



## Erste Group comfortably passes ECB asset quality review (AQR) and EBA stress test

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**AQR-adjusted phase-in CET 1-ratio as at 31 Dec 2013: 10.0% (threshold 8.0%)**

**No additional booking of AQR-related risk provisions expected based on communication with ECB in supervisory dialogue**

**AQR- and adverse scenario stress-test-adjusted phase-in CET 1-ratio: 7.6% (threshold: 5.5%)**

Erste Group has comfortably passed the asset quality review (AQR) and associated stress test carried out by the European Central Bank (ECB) and the European Banking Authority (EBA), respectively, confirming its status as one of the best capitalized large Austrian banks.

**"The Comprehensive Assessment was a tough test - particularly given the harsh stress scenarios used for certain CEE countries - yet we have comfortably passed both the AQR and the stress test.**

**The result shows that our group is adequately capitalized and is operating the right business model in CEE - and this gives a solid basis to achieve our targets in 2015 and beyond," says Andreas Treichl, CEO of Erste Group.**

**Asset quality review:** A phase-in CET1-ratio of 11.2% as at 31 December 2013 (Basel 3) was used as the reference point for the asset quality review. Aggregated adjustments due to the outcome of the AQR were mainly related to Romanian as well as Hungarian assets and amounted to 117 bps, resulting in an AQR-adjusted phase-in CET 1-ratio as at 31 Dec 2013 of 10.0% against a minimum threshold 8.0%. As a result of increased risk provisions in Romania and Hungary as announced on 3 July 2014 and the communication with the ECB in the supervisory dialogue, no additional risk provisions are expected due to AQR-related adjustments.

**Stress test (adverse scenario):** An AQR-adjusted phase-in CET 1-ratio as at 31 Dec 2013 of 10.0% was used as the reference point for the stress test, the parameters of which were particularly harsh on certain central European countries, in which Erste Group operates major subsidiaries. Despite this, the adverse scenario stress-test-adjusted phase-in CET 1-ratio, at 7.6%, came out comfortably above the threshold of 5.5%. Even on a fully loaded basis the adverse scenario stress-test-adjusted CET 1-ratio, at 6.8%, remained comfortably above the threshold of 5.5%.

**About 60 bps capital uplift on fully loaded Basel 3 basis, applicable immediately.** The fully loaded CET 1-capital ratio quoted above does not include a 60 bps capital uplift related primarily to the inclusion of savings banks' minority capital in CEE subsidiaries, as recently clarified with the Austrian Financial Market Supervisory Authority FMA. Accordingly, Erste Group expects its fully loaded Basel 3 CET 1-ratio to remain comfortably above 10% at year-end 2014.

**AQR and stress test of Slovenská sporiteľňa.** Erste Group's Slovak subsidiary Slovenská sporiteľňa was subject to a separate AQR and stress test and also passed the assessment comfortably: the AQR-adjusted phase-in CET 1-ratio as at 31 Dec 2013: 19.5%, against a threshold of 8.0%, the AQR- and adverse scenario stress-test-adjusted phase-in CET 1-ratio: 19.5% (threshold: 5.5%).

