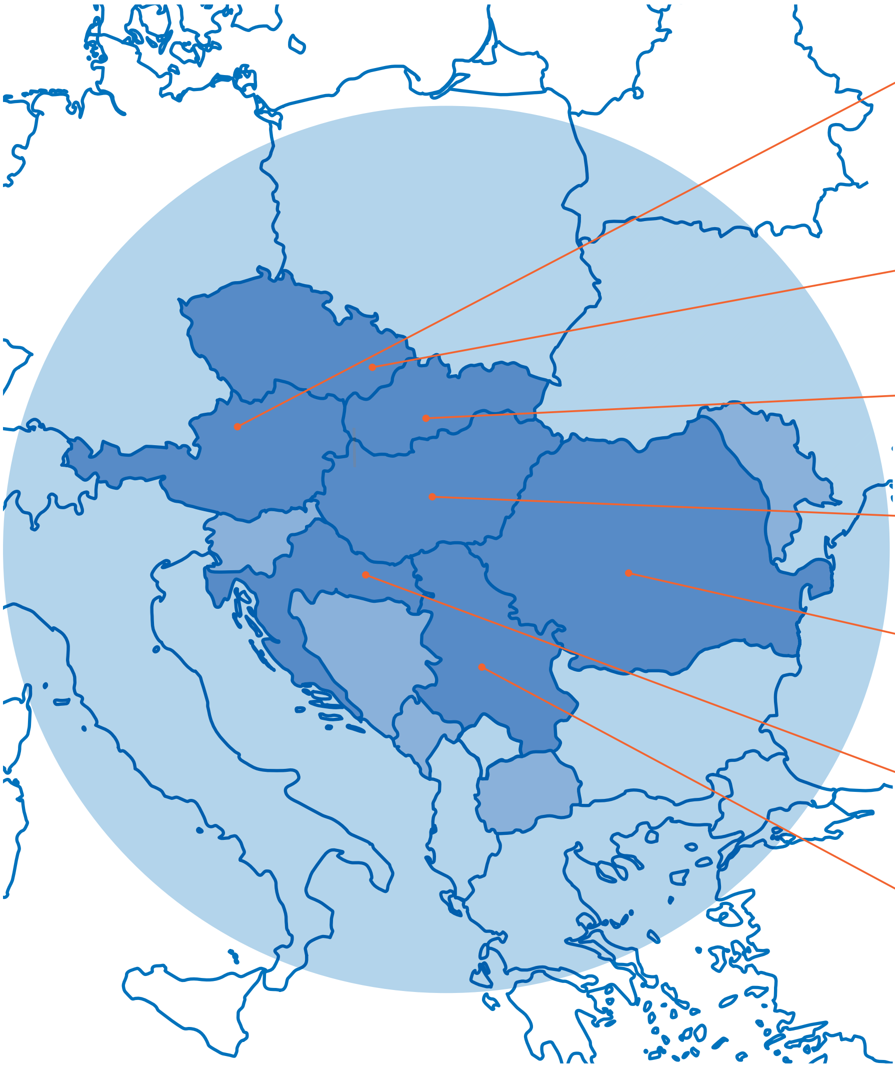
ERSTE GROUP

Disclosure pursuant to the Disclosure Regulation as of 31 December 2013

2013

Extensive presence in Central and Eastern Europe



AUSTRIA (Erste Bank)
Employees: 15,659
Branches: 236
Customers: 0.9 million

(Sparkasse)
Branches: 736
Customers: 2.5 million

CZECH REPUBLIC (Česká spořitelna)
Employees: 10,432
Branches: 653
Customers: 5.3 million

SLOVAKIA (Slovenská sporiteľňa)
Employees: 4,206
Branches: 292
Customers: 2.4 million

HUNGARY (Erste Bank Hungary)
Employees: 2,778
Branches: 135
Customers: 0.9 million

ROMANIA (BCR)
Employees: 7,020
Branches: 563
Customers: 3.2 million

CROATIA (Erste Bank Croatia)
Employees: 2,584
Branches: 150
Customers: 1.0 million

SERBIA (Erste Bank Serbia)
Employees: 922
Branches: 68
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
CCF	Credit Conversion Factor
CEE	Central and Eastern Europe
CESEE	Central Eastern and South Eastern Europe
CLO	Collateralised Loan Obligation
CRM	Credit Risk Mitigation
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
DisclReg	Disclosure Regulation
EAD	Exposure at Default
EBA	European Banking Authority
ECAI	External Credit Assessment Institution
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
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LIP	Loss Identification Period
MREL	Maximum Risk Exposure Limit
NAV	Net asset value
NSFR	Net Stable Funding Ratio
OECD	Organisation for Economic Cooperation and Development
OeNB	Austrian national bank
OLC	Operational Liquidity Committee
PD	Probability of Default
PFE	Potential Future Exposure
RAS	Risk Appetite Statement
RCC	Risk-bearing capacity calculation
RW	Risk Weight
RWA	Risk-Weighted Assets
SL	Specialised Lending
SME	Small and medium-sized Enterprises
SolvReg	Solvency Regulation
TTCPD	Through-the-cycle PDs
sVaR	Stressed Value at Risk
VaR	Value at Risk

1 Introduction

Erste Group was founded in 1819 as the first Austrian savings bank. In 1997, Erste Group went public through the Vienna Stock Exchange 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.

With this report, Erste Group fulfills the relevant disclosure requirements pursuant to Article 26 Austrian Banking Act and pursuant to the Disclosure Regulation for the financial year ended on 31 December 2013.

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;
_ Capital adequacy;
_ 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 Report of Erste Group Bank AG is published once a year in German and in English. Erste Group has selected the Internet as a medium for the Disclosure Report pursuant to Article 26 para. 1 Austrian Banking Act. The Disclosure Report is available on the website of Erste Group (http://www.erstegroup.com/ir).

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 Disclosure Report is subject to an audit by the external auditors and the Internal Audit department.

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 with respect to the disclosure, the Basel II framework as well as to the risk management and the 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 covers 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 risk concentrations, 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 banks to conduct an ICAAP (Internal Capital Adequacy Assessment Process – ICAAP) to demonstrate that they have implemented methods and procedures to safeguard adequate capital resources with adequate attention to all material risks. The ICAAP supplements Pillar 1's minimum regulatory requirements. It considers a broader range of risk types and the bank's risk and capital management capabilities.

Furthermore, Pillar 2 requires regulators to conduct a Supervisory Review and Evaluation Process to assess the soundness of bank's ICAAP and take any appropriate actions that may be 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).

CURRENT REGULATORY DEVELOPMENT ON BASEL 3

Implementation of Basel 3 in the European Union

On 16 April 2013 the European Parliament adopted the new capital and liquidity requirements for the implementation of Basel 3 in the European Union. On 27 June 2013, the final Capital Requirements Directive IV (CRD IV) and the final Capital Requirements Regulation (CRR) were published in the Official Journal of the European Union.
The new regulatory requirements for credit institutions and investment firms have to be applied starting 1 January 2014. From then onwards, the regulatory capital (own funds) and the regulatory capital requirements will be calculated and published in accordance to the CRR. The Leverage Ratio has to be disclosed starting 2015.

Activities in the context of changes in regulatory requirements

Since 2010, Erste Group has been scrutinising the impacts of the planned regulatory changes commonly known as Basel 3. The Group has established a Group-wide Basel 3 programme, which ensures that all requirements arising from the Capital Requirements Directive IV (CRD IV) and from related national and international regulations are implemented in time and completely within the whole Group. The programme includes a stream covering capital requirements, changes in risk-weighted asset (RWA) calculations, counterparty credit risk, and the new capital charge for credit value adjustments. Further streams focus on new legal requirements for regulatory capital, new disclosure requirements, the new liquidity rules, the planned introduction of a leverage ratio as well as transitional provisions up to 31 December 2022, based on definitions within the CRD IV.

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 manage such risks professionally. Erste Group's proactive risk policy and strategy aims to achieve an optimal balance of risk and return in order to achieve a sustainable, adequate return on equity.

Erste Group uses a risk management and control 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.

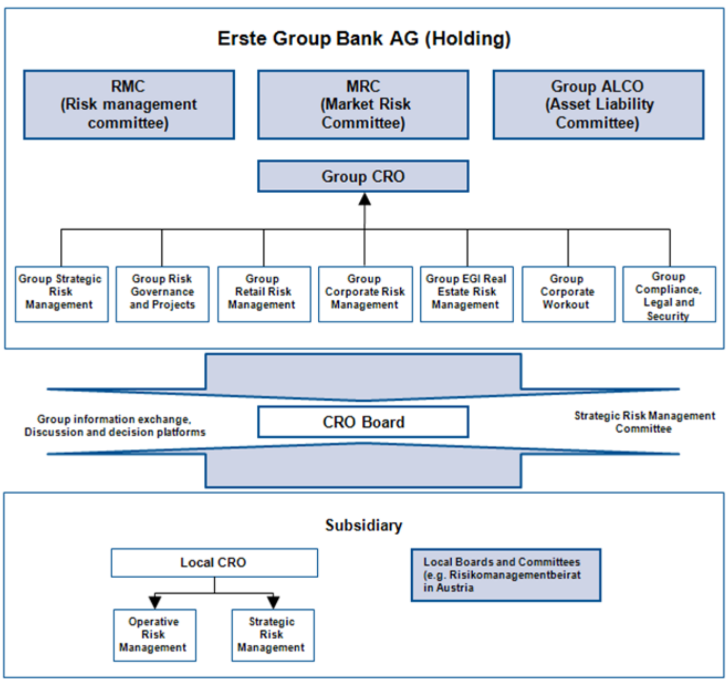
Given Erste Group's business strategy, the key risks for Erste Group are credit risk, market risk, liquidity risk and operational risk. Erste Group also focuses on managing macroeconomic risks as well as concentrations within and across risk types. In addition, Erste Group's control and risk management framework takes into account a range of other significant risks faced by the banking Group. The bank always seeks to enhance and complement existing methods and processes, in all areas of risk management.

The year 2013 has been dominated by preparations for Basel 3 and its impacts as well as by the upcoming changes to the regulatory oversight landscape. Emphasis was also put on improving and upgrading risk-weighted asset measurement, control, steering and stress testing capabilities. A further focus was given to continuous consideration of more risk-sensitive measures in the Internal Capital Adequacy Assessment Process (ICAAP).

RISK MANAGEMENT ORGANISATION

Risk monitoring and control is achieved through a clear organisational structure with defined roles and responsibilities, delegated authorities, and risk limits. The following diagram presents an overview of Erste Group's risk management and control governance and responsibility in 2013.

Risk management organisation and decision bodies



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 profiles 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 para. 2 of the Austrian Banking Act. One objective of Group Strategic Risk Management, a unit that is independent of 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 ICAAP & Integrated 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 ICAAP & Integrated Risk Management is in charge of the key elements of the risk management framework. 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 the modelling, management and reporting of operational risks.

Group Risk Governance and Projects

Group Risk Governance and Projects was established to ensure central management and oversight within risk management on key topics such as risk IT (risk project– portfolio), group-wide 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.

Group Corporate Risk Management

Group Corporate Risk Management is the operative credit risk management function for Erste Group's divisionalised corporate business (Group Corporate and Investment Banking – GCIB) and Group Markets. 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 competence granted to the respective subsidiary. This unit covers sovereigns, other credit institutions, securitisations and large corporates. 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 portfolios. It also monitors compliance with counterparty, industry and country limits.

Group EGI Real Estate Risk Management

Group EGI Real Estate Risk Management 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 structures and steers the respective alignment and decision-making processes between these two entities. 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 in real estate portfolio.

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 a Group-level analytical framework that enables local banks to monitor the performance of retail loan portfolios and to address adverse developments early on. Another important function of Group Retail Risk Management is to assess if prudent lending requirements have been applied when countries launch new products on the market or change their existing risk parameters. In addition, the unit ensures knowledge transfer across Erste Group entities in the area of retail lending. The local Chief Risk Officers and the local retail risk heads are primarily responsible for managing retail credit risk and the corresponding risk–return trade-off at country level. In line with Group Retail Risk Management's policies, additional local credit policy rules are defined in every entity, respecting the local regulatory and business environment.

Group Corporate Workout

Group Corporate Workout is responsible for managing problematic transactions of the Group-wide Group Corporate and Investment Banking (GCIB) segment as well as of the local segments for lending to small and medium-sized enterprises (SME) 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 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

This division consists of three departments. Group Compliance department contains the teams Central Compliance, Securities Compliance, Anti-Money Laundering (AML) Compliance and Fraud Management, and is responsible for addressing compliance risks. Compliance risks are those of legal or regulatory sanctions, material financial loss, or loss of reputation that Erste Group might suffer as a result of failure to comply with laws, regulations, rules and standards. Group Legal department, with its two units Banking & Corporate Legal and Markets Legal, acts as the central legal department of Erste Group, mitigates legal risk by providing legal support and counsel for the business and central functions, and take care of dispute resolution and litigation. Legal support for the business of the banking subsidiaries in their domestic jurisdictions is performed at the local level. Group Security Management department is in charge of the strategy, definition of security standards, quality assurance and monitoring, as well as of the further development of issues relevant for security at Erste Group.

In addition to the risk management activities performed at the Erste Group 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.

New organisational structure from the beginning of 2014

At the beginning of 2014 the risk management organisation at Group level was redesigned. The prime objective was a clearer separation between steering and modelling tasks. Furthermore, similar activities were combined and the number of divisions was reduced by one unit.

By the establishment of distinct divisions for enterprise-wide risk steering, methods and models as well as for operations, reporting and regulatory affairs, the changes mainly concern the former Group Strategic Risk Management division. The validation of models for all risk types is now done in a separate department that directly reports to the CRO.

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 informed about current risk issues and, through the internal risk reporting, receives ad hoc reports for all types of risk.

In order to carry out risk management activities within Erste Group, certain committees have been established, including the following:

_ Risk Management Committee of the Supervisory Board,
_ CRO Board,
_ Credit Committee,
_ Strategic Risk Management Committee,
_ Group Asset Liability Committee,
_ Group Operational Liquidity Committee,
_ Market Risk Committee, and
_ Group Operational Risk Committee.

The Risk Management Committee of the Supervisory Board 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. 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 Credit Committee is the operative credit decision making body of the Holding Board in accordance with the currently valid Credit Risk Approval Authority Regulations. It comprises the Board Member Risk Management (CRO), the Board Member Business, and the Division Heads of Operative Credit Risk Management, Workout and the requesting business line. The Credit Committee takes credit decisions on exposures > EUR 50 mn (EUR 20 mn for rating classes 8 & R) up to EUR 300 mn (EUR 200 mn for rating classes 6 & 7, EUR 100 mn for rating classes 8 & R) and approves industry risk strategies.

The Strategic Risk Management Committee (SRMC), 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.

Group Asset Liability Committee (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 Asset Liability Management (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 Rulebook. 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 currencies, money market and 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 Head of Group Corporates and Markets, the Group Chief Financial Officer (CFO), 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 and risk steering measures at Group level.

In addition, committees are established at local level, such as the 'Risikomanagementbeirat' in Austria. This implements a common risk approach within the Austrian members of Erste Group (i.e. Erste Bank Oesterreich 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

Overview

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. This includes setting up a robust Internal Capital Adequacy Assessment Process (ICAAP), as required under Pillar 2 of the Basel framework.

The ICAAP 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. ICAAP 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.

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

- Risk appetite statement
- Portfolio & risk analytics including
  - Risk materiality assessment
  - Risk concentrations management and
  - Stress testing
- Risk-bearing capacity calculation
- Risk planning & forecasting including
  - Risk-weighted assets management and
  - Capital allocation, and
- Recovery and resolution plans

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

Risk appetite statement

Erste Group defines its risk strategy and Risk Appetite Statement (RAS) through the annual strategic planning process to ensure appropriate alignment of risk, capital and performance targets. The Group RAS represents a strategic statement expressing maximum level of risk that Erste Group is prepared to accept in order to deliver its business objectives. It consists of a set of key Risk Appetite measures and qualitative statements, from which top-down targets for the bank's limit system, creating a holistic perspective on capital, funding and risk-return trade-offs. Key objective of RAS is to ensure:

- Erste Group has sufficient resources to support business at any given point in time and absorb stress market events,
- Set ultimate boundaries of the Group's risk-return target setting, and
- Preserve and promote the market's perception of the Group's financial strength and robustness of its systems and controls.

Key RAS measures include general indicators as well as indicators for credit (also including FX lending), market and liquidity risk. To ensure that the RAS is operationally efficient, the indicators are classified as either targets, limits or principles, where the main differences are in the mechanisms triggered in case of a breach of the RAS.

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 triggers management action, and a 'cure' plan for the next 12 months must be formulated. Regular reviews are performed and management reports are prepared in order to ensure effective limit oversight and identify any excesses. Counterbalancing measures must be taken to close any limit breach exceptions as soon as possible. Principles are the equivalent to a qualitative strategic statement/directive and are monitored ex ante and operationalised, e.g. via guidelines and policies.

In 2013, the risk indicator framework was further enhanced by broadening the scope and increasing the level of granularity. Tighter limits and targets were defined, which serve especially for managing the economic capital. Furthermore, the strategic pillars and indicators were revised in order to optimise the capital allocation and establish an effective linkage to the risk-bearing capacity framework.
Sound management of risks by Risk Management function ensures that all material risks are identified, measured, aggregated and effectively managed in line with RAS.

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 a corresponding 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 that are significant for the Group, Erste Group has defined a clear and structured risk materiality assessment approach that 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 in 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 Group's Risk Appetite Statement. Furthermore, insights from the risk materiality assessment are considered in the stress test when defining stress parameters.

Management of risk concentrations

Management of risk concentrations at Erste Group is based on a framework of processes, methodologies and reports covering both intra- and inter-risk concentrations. Risk concentrations 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 risk concentrations assessments are considered when defining Group Risk Appetite Statement, defining stress factors for stress tests, and when setting or calibrating Erste Group's limit system.

Based on the results of risk concentrations studies, potential regional, country, industry and specific asset class risk concentrations are analysed across the portfolio. Country concentrations mainly reflect 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 the ICAAP. Finally, sensitivities and stress scenarios are explicitly considered within the Group's planning and budgeting process as well as in 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, liquidity and operational) and in addition impacts on the associated volumes of assets and 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 take into account adequate granularity and special characteristics when defining the stress parameters (e.g. the particular developments in the respective region, industry, product type or segment). The adequacy of scenarios and stress parameters is regularly reviewed.

Erste Group additionally participated in a stress test exercise at national level (Austrian national bank – OeNB) and international level (European Banking Authority – EBA), respectively. The results of these stress tests showed that Erste Group's regulatory capital was adequate.

Risk-bearing capacity calculation

The risk-bearing capacity calculation (RCC) is ultimately the tool to define the capital adequacy required by the ICAAP. Within the RCC, all material risks are aggregated and compared to the coverage potential and the bank´s own funds. The forecast, Risk Appetite limit as well as a traffic light system support management in its discussions and decision processes.

