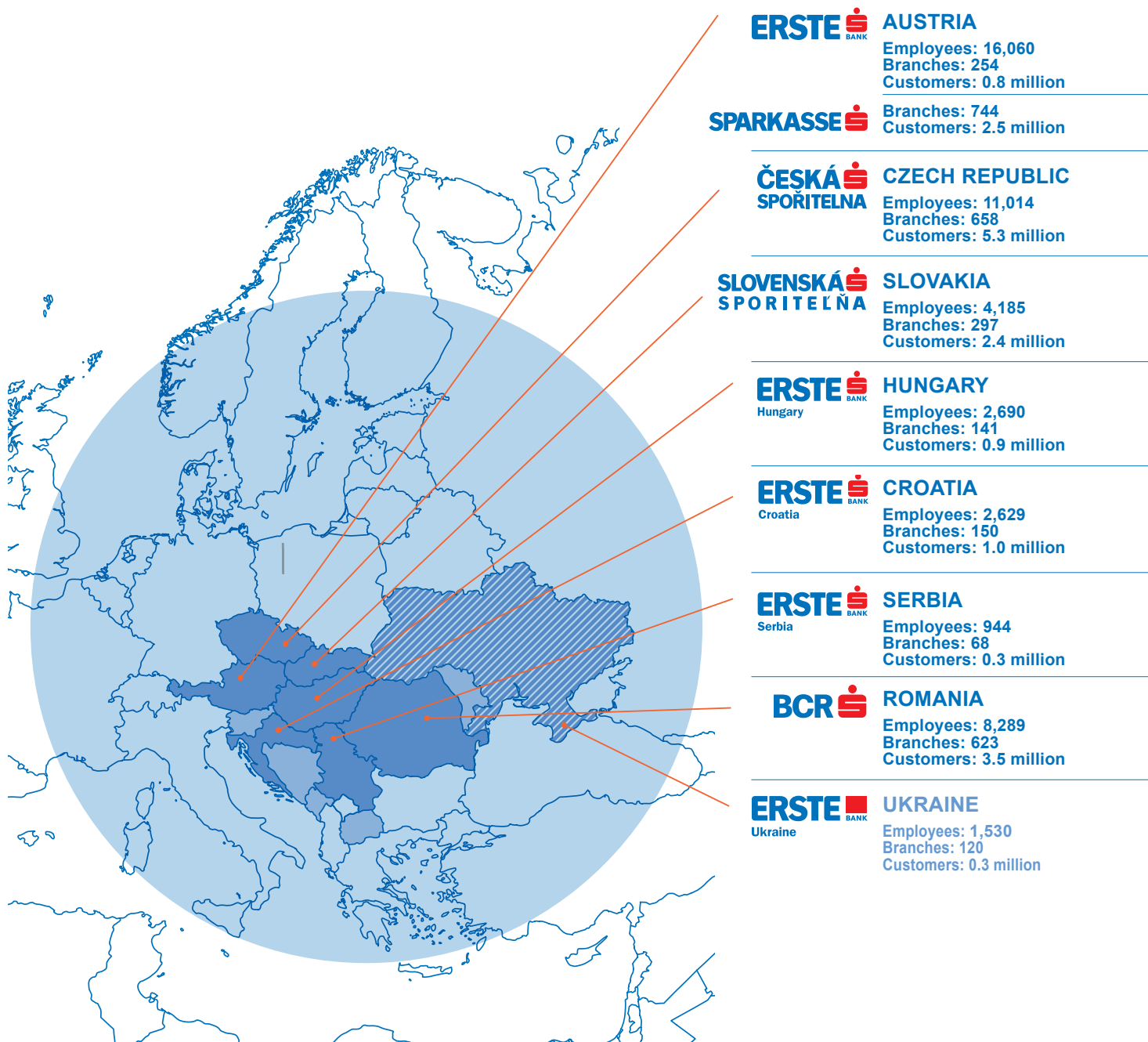




Disclosure pursuant to **Article 15a** Disclosure Regulation as of 31 December 2012

