6,976,000	26,748,000	5,000,000
Issue price	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	01.01.2004	16.01.2004	11.02.2004	07.01.2005
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	31.12.2013	15.01.2014	10.02.2014	06.01.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)	31.12.2013	15.1.2014	10.2.2014	06.1.2015
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	4,076,000	4,618,000	18,805,000	1,696,000
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations and before remaining maturities	4,076,000	4,618,000	18,805,000	1,696,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years	4,076,000	4,618,000	18,805,000	
Remaining maturity 2-3 Years				1,696,000
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years				
Sum	**4,076,000**	**4,618,000**	**18,805,000**	**1,696,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	815,200	923,600	3,761,000	0
Remaining maturity 2-3 Years (40%)	0	0	0	678,400
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**815,200**	**923,600**	**3,761,000**	**678,400**

Issuer	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft
Unique identifier	AT0000483680	AT0000483730	AT0000492061	AT0000492046
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	10,000,000	5,000,000	4,500,000	1,500,000
Issue price	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	07.01.2005	11.11.2005	17.10.2003	29.11.2001
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	06.01.2015	10.11.2015	16.10.2015	28.11.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)	06.1.2015	10.11.2015	16.10.2015	28.11.2016
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	6,639,000	3,393,000	4,358,000	1,500,000
Eliminations (amount held in own portfolio and consolidation)	0	0	-139,000	0
Eligible capital after eliminations and before remaining maturities	6,639,000	3,393,000	4,219,000	1,500,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years	6,639,000	3,393,000	4,219,000	
Remaining maturity 3-4 Years				1,500,000
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years				
Sum	**6,639,000**	**3,393,000**	**4,219,000**	**1,500,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	2,655,600	1,357,200	1,687,600	0
Remaining maturity 3-4 Years (60%)	0	0	0	900,000
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**2,655,600**	**1,357,200**	**1,687,600**	**900,000**

Issuer	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Sparkasse der Stadt Amstetten AG	Sparkasse der Stadt Amstetten AG	Sparkasse der Stadt Amstetten AG
Unique identifier	AT0000483300	AT0000323043	AT0000323050	AT0000323068
Instrument type	Subordinated capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	10,000,000	149,000	2,000,000	1,000,000
Issue price	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	16.03.2000	15.09.2003	14.11.2003	17.12.2004
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	15.03.2020	14.09.2013	13.11.2015	16.12.2014
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)	15.3.2020			
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	10,000,000	149,000	2,000,000	1,000,000
Eliminations (amount held in own portfolio and consolidation)	0	0	-36,000	0
Eligible capital after eliminations and before remaining maturities	10,000,000	149,000	1,964,000	1,000,000

Depiction of remaining maturities				
Remaining maturity below 1 Year		149,000		
Remaining maturity 1-2 Years				1,000,000
Remaining maturity 2-3 Years			1,964,000	
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years	10,000,000			
Sum	**10,000,000**	**149,000**	**1,964,000**	**1,000,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	200,000
Remaining maturity 2-3 Years (40%)	0	0	785,600	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	10,000,000	0	0	0
Sum	**10,000,000**	**0**	**785,600**	**200,000**

Issuer	Sparkasse Baden	Sparkasse Baden	Sparkasse Baden	Sparkasse Baden
Unique identifier	QOXDBA000235	QOXDBA000052	QOXDB9962263	QOXDB0550059
Instrument type	Subordinated capital	Subordinated capital	Supplementary capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	1,000,000	4,086,000	2,519,000	53,000
Issue price	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	16.10.2007	03.10.2007	01.12.2003	01.11.2006
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	01.12.2017	01.12.2017	30.11.2013	01.12.2016
Issuer call subject to prior supervisory approval	NO	NO	YES	NO
Optional call date (next)	01.12.2017	01.12.2017	20.11.2013	01.12.2016
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	1,000,000	4,086,000	2,519,000	53,000
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations and before remaining maturities	1,000,000	4,086,000	2,519,000	53,000

Depiction of remaining maturities				
Remaining maturity below 1 Year			2,519,000	
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				53,000
Remaining maturity 4-5 Years	1,000,000	4,086,000		
Remaining maturity > 5 Years				
Sum	**1,000,000**	**4,086,000**	**2,519,000**	**53,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	31,800
Remaining maturity 4-5 Years (80%)	800,000	3,268,800	0	0
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**800,000**	**3,268,800**	**0**	**31,800**