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

The management board and risk management committees are briefed regularly, 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 utilisation and the overall status of capital adequacy according to the traffic light system. The Group Risk Report also includes a comprehensive forecast of risk-weighted assets and capital adequacy.

Besides the Pillar 1 risk types (credit, market and operational risks), in the context of Pillar 2, interest rate risks in the banking book, foreign exchange risks arising from equity investments and credit spread risks in the banking book are explicitly considered within the required economic capital via internal models. During 2013 the utilisation of the economic capital was between 68% and 72%. The methodologies that are applied for the different risk types are diverse and range from historic simulations and Value at Risk approaches to the regulatory approach for residual portfolios. Moreover, calculations for portfolios under the standard regulatory approach are extended by risk parameters from the internal ratings-based approach in order to give a more economic view. The focus in 2013 was on further development of the risk-sensitive measures in relation to the trading book market risk components.

In addition to the Risk-bearing Capacity Calculation, liquidity, macroeconomic risks and risk concentrations in particular are managed by means of a proactive management framework that includes forward-looking scenarios, stress testing, trigger levels 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. Furthermore, liquidity, macroeconomic risks and risk concentrations are taken into account within the scope of stress testing. Credit risk accounts for approximately 74% 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 regulatory own funds combined with several economic effect-driven adaptations, and consider subordinated liabilities and regulatory deductibles as well. The coverage potential must be sufficient to absorb unexpected losses resulting from the Group's operations.

Risk planning and forecasting

The responsibility for 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 contributes to determining the trigger level of the traffic light system.

Risk-weighted asset management

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

There is a process in place for tracking compliance with RWA targets, forecasting their future developments and thereby defining further targets. Deviations are brought to the attention of the board within a short time frame. 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 limits 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 Risk Management and Controlling. All insight from the ICAAP and controlling processes is used to allocate capital with a view to risk-return considerations.

Recovery and resolution plans

In compliance with the newly introduced Austrian Banking Intervention and Restructuring Law ('Bankeninterventions- und Restrukturierungsgesetz' – BIRG) and the European Banking Authority's formal recommendations, Erste Group has prepared recovery and resolution plans for potential crisis situations. In 2013, the Group Recovery Plan was submitted to the regulators.

The Group Recovery Plan identifies options for restoring financial strength and viability if Erste Group comes under severe stress. The plan specifies potential options for the replenishment of capital and liquidity resources of the bank in order to cope with a range of scenarios including both idiosyncratic and market-wide stress. Erste Group's former Emergency Response Plan has been replaced by this Group Recovery Plan.

According to BIRG requirements, the Group Resolution Plan will be developed and the Group Recovery Plan will be updated in 2014, and both will be submitted to the regulators.

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
- Risk concentrations.

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 risk concentrations 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.

Reputational risk and business risk are not discussed in detail. Reputational risk is the risk that the publicity concerning a transaction, counterparty or business practice involving a client will negatively impact the public's trust in Erste Group with regard to its competence, integrity and reliability, which in a wider sense may also be covered by operational risk. Business risk is the risk of suffering unexpected operating losses (i.e. negative earnings) due to decreases in operating revenues (or increases in costs), which cannot be compensated by cost reduction (or revenue increases), respectively. All revenue or cost fluctuations which are attributable to position taking (market risk), credit losses (credit risk) or operational events (operational risk) are explicitly excluded from this definition. The materialization of reputational risk through business risk is comprised in the above definition. Both types of risk are considered in the business and risk profiles 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, proportionate 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 do any 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 articles 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. Joint ventures are contractual arrangements whereby two or more parties undertake an economic activity that is subject to joint control.

A jointly controlled entity is a corporation, partnership, or other entity in which two or more venturers have a stake, and under a contractual arrangement establishes joint control over the entity. [IAS 31.24]

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.

As of 1 January 2014, the option to choose between proportionate consolidation and the equity method pursuant to IAS 31 no longer applies. Therefore, as of this date only the equity method will be applied.

EQUITY ACCOUNTING METHOD

Investments in associates are accounted in the consolidated financial statements by the equity accounting method. Under IAS 28.2, an associated undertaking, or associate, is an entity (including a private partnership) over which the investor exercises a significant influence, but does not exercise control or joint management. 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 according to the equity method". 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.

INVESTEES HELD FOR SALE

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 REGULATORY 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 assessment base 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 IFRS consolidation rules for determining regulatory capital:

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 and Article 24 Austrian Banking Act.

Since March 2013, the option pursuant to Article 29a Austrian Banking Act has been exercised regarding the basis of which the regulatory capital and the regulatory capital requirements according to the international accounting standards (IAS/IFRS) are determined.

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 Austrian Banking Act within the framework of full consolidation (for more on full consolidation under IFRS rules, see Chapter 2.1.1).

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 para. 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 "minority interests".

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. 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 10% 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.

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%.

With respect to the application of the equity method within the scope of the IFRS rules, see Chapter 2.1.1.
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.

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:
If the share 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, i.e., the entire calculated interest.

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 when 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 financial 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 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 or generally meet the conditions of Article 24 para. 3a Austrian Banking Act, but hold stakes in one or more fully consolidated, proportionately consolidated companies or companies consolidated 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 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 Tier 1 and 50% from 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 Tier 1 and from Tier 2 as "50% from investments in non-consolidated credit and financial institutions pursuant to Article 23 para. 13 nos. 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. 4 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. 4 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 therefore are 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.

Effective 31 December 2012, the transitional provisions pursuant to Article 103e para. 13 Austrian Banking Act, which permitted the option of 100% deduction pursuant to Article 23 para. 13 Austrian Banking Act, expired. Erste Group made use of Article 103e para. 13 Austrian Banking Act inclusive of 31 December 2012.

Effective 1 January 2013, the deduction pursuant to Article 23 para. 13 no. 4a Austrian Banking Act of 50% of the core capital and 50% of the qualifying supplementary capital is recognized.

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

Carrying amounts which are deducted from the regulatory capital due to capital consolidation or the carrying amount deduction method, do not have to be 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 594 as of 31 Dec. 2013.
The number of companies that are consolidated pursuant to regulatory capital requirements without de minimis companies was 409 as of 31 Dec. 2013.

Credit Institutions	IFRS Fully	IFRS Equity	Regulatory Fully	Regulatory Proportional	Regulatory de minimis	Regulatory Equity
Total	75	4	75	1	0	3
Financial Institutions and Financial Holdings	**IFRS Fully**	**IFRS Equity**	**Regulatory Fully**	**Regulatory Proportional**	**Regulatory de minimis**	**Regulatory Equity**
Total	275	39	256	26	46	15
Anxilliary service undertakings	**IFRS Fully**	**IFRS Equity**	**Regulatory Fully**	**Regulatory Proportional**	**Regulatory de minimis**	**Regulatory Equity**
Total	80	2	33	0	82	0
Other	**IFRS Fully**	**IFRS Equity**	**Regulatory Fully**	**Regulatory Proportional**	**Regulatory de minimis**	**Regulatory Equity**
Total	101	18	0	0	0	0

Table 1: Article 3 no. 2 DisclReg (1/3): Number of companies in the scope of consolidation as of 31 December 2013

* 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 2013:

Credit Institutions	01.01.2013	New	Deconsolidated	Merged	Reclassified	31.12.2013
Austria	62	0	0	2	0	60
CESEE	14	0	1	0	0	13
Other	2	0	0	0	0	2
Total	**78**	**0**	**1**	**2**	**0**	**75**
Financial Institutions and Financial Holdings	**01.01.2013**	**New**	**Deconsolidated**	**Merged**	**Reclassified**	**31.12.2013**
Austria	175	2	2	10	0	165
CESEE	105	1	12	5	0	89
Other	2	0	0	0	0	2
Total	**282**	**3**	**14**	**15**	**0**	**256**
Anxilliary service undertakings	**01.01.2013**	**New**	**Deconsolidated**	**Merged**	**Reclassified**	**31.12.2013**
Austria	18	0	0	1	0	17
CESEE	10	2	0	1	0	11
Other	7	0	2	0	0	5
Total	**35**	**2**	**2**	**2**	**0**	**33**

Table 2: Article 3 no. 2 DisclReg (2/3): Changes to the regulatory scope of consolidation of fully consolidated companies in 2013

The following credit institutions were fully consolidated as of year-end 2013:

Fully consolidated credit institutions pursuant to the Austrian Banking Act in 2013
Erste Group Bank AG, Austria
Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft, Austria
Banca Comerciala Romana Chisinau S.A., Moldova
Banca Comerciala Romana SA, Romania
Banka Sparkasse d.d., Slovenia
Bankhaus Krentschker & Co. Aktiengesellschaft, Austria
Bausparkasse der österreichischen Sparkassen Aktiengesellschaft, Austria
BCR Banca pentru Locuinte SA, Romania
Brokerjet Bank AG, Austria
Ceska sporitelna, a.s., Czech Republic
Die Zweite Wiener Vereins-Sparcasse, Austria
Dornbirner Sparkasse Bank AG, Austria
Erste & Steiermärkische Bank d.d., Croatia
Erste Asset Management GmbH, Austria
Erste Bank (Malta) Limited, Malta
ERSTE BANK AD NOVI SAD, Serbia
ERSTE BANK AD PODGORICA, Montenegro
Erste Bank der oesterreichischen Sparkassen AG, Austria
Erste Bank Hungary Zrt, Hungary
ERSTE Immobilien Kapitalanlagegesellschaft m.b.H., Austria
ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., Austria
Intermarket Bank AG, Austria
Kärntner Sparkasse Aktiengesellschaft, Austria
KREMSER BANK UND SPARKASSEN AKTIENGESELLSCHAFT, Austria
Lienzer Sparkasse AG, Austria
RINGTURM Kapitalanlagegesellschaft m.b.H., Austria
s Wohnbaubank AG, Austria
Salzburger Sparkasse Bank Aktiengesellschaft, Austria
Slovenska sporitelna, a. s., Slovakia
Sparkasse Baden, Austria
Sparkasse Bank dd, Bosnia-Herzegovina
SPARKASSE BANK MAKEDONIJA AD SKOPJE, Macedonia
Sparkasse Bank Malta Public Limited Company, Malta
Sparkasse Bludenz Bank AG, Austria
Sparkasse Bregenz Bank Aktiengesellschaft, Austria
Sparkasse der Gemeinde Egg, Austria
Sparkasse der Stadt Amstetten AG, Austria
Sparkasse der Stadt Feldkirch, Austria
Sparkasse der Stadt Kitzbühel, Austria
Sparkasse Eferding-Peuerbach-Waizenkirchen, Austria
Sparkasse Feldkirchen/Kärnten, Austria
Sparkasse Frankenmarkt Aktiengesellschaft, Austria
Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft, Austria
Sparkasse Haugsdorf, Austria
Sparkasse Herzogenburg-Neulengbach, Austria
Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft, Austria
Sparkasse Imst AG, Austria
Sparkasse Korneuburg AG, Austria
Sparkasse Kufstein, Tiroler Sparkasse von 1877, Austria
Sparkasse Lambach Bank Aktiengesellschaft, Austria
Sparkasse Langenlois, Austria
Sparkasse Mittersill Bank AG, Austria
Sparkasse Mühlviertel-West Bank Aktiengesellschaft, Austria

Sparkasse Mürzzuschlag Aktiengesellschaft, Austria
Sparkasse Neuhofen Bank Aktiengesellschaft, Austria
Sparkasse Neunkirchen, Austria
SPARKASSE NIEDERÖSTERREICH MITTE WEST AKTIENGESELLSCHAFT, Austria
Sparkasse Oberösterreich Kapitalanlagegesellschaft m.b.H., Austria
Sparkasse Pöllau AG, Austria
Sparkasse Pottenstein N.Ö., Austria
Sparkasse Poysdorf AG, Austria
Sparkasse Pregarten - Unterweißenbach AG, Austria
Sparkasse Rattenberg Bank AG, Austria
Sparkasse Reutte AG, Austria
Sparkasse Ried im Innkreis-Haag am Hausruck, Austria
Sparkasse Salzkammergut AG, Austria
Sparkasse Scheibbs AG, Austria
Sparkasse Schwaz AG, Austria
Sparkasse Voitsberg-Köflach Bankaktiengesellschaft, Austria
Stavebni sporitelna Ceske sporitelny, a.s., Czech Republic
Steiermärkische Bank und Sparkassen Aktiengesellschaft, Austria
Tiroler Sparkasse Bankaktiengesellschaft Innsbruck, Austria
Tirolinvest Kapitalanlagegesellschaft mbH., Austria
Waldviertler Sparkasse Bank AG, Austria
Wiener Neustädter Sparkasse, Austria

Table 3: Article 3 no. 2 DisclReg (3/3): Fully consolidated companies pursuant to the Austrian Banking Act in 2013

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.

2.3 Total capital shortfall of all subsidiaries not included in the consolidation

Disclosure requirements covered: Article 3 no. 4 DisclReg

As of 31 December 2013, there was no capital shortfall at any of the companies of Erste Group included in consolidation.

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), qualifying supplementary capital (Tier 2) and short-term subordinated capital (Tier 3).

The core capital excluding eligible hybrid capital pursuant to Article 23 para. 4a and 4b Austrian Banking Act is a key measure in relation to total risk. This capital component is also referred to as “Core Tier 1 capital” (CT 1).

As of the balance sheet date 31 December 2013, the Group had the following regulatory capital structure:

in mn EUR	Dec 2013	Dec 12
	IFRS	Austrian GAAP
Paid up capital	860	
Share premium	6,388	
Retained earnings	4,257	
Accumulated Other Comprehensive Income	97	
Deductions of Erste Group Bank shares (directly held)	-242	
Regulatory deductions of financed Erste Group Bank shares and participation capital	-229	
Minority interests	3,167	
Deduction of Goodwill	-1,238	
Deduction of Customer Relationship	-271	
Deduction of Brand	-289	
Deduction of other intangible assets	-606	
50% deduction for non-consolidated credit and financial institutions pursuant to Article 23 para. 13 nos. 3 and 4 Austrian Banking Act	-114	
50% deduction for non-consolidated insurances pursuant to Article 23 para. 13 no. 4a Austrian Banking Act (1)	-84	
50% deduction of IRB-shortfall pursuant to Article 23 para. 13 no. 4c Austrian Banking Act	0	
50% deduction of securitisations pursuant to Article 23 para. 13 no. 4d Austrian Banking Act (2)	0	
Prudential filter on net positive AfS reserves	-402	
Prudential filter on gains and losses due to changes in own credit standing	-69	
Prudential filter for Cash flow hedges, excluding those for AfS-instruments	10	
Additional deduction for instruments measured at fair value pursuant to section 23 -13 4e of the Austrian Banking Act (3)	-37	
Core Tier 1 capital	**11,199**	**11,848**
Hybrid tier-1 capital pursuant to Article 23 nos. 4a and 4b Austrian Banking Act	361	
Direct holdings of own hybrid Tier 1 capital pursuant to Article 23 para. 4a and 4b Austrian Banking Act	0	
Tier 1 capital	**11,560**	**12,223**
Eligible supplementary capital	293	
Eligible subordinated liabilities	3,703	
70% of AfS-reserve deducted from Core Tier 1 eligible within Tier 2	281	
IRB - surplus	127	
Qualifying supplementary capital (Tier 2)	**4,404**	**4,074**
50% deduction for non-consolidated credit and financial institutions pursuant to Article 23 para. 13 nos. 3 and 4 Austrian Banking Act	-114	-107
50% deduction for non-consolidated insurances pursuant to Article 23 para. 13 no. 4a Austrian Banking Act (1)	-84	-164
50% deduction of IRB-shortfall pursuant to Article 23 para. 13 no. 4c Austrian Banking Act	0	0
50% deduction of securitisations pursuant to Article 23 para. 13 no. 4d Austrian Banking Act (2)	0	-12
Short-term subordinated capital (Tier 3)	**228**	**297**
Total eligible qualifying capital	**15,994**	**16,311**

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

1) 50% Tier 1 capital deduction starting with January 2013
2) Consideration within risk weighted assets pursuant to Article 22 para. 1 no. 1 Austrian Banking Act starting July 2013
3) Prudent valuation according to Article 201 of the Solvability Directive for securities and derivatives, in the trading book, which are evaluated at fair value

The consolidated capital and the capital requirements of Erste Group have been calculated pursuant to IFRS since 31 March 2013.

Reconciliation from IFRS equity to the regulatory Core Tier 1 capital as of 31 Dec. 2013	
in EUR million	**2013**
IFRS Equity	14,781
Intangibles	-2,404
Prudential filter	-497
Elimination minority profits	-82
Distribution EGB shares and partcap	-171
Regulatory deductions	-198
Financed shares	-80
Different Scope of consolidation	-80
Other	-70
IFRS Core TIER I	**11,199**

Table 5: Article 4 DisclReg: Reconciliation from IFRS Equity

3.1.2 KEY FEATURES OF ALL ITEMS OF REGULATORY CAPITAL

Disclosure requirements covered: Article 4 no. 1 DisclReg

The capital and deduction items were determined in accordance with the provisions of Basel 2.5 applying the regulatory provisions of Article 23 and 24 Austrian Banking Act as well as Article 29a Austrian Banking Act (optional selection of regulatory classification standards based on International Accounting Standards).

CORE TIER 1 - CAPITAL

The items of Core Tier 1 capital amounted to EUR 11,199 million as of 31 December 2013.
As of 31 December 2013, of Erste Group Bank shares, EUR 7,248 million with ISIN AT0000652011 qualify as Core Tier 1 capital. The paid-in capital pursuant to Article 23 para. 1 no. 1 Austrian Banking Act is EUR 860 million; eligible share premium EUR 6,388 million.
In August 2013, the entire participation capital, ISIN AT0000A0D4T3, of EUR 1,764 million was redeemed.
The retained earnings and the item “accumulated other comprehensive income” include capital earned and valuation effects pursuant to IFRS.

Deduction of Erste Group shares held or financed directly or indirectly within the Group:
The deduction item for shares held directly in Erste Group meet the requirements of Article 23 para. 2 Austrian Banking Act; the deduction for Erste Group shares held or financed indirectly within the Group is done pursuant to Article 57(a) of EU Directive 2006/48/EC issued in 2010.

Minorities:
The minority shares pursuant to Article 24 para. 2 no. 1 Austrian Banking Act comprise all shares which are not directly or indirectly attributable to the parent company.

Deduction of goodwill, customer relationship, brand and other intangible assets:
Goodwill, customer relationship, brand and other intangible assets are recognized pursuant to IAS 38 and are deducted from CT 1 capital in accordance with Article 23 para. 13 no. 1 Austrian Banking Act.

The item 50% deduction for investments in non-consolidated credit and financial institutions as well as for insurance companies is described in Chapter 2.1.2.

