

Erste Group – stress test results confirm solid capitalisation

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Calculated Core Tier 1 ratio(1) (total risk) of 8.1% in 2012 in adverse scenario

Erste Group Bank AG was subject to the 2011 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the Austrian Financial Market Authority (FMA), the Austrian National Bank (OeNB), the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB).

The EU-wide stress test seeks to assess the resilience of European banks to severe shocks and their specific solvency to hypothetical stress events under certain restrictive conditions.

The assumptions and methodology were established to assess banks' capital adequacy against a 5% Core Tier 1 capital benchmark and are intended to restore confidence in the resilience of the banks tested. The adverse stress test scenario was set by the ECB and covers a two-year time horizon (2011-2012). The stress test has been carried out using a static balance sheet assumption as at December 2010. The stress test does not take into account future business strategies and management actions and is not a forecast of Erste Group Bank AG profits.

As a result of the assumed shock, the estimated consolidated Core Tier 1 capital ratio of Erste Group Bank AG would change to 8.1% under the adverse scenario in 2012 compared to 8.7% as of end of 2010.

Following completion of the EU-wide stress test, the results determine that the capitalisation of Erste Group Bank AG not only meets but clearly exceeds the benchmark set out for the purpose of the stress test.

"Smoothly passing the stress test reconfirmed once again the advantages of our business model aligned to the real economy as well as our strength to internally generate equity. Our Core Tier 1 ratio would change to 8.1% in the negative scenario. According to the stress test results our equity is considerably higher than the 5% minimum level. Including the private part of the participation capital (which remains unaccounted for in the stress test), the Core Tier 1 capital ratio would be 8.5%", explained Manfred Wimmer, Chief Financial Officer of Erste Group Bank AG.

Summary of stress test results (2) – further details at <http://www.erstegroup.com/en/Investors/News>

Actual results at 31 December 2010	EUR million
Operating profit before impairments	3,758
Impairment losses on financial and non-financial assets in the banking book	-2,248
Risk weighted assets	120,539
Core Tier 1 capital	10,507
Core Tier 1 capital ratio	8.7 %
Outcomes of the adverse scenario at 31 December 2012, excluding all mitigating actions taken in 2011	
Core Tier 1 Capital ratio	8,1 %
Outcomes of the adverse scenario at 31 December 2012, including recognised mitigating measures as of 30 April 2011	EUR million

2 yr cumulative operating profit before impairments	6,020
2 yr cumulative impairment losses on financial and non-financial assets in the banking book	-5,268
2yr cumulative losses from the stress in the trading book	-290
of which valuation losses due to sovereign shock	72
Risk weighted assets	133,085
Core Tier 1 Capital	10,833
Core Tier 1 Capital ratio	8,1 %

(1) Core Tier 1 ratio based on the EBA methodology and assumptions. It is based on total risk and excludes hybrid capital and the EUR 540 million participation capital provided by private investors but includes the EUR 1,224 million participation capital owed to the Republic of Austria.

(2) The stress test was carried out based on the EBA common methodology and key common assumptions. Neither the baseline nor the adverse scenario should in any way be construed as the bank's forecast or directly compared to the bank's other published information.