



Interim Report
Third Quarter 2013

KEY FINANCIAL AND SHARE DATA

| in EUR million | 1-9 13 | 1-9 12 |
|---|----------------|----------------|
| Income statement | | |
| Net interest income | 3,651.6 | 3,968.9 |
| Risk provisions for loans and advances | -1,260.0 | -1,465.3 |
| Net fee and commission income | 1,346.3 | 1,284.3 |
| Net trading result | 241.0 | 191.4 |
| General administrative expenses | -2,743.0 | -2,826.1 |
| Other result | -642.2 | -177.8 |
| Pre-tax profit/loss | 593.6 | 975.4 |
| Attributable to owners of the parent | 430.3 | 597.3 |
| Profitability ratios | | |
| Net interest margin | 2.7% | 2.8% |
| Cost/income ratio | 52.4% | 51.9% |
| Return on equity | 4.5% | 6.3% |
| Earnings per share | 0.85 | 1.26 |
| Balance sheet | | |
| Loans and advances to credit institutions | 9,113 | 9,074 |
| Loans and advances to customers | 129,492 | 131,928 |
| Risk provisions for loans and advances | -7,899 | -7,644 |
| Trading assets, derivative financial instruments | 16,007 | 18,467 |
| Financial assets | 39,276 | 42,108 |
| Sundry assets | 21,863 | 19,891 |
| Total assets | 207,852 | 213,824 |
| Deposits by banks | 22,946 | 21,822 |
| Customer deposits | 122,060 | 123,053 |
| Debt securities in issue | 27,232 | 29,427 |
| Trading liabilities, derivative financial instruments | 7,766 | 11,359 |
| Sundry liabilities | 7,247 | 6,500 |
| Subordinated liabilities | 5,310 | 5,323 |
| Total equity | 15,290 | 16,339 |
| Attributable to non-controlling interests | 3,491 | 3,483 |
| Attributable to owners of the parent | 11,800 | 12,855 |
| Total liabilities and equity | 207,852 | 213,824 |
| Changes in total qualifying capital | | |
| Risk pursuant to section 22 (1) 1 Banking Act | 86,633 | 90,434 |
| Core tier-1 ratio – total risk (in %) | 10.9 | 11.2 |
| Tier-1 ratio – total risk (in %) | 11.2 | 11.6 |
| Solvency ratio (in %) | 15.8 | 15.5 |
| Stock market data (Vienna Stock Exchange) | | |
| High (EUR) | 26.83 | 19.65 |
| Low (EUR) | 19.34 | 11.88 |
| Closing price (EUR) | 23.36 | 17.28 |
| Market capitalisation (EUR billion) | 10.04 | 6.85 |

Ratings as of 30 September 2013

| | |
|----------------------------------|----------|
| Fitch | |
| Long term | A |
| Short term | F1 |
| Outlook | Stable |
| Moody's Investors Service | |
| Long term | A3 |
| Short term | P-2 |
| Outlook | Negative |
| Standard & Poor's | |
| Long term | A |
| Short term | A-1 |
| Outlook | Negative |

Performance of the Erste Group Share (indexed)

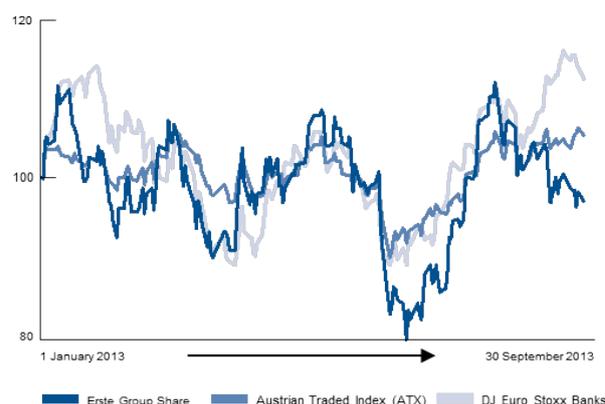


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Highlights

- Net interest income decreased to EUR 3,651.6 million in 1-9 2013 (1-9 2012: EUR 3,968.9 million) due to subdued credit demand and low market interest rates. Net fee and commission income rose from EUR 1,284.3 million in 1-9 2012 to EUR 1,346.3 million as a result of higher income from the securities business. The net trading result improved from EUR 191.4 million to EUR 241.0 million.
- Operating income amounted to EUR 5,238.9 million (-3.8% versus 1-9 2012: EUR 5,444.6 million). Strict cost management reduced general administrative expenses by 2.9%, from EUR 2,826.1 million to EUR 2,743.0 million in 1-9 2013. This led to an operating result of EUR 2,495.9 million (-4.7% versus 1-9 2012: EUR 2,618.5 million) and a cost/income ratio of 52.4% (1-9 2012: 51.9%).
- Risk costs showed a positive trend and declined by 14.0% to EUR 1,260.0 million, or 129 basis points of average customer loans in 1-9 2013, from EUR 1,465.3 million, or 146 basis points, in 1-9 2012. The NPL ratio stood at 9.6% as of 30 September 2013 (year-end 2012: 9.2%), driven by the decline in the loan book and NPL inflows in the commercial real estate business. The NPL coverage ratio improved to 63.0% (year-end 2012: 62.6%).
- Other operating result amounted to EUR -578.5 million versus EUR -214.0 million in 1-9 2012. This development was largely attributable to the non-recurrence of – on balance – positive one-off effects in 1-9 2012 as well as to negative one-off effects (sale of Ukraine subsidiary, extraordinary taxes in Hungary, goodwill write-down in Croatia) of EUR 157.4 million in 1-9 2013. Banking and financial transaction taxes levied in Austria, Hungary and Slovakia had a negative impact of EUR 247.1 million (1-9 2012: EUR 173.0 million). Taxes on income benefited from a positive one-off effect of EUR 127.7 million in Romania.
- Net profit after minorities¹ amounted to EUR 430.3 million in 1-9 2013 versus a profit of EUR 597.3 million in the previous year that had been driven by one-off effects.
- Following a capital increase of EUR 660.6 million and the full repayment of participation capital of EUR 1.76 billion, shareholders' equity² stood at EUR 11.8 billion (year-end 2012: EUR 12.9 billion). Core tier 1 capital amounted to EUR 10.8 billion as at 30 September 2013 (year-end 2012: EUR 11.8 billion). The reduction of risk-weighted assets to EUR 99.0 billion (year-end 2012: EUR 105.3 billion) was primarily due to the deconsolidation of the Ukrainian subsidiary, lower exposure and the ongoing shift towards secured lending. The core tier 1 ratio (total risk; Basel 2.5) stood at 10.9% (year-end 2012: 11.2%).
- Total assets as of 30 September 2013 amounted to EUR 207.9 billion (year-end 2012: EUR 213.8 billion). The year-to-date decline was primarily attributable to lower asset volumes and to valuation changes. The underlying deposit base was stable at EUR 122.1 billion while loans and advances to customers declined to EUR 129.5 billion as of the reporting date. The latter reflected subdued loan demand in most business lines. The loan-to-deposit ratio improved to 106.1% as of 30 September 2013 (year-end 2012: 107.2%).

¹ The term "net profit/loss for the period after minorities" corresponds to the term "net profit/loss for the period attributable to the owners of the parent".

² The term "shareholders' equity" corresponds to the term "total equity attributable to owners of the parent".

Letter from the CEO

Dear shareholders,

Erste Group posted a net profit of EUR 430.3 million for the first nine months of 2013. This result was driven in particular by the persistently low interest rate environment, very sluggish credit demand and a number of one-off effects including bank and transaction taxes, technical bookings related to the sale of the Ukraine business and write-downs that had an additional adverse impact on the result. A positive highlight was the ongoing decline in risk costs especially in the retail and SME business in the four largest core markets, i.e. Romania, the Czech Republic, Slovakia and Austria. Another positive contribution came from the continuing reduction of operating expenses. The most significant progress was achieved in Erste Group's capitalisation: after the successful completion of the EUR 660 million capital increase in early July, Erste Group – as the first and only Austrian bank to date – repaid the entire participation capital that had been subscribed by private investors and the Republic of Austria and, with a common equity tier 1 ratio of 10.3% (Basel 3, fully loaded), already meets the year-end 2014 target of a minimum ratio of 10%.

In Central and Eastern Europe, the economic environment gradually brightened up during the first nine months of 2013. While the export sector remained the main driver – especially in the Czech Republic, Slovakia and Austria – consumer sentiment also improved across the region. Croatia, which joined the European Union on 1 July, benefited from a successful summer tourist season. Romania posted the region's highest growth rate, supported by its agricultural sector and increasing absorption of EU funds for infrastructure projects. In Hungary, the third quarter was already overshadowed by the parliamentary elections expected to be held in spring 2014: the influence of the state on the economy was increased, most notably in the energy sector; prices were reduced by administrative order to pave the way for further interest rate cuts; and a new aid package was announced for November to help foreign currency borrowers at the expense of the banking sector. In Austria, economic growth was again above the euro zone average.

Despite the gradual improvement in the economic environment, it was only in the third quarter that loan demand started to pick up in almost all Erste Group core markets, first and foremost in Austria and in the Czech Republic. However, outstanding loan volume was still slightly down year-to-date. Weak demand for loans, in particular consumer loans, and low market interest rates were the key factors behind the negative development of net interest income. At the same time, funds reinvested in financial assets, most importantly government bonds, generally returned lower yields. On the other hand, low interest rates boosted the securities business, especially in Austria, buoying up net fee and commission income and the net trading result. Overall, operating

income was down 3.8% in the first three quarters of 2013. This was offset only in part by the 2.9% decline in operating expenses.

The one-off effects mentioned above were reflected mainly in the other operating result. At EUR 247.1 million pre-tax, the negative impact of bank and transaction taxes levied in Austria, Hungary, and Slovakia remained substantial. In addition, this item was adversely impacted by a goodwill write-down for Erste Bank Croatia of EUR 52.2 million and by technical bookings of EUR 76.6 million in connection with the sale of the subsidiary in Ukraine. These effects were compensated only in part by the release of a deferred tax liability in Romania in the amount of EUR 128 million, which shifted the tax line into positive territory.

Risk costs declined by almost 15% group-wide. Provisioning requirements decreased in particular in the core markets of Romania, Austria, the Czech Republic and Slovakia. This – in some cases significant – decline more than offset the rise in risk provisions in the commercial real estate and large corporate business and in Croatia and Hungary. However, risk costs were still elevated overall at 129 basis points of average customer loans. Non-performing loans as a percentage of loans to customers (NPL ratio) showed the first visible positive performance since the onset of the financial crisis in 2008, with the NPL ratio declining from 9.7% to 9.6% quarter-on-quarter. At the same time, the NPL coverage ratio excluding collateral improved to 63.0%.

The traditional strength of Erste Group's business model, namely the successful funding of its business from customer deposits, remained intact with underlying inflows of EUR 0.7 billion year-to-date. The loan-to-deposit ratio improved to 106.1%. The remaining relatively moderate refinancing requirement was covered by retail issues in the current financial year as interest among retail investors continued to be lively in Austria and Germany. The quality of Erste Group's capital position also improved significantly due to the redemption of the participation capital and a capital increase: excluding retained earnings, the core tier 1 ratio (Basel 2.5) rose to 10.9%, on a fully loaded Basel 3 basis to 10.3%, and hence surpassed the year-end 2014 target of 10% already in the third quarter.

The result of the first nine months 2013 reflects an environment that was still characterised by economic, political and regulatory challenges. Nonetheless, there were also a number of bright spots in the third quarter, such as better economic data and a slight rebound in loan demand in Central and Eastern Europe. Due to its strong market position, Erste Group should in any case be able to benefit from a continuing recovery of the economy.

Andreas Treichl mp

Erste Group on the Capital Markets

EQUITY MARKET REVIEW

In the third quarter, international stock markets were again driven primarily by the central banks' monetary policies, with investors focusing in particular on further moves of the US central bank (Fed). In August, uncertainty about a possible shift in the Fed's monetary policy and concerns referring to the future development of the Chinese economy triggered a decline on international stock markets. However, after the Fed and the European Central Bank (ECB) confirmed they would continue their expansionary policies, the indices resumed their upward trend. Both the US stock indices and the Euro Stoxx 600 Index, which represents the biggest European companies, reached new record highs.

In view of the fragile state of the US economy the Fed announced that it would maintain its policy of easy money by continuing to purchase US treasury bills and mortgage bonds in the amount of USD 85 billion per month. The ECB reiterated its decision to leave its base rate on hold at 0.5% and not to raise interest rates over an extended period of time. Despite some positive economic indicators in both the USA and in the euro zone, the outlook for the development of the global economy was marked by uncertainty.

The Dow Jones Industrial Index rose 1.5% over the reporting period, closing at 15,129.67 points or 15.5% higher than at year-end 2012. The broader Standard & Poor's 500 Index was up 4.7% at 1,681.55 points in the third quarter, exceeding its previous highs and gaining 17.9% year to date. The Euro Stoxx 600 Index advanced by 8.9% in the third quarter after European stocks had been trailing US markets in the previous quarter, due to the subdued recovery in the euro zone. At 310.46 points, it gained 11.0% year to date. The Austrian Traded Index (ATX) was up 13.7% in the third quarter, ranking among the top performers of the markets monitored. At 2,528.45 points as of 30 September, the ATX traded 5.3% higher than at the beginning of the year.

After the decline in valuations suffered in the first two quarters of 2013, European banking stocks benefited from the prospect of continuing loose international monetary policies. The Dow Jones Bank Index, which is composed of leading European bank shares, climbed 24.1% to 125.84 points on the back of the Fed's guidance that it would continue its multi-billion asset purchases until the labour market improves substantially and the ECB's affirmation that it would keep interest rates low. The European banking index recorded a gain of 12.0% over the first three quarters of the current year.

PERFORMANCE OF THE ERSTE GROUP SHARE

In the third quarter, the Erste Group share rose in tandem with the recovery of European banking shares. The successful placement of the capital increase carried out in July to fund the redemption of participation capital in early August and positive comments by analysts supported the share price development. 15 out of a current total of 26 analysts recommended the Erste Group share as

buy/overweight, 9 rated it as neutral. 2 analysts issued an underweight/sell recommendation. The Erste Group share reached its annual high of EUR 26.83 on 16 August. Despite its 13.9% rise in the third quarter and a closing price of EUR 23.36 on 30 September, the Erste Group share still traded 2.8% lower than at year-end.

Erste Group's shares accounted for the largest volume traded on the Vienna Stock Exchange in the first nine months of 2013. Erste Group has also been traded on the Prague and Bucharest Stock Exchanges while over-the-counter (OTC) and electronic systems trades were also substantial.

INVESTOR RELATIONS

In July, a capital increase was launched with a volume of approx. EUR 660.6 million. Shortly after, on 8 August, Erste Group was the first Austrian bank to fully repay the participation capital it had received from the Austrian government and private investors in the amount of EUR 1.76 billion in 2009. Erste Group's management and its investor relations team had a large number of one-on-one and group meetings and attended international banking and investor conferences. In talks and conferences, Erste Group presented its strategy and development against the backdrop of the current economic environment.

Interim Management Report

In the interim management report, financial results from the first nine months of 2013 are compared with those from the first nine months of 2012. Unless stated otherwise, terms such as “in the previous year”, “2012” or “as of the first nine months of 2012” accordingly relate to the first nine months of 2012, and terms such as “this year”, “2013” or “as of the first nine months of 2013” relate to the first nine months of 2013. The term “net profit/ loss after minorities” corresponds with “net profit/ loss attributable to owners of the parent”.

EARNINGS PERFORMANCE IN BRIEF

Despite a reduction in operating costs, the operating result declined to EUR 2,495.9 million in the first nine months of 2013 (-4.7% versus EUR 2,618.5 million in 1-9 2012) due to lower operating income.