Prudential filter pursuant to Article 29a Austrian Banking Act:

The prudential filter for valuation effects from available-for-sale instruments (AfS) is applicable pursuant to Article 29a para. 4 no. 2 Austrian Banking Act and stipulates that if the positive revaluation reserve for available-for-sale instruments (AfS instruments) exceeds the negative revaluation reserve AfS instruments, this excess amount must be fully removed from Core Tier 1 capital. The netted positive AfS reserve is eligible up to 70% as Tier 2 capital. Gross negative AfS reserve remains unchanged in Core Tier 1 capital.

The prudential filter pursuant to Article 29a para. 4 no. 3 Austrian Banking Act is applied to the cash flow hedge reserve (change in value to collateral instruments) and calls for elimination of both positive and negative reserves from CT 1 capital.

Pursuant to Article 29a para. 4 no. 1 Austrian Banking Act, any profit or loss resulting from the optional recognition of own liabilities at fair value (application of the fair value option) is eliminated from CT 1 capital, provided the profit or loss results from a change to the own credit standing and the respective liability has not been derecognized.

Pursuant to Article 23 para. 13 no. 4e Austrian Banking Act, a deduction is made for valuation differences between the carrying amounts on the balance sheet and the carrying amounts pursuant to the prudent valuation, if the carrying amount on the balance sheet exceeds the carrying amount based on prudent valuation. The filter applies to trading book items measured at fair value.

HYBRID CAPITAL (TIER 1)

At 31 December 2013, equity instruments in the form of four hybrid Tier 1 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 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 6: Article 4 nos. 1 DisclReg: Hybrid Tier 1 issues

QUALIFYING SUPPLEMENTARY CAPITAL (TIER 2)

Consolidated supplementary capital (Tier 2) of Erste Group consists of 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, excess risk provisions (surplus from risk provisions and reserves versus expected losses according to Article 22 para. 6 Austrian Banking Act) as well as 70% of net positive available-for-sale reserves pursuant to Article 29a para. 4 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, 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 2013 was EUR 292.8 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 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 2013 amounted to EUR 3,702.6 million (of which securitised issues amount to EUR 3,606.1 million and non-securitised subordinated liabilities amount to EUR 96.5 million).

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 Austrian Banking Act at Erste Group were EUR 127.2 million as of 31 December 2013.

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 2013, 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 para. 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 (short-term 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 and supplementary capital issued (EUR 4,977.9 million) and the qualifying supplementary capital and subordinated capital (EUR 3,995.4 million) of the Erste Group of EUR 982.5 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 2013 was EUR 228.11 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 982.5 million) and the eligible short-term subordinated capital (EUR 228.1 million) amounts to EUR 754.4 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 foreign exchange (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 requirement (mn EUR)	Minimum capital requirement (% of total)
IRB Approach		
01: Central Governments & Central Banks	29.0	0.4%
02: Regional Governments & Local Authorities	46.7	0.7%
03: Administrative Bodies and Non-Commercial Undertakings	4.4	0.1%
04: Multilateral Development Banks	0.0	0.0%
05: International Organisations	0.0	0.0%
06: Institutions	196.2	2.9%
07: Corporates	2,497.5	37.3%
08: Retail (incl. SME)	1,287.9	19.2%
Residential mortgage exposures	731.7	10.9%
Qualifying revolving retail exposures	19.7	0.3%
Other retail exposures	536.5	8.0%
09: Equity	74.5	1.1%
ER – Simple Risk Weight Approach	27.8	0.4%
Private equity exposures in sufficiently diversified portfolios	7.0	0.1%
Exchange traded equity exposures	2.6	0.0%
Other equity exposures	18.2	0.3%
PD – PD/LGD Approach	46.7	0.7%
10: Securitisations	56.8	0.8%
11: Covered Bonds	8.7	0.1%
12: Collective Investment Undertakings	31.3	0.5%
13: Other Items	2.0	0.0%
IRB Approach Total	**4,234.9**	**63.2%**
Standardised Approach		
01: Central Governments & Central Banks	22.6	0.3%
02: Regional Governments & Local Authorities	33.2	0.5%
03: Administrative Bodies and Non-Commercial Undertakings	25.6	0.4%
04: Multilateral Development Banks	0.1	0.0%
05: International Organisations	0.0	0.0%
06: Institutions	30.7	0.5%
07: Corporates	650.1	9.7%
08: Retail (incl. SME)	407.1	6.1%
09: Equity	48.4	0.7%
ST – Institute in Standardised Approach	0.1	0.0%
PU – Permanent Partial Use	0.2	0.0%
GF – Grandfathering Provisions	48.0	0.7%
10: Securitisations	0.0	0.0%
11: Covered Bonds	0.0	0.0%
12: Collective Investment Undertakings	6.5	0.1%
13: Other Items	366.0	5.5%
Standardised Approach Total	**1,590.3**	**23.7%**
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	872.3	13.0%
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	**872.3**	**13.0%**
Total	**6,697.6**	**100.0%**

Table 7: 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 positions) 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 requirement (mn EUR)	Minimum capital requirement (% of total)
Position risk (standardised approach)	118.5	52.0%
thereof position risk with interest rate instruments	*66.8*	*29.3%*
thereof position risk in equity instruments	*40.2*	*17.6%*
thereof commodity risk	*0.0*	*0.0%*
thereof FX risk (incl. gold)	*11.5*	*5.0%*
Position risk by internal model (VaR model)	109.6	48.0%
Settlement risk	0.0	0.0%
Total	**228.1**	**100.0%**

Table 8: 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 requirement (mn EUR)	Minimum capital requirement (% of total)
Advanced Measurement Approach	604.6	74.1%
Basic Indicator Approach	210.8	25.9%
Total	**815.4**	**100.0%**

Table 9: 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 assesses the risk relevant exposure across all relevant risk types and compares it with the capital or the coverage potential Erste Group has for covering those risks.

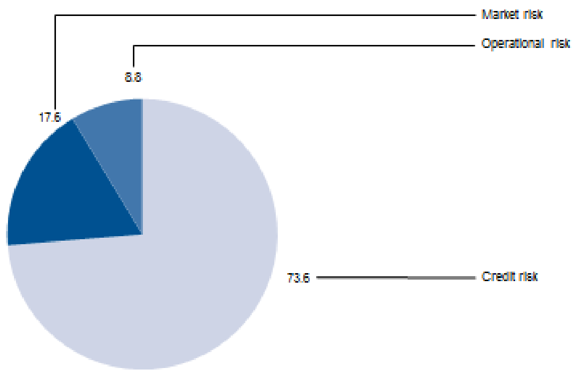
More specifically, the risk side of the calculation serves to determine the economic capital requirement (the total potential loss from the assumption of risk) from unexpected losses in respect of credit, market and operational risk. The economic capital requirement for market risk as of 31 December 2013 also includes currency risk from equity investments and the risk of spread changes for securities in the banking book. Furthermore, liquidity, macroeconomic risks and risk concentrations 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 aligned 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 assume in order to pursue strategic objectives. 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, 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 future Group's capital adequacy, 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 RCC 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 RCC 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 RCC are presented in the table below.

Economic capital requirement by risk types in %



Risk bearing capacity calculation	mn EUR
Economic capital requirement	11,525.8
Coverage potential	17,211.0
Excess	**5,685.2**

Table 10: Article 5 no. 1 DisclReg: Risk-bearing capacity calculation as of 31 December 2013

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 transaction 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 (derived from historic changes) 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 legal enforcement of netting agreements 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) 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 RCC. In part, portfolios subject to the standardised approach are replaced by IRB parameters in order to gain an economic perspective. 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). As this risk depends mainly on fluctuations in the market risk parameters (exchange rates, interest rate movements, share prices, credit spreads), 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. For repurchase and securities lending agreements, bonds of issuers with investment grade credit ratings are accepted as collateral. As the mutual obligation to meet margin calls ensures full collateralization on an ongoing basis, no additional reserves are formed for these transactions.

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 of a rating downgrade

Disclosure requirements covered: Article 6 no. 4 DisclReg

Contractual provisions concerning dependencies between collateralisation and the credit rating of Erste Group 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 (market value method incl. Add-On) (mn EUR)	Netting Effects (mn EUR)	EAD (mn EUR)	Eligible Collateral (mn EUR)	Net EAD (mn EUR)
Credit derivatives	97.4	26.2	71.2	7.2	64.0
FX derivatives and gold related transactions	2,127.1	660.1	1,466.9	92.1	1,374.8
Index & NAV related transactions	222.6	113.6	109.0	0.0	109.0
Interest rate derivatives	8,465.7	4,964.6	3,501.1	1,559.5	1,941.6
Other	145.3	1.3	144.0	0.0	144.0
Total	**11,058.1**	**5,765.8**	**5,292.3**	**1,658.8**	**3,633.6**

Table 11: 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	5,185.6
Original risk method	106.7
Standard method	0.0
Internal Model	0.0
Total	**5,292.3**

Table 12: Article 6 no. 6 DisclReg: Distribution of derivatives risk exposure by calculation method

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 89.6 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	17,698.5	19,148.7	164,698.2	164,110.8
FX derivatives and gold related transactions	3,149.4	3,072.2	40,426.2	40,569.9
Index & NAV related transactions	24.5	22.0	1,892.9	409.5
Other	38.1	45.6	551.9	253.2
Credit derivatives	89.6	106.0	231.7	399.0
a) Single name credit event/default swaps	89.6	106.0	176.3	373.4
b) Portfolio credit event/default swaps	0.0	0.0	55.4	25.6
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 13: 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.

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 and Group Risk Appetite Statement. Retail Risk Management Policies and Group Risk Appetite Statement 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/uncollateralized 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 analyses of 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 Group level reports monitoring local banks’ retail loan portfolio performance to address adverse developments early on. Another important function of Group Retail Risk Management is to assess if prudent lending requirements are met when countries are planning to offer new products to the market or changing their existing risk parameters. In addition, the unit ensures knowledge transfer across the Group countries.

The local Chief Risk Officers and the local Retail Risk Heads assume primary responsibility for credit risk management of the retail loan portfolios of the respective local bank and for managing the risk-return trade-off of their businesses. In line with Group Retail Risk Management’s Policies, local credit policy rules are defined locally in 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 and large corporates risk. 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 portfolios, 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, a set of approval criteria including 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, segment analysis, 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 elaborate 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. Erste Group has established clear policies with respect to FX lending across countries and businesses. This includes appropriate monitoring and governance in place with distinct limits as part of the Group RAS to manage and ensure proper oversight of the FX lending risk.

Erste Group strictly follows a cash-flow based corporate lending approach. Any financing is based on a corporate client´s ability to generate future cash-flows. Purely collateral-based lending is avoided as collateral only serves for reducing potential losses caused by unforeseen cash-flow shortfalls. All corporate lending activities (including Leverage and Acquisition Financing) are regulated by group-wide lending policies prescribing limitations and minimum requirements.

RISK HEDGING

As mentioned above collateral as such is no basis for lending decisions. Nevertheless, depending on the creditworthiness of a corporate client it is obligatory to take in collateral in order to reduce potential losses. The eligibility of collateral is determined in accordance with the bank’s internal collateral catalogue.

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. An exception to this rule applies for Lombard lending with liquid collateral behind subject to limits defined in the annual Risk Appetite Statement. Unsecured loans are generally allowed only 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 following paragraphs provide a description of the approaches and methods adopted for determining value adjustments and provisions.

PROVISION CALCULATION

The general principles and standards for credit risk provisions within Erste Group are described in internal policies.
The bank, in line with regulatory and accounting standards, evaluates the need and allocates credit risk provisions for expected losses. Provisions are calculated

- for financial assets carried at amortised cost (loans and advances, financial assets held to maturity) in accordance with IAS 39, and
- for contingent liabilities (financial guarantees, loan commitments) in accordance with IAS 37.

Credit loss provisioning is performed on customer-level. The process includes the default and impairment identification and the type of assessment (individual or collective); it also includes the decision responsibilities. Customer level means, if one of the customer's exposures is classified as defaulted then normally, all of that customer's exposures are classified as defaulted.

During the process the bank distinguishes between

- specific provisions calculated for exposures to defaulted customers that are deemed to be impaired, and
- portfolio provisions (provisions for incurred but not reported losses) calculated for exposures to non-defaulted customers or defaulted customers that are not deemed to be impaired.

CALCULATION OF SPECIFIC PROVISIONS

For the calculation of specific provisions, the discounted cash flow model is applied. This means that a difference between carrying amount and net present value (NPV) of the expected cash flows leads to an impairment and defines the amount of the provisioning requirement. All estimated interest and redemption payments as well as estimated collateral recoveries and costs for selling and obtaining collateral are considered as expected cash flows. The effective interest rate is used as the discount rate for the calculation of the NPV of the expected cash flows. The calculation of specific provisions is performed either on an individual basis or as a collective assessment (rule-based approach). In case of significant customers, expected cash flows are estimated individually by workout or risk managers. A customer is considered as significant if the total exposure defined as the sum of all on- and off-balance sheet exposures exceeds a determined materiality limit. Otherwise, the customer is considered as insignificant and a rule-based approach is used for the calculation of the provision. Under this approach, specific provisions are calculated as a multiplication of the carrying amount and the loss given default (LGD), where LGD reflects time in default or the stage of workout process.

CALCULATION OF PORTFOLIO PROVISIONS

Portfolio provisions are calculated on exposures to non-defaulted customers for which a default has not been detected or reported. The level of portfolio provisions depends on the carrying amount, the probability of default (PD), the loss given default (LGD) and the loss identification period (LIP). LIP corresponds to the average period between the incurrence and the detection of the loss and ranges from four months to one year. The result of discounting future cash flows to their present values is taken into consideration in the LGD calculation.

According to the Group's principles, a one-year PD is applied to the calculation of portfolio provisions. In general, through-the-cycle PDs (TTCPDs) are used as a basis. If the PD for a customer class is not specific enough, an Erste Group entity is entitled to use a more granular PD, as long as it is in compliance with Group methodology. Moreover, it is also possible to use point-in-time PDs if they are higher than TTCPDs and their usage has been confirmed by external auditors. Point-in-time character of provisions is ensured by rating system which reflects the current riskiness of clients/exposures.

Portfolio provisions are also calculated in case of exposures to defaulted customers which are not identified as impaired. For these customers, no specific provisions are allocated. Portfolio provisions are calculated according the following methods:

- either based on the historical loss experience for the relevant customer segment,

_ or based on adjusted PDs. In this instance, the customer is treated as if it were not defaulted and an adequate conservative PD lower than 100% is assigned. Subsequently, the standard formula for the calculation of portfolio provisions is applied, without taking into account the LIP factor.

5.4 Quantitative disclosure on credit risk

Disclosure requirements covered: Article 7 para. 1, nos. 3 to 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	38,751.2	39,037.3
02: Regional Governments & Local Authorities	7,176.0	7,352.7
03: Administrative Bodies and Non-Commercial Undertakings	1,277.8	1,201.7
04: Multilateral Development Banks	546.9	490.4
05: International Organisations	205.0	305.0
06: Institutions	17,589.8	19,385.1
07: Corporates	69,613.6	70,559.7
08: Retail (incl. SME)	67,362.8	68,130.9
09: Equity	1,094.8	1,079.7
10: Securitisations	1,231.2	1,413.5
11: Covered Bonds	3,992.8	3,314.8
12: Collective Investment Undertakings	1,206.2	1,208.8
13: Other Items	13,454.8	8,589.9
Total	**223,503.1**	**222,069.6**

Table 14: 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	103,328.1	46.2%
Core Market - Croatia	10,152.8	4.5%
Core Market - Czech Republic	34,875.7	15.6%
Core Market - Hungary	8,807.5	3.9%
Core Market - Romania	19,190.1	8.6%
Core Market - Serbia	1,307.9	0.6%
Core Market - Slovakia	15,293.1	6.8%
Core Market - Slovenia	1,858.8	0.8%
Emerging Markets - Asia	571.0	0.3%
Emerging Markets - Latin America	68.2	0.0%
Emerging Markets - Middle East/Africa	400.3	0.2%
Emerging Markets - SE Europe/CIS	2,334.2	1.0%
Other EU Countries	22,449.7	10.0%
Other Industrialized Countries	2,865.6	1.3%
Total	**223,503.1**	**100.0%**

Table 15: 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	10,067.7
	06: Institutions	3,311.0
	07: Corporates	36,076.0
	08: Retail (incl. SME)	35,733.3
Core Market - Croatia	01: Central Governments & Central Banks	2,748.5
	06: Institutions	98.1
	07: Corporates	3,838.8
	08: Retail (incl. SME)	2,817.0
Core Market - Czech Republic	01: Central Governments & Central Banks	9,899.4
	06: Institutions	1,095.4
	07: Corporates	8,807.6
	08: Retail (incl. SME)	12,117.2
Core Market - Hungary	01: Central Governments & Central Banks	1,457.1
	06: Institutions	549.9
	07: Corporates	2,428.6
	08: Retail (incl. SME)	3,727.2
Core Market - Romania	01: Central Governments & Central Banks	6,159.3
	06: Institutions	367.0
	07: Corporates	6,083.0
	08: Retail (incl. SME)	4,520.1
Core Market - Slovakia	01: Central Governments & Central Banks	5,500.8
	06: Institutions	155.3
	07: Corporates	3,040.6
	08: Retail (incl. SME)	5,647.0
Other EU Countries	01: Central Governments & Central Banks	1,599.5
	06: Institutions	10,309.5
	07: Corporates	5,470.0
	08: Retail (incl. SME)	980.4

Table 16: 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)
A - Agriculture and forestry	2,443.3	1.1%
B - Mining	516.4	0.2%
C - Manufacturing	11,774.9	5.3%
DE - Energy and water supply	3,507.1	1.6%
F - Construction	8,747.0	3.9%
Fx - of which: Development of building projects	*3,955.4*	*1.8%*
G - Trade	11,327.3	5.1%
HJ - Transport and communication	4,317.2	1.9%
I - Hotels and restaurants	4,219.5	1.9%
K - Financial and insurance services	40,808.2	18.3%
Kx - of which: Holding companies	*5,726.1*	*2.6%*
L - Real estate and housing	21,775.7	9.7%
MNS - Services	6,078.3	2.7%
O - Public administration	38,551.0	17.2%
PQR - Education, Health and Art	2,790.4	1.2%
T - Private households	55,075.5	24.6%
X - Other	11,571.1	5.2%
Total	**223,503.1**	**100.0%**

Table 17: Article 7 para. 1 no. 5 DisclReg: Credit Risk - EAD by industry groups

Maturity Band	EAD (mn EUR)	EAD (% of total)
01: X <= 3months	32,371.2	14.5%
02: 3 months <= X < 1 year	18,590.1	8.3%
03: 1 year <= X < 2.5 years	37,430.5	16.7%
04: 2.5 years <= X < 5 years	28,114.8	12.6%
05: 5 years <= X < 10 years	38,982.8	17.4%
06: 10 years <= X < 15 years	22,771.1	10.2%
07: 15 years <= X < 20 years	17,021.9	7.6%
08: 20 years <= X	28,220.8	12.6%
Total	**223,503.1**	**100.0%**