Issuer	Sparkasse Herzogenburg-Neulengbach	Sparkasse Herzogenburg-Neulengbach	Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft	Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft
Unique identifier	AT0000168646	QOXDB9964707	AT000033106	AT0000353750
Instrument type	Supplementary capital	Supplementary capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	400,000	325,000	1,000,000	2,000,000
Issue price	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	17.12.2003	16.12.2004	29.11.2001	29.04.2004
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	16.12.2013	15.12.2014	29.11.2016	29.04.2019
Issuer call subject to prior supervisory approval	YES	YES	NO	NO
Optional call date (next)	16.12.2013	15.12.2014		29.4.2014
Subsequent call dates, if applicable	16.12.2013	15.12.2014		29.04.2015 ff
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO
Eligible capital before eliminations	400,000	325,000	1,000,000	2,000,000
Eliminations (amount held in own portfolio and consolidation)	0	0	-516,000	0
Eligible capital after eliminations and before remaining maturities	400,000	325,000	484,000	2,000,000
Depiction of remaining maturities				
Remaining maturity below 1 Year	400,000			
Remaining maturity 1-2 Years		325,000		
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years			484,000	
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years				2,000,000
Sum	**400,000**	**325,000**	**484,000**	**2,000,000**
Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	65,000	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	290,400	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	0	0	2,000,000
Sum	**0**	**65,000**	**290,400**	**2,000,000**

Issuer	Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft	Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft	Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft	Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft
Unique identifier	AT0000353768	AT0000353776	AT0000353727	AT0000353792
Instrument type	Subordinated capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	2,000,000	1,000,000	1,988,000	635,000
Issue price	100.0	103.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	30.09.2004	05.10.2004	24.10.2003	20.06.2005
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	30.09.2019	05.10.2014	24.10.2015	20.06.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)	30.9.2014			
Subsequent call dates, if applicable	30.09.2015 ff			
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	2,000,000	1,000,000	2,000,000	635,000
Eliminations (amount held in own portfolio and consolidation)	0	0	-24,000	0
Eligible capital after eliminations and before remaining maturities	2,000,000	1,000,000	1,976,000	635,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years		1,000,000		
Remaining maturity 2-3 Years			1,976,000	635,000
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years	2,000,000			
Sum	**2,000,000**	**1,000,000**	**1,976,000**	**635,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	200,000	0	0
Remaining maturity 2-3 Years (40%)	0	0	790,400	254,000
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	2,000,000	0	0	0
Sum	**2,000,000**	**200,000**	**790,400**	**254,000**

Issuer	Sparkasse Neunkirchen	Sparkasse Niederösterreich Mitte West Aktiengesellschaft	Sparkasse Niederösterreich Mitte West Aktiengesellschaft	Sparkasse Niederösterreich Mitte West Aktiengesellschaft
Unique identifier	AT0000477336	AT000B032677	AT0000311501	AT0000311733
Instrument type	Supplementary capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	3,240,000	5,150,000	10,000,000	3,000,000
Issue price	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	06.05.2002	01.10.2009	16.12.1999	16.10.2001
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	05.05.2014	30.09.2019	15.12.2019	15.10.2019
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	2,997,000	5,150,000	10,000,000	3,000,000
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations and before remaining maturities	2,997,000	5,150,000	10,000,000	3,000,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years	2,997,000			
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years		5,150,000	10,000,000	3,000,000
Sum	**2,997,000**	**5,150,000**	**10,000,000**	**3,000,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	599,400	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	5,150,000	10,000,000	3,000,000
Sum	**599,400**	**5,150,000**	**10,000,000**	**3,000,000**

Issuer	Sparkasse Niederösterreich Mitte West Aktiengesellschaft	Sparkasse Niederösterreich Mitte West Aktiengesellschaft	Salzburger Sparkasse Bank Aktiengesellschaft	Salzburger Sparkasse Bank Aktiengesellschaft
Unique identifier	AT0000311741	AT0000311758	AT0000466545	AT0000466552
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	3,000,000	20,000,000	21,500,000	13,500,000
Issue price	100.0	100.0	100.0	99.9
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	25.10.2001	10.12.2001	23.12.1999	17.02.2000
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	15.07.2026	09.12.2026	23.12.2019	17.02.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	3,000,000	20,000,000	21,500,000	13,500,000
Eliminations (amount held in own portfolio and consolidation)	0	0	-3,586,000	0
Eligible capital after eliminations and before remaining maturities	3,000,000	20,000,000	17,914,000	13,500,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years				13,500,000
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years	3,000,000	20,000,000	17,914,000	
Sum	**3,000,000**	**20,000,000**	**17,914,000**	**13,500,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	5,400,000
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	3,000,000	20,000,000	17,914,000	0
Sum	**3,000,000**	**20,000,000**	**17,914,000**	**5,400,000**