Operating income amounted to EUR 5,238.9 million in the first nine months of 2013 (1-9 2012: EUR 5,444.6 million). The 3.8% decline was mainly due to lower net interest income (-8.0% to EUR 3,651.6 million), which was not fully offset by a rise in the net trading result (+25.9% to EUR 241.0 million) and higher net fee and commission income (+4.8% to EUR 1,346.3 million).

General administrative expenses were down 2.9% to EUR 2,743.0 million (1-9 2012: EUR 2,826.1 million). This resulted in a cost/income ratio of 52.4% (1-9 2012: 51.9%).

Net profit after minorities declined from EUR 597.3 million in the first nine months of 2012, which had benefited from – on balance – positive one-off effects, to EUR 430.3 million.

Cash return on equity, i.e. return on equity adjusted for non-cash expenses such as goodwill impairment and straight-line amortisation of customer relationships, stood at 5.3% (reported ROE: 4.5%) versus 8.5% (reported ROE: 6.3%) in the first nine months of 2013 amounted to EUR 1.06 (reported EPS: EUR 0.85) versus EUR 1.82 (reported EPS: EUR 1.26) in the first nine months of 2012.

Total assets, at EUR 207.9 billion, were down 2.8% versus year-end 2012. Risk-weighted assets declined by EUR 6.0% to EUR 99.0 billion (year-end 2012: EUR 105.3 billion).

Following a capital increase of EUR 660.6 million and the full redemption of participation capital of EUR 1.76 billion, the **solvency ratio** stood at 15.8% as of 30 September 2013 (year-end 2012: 15.5%), well above the legal minimum requirement. The **core tier 1 ratio** relating to total risk and as defined by Basel 2.5, was 10.9% as of 30 September 2013 (year-end 2012: 11.2%).

OUTLOOK

Erste Group confirms its expectation that the economic performance in Central and Eastern Europe will continue to improve slightly until year-end 2013. However, loan demand is not expected to pick up significantly in the remainder of 2013. Erste Group expects the operating result to decline by up to 5% in 2013, due to expected lower operating income being only partially offset by lower operating costs. It is estimated that the risk costs of Erste Group will decrease by approximately 10-15% in 2013, mainly due to the expected improvement of the risk situation in Romania. This guidance excludes any negative effects from a potential FX borrower support scheme in Hungary. Banking taxes (excluding financial transaction taxes) in Austria, Slovakia and Hungary of approximately EUR 260 million pre-tax (approximately EUR 200 million post-tax) are expected to continue to impact net profit adversely in 2013. Erste Group continues to expect that the Romanian retail and SME segment will return to profitability in 2013 (irrespective of the extraordinary tax effect).

PERFORMANCE IN DETAIL

| in EUR million | 1-9 13 | 1-9 12 | Change |
|---|--------------|--------------|---------------|
| Net interest income | 3,651.6 | 3,968.9 | -8.0% |
| Risk provisions for loans and advances | -1,260.0 | -1,465.3 | -14.0% |
| Net fee and commission income | 1,346.3 | 1,284.3 | 4.8% |
| Net trading result | 241.0 | 191.4 | 25.9% |
| General administrative expenses | -2,743.0 | -2,826.1 | -2.9% |
| Other result | -642.2 | -177.8 | >100.0% |
| Pre-tax profit/loss | 593.6 | 975.4 | -39.1% |
| Net profit/loss for the period | 562.6 | 724.3 | -22.3% |
| Attributable to non-controlling interests | 132.3 | 127.0 | 4.2% |
| Attributable to owners of the parent | 430.3 | 597.3 | -28.0% |

Net interest income

Net interest income declined from EUR 3,968.9 million in the first nine months of 2012 to EUR 3,651.6 million in the first nine months of 2013, mainly due to the low interest rate environment and continuing subdued credit demand. At the same time, the net interest margin (net interest income as a percentage of average interest-bearing assets) contracted from 2.82% to 2.70%. Net

interest income was also negatively impacted by the changed presentation of the result of the Czech pension fund. Since 2013, it has no longer been consolidated line by line in the P&L, but shown as one consolidated item in the other operating result. In the first nine months of 2013, the Czech pension fund would have made a contribution of EUR 25.9 million to net interest income (1-9 2012: EUR 28.7 million).

Net fee and commission income

| in EUR million | 1-9 13 | 1-9 12 | Change |
|-------------------------------|----------------|----------------|-------------|
| Lending business | 189.0 | 204.6 | -7.6% |
| Payment transfers | 670.7 | 647.5 | 3.6% |
| Card business | 160.4 | 163.2 | -1.7% |
| Securities transactions | 306.8 | 258.5 | 18.7% |
| Investment fund transactions | 154.7 | 141.3 | 9.5% |
| Custodial fees | 50.1 | 23.7 | >100.0% |
| Brokerage | 102.0 | 93.5 | 9.1% |
| Insurance brokerage | 66.9 | 65.9 | 1.5% |
| Building society brokerage | 24.1 | 22.0 | 9.5% |
| Foreign exchange transactions | 17.3 | 19.0 | -8.9% |
| Investment banking business | 18.5 | 10.6 | 74.5% |
| Other | 53.0 | 56.2 | -5.7% |
| Total | 1,346.3 | 1,284.3 | 4.8% |

Net fee and commission income grew primarily on the back of an improved securities business from EUR 1,284.3 million to EUR 1,346.3 million in the first nine months of 2013.

Net trading result

The **net trading result** improved from EUR 191.4 million in the first nine months of 2012 to EUR 241.0 million in the first nine months of 2013, mainly as a result of a significant improvement in securities trading.

General administrative expenses

| in EUR million | 1-9 13 | 1-9 12 | Change |
|-------------------------------|-----------------|-----------------|--------------|
| Personnel expenses | -1,679.0 | -1,702.5 | -1.4% |
| Other administrative expenses | -802.9 | -846.9 | -5.2% |
| Depreciation and amortisation | -261.1 | -276.7 | -5.6% |
| Total | -2,743.0 | -2,826.1 | -2.9% |

General administrative expenses decreased by 2.9% (currency-adjusted: -2.0%) from EUR 2,826.1 million to EUR 2,743.0 million.

Personnel expenses declined by 1.4% (currency-adjusted: -0.6%), from EUR 1,702.5 million to EUR 1,679.0 million due to a lower headcount. **Other administrative expenses** were re-

duced significantly, by 5.2% (currency-adjusted -3.9%), from EUR 846.9 million to EUR 802.9 million. **Depreciation and amortisation** decreased by 5.6% (currency-adjusted -4.3%) from EUR 276.7 million to EUR 261.1 million.

The **headcount** declined by 7.2% versus year-end 2012 to 45,835 employees, mainly as a result of the sale of Erste Bank Ukraine and reorganisation measures in Romania.

Headcount as of end of the period

| | Sep 13 | Dec 12 | Change |
|---|---------------|---------------|--------------|
| Employed by Erste Group | 45,835 | 49,381 | -7.2% |
| Erste Group, EB Oesterreich and subsidiaries | 8,401 | 8,612 | -2.5% |
| Haftungsverbund savings banks | 7,279 | 7,448 | -2.3% |
| Česká spořitelna Group | 10,409 | 11,014 | -5.5% |
| Banca Comercială Română Group | 7,083 | 8,289 | -14.5% |
| Slovenská sporiteľňa Group | 4,215 | 4,185 | 0.7% |
| Erste Bank Hungary Group | 2,822 | 2,690 | 4.9% |
| Erste Bank Croatia Group | 2,550 | 2,629 | -3.0% |
| Erste Bank Serbia | 930 | 944 | -1.5% |
| Erste Bank Ukraine | 0 | 1,530 | na |
| Savings banks subsidiaries & foreign branch offices | 1,161 | 1,145 | 1.4% |
| Other subsidiaries and foreign branch offices | 985 | 895 | 10.1% |

Operating result

Driven by the decline in net interest income, operating income, at EUR 5,238.9 million, was down 3.8% in the first nine months of 2013 (1-9 2012: EUR 5,444.6 million). General administrative expenses were reduced by 2.9% from EUR 2,826.1 million to EUR 2,743.0 million. This led to an **operating result** of EUR 2,495.9 million (1-9 2012: EUR 2,618.5 million).

Risk provisions

Risk provisions (i.e. the balance of the allocation and release of provisions for the lending business together with the costs of direct loan write-offs offset by income received from the recovery of loans already written off) decreased by 14.0% versus the first nine months of 2012, from EUR 1,465.3 million to EUR 1,260.0 million. This was mostly attributable to a significant decline in risk costs in Romania and further improvements of the risk situation in the Czech Republic, Slovakia and Austria, which more than offset the deterioration in the commercial real estate and in the large corporate business. In the first nine months of 2013, risk costs in relation to average customer loans were 129 basis points (1-9 2012: 146 basis points).

Other operating result

Other operating result declined from EUR -214.0 million in the first nine months of 2012 to EUR -578.5 million in the first nine months of 2013. In the previous year, the key factors influencing this item were an one-off income of EUR 413.2 million from the buyback of tier 1 and tier 2 instruments and a goodwill write-down for Banca Comercială Română of EUR 210.0 million. In the first nine months of 2013, a goodwill write-down for Erste Bank Croatia of EUR 52.2 million was recognised.

Other taxes rose from EUR 191.1 million to EUR 263.8 million in the first nine months of 2013. A large proportion of these –

EUR 91.0 million – was levied in Hungary and comprised the following items: an extraordinary financial transaction tax of EUR 16.3 million (1-9 2012: EUR 0 million), the regular financial transaction tax introduced in 2013 and subsequently doubled in the amount of EUR 20.6 million, the advance payment of total banking tax for the year of 2013 of EUR 49.0 million and the programme subsidising repayment of foreign-currency loans of EUR 5.1 million (1-9 2012: EUR 0.6 million). In the first nine months of 2012, Hungarian banking tax was paid only for the first nine months of 2012 (EUR 33.2 million). Other taxes also included banking levies charged in Austria of EUR 125.0 million (1-9 2012: EUR 123.7 million) and in Slovakia of EUR 31.1 million (1-9 2012: EUR 14.9 million).

In the first nine months of 2013, this item was also negatively impacted by EUR 76.6 million due to the sale of the Ukrainian subsidiary, mainly the negative currency effect related to capital and goodwill which was recycled through the income statement. This technical booking did not impact the capital position.

Other operating result also included straight-line amortisation of intangible assets (i.e. customer relationships) of EUR 49.0 million (1-9 2012: EUR 49.8 million) as well as deposit insurance contributions of EUR 58.0 million (1-9 2012: EUR 61.9 million).

Results from financial instruments

The result from **all categories of financial instruments** declined from EUR 36.2 million in the first nine months of 2012 to EUR -63.7 million in the first nine months of 2013. The positive results in the held-to-maturity portfolio did not offset the negative valuation effects in the fair-value and available-for-sale portfolios (credit spread tightening of own issues, write-downs on securities and losses on the sale of securities).

Pre-tax profit and net profit attributable to owners of the parent

Pre-tax profit for the first nine months of 2013 amounted to EUR 593.6 million, reflecting negative one-off effects (Ukraine, Hungary), versus EUR 975.4 million in the first nine months of 2012, which had benefited from – on balance – positive extraordinary effects.

In the first nine months of 2013, taxes on income benefited from a positive extraordinary effect of EUR 127.7 million attributable to the release of a deferred tax liability in Romania. The deferred tax liability resulted from the difference between local regulatory and IFRS loan loss provisions upon transition to IFRS.

Net profit after minorities declined by EUR 28.0% from EUR 597.3 million in the first nine months of 2012 to EUR 430.3 million in the first nine months of 2013. In the previous year, this position benefited from – on balance – positive one-off effects.

FINANCIAL RESULTS – QUARTER-ON-QUARTER COMPARISON

Net interest income improved by 2.5% versus the previous quarter, from EUR 1,190.6 million to EUR 1,220.4 million. This was mainly due to an increase in net interest income from the Austrian retail & SME business.

Net fee and commission income was up 0.6% quarter on quarter at EUR 450.4 million (Q2 2013: EUR 447.7 million).

The **net trading result** declined from EUR 82.7 million in the second quarter of 2013 by 2.7% to EUR 80.5 million in the third quarter of 2013. This was attributable to a decline in securities and derivatives trading, which was not fully offset by an improvement in foreign exchange trading.

General administrative expenses declined from EUR 911.7 million in the second quarter to EUR 900.1 million in the third quarter of 2013, as the decrease in amortisation and depreciation (by 7.0% from EUR 89.2 million to EUR 83.0 million) and in personnel expenses (by 1.7% from EUR 561.9 million to EUR 552.5 million) more than offset the rise in other administrative expenses (by 1.5% from EUR 260.6 million to EUR 264.6 million). The cost/income ratio improved to 51.4% in the third quarter 2013 versus 53.0% in the second quarter 2013.

Risk provisions for loans and advances declined slightly by 0.3% quarter on quarter, from EUR 429.6 million to EUR 428.2 million.

Other operating result improved to EUR -180.8 million in the third quarter of 2013 from EUR -294.4 million in the second quarter of 2013. This was attributable in particular to the non-recurrence of negative one-off effects, including EUR 74.6 million from the sale of Erste Bank Ukraine as well as taxes levied in Hungary (extraordinary financial transaction tax of EUR 16.3

million and the advance payment of total banking tax for the year of 2013 of the amount of EUR 36.8 million). In the third quarter, this item was again impacted negatively by taxes in Hungary: the regular financial transaction tax introduced in 2013 and subsequently doubled amounted to EUR 8.7 million (Q2 2013: EUR 6.1 million), the programme subsidising repayment of foreign-currency loans amounted to EUR 1.8 million (Q2 2013: EUR 1.7 million).

This item also included banking taxes charged in Austria of EUR 41.8 million (Q2 2013: EUR 41.6 million) and in Slovakia of EUR 10.1 million (Q2 2013: EUR 10.5 million) as well as a goodwill write-down for Erste Bank Croatia of EUR 30.3 million (Q2 2013: EUR 21.9 million).

Other operating result was additionally affected by write-downs on real estate and other assets of EUR -61.0 million (Q2 2013: EUR -11.6 million).

The overall result from **all categories of financial instruments** declined slightly from EUR -17.4 million in the second quarter of 2013 to EUR -17.8 million in the third quarter of 2013. This was mainly attributable to the result from available for sale financial instruments.

Pre-tax profit for the third quarter of 2013 amounted to EUR 224.4 million versus EUR 67.9 million in the second quarter of 2013, which had been affected by negative one-off effects (Ukraine, Hungary).

In the second quarter of 2013, the taxes on income item benefited from a positive one-off effect of EUR 127.7 million attributable to the release of a deferred tax liability in Romania. The deferred tax liability resulted from the difference between local regulatory and IFRS loan loss provisions upon transition to IFRS accounting.

Net profit after minorities improved to EUR 129.1 million in the third quarter of 2013 from EUR 125.0 million in the second quarter of 2013.

DEVELOPMENT OF THE BALANCE SHEET

| in EUR million | Sep 13 | Dec 12 | Change |
|--|----------------|----------------|--------------|
| Loans and advances to credit institutions | 9,113 | 9,074 | 0.4% |
| Loans and advances to customers | 129,492 | 131,928 | -1.8% |
| Risk provisions for loans and advances | -7,899 | -7,644 | 3.3% |
| Trading assets, derivative financial instruments | 16,007 | 18,467 | -13.3% |
| Financial assets | 39,276 | 42,108 | -6.7% |
| Sundry assets | 21,863 | 19,891 | 9.9% |
| Total assets | 207,852 | 213,824 | -2.8% |

| in EUR million | Sep 13 | Dec 12 | Change |
|---|----------------|----------------|--------------|
| Deposits by banks | 22,946 | 21,822 | 5.2% |
| Customer deposits | 122,060 | 123,053 | -0.8% |
| Debt securities in issue | 27,232 | 29,427 | -7.5% |
| Trading liabilities, derivative financial instruments | 7,766 | 11,359 | -31.6% |
| Sundry liabilities | 7,247 | 6,500 | 11.5% |
| Subordinated liabilities | 5,310 | 5,323 | -0.2% |
| Total equity | 15,290 | 16,339 | -6.4% |
| Attributable to non-controlling interests | 3,491 | 3,483 | 0.2% |
| Attributable to owners of the parent | 11,800 | 12,855 | -8.2% |
| Total liabilities and equity | 207,852 | 213,824 | -2.8% |

Please note that this table may contain rounding differences.