Table 18: 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) Substandard	EAD (mn EUR) Defaulted	Total	EAD (% of total)
A - Agriculture and forestry	79.7	263.4	343.1	2.1%
B - Mining	4.6	54.0	58.6	0.4%
C - Manufacturing	372.0	1,680.2	2,052.2	12.6%
DE - Energy and water supply	90.2	205.9	296.1	1.8%
F - Construction	188.9	1,769.5	1,958.4	12.0%
Fx - thereof: Development of building projects	*72.8*	*579.5*	*652.3*	*4.0%*
G - Trade	277.8	1,479.3	1,757.1	10.8%
HJ - Transport and communication	67.8	318.9	386.8	2.4%
I - Hotels and restaurants	243.6	840.4	1,084.0	6.7%
K - Financial and insurance services	35.6	440.7	476.3	2.9%
Kx - thereof: Holding companies	*20.8*	*271.2*	*292.0*	*1.8%*
L - Real estate and housing	549.5	1,248.2	1,797.7	11.1%
MNS - Services	135.0	467.5	602.5	3.7%
O - Public administration	31.9	33.9	65.7	0.4%
PQR - Education, Health and Art	58.8	363.8	422.6	2.6%
T - Private households	1,070.6	3,667.8	4,738.3	29.1%
X - Other	206.3	20.9	227.2	1.4%
Total	**3,412.2**	**12,854.4**	**16,266.6**	**100.0%**

Table 19: Article 7 para. 1 no. 7 lit. a) DisclReg: Credit Risk - EAD by industry groups for substandard and defaulted exposure

Industry	Risk Category	Provisions (mn EUR)	Expenditure (mn EUR)	Provisions (% of total)
A - Agriculture and forestry	Substandard	6.3	1.1	0.1%
	Defaulted	161.9	34.0	2.0%
A - Agriculture and forestry		**168.2**	**35.2**	**2.1%**
B - Mining	Substandard	1.9	0.0	0.0%
	Defaulted	40.0	14.7	0.5%
B - Mining		**41.8**	**14.7**	**0.5%**
C - Manufacturing	Substandard	34.6	3.3	0.4%
	Defaulted	1,109.1	228.3	14.0%
C - Manufacturing		**1,143.6**	**231.7**	**14.4%**
DE - Energy and water supply	Substandard	3.9	1.8	0.0%
	Defaulted	113.2	28.9	1.4%
DE - Energy and water supply		**117.2**	**30.8**	**1.5%**
F - Construction	Substandard	22.9	12.6	0.3%
	Defaulted	1,153.5	243.8	14.5%
F - Construction		**1,176.4**	**256.4**	**14.8%**
thereof: Development of building projects	*Substandard*	*10.0*	*7.7*	*0.1%*
	Defaulted	332.4	58.9	4.2%
thereof: Development of building projects		***342.3***	***66.7***	***4.3%***
G - Trade	Substandard	18.3	3.6	0.2%
	Defaulted	882.8	187.2	11.1%
G - Trade		**901.1**	**190.9**	**11.4%**
HJ - Transport and communication	Substandard	8.6	4.4	0.1%
	Defaulted	218.3	14.8	2.8%
HJ - Transport and communication		**227.0**	**19.2**	**2.9%**
I - Hotels and restaurants	Substandard	14.6	4.0	0.2%
	Defaulted	389.5	85.5	4.9%
I - Hotels and restaurants		**404.1**	**89.4**	**5.1%**
K - Financial and insurance services	Substandard	1.8	0.6	0.0%
	Defaulted	279.1	67.3	3.5%
K - Financial and insurance services		**281.0**	**67.8**	**3.5%**
thereof: Holding companies	*Substandard*	*0.0*	*0.0*	*0.0%*
	Defaulted	150.0	64.9	1.9%
thereof: Holding companies		**150.1**	**64.8**	**1.9%**
L - Real estate and housing	Substandard	19.6	4.8	0.2%
	Defaulted	688.9	182.2	8.7%
L - Real estate and housing		**708.4**	**187.0**	**8.9%**
MNS - Services	Substandard	8.6	1.2	0.1%
	Defaulted	275.6	47.9	3.5%
MNS - Services		**284.2**	**49.1**	**3.6%**
O - Public administration	Substandard	0.4	-0.5	0.0%
	Defaulted	7.2	-2.2	0.1%
O - Public administration		**7.6**	**-2.7**	**0.1%**
PQR - Education, Health and Art	Substandard	4.6	-1.7	0.1%
	Defaulted	68.3	6.8	0.9%
PQR - Education, Health and Art		**72.9**	**5.1**	**0.9%**
T - Private households	Substandard	144.2	15.9	1.8%
	Defaulted	2,075.8	417.9	26.2%
T - Private households		**2,220.0**	**433.8**	**28.0%**

X - Other	Substandard	136.1	15.2	1.7%
	Defaulted	47.1	18.6	0.6%
X - Other		**183.2**	**33.7**	**2.3%**
Total		**7,936.6**	**1,642.1**	**100.0%**

Table 20: Article 7 para. 1 no. 7 lit. b), lit. c) DisclReg: Credit Risk - Provisions and expenses (additions – releases) by industry groups for substandard and defaulted exposure

Group of Countries	EAD (mn EUR)		Total	EAD (% of total)
	Substandard	Defaulted		
Core Market - Austria	1,209.3	3,187.3	4,396.6	27.0%
Core Market - Croatia	461.2	1,521.3	1,982.5	12.2%
Core Market - Czech Republic	378.8	1,177.2	1,556.0	9.5%
Core Market - Hungary	235.4	1,684.2	1,919.6	11.8%
Core Market - Romania	606.8	3,341.3	3,948.1	24.2%
Core Market - Serbia	21.3	144.4	165.7	1.0%
Core Market - Slovakia	164.3	579.6	743.9	4.6%
Core Market - Slovenia	77.6	342.8	420.4	2.6%
Emerging Markets - Asia	0.1	11.7	11.7	0.1%
Emerging Markets - Latin America	0.1	3.3	3.4	0.0%
Emerging Markets - Middle East/Africa	0.2	5.5	5.7	0.0%
Emerging Markets - SE Europe/CIS	55.2	199.1	254.3	1.6%
Other EU Countries	207.8	522.5	730.4	4.5%
Other Industrialized Countries	32.3	134.2	166.5	1.0%
Total	**3,450.3**	**12,854.4**	**16,304.7**	**100.0%**

Table 21: 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)		Total	EAD (% of total)
	Substandard	Defaulted		
Core Market - Austria	172.8	1,822.7	1,995.5	25.1%
Core Market - Croatia	36.8	740.0	776.7	9.8%
Core Market - Czech Republic	28.7	619.7	648.4	8.2%
Core Market - Hungary	24.0	901.8	925.8	11.7%
Core Market - Romania	133.4	2,312.5	2,445.8	30.8%
Core Market - Serbia	2.7	91.1	93.7	1.2%
Core Market - Slovakia	17.5	326.0	343.5	4.3%
Core Market - Slovenia	5.1	158.9	164.0	2.1%
Emerging Markets - Asia	0.0	0.5	0.5	0.0%
Emerging Markets - Latin America	0.0	0.7	0.7	0.0%
Emerging Markets - Middle East/Africa	0.0	1.6	1.6	0.0%
Emerging Markets - SE Europe/CIS	3.5	125.4	129.0	1.6%
Other EU Countries	1.9	313.2	315.1	4.0%
Other Industrialized Countries	0.0	96.3	96.3	1.2%
Total	**426.4**	**7,510.3**	**7,936.6**	**100.0%**

Table 22: 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	314,6	155.4	221.7	32.2	-0.5	0.5	426.4

Table 23: 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	118.1	96.0

Table 24: 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 25: Article 8 no. 4 DisclReg (1/2): Allocation of the external ratings to credit quality steps

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)	Institutions (Option 2) Long-term	Institutions (Option 2) Short- term	Corporates
1	0%	20%	20%	20%	20%
2	20%	50%	50%	20%	50%
3	50%	100%	50%	20%	100%
4	100%	100%	100%	50%	100%
5	100%	100%	100%	50%	150%
6	150%	150%	150%	150%	150%

Table 26: 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 amounts and unsecured exposure amounts 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	35,692.2	35,616.0	0.2%	42.3%
	02	0.0	0.0		0.0%
	03	4.7	4.7	0.0%	0.0%
	04	272.3	258.6	5.0%	0.3%
	05	18.4	18.4	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	4,491.9	4,491.3	0.0%	5.3%
	02	1,481.7	1,404.7	5.2%	1.8%
	03	35.1	29.1	16.9%	0.0%
	04	14.0	13.9	0.9%	0.0%
	05	18.3	18.3	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	168.0	154.5	8.0%	0.2%
	02	692.2	691.2	0.2%	0.8%
	03	2.9	2.4	16.2%	0.0%
	04	23.0	22.9	0.5%	0.0%
	05	97.5	97.5	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	520.7	520.7	0.0%	0.6%
	02	0.0	0.0	0.0%	0.0%
	03	18.5	18.5	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	205.0	205.0	0.0%	0.2%
	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	1,947.4	1,940.7	0.3%	2.3%
	02	941.8	941.0	0.1%	1.1%
	03	22.1	20.4	7.6%	0.0%
	04	214.9	214.9	0.0%	0.3%
	05	35.7	34.3	3.8%	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	1,918.5	1,735.1	9.6%	2.3%
	02	402.2	145.1	63.9%	0.5%

	03	3,543.0	1,936.5	45.3%	4.2%
	04	6,471.8	5,509.8	14.9%	7.7%
	05	107.9	81.0	24.9%	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	95.7	82.2	14.1%	0.1%
	02	2,040.9	70.1	96.6%	2.4%
	03	4,094.1	3,241.9	20.8%	4.9%
	04	1,461.7	758.8	48.1%	1.7%
	05	40.9	38.3	6.4%	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%
09: Equity	01	166.1	166.1	0.0%	0.2%
	02	0.0	0.0	0.0%	0.0%
	03	2.9	2.9	0.0%	0.0%
	04	542.2	542.2	0.0%	0.6%
	05	48.4	48.4	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	2,300.3	2,300.3	0.0%	2.7%
	02	0.0	0.0	0.0%	0.0%
	03	0.0	0.0		0.0%
	04	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	722.2	722.2	0.0%	0.9%
	02	10.0	10.0	0.0%	0.0%
	03	0.8	0.8	0.0%	0.0%
	04	49.5	49.5	0.0%	0.1%
	05	14.3	14.3	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	8,386.8	8,386.4	0.0%	9.9%
	02	606.7	606.7	0.0%	0.7%
	03	147.9	136.7	7.6%	0.2%
	04	4,256.0	4,152.9	2.4%	5.0%
	05	12.7	12.7	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%
Total		**84,361.9**	**77,469.9**	**8.2%**	**100.0%**

Table 27: 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 Approved approaches and transitional rules by the regulator

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

Erste Group was authorised by the Austrian Financial Market Authority (FMA) and the Oesterreichische Nationalbank (Austrian central bank) to calculate risk-weighted exposure amounts for credit risk using the IRB Approach as of 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

1. 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
_ Bausparkasse der oesterreichischen Sparkassen AG
_ Sparkasse Baden
_ Sparkasse Bregenz Bank AG
_ Sparkasse Herzogenburg-Neulengbach
_ 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
_ Waldviertler 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)

2. 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)

3. 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)
_ Erste Group Immorent AG (IRB Official Notice 1 Jan. 2007)

4. IRB application planned

The following members of the credit institutions group will be gradually implemented 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 (only Business area Czech Market)
_ 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 retail banking 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 SL	Bank Rating	Country Rating	External Ratings (ECAIs)
	Statistical Model			Expert Model			
Exposure Class							
Retail	•	•					
Corporate		•	•	•	•		
Institutions					•		
Sovereigns						•	
Equity			•	•	•		
Securitisations							•
Other assets							

Table 28: 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 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

Delineation

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 initiated manually for determining the current rating grade and the rating in the case of a loan application (rating by type of financing).

Apart from the online rating, there is also the monthly batch rating in which the current rating grade is determined based on behaviour. This automatically updates the currently determined rating grade (based on an evaluation of behaviour and any available external information).

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. On the one hand, the capacity and the willingness to provide support are analysed which may have a positive influence on the individual customer rating. On the other, the group's rating is the cap for the rating of the individual customer. Rating caps also result from the 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
Delineation
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. The indicators include LTV (loan to value) and DSCR (debt service coverage ratio). Other soft facts are, for example, the features of the object financed (e.g. location quality) and project risks.

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 presently in Austria, Romania and in the Czech Republic 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, how the rating grades from the internal rating models for banks and countries correlate with the rating grades assigned by external rating agencies, is veryfied.

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

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.

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.

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.

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 Group Credit Risk Validation 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 Holding Model Committee that Erste Group has set up as a steering and control body at Erste Group Bank AG for the model development and validation process and which reports to the CRO Board.

Validation

The rating systems are monitored and reviewed by Group Credit Risk 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 manually overruling of model results.

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.

Apart from the rating model, the rating process is also reviewed. This review comprises a valuation of the model's coverage of the portfolio (lacking/overdue ratings) and of cross-portfolio migration (rating method switching).

In this case as well, measures are developed and implemented to resolve any defects.

Monitoring

The focus of monitoring is not on the model, but on its application and consequences. These activities include the monitoring of lending practices as well as of 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 to the rules governing credit decisions and/or their handling as well as with respect to any 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.

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. 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 (PD) represents the probability that a given customer will default within the subsequent twelve months (one-year PD). The 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. Another major advantage of this method is that it also covers indirect defaults. This means that even a very good rating grade in which no customers defaults can have a PD greater than zero.

Additionally, when estimating PD, a safety margin or margin of conservatism (MoC) is added for each portfolio in order 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 Group Credit Risk Validation in line with the rating models and improvement measures are initiated depending on the results, where appropriate. The same also applies to the risk parameters LGD (Loss Given Default) and CCF (Credit Conversion Factor) described further below.

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 are 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 Group-wide perspective, the PD estimates turned out to be higher than the actual default rates.

Rating method	Time period	Average PD estimates	Average Default rates
Country Rating	12/1993 -12/2012	1.9%	1.0%
Bank Rating	12/2001 -12/2012	0.5%	0.2%
Rating Corporates	01/2006 -12/2012	3.6%	2.8%
Rating SME	01/2006 -12/2012	4.0%	3.2%
Rating Private Individuals	01/2006 -12/2012	3.2%	2.9%

Table 29: 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 (MoC). 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.

The validation of the LGD risk parameter is done by Group Credit Risk Validation 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 assessment of compliance with all relevant rules in the models (e.g., investigation of documentation and data quality).

The table below shows the LGD backtesting results for defaulted customers at Group level on the long-term EAD-weighted average. All defaults over a period of observation of at least five years (the years 2008 to 2012) were considered, with the model valid as of the beginning of 2012 being used for the calculation of estimated LGD. Segmentation was done by (retail) customer class. .

The estimated LGDs were higher than the observed value for both retail customers and SMEs:

Asset Class	Average LGD estimates	Average annual observed LGD
Private Individuals	31.6%	28.1%
SME	26.2%	24.4%

Table 30: 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 a margin of conservatism (MoC) allowance for estimation error. The amount of error is determined based on a bootstrapping method.

The validation of the CCF risk parameter is done by Group Credit Risk Validation 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	72.2%	70.6%
SME	64.4%	59.3%

Table 31: 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

An explanation and overview of the use of internal estimates for purposes other than calculating risk-weighted exposure amounts in accordance with Article 22b Austrian Banking Act

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 loan loss provision calculation and standard risk costs.

LOAN LOSS PROVISION CALCULATION

In general, internally-assessed risk parameters are applied mainly to the recognition of portfolio loan loss provisions when incurred loss concept according to IAS 39 (in case of on-balance sheet exposures) or expected loss concept according to IAS 37 (in case of off-balance sheet exposures) is applied.

According to the group principles, a one year PD is applied when calculating portfolio provisions. In general through the cycle Basel II PDs are used in calculation of portfolio provisions. In case that Basel II segmentation is not granular enough for provision calculation, an entity can use more granular PDs, but calculated in line with Group methodology. Moreover, it is possible to use also point-in-time PDs that are above through-the-cycle PDs, but its usage has to be confirmed by external auditors.

STANDARDISED RISK COSTS

Standard risk costs (SRC) are used in Erste Group as a part of risk-adjusted pricing. It means that SRC at the time of origination (internally called expected risk margin) represent, in absolute term, the sum of revenues that the bank should obtain over the lifetime (or till next re-pricing date) of a given production to cover losses generated by this production.

Based on SRC, the bank is able to estimate losses till remaining maturity or till the next re-pricing date.

In case of SRC IRB parameters are not used in calculation directly, mainly in case of PD, due to:

- Insufficient segmentation in case of IRB parameters
- PD till maturity (or till next re-pricing date) is used in comparison with one year IRB PD used in risk-weighted assets calculation.