Issuer	Salzburger Sparkasse Bank Aktiengesellschaft	Salzburger Sparkasse Bank Aktiengesellschaft	Salzburger Sparkasse Bank Aktiengesellschaft	Salzburger Sparkasse Bank Aktiengesellschaft
Unique identifier	AT0000466628	AT000B033543	AT000B034384	AT0000466636
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	10,000,000	10,000,000	2,500,000	4,000,000
Issue price	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	10.12.2001	12.05.2011	12.11.2012	02.06.2004
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	20.12.2013	12.05.2021	12.11.2022	20.06.2014
Issuer call subject to prior supervisory approval	NO	NO	YES	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	10,000,000	10,000,000	2,500,000	4,000,000
Eliminations (amount held in own portfolio and consolidation)	-10,000,000	0	0	0
Eligible capital after eliminations and before remaining maturities	0	10,000,000	2,500,000	4,000,000

Depiction of remaining maturities				
Remaining maturity below 1 Year	0			
Remaining maturity 1-2 Years				4,000,000
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years		10,000,000	2,500,000	
Sum	**0**	**10,000,000**	**2,500,000**	**4,000,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	800,000
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	10,000,000	2,500,000	0
Sum	**0**	**10,000,000**	**2,500,000**	**800,000**

Issuer	Waldviertler Sparkasse Bank AG	Waldviertler Sparkasse Bank AG	Sparkasse der Stadt Kitzbühel	Sparkasse der Stadt Kitzbühel
Unique identifier	AT0000346044	AT0000346085	AT0000475082	AT0000475124
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	4,000,000	1,000,000	628,000	680,000
Issue price	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	22.09.2003	02.06.2004	15.01.2003	25.02.2004
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	21.09.2015	01.06.2014	14.01.2013	24.02.2014
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	4,000,000	1,000,000	628,000	680,000
Eliminations (amount held in own portfolio and consolidation)	-29,000	0	0	0
Eligible capital after eliminations and before remaining maturities	3,971,000	1,000,000	628,000	680,000

Depiction of remaining maturities				
Remaining maturity below 1 Year			628,000	
Remaining maturity 1-2 Years		1,000,000		680,000
Remaining maturity 2-3 Years	3,971,000			
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years				
Sum	**3,971,000**	**1,000,000**	**628,000**	**680,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	200,000	0	136,000
Remaining maturity 2-3 Years (40%)	1,588,400	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**1,588,400**	**200,000**	**0**	**136,000**

Issuer	Sparkasse der Stadt Kitzbühel	Lienzer Sparkasse AG	Sparkasse Schwaz AG	Sparkasse Schwaz AG
Unique identifier	AT0000475173	AT0000343264	AT0000335450	AT0000335476
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	555,000	962,000	1,800,000	3,589,000
Issue price	100.0	101.5	100.3	100.8
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	18.02.2005	07.07.2003	16.06.2003	22.01.2004
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	16.02.2015	06.07.2013	15.06.2013	21.01.2014
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO
Eligible capital before eliminations	555,000	962,000	1,800,000	3,589,000
Eliminations (amount held in own portfolio and consolidation)	0	0	-18,000	-106,000
Eligible capital after eliminations and before remaining maturities	555,000	962,000	1,782,000	3,483,000
Depiction of remaining maturities				
Remaining maturity below 1 Year		962,000	1,782,000	
Remaining maturity 1-2 Years				3,483,000
Remaining maturity 2-3 Years	555,000			
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years				
Sum	**555,000**	**962,000**	**1,782,000**	**3,483,000**
Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	696,600
Remaining maturity 2-3 Years (40%)	222,000	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**222,000**	**0**	**0**	**696,600**

Issuer	Sparkasse Schwaz AG	Dornbirner Sparkasse Bank AG	Sparkasse der Gemeinde Egg	Sparkasse der Stadt Feldkirch
Unique identifier	AT0000335617	QOXDB9960234	QOXDB9969714	QOXDB9963634
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	1,211,000	10,592,000	950,000	2,000,000
Issue price	102.0	100.5	100.0	100.5
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	03.01.2005	10.04.2003	17.07.2006	15.06.2004
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	02.01.2015	15.04.2015	16.07.2015	14.06.2015
Issuer call subject to prior supervisory approval	NO	YES	NO	YES
Optional call date (next)		16.4.2013		15.6.2012
Subsequent call dates, if applicable		16.4.2014		
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO
Eligible capital before eliminations	1,211,000	10,592,000	950,000	332,000
Eliminations (amount held in own portfolio and consolidation)	-17,000	0	0	0
Eligible capital after eliminations and before remaining maturities	1,194,000	10,592,000	950,000	332,000
Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years	1,194,000	10,592,000	950,000	332,000
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years				
Sum	**1,194,000**	**10,592,000**	**950,000**	**332,000**
Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	477,600	4,236,800	380,000	132,800
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**477,600**	**4,236,800**	**380,000**	**132,800**