Loans and advances to credit institutions, at EUR 9.1 billion, were almost unchanged versus 31 December 2012.

Loans and advances to customers decreased from EUR 131.9 billion as of 31 December 2012 to EUR 129.5 billion as of 30 September 2013. This primarily reflected subdued loan demand in most business lines, the deconsolidation of Erste Bank Ukraine as well as FX translation effects.

Risk provisions increased from EUR 7.6 billion to EUR 7.9 billion in the first nine months of 2013 due to additional allocations. The NPL ratio (non-performing loans as a percentage of loans to customers) stood at 9.6% as of 30 September 2013 (year-end 2012: 9.2%), driven by a decline in the loan book and NPL inflows in the commercial real estate business. The NPL coverage ratio improved to 63.0% versus 62.6% at year-end 2012.

Investment securities held within the various categories of financial instruments were down 6.7% from EUR 42.1 billion at year-end 2012 to EUR 39.3 billion primarily related to the changed reporting of the Czech pension fund – shown as one consolidated item in “other assets” from 2013 onwards – and reduced sovereign exposures in the core markets.

Other assets, included in the line item sundry assets, increased from EUR 2.3 billion to EUR 4.2 billion as of 30 September 2013. EUR 1.7 billion thereof are also due to a change in reporting of the Czech pension fund.

Customer deposits declined by 0.8%, from EUR 123.1 billion as of 31 December 2012 to EUR 122.1 billion as of 30 September 2013. The underlying increase in customer deposits by EUR 0.7 billion is not reflected in the reported figure due to the change in reporting the Czech pension fund.

The **loan-to-deposit ratio** stood at 106.1% as of 30 September 2013 (31 December 2012: 107.2%).

Debt securities in issue, in particular bonds as well as mortgage and public sector covered bonds, declined by 7.5% from EUR 29.4 billion to EUR 27.2 billion as of 30 September 2013 while subordinated liabilities were unchanged at EUR 5.3 billion.

Other liabilities, included in the line item “sundry liabilities”, were up from EUR 3.1 billion to EUR 4.6 billion as of 30 September 2013 mainly due to a change in reporting the Czech pension fund. Up to year-end 2012, the fund had been presented in various line items of the balance sheet. Since 2013, a consolidated total is shown in “other liabilities” (EUR 1.9 billion as of 30 September 2013).

Following the redemption of participation capital of EUR 1.76 billion in August 2013, Erste Group’s **shareholders’ equity** declined to EUR 11.8 billion as of 30 September 2013 from EUR 12.9 billion as of year-end 2012. The capital increase carried out in the third quarter had a positive impact on this item of EUR 660.6 million. **Tier 1 capital** after the deductions defined in the Austrian Banking Act amounted to EUR 11.1 billion (year-

end 2012: EUR 12.2 billion). **Core tier 1 capital** stood at EUR 10.8 billion (year-end 2012: EUR 11.8 billion).

Total **risk-weighted assets** (RWA) declined to EUR 99.0 billion as of 30 September 2013 from EUR 105.3 billion as of 31 December 2012, primarily due to the deconsolidation of the Ukrainian subsidiary and exposure reductions.

As of 2013, Erste Group has switched from Austrian GAAP to IFRS in the calculation of consolidated regulatory capital. The forecast negative impact of EUR 350 million (January 2012) was offset mainly by the improvement in the AfS reserve. Total eligible qualifying capital of the Erste Group credit institution group, as defined by the Austrian Banking Act, declined from EUR 16.3 billion as of 31 December 2012 to EUR 15.7 billion as of 30 September 2013 due to the early redemption of participation capital in August 2013. The **solvency ratio** in relation to total risk (total eligible qualifying capital as a percentage of the assessment base for total risk pursuant to section 22 par. 1 Austrian Banking Act) was 15.8% as of 30 September 2013 (year-end 2012: 15.5%), well above the legal minimum requirement.

The **tier 1 ratio** (total risk), which includes the capital requirements for market and operational risk, stood at 11.2% (year-end 2012: 11.6%). The **core tier 1 ratio** amounted to 10.9% as of 30 September 2013 (year-end 2012: 11.2%).

SEGMENT REPORTING

Retail & SME

Erste Bank Oesterreich

The Erste Bank Oesterreich sub-segment comprises the retail and SME business of Erste Bank Oesterreich and its subsidiaries, including all the savings banks in which Erste Bank Oesterreich holds majority stakes (savings banks in Salzburg, Tirol and Hainburg), as well as s Bausparkasse.

The decline in net interest income from EUR 467.5 million in the first nine months of 2012 by EUR 14.2 million, or 3.0%, to EUR 453.3 million in the first nine months of 2013 was mainly attributable to lower margins as well as subdued loan demand in the retail business. Net fee and commission income improved from EUR 240.8 million in the first nine months of 2012 by EUR 13.1 million, or 5.5%, to EUR 253.9 million on the back of a positive contribution from the securities business. The rise in the net trading result from EUR -1.9 million in the first nine months of 2012 by EUR 11.0 million to EUR 9.1 million in the first nine months of 2013 was attributable to valuation gains. Operating expenses fell from EUR 458.5 million by EUR 14.7 million, or 3.2%, to EUR 443.8 million. The operating result improved from EUR 247.9 million in the first nine months of 2012 by EUR 24.6 million, or 9.9%, to EUR 272.5 million. The cost/income ratio improved to 62.0% versus 64.9% in the first nine months of 2012. Risk provisions declined from EUR 81.5

million in the first nine months of 2012 by EUR 36.4 million, or 44.7%, to EUR 45.1 million in the first nine months of 2013.

The decline in “other result” by EUR 34.6 million to EUR -11.2 million in the first nine months of 2013 was mainly due to proceeds from the sale of securities held in the available-for-sale portfolio and from the sale of real estate recorded in the first nine months of 2012. Banking tax amounted to EUR 7.3 million in the first nine months of 2013 (first nine months of 2012: EUR 7.2 million). Net profit after minorities increased from EUR 143.4 million in the first nine months of 2012 by EUR 15.5 million, or 10.8%, to EUR 158.9 million. Return on equity improved from 14.8% in the first nine months of 2012 to 16.5% in the first nine months of 2013.

Savings Banks

The decline in net interest income from EUR 701.7 million in the first nine months of 2012 by EUR 26.9 million, or 3.8%, to EUR 674.8 million in the first nine months of 2013 was mainly attributable to lower income from financial assets. Net fee and commission income increased by EUR 20.6 million, or 7.1%, to EUR 312.0 million in the first nine months of 2013. This development was mainly due to higher income from securities business and payment transfers. The net trading result declined from EUR 20.1 million in the first nine months of 2012 by EUR 3.9 million, or 19.5%, to EUR 16.2 million in the first nine months of 2013, driven by a lower foreign exchange trading result. Operating expenses decreased from EUR 706.6 million by EUR 10.3 million, or 1.5%, to EUR 696.3 million due to a decline in other administrative expenses and lower amortisation and depreciation. The operating result was almost unchanged at EUR 306.7 million. The cost/income ratio improved from 69.7% to 69.4%.

The reduction of risk provisions from EUR 159.2 million by EUR 29.4 million, or 18.5%, to EUR 129.8 million was driven by a decline in defaults in the first nine months of 2013. The item “other result” declined slightly from EUR -2.1 million by EUR 0.3 million to EUR -2.4 million. Banking tax amounted to EUR 6.9 million in the first nine months of 2013 (first nine months of 2012: EUR 6.3 million). Net profit after minorities rose from EUR 9.1 million in the first nine months of 2012 by EUR 8.1 million to EUR 17.2 million in the first nine months of 2013. Return on equity improved to 5.7% from 3.3%.

Central and Eastern Europe

The Central and Eastern Europe region includes the retail and SME business of Česká spořitelna, Slovenská sporiteľňa, Erste Bank Hungary, Banca Comercială Română, Erste Bank Croatia, Erste Bank Serbia, and Erste Bank Ukraine (due to the bank's sale in late April, only the first quarter 2013). Contributions from the divisionalised business units – Group Corporate & Investment Banking and Group Markets – are reported in the respective segments.

Czech Republic

Net interest income in the Czech Republic sub-segment declined from EUR 842.6 million by EUR 95.4 million, or 11.3% (currency-adjusted: -9.2%), to EUR 747.2 million. This development was mainly attributable to the persistently low interest rate environment and subdued credit demand, especially for consumer loans. In addition, from 2013, the contribution from the Czech pension fund is no longer allocated to individual line items but is shown in the “other result” on a net basis. This resulted in a decline of net interest income by EUR 28.7 million versus the previous year. Net fee and commission income declined by EUR 24.7 million, or 7.4% (currency-adjusted: -5.1%), from EUR 334.5 million in the first nine months of 2012 to EUR 309.8 million, mainly as a result of lower income from payment transfers and from lending. The net trading result improved from EUR 14.0 million in the first nine months of 2012 by EUR 19.2 million to EUR 33.2 million in the first nine months of 2013 on the back of a better result from the derivatives business. Cost-cutting measures, in particular, reduced operating expenses by EUR 39.1 million, or 7.4% (currency-adjusted: -5.1%), to EUR 492.0 million in the first nine months of 2013.

The operating result declined from EUR 660.0 million in the first nine months of 2012 by EUR 61.8 million, or 9.4% (currency-adjusted: -7.1%), to EUR 598.2 million. As portfolio quality continued to improve, risk provisions fell by EUR 24.8 million, or 20.6% (currency-adjusted: -18.7%), to EUR 95.7 million in the first nine months of 2013. The improvement in “other result” from EUR -56.5 million by EUR 15.2 million to EUR -41.3 million in the first nine months of 2013 was largely due to changed reporting of the result of the Czech pension fund. Net profit after minorities declined slightly in the first nine months of 2013 by EUR 4.1 million, or 1.1%, from EUR 370.6 million to EUR 366.5 million. However, on a currency-adjusted basis, an increase of 1.3% in net profit was posted. The cost/income ratio went up from 44.6% to 45.1%. Return on equity amounted to 37.0%.

Romania

Net interest income in the Romania sub-segment rose from EUR 423.7 million by EUR 13.9 million, or 3.3% (currency-adjusted: +2.7%) to EUR 437.6 million in the first nine months of 2013. The increase was driven by deposit repricing, even though loan volume declined. The increase in net fee and commission income by EUR 12.9 million, or 14.3% (currency-adjusted: +13.6%), from EUR 90.5 million in the first nine months of 2012 to EUR 103.4 million in the first nine months of 2013 was mainly attributable to higher income from payment transfers. The net trading result declined from EUR 54.9 million in the first nine months of 2012 by EUR 11.2 million, or 20.3% (currency-adjusted: -20.8%), to EUR 43.7 million in the first nine months of 2013, reflecting lower income from foreign exchange business. Comprehensive optimisation measures reduced operating expenses, especially on personnel, by EUR 15.2 million, or 6.0% (currency-adjusted: -6.6%), from EUR 251.4 million in the first nine months of 2012 to EUR 236.2 million in the first nine months of 2013. As

a result, the operating result improved by EUR 30.9 million, or 9.7% (currency-adjusted: +9.1%), to EUR 348.6 million in the first nine months of 2013.

Due to extensive provisioning in previous years, risk provisions declined by EUR 255.5 million, or 45.6% (currency-adjusted: -45.9%), from EUR 560.1 million in the first nine months of 2012 to EUR 304.6 million in the first nine months of 2013. The NPL coverage ratio improved to 61.9%. The “other result” deteriorated from EUR -29.4 million by EUR 17.7 million to EUR -47.1 million in the first nine months of 2013. The item “taxes on income” amounted to EUR 127.4 million versus EUR 53.0 million in the first nine months of 2012, reflecting a positive one-off impact – the release of a deferred tax liability – of EUR 127.7 million. Net result after minorities improved from EUR -206.2 million by EUR 324.4 million to EUR 118.2 million in the first nine months of 2013. The cost/income ratio improved from 44.2% to 40.4%.

Slovakia

Net interest income in the Slovak Republic sub-segment improved from EUR 318.0 million in the first nine months of 2012 by EUR 4.5 million, or 1.4%, to EUR 322.5 million in the first nine months of 2013. Despite the impact of the low interest rate environment, this development was primarily driven by retail loan growth. Net fee and commission income decreased by EUR 4.0 million, or 4.8%, to EUR 78.8 million due to legislation limiting commissions for payment transfers. The net trading result improved slightly from EUR 3.0 million in the first nine months of 2012 by EUR 0.6 million to EUR 3.6 million in the first nine months of 2013. Despite the consolidation of the subsidiary Erste Group IT SK and a moderate increase in personnel expenses, mostly in connection with statutory social insurance, operating expenses remained stable at EUR 174.7 million due to cost control measures.

Risk provisions fell from EUR 43.4 million in the first nine months of 2012 by EUR 18.0 million, or 41.5%, to EUR 25.4 million in the first nine months of 2013, reflecting lower allocations especially in the corporate and real estate business. The deterioration in the “other result” from EUR -16.6 million by EUR 15.3 million to EUR -31.9 million was due to the significantly higher banking tax, which amounted to EUR 28.4 million in the first nine months of 2013 (first nine months of 2012: EUR 11.3 million). Net profit after minorities increased from EUR 135.2 million in the first nine months of 2012 by EUR 1.4 million, or 1.0%, to EUR 136.6 million in the first nine months of 2013. The cost/income ratio improved slightly from 43.3% to 43.2% in the first nine months of 2013. Return on equity rose to 43.7% (first nine months of 2012: 41.7%).

Hungary

Net interest income in the Hungary sub-segment declined from EUR 257.6 million in the first nine months of 2012 by EUR 55.7 million, or 21.6% (currency-adjusted: -20.1%), to EUR 201.9

million in the first nine months of 2013. This development was driven by higher refinancing costs for the foreign-currency business, a declining loan portfolio and falling market interest rates. Net fee and commission income improved on the back of higher income from payment transfers, from EUR 67.8 million by EUR 19.4 million, or 28.6% (currency-adjusted: +31.1 %), to EUR 87.2 million in the first nine months of 2013. The improvement in the net trading result from EUR -8.6 million in the first nine months of 2012 by EUR 12.6 million to EUR 4.0 million in the first nine months of 2013 was achieved on the back of valuation gains. Operating expenses declined from EUR 125.0 million in the first nine months of 2012 by EUR 1.3 million, or 1.1% to EUR 123.7 million in the first nine months of 2013. Currency-adjusted, operating expenses rose by 0.8%. The cost/income ratio increased to 42.2% from 39.5% in the first nine months of 2012.

Increased risk provisioning requirements in the retail business led to a rise in risk costs from EUR 147.1 million by EUR 13.0 million, or 8.8% (currency-adjusted: +10.9%), to EUR 160.1 million in the first nine months of 2013. The item "other result" remained nearly unchanged at EUR -106.4 million. The first nine months of 2013 included additional expenses of EUR 36.8 million resulting from the financial transaction tax introduced in 2013 (EUR 16.3 million thereof related to a one-off extraordinary financial transaction tax), while the first nine months of 2012 had been affected by provisions for expected future taxes in the amount of EUR 60.6 million. In addition, the entire banking tax for the full year 2013 amounting to EUR 49.0 million had already been booked in June 2013, while the figure for the first nine months of 2012 reflected only the pro-rata amount of EUR 33.2 million. The net loss after minorities amounted to EUR 100.9 million versus EUR 64.1 million in the first nine months of 2012.