Group Strategic Risk Management

Extensive presence in Central and Eastern Europe



Disclosure of information on Remuneration policy and practices in Erste Group Bank

Disclosure requirements covered: Article 15a para. 1 DisclReg

Principles applicable to the governance of remuneration policy and practices

The entire Board of Directors of Erste Group actively oversees the compensation system's design and operation. Experts from Group HR, Group Performance Management and Group Risk Management advise the Board of Directors regarding remuneration policies and practices.

The Remuneration Committee of the Supervisory Board is responsible for all decisions in relation to the remuneration policy. This includes in particular the design of remuneration policies and practices for managing risk, capital and liquidity. The Remuneration Committee shall take into account the long-term interests of shareholders, investors and other stakeholders. It reviews the remuneration policy and practices regularly. The Erste Group's local subsidiaries have implemented a similar governance structure for remuneration policies and practices. The Remuneration Committee is advised by the external consultant Oliver Wyman.

Principles applicable to the performance-linked components of remuneration

The performance-linked components of remuneration serve the long-term interests of Erste Group Bank and help avoid excessive risk-taking behaviour. The performance-linked components consider:

- _ the performance of the individual,
- _ the performance of the business unit (department/division/entity), and
- _ the results (capital, profitability and strategic achievements) of the respective company.

Risk takers

Risk takers are those employees whose professional activities have a significant material impact on the overall risk profile of Erste Group. The definition of risk takers is based on the

- _ CEBS guidelines on remuneration (part of Capital Requirements Directive III),
- _ Austrian Banking Act §39b BWG, and for the local subsidiaries on the respective banking acts.

This means for 2012 about 0.7% (for 2011: 0,3%) of the entire population in Erste Group is identified as risk taker.

For the risk takers the payout of performance-linked compensation components depends on achieving the minimum profitability criteria as approved by the Supervisory Board. Each local subsidiary has defined minimum profitability criteria, which meet local legal CRD III requirements and are aligned with the long-term interests of the local subsidiary as well as of Erste Group.

The minimum profitability criteria for Erste Group Bank AG are:

- _ all consolidated regulatory capital requirements were met in the respective Performance Period before payout
- _ Erste Group Bank is in the position to pay dividends to shareholders
- _ Erste Group Bank is in the position to pay dividends on participation capital
- _ Erste Group does not receive any capital support from the state.

Bonus payments

The bonus pool is either on company or profit-center level. In general the bonus pool is calculated ex-ante and ex-post based on the following indicators:

- _ net profit or economic value added;
- _ capital adequacy ratio; and
- _ fulfillment of the annual strategy objectives according to the strategy review dialogues.

The performance-linked payments are limited to 200% of gross annual salary for the CEO of Erste Group Bank, 200% of gross annual salary for management board members of Erste Group Bank with responsibility for divisions and 100% of gross annual salary for other members of the management board.

The pay-out of performance-linked components is linked with minimum profitability and performance objectives that resemble the success of the bank and provide a risk-balanced direction for the Board of Directors and senior management staff.

The criteria for performance-linked components for financial year 2012 for the Board of Directors of Erste Group Bank are: Group Return on Equity, Group Common Equity Tier 1 ratio (defined under the EBA framework), divisional economic value added Group NPL coverage ratio, Group cost/income ratio and Leadership.

The criteria for performance-linked components for financial year 2012 for the Board of Directors of local subsidiaries are: economic value added, divisional economic value added, NPL ratio and other individual business specific key performance indicators as well as leadership objectives. The leadership component is evaluated based on several leadership criteria.

For the senior management in Erste Group Bank and the Members of the Board in the local subsidiaries performance-linked components are put in place. These performance-linked components consist of 25% group objectives, 50% business objectives and 25% leadership objectives. Each objective has defined levels of performance-targets, which determine together the bonus amount.