Issuer	Sparkasse der Stadt Feldkirch	Sparkasse der Stadt Feldkirch	Sparkasse der Stadt Feldkirch	Sparkasse der Stadt Feldkirch
Unique identifier	QOXDB9965803	AT0000474234	QOXDB9961711	QOXDB9963626
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	2,000,000	2,000,000	2,000,000	2,000,000
Issue price	101.5	101.0	101.0	101.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	15.04.2005	10.06.2002	01.10.2003	15.06.2004
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	14.04.2015	09.06.2013	30.09.2014	14.06.2013
Issuer call subject to prior supervisory approval	YES	YES	YES	YES
Optional call date (next)	15.4.2012	09.6.2013	30.9.2014	14.6.2013
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	1,823,000	631,000	633,000	968,000
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations and before remaining maturities	1,823,000	631,000	633,000	968,000

Depiction of remaining maturities				
Remaining maturity below 1 Year		631,000		968,000
Remaining maturity 1-2 Years			633,000	
Remaining maturity 2-3 Years	1,823,000			
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years				
Sum	**1,823,000**	**631,000**	**633,000**	**968,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	126,600	0
Remaining maturity 2-3 Years (40%)	729,200	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**729,200**	**0**	**126,600**	**0**

Issuer	Sparkasse Bludenz Bank AG	Bankhaus Krentschker & Co. Aktiengesellschaft	Bankhaus Krentschker & Co. Aktiengesellschaft	Bankhaus Krentschker & Co. Aktiengesellschaft
Unique identifier	AT0000343520	AT0000225297	AT0000225313	AT0000225370
Instrument type	Supplementary capital	Subordinated capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	1,000,000	3,000,000	940,000	3,700,000
Issue price	100.0	100.0	100.5	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	17.12.2004	03.11.2004	15.12.2004	15.12.2005
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	16.12.2014	02.11.2019	14.12.2014	14.12.2015
Issuer call subject to prior supervisory approval	NO	NO	YES	YES
Optional call date (next)		03.11.2014	15.12.2011	15.12.2012
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	1,000,000	3,000,000	940,000	3,700,000
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations and before remaining maturities	1,000,000	3,000,000	940,000	3,700,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years	1,000,000		940,000	
Remaining maturity 2-3 Years				3,700,000
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years		3,000,000		
Sum	**1,000,000**	**3,000,000**	**940,000**	**3,700,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	200,000	0	188,000	0
Remaining maturity 2-3 Years (40%)	0	0	0	1,480,000
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	3,000,000	0	0
Sum	**200,000**	**3,000,000**	**188,000**	**1,480,000**

Issuer	Kärntner Sparkasse Aktiengesellschaft	Kärntner Sparkasse Aktiengesellschaft	Kärntner Sparkasse Aktiengesellschaft	Wiener Neustädter Sparkasse
Unique identifier	AT0000328125	AT0000328133	AT0000328166	AT0000512686
Instrument type	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	8,865,000	4,739,000	4,000,000	1,915,000
Issue price	101.8	100.4	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	17.03.2003	10.07.2003	17.12.2004	01.04.2003
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	17.03.2015	10.07.2015	17.12.2014	31.03.2013
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO
Eligible capital before eliminations	8,865,000	4,739,000	4,000,000	1,915,000
Eliminations (amount held in own portfolio and consolidation)	-1,512,680	0	0	0
Eligible capital after eliminations and before remaining maturities	7,352,320	4,739,000	4,000,000	1,915,000
Depiction of remaining maturities				
Remaining maturity below 1 Year				1,915,000
Remaining maturity 1-2 Years			4,000,000	
Remaining maturity 2-3 Years	7,352,320	4,739,000		
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years				
Sum	**7,352,320**	**4,739,000**	**4,000,000**	**1,915,000**
Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	800,000	0
Remaining maturity 2-3 Years (40%)	2,940,928	1,895,600	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**2,940,928**	**1,895,600**	**800,000**	**0**