Croatia

Net interest income in the Croatia sub-segment declined from EUR 191.8 million in the first nine months of 2012 by EUR 16.6 million, or 8.7% (currency-adjusted: -8.1%), to EUR 175.2 million. This was partly attributable to narrower margins. Net fee and commission income decreased marginally from EUR 51.0 million in the first nine months of 2012 by EUR 0.4 million, or 0.9% (currency-adjusted: -0.3%), to EUR 50.6 million. The net trading result also remained nearly unchanged versus the previous year at EUR 8.0 million. Due to synergies with the Erste Card Club credit card company and additional cost-cutting measures, operating expenses dropped by EUR 7.9 million, or 7.7% (currency-adjusted: -7.2%), from EUR 101.8 million in the first nine months of 2012 to EUR 93.9 million in the first nine months of 2013.

The operating result decreased by EUR 9.4 million, or 6.3% (currency-adjusted: -5.8%) from EUR 149.2 million to EUR 139.8 million. The cost/income ratio improved to 40.2% from 40.6%. Increased risk provisioning requirements in the corporate business (partly due to new legislation regarding pre-

bankruptcy proceedings) caused provisions to rise by EUR 11.9 million, or 11.1% (currency-adjusted: +11.7%), from EUR 107.6 million to EUR 119.5 million in the first nine months of 2013. The deterioration in the item "other result" from EUR -0.9 million in the first nine months of 2012 by EUR 9.0 to EUR -9.9 million was mainly attributable to the gains from securities sales in 2012. Net profit after minorities declined from EUR 16.7 million in the first nine months of 2012 by EUR 15.0 million to EUR 1.7 million.

Serbia

Net interest income of Erste Bank Serbia rose from EUR 26.6 million by EUR 3.1 million, or 11.5% (currency-adjusted: +11.3%) to EUR 29.7 million in the first nine months of 2013. This improvement was driven by a rise in lending volumes to corporate clients and wider margins in the retail business. Net fee and commission income remained nearly unchanged at EUR 9.7 million. The net trading result improved from EUR 1.7 million by EUR 0.2 million, or 10.8% (currency-adjusted: +10.6%), to EUR 1.9 million in the first nine months of 2013 on the back of higher income from foreign exchange business.

Operating expenses increased from EUR 24.5 million in the first nine months of 2012 by EUR 1.7 million, or 6.8% (currency-adjusted: +6.6%), to EUR 26.2 million in the first nine months of 2013. The cost/income ratio improved to 63.5% from 64.3% in the first nine months of 2012. Risk costs rose from EUR 6.1 million by EUR 0.7 million, or 12.1% (currency-adjusted: +11.9%), to EUR 6.8 million due to higher allocations in the corporate business. Net profit after minorities improved by EUR 1.3 million, from EUR 4.8 million in the first nine months of 2012 to EUR 6.1 million.

Ukraine

On 29 April 2013, Erste Group finalised the sale of Erste Bank Ukraine to the owners of FIDOBANK. The subsidiary has been deconsolidated. In all interim reports of the financial year 2013, the Ukraine sub-segment therefore includes only the results of the first quarter of 2013.

Group Corporate & Investment Banking

The Group Corporate & Investment Banking (GCIB) segment includes the large corporate business, the real estate business of Erste Group with large corporate customers, equity capital markets (from the second quarter of 2012 onwards) as well as the investment banking subsidiaries in CEE and the International Business (excluding treasury activities). The leasing subsidiary Erste Group Immorent is also included in this segment.

Net interest income declined from EUR 381.0 million in the first nine months of 2012 by EUR 80.4 million, or 21.1%, to EUR 300.6 million in the first nine months of 2013. This development was attributable to volume declines across all business lines (Group Large Corporates, Group Real Estate and International Business). Net fee and commission income improved versus the first nine

months of 2012 by EUR 11.4 million, or 18.2%, to EUR 74.3 million on the back of higher income from the large corporate business in Austria and new syndicated lending activities in the Czech Republic. The net trading result rose in the first nine months of 2013 by EUR 7.2 million to EUR 13.4 million, mostly due to a better performance in the International Business unit. Operating expenses declined from EUR 145.0 million in the first nine months of 2012 by EUR 7.8 million, or 5.4%, to EUR 137.2 million in the first nine months of 2013 as a result of lower expenses in the commercial real estate business and in the International Business unit. The operating result decreased in the first nine months of 2013 by EUR 53.9 million, or 17.7%, to EUR 251.2 million.

Risk provisions increased versus the first nine months of 2012 by EUR 150.6 million, or 65.3%, to EUR 381.2 million. This was mainly due to higher risk provisions in the commercial real estate business and in the large corporate business in Austria and Romania. The item "other result" improved in the first nine months of 2013 versus the first nine months of 2012 by EUR 20.2 million, or 29.2%, to EUR -48.9 million, which was largely attributable to negative valuation results and losses on disposals of securities in the International Business unit in the previous year. Net result after minorities declined from EUR -10.3 million in the first nine months of 2012 by EUR 139.7 million to EUR -150.0 million in the first nine months of 2013. The cost/income ratio rose from 32.2% to 35.3%.

Group Markets

The Group Markets (GM) segment comprises the divisionalised business units Group Treasury and Capital Markets (except Equity Capital Markets) and includes the treasury activities of Erste Group Bank AG, the CEE subsidiaries, the foreign branch offices in Hong Kong, New York, Berlin and Stuttgart as well as the result of Erste Asset Management.

Net interest income was nearly unchanged at EUR 154.2 million versus the first nine months of 2012. Net commission income rose slightly from EUR 94.9 million in the first nine months of 2012 by EUR 2.9 million, or 3.1%, to EUR 97.8 million in the first nine months of 2013, with an improvement in the result of Erste Asset Management. The net trading result declined by EUR 56.3 million, or 34.6%, to EUR 106.5 million. This was mainly attributable to the business areas Global Money Market & Government Bonds, as well as Credit & Rates Trading, which had

posted extraordinarily good results in the first nine months of 2012.

Operating expenses remained nearly unchanged at EUR 159.2 million. The operating result declined by EUR 53.7 million, or 21.2%, to EUR 199.4 million. The cost/income ratio stood at 44.4% versus 38.6% in the first nine months of 2012. Net profit after minorities decreased by EUR 36.0 million, or 18.4%, to EUR 159.7 million. Return on equity stood at 55.1% versus 73.9% in the previous year.

Corporate Center

The Corporate Center segment comprises Group services such as marketing, organisation, information technology as well as other departments supporting the group-wide implementation of the strategy. In addition, intragroup consolidation effects and one-off non-operating effects are allocated to this segment. Group balance sheet management is also allocated to the Corporate Center. The results of the local asset/liability management units are allocated to the corresponding sub-segments.

Net interest income declined from EUR 183.3 million to EUR 148.4 million, which was mainly attributable to a higher negative impact from derivative business. The net trading result improved from EUR -68.0 million to EUR 4.7 million on the back of better valuation results in asset/liability management.

The increase in operating expenses to EUR 149.8 million in the first nine months of 2013 was largely due to intra-group consolidation of banking support operations. The item "other result" included amortisation of customer relationships of EUR 49.0 million as well as banking tax paid by the Holding (Erste Group Bank AG) of EUR 110.6 million (first nine months of 2012: EUR 110.2 million). In addition, in the first nine months of 2013, this item was adversely impacted by a goodwill write-down for Erste Bank Croatia of EUR 52.2 million and a negative one-off impact from the sale of Erste Bank Ukraine of EUR 76.6 million. In the first nine months of 2012, the main contribution to the positive result had come from the proceeds of the buy-back of tier 1 and tier 2 instruments (hybrid capital and subordinated bonds) of EUR 413.2 million, which more than offset a goodwill write-down for Banca Comercială Română of EUR 210.0 million.

Group Condensed Consolidated Financial Statements

I. Group Condensed Statement of Comprehensive Income – 1 January to 30 September 2013

Income statement

| in EUR million | Notes | 1-9 13 | 1-9 12 |
|--|-------|--------------|--------------|
| Interest and similar income | | 5,777.0 | 6,663.4 |
| Interest and similar expenses | | -2,145.1 | -2,703.7 |
| Income from associates accounted for at equity | | 19.7 | 9.2 |
| Net interest income | (1) | 3,651.6 | 3,968.9 |
| Risk provisions for loans and advances | (2) | -1,260.0 | -1,465.3 |
| Fee and commission income | | 1,708.0 | 1,665.5 |
| Fee and commission expenses | | -361.7 | -381.2 |
| Net fee and commission income | (3) | 1,346.3 | 1,284.3 |
| Net trading result | (4) | 241.0 | 191.4 |
| General administrative expenses | (5) | -2,743.0 | -2,826.1 |
| Other operating result | (6) | -578.5 | -214.0 |
| Result from financial instruments – at fair value through profit or loss | (7) | -55.0 | 36.3 |
| Result from financial assets – available for sale | (8) | -10.2 | 19.2 |
| Result from financial assets – held to maturity | (9) | 1.5 | -19.3 |
| Pre-tax profit/loss | | 593.6 | 975.4 |
| Taxes on income | (10) | -31.0 | -251.1 |
| Net profit/loss for the period | | 562.6 | 724.3 |
| Attributable to non-controlling interests | | 132.3 | 127.0 |
| Attributable to owners of the parent | | 430.3 | 597.3 |

Statement of comprehensive income

| in EUR million | | 1-9 13 | 1-9 12 |
|--|-------|---------------|----------------|
| Net profit/loss for the period | | 562.6 | 724.3 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement of net liability of defined pension plans | | 0.0 | 0.0 |
| Deferred taxes relating to items that will not be reclassified | | 0.0 | 0.0 |
| Total items that will not be reclassified to profit or loss | | 0.0 | 0.0 |
| Items that may be reclassified to profit or loss | | | |
| Available for sale - reserve (including currency translation) | | -74.5 | 898.2 |
| Gain / loss during the year | -67.3 | | 960.9 |
| Reclassification adjustments | -7.1 | | -62.7 |
| Cash flow hedge-reserve (including currency translation) | | -70.0 | 4.3 |
| Gain / loss during the year | -70.8 | | 28.0 |
| Reclassification adjustments | 0.8 | | -23.7 |
| Currency translation | | -63.7 | -7.5 |
| Deferred taxes relating to items that might be reclassifiable | | 51.5 | -209.6 |
| Gain / loss during the year | 50.5 | | -225.0 |
| Reclassification adjustments | 1.1 | | 15.4 |
| Total items that may be reclassified to profit or loss | | -156.7 | 685.4 |
| Total other comprehensive income | | -156.7 | 685.4 |
| Total comprehensive income | | 405.9 | 1,409.7 |
| Attributable to non-controlling interests | | 49.3 | 420.7 |
| Attributable to owners of the parent | | 356.6 | 989.0 |

Earnings per share

| | | 1-9 13 | 1-9 12 |
|--|----------------|-------------|-------------|
| Net profit/loss for the year attributable to owners of the parent | in EUR million | 430.3 | 597.3 |
| Dividend on participation capital | In EUR million | -84.7 | -105.8 |
| Net profit/loss for the year attributable to owners of the parent after deduction of dividend on participation capital | In EUR million | 345.6 | 491.5 |
| Weighted average number of shares outstanding | Number | 405,544,748 | 391,429,594 |
| Earnings per share | in EUR | 0.85 | 1.26 |
| Weighted average number of shares taking into account the effect of dilution | Number | 407,737,075 | 393,621,921 |
| Diluted earnings per share | in EUR | 0.85 | 1.25 |

Changes in number of shares and participation capital securities

| Shares in units | | 1-9 13 | 1-9 12 |
|--|--|--------------------|--------------------|
| Shares outstanding as of 1 January | | 375,715,367 | 371,443,804 |
| Acquisition of treasury shares | | -8,112,882 | -18,810,387 |
| Disposal of treasury shares | | 8,624,112 | 18,975,141 |
| Capital increases due to ESOP and MSOP | | 0 | 0 |
| Capital increase | | 35,231,353 | 3,801,385 |
| Shares outstanding as of 30 September | | 411,457,950 | 375,409,943 |
| Treasury shares | | 18,342,050 | 19,158,704 |
| Number of shares as of 30 September | | 429,800,000 | 394,568,647 |
| Weighted average number of shares outstanding | | 405,544,748 | 391,429,594 |
| Dilution due to MSOP/ESOP | | 2,192,326 | 2,192,326 |
| Dilution due to options | | 0 | 0 |
| Weighted average number of shares taking into account the effect of dilution | | 407,737,075 | 393,621,921 |

| Participation capital securities in units | | 1-9 13 | 1-9 12 |
|--|--|------------------|------------------|
| Participation capital securities outstanding as of 1 January | | 1,763,694 | 1,763,274 |
| Acquisition of own participation capital securities | | -1,768,437 | -4,575 |
| Disposal of own participation capital securities | | 4,743 | 4,916 |
| Participation capital securities outstanding as of 30 September | | 0 | 1,763,615 |
| Participation capital securities | | 0 | 129 |
| Number of participation capital securities as of 30 September | | 0 | 1,763,744 |

Redemption of participation capital and implementation of a capital increase

The management and supervisory boards of Erste Group Bank AG resolved on 24 June 2013 to fully redeem the outstanding participation capital of EUR 1.76 billion, of which EUR 1.205 billion were held by the Republic of Austria and EUR 559 million by private investors, in the third quarter of 2013. The full redemption took place on 8 August 2013.

Against this backdrop, a capital increase against cash contributions was implemented with gross proceeds of approximately EUR 660 million. This capital increase has further strengthened Erste Group's capital base so that Erste Group expects to meet its targeted 10% fully loaded Basel 3 common equity tier-1 ratio (CET 1) by 31 December 2014. The capital increase was carried out by offering qualified institutional investors new shares by way of an accelerated bookbuilding offer ("pre-placement to institutional investors") followed by a subscription offering to existing shareholders of Erste Group Bank AG ("subscription offering").

On 2 July 2013, Erste Group Bank AG successfully placed 35.2 million new shares by way of an accelerated bookbuilding offering with gross proceeds of EUR 660.6 million.

On 2 July 2013, the management board, with the consent of the supervisory board, set the offer price for the accelerated bookbuilding offering and the subscription price for the subsequent subscription offering at EUR 18.75 per share and resolved to issue 35,231,353 new shares, to increase the share capital from EUR 789,137,294 by EUR 70,462,706 to EUR 859,600,000 and to offer existing shareholders subscription rights in the ratio of 4 new shares for each 45 shares held. The supervisory board also approved the amendments to the Articles resulting from the above resolutions. The capital increase and the amendments to the Articles were entered into the Companies Register on 4 July 2013.