STRESS TESTING

Stress testing is an indispensable element of risk management at Erste Group and is applied to forecasting and to strategy planning for business activities, capital and liquidity. The vulnerability of the bank in 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 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 risk concentrations, 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	2,763.7	2.0%
02: Regional Governments & Local Authorities	1,135.1	0.8%
03: Administrative Bodies and Non-Commercial Undertakings	294.2	0.2%
04: Multilateral Development Banks	7.8	0.0%
05: International Organisations	0.0	0.0%
06: Institutions	14,428.0	10.4%
07: Corporates	44,289.7	31.8%
08: Retail (incl. SME)	59,629.5	42.9%
09: Equity	335.2	0.2%
10: Securitisations	1,231.2	0.9%
11: Covered Bonds	1,692.5	1.2%
12: Collective Investment Undertakings	409.1	0.3%
13: Other Items	35.7	0.0%
IRB Approach	**126,251.6**	**90.7%**
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	12,880.4	9.3%
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	0.2	0.0%
13: Other Items	9.0	0.0%
Supervisory Slotting	**12,889.6**	**9.3%**
Total	**139,141.2**	**100.0%**

Table 32: 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	2,598.0	7.8%	94.0%
	02	27.4	30.5%	1.0%
	03	2.6	48.2%	0.1%
	04	0.0	0.0%	0.0%
	05	117.3	91.1%	4.2%
	06	13.5	116.8%	0.5%
	07	0.0	0.0%	0.0%
	08	0.2	168.6%	0.0%
	09	1.6	39.8%	0.1%
	10	3.0	0.0%	0.1%
Total		**2,763.7**	**13.1%**	**100.0%**

Table 33: 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	546.3	10.8%	3.8%
	02	7,807.3	14.2%	54.1%
	03	4,272.7	23.5%	29.6%
	04	1,191.8	30.1%	8.3%
	05	77.8	11.7%	0.5%
	06	34.5	104.9%	0.2%
	07	16.4	102.3%	0.1%
	08	10.6	29.0%	0.1%
	09	412.8	101.3%	2.9%
	10	57.8	14.6%	0.4%
Total		**14,428.0**	**21.0%**	**100.0%**

Table 34: 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	1,873.5	22.5%	4.2%
	02	5,590.9	22.1%	12.6%
	03	6,457.2	46.6%	14.6%
	04	8,550.2	65.1%	19.3%
	05	7,429.1	86.3%	16.8%
	06	5,150.4	104.2%	11.6%
	07	2,221.3	123.0%	5.0%
	08	2,001.6	145.6%	4.5%
	09	1,810.0	193.9%	4.1%
	10	3,205.3	0.0%	7.2%
Total		**44,289.7**	**70.4%**	**100.0%**

Table 35: 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	86.7	29.2%	3.1%	0.1%
		02	2,702.1	12.8%	2.4%	4.5%
		03	4,728.0	15.8%	6.0%	7.9%
		04	14,996.1	16.1%	12.0%	25.1%
		05	6,137.8	19.8%	29.2%	10.3%
		06	1,709.8	19.6%	47.4%	2.9%
		07	2,367.9	19.0%	59.0%	4.0%
		08	1,608.2	15.9%	68.2%	2.7%
		09	1,441.1	19.8%	113.2%	2.4%
		10	1,972.1	26.6%	12.8%	3.3%
	Residential mortgage exposures		**37,749.9**	**17.5%**	**24.2%**	**63.3%**
	Qualifying revolving retail exposures	01	0.0	0.0%	0.0%	0.0%
		02	0.0	0.0%	0.0%	0.0%
		03	43.5	75.8%	7.6%	0.1%
		04	548.4	53.5%	11.6%	0.9%
		05	127.3	55.0%	27.3%	0.2%
		06	45.6	52.0%	41.7%	0.1%
		07	36.0	57.4%	65.4%	0.1%
		08	25.3	57.5%	94.4%	0.0%
		09	50.5	56.9%	150.6%	0.1%
		10	5.4	52.1%	46.2%	0.0%
	Qualifying revolving retail exposures		**882.1**	**55.3%**	**28.0%**	**1.5%**
	Other retail exposures	01	44.3	37.7%	4.3%	0.1%
		02	2,282.0	36.2%	6.3%	3.8%
		03	3,931.4	35.9%	14.0%	6.6%
		04	5,069.2	34.6%	25.2%	8.5%
		05	3,625.5	38.1%	45.0%	6.1%
		06	1,356.7	37.4%	53.4%	2.3%
		07	1,345.8	37.9%	57.8%	2.3%
		08	890.4	36.6%	60.3%	1.5%
		09	902.3	39.8%	93.9%	1.5%
		10	1,549.9	38.6%	13.9%	2.6%
	Other retail exposures		**20,997.5**	**36.6%**	**31.9%**	**35.3%**
Total			**59,629.5**	**24.8%**	**27.0%**	**100.0%**

Table 36: 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	64.2	241.5%	19.1%
	02	8.8	0.0%	2.6%
	03	35.6	370.0%	10.6%
	04	28.1	193.5%	8.4%
	05	198.5	283.9%	59.2%
	06	0.0	376.8%	0.0%
	07	0.0	536.7%	0.0%
	08	0.0	568.5%	0.0%
	09	0.0	550.0%	0.0%
	10	0.0	0.0%	0.0%
Total		**335.2**	**277.6%**	**100.0%**

Table 37: 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	988.4	7.7%
	Category 2	1,450.1	11.3%
	Category 3	280.0	2.2%
	Category 4	312.7	2.4%
	Category 5 – Default	884.9	6.9%
X <= 2.5 years		**3,916.1**	**30.4%**
X > 2.5 years	Category 1	3,476.0	27.0%
	Category 2	2,934.2	22.8%
	Category 3	940.6	7.3%
	Category 4	745.9	5.8%
	Category 5 – Default	876.8	6.8%
X > 2.5 years		**8,973.5**	**69.6%**
Total		**12,889.6**	**100.0%**

Table 38: 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, are broken down for the categories specified as follows:

Exposure Class	Portfolios under the Simple Risk Weight Approach	EAD (mn EUR)	EAD (% of total)
09: Equity	Private equity exposures in sufficiently diversified portfolios	45.8	38.7%
	Exchange traded equity exposures	11.1	9.3%
	Other equity exposures	61.6	52.0%
Total		**118.5**	**100.0%**

Table 39: Article 9 DisclReg (2/2): Exposure class Equity under the simple risk weight approach – Exposure amounts 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	1.3	2.7	104.0%	0.0%
02: Regional Governments & Local Authorities	17.7	12.7	-28.3%	0.2%
03: Administrative Bodies and Non-Commercial Undertakings	2.1	1.9	-9.6%	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	88.0	65.1	-26.0%	0.8%
07: Corporates	4,377.3	4,942.0	12.9%	58.8%
08: Retail (incl. SME)	3,020.9	3,378.3	11.8%	40.2%
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	65.4	2.2	-96.6%	0.0%
Total	**7,572.6**	**8,404.9**	**11.0%**	**100.0%**

Table 40: Article 16 para. 1 no. 7 DisclReg: Provisions and changes in provisions by exposure classes

As shown in the table above the overall provisions increased by 11%, especially in the corporate and retail (including SME) portfolio.

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 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.

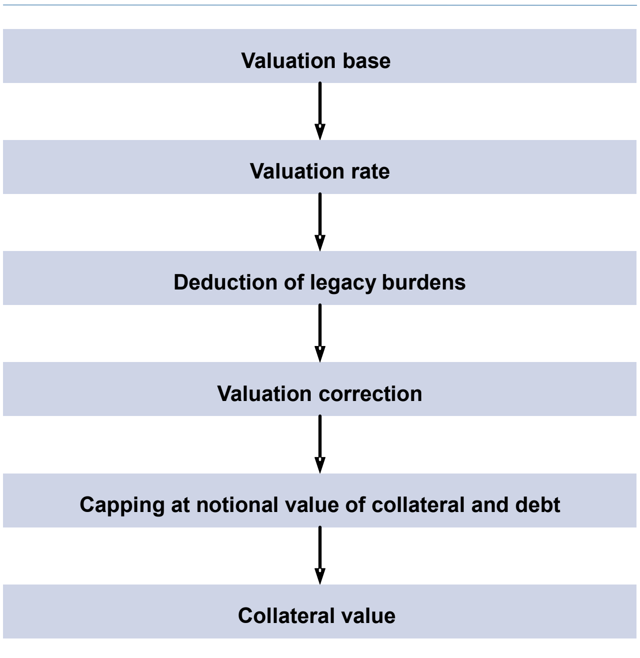
All collateral eligible within the Group is specified in an exhaustive list in the Group Collateral Catalogue. Locally-permitted collateral is defined by the respective bank in accordance with applicable national legal provisions. The valuation and revaluation of the collateral is done according to the 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 Group Collateral 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. 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 backtested 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

Collateral revaluation is done periodically and is automated as far as possible. The relevant interfaces are used for external data sources. The maximum periods for the revaluation of individual collateral are predefined and risk management monitors compliance supported by software applications. Irrespective of the periodically conducted revaluations, revaluations must also be carried out when information becomes available indicating that the value of the collateral has decreased for special reasons.

The following types of collateral are accepted:

- Real estate: this includes both privately-used and commercial real estate;
- Financial collateral: these are mainly securities and cash deposits as well as life insurance policies; and
- Guarantees: guarantees are given mostly by states, banks and companies. All guarantees must have a minimum credit rating which is reviewed annually.

Other types of collateral such as physical collateral or the assignment of receivables are less frequent.

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 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 currently not used for risk mitigation in the customer lending business. The consideration of netting agreements for the OTC derivative business is described in chapter 4.1.

8.3 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. Furthermore, the transactions are executed with credit institutions with rating in the investment grade range assigned by recognised rating agencies.

8.4 Risk concentrations within credit risk mitigation

Disclosure requirements covered: Article 17 no. 5 DisclReg

Risk concentrations resulting from credit risk mitigation techniques are 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.

8.5 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	811.3	0.0	19.9
02: Regional Governments & Local Authorities	28.2	59.8	2.1
03: Administrative Bodies and Non-Commercial Undertakings	1,124.2	2.3	13.6
04: Multilateral Development Banks	0.0	0.0	0.0
05: International Organisations	0.0	0.0	0.0
06: Institutions	334.2	0.0	5,412.4
07: Corporates	3,868.5	13,369.1	2,247.8
08: Retail (incl. SME)	523.0	31,511.7	3,789.4
09: Equity	0.0	0.0	0.0
10: Securitisations	0.0	0.0	0.0
11: Covered Bonds	13.3	0.0	0.0
12: Collective Investment Undertakings	21.4	0.0	0.0
13: Other Items	0.0	10.2	103.6
Total	**6,724.1**	**44,953.2**	**11,588.7**

Table 41: 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

In the past, securitisation deals had been 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.
There were no new investments in securitisations in 2013. It is planned to largely phase out this portfolio.

The continuous monitoring of the securitisation portfolio is done by a standardized process using various impairment tests.
Changes in market risk are analysed on a monthly basis using current market prices for each of the securitisations. Furthermore, developments in credit spreads are 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. These are also subject to the monitoring process described above.

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 December 2013, Erste Group securitised a portion of the car leasing portfolio of EBV Leasing through the Edelweiss 2013-1 transaction with a volume of EUR 266.9 million. Edelweiss 2013-1 was structured in 4 tranches with AAA to BB+ ratings by Moody's and Fitch. The 4 tranches were fully placed with institutional investors thereby achieving the goal of decreasing risk-weighted assets by transferring a significant portion of credit risk to third parties.

	Notional value (mn. EUR)	Share (%)	Rating (Moody's/Fitch)	Spread in bps
Tranche A	232.5	87.1%	Aaa/AAA	47
Tranche B	18.4	6.9%	Aa3/A	92
Tranche C	9.3	3.5%	Bbb2/BBB	200
Tranche D	6.7	2.5%	-/BB+	300
Total	**266.9**	**100.0%**		
Reserve fund	**3.3**	**1.3%**		

Table 42: Article 15 nos. 6,7 DisclReg: Breakdown of securitisation activities by external rating groups

Like in the preceding transaction Edelweiss 1, the reserve fund (first-loss piece) of EUR 3,336,250 is provided by EBV - Leasing with a risk-weight of 1250%. The average spread of the 4 tranches is 62bps over the 3-month Euribor. In contrast to Edelweiss 1, Edelweiss 2013-1 was structured in four instead of two tranches and a liquidity facility was added. The replenishment period is one year instead of five years for Edelweiss 1. The portfolio consists 100% of Austrian car leasing receivables that are redeemed monthly unlike the notes with quarterly payments.

The 5% originator deductible required by the capital regulations was met by retaining exposures with a volume of EUR 14.1 million or 5% prior to securitisation at EBV level by random selection.

Jointly with the Royal Bank of Scotland plc, Erste Group acted as co-arranger and joint lead manager for the structuring and placement of the transaction, and is responsible for the following activities during the life: deemed collections guarantee provider, back-up servicer and swap counterparty. Erste Bank der oesterreichischen Sparkassen AG is collection account bank and EBV-Leasing GmbH fulfils the functions of seller, servicer and subordinated loan provider in the transaction.

9.3 Quantitative disclosure on securitisations

9.3.1 SECURITISATION ACTIVITIES

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

Type of securitisation	Type of exposure	Exposure (mn EUR)	Exposure (% of total)
Traditional	Car finance	266.9	
Traditional securitisations total		**266.9**	**100.0%**
Synthetic	Car finance	0.0	
Synthetic securitisations total		**0.0**	**0.0%**
Total		**266.9**	**100.0%**

Table 43: 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	0.0	
Substandard total		**0.0**	**0.0**	**0.0%**
Defaulted	Car finance	0.0	0.0	
Defaulted total		**0.0**	**0.0**	**0.0%**
Total		**0.0**	**0.0**	**100.0%**

Table 44: Article 15 no. 16 DisclReg: Outstanding securitisation exposure – substandard and non-performing exposure as well as losses during the reporting period

Edelweiss 2013-1 comprises of EUR 0 million substandard and EUR 0 million defaulted car leasing receivables. The transaction was carried out on 13 December 2013. One of the requirements for each of the securitised leasing exposures was that none were permitted to be in default at the time of the issue.

9.3.2 EXPOSURE AMOUNTS 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: Securitisation Positions			
	Asset Backed Securities	420.4	33.2%
	Collateralised Bond Obligation	0.0	0.0%
	Collateralised Loan Obligation	360.5	28.5%
	Commercial Mortgage Backed Securities	21.8	1.7%
	Collateralised Mortgage Obligation	0.0	0.0%
	Residential Mortgage Backed Securities	118.0	9.3%
	Resecuritisations	345.3	27.3%
	Other collateralized Debt Obligation	0.2	0.0%
Total		**1,266.2**	**100.0%**

Table 45: Article 15 no. 15 lit. a) DisclReg (1/2): Exposure class Securitisations – EAD by receivable types

Exposure Class	Risk weight band	EAD (mn EUR)	EAD (% of total)
10: Securitisation Positions			
	01	553.8	43.7%
	02	354.1	28.0%
	03	237.9	18.8%
	04	46.2	3.6%
	05	43.6	3.4%
	06	12.0	0.9%
	07	3.6	0.3%
	08	15.0	1.2%
Total		**1,266.2**	**100.0%**

Table 46: Article 15 no. 15 lit. a) DisclReg (2/2): 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). The measurement method for risk in the trading book is Value at Risk (VaR). At Erste Group, VaR is calculated according to the method of historic simulation. A confidence interval of 99% and a holding period of one day apply. The validity of the statistical methods used is constantly checked by backtesting.

ORGANISATION

The responsibility for market risk at Group level rests with Market Risk Management in 2013 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 risk management software KVAR+ and Calypso;
- Further improvement and development of methodology;
- Model testing regarding market risks;
- Stress testing;
- Market risk limit setting proposal;
- 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 Market Risk Committee meetings as regards market risk and
- Ad-hoc analyses.

RISK MEASUREMENT AND CONTROL

The measurement method for market risk at Erste Group is generally is Value at Risk (VaR), which is calculated according to the method of historic simulation. The software packages KVAR+ and Calypso are used for this purpose. Until mid 2013, only KVAR+ had been used. However, this software has deficits in the area of complex derivatives. Therefore, the front office software Calypso, is in use at Erste Group and specialised for these products, was adapted to calculate Value at Risk.

Taking into account the bank's risk-bearing capacity and projected earnings, the management board sets the aggregate limit; the distribution follows a proposal of the risk management unit "Market Risk Management" in the Market Risk Committee. 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. Limit compliance is verified at several levels: by the appropriate local decentralised risk management units and by Market Risk Management.

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 on a regular basis.
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). These assessments help to analyse the effects of market movements of low probability; the results are 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, continuous 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

The VaR model was approved on 3 September 2001 by the Ministry of Finance for the calculation of the capital requirement based on an internal ratings-based model pursuant to Article 26b para. 3 Austrian Banking Act and covered the business units of Treasury Vienna and Investment Banking Vienna and the branches in New York, Hong Kong and London. On 6 April 2006, the Financial Market Authority expanded the approval of the model to cover the subsidiaries: Česká spořitelna, a.s., Slovenská sporiteľňa, a.s., Erste Bank Hungary Zrt, Erste Securities Polska s.a. and Erste Befektetési Zrt. A multiplication factor of 3.5 applies at present. 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.

As of the end of 2011, the method for the integration of event risk of equity instruments in the internal model as well as the implementation of stressed Value at Risk was approved by the Austrian FMA, and as of 1 July 2013, the use of the Calypso software for interest rate and forex derivatives.
However, the standard method is used for trading units not covered by the approval of the FMA for the internal model 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. 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 (sVaR)

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, 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%

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 workdays, 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+ and Calypso.

For the economic backtesting, actual profit and loss results are used, and if necessary, corrected for profit and loss resulting from positions not covered by the internal model.

The validation methods used that exceed regulatory backtesting include:

- As statistical methods, Kupiec's dual proportion-of-failure test and testing the independence of outliers to each other
- Validation of the scaling of the holding period of ten days using the square-root-of-time rule
- Validation of the validity of risk factors in product valuation as well as the influence of proxies on market risk factors.

10.3 Description of the extent 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

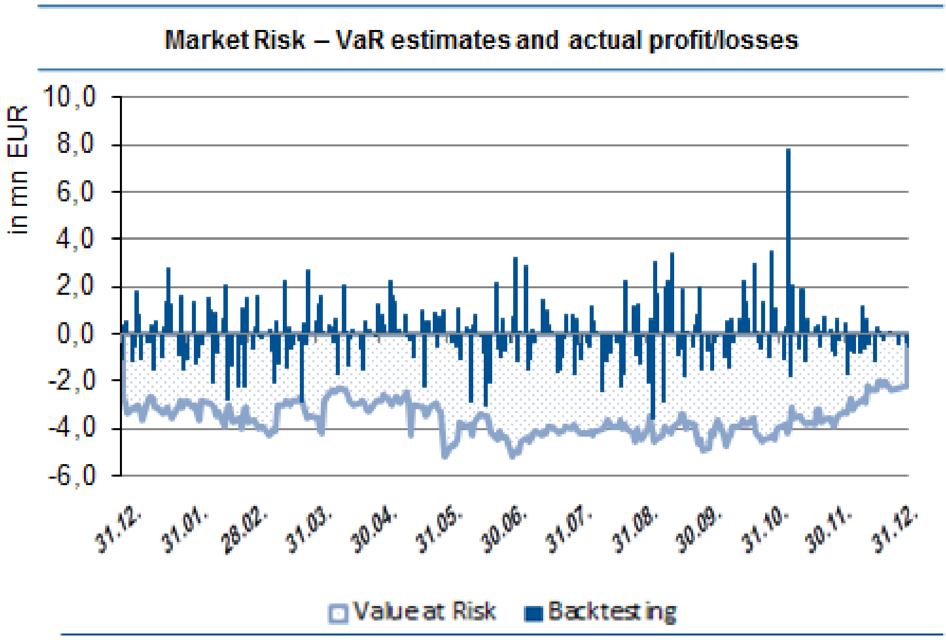
The table below shows the maximum, the mean and the minimum VaR value and stressed VaR value, and the VaR value during the reporting period as well as the value at the end of the reporting period:

Value at Risk 2013 (mn EUR)	Maximum	Mean	Minimum	End of Dec. 13
VaR	5.1	3.6	2.0	2.2
sVaR	8.0	6.1	4.7	6.4

Table 47: Article 11 no. 4 lit. a Discl.Reg: Market Risk - Value at Risk 2013

In 2013, there was one exception in backtesting, specifically at the end of March.