Issuer	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse
Unique identifier	AT0000512702	AT0000512710	AT0000512728	AT000B032222
Instrument type	Supplementary capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	2,000,000	20,000	2,091,000	2,181,000
Issue price	100.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	16.02.2004	28.02.2005	28.02.2005	15.10.2008
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	15.02.2014	27.02.2017	27.02.2017	14.10.2016
Issuer call subject to prior supervisory approval	NO	YES	YES	NO
Optional call date (next)		15.12.2013	28.2.2013	
Subsequent call dates, if applicable		15.12.2014	28.2.2014	
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	2,000,000	20,000	2,091,000	2,181,000
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations and before remaining maturities	2,000,000	20,000	2,091,000	2,181,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years	2,000,000			
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				2,181,000
Remaining maturity 4-5 Years		20,000	2,091,000	
Remaining maturity > 5 Years				
Sum	**2,000,000**	**20,000**	**2,091,000**	**2,181,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	400,000	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	1,308,600
Remaining maturity 4-5 Years (80%)	0	16,000	1,672,800	0
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**400,000**	**16,000**	**1,672,800**	**1,308,600**

Issuer	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse	Banca Comercială Română
Unique identifier	AT000B031422	AT000B031737	AT000B031737	ROBCRODBC029
Instrument type	Subordinated capital	Supplementary capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	RON
Nominal amount of instrument in EURO	890,000	567,000	332,000	20,000,000
Issue price	100.0	100.0	100.0	91.0
Redemption price	100.0	100.0	100.0	184.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	01.12.2006	31.07.2007	31.07.2007	02.12.2009
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	30.11.2018	30.07.2015	30.07.2015	02.12.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	890,000	567,000	332,000	4,499,944
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations and before remaining maturities	890,000	567,000	332,000	4,499,944

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years		567,000	332,000	
Remaining maturity 3-4 Years				4,499,944
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years	890,000			
Sum	**890,000**	**567,000**	**332,000**	**4,499,944**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	**0**	**0**	**0**	**0**
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	226,800	132,800	0
Remaining maturity 3-4 Years (60%)	0	0	0	2,699,966
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	890,000	0	0	0
Sum	**890,000**	**226,800**	**132,800**	**2,699,966**

Issuer	Banca Comercială Română	Banca Comercială Română	Banca Comercială Română	Banca Comercială Română
Unique identifier	ROBCRODBC037	ROBCRODBC045	ROBCRODBC052	ROBCRODBC060
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	2,500,000	10,000,000	5,000,000	6,000,000
Issue price	91.0	96.0	96.0	96.3
Redemption price	145.0	145.6	145.6	138.4
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	02.12.2009	28.12.2009	29.01.2010	01.09.2010
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	02.12.2016	28.12.2016	30.01.2017	01.09.2017
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	2,500,000	10,000,000	5,000,000	6,000,000
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations and before remaining maturities	2,500,000	10,000,000	5,000,000	6,000,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years	2,500,000	10,000,000		
Remaining maturity 4-5 Years			5,000,000	6,000,000
Remaining maturity > 5 Years				
Sum	**2,500,000**	**10,000,000**	**5,000,000**	**6,000,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	1,500,000	6,000,000	0	0
Remaining maturity 4-5 Years (80%)	0	0	4,000,000	4,800,000
Remaining maturity > 5 Years (100%)	0	0	0	0
Sum	**1,500,000**	**6,000,000**	**4,000,000**	**4,800,000**

Issuer	Banca Comercială Română	Česká spořitelna	Česká spořitelna	Slovenská sporiteľňa
Unique identifier	ROBCRODBC078	CZ0003701906	CZ0003702342	SK4120007246
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	CZK	CZK	EUR
Nominal amount of instrument in EURO	10,000,000	70,488,178	16,539,671	5,000,000
Issue price	96.3	100.0	100.0	100.0
Redemption price	140.7	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	04.04.2011	12.03.2009	24.03.2010	23.06.2010
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	04.04.2018	12.03.2019	24.03.2020	23.06.2015
Issuer call subject to prior supervisory approval	NO	YES	YES	NO
Optional call date (next)		12.3.2014	24.3.2015	
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	10,000,000	70,488,178	16,539,671	5,000,000
Eliminations (amount held in own portfolio and consolidation)	0			0
Eligible capital after eliminations and before remaining maturities	10,000,000	70,488,178	16,539,671	5,000,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years				5,000,000
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years	10,000,000	70,488,178	16,539,671	
Sum	**10,000,000**	**70,488,178**	**16,539,671**	**5,000,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	2,000,000
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	10,000,000	70,488,178	16,539,671	0
Sum	**10,000,000**	**70,488,178**	**16,539,671**	**2,000,000**