The pay-out of performance-linked components for risk takers is based on 60% upfront and 40% deferred amounts of which each consists of a 50% cash part and a 50% non-cash instrument part (in Erste Group these are phantom shares, except for our banks in the Czech and Slovak Republics where the non-cash instrument is a certificate). The 50% non-cash part is retained for 1 year in all countries with the exception of the Czech Republic with a retention period of 1,5 years. In Austria the deferred element is paid out over a period of 5 years. In the other countries the deferred element is paid out over a period of 3 years, with the exception of the Slovak Republic where the deferred bonus is paid out in once after 3 years holding. In all countries Erste Group adheres to the local rules for payment of bonuses to risk-takers. The payment of the deferred bonus depends on achieving minimum profitability in the respective performance year. Where legally allowed by local CRD III legislation, the applied non-cash instrument is the phantom share based on the average weighted daily share price of Erste Group. The average weighted daily share price is calculated based on the official information by Datastream (Thomson Reuters Corp) and taken from the published data on the Vienna Stock Exchange (Wiener Börse). The average weighted daily share price in 2011 was 25,37 EUR and in 2012 17,11 EUR.

Remuneration information

The table below shows the quantitative information on remuneration of employees and Identified Staff in Erste Group (includes all companies which are part of the regulatory scope of consolidation).

The data is provided for the main categories of Investment Banking, Retail Banking, Asset Management and category "Other". Investment Banking includes business lines such as: Corporate Finance, Private Equity, Capital Markets, Sales & Trading (Treasury). Retail Banking includes the business lines with focus on lending to customers and small and medium-sized corporates. The Identified Staff are based on the guidelines in the respective remuneration policies. The sub-item "senior management" includes those who are of members of the Board of Directors and those employees who are directly subordinated to the Board of Directors, or employees who belong to a core business segment. The sub-item "control functions" is the total number of employees in a management function of the following segments: compliance, risk management, human resources and internal audit.

In the Erste Group the non-cash instrument is the phantom shares. There are no equities granted to neither Identified Staff nor other employees.

All staff

denominated in thousand EUR

Business area	Investment Banking	Retail Banking	Asset Management	Other	Total
Number of employees	975	26 544	563	18 731	46 813
Total remuneration	75 783	687 143	46 069	714 191	1 523 185
hereof fix remuneration	54 324	628 946	40 402	647 904	1 371 576
hereof variable remuneration	21 549	58 196	5 667	66 288	151 610

Identified Staff / Risk Takers

Business area	Investment Banking	Retail Banking	Asset Management	Other	Total
Number of Identified Staff	24	108	14	197	343
hereof senior management (merge, one category)					318
hereof in control functions (merge, one category)					50
Total remuneration	7 694	18 177	1 975	50 300	78 146
hereof total fix remuneration	4 318	15 798	1 555	38 975	60 646
hereof total variable remuneration	3 376	2 379	420	11 326	17 499
hereof in cash	1 830	1 475	241	6 289	9 834
hereof in equity (i.e. phantom shares)	1 326	740	115	4 548	6 730
hereof in other instruments	220	164	64	490	937
Hereof deferred variable remuneration	1 335	858	143	4 196	6 532
hereof in cash	529	352	72	1 822	2 774
hereof in equity (i.e. phantom shares)	718	440	46	2 178	3 383
hereof in other instruments	88	65	26	196	375
Guaranteed remuneration					
Number of Identified Staff	0	0	0	2	2
Total amount of guaranteed variable remuneration	0	0	0	197	197
Severance payments					
Number of Identified Staff	0	4	0	8	12
Total amount of severance payments	0	709	0	2 263	2 972

In „other category“ are business areas such as: Finance, Human Resources, Internal Audit, Compliance, Risk management, Procurement, et cetera.

Tabelle 1: Article 15a para. 1 no. 7 DiscReg: Sum of remuneration