Quarterly results

| in EUR million | Q3 12 | Q4 12 | Q1 13 | Q2 13 | Q3 13 |
|--|--------------|---------------|---------------|--------------|--------------|
| Net interest income | 1,317.2 | 1,266.4 | 1,240.6 | 1,190.6 | 1,220.4 |
| Risk provisions for loans and advances | -483.5 | -514.7 | -402.2 | -429.6 | -428.2 |
| Net fee and commission income | 418.8 | 436.5 | 448.2 | 447.7 | 450.4 |
| Net trading result | 69.9 | 82.0 | 77.8 | 82.7 | 80.5 |
| General administrative expenses | -938.7 | -930.6 | -931.2 | -911.7 | -900.1 |
| Other operating result | -145.9 | -510.3 | -103.3 | -294.4 | -180.8 |
| Result from financial instruments – at fair value through profit or loss | -6.1 | -39.9 | -46.5 | -12.5 | 4.0 |
| Result from financial assets – available for sale | 15.5 | 37.0 | 11.4 | -0.9 | -20.7 |
| Result from financial assets – held to maturity | 0.5 | -0.6 | 6.6 | -4.0 | -1.1 |
| Pre-tax profit/loss | 247.7 | -174.2 | 301.4 | 67.9 | 224.3 |
| Taxes on income | -54.5 | 80.9 | -66.4 | 91.4 | -56.0 |
| Net profit/loss for the period | 193.2 | -93.3 | 235.0 | 159.3 | 168.3 |
| Attributable to non-controlling interests | 49.5 | 20.5 | 58.8 | 34.3 | 39.2 |
| Attributable to owners of the parent | 143.7 | -113.8 | 176.2 | 125.0 | 129.1 |
| Other comprehensive income | | | | | |
| Available for sale - reserve (including currency translation) | 382 | 77.7 | 5.2 | -104.8 | 25.1 |
| Cash flow hedge - reserve (including currency translation) | 4.1 | -7.7 | -7.3 | -61 | -1.7 |
| Remeasurement of net liability of defined pension plans | 0.0 | -45.9 | 0.0 | 0.0 | 0.0 |
| Currency translation | 23.0 | 23.7 | -131.9 | 68.4 | -0.2 |
| Deferred taxes on items recognised directly in equity | -88.3 | 25.7 | 8.6 | 45.2 | -2.3 |
| Other comprehensive income – total | 320.8 | 73.5 | -125.4 | -52.2 | 20.9 |
| Total comprehensive income | | | | | |
| | 514 | -19.8 | 109.6 | 107.1 | 189.2 |
| Attributable to non-controlling interests | 188.4 | 58.4 | 37.5 | -34.8 | 46.6 |
| Attributable to owners of the parent | 325.6 | -78.2 | 72.1 | 141.9 | 142.6 |

II. Group Condensed Balance Sheet of Erste Group as of 30 September 2013

| in EUR thousand | Notes | Sep 13 | Dec 12 |
|---|-------|--------------------|--------------------|
| ASSETS | | | |
| Cash and balances with central banks | (11) | 10,555,669 | 9,740,458 |
| Loans and advances to credit institutions | (12) | 9,112,685 | 9,074,069 |
| Loans and advances to customers | (13) | 129,492,240 | 131,927,528 |
| Risk provisions for loans and advances | (14) | -7,899,040 | -7,643,724 |
| Derivative financial instruments | (15) | 8,718,014 | 13,289,392 |
| Trading assets | (16) | 7,289,013 | 5,177,984 |
| Financial assets - at fair value through profit or loss | (16) | 575,138 | 715,800 |
| Financial assets - available for sale | (16) | 20,507,774 | 22,417,659 |
| Financial assets - held to maturity | (16) | 18,193,437 | 18,974,725 |
| Equity method investments | | 217,355 | 174,099 |
| Intangible assets | | 2,766,026 | 2,893,886 |
| Property and equipment | | 2,107,833 | 2,227,859 |
| Investment properties | | 940,568 | 1,022,911 |
| Current tax assets | | 97,925 | 127,634 |
| Deferred tax assets | | 852,292 | 657,508 |
| Assets held for sale | | 105,849 | 708,119 |
| Other assets | (17) | 4,219,146 | 2,338,089 |
| Total assets | | 207,851,924 | 213,823,996 |
| LIABILITIES AND EQUITY | | | |
| Deposits by banks | (18) | 22,946,388 | 21,822,081 |
| Customer deposits | (19) | 122,059,800 | 123,052,912 |
| Debt securities in issue | (20) | 27,231,530 | 29,427,347 |
| Value adjustments from Portfolio fair value hedges | | 870,395 | 1,219,997 |
| Derivative financial instruments | (15) | 7,318,158 | 10,878,380 |
| Trading liabilities | | 448,330 | 480,995 |
| Provisions | (21) | 1,474,474 | 1,487,745 |
| Current tax liabilities | | 89,253 | 53,022 |
| Deferred tax liabilities | | 200,221 | 323,507 |
| Liabilities associated with assets held for sale | | 0 | 338,870 |
| Other liabilities | (22) | 4,612,910 | 3,077,264 |
| Subordinated liabilities | (23) | 5,310,111 | 5,323,358 |
| Total equity | | 15,290,353 | 16,338,518 |
| Attributable to non-controlling interests | | 3,490,597 | 3,483,213 |
| Attributable to owners of the parent | | 11,799,756 | 12,855,305 |
| Total liabilities and equity | | 207,851,924 | 213,823,996 |

III. Group Condensed Statement of Changes in Total Equity

GROUP STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2013

| in EUR million | Subscribed capital | Capital reserves | Retained earnings | Cash flow hedge reserve | Available for sale reserve | Currency translation | Remeasurement of net liability of defined pension plans | Deferred tax | Total owners of the parent | Non-controlling interests | Total equity |
|--|--------------------|------------------|-------------------|-------------------------|----------------------------|----------------------|---|--------------|----------------------------|---------------------------|---------------|
| Total equity as of 1 January 2013 | 2,547 | 6,472 | 4,395 | 41 | 227 | -555 | -268 | -4 | 12,855 | 3,483 | 16,338 |
| Changes in treasury shares | | | 16 | | | | | | 16 | | 16 |
| Dividends | | | -299 | | | | | | -299 | -41 | -340 |
| Capital increases ¹ | 70 | 567 | | | | | | | 638 | | 638 |
| Participation capital ¹ | -1,757 | | | | | | | | -1,757 | | -1,757 |
| Change in interest in subsidiaries | | | -11 | | | | | | -11 | | -11 |
| Other changes | -1 | | 1 | | | | | | 0 | | 0 |
| Acquisition of non-controlling interest | | | | | | | | | 0 | | 0 |
| Total comprehensive income | | | 430 | -72 | 40 | -70 | | 28 | 357 | 49 | 406 |
| Net profit/loss for the period | | | 430 | | | | | | 430 | 132 | 562 |
| Other comprehensive income | | | | -72 | 40 | -70 | | 28 | -74 | -83 | -157 |
| Total equity as of 30 Sept. 2013 | 860 | 7,039 | 4,532 | -31 | 267 | -625 | -268 | 24 | 11,800 | 3,491 | 15,290 |

1) For further details to the redemption of participation capital and implementation of capital increase see Note "I. Group Condensed Statement of Comprehensive Income"

GROUP STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2012

| in EUR million | Subscribed capital | Capital reserves | Retained earnings | Cash flow hedge reserve | Available for sale reserve | Currency translation | Remeasurement of net liability of defined pension plans | Deferred tax | Total owners of the parent | Non-controlling interests | Total equity |
|---|--------------------|------------------|-------------------|-------------------------|----------------------------|----------------------|---|--------------|----------------------------|---------------------------|---------------|
| Total equity as of 1 January 2012 | 2,539 | 6,413 | 3,830 | 35 | -316 | -541 | 0 | 77 | 12,037 | 3,143 | 15,180 |
| Restatement ¹⁾ | | | 242 | | | | -242 | | 0 | | 0 |
| Restatement total equity as of January 2012 | 2,539 | 6,413 | 4,072 | 35 | -316 | -541 | -242 | 77 | 12,037 | | 12,037 |
| Changes in treasury shares | | | -7 | | | | | | -7 | | -7 |
| Dividends | | | -141 | | | | | | -141 | -30 | -171 |
| Capital increases ² | 8 | 59 | | | | | | | 67 | | 67 |
| Participation capital | | | | | | | | | 0 | | 0 |
| Change in interest in subsidiaries | | | | | | | | | 0 | | 0 |
| Acquisition of non-controlling interest | | | 2 | | | | | | 2 | -80 | -78 |
| Total comprehensive income | | | 597 | 12 | 528 | -30 | | -118 | 989 | 420 | 1,409 |
| Net profit/loss for the period | | | 597 | | | | | | 597 | 127 | 724 |
| Other comprehensive income | | | | 12 | 528 | -30 | | -118 | 392 | 293 | 685 |
| Total equity as of 30 Sept. 2012 | 2,547 | 6,472 | 4,523 | 47 | 212 | -571 | -242 | -41 | 12,947 | 3,453 | 16,400 |

1) Restatement due to IAS 19 revised

2) Capital increase in connection with issuance of new ordinary shares related to acquisition of additional shares in Banca Comerciala Romana SA amounted to EUR 67mn

IV. Group Condensed Cash Flow Statement

| in EUR million | 1-9 13 | 1-9 12 |
|--|---------------|--------------|
| Cash and cash equivalents at end of the previous year | 9,740 | 9,413 |
| Cash flow from operating activities | 1,897 | 3,363 |
| Cash flow from investing activities | 383 | -2,765 |
| Cash flow from financing activities | -1,423 | -1,278 |
| Effect of currency translation | -41 | -58 |
| Cash and cash equivalents at the end of period | 10,556 | 8,675 |

V. Condensed Notes to the Group Financial Statements of Erste Group for the period from 1 January to 30 September 2013

BASIS OF PREPARATION

The condensed consolidated interim financial statements (“interim financial statements”) of Erste Group for the period from 1 January to 30 September 2013 were prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union (“EU”) and are presented in accordance with the requirements of IAS 34 “Interim Financial Reporting”. The Group’s application of IFRSs results in no differences between IFRSs as issued by the IASB and IFRSs as endorsed by the EU.

The interim financial statements, which include Erste Group Bank AG and its subsidiaries (“Erste Group”), are presented in euro, the functional and presentation currency of Erste Group. Unless stated otherwise, all numbers are rounded to millions of euro.

ACCOUNTING POLICIES

In the interim financial statements, the same recognition and measurement principles and consolidation methods are applied as in the preparation of the consolidated financial statements as of 31 December 2012. The interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements. Therefore, the interim financial statements should be read in conjunction with Erste Group’s consolidated financial statements as of 31 December 2012.

Pension reform in Czech Republic, effective as of 1 January 2013, led to establishing Transformovaný fond penzijního připojištění se státním příspěvkem Česká spořitelna – penzijní společnost, a.s. (Transformed pension fund) covering the original pension funds’ assets and liabilities. The assets and liabilities of the transformed fund continue to be fully consolidated and are presented in the balance sheet in the lines Other assets and Other liabilities, respectively.

Standards and interpretations which are mandatory to be applied in the EU as of 1 January 2013 were reflected in these interim financial statements. As regards new standards and interpretations and their amendments only those which are relevant for the business of Erste Group are listed below.

Following standards and amendments are applicable for the first time in 2013:

_Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income

_IAS 19 (revised 2011) Employee Benefits

_Amendments to IFRS 7- Offsetting Financial Assets and Liabilities

_IFRS 13 Fair Value Measurement

_Annual Improvements to IFRSs (issued in 2012)

Application of these standards had following effects on the interim financial statements:

_Amendments to IAS 1 require separate presentation of OCI items and their tax effects in the statement of comprehensive income

_Application of IAS 19 (revised 2011) leads to a new column “Remeasurement of net liability of defined pension plans” in the statement of changes in equity

_Application of IFRS 13 results in enhanced disclosures about fair value measurements

In comparison with the annual financial statements, there were no other material changes in accounting policies.

These interim financial statements were neither audited nor reviewed by an auditor.

The preparation of interim financial statements under IFRS requires management to make estimates and assumptions for certain categories of assets and liabilities. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the balance sheet date, and the reported amounts of income and expenses during the reporting period. Actual results could differ from management’s estimates.

SCOPE OF CONSOLIDATION

Except for the sale of its Ukrainian subsidiary – Public Company “Erste Bank” (hereafter referred to as Erste Bank Ukraine), changes in the scope of consolidation in first nine months of 2013 do have neither material impact on the financial position nor on the financial performance of the Group. The number of legal entities included in Erste Group’s IFRS consolidation scope evolved during the first nine months of 2013 as follows:

| 31 December 2012 | 557 |
|---|------------|
| Additions | |
| Entities newly added to the consolidation scope | 17 |
| Disposals | |
| Entities sold or liquidated | -15 |
| Mergers | -18 |
| 30 September 2013 | 541 |

On 29 April 2013, following the signing of the contract in December 2012 and having received the formal approval of the transaction by the market supervising authorities in Austria and Ukraine, Erste Group finalized the sale of its 100% participation in Erste Bank Ukraine to FIDOBANK, an unrelated party.

Having met the qualifying criteria of IFRS 5 ‘Discontinued operations and non-current assets held for sale’, Erste Bank Ukraine was classified as a disposal group held for sale and included in

the consolidated balance sheet positions 'assets held for sale' and 'liabilities associated with assets held for sale' in the Annual Report 2012. Upon the closing of the transaction these assets and liabilities were derecognized from the balance sheet of Erste Group.

The proceeds from the transaction amounted to EUR 62.3 million (USD 81.8 million), compared to the sold net equity of Erste Bank Ukraine amounting to EUR 132.5 million as of closing date.

An impairment loss in the amount of EUR 75.0 million for the negative difference between the selling price and net equity of

Erste Bank Ukraine as of 31 December 2012 was already recognized in the income statement of Erste Group for the financial year 2012.

The income statement of Erste Group for the financial year 2013 is affected by further negative EUR 76.6 million, resulting mainly from the reclassification of the cumulated negative currency translation reserve in relation to Erste Bank Ukraine from other comprehensive income to income statement. This impact is recognized in 'other operating result'.

1. Net interest income

| in EUR million | 1-9 13 | 1-9 12 |
|---|-----------------|-----------------|
| Interest income | | |
| Lending and money market transactions with credit institutions | 807.0 | 709.6 |
| Lending and money market transactions with customers | 3,831.8 | 4,495.1 |
| Bonds and other interest-bearing securities | 819.8 | 1,046.8 |
| Other interest and similar income | 29.0 | 7.3 |
| Current income | | |
| Equity-related securities | 38.0 | 41.6 |
| Investments | 22.9 | 30.3 |
| Investment properties | 57.3 | 56.6 |
| Interest and similar income | 5,605.8 | 6,387.3 |
| Interest income from financial assets - at fair value through profit or loss | 171.2 | 276.1 |
| Total interest and similar income | 5,777.0 | 6,663.4 |
| Interest expenses | | |
| Deposits by banks | -303.4 | -471.6 |
| Customer deposits | -1,009.1 | -1,337.1 |
| Debt securities in issue | -645.3 | -702.0 |
| Subordinated liabilities | -138.9 | -147.0 |
| Other | -8.5 | -3.2 |
| Interest and similar expenses | -2,105.2 | -2,660.9 |
| Interest expenses from financial liabilities - at fair value through profit or loss | -39.9 | -42.8 |
| Total interest and similar expenses | -2,145.1 | -2,703.7 |
| Income from equity method investments | 19.7 | 9.2 |
| Total | 3,651.6 | 3,968.9 |

2. Risk provisions for loans and advances

| in EUR million | 1-9 13 | 1-9 12 |
|--|-----------------|-----------------|
| Allocation to risk provisions for loans and advances | -2,430.6 | -2,141.7 |
| Release of risk provisions for loans and advances | 1,258.1 | 795.1 |
| Direct write-offs of loans and advances | -144.1 | -158.2 |
| Recoveries on written-off loans and advances | 56.6 | 39.5 |
| Total | -1,260.0 | -1,465.3 |

3. Net fee and commission income

| in EUR million | 1-9 13 | 1-9 12 |
|-------------------------------|----------------|----------------|
| Lending business | 189.0 | 204.6 |
| Payment transfers | 670.7 | 647.5 |
| Card business | 160.4 | 163.2 |
| Securities transactions | 306.8 | 258.5 |
| Investment fund transactions | 154.7 | 141.3 |
| Custodial fees | 50.1 | 23.7 |
| Brokerage | 102.0 | 93.5 |
| Insurance brokerage | 66.9 | 65.9 |
| Building society brokerage | 24.1 | 22.0 |
| Foreign exchange transactions | 17.3 | 19.0 |
| Investment banking business | 18.5 | 10.6 |
| Other | 53.0 | 56.2 |
| Total | 1,346.3 | 1,284.3 |

4. Net trading result

| in EUR million | 1-9 13 | 1-9 12 |
|------------------------------------|--------------|--------------|
| Securities and derivatives trading | 100.0 | 34.5 |
| Foreign exchange transactions | 141.0 | 156.9 |
| Total | 241.0 | 191.4 |

5. General administrative expenses

| in EUR million | 1-9 13 | 1-9 12 |
|-------------------------------|-----------------|-----------------|
| Personnel expenses | -1,679.0 | -1,702.5 |
| Other administrative expenses | -802.9 | -846.9 |
| Depreciation and amortisation | -261.1 | -276.7 |
| Total | -2,743.0 | -2,826.1 |

6. Other operating result

| in EUR million | 1-9 13 | 1-9 12 |
|--|---------------|---------------|
| Other operating income | 253.0 | 552.5 |
| Other operating expenses | -831.5 | -766.5 |
| Total | -578.5 | -214.0 |
| Result from real estate/movables/properties/software | -62.1 | 7.7 |
| Allocation/release of other provisions/risks | -1.8 | 13.3 |
| Expenses for deposit insurance contributions | -58.0 | -61.9 |
| Amortisation of customer relationships | -49.0 | -49.8 |
| Other taxes | -263.8 | -191.1 |
| Impairment of goodwill | -52.2 | -210.0 |
| Result from repurchase of liabilities measured at amortised cost | 6.3 | 413.2 |
| Result from other operating expenses/income | -97.9 | -135.4 |
| Total | -578.5 | -214.0 |

Following common practice in the Hungarian market, the full amount of EUR 49.0 million Hungarian bank tax for 2013 was recognised in the first half year 2013. Moreover, additional transaction tax in the amount of EUR 16.3 million was imposed by the Hungarian government in the second quarter and recognised in full in the first half year 2013.