Issuer	Slovenská sporiteľňa	Slovenská sporiteľňa	Slovenská sporiteľňa	Slovenská sporiteľňa
Unique identifier	SK4120007287	SK4120007881	SK4120007956	SK4120007907
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	10,000,000	7,000,000	6,600,000	10,000,000
Issue price	96.3	100.0	100.0	95.8
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	02.08.2010	13.06.2011	20.06.2011	01.08.2011
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	02.08.2020	13.06.2018	20.06.2018	01.08.2021
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	10,000,000	7,000,000	6,600,000	10,000,000
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations and before remaining maturities	10,000,000	7,000,000	6,600,000	10,000,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years	10,000,000	7,000,000	6,600,000	10,000,000
Sum	**10,000,000**	**7,000,000**	**6,600,000**	**10,000,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	10,000,000	7,000,000	6,600,000	10,000,000
Sum	**10,000,000**	**7,000,000**	**6,600,000**	**10,000,000**

Issuer	Slovenská sporiteľňa	Slovenská sporiteľňa	Slovenská sporiteľňa	Slovenská sporiteľňa
Unique identifier	SK4120008079	SK4120008111	SK4120008194	SK4120008442
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	5,430,000	4,250,000	4,070,000	11,000,000
Issue price	100.0	95.0	100.0	95.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	10.10.2011	02.11.2011	12.12.2011	01.06.2012
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	10.10.2018	02.11.2023	12.12.2018	01.06.2022
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	5,430,000	4,250,000	4,070,000	11,000,000
Eliminations (amount held in own portfolio and consolidation)	0	0	0	0
Eligible capital after eliminations and before remaining maturities	5,430,000	4,250,000	4,070,000	11,000,000

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years				
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years				
Remaining maturity > 5 Years	5,430,000	4,250,000	4,070,000	11,000,000
Sum	**5,430,000**	**4,250,000**	**4,070,000**	**11,000,000**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0	0
Remaining maturity > 5 Years (100%)	5,430,000	4,250,000	4,070,000	11,000,000
Sum	**5,430,000**	**4,250,000**	**4,070,000**	**11,000,000**

Issuer	Slovenská sporiteľňa	Erste Bank Croatia	Erste Bank Hungary	Erste Bank Hungary
Unique identifier	SK4120008749	HRRIBAO177A1	HUPSAF120289	HUPSAF120237
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	EUR	EUR	HUF	HUF
Nominal amount of instrument in EURO	9,000,000	80,000,000	1,711,000	1,711,000
Issue price	95.0	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	02.11.2012	18.07.2011	31.05.1994	20.06.1995
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	02.11.2022	18.07.2017	31.05.2014	20.12.2014
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Optional call date (next)				
Subsequent call dates, if applicable				
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO	NO

Eligible capital before eliminations	9,000,000	80,000,000	1,710,571	1,710,571
Eliminations (amount held in own portfolio and consolidation)	0	0	-1,710,571	-1,710,571
Eligible capital after eliminations and before remaining maturities	9,000,000	80,000,000	0	0

Depiction of remaining maturities				
Remaining maturity below 1 Year				
Remaining maturity 1-2 Years			0	0
Remaining maturity 2-3 Years				
Remaining maturity 3-4 Years				
Remaining maturity 4-5 Years		80,000,000		
Remaining maturity > 5 Years	9,000,000			
Sum	**9,000,000**	**80,000,000**	**0**	**0**

Eligible capital based on remaining maturities				
Remaining maturity below 1 Year (0%)	0	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0	0
Remaining maturity 4-5 Years (80%)	0	64,000,000	0	0
Remaining maturity > 5 Years (100%)	9,000,000	0	0	0
Sum	**9,000,000**	**64,000,000**	**0**	**0**

Issuer	Erste Bank Hungary	Erste Bank Hungary	Erste Bank Hungary
Unique identifier	HUSTFEB00001	HU0000343470	HU0000343777
Instrument type	Subordinated capital	Subordinated capital	Subordinated capital
Currency of issue	HUF	HUF	HUF
Nominal amount of instrument in EURO	1,026,000	1,332,000	1,621,000
Issue price	100.0	100.0	100.0
Redemption price	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	31.05.1994	01.12.2008	30.04.2009
Perpetual or dated	Dated	Dated	Dated
Original maturity date	31.05.2014	01.12.2020	30.04.2019
Issuer call subject to prior supervisory approval	NO	NO	NO
Optional call date (next)			
Subsequent call dates, if applicable			
Existence of step up or other incentive to redeem	NO	NO	NO
Noncumulative or cumulative	NO	NO	NO

Eligible capital before eliminations	1,026,343	1,331,953	1,620,732
Eliminations (amount held in own portfolio and consolidation)	-1,026,343	-1,331,953	-1,620,732
Eligible capital after eliminations and before remaining maturities	0	0	0