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). Bank Book 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 possibilities, 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 is applied from January 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 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 related to market risk 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	EBS	Total
EUR	-386.0	14.3	35.9	6.3	3.7	1.0	-7.1	-35.6	-93.4	5.1	-18.1	14.3	-1.7	-461.5
USD	0.6	4.0	0.4		0.0			0.8	-1.2	1.0	3.3	1.9	-0.1	10.6
CZK	-11.4	0.0	0.0		-1.9			67.1	0.1					53.9
HUF	1.0	0.0	0.0					0.0		11.5				12.6
HRK	0.1		0.3					0.0				3.0		3.3
JPY	-0.9	-0.1	-0.2					0.0						-1.3
CHF	1.3	0.5	10.1		0.7			0.0		4.1		1.2	-1.5	16.3
RON	-0.5		0.0					0.0			-50.3			-50.8
RSD	0.0		0.0										-1.2	-1.2
Total	-395.9	18.6	46.3	6.3	2.4	1.0	-7.1	32.3	-94.4	21.7	-65.2	20.4	-3.4	-417.0

Table 48: Article 14 no. 3 DisclReg: Changes in Market Risk as of 31.12.2013
Legend: EGB… Erste Group Bank; EBOe… Erste Bank Öesterreich; 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; EBS… Erste Bank Serbia

12 Liquidity Risk

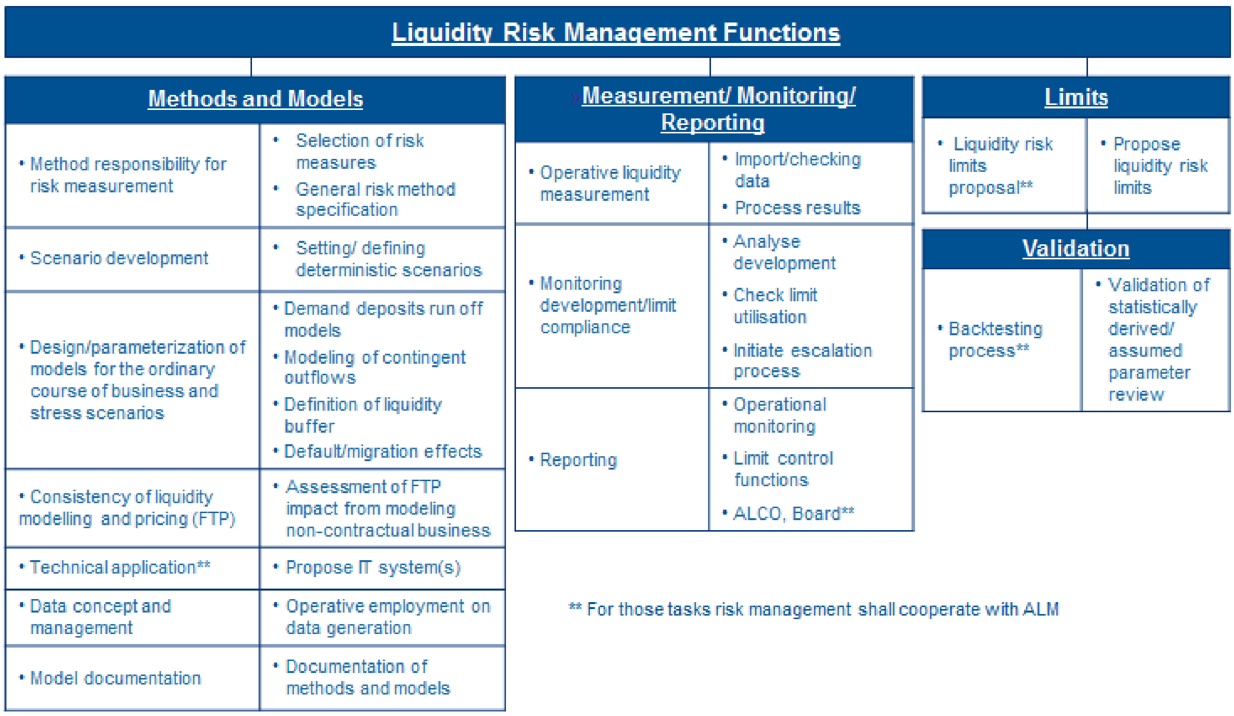
12.1 Goals and principles of risk management

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, the simulation assumes increased drawdown on guarantees and loan commitments dependent on the type of the customer, as well as the potential outflows from collateralized derivative transactions estimating the effect from collateral outflow in case of adverse market movements.

The Erste Group monitors the new Basel III liquidity risk measures, LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) since 2011. In the past years Erste Group took part in the Quantitative Impact Study (QIS) coordinated by the European Banking Authority (EBA) with Group LCR and NSFR on a quarterly basis. Internally, the ratios are monitored on the solo level, and from 2014 on internal targets are set for them. In 2013 Erste Group started to prepare for the official monitoring phase starting in at the end of 1Q 2014. At the end of 3Q 2013 both LCR and NSFR for the Group were above 100%.

The risk concentrations with respect to the business partners is analysed on an ongoing basis. At the end of June 2013 the top 10 interbank counterparty groups provided approximately 22% of the total unsecured interbank funding, the same ratio for the other wholesale funding providers (non-financial corporates, financial institutions and public sector entities) was 16%.

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 and by the LCR compliance at the Group and single-entity level. 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 contingency plan ensures the coordination of all parties involved in liquidity crisis management and is updated on an ongoing basis. The contingency 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 investees of the Group (irrespective of type of consolidation).

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 December 2013, the investees of Erste Group AG included 55 direct holdings of various legal forms and size with a carrying value of EUR 11.6 billion (of which 23 are fully consolidated companies under IFRS with a carrying value of EUR 11.4 billion, 15 fully consolidated companies pursuant to the Austrian Banking Act (carrying value of EUR 11.3 billion) and 5 fully consolidated companies under the de minimis concept (carrying value EUR 0.1 billion).

Counting all investees in the cross-guarantee system of savings banks (Haftungsverbund), the banking Group consisted of 534 companies of which 364 were fully consolidated) as of 31 December 2013.

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), Participation Management reports directly to the management board member responsible for investments at Erste Bank der oesterreichischen Sparkassen AG.

The Participation Management unit assists the 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. 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), Central Participation Management 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 governing bodies of Erste Group Bank AG and Erste Bank der oesterreichischen Sparkassen AG in line with applicable guidelines on decision-making powers;
- Preparation of reports on investees (quarterly reports as reporting instrument and as basis for budget approvals);
- Implementation, management and ongoing administration of the investee database AMI and central information 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 and support for company setups, acquisition and selling processes.

RISK MEASUREMENT AND CONTROL

Once a year, all investees 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 write-ups, capital measures and hidden reserves are derived. Since 2012, a standardised evaluation tool has increasingly been used for this purpose which was developed jointly with a major auditing firm. The result of these calculations is discussed in detail with Group Accounting and Group Performance Management, and the corresponding measures (accounting entries, 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 on the basis of standardised reports and internal procecedures. Any adjustments to provisions or valuations that may become necessary during the year are done based on the actual and projected figures presented for each individual investee. Any corrections required are forwarded to the banks' accounting and controlling units for further processing.

13.2 Description of the investment objectives

Disclosure requirements covered: Article 13 no. 1 DisclReg

The objective of Erste Group is to achieve market leadership in financial services for retail customers and corporates in the region of Central and Eastern Europe by establishing a supranational network of banks. According to the core strategy, the objective of Erste Group is to offer a wide range of financial services, and for this reason, investments in banking-related entities (fully consolidated banks and financial institutions, ancillary units, financial holding companies and other financial service providers) are regularly make for business policy or strategic reasons. This usually also applies to minority interests in investees from the area of combined banking.
If such services cannot be realized directly by Erste Group, investments are made in new subsidiaries or by acquiring existing entities. A further strategic focus is the adjustment to constantly changing customer behavior by integrating mobile banking and brokerage services into the bank's range of services.
In connection with the realisation of collateral, decisions to acquire ownership are taken on a case-by-case basis in order to facilitate orderly realisation, which is done primarily in the area of real estate. To a limited extent, Erste Group enters positions with the basic intention of earning returns on capital through its 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:
As of 31 December 2013

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	14.1	n.a.
	Instruments not traded on an equity exchange	64.1	81.8	
	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	63.4	63.6	
	Other equity instruments	0.0	0.0	
Others				
	Exchange traded instruments	59.0	59.0	n.a.
	Instruments not traded on an equity exchange	927.0	1,028.0	
	Other equity instruments	0.0	0.0	
Total		**1,114.9**	**1,246.5**	**n.a.**

Table 49: 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	-20.6
Unrealised profits or losses	-30.5
Deferred revaluation gains or losses	0
thereof: values in core capital	*0*
thereof: values in supplementary capital	*0*

Table 50: 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 was 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 operational risk within Erste 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, 2, 3 DisclReg

In 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 sporiteľňa a.s.
_ Erste Bank Hungary Zrt.

and in 2010 for two further companies

_ Banca Comercială Română
_ Erste & Steiermärkische Bank d.d.

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:

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

In 2013 the following company was approved:

_ ERSTE BANK AD NOVI SAD

The Advanced Measurement Approach is used at the companies listed above in all areas of application.
Risk mitigating effects within the Advance Measurement Approach are applied at all companies except for:

_ Steiermärkische Sparkasse Bank AG
_ Kärntner Sparkasse AG

Minimum capital requirements for those subsidiaries that do not yet apply the Advanced Measurement Approach are calculated using the Basis Indicator Approach (BIA).

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 for regulatory capital requirements 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. Here, all entities - independently from the AMA approval for regulatory capital requirement purposes - providing sufficient loss data information are covered within AMA calculating the Value at Risk at a confidence level of 99.95% for one year. 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.

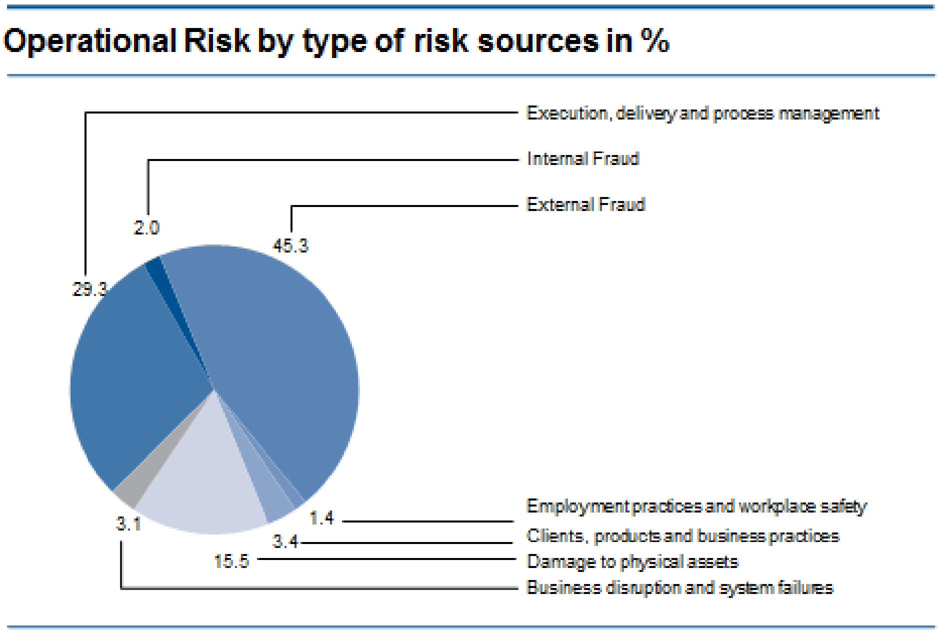
The model assumptions and input factors are validated once a year by Group Operational Risk Control and the results of the validation are reported to the Strategic Risk Management Committee. Furthermore, Erste Group conducts periodical stress tests and sensitivity analyses to assess risk potential.

Differentiation of operational risk from 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 2009 to 31 December 2013.



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 involve 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; losses from payment of personal injury claims; 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); losses due to 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 Risk concentrations

Disclosure requirements covered: Article 2 DisclReg

Risk concentrations refer to 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

Management of risk concentrations 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. Risk concentrations 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 risk concentrations analysis are used in the definition of the risk-appetite statement as well as for the setting and calibration of Group limits.

Risk concentrations analyses have revealed potential regional, country, collateral 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

The presentation of Tier 2 capital instruments has been adjusted from last year to the currently applied table according to the disclosure requirements under Basel 3. In the disclosure published for year-end 2012, Erste Group showed under line "Nominal amount of instrument in EURO" nominal amounts of Tier-2 capital instruments based on total maximum issued capital according to the term sheets of the individual instrument. The Disclosure pursuant to the Disclosure Regulation as of 31 December, 2013 will depict all amounts in line "Nominal amount of instrument in EURO" based on the actual amount issued.

DETAILS ON SUPPLEMENTARY CAPITAL

Information on supplementary capital-components in the form of securities of Erste Group as of 31.12.2013

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT0000273784	XS0143383148	XS0145736319	XS0303559115
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	20,000,000	3,500,000	5,000,000	20,000,000
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	17.02.2000	21.02.2002	05.04.2002	13.06.2007
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	17.02.2020	21.02.2017	05.04.2022	13.06.2019
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed to Floating	Floating	Floating	Floating
Coupon rate and any related index	7.50% then CMS Floater	CMS	CMS capped floor	CMS capped floor
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Bank der oesterreichischen Sparkassen AG	Sparkasse Neunkirchen	Sparkasse Neunkirchen	Sparkasse Neunkirchen
Unique identifier	AT0000A0G1P4	QOXDB9965522	QOXDB0550208	QOXDB0550190
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	90,000,000	1,164,000	1,500,000	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	22.12.2009	01.03.2005	05.10.2006	05.10.2006
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	22.12.2017	28.02.2017	04.10.2018	04.10.2018
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	22.03., 22.06., 22.09., 22.12., quarterly	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Floating	Fixed
Coupon rate and any related index	3-M-Euribor +300bp	4.25%	6-M-Euribor + 0.125%	4.00%
Existence of a dividend stopper	NEIN	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse
Unique identifier	AT0000512728	AT000B031208	AT000B031422	AT000B031513
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	1,409,000	774,000	1,033,000	100,000
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	28.02.2005	27.04.2006	01.12.2006	20.12.2006
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	27.02.2017	29.06.2018	30.11.2018	19.12.2017
Issuer call subject to prior supervisory approval	YES	NO	NO	NO
Subsequent call dates, if applicable	28.02.2014	-	-	20.12.2014
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Step-up-fixed	Fixed
Coupon rate and any related index	4.25%	4.25%	4.50%	4.60%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Waldviertler Sparkasse Bank AG	Waldviertler Sparkasse Bank AG	Sparkasse Imst AG	Sparkasse der Stadt Kitzbühel
Unique identifier	AT000B033261	AT000B033527	AT0000318258	AT000B031596
Regulatory treatment				
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	9,100,000	5,000,000	878,000
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	10.01.2011	16.05.2011	02.12.2005	01.02.2007
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	09.01.2019	16.05.2019	02.12.2020	30.01.2017
Issuer call subject to prior supervisory approval	YES	YES	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Floating	Floating
Coupon rate and any related index	6%	3.50% until 16.05.2014; 4,75% starting 17.05.2014	Fixed 4.5% until 02.12.2014, then 3*(CMS10-CMS2)	Average SMR Bund+0.250%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	YES	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Sparkasse der Stadt Kitzbühel	Sparkasse Schwaz AG	Dornbirner Sparkasse Bank AG	Salzburger Sparkasse Bank Aktiengesellschaft
Unique identifier	AT000B031901	AT000B073051	QOXDB9965845	AT000B031372
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	820,000	1,490,000	8,825,000	25,000,000
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	21.01.2008	10.10.2007	18.03.2005	27.09.2006
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	19.01.2018	09.10.2017	29.03.2017	27.09.2021
Issuer call subject to prior supervisory approval	NO	NO	YES	YES
Subsequent call dates, if applicable	-	-	30.03.2014, 30.03.2015	27.09.2016, 27.03.2017
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Fixed	Floating	Floating
Coupon rate and any related index	Average SMR Bund +0.205 MIN 3.75%, MAX 6.25%.	5%	10-y-EUR-swap-rate x 90%	6-M-Euribor + 0.53%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Salzburger Sparkasse Bank Aktiengesellschaft	Sparkasse Mühlviertel-West Bank Aktiengesellschaft	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft
Unique identifier	AT000B031893	AT000B031836	AT0000348339	AT0000348347
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	5,000,000	1,834,000	20,000,000	20,000,000
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	02.01.2008	16.11.2007	30.09.2005	30.09.2005
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	31.01.2018	16.11.2017	29.09.2025	29.09.2025
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Floating	Fixed to Floating	Fixed to Floating
Coupon rate and any related index	1. year 5.125%, then the higher rate of EUR CMS 1 or EUR CMS 10	SMR	3 x (10Y CMS-2Y CMS)	3 x (10Y CMS-2Y CMS)
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	YES	YES
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Sparkasse Voitsberg-Köflach Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft
Unique identifier	AT000B032685	AT0000473582	AT0000473590
Regulatory treatment			
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR
Nominal amount of instrument in EURO	2,200,000	1,469,600	5,543,900
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	27.10.2009	17.11.2005	17.11.2005
Perpetual or dated	Dated	Dated	Dated
Original maturity date	26.10.2017	17.11.2017	17.11.2020
Issuer call subject to prior supervisory approval	NO	NO	YES
Subsequent call dates, if applicable	-	-	17.11.2015
Coupons / dividends			
Fixed or floating dividend/coupon	Floating	Floating	Fixed
Coupon rate and any related index	3-M-EURIBOR	2.5% EURCMS10	4%
Existence of a dividend stopper	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO
If convertible: conversion trigger	-	-	-
If convertible: fully or partially	-	-	-
If convertible: conversion rate	-	-	-
If convertible: mandatory or optional conversion	-	-	-
If convertible: specify instrument type convertible into	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-
Write-down features	NO	NO	NO
If write-down: write-down trigger	-	-	-
If write-down: full or partial	-	-	-
If write-down: permanent or temporary	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-