7. Result from financial instruments – at fair value through profit or loss

| in EUR million | 1-9 13 | 1-9 12 |
|---|--------|--------|
| Gain / (loss) from measurement / sale of financial instruments at fair value through profit or loss | -55.0 | 36.3 |

8. Result from financial assets – available for sale

| in EUR million | 1-9 13 | 1-9 12 |
|--|--------------|-------------|
| Gain / (loss) from sale of financial assets available for sale | 10.4 | 35.5 |
| Impairment / reversal of impairment of financial assets available for sale | -20.6 | -16.3 |
| Total | -10.2 | 19.2 |

9. Result from financial assets – held to maturity

| in EUR million | 1-9 13 | 1-9 12 |
|--|------------|--------------|
| Income | | |
| Income from sale of financial assets held to maturity | 8.6 | 6.1 |
| Reversal of impairment loss of financial assets held to maturity | 0.1 | 0 |
| Expenses | | |
| Loss from sale of financial assets held to maturity | -0.2 | -14.3 |
| Impairment of financial assets held to maturity | -7.0 | -11.1 |
| Total | 1.5 | -19.3 |

10. Taxes on income

At individual entity level, income tax expense is recognized based on the best estimate of the average annual income tax expected for the full financial year, after factoring-in the expected recoverability rate of any temporary deductible differences and carried-forward fiscal losses.

At Group consolidated level, the year-to-date effective tax rate is further influenced by any consolidation adjustments or entries that affect the consolidated accounting profit of the group without a corresponding impact in the consolidated tax expense. Also, the consolidated year-to-date effective tax rate might be further im-

pacted by one-off adjustments of the opening current/deferred income tax positions at subsidiary level, as a result of intervening changes in relevant fiscal legislation. Thus, as of end of June 2013, deferred tax liabilities in the amount of EUR 127.7 million have been released by Banca Comerciala Romana, as a result of risk provision-related taxable differences converting from temporary to permanent due to updates in local fiscal regulations and interpretations.

As a combined result of the afore described factors, Group's consolidated effective tax rate amounts to 5.2% for the nine months ended 30 September 2013 (1-9 2012: 25.7%).

11. Cash and balances with central banks

| in EUR million | Sep 13 | Dec 12 |
|-----------------------------|---------------|--------------|
| Cash in hand | 2,067 | 2,342 |
| Balances with central banks | 8,489 | 7,398 |
| Total | 10,556 | 9,740 |

12. Loans and advances to credit institutions

| in EUR million | Sep 13 | Dec 12 |
|--|--------------|--------------|
| Loans and advances to domestic credit institutions | 1,181 | 1,029 |
| Loans and advances to foreign credit institutions | 7,932 | 8,045 |
| Total | 9,113 | 9,074 |

13. Loans and advances to customers

Loans and advances to customers classified regionally

| in EUR million | Sep 13 | Dec 12 |
|----------------|----------------|----------------|
| Domestic | 62,591 | 65,615 |
| Abroad | 66,901 | 66,313 |
| Total | 129,492 | 131,928 |

Loans and advances to customers breakdown into asset classes

| in EUR million | Sep 13 | Dec 12 |
|---------------------------------|----------------|----------------|
| Loans and advances to customers | | |
| Public sector | 6,737 | 6,493 |
| Commercial customers | 66,398 | 69,855 |
| Private customers | 56,042 | 54,792 |
| Unlisted securities | 315 | 788 |
| Total | 129,492 | 131,928 |

14. Risk provisions

Development in risk provisions as of 30 September 2013

| in EUR million | Dec12 | Acquisition/ disposal of subsidiaries | Currency translation | Allocations ² | Use | Releases ² | Interest income from impaired loans | Reclassi- fication | Sep13 |
|---|--------------|---|-------------------------|--------------------------|-------------|-----------------------|---|-----------------------|--------------|
| Specific loan loss provisions | 6,940 | -2 | -18 | 1,955 | -653 | -877 | -192 | 0 | 7,153 |
| Loans to credit institutions | 61 | -2 | 0 | 1 | -6 | -1 | 0 | 0 | 53 |
| Loans and advances to customers | 6,879 | 0 | -18 | 1,954 | -647 | -876 | -192 | 0 | 7,100 |
| Portfolio loan loss provisions | 704 | -1 | -9 | 302 | 0 | -250 | 0 | 0 | 746 |
| Loans to credit institutions | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 |
| Loans and advances to customers | 695 | -1 | -9 | 302 | 0 | -250 | 0 | 0 | 737 |
| Financial assets - held to maturity | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 |
| Risk provisions for loans and advances¹ | 7,644 | -3 | -27 | 2,257 | -653 | -1,127 | -192 | 0 | 7,899 |

1) Risk provisions for loans and advances are recognised in the balance sheet as a deduction from assets.

2) Allocations and releases are not directly reconcilable with Note 2. Note 2 contains also allocations and releases in connection with provisions for contingent credit risk liabilities.

Development in risk provisions as of 30 September 2012

| in EUR million | Dec11 | Acquisition/ disposal of subsidiaries | Currency translation | Allocations ² | Use | Releases ² | Interest income from impaired loans | Reclassi- fication | Sep12 |
|---|--------------|---|-------------------------|--------------------------|-------------|-----------------------|---|-----------------------|--------------|
| Specific loan loss provisions | 6,113 | 12 | 51 | 1,923 | -540 | -412 | -138 | 3 | 7,012 |
| Loans to credit institutions | 64 | 0 | 0 | 10 | -4 | -10 | 0 | 0 | 60 |
| Loans and advances to customers | 6,049 | 12 | 51 | 1,913 | -536 | -402 | -138 | 3 | 6,952 |
| Portfolio loan loss provisions | 914 | 4 | 4 | 161 | 0 | -304 | 0 | 5 | 784 |
| Loans to credit institutions | 9 | 0 | 0 | 2 | 0 | -5 | 0 | 0 | 6 |
| Loans and advances to customers | 891 | 4 | 4 | 159 | 0 | -290 | 0 | 5 | 773 |
| Financial assets - held to maturity | 14 | 0 | 0 | 0 | 0 | -9 | 0 | 0 | 5 |
| Risk provisions for loans and advances¹ | 7,027 | 16 | 55 | 2,084 | -540 | -716 | -138 | 8 | 7,796 |

1) Risk provisions for loans and advances are recognised in the balance sheet as a deduction from assets.

2) Allocations and releases are not directly reconcilable with Note 2. Note 2 contains also allocations and releases in connection with provisions for contingent credit risk liabilities.

Loans and receivables and investment held to maturity as of 30 September 2013

| in EUR million | Balance sheet positions (gross carrying amount) | Specific loan loss provisions | Portfolio loan loss provisions | Net carrying amount |
|---|--|----------------------------------|-----------------------------------|------------------------|
| Loans and advances to credit institutions | 9,113 | -53 | -6 | 9,054 |
| Loans and advances to customers | 129,492 | -7,100 | -737 | 121,655 |
| Financial assets - held to maturity | 18,193 | 0 | -3 | 18,190 |
| Risk provisions for loans and advances | -7,899 | 7,153 | 746 | 0 |
| Total | 148,899 | 0 | 0 | 148,899 |

Loans and receivables and investment held to maturity as of 31 December 2012

| in EUR million | Balance sheet positions (gross carrying amount) | Specific loan loss provisions | Portfolio loan loss provisions | Net carrying amount |
|---|--|----------------------------------|-----------------------------------|------------------------|
| Loans and advances to credit institutions | 9,074 | -61 | -6 | 9,007 |
| Loans and advances to customers | 131,928 | -6,879 | -695 | 124,354 |
| Financial assets - held to maturity | 18,975 | 0 | -3 | 18,972 |
| Risk provisions for loans and advances | -7,644 | 6,940 | 704 | 0 |
| Total | 152,332 | 0 | 0 | 152,332 |

15. Derivative financial instruments

| in EUR million | Sep 13 Fair value | | Dec 12 Fair value | |
|---|----------------------|--------------|----------------------|---------------|
| | Positive | Negative | Positive | Negative |
| Derivatives held for trading | | | | |
| Interest rate | 5,235 | 5,136 | 8,655 | 8,517 |
| Equity | 23 | 3 | 22 | 7 |
| Foreign exchange | 893 | 643 | 1,083 | 688 |
| Credit | 1 | 6 | 6 | 9 |
| Commodity | 4 | 5 | 5 | 8 |
| Other | 2 | 1 | 4 | 0 |
| Total derivatives held for trading | 6,158 | 5,794 | 9,775 | 9,229 |
| Derivatives held in banking book | | | | |
| Fair value hedges | | | | |
| Interest rate | 1,714 | 551 | 2,394 | 695 |
| Equity | 0 | 0 | 0 | 0 |
| Foreign exchange | 0 | 16 | 11 | 12 |
| Credit | 0 | 0 | 0 | 0 |
| Commodity | 0 | 0 | 0 | 0 |
| Other | 3 | 1 | 3 | 0 |
| Total fair value hedges | 1,717 | 568 | 2,408 | 707 |
| Cash flow hedges | | | | |
| Interest rate | 68 | 37 | 102 | 0 |
| Equity | 0 | 0 | 0 | 0 |
| Foreign exchange | 3 | 9 | 2 | 0 |
| Credit | 0 | 0 | 0 | 0 |
| Commodity | 0 | 0 | 0 | 0 |
| Other | 1 | 1 | 0 | 0 |
| Total cash flow hedges | 72 | 47 | 104 | 0 |
| Other derivatives | | | | |
| Interest rate | 546 | 589 | 853 | 719 |
| Equity | 42 | 41 | 37 | 40 |
| Foreign exchange | 117 | 124 | 89 | 165 |
| Credit | 9 | 7 | 10 | 4 |
| Commodity | 6 | 5 | 13 | 13 |
| Other | 51 | 143 | 0 | 1 |
| Total other derivatives | 771 | 909 | 1,002 | 942 |
| Total derivatives in banking book | 2,560 | 1,524 | 3,514 | 1,649 |
| Total derivatives | 8,718 | 7,318 | 13,289 | 10,878 |

16. Securities

| in EUR million | Financial assets | | | | | | | | | | | |
|--|----------------------------------|--------------|----------------|--------------|--------------------------------------|------------|--------------------|---------------|------------------|---------------|---------------|---------------|
| | Loans and advances to CI and NCI | | Trading assets | | At fair value through profit or loss | | Available for Sale | | Held to maturity | | Total | |
| | Sep 13 | Dec 12 | Sep 13 | Dec 12 | Sep 13 | Dec 12 | Sep 13 | Dec 12 | Sep 13 | Dec 12 | Sep 13 | Dec 12 |
| Bonds and other interest-bearing securities | 785 | 1,312 | 7,010 | 4,872 | 321 | 526 | 18,429 | 20,226 | 18,193 | 18,975 | 44,738 | 45,911 |
| Listed | 0 | 0 | 4,823 | 4,404 | 284 | 467 | 16,684 | 18,924 | 17,412 | 18,216 | 39,203 | 42,011 |
| Unlisted | 785 | 1,312 | 2,187 | 468 | 37 | 59 | 1,745 | 1,302 | 781 | 759 | 5,535 | 3,900 |
| Equity-related securities | 0 | 0 | 279 | 306 | 253 | 190 | 1,603 | 1,725 | 0 | 0 | 2,135 | 2,221 |
| Listed | 0 | 0 | 111 | 104 | 239 | 190 | 570 | 573 | 0 | 0 | 920 | 867 |
| Unlisted | 0 | 0 | 168 | 202 | 14 | 0 | 1,033 | 1,152 | 0 | 0 | 1,215 | 1,354 |
| Equity holdings | 0 | 0 | 0 | 0 | 1 | 0 | 476 | 467 | 0 | 0 | 477 | 467 |
| Total | 785 | 1,312 | 7,289 | 5,178 | 575 | 716 | 20,508 | 22,418 | 18,193 | 18,975 | 47,350 | 48,599 |

During the third quarter 2013 a bond investment with a carrying amount of EUR 25.6 million was reclassified from HtM to AfS category. This was as a result of a change of the intention of the bank to hold this bond till maturity due to a significant deterioration of the issuer's creditworthiness. The reassessment of the intention followed the publishing of information about a signifi-

cant worsening of the market situation of the bond issuer which led to Moody's downgrading the issuer.

Reclassification of the bond triggered a re-measurement leading to a total loss of EUR 6.2 million in the result from financial assets AfS out of which EUR 3.1 million has been already realized through partial sale.

17. Other assets

| in EUR million | Sep 13 | Dec 12 |
|---------------------|--------------|--------------|
| Accrued commissions | 123 | 119 |
| Deferred income | 270 | 198 |
| Sundry assets | 3,826 | 2,021 |
| Total | 4,219 | 2,338 |

Assets in amount of EUR 1,903 million of the Transformed pension fund are presented in the line "other assets – sundry assets".

18. Deposits by bank

| in EUR million | Sep 13 | Dec 12 |
|--|---------------|---------------|
| Deposits by domestic credit institutions | 5,363 | 8,770 |
| Deposits by foreign credit institutions | 17,583 | 13,052 |
| Total | 22,946 | 21,822 |

19. Customer deposits

| in EUR million | Sep 13 | Dec 12 |
|----------------|----------------|----------------|
| Domestic | 61,751 | 61,466 |
| Abroad | 60,309 | 61,587 |
| Total | 122,060 | 123,053 |

| in EUR million | Sep 13 | Dec 12 |
|----------------------|----------------|----------------|
| Savings deposits | 52,786 | 56,289 |
| Other deposits | | |
| Public sector | 6,466 | 4,338 |
| Commercial customers | 25,528 | 26,177 |
| Private customers | 37,280 | 36,249 |
| Total other deposits | 69,274 | 66,764 |
| Total | 122,060 | 123,053 |

20. Debt securities in issue

| in EUR million | Sep 13 | Dec 12 |
|--|---------------|---------------|
| Bonds | 14,919 | 16,117 |
| Certificates of deposit | 814 | 376 |
| Other certificates of deposits/name certificates | 2,086 | 2,199 |
| Mortgage and municipal bonds | 9,413 | 10,732 |
| Other | 0 | 3 |
| Total | 27,232 | 29,427 |

21. Provisions

| in EUR million | Sep 13 | Dec 12 |
|---|--------------|--------------|
| Long-term employee provisions | 1,076 | 1,096 |
| Provisions for contingent credit risk liabilities | 205 | 186 |
| Other risk provisions | 55 | 29 |
| Other provisions ¹ | 138 | 177 |
| Total | 1,474 | 1,488 |

1) Other provisions consist mainly of provisions for litigation.