Depiction of remaining maturities			
Remaining maturity below 1 Year			
Remaining maturity 1-2 Years	0	0	0
Remaining maturity 2-3 Years			
Remaining maturity 3-4 Years			
Remaining maturity 4-5 Years			
Remaining maturity > 5 Years		0	0
Sum	**0**	**0**	**0**

Eligible capital based on remaining maturities			
Remaining maturity below 1 Year (0%)	0	0	0
Remaining maturity 1-2 Years (20%)	0	0	0
Remaining maturity 2-3 Years (40%)	0	0	0
Remaining maturity 3-4 Years (60%)	0	0	0
Remaining maturity 4-5 Years (80%)	0	0	0
Remaining maturity > 5 Years (100%)	0	0	0
Sum	**0**	**0**	**0**

Glossary

Backtesting
Standardised testing of models based on the periodic comparison of gains and losses with the values estimated by the model.

Banking book
The banking book contains all transactions of a credit institution that are not included in the trading book. These include above all lending transactions, investments and securities held as non-current assets.

Capital adequacy
The adequacy of a bank's own funds with respect to its risk profile. Under Basel II provisions, the minimum capital requirements (pillar 1) and the supervisory review process (pillar 2) guarantee that banks meet capital adequacy requirements.

Capital requirements
Credit institutions and groups of credit institutions must at all times have a minimum total eligible capital available composed of the sum of the elements set out below:

1. 8% of the assessment base for credit risk
2. Minimum capital requirement for all types of risk in the trading book
3. Minimum capital requirements for commodities risk and foreign-exchange risk, including the risk arising from gold positions, each for positions outside the trading book
4. Minimum capital required for operational risk
5. Additional capital requirement as necessary for qualified investments pursuant to Article 29 para. 4 Austrian Banking Act and for regulatory measures according to Article 70 para. 4a Austrian Banking Act.

Qualifying eligible own funds consist of the core capital (tier 1), supplementary capital (tier 2) and short-term subordinated capital (tier 3) after making all regulatory deductions.

Confidence level
Under the value-at-risk concept and economic capital, the probability that an actual loss will not exceed the potential loss as measured by value-at-risk or economic capital.

Credit conversion factor (CCF)
Off-balance sheet transactions are converted into credit risk equivalents by applying (credit) conversion factors.

Credit risk mitigation (CRM)
Banks have a number of methods at their disposal for mitigating credit risk exposures that may reduce the minimum capital requirements pursuant to Article 22 Austrian Banking Act if the bank meets the corresponding regulations of the Austrian Banking Act and the Solvency Regulation. Receivables may be secured by tangible collateral or personal guarantees.

Default
The default of a borrower occurs when the borrower fails to make a contractually agreed payment. The nominal loss resulting from the default, which initially is equivalent to the amount of the outstanding credit, decreases to the actual loss after all collection options have been exhausted.

Expected loss (EL)
A measure of the loss which is expected for each receivable in case of default of a specific counterparty. According to Basel II, risk provisions are to be created for expected losses.

Fair value
Value of an asset or a liability in an arm's length transaction between independent and competent parties willing to enter into a contract.

Grandfathering
In the case of changes to the legal or economic framework, existing rights may continue to be exercised for a certain transition period.

Incurred loss (IL)
Loss incurred in the case of an impairment according to IFRS.

International Financial Reporting Standard (IFRS)/ International Accounting Standards (IAS)
International Financial Reporting Standards (IFRS), formerly International Accounting Standards (IAS), are the international accounting rules for single-entity and consolidated financial statements issued by the International Accounting Board to render such financial statements comparable irrespective of national legal requirements.

Internal Ratings-Based (IRB) Approach
As an alternative to the Standardised Approach, credit institutions have the option of applying the IRB Approach for calculating minimum capital requirements according to Article 22b Austrian Banking Act. In this approach, customers are assigned a credit rating based on the bank's own internal valuation processes which must comply with the stringent requirements of banking supervisors. In the Foundation IRB approach, the probability of default (PD) of customers is assessed by the bank itself while the remaining parameters are defined by the banking supervisory authorities. The Advanced IRB Foundation approach applies an additional assessment of further risk parameters.

Loss given default (LGD)
The share of EAD which is actually to be expected as economic loss upon default of the borrower. It is in particular the realisation of collateral, if available, may result in the loss given default being less than the outstanding receivable. Other proceeds and expenses as well as the time lag of cash flows due to the default are included in the economic loss figure as well.

PD/LGD Approach

The PD/LGD approach applies the calculation of a risk weight based on the risk parameters probability of default (PD) and loss-given-default (LGD).

Probability of default (PD)

Probability that a borrower will default on a financial obligation within a certain period (usually one year). In the IRB approaches for credit risk, PD is an estimated risk parameter.