Issuer	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft
Unique identifier	AT000B099569	AT000B099726	AT000B099809	AT000B099817
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	2,368,900	4,953,000	18,969,800	5,036,500
Issue price	100.4	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	24.01.2007	05.10.2007	26.02.2008	26.02.2008
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	24.01.2017	05.10.2017	26.02.2018	26.02.2018
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Step-up Fixed	Floating	Step-up Fixed	Floating
Coupon rate and any related index	4%-4.75%	0.474% 3-M-Euribor	5%-6%	5.00% 6-M-Euribor
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft
Unique identifier	AT000B099924	AT000B099973	AT000B099981	AT000B100045
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	37,300	8,387,300	3,751,600	26,466,700
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	15.10.2008	19.12.2008	19.12.2008	18.02.2009
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	15.04.2017	19.03.2018	19.03.2018	18.02.2019
Issuer call subject to prior supervisory approval	NO	YES	NO	NO
Subsequent call dates, if applicable	-	19.03.2014	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Fixed	Step-up Fixed	Fixed
Coupon rate and any related index	0.84% 6-M-Euribor	5.00%	4.5%-5.5%	5.00%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft
Unique identifier	AT000B100136	AT000B100243	AT000B100292	AT000B100425
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	19,133,400	13,524,100	11,319,800	12,383,000
Issue price	100.3	100.5	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	07.07.2009	15.12.2009	22.03.2010	21.09.2010
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	07.12.2017	15.05.2018	22.09.2018	21.09.2020
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Floating	Step-up Fixed	Step-up Fixed
Coupon rate and any related index	4.50% EURCMS5	4.50% EURCMS5	4%-5%	3%-5.5%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Tiroler Sparkasse Bankaktiengesellschaft Innsbruck
Unique identifier	AT000B100508	AT000B100698	AT000B100763	AT000B032479
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	5,000,000	6,071,200	5,774,200	15,000,000
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	10.02.2011	30.03.2012	28.09.2012	20.03.2009
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	10.02.2021	30.03.2021	28.09.2022	22.03.2017
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Step-up Fixed	Floating	Floating
Coupon rate and any related index	4.50%	3%-5%	4.50% EURCMS10	3-M-EURIBOR + 400 bp
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	s Wohnbaubank Aktiengesellschaft	s Wohnbaubank Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft
Unique identifier	AT0000443254	AT000B073564	AT000B031083	AT000B031216
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	6,000,000	9,000,000	23,063,000	7,624,000
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	02.12.2005	20.10.2006	10.02.2006	12.05.2006
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	01.12.2025	19.10.2021	09.02.2018	11.05.2020
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	19.10.2017, 19.10.2018; 19.10.2019; 19.10.2020	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed to Floating	Fixed	Floating	Floating
Coupon rate and any related index	Euro-interest rate swap-for 10 years Euro-interest rate swap for 2 years	4%	SMR Bund average January + 0.5%	SMR Bund average April + 0.25%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	YES	YES	NO	NO
If convertible: conversion trigger	Convertibel on behalf of investor at coupon date;	Convertibel on behalf of investor at coupon date;	-	-
If convertible: fully or partially	Partially	Partially	-	-
If convertible: conversion rate	100%	100%	-	-
If convertible: mandatory or optional conversion	Optional conversion	Optional conversion	-	-
If convertible: specify instrument type convertible into	Bearer participation certificates	Bearer participation certificates	-	-
If convertible: specify issuer of instrument it converts into	19700	19700	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft
Unique identifier	AT000B031406	AT000B031661	AT000B031844	AT000B032545
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	2,867,000	7,283,000	1,353,000	2,005,000
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	10.10.2006	30.03.2006	05.11.2006	20.05.2009
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	09.10.2018	29.03.2017	04.11.2017	19.05.2019
Issuer call subject to prior supervisory approval	NO	NO	NO	YES
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating
Coupon rate and any related index	SMR Bund average September + 0.20%	SMR Bund average February + 0.25%	SMR Bund average September + 0.25%	SMR Bund average April + 0.50%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Bankhaus Krentschker & Co. Aktiengesellschaft	Bankhaus Krentschker & Co. Aktiengesellschaft	Bankhaus Krentschker & Co. Aktiengesellschaft	Spar-Finanz Bank AG
Unique identifier	AT000B051230	AT0000225255	AT000B051115	Private Placement (ISIN n.a.)
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	ATS
Nominal amount of instrument in EURO	2,000,000	2,000,000	8,500,000	798,000
Issue price	100.5	100.0	100.5	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	08.02.2010	07.11.2003	07.03.2008	1987
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	07.02.2021	06.11.2018	06.03.2019	31.03.1996
Issuer call subject to prior supervisory approval	YES	NO	NO	NO
Subsequent call dates, if applicable	08.02.2018, 08.02.2019, 08.02.2020	06.11.2018	07.03.2016	31.03.2016
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Floating	Floating	-
Coupon rate and any related index	4.5%-5.0%	107.5% 10 year EURO CMS	5.0%	-
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	-
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	-
Existence of step up or other incentive to redeem	NO	NO	NO	-
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	-
Convertible	NO	NO	NO	-
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	-
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

DETAILS ON SUBORDINATED CAPITAL

Information on subordinated capital-components in the form of securities of Erste Group as of 31.12.2012

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	AT0000296181	AT0000300017	AT0000300025	AT0000301262
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	ATS	EUR	EUR	EUR
Nominal amount of instrument in EURO	6,540,555	5,000,000	2,500,000	16,510,000
Issue price	100.0	100.0	100.0	102.0
Redemption price	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	26.05.1994	22.07.2005	30.06.2005	30.09.2005
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	26.05.2024	22.07.2015	30.06.2015	30.09.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	30.09.2014
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Floating	Floating	Floating
Coupon rate and any related index	7.50%	Inflation linked	Range accrual	Index linked
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B000039	AT000B000476	AT000B001334	AT000B001342
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	5,000,000	17,000,000	131,000,000	99,250,000
Issue price	100.0	100.0	95.5	84.9
Redemption price	100.0	100.0	164.5	159.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	01.02.2006	21.08.2006	01.04.2008	03.03.2008
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	01.02.2026	21.08.2021	01.04.2020	03.03.2020
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	01.02.2016	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Floating	Fixed	Fixed
Coupon rate and any related index	4.14%/5.00%	CMS	Index linked	Stock basket
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B001458	AT000B001813	AT000B001920	AT000B001938
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	EUR	EUR	SKK	SKK
Nominal amount of instrument in EURO	81,500,000	30,000,000	12,849,366	8,298,480
Issue price	95.5	95.5	96.0	86.7
Redemption price	166.5	166.5	150.0	151.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	01.07.2008	01.10.2008	01.10.2008	01.12.2008
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	01.07.2020	01.10.2020	01.10.2018	01.12.2018
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	Index linked	Index linked	Index linked	Index linked
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B002043	AT000B002142	AT000B002175	AT000B002274
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	CZK	EUR	EUR	SKK
Nominal amount of instrument in EURO	11,519,895	25,000,000	35,180,000	2,818,164
Issue price	96.5	95.5	86.0	96.0
Redemption price	152.0	166.5	160.0	150.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	27.11.2008	02.01.2009	28.11.2008	01.12.2008
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	30.11.2018	02.01.2021	30.11.2020	01.12.2018
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	Index linked	Index linked	Index linked	Index linked
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B002381	AT000B003884	AT000B004296	AT000B004312
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	88,000,000	50,000,000	60,000,000	23,650,000
Issue price	95.5	95.5	95.5	86.0
Redemption price	166.5	162.2	160.8	158.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	01.04.2009	01.04.2010	01.07.2010	01.06.2010
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	01.04.2021	01.04.2022	01.07.2022	01.06.2022
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	Index linked	IRR 4.113%	IRR 4.04%	IRR 3.89%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B004791	AT000B004817	AT000B004981	AT000B005137
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	40,000,000	1,500,000	20,000,000	25,000,000
Issue price	95.5	100.0	84.8	95.5
Redemption price	154.1	100.0	145.0	150.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	01.11.2010	06.08.2010	01.12.2010	01.12.2010
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	01.11.2022	21.02.2017	01.12.2022	01.12.2022
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Floating	Fixed	Fixed
Coupon rate and any related index	IRR 3.67%	CMS	IRR 4.57%	IRR 3.83%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B005202	AT000B005566	AT000B005624	AT000B005731
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	70,000,000	36,000,000	111,000,000	5,040,000
Issue price	95.0	102.5	102.0	100.4
Redemption price	175.8	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	03.05.2011	21.03.2011	31.03.2011	24.03.2011
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	01.08.2026	21.09.2019	30.09.2019	24.01.2020
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed / inflation linked	Fixed to Floating	Floating
Coupon rate and any related index	Inflation linked	4% then inflation linked	5% then capped floor FRN	3 Mio EUR with floor
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B006002	AT000B006077	AT000B007513	AT000B007752
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	71,000,000	800,000	50,000,000	100,000,000
Issue price	100.5	103.0	100.5	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	30.06.2011	14.07.2011	20.11.2012	28.02.2013
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	30.12.2019	14.07.2017	20.11.2020	20.03.2021
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed to Floating	Fixed	Fixed to Floating	Fixed to Floating
Coupon rate and any related index	5% then capped floor FRN	Index linked	6% then capped floor FRN	5% then capped floor FRN
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B007943	AT000B007950	AT000B119680	AT000B120084
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	133,000,000	25,000,000	160,000,000	50,000,000
Issue price	100.5	100.5	100.5	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	30.04.2013	30.04.2013	30.08.2013	28.11.2013
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	30.04.2021	30.04.2023	30.08.2023	28.11.2023
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed to Floating	Fixed to Floating	Fixed to Floating	Fixed to Floating
Coupon rate and any related index	5% then capped floor FRN	Capped floor floater	6% then capped floor FRN	4.5% then capped floor FRN
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B120233	XS0146588073	XS0159324812	XS0226514809
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	120,000,000	1,500,000	18,400,000	20,000,000
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	29.11.2013	22.04.2002	23.12.2002	10.08.2005
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	29.11.2024	22.04.2022	23.12.2022	10.08.2020
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	10.08.2016 (bermudan)
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed to Floating	Floating	Fixed to Floating
Coupon rate and any related index	5.25%	5.66% then CMS floater	Euribor index	3.68% then Euribor + 1.38%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	YES
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	XS0260783005	XS0836299320	XS0840062979	AT0000273727
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Supplementary Capital
Currency of issue	EUR	USD	EUR	EUR
Nominal amount of instrument in EURO	455,150,000	361,977,847	500,000,000	7,000,000
Issue price	99.9	100.0	99.8	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	19.07.2006	02.10.2012	08.10.2012	17.02.2000
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	19.07.2017	28.03.2023	10.10.2022	17.02.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	19.01.2014 (bermudan)	28.03.2018	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Fixed	Fixed	Fixed
Coupon rate and any related index	3 Mio EUR +40, +90	6.38%	7.13%	7.71%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	YES	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT0000273875	AT0000275060	AT0000275557	AT0000275862
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	5,000,000	83,100,000	14,250,000	42,250,000
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	23.03.2000	01.02.2002	31.07.2002	23.01.2003
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	23.03.2015	01.02.2014	31.07.2014	23.01.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	7.55%	6.00%	6.00%	5.50%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT0000275953	AT0000298260	AT0000298286	AT000B000062
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	105,800,000	21,000,000	89,500,000	7,000,000
Issue price	100.0	99.0	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	19.02.2003	24.06.2003	10.07.2003	28.02.2006
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	19.02.2015	24.06.2015	10.07.2015	28.02.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed to Floating	Fixed	Fixed to Floating	Fixed to Floating
Coupon rate and any related index	5% then SMR Floater	4.50%	5% then SMR Floater	6% then CMS Floater
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B000195	AT000B000344	AT000B000450	AT000B000518
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	10,000,000	33,250,000	7,700,000	5,000,000
Issue price	100.3	100.8	101.0	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	27.03.2006	31.05.2006	28.07.2006	28.09.2006
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	27.03.2016	31.05.2014	28.07.2016	28.09.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed to Floating	Floating	Step-up Fixed	Step-up Fixed
Coupon rate and any related index	7% then CMS Floater, capped and floored	6 Mio EUR capped and floored	4.25-5.13%	4.00-4.75%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG	Erste Group Bank AG
Unique identifier	AT000B000658	AT000B000708	AT000B001078	AT000B001466
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	5,000,000	28,000,000	13,000,000	94,750,000
Issue price	100.5	100.0	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	30.01.2007	31.01.2007	31.07.2007	31.03.2008
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	30.01.2015	31.07.2015	31.01.2016	30.09.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed to Floating	Floating	Floating	Fixed to Floating
Coupon rate and any related index	5% then CMS Floater	6 Mio EUR capped and floored	6 Mio EUR capped and floored	5.125% then 6 Mio EUR Floater
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Erste Bank der oesterreichischen Sparkassen AG	Sparkasse der Stadt Amstetten AG	Sparkasse der Stadt Amstetten AG	Sparkasse der Stadt Amstetten AG
Unique identifier	AT0000A0AJ04	AT0000323050	AT0000323068	AT000B031067
Regulatory treatment				
Instrument type	Subordinated Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	400,000,000	2,000,000	1,000,000	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 Capital	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	31.01.2003	14.11.2003	17.12.2004	20.02.2006
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date		13.11.2015	16.12.2014	19.02.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	05.08.2013, 05.02., 05.05., 05.08., 05.11., quarterly.	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed to Floating	Floating	Fixed	Fixed
Coupon rate and any related index	3-M-Euribor + 46bp	SMR + 0.25%	4.90%	3.88%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Sparkasse Baden	Sparkasse Baden	Sparkasse Baden	Sparkasse Herzogenburg-Neulengbach
Unique identifier	QOXDB0550059	QOXDBA000235	QOXDBA000052	QOXDB9964707
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	53,000	1,000,000	4,086,000	179,000
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	01.11.2006	16.10.2007	03.10.2007	16.12.2004
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	01.12.2016	01.12.2017	01.12.2017	15.12.2014
Issuer call subject to prior supervisory approval	NO	NO	NO	YES
Subsequent call dates, if applicable	-	-	-	15.12.2014
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Floating
Coupon rate and any related index	4.38%	4.38%	4.38%	SMR
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Sparkasse Herzogenburg-Neulengbach	Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft	Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft	Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft
Unique identifier	QOXDB0550703	AT0000331061	AT0000353750	AT0000353768
Regulatory treatment				
Instrument type	Supplementary Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	198,000	1,000,000	2,000,000	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	18.12.2006	29.11.2001	29.04.2004	30.09.2004
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	17.12.2016	29.11.2016	29.04.2019	30.09.2019
Issuer call subject to prior supervisory approval	YES	NO	NO	NO
Subsequent call dates, if applicable	17.12.2016	-	29.04.2014 ff	30.09.2014 ff
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Fixed to Floating	Fixed	Fixed
Coupon rate and any related index	SMR	7.50% until 28.11.2006, then 10% minus rate of 12-Months-Euribor	5.19%	5.08%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft	Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft	Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft	Sparkasse Neunkirchen
Unique identifier	AT0000353776	AT0000353727	AT0000353792	AT0000477336
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	1,000,000	2,000,000	635,000	2,997,000
Issue price	103.0	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	05.10.2004	24.10.2003	20.06.2005	06.05.2002
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	05.10.2014	24.10.2015	20.06.2015	05.05.2014
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed to Floating	Fixed to Floating	Fixed
Coupon rate and any related index	4.66%	5% fixed until 23.10.2005, then floating - max. 5.25%	4%	6.13%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Sparkasse Niederösterreich Mitte West Aktiengesellschaft	Sparkasse Niederösterreich Mitte West Aktiengesellschaft	Sparkasse Niederösterreich Mitte West Aktiengesellschaft	Sparkasse Niederösterreich Mitte West Aktiengesellschaft
Unique identifier	AT000B032677	AT0000311501	AT0000311733	AT0000311741
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	5,150,000	10,000,000	3,000,000	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	01.10.2009	16.12.1999	16.10.2001	25.10.2001
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	30.09.2019	15.12.2019	15.10.2019	15.07.2026
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Floating	Floating	Floating
Coupon rate and any related index	5%	max. 8.30%	max. 7%	max. 7.5%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Sparkasse Niederösterreich Mitte West Aktiengesellschaft	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse
Unique identifier	AT0000311758	AT0000512728	AT0000512710	AT000B032222
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	20,000,000	2,091,000	2,973,000	819,000
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	28.02.2005	15.12.2004	15.10.2008
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	09.12.2026	27.02.2017	14.12.2016	14.10.2016
Issuer call subject to prior supervisory approval	NO	YES	YES	NO
Subsequent call dates, if applicable	-	28.02.2014	15.12.2014	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Fixed	Fixed	Fixed
Coupon rate and any related index	max. 7%	4.25%	4.50%	5.50%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse	Wiener Neustädter Sparkasse
Unique identifier	AT000B032222	AT000B031737	AT000B031737	AT0000512702
Regulatory treatment				
Instrument type	Subordinated Capital	Supplementary Capital	Subordinated Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	2,181,000	567,000	332,000	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	15.10.2008	31.07.2007	31.07.2007	16.02.2004
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	14.10.2016	30.07.2015	30.07.2015	15.02.2014
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Floating	Floating	Fixed
Coupon rate and any related index	5.50%	min. 4.25 %, max. 6%, 6-M-Euribor, currently 4.25 %	min. 4.25 %, max. 6%, 6-M-Euribor, currently 4.25 %	4.75%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Wiener Neustädter Sparkasse	Waldviertler Sparkasse Bank AG	Waldviertler Sparkasse Bank AG	Waldviertler Sparkasse Bank AG
Unique identifier	AT000B031422	AT0000346044	AT0000346085	AT0000346069
Regulatory treatment				
Instrument type	Subordinated Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	890,000	4,000,000	1,000,000	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	01.12.2006	22.09.2003	02.06.2004	30.04.2004
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	30.11.2018	21.09.2015	01.06.2014	29.04.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Step-up Fixed	Fixed to Floating	Fixed	Fixed to Floating
Coupon rate and any related index	4%-5.25%	5% fixed until 22.09.2005 - then SMR Bund +0.25%; Floor 3% Cap 6%	5.58%	5% fixed until 29.04.2006 - then SMR Bund +0.125%; Floor 3% Cap 6%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Waldviertler Sparkasse Bank AG	Sparkasse der Stadt Feldkirch	Sparkasse der Stadt Feldkirch	Sparkasse der Stadt Feldkirch
Unique identifier	AT000B032339	QOXDB9963634	QOXDB9965803	QOXDB9961711
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	2,500,000	299,000	1,812,000	633,000
Issue price	100.0	100.5	101.5	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	22.12.2008	15.06.2004	15.04.2005	01.10.2003
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	21.12.2016	14.06.2015	14.04.2015	30.09.2014
Issuer call subject to prior supervisory approval	YES	YES	YES	YES
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Floating	Fixed	Floating
Coupon rate and any related index	SMR Bund +0.30%; Floor 3.3% CAP 5.8%	SMR Bund+0.125%	4.25%	SMR Bund+0.125%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Sparkasse der Stadt Feldkirch	Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft	Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft	Sparkasse Neuhofen Bank Aktiengesellschaft
Unique identifier	QOXDB9965795	AT000B031869	AT000B031869	AT0000174842
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Subordinated Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	697,000	6,916,000	1,884,000	2,016,000
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	15.04.2005	15.01.2008	15.01.2008	30.12.2005
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	14.04.2016	15.01.2016	15.01.2016	29.12.2015
Issuer call subject to prior supervisory approval	YES	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Fixed	Fixed	Floating
Coupon rate and any related index	SMR Bund+0.125%	5.00%	5.00%	12-M-Euribor + SMR Bund/2
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Sparkasse Imst AG	Sparkasse der Stadt Kitzbühel	Sparkasse der Stadt Kitzbühel	Sparkasse der Stadt Kitzbühel
Unique identifier	AT0000318076	AT0000475124	AT0000475173	AT000B031026
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	ATS	EUR	EUR	EUR
Nominal amount of instrument in EURO	2,543,549	547,000	555,000	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	01.07.1996	25.02.2004	18.02.2005	20.01.2006
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	30.06.2016	24.02.2014	16.02.2015	18.01.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Step-up Fixed	Fixed to Floating	Step-up Fixed
Coupon rate and any related index	SMR	4%-6.5%	SMR Bund, min. 3%, max. 5.75%	3%-6%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Sparkasse der Stadt Kitzbühel	Sparkasse Schwaz AG	Sparkasse Schwaz AG	Dornbirner Sparkasse Bank AG
Unique identifier	AT000B031034	AT0000335476	AT0000335617	QOXDB9963741
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	938,000	3,079,000	1,194,000	13,256,000
Issue price	100.0	100.8	102.0	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	20.01.2006	22.01.2004	03.01.2005	01.07.2004
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	18.01.2016	21.01.2014	02.01.2015	04.07.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	YES
Subsequent call dates, if applicable	-	-	-	05.07.2014
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed to Floating	Floating	Fixed	Floating
Coupon rate and any related index	SMR Bund, min. 3%, max. 5.75%	SMR-BUND / CAP 6%	4%	90% of 10-y-Euro-CMS
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Dornbirner Sparkasse Bank AG	Sparkasse der Gemeinde Egg	Sparkasse Bludenz Bank AG	Sparkasse Bludenz Bank AG
Unique identifier	QOXDB9960234	QOXDB9969714	AT0000343520	AT000B031471
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	9,799,000	910,000	1,000,000	4,339,000
Issue price	100.5	100.0	100.0	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	10.04.2003	17.07.2006	17.12.2004	20.11.2006
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	15.04.2015	16.07.2015	16.12.2014	19.11.2016
Issuer call subject to prior supervisory approval	YES	NO	NO	NO
Subsequent call dates, if applicable	16.04.2014	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Fixed	Fixed	Floating
Coupon rate and any related index	90% of 10-y-Euro-CMS	4.25%	4.9%	Current coupon 0.895%, adj. each 2 yrs. to 5-J-Swap + 0.05%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Salzburger Sparkasse Bank Aktiengesellschaft	Salzburger Sparkasse Bank Aktiengesellschaft	Salzburger Sparkasse Bank Aktiengesellschaft	Salzburger Sparkasse Bank Aktiengesellschaft
Unique identifier	AT0000466545	AT0000466552	AT000B033543	AT000B034384
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	21,500,000	13,500,000	10,000,000	2,500,000
Issue price	100.0	99.9	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	23.12.1999	17.02.2000	12.05.2011	12.11.2012
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	23.12.2019	17.02.2015	12.05.2021	12.11.2022
Issuer call subject to prior supervisory approval	NO	NO	NO	YES
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed to Floating	Fixed to Floating	Fixed	Fixed
Coupon rate and any related index	1.-4. year 8.9%, then15y GBP CMS max. 8.9%	1.-3. year 9.25%, then15y GBP CMS max. 9.2%	5.25%	5.5%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Salzburger Sparkasse Bank Aktiengesellschaft	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft
Unique identifier	AT0000466636	AT0000A0MRX1	AT0000348321	AT0000A147M6
Regulatory treatment				
Instrument type	Supplementary Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	4,000,000	20,000,000	23,000,000	50,000,000
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	02.06.2004	25.02.2011	15.12.2003	20.12.2013
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	01.06.2014	15.02.2017	15.12.2018	19.12.2023
Issuer call subject to prior supervisory approval	NO	NO	15.12.2013	20.12.2018
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Floating	Fixed	Fixed
Coupon rate and any related index	5.58%	3-M-Euribor + 1.70%	4.70%	5.15%
Existence of a dividend stopper	NO	NO		NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	YES	NO
If convertible: conversion trigger	-	-	Right of choice	-
If convertible: fully or partially	-	-	Fully	-
If convertible: conversion rate	-	-	100%	-
If convertible: mandatory or optional conversion	-	-	Mandatory	-
If convertible: specify instrument type convertible into	-	-	Participation certificate	-
If convertible: specify issuer of instrument it converts into	-	-	24012	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Sparkasse Voitsberg-Köflach Bankaktiengesellschaft	Sparkasse Voitsberg-Köflach Bankaktiengesellschaft	Sparkasse Voitsberg-Köflach Bankaktiengesellschaft	Sparkasse Voitsberg-Köflach Bankaktiengesellschaft
Unique identifier	AT0000319447	AT0000319462	QOXDB9965399	QOXDB9966504
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	746,000	1,101,000	281,000	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	03.11.2003	31.01.2004	01.02.2005	01.07.2005
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	30.01.2014	30.01.2014	31.01.2015	30.06.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Floating	Floating
Coupon rate and any related index	4.50%	4.50%	Euribor-Swap-Rate	SMR-Bund
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Sparkasse Voitsberg-Köflach Bankaktiengesellschaft	Kärntner Sparkasse Aktiengesellschaft	Kärntner Sparkasse Aktiengesellschaft	Kärntner Sparkasse Aktiengesellschaft
Unique identifier	QOXDB9968526	AT0000328125	AT0000328133	AT0000328166
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	339,000	8,865,000	4,739,000	4,000,000
Issue price	100.0	101.8	100.4	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	01.03.2006	17.03.2003	10.07.2003	17.12.2004
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	29.02.2016	17.03.2015	10.07.2015	17.12.2014
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Floating	Floating	Fixed
Coupon rate and any related index	4%	SMR	SMR	4.9%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Kärntner Sparkasse Aktiengesellschaft	Kärntner Sparkasse Aktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktien-gesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktien-gesellschaft
Unique identifier	AT0000328141	AT0000328158	AT0000212725	AT0000212832
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	8,462,000	4,317,000	9,390,000	2,300,000
Issue price	100.4	100.3	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	05.02.2004	01.07.2004	20.01.2003	26.06.2003
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	05.02.2016	01.07.2016	20.01.2015	26.06.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Fixed	Step-up Fixed	Floating
Coupon rate and any related index	SMR	5.3%	4.5%-6%	1.54% 12-M-Euribor
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft
Unique identifier	AT0000212840	AT000B099619	AT0000212550	AT000B100185
Regulatory treatment				
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	20,000,000	27,782,234
Issue price	99.5	100.0	99.9	95.0
Redemption price	100.0	100.0	100.0	160.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	26.06.2003	29.03.2007	21.08.2001	01.02.2010
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	26.06.2015	29.09.2015	21.08.2031	01.02.2022
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Floating	Floating	Fixed
Coupon rate and any related index	4.38%	4.00% 6-M-Euribor	2.82% GBPCMS10	Stock basket
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft
Unique identifier	AT000B099601	AT000B099650	AT000B099825	AT000B099833
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	3,489,100	13,473,700	1,582,800	5,500,500
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	29.03.2007	06.06.2007	18.04.2008	18.04.2008
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	29.03.2016	06.06.2016	18.10.2016	18.10.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Step-up Fixed	Step-up Fixed	Floating	Fixed
Coupon rate and any related index	4.25%-5%	4.5%-5.5%	0.6% 3-M-Euribor	5.00%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Tiroler Sparkasse Bankaktiengesellschaft Innsbruck	Tiroler Sparkasse Bankaktiengesellschaft Innsbruck	s Wohnbaubank Aktiengesellschaft
Unique identifier	AT000B100896	AT0000476619	AT0000476627	AT000B073622
Regulatory treatment				
Instrument type	Subordinated Capital	Supplementary Capital	Supplementary Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	10,209,000	10,000,000	10,000,000	20,000,000
Issue price	100.0	101.5	100.7	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	20.09.2013	05.10.2004	01.06.2005	26.01.2007
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	20.09.2023	21.10.2014	31.05.2015	25.01.2022
Issuer call subject to prior supervisory approval	YES	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Floating	Fixed
Coupon rate and any related index	4.60%	4%-7%	85.00% CMS 10	4.25%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	YES
If convertible: conversion trigger	-	-	-	Convertibel on behalf of investor at coupon date;
If convertible: fully or partially	-	-	-	Partially
If convertible: conversion rate	-	-	-	100%
If convertible: mandatory or optional conversion	-	-	-	Optional conversion
If convertible: specify instrument type convertible into	-	-	-	Bearer participation certificates
If convertible: specify issuer of instrument it converts into	-	-	-	19700
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