22. Other liabilities

| in EUR million | Sep 13 | Dec 12 |
|---------------------|--------------|--------------|
| Deferred income | 303 | 326 |
| Accrued commissions | 40 | 17 |
| Sundry liabilities | 4,270 | 2,735 |
| Total | 4,613 | 3,078 |

Liabilities in the amount of EUR 1,887 million of the transformed pension fund are presented in the line "other liabilities – sundry liabilities".

23. Subordinated liabilities

| in EUR million | Sep 13 | Dec 12 |
|----------------------------------|--------------|--------------|
| Subordinated issues and deposits | 3,738 | 3,653 |
| Supplementary capital | 1,200 | 1,292 |
| Hybrid issues | 372 | 378 |
| Total | 5,310 | 5,323 |

24. Segment reporting

The segment reporting of Erste Group follows the presentation and measurement requirements of IFRS.

Segment structure

Following the structure of Erste Group, the segment reporting is divided into the segments: Retail & SME, Group Corporate & Investment Banking, Group Markets and Corporate Center. The latter is split into the Corporate Center excluding intra-group eliminations and the intra-group eliminations between the segments.

The regional information regarding segments is based on the internal reporting structure. The Retail & SME segment is split into two regions of which one shows the business in Austria (consisting of the subsegments Erste Bank Oesterreich and Savings Banks) and the other one shows the business in CEE countries (consisting of the subsegments Czech Republic, Romania, Slovakia, Hungary, Croatia, Serbia and Ukraine). The remaining segments are analysed from the Group's perspective and thus are not split into regions.

The basis for Erste Group's management of individual segments and subsegments is the average attributed equity as well as the average risk-weighted assets (credit risk). For measuring and assessing the profitability of segments and subsegments, return on equity as well as cost/income ratio is used.

The return on equity is calculated as net profit/loss attributable to owners of the parent divided by the average attributed shareholder's equity allocated to the segment.

The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

Retail & SME

The Retail & SME segment includes the individual, retail and SME-focused regional banks of Erste Group. To enhance transparency, the region Austria consists of the two subsegments, Erste Bank Oesterreich (including local subsidiaries) and Savings Banks. The latter subsegment includes those savings banks which as a result of their membership are consolidated into the Haftungsverbund. In the region Central and Eastern Europe, the individual subsidiaries are reported separately as subsegments.

Group Corporate & Investment Banking

The Group Corporate & Investment Banking (GCIB) segment includes the large corporate business, the real estate business of

Erste Group with large corporate customers, equity capital markets (from the second quarter of 2012 onwards) as well as the investment banking subsidiaries in CEE and the International Business (excluding treasury activities). The leasing subsidiary Erste Group Immorent is also included in this segment. In Erste Group, those corporate customers with a turnover of at least EUR 175 million are classified as large corporates.

Group Markets

The Group Markets segment comprises the business Group Treasury and Capital Markets and includes the treasury activities of Erste Group Bank AG, the CEE subsidiaries, the foreign branch offices in Hong Kong, New York, Berlin, and Stuttgart as well as the result of Erste Asset Management.

Corporate Center segment

The segment Corporate Center is split into two parts, whereas the effects from intra-group eliminations between segments and subsegments are disclosed in the segment "Intra-group eliminations".

The segment 'Intra-group eliminations' consists of internal revenues and expenses charged between subsegments and must be eliminated again on group level. These transactions mainly relate to internal services from IT, Procurement and Facility Management to the banking subsidiaries, rental income from operating lease and investment properties, and the derivatives business. Intra-group elimination between business units within the same subsegment is allocated to the respective subsegment.

The segment Corporate Center excluding 'Intra-group eliminations' includes the results of the central business areas of Erste Group Bank AG. This segment consists mainly of the balance sheet management as well as the dividends (elimination of dividends on group level is also allocated to this segment) and refinancing costs of fully consolidated subsidiaries, general administrative expenses for group center functions that cannot be directly allocated to another subsegment and the banking tax of Erste Group Bank AG. In addition, this segment includes the results of non-profit companies (especially service units) and subsidiaries that cannot be directly allocated to another subsegment, straight-line amortization of customer relationships (especially for Banca Comercială Română, Erste Card Club, and Ringturm KAG), as well as one-off effects which are not allocated to any subsegment for the sake of consistency and to assist like-for-like comparisons. Moreover, this segment includes the equity which is not allocated to the other segments/subsegments.

| in EUR million | Retail & SME | | GCIB | | Group Markets | | Corporate Center excl. Intragroup elimination | | Intragroup elimination | | Total Group | |
|---|--------------|--------------|---------------|--------------|---------------|--------------|--|---------------|------------------------|-------------|--------------|--------------|
| | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 |
| Net interest income | 3,048.4 | 3,249.8 | 300.6 | 381.0 | 154.2 | 154.8 | 194.7 | 227.4 | -46.3 | -44.1 | 3,651.6 | 3,968.9 |
| Risk provisions for loans and advances | -890.9 | -1,234.7 | -381.2 | -230.6 | 11.3 | 0.0 | 0.9 | 0.0 | -0.1 | 0.0 | -1,260.0 | -1,465.3 |
| Net fee and commission income | 1,206.7 | 1,173.1 | 74.3 | 62.9 | 97.8 | 94.9 | 62.2 | 198.2 | -94.7 | -244.8 | 1,346.3 | 1,284.3 |
| Net trading result | 116.3 | 90.4 | 13.4 | 6.2 | 106.5 | 162.8 | -17.9 | -78.2 | 22.6 | 10.2 | 241.0 | 191.4 |
| General administrative expenses | -2,296.9 | -2,410.1 | -137.2 | -145.0 | -159.2 | -159.4 | -419.2 | -413.2 | 269.5 | 301.6 | -2,743.0 | -2,826.1 |
| Other result ¹ | -250.6 | -194.4 | -48.9 | -69.1 | -1.4 | 4.4 | -190.3 | 104.1 | -151.0 | -22.8 | -642.2 | -177.8 |
| Pre-tax profit/loss | 932.9 | 674.1 | -178.9 | 5.4 | 209.3 | 257.5 | -369.7 | 38.4 | 0.0 | 0.0 | 593.6 | 975.4 |
| Taxes on income | -104.9 | -169.3 | 26.8 | -5.1 | -44.9 | -56.1 | 92.1 | -20.6 | 0.0 | 0.0 | -31.0 | -251.1 |
| Net profit/loss for the period | 828.0 | 504.8 | -152.2 | 0.3 | 164.4 | 201.4 | -277.7 | 17.8 | 0.0 | 0.0 | 562.6 | 724.3 |
| Attributable to non-controlling interests | 133.1 | 120.7 | -2.2 | 10.6 | 4.7 | 5.7 | -3.4 | -10.0 | 0.0 | 0.0 | 132.3 | 127.0 |
| Attributable to owners of the parent | 694.8 | 384.1 | -150.0 | -10.3 | 159.7 | 195.7 | -274.2 | 27.8 | 0.0 | 0.0 | 430.3 | 597.3 |
| Average risk-weighted assets | 67,725.9 | 70,643.3 | 20,075.7 | 21,358.3 | 2,474.3 | 2,738.5 | -1,261.3 | 9.1 | 0.0 | 0.0 | 89,014.7 | 94,749.2 |
| Average attributed equity | 4,900.9 | 4,931.5 | 1,988.1 | 2,137.0 | 386.6 | 353.0 | 5,507.0 | 5,247.7 | 0.0 | 0.0 | 12,782.6 | 12,669.2 |
| Cost/income ratio | 52.5% | 53.4% | 35.3% | 32.2% | 44.4% | 38.6% | 175.5% | 118.9% | 0.0% | 0.0% | 52.4% | 51.9% |
| Return on equity² | 18.9% | 10.4% | na | na | 55.1% | 73.9% | na | 0.7% | 0.0% | 0.0% | 4.5% | 6.3% |

1) Other result consists of four income statement items: other operating result, result from financial instruments at fair value through profit or loss, result from financial assets available for sale, and result from financial assets held to maturity.

2) ROE=return on equity=Net profit/loss attributable to the owners of the parent divided by the average attributed equity allocated to subsegment/segment. For the purposes of this calculation, net profit/loss for the nine-month periods ending 30 September 2013 and 2012 is annualized.

| in EUR million | EB Oesterreich | | Savings banks | | Austria | | CEE | | Retail & SME | |
|---|----------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 |
| Net interest income | 453.3 | 467.5 | 674.8 | 701.7 | 1,128.1 | 1,169.2 | 1,920.3 | 2,080.6 | 3,048.4 | 3,249.8 |
| Risk provisions for loans and advances | -45.1 | -81.5 | -129.8 | -159.2 | -174.9 | -240.7 | -716.0 | -994.0 | -890.9 | -1,234.7 |
| Net fee and commission income | 253.9 | 240.8 | 312.0 | 291.4 | 566.0 | 532.2 | 640.7 | 640.9 | 1,206.7 | 1,173.1 |
| Net trading result | 9.1 | -1.9 | 16.2 | 20.1 | 25.2 | 18.2 | 91.1 | 72.2 | 116.3 | 90.4 |
| General administrative expenses | -443.8 | -458.5 | -696.3 | -706.6 | -1,140.1 | -1,165.1 | -1,156.8 | -1,245.0 | -2,296.9 | -2,410.1 |
| Other result ¹ | -11.2 | 23.4 | -2.4 | -2.1 | -13.6 | 21.3 | -237.0 | -215.7 | -250.6 | -194.4 |
| Pre-tax profit/loss | 216.3 | 189.8 | 174.5 | 145.3 | 390.7 | 335.1 | 542.2 | 339.0 | 932.9 | 674.1 |
| Taxes on income | -51.8 | -41.8 | -45.8 | -37.1 | -97.6 | -78.9 | -7.3 | -90.4 | -104.9 | -169.3 |
| Net profit/loss for the period | 164.4 | 148.0 | 128.7 | 108.2 | 293.1 | 256.2 | 534.9 | 248.6 | 828.0 | 504.8 |
| Attributable to non-controlling interests | 5.6 | 4.6 | 111.5 | 99.1 | 117.0 | 103.7 | 16.1 | 17.0 | 133.1 | 120.7 |
| Attributable to owners of the parent | 158.9 | 143.4 | 17.2 | 9.1 | 176.1 | 152.5 | 518.8 | 231.6 | 694.8 | 384.1 |
| Average risk-weighted assets | 12,703.6 | 13,120.3 | 22,435.6 | 23,581.0 | 35,139.2 | 36,701.3 | 32,586.7 | 33,942.0 | 67,725.9 | 70,643.3 |
| Average attributed equity | 1,285.2 | 1,291.0 | 399.1 | 364.2 | 1,684.3 | 1,655.3 | 3,216.7 | 3,276.2 | 4,900.9 | 4,931.5 |
| Cost/income ratio | 62.0% | 64.9% | 69.4% | 69.7% | 66.3% | 67.8% | 43.6% | 44.6% | 52.5% | 53.4% |
| Return on equity² | 16.5% | 14.8% | 5.7% | 3.3% | 13.9% | 12.3% | 21.5% | 9.4% | 18.9% | 10.4% |

1) Other result consists of four income statement items: other operating result, result from financial instruments at fair value through profit or loss, result from financial assets available for sale, and result from financial assets held to maturity.

2) ROE=return on equity=Net profit/loss attributable to the owners of the parent divided by the average attributed equity allocated to subsegment/segment. For the purposes of this calculation, net profit/loss for the nine-month periods ending 30 September 2013 and 2012 is annualized.

| in EUR million | Czech Republic | | Romania | | Slovakia | | Hungary | | Croatia | | Serbia | | Ukraine | | CEE | |
|---|----------------|--------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|
| | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 | 1-9 13 | 1-9 12 |
| Net interest income | 747.2 | 842.6 | 437.6 | 423.7 | 322.5 | 318.0 | 201.9 | 257.6 | 175.2 | 191.8 | 29.7 | 26.6 | 6.2 | 20.3 | 1,920.3 | 2,080.6 |
| Risk provisions for loans and advances | -95.7 | -120.5 | -304.6 | -560.1 | -25.4 | -43.4 | -160.1 | -147.1 | -119.5 | -107.6 | -6.8 | -6.1 | -4.0 | -9.2 | -716.0 | -994.0 |
| Net fee and commission income | 309.8 | 334.5 | 103.4 | 90.5 | 78.8 | 82.8 | 87.2 | 67.8 | 50.6 | 51.0 | 9.7 | 9.8 | 1.2 | 4.5 | 640.7 | 640.9 |
| Net trading result | 33.2 | 14.0 | 43.7 | 54.9 | 3.6 | 3.0 | 4.0 | -8.6 | 8.0 | 8.2 | 1.9 | 1.7 | -3.3 | -1.0 | 91.1 | 72.2 |
| General administrative expenses | -492.0 | -531.1 | -236.2 | -251.4 | -174.7 | -174.7 | -123.7 | -125.0 | -93.9 | -101.8 | -26.2 | -24.5 | -10.1 | -36.5 | -1,156.8 | -1,245.0 |
| Other result ¹ | -41.3 | -56.5 | -47.1 | -29.4 | -31.9 | -16.6 | -106.4 | -107.4 | -9.9 | -0.9 | -1.0 | -1.4 | 0.5 | -3.5 | -237.0 | -215.7 |
| Pre-tax profit/loss | 461.3 | 483.0 | -3.1 | -271.8 | 172.8 | 169.1 | -97.0 | -62.7 | 10.4 | 40.7 | 7.2 | 6.1 | -9.4 | -25.4 | 542.2 | 339.0 |
| Taxes on income | -93.1 | -101.1 | 127.4 | 53.0 | -36.2 | -33.7 | -3.9 | -1.4 | -0.8 | -7.2 | -0.7 | 0.0 | 0.0 | 0.0 | -7.3 | -90.4 |
| Net profit/loss for the period | 368.3 | 381.9 | 124.3 | -218.8 | 136.6 | 135.4 | -100.9 | -64.1 | 9.5 | 33.5 | 6.5 | 6.1 | -9.4 | -25.4 | 534.9 | 248.6 |
| Attributable to non-controlling interests | 1.8 | 11.3 | 6.1 | -12.6 | 0.0 | 0.2 | 0.0 | 0.0 | 7.8 | 16.8 | 0.4 | 1.3 | 0.0 | 0.0 | 16.1 | 17.0 |
| Attributable to owners of the parent | 366.5 | 370.6 | 118.2 | -206.2 | 136.6 | 135.2 | -100.9 | -64.1 | 1.7 | 16.7 | 6.1 | 4.8 | -9.4 | -25.4 | 518.8 | 231.6 |
| Average risk-weighted assets | 12,707.1 | 12,524.6 | 6,994.9 | 8,281.8 | 3,940.0 | 4,173.6 | 4,041.1 | 3,645.0 | 3,811.8 | 4,089.4 | 598.4 | 485.8 | 493.5 | 741.8 | 32,586.7 | 33,942.0 |
| Average attributed equity | 1,319.4 | 1,268.6 | 678.9 | 791.5 | 416.9 | 432.2 | 415.4 | 372.8 | 272.9 | 291.4 | 59.0 | 40.9 | 54.2 | 78.8 | 3,216.7 | 3,276.2 |
| Cost/income ratio | 45.1% | 44.6% | 40.4% | 44.2% | 43.2% | 43.3% | 42.2% | 39.5% | 40.2% | 40.6% | 63.5% | 64.3% | 247.1% | 153.4% | 43.6% | 44.6% |
| Return on equity² | 37.0% | 39.0% | 23.2% | na | 43.7% | 41.7% | na | na | 0.8% | 7.6% | 13.8% | 15.7% | na | na | 21.5% | 9.4% |

1) Other result consists of four income statement items: other operating result, result from financial instruments at fair value through profit or loss, result from financial assets available for sale, and result from financial assets held to maturity.

2) ROE=return on equity=Net profit/loss attributable to the owners of the parent divided by the average attributed equity allocated to subsegment/segment. For the purposes of this calculation, net profit/loss for the nine-month periods ending 30 September 2013 and 2012 is annualized.