Qualified Revolving Retail Exposures

These exposures are defined as revolving, unsecured and cancellable at any time. They include credit facilities with amounts drawn and repaid fluctuating at the discretion of the customer within a limit defined by the bank.

Rating

Standardised assessment of the creditworthiness of a borrower (e.g. government, enterprise or private individual) based on qualitative and quantitative criteria. The rating may be assigned by the credit institution (internal rating) or by a rating agency (external rating). The internal rating reflects the default probability of the borrower. The better the rating, the lower the default probability of the borrower and, as a rule, the lower the interest rate the borrower pays to the bank on the debt.

Rating Agency (External Credit Assessment Institution, ECAI)

Companies that assess the creditworthiness of a debtor (e.g. of a government or a company) based on standardised qualitative and quantitative criteria.

Regulatory capital

Credit institutions and groups of credit institutions must meet the minimum capital requirements pursuant to Article 22 Austrian Banking Act at all times. The capital requirements and the eligible own funds must be reported in the balance sheet.

Risk-weighted Assets (RWA)

Risk-weighted assets are applied under Basel II to determine the amount of required capital for the credit risk exposure. For the coverage of credit risk, a bank must hold own funds of at least eight percent of risk-weighted assets.

Securitisations

The creation of (tradable) securities based on receivables or ownership rights. In the case of a securitisation, payment claims depend on the realisation of the credit or counterparty risk of a securitised portfolio and the subordination grade. The subordination grade results from the ranking of the securitisation tranche and determines the priority and the amounts of payments or losses to holders of securitised tranches in accordance with the structure of the cash flow waterfall. Securitisations for the purpose of backing securities with collateral are referred to as asset-backed securities (ABS). Residential mortgage-backed securities (RMBS) are securities backed by privately held residential real estate property; commercial MBS are backed by financing receivables from commercial real estate. Collateralised debt obligations (CDOs), which belong to the ABS group, are structured products. These are baskets of collateralised loan obligations (CLOs) in which pools of loans serve as the underlying assets or collateralised bond obligations (CBOs) in which bonds serve as the underlying assets.

Sensitivity Analysis

A sensitivity analysis serves to identify the relationship between the input variables and the output results in model calculations. By systematically varying the parameters, it is possible to test the sensitivity of the model output to changes in the input factors.

Solvency Regulation (SolvReg)

This regulation issued by the Austrian Financial Market Authority serves to implement EU Directive 2006/48/EC "Banking Directive" and Directive 2006/49/EC on the capital adequacy of investment firms and credit institutions in Austrian legislation. The objective is the transformation of the Basel II regulations into Austrian supervisory law. Their application is mandatory for individual credit institutions as well as for groups of credit institutions.

Standardised Approach (SA)

A calculation method for determining the minimum capital requirements of a bank to cover credit risk pursuant to Article 22a Austrian Banking Act. The creditworthiness of a debtor is taken into consideration for the calculation of the capital required. External ratings may also be included in this approach to quantify the required minimum capital.

Stress test

A stress test is an analysis of how the impacts of crisis scenarios affect on revenue and solvency situation of a credit institution or a banking system. A stress scenario describes a future, drastic, but nonetheless plausible deterioration of the environment in which the institution or the system operates. Stress tests are carried out by the individual credit institutions as well as by supervisory authorities and/or central banks. In the area of financial market stability, stress tests represent a key element of quantitative analysis.

Supervisory Slotting Approach

This is an IRB variant for specialised lending transactions in which pursuant to Article 74 para. 3 SolvR, for the calculation of risk-weighted assets exposures are directly allocated to the regulatory risk weights.

Trading book

The trading book contains transactions belonging to the proprietary trading of a credit institution. Pursuant to Article 22n Austrian Banking Act, all positions in financial instruments and commodities held by a credit institution with trading intent as well as financial instruments and commodities which are used to hedge or refinance specific risks in the trading book must be assigned to the trading book. Trading intent exists if positions in the trading book are held for the purpose of short-term resale or with the intention of benefiting from current or expected price differences between the buying and selling prices, or from other price or interest rate variations.

Unexpected Loss

In the context of risk control and within the framework of regulatory capital requirements for financial institutions pursuant to Basel II, an unexpected loss is defined as the potential loss amount of credit risk exposures that exceeds the expected loss. According to Basel II, own funds must be available to cover unexpected losses.

Value-at-risk (VaR)

Value-at-risk is a risk measure which indicates the value that a loss on a certain risk exposure (e.g. of a securities portfolio) will not exceed with a given probability and within a given time period. To calculate the capital requirement of an exposure in the trading book, a bank may use an internal model. The Austrian Banking Act also describes this as VaR method.