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	AT0000483581	AT0000483599
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	6,705,000	1,956,000	4,076,000	4,561,000
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	05.11.2002	01.01.2004	16.01.2004
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	31.01.2014	31.12.2013	31.12.2013	15.01.2014
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Floating
Coupon rate and any related index	6.00%	5.50%	4.88%	Average SMR Bund December + 0.50%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft
Unique identifier	AT0000483607	AT0000483672	AT0000483680	AT0000483730
Regulatory treatment				
Instrument type	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	18,286,000	1,602,000	6,353,000	3,004,000
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	11.02.2004	07.01.2005	07.01.2005	11.11.2005
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	10.02.2014	06.01.2015	06.01.2015	10.11.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Floating	Fixed	Floating
Coupon rate and any related index	Average SMR Bund Jänner / Juli + 0.20%	6-M-Euribor + 40 bp	4.00%	hy, 6-M-Euribor + 40 bp
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft	Steiermärkische Bank und Sparkassen Aktiengesellschaft
Unique identifier	AT0000492061	AT0000492046	AT0000483300	AT0000483714
Regulatory treatment				
Instrument type	Supplementary Capital	Subordinated Capital	Subordinated Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	4,358,000	1,500,000	10,000,000	3,514,000
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	17.10.2003	29.11.2001	16.03.2000	17.05.2005
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	16.10.2015	28.11.2016	15.03.2020	31.12.2015
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating
Coupon rate and any related index	SMR Bund + 0.25% (Cap: 5.25% / Floor 3.00%)	10% - Euribor12	15 year GBP CMS (max. 7.5%)	12-M-Euribor
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Bankhaus Krentschker & Co. Aktiengesellschaft	Bankhaus Krentschker & Co. Aktiengesellschaft	Bankhaus Krentschker & Co. Aktiengesellschaft	Bankhaus Krentschker & Co. Aktiengesellschaft
Unique identifier	AT0000225297	AT0000225313	AT0000225370	AT000B051016
Regulatory treatment				
Instrument type	Subordinated Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	3,000,000	940,000	3,700,000	1,100,000
Issue price	100.0	100.5	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	03.11.2004	15.12.2004	15.12.2005	03.04.2006
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	02.11.2019	14.12.2014	14.12.2015	02.04.2016
Issuer call subject to prior supervisory approval	NO	YES	YES	YES
Subsequent call dates, if applicable	03.11.2014	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	4.55%	4.63%	4.06%	4.25%
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Sparkasse Korneuburg AG	Sparkasse Bregenz Bank Aktiengesellschaft	Sparkasse Bregenz Bank Aktiengesellschaft	Česká spořitelna
Unique identifier	AT000B031125	AT0000171319	QOXDB9965852	CZ0003701906
Regulatory treatment				
Instrument type	Supplementary Capital	Subordinated Capital	Supplementary Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	CZK
Nominal amount of instrument in EURO	276,000	6,630,000	571,000	62,995,224
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	01.04.2006	01.08.2003	30.03.2005	12.03.2009
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	01.04.2016	01.08.2015	29.03.2017	12.03.2019
Issuer call subject to prior supervisory approval	YES	NO	NO	YES
Subsequent call dates, if applicable	01.04.2014, 01.04.2015	-	30.03.2014	12.03.2014
Coupons / dividends				
Fixed or floating dividend/coupon	Step-up Fixed	Floating	Fixed to Floating	Fixed
Coupon rate and any related index	3.75-4.75%	3%-5.5%	3.5% then 90% of 10-y-EURO-CMS	5.00% p.a. (BCK Standard 30E/360), step-up of 1.50% in 2014 in case the Issuer does not take the advantage of Call Option
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	YES
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Česká spořitelna	Slovenská sporitel'ňa	Slovenská sporitel'ňa	Slovenská sporitel'ňa
Unique identifier	CZ0003702342	SK4120007246	SK4120007287	SK4120007881
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	CZK	EUR	EUR	EUR
Nominal amount of instrument in EURO	11,318,773	5,000,000	10,000,000	7,000,000
Issue price	100.0	100.0	95.0	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	24.03.2010	23.06.2010	02.08.2010	13.06.2011
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	24.03.2020	23.06.2015	02.08.2020	13.06.2018
Issuer call subject to prior supervisory approval	YES	NO	NO	NO
Subsequent call dates, if applicable	24.03.2015	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Fixed	Floating	Floating
Coupon rate and any related index	6M Pribor + 0.40% p.a., step-up of 1.50% in 2015 in case the Issuer does not take the advantage of Call Option	3.8%	structure (DJ, Nikkei, Inflation)	interest rate structure
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	YES	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into		-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Slovenská sporiteľňa	Slovenská sporiteľňa	Slovenská sporiteľňa	Slovenská sporiteľňa
Unique identifier	SK4120007956	SK4120007907	SK4120008079	SK4120008111
Regulatory treatment				
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	6,600,000	10,000,000	5,430,000	4,250,000
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	20.06.2011	01.08.2011	10.10.2011	02.11.2011
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	20.06.2018	01.08.2021	10.10.2018	02.11.2023
Issuer call subject to prior supervisory approval	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Floating	Floating	Floating
Coupon rate and any related index	4.90%	structure (DJ, Nikkei, Inflation)	interest rate structure	structure (Inflation)
Existence of a dividend stopper	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-
If convertible: fully or partially	-	-	-	-
If convertible: conversion rate	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-
Write-down features	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-
If write-down: full or partial	-	-	-	-
If write-down: permanent or temporary	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-

Issuer	Slovenská sporiteľňa	Slovenská sporiteľňa	Slovenská sporiteľňa	Erste Bank Croatia	Erste Bank Hungary
Unique identifier	SK4120008194	SK4120008442	SK4120008749	HRRIBAO177A1	HU0000343470
Regulatory treatment					
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	EUR	HUF
Nominal amount of instrument in EURO	4,070,000	11,000,000	9,000,000	80,000,000	1,310,699
Issue price	100.0	95.0	94.5	100.0	100.0
Redemption price	100.0	100.0	100.0	100.0	100.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	12.12.2011	01.06.2012	02.11.2012	18.07.2011	01.12.2008
Perpetual or dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	12.12.2018	01.06.2022	02.11.2022	18.07.2017	01.12.2020
Issuer call subject to prior supervisory approval	NO	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-	-
Coupons / dividends					
Fixed or floating dividend/coupon	Floating	Floating	Floating	Fixed	Fixed
Coupon rate and any related index	interest rate structure	structure (Inflation)	structure (Inflation)	6.50%	6.88%
Existence of a dividend stopper	NO	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-	-
If convertible: fully or partially	-	-	-	-	-
If convertible: conversion rate	-	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-	-
Write-down features	NO	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-	-
If write-down: full or partial	-	-	-	-	-
If write-down: permanent or temporary	-	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-	-

Issuer	Erste Bank Hungary	Erste Bank Hungary	Erste Bank Hungary	Erste Bank Hungary	Banca Comercială Română
Unique identifier	HU0000343777	HUPSAF120289	HUPSAF120237	HUSTFEB00001	ROBCRODBC029
Regulatory treatment					
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	HUF	HUF	HUF	HUF	RON
Nominal amount of instrument in EURO	1,594,869	1,683,275	1,683,275	1,009,965	20,000,000
Issue price	100.0	100.0	100.0	100.0	91.0
Redemption price	100.0	100.0	100.0	100.0	184.0
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	30.04.2009	31.05.1994	20.06.1995	31.05.1994	02.12.2009
Perpetual or dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	30.04.2019	31.05.2014	20.12.2014	31.05.2014	02.12.2016
Issuer call subject to prior supervisory approval	NO	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-	-
Coupons / dividends					
Fixed or floating dividend/coupon	Fixed	Floating	Floating	Floating	Fixed
Coupon rate and any related index	8.19%	indexed to ISIN A140502A94 (T-bond) floating coupon	indexed to ISIN A141220B94 T-bond floating coupon	indexed to ISIN A140502A94 (T-bond) floating coupon	Index linked
Existence of a dividend stopper	NO	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-	-
If convertible: fully or partially	-	-	-	-	-
If convertible: conversion rate	-	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-	-
Write-down features	NO	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-	-
If write-down: full or partial	-	-	-	-	-
If write-down: permanent or temporary	-	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-	-

Issuer	Banca Comercială Română	Banca Comercială Română	Banca Comercială Română	Banca Comercială Română	Banca Comercială Română
Unique identifier	ROBCRODBC 037	ROBCRODBC 045	ROBCRODBC 052	ROBCRODBC 060	ROBCRODBC 078
Regulatory treatment					
Instrument type	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital	Subordinated Capital
Currency of issue	EUR	EUR	EUR	EUR	EUR
Nominal amount of instrument in EURO	2,500,000	10,000,000	5,000,000	6,000,000	10,000,000
Issue price	91.0	96.0	96.0	96.3	96.3
Redemption price	145.0	145.6	145.6	138.4	140.7
Accounting classification	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuance	02.12.2009	28.12.2009	29.01.2010	01.09.2010	04.04.2011
Perpetual or dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	02.12.2016	28.12.2016	30.01.2017	01.09.2017	04.04.2018
Issuer call subject to prior supervisory approval	NO	NO	NO	NO	NO
Subsequent call dates, if applicable	-	-	-	-	-
Coupons / dividends					
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	Index linked	Index linked	Index linked	Index linked	Index linked
Existence of a dividend stopper	NO	NO	NO	NO	NO
Fully discretionary, partially discretionary or mandatory in terms of timing	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory in terms of amount	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	NO	NO	NO	NO	NO
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible	NO	NO	NO	NO	NO
If convertible: conversion trigger	-	-	-	-	-
If convertible: fully or partially	-	-	-	-	-
If convertible: conversion rate	-	-	-	-	-
If convertible: mandatory or optional conversion	-	-	-	-	-
If convertible: specify instrument type convertible into	-	-	-	-	-
If convertible: specify issuer of instrument it converts into	-	-	-	-	-
Write-down features	NO	NO	NO	NO	NO
If write-down: write-down trigger	-	-	-	-	-
If write-down: full or partial	-	-	-	-	-
If write-down: permanent or temporary	-	-	-	-	-
If temporary write-down: description of write-up mechanism	-	-	-	-	-

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 are securities backed by privately held residential real estate property; commercial MBS are backed by financing receivables from commercial real estate. Collateralised debt obligations, 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 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.