25. Risk management

It is a core function of every bank to take risks in a conscious and selective manner and to professionally manage such risks. In addition to meeting the internal goal of effective and efficient risk management, Erste Group's risk management and risk control systems are also used to fulfil external and, in particular, regulatory requirements.

Concerning risk policy and strategy as well as regarding risk management organisation, reference is made to the chapter of the same name in the Annual Report 2012.

Current regulatory topics

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 (CCR), and the new capital charge for credit value adjustments (CVA). 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.

Due to the established programme structure, Erste Group has an integrated view on all requirements arising from Basel 3. Furthermore, a close alignment is being undertaken with programmes focusing on other internal or regulatory requirements in the areas of risk management and accounting, such as the IFRS 9 project.

Regarding changes in risk-weighted assets according to Basel 3, since 2010 Erste Group has actively participated in the semi-annual Quantitative Impact Study (QIS) which is co-ordinated by Austrian and European regulatory authorities. In future, Erste Group will also participate in the exercises. The bank has completed several calculations to evaluate the impact of the new accord on its risk-weighted assets, both within and beyond the scope of the QIS exercises.

Erste Group calculated as well the Basel 3 compliant liquidity ratios which also will be collected within the scope of the planned exercises. The Group has made several calculations to assess the status of the entities with regards to these ratios, and the preparation for the future regulatory reporting is currently underway.

Regulatory changes for the internal model approach to market risk according to the Capital Requirements Directive III (CRD III) became effective for Erste Group at year-end 2011. The inclusion of stressed VaR and event risk (for equity-related risks) into the

internal model was developed and received approval from regulators after a successful audit by the Austrian regulator in the fourth quarter of 2011.

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 will enter into force on 1 January 2014. Beginning in 2014, the regulatory capital (own funds) and the regulatory capital requirements will be calculated and published in accordance to Basel 3. The Leverage Ratio has to be disclosed starting 2015.

Switch of Accounting Principles for calculation of regulatory capital ratios as of 31 March 2013

From 31 March 2013 the consolidated regulatory capital (own funds) and the consolidated regulatory capital requirements of Erste Group are calculated based on IFRS. In addition to the legal requirements previously applied in determining the regulatory capital and the regulatory capital requirement, the regulations defined in article 29a Austrian Banking Act take effect in regard to the application of IFRS.

The switch to IFRS had no material impact on the regulatory capital ratios of Erste Group.

Capital increase and repayment of participation capital

In July 2013 Erste Group's share capital was increased by EUR 660.6 million by the issuance of 35,231,353 new shares. As a consequence, the regulatory Tier-1 capital increased by around EUR 638 million after deduction of costs related to the capital increase in the amount of around EUR 30 million. In August 2013 the participation capital of Erste Group in an amount of EUR 1.76 billion was fully redeemed.

Current economic topics

The tables below illustrate that Erste Group's net exposure to European countries which are particularly affected by the sovereign debt crisis further decreased in the course of the first three quarters of 2013. The net exposure to Greece, Ireland, Italy, Portugal and Spain decreased from EUR 1.89 billion at year-end 2012 to EUR 1.64 billion as of 30 September 2013. Sovereign of Italy increased slightly as of 30 June 2013 to EUR 110 million. The net exposure to Greece decreased to EUR 3 million, as compared to EUR 5 million as of 30 December 2012. The net exposures to Italy, Ireland, Portugal and Spain also decreased. Due to immaterial increases in the net exposure to the sovereigns of Italy, Spain and Portugal, the total sovereign net exposure increased slightly to EUR 196 million as of 30 September 2013.

As of 30 September 2013, Erste Group exhibited a net exposure of EUR 249 million to the Slovenian sovereign and EUR 16 million to Slovenian banks. In total, Erste Group thus reduced the net exposure to the Slovenian sovereign and the Slovenian banking sector by EUR 88 million since 31 December 2012.

The following tables show the net exposure to sovereigns and institutions in selected European countries as of 30 September 2013 and 31 December 2012, respectively. The net exposure includes all on- and off-balance-sheet positions after counterparty netting and risk transfer to guarantors. Derivatives are netted (ISDA Master Agreement with netting agreement) and collateral for derivatives reduces the exposure, provided that respective contracts are in force (Credit Support Annex to ISDA Master Agreement). In the case of repo transactions, the book value of the securities sold under repurchase agreements is recognised as exposure to the issuer. Moreover, an exposure of the counterparty

amounting to the difference between the funds received and a potentially higher market value of the securities sold plus a percentage of the nominal value is considered in order to take into account price fluctuations. In the case of reverse repurchase agreements, the respective counterparty risk is considered as for repurchase agreements (the difference between the funds placed and a potentially lower market value of the securities purchased plus a percentage of the nominal value in order to account for price fluctuations), but the issuer risk is not considered. The net exposure represents the net risk view. It differs from the credit risk exposure, which is treated in the 'Credit risk' chapter, primarily by applying the risk transfer to guarantors, by the deduction of collateral and by taking into consideration of netting agreements. Therefore, the two are not comparable. The sovereign net exposure includes central banks, central governments and institutions which are explicitly guaranteed by the central government.

Net exposure to selected European countries

| Total in EUR million | Sovereign | | Bank | | Other ¹ | | Total | |
|-------------------------|------------|------------|------------|------------|--------------------|------------|--------------|--------------|
| | Sep 13 | Dec 12 | Sep 13 | Dec 12 | Sep 13 | Dec 12 | Sep 13 | Dec 12 |
| Greece | 0 | 0 | 0 | 0 | 3 | 5 | 3 | 5 |
| Ireland | 63 | 74 | 17 | 29 | 27 | 36 | 108 | 139 |
| Italy | 112 | 100 | 455 | 411 | 542 | 656 | 1,108 | 1,167 |
| Portugal | 5 | 3 | 14 | 48 | 9 | 10 | 27 | 61 |
| Spain | 16 | 13 | 166 | 249 | 215 | 253 | 397 | 515 |
| Total | 196 | 190 | 652 | 737 | 795 | 960 | 1,643 | 1,887 |

1) Other includes securitisations and claims against corporates

| Sovereign in EUR million | Fair Value | | Available for Sale | | At amortised cost | | Total | |
|-----------------------------|------------|------------|--------------------|------------|-------------------|-----------|------------|------------|
| | Sep 13 | Dec 12 | Sep 13 | Dec 12 | Sep 13 | Dec 12 | Sep 13 | Dec 12 |
| Greece | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ireland | 0 | 0 | 63 | 59 | 0 | 15 | 63 | 74 |
| Italy | -7 | -11 | 112 | 100 | 0 | 0 | 112 | 100 |
| Portugal | -9 | -16 | 5 | 3 | 0 | 0 | 5 | 3 |
| Spain | -11 | -22 | 18 | 11 | 2 | 2 | 16 | 13 |
| Total | -27 | -49 | 198 | 173 | 2 | 17 | 196 | 190 |

Most of the short positions relating to sovereigns in Italy, Portugal and Spain as of 30 September 2013 either mature before the corresponding long positions or are booked in a different legal entity. Therefore, these positions are not offset in the exposure

figures above. If these were considered in the calculations, total exposure would accordingly be lower. The short positions originate from CDS transactions and are stated in the fair value section in the table above.

| Bank in EUR million | Fair Value | | Available for Sale | | At amortised cost | | Total | |
|------------------------|------------|------------|--------------------|------------|-------------------|------------|------------|------------|
| | Sep 13 | Dec 12 | Sep 13 | Dec 12 | Sep 13 | Dec 12 | Sep 13 | Dec 12 |
| Greece | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ireland | 13 | 16 | 1 | 5 | 3 | 8 | 17 | 29 |
| Italy | 47 | 44 | 126 | 149 | 281 | 218 | 455 | 411 |
| Portugal | -4 | 2 | 2 | 16 | 15 | 30 | 14 | 48 |
| Spain | 32 | 69 | 32 | 34 | 102 | 146 | 166 | 249 |
| Total | 88 | 131 | 162 | 204 | 401 | 402 | 652 | 737 |

Credit risk

The classification of credit assets into risk grades is based on Erste Group's internal ratings. For the purpose of external reporting, Erste Group has developed a framework to map the risk grades into four different risk categories, as follows:

Low risk: Typically regional customers with well-established and rather long-standing relationships with Erste Group or large internationally recognised customers. Strong and good financial position and no foreseeable financial difficulties. Retail clients having long relationships with the bank, or clients with a wide product pool use. No late payments currently or in the most recent 12 months. New business is generally with clients in this risk category.

Management attention: Vulnerable non-retail clients, which may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium-term. Retail clients with limited savings or probable payment problems in the past triggering early collection reminders. These clients typically have good recent histories and no current delinquencies.

Substandard: The borrower is vulnerable to negative financial and economic developments. Such loans are managed in specialised risk management departments.

Non-performing: One or more of the default criteria under Basel II are met by the borrower: 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.

For purposes of analysing non-performing positions, Erste Group applies the 'customer view' in Austria. Accordingly, if an Austrian customer defaults on one product then all of that customer's performing products are classified as non-performing. For corporate borrowers in CEE, the customer view is also applied.

However, in the Retail and SME segment in CEE, Erste Group uses the 'product view', so that only the product actually in default is counted as a NPL whereas the other products of the same customer are considered performing.

Credit risk exposure

Credit risk exposure relates to the following balance sheet items: loans and advances to credit institutions; loans and advances to customers; debt securities held for trading, at fair value through profit or loss, available for sale and held-to-maturity; derivatives and credit risks held off balance sheet (primarily financial guarantees and undrawn credit commitments).

The credit risk exposure comprises the gross amount without taking into account loan loss provisions, any collateral held (including risk transfer to guarantors), netting effects, other credit enhancements or credit risk mitigating transactions.

The credit risk exposure of Erste Group decreased by 3.3% or more than EUR 7.2 billion from EUR 219.7 billion as of 31 December 2012 to EUR 212.4 billion as of 30 September 2013.

Erste Group's credit risk exposure is presented below divided into the following classes:

- by Basel II exposure class and financial instrument,
- by industry and risk category,
- by region and risk category and
- by business segment and risk category.

Furthermore, a breakdown of loans and advances to customers is presented as follows:

- loans and advances to customers by business segment and risk category,
- non-performing loans and advances to customers by business segment and coverage by loan loss provisions, and
- loans and advances to customers by business segment and currency.

Credit risk exposure by Basel II exposure class and financial instrument

The following tables include Erste Group's credit risk exposure broken down by Basel 2 exposure class and financial instrument as of 30 September 2013 and 31 December 2012, respectively. The assignment of obligors to Basel 2 exposure classes is based on legal regulations. For reasons of clarity, individual Basel 2 exposure classes are presented in aggregated form in the tables

below and in other tables in the chapter 'credit risk'. The aggregated exposure class 'sovereigns' also contains regional and local governments as well as public sector entities in addition to central governments, central banks, international organisations and multinational development banks.

Credit risk exposure by Basel 2 exposure class and financial instrument as of 30 September 2013

| in EUR million | Loans and advances to credit institutions | Loans and advances to customers | Debt instruments | | | | Positive fair value of derivative financial instruments | Contingent credit liabilities | Credit risk exposure |
|----------------|---|---------------------------------|------------------|----------------|--------------------------------------|---------------|---|-------------------------------|----------------------|
| | | | Held to maturity | Trading assets | At fair value through profit or loss | | | | |
| | | | | | Available for Sale | Fair Value | | | |
| | At amortised cost | | | Fair Value | | | | | |
| Sovereigns | 943 | 7,393 | 16,197 | 6,392 | 147 | 12,436 | 569 | 1,221 | 45,298 |
| Institutions | 8,145 | 132 | 1,202 | 292 | 109 | 3,357 | 7,564 | 271 | 21,072 |
| Corporates | 24 | 58,525 | 794 | 327 | 66 | 2,655 | 583 | 14,525 | 77,499 |
| Retail | 0 | 63,442 | 0 | 0 | 0 | 2 | 2 | 5,117 | 68,563 |
| Total | 9,113 | 129,492 | 18,193 | 7,011 | 321 | 18,450 | 8,718 | 21,134 | 212,431 |

Credit risk exposure by Basel 2 exposure class and financial instrument as of 31 December 2012

| in EUR million | Loans and advances to credit institutions | Loans and advances to customers | Debt instruments | | | | Positive fair value of derivative financial instruments | Contingent credit liabilities | Credit risk exposure |
|----------------|---|---------------------------------|------------------|----------------|--------------------------------------|---------------|---|-------------------------------|----------------------|
| | | | Held to maturity | Trading assets | At fair value through profit or loss | | | | |
| | | | | | Available for Sale | Fair Value | | | |
| | At amortised cost | | | Fair Value | | | | | |
| Sovereigns | 2,556 | 7,799 | 16,371 | 4,267 | 236 | 13,016 | 623 | 881 | 45,748 |
| Institutions | 6,504 | 52 | 1,720 | 360 | 211 | 4,425 | 11,806 | 267 | 25,346 |
| Corporates | 15 | 60,302 | 884 | 245 | 79 | 2,784 | 857 | 14,640 | 79,805 |
| Retail | 0 | 63,774 | 0 | 0 | 0 | 0 | 4 | 4,990 | 68,768 |
| Total | 9,074 | 131,928 | 18,975 | 4,872 | 526 | 20,225 | 13,289 | 20,779 | 219,668 |

Credit risk category by industry and risk category

The following tables present the credit risk exposure of Erste Group broken down by industry and risk category as of 30 September 2013 and 31 December 2012, respectively.

Credit risk exposure by industry and risk category as of 30 September 2013

| in EUR million | Low risk | Management attention | Substandard | Non-performing | Credit risk exposure |
|----------------------------------|----------------|----------------------|--------------|----------------|----------------------|
| Agriculture and forestry | 1,553 | 530 | 63 | 271 | 2,417 |
| Mining | 396 | 113 | 5 | 89 | 603 |
| Manufacturing | 9,237 | 1,973 | 494 | 1,770 | 13,474 |
| Energy and water supply | 3,102 | 347 | 127 | 238 | 3,814 |
| Construction | 6,685 | 1,561 | 261 | 1,848 | 10,356 |
| Trade | 7,161 | 1,691 | 376 | 1,471 | 10,700 |
| Transport and communication | 4,197 | 777 | 83 | 369 | 5,426 |
| Hotels and restaurants | 2,312 | 930 | 300 | 806 | 4,347 |
| Financial and insurance services | 32,580 | 909 | 200 | 373 | 34,062 |
| Real estate and housing | 17,531 | 2,858 | 573 | 1,320 | 22,282 |
| Services | 4,368 | 959 | 172 | 502 | 6,002 |
| Public administration | 39,055 | 487 | 31 | 31 | 39,605 |
| Education, health and art | 2,011 | 629 | 53 | 257 | 2,950 |
| Private customers | 43,997 | 6,335 | 1,349 | 3,541 | 55,220 |
| Sundry | 468 | 48 | 627 | 31 | 1,173 |
| Total | 174,654 | 20,145 | 4,716 | 12,917 | 212,431 |

Credit risk exposure by industry and risk category as of 31 December 2012

| in EUR million | Low risk | Management attention | Substandard | Non-performing | Credit risk exposure |
|----------------------------------|----------------|----------------------|--------------|----------------|----------------------|
| Agriculture and forestry | 1,529 | 546 | 79 | 255 | 2,409 |
| Mining | 399 | 110 | 5 | 74 | 588 |
| Manufacturing | 9,611 | 2,436 | 535 | 1,773 | 14,356 |
| Energy and water supply | 2,767 | 340 | 42 | 269 | 3,418 |
| Construction | 5,950 | 1,843 | 315 | 1,821 | 9,930 |
| Trade | 7,792 | 1,810 | 375 | 1,324 | 11,300 |
| Transport and communication | 3,890 | 796 | 65 | 399 | 5,150 |
| Hotels and restaurants | 2,447 | 986 | 310 | 816 | 4,560 |
| Financial and insurance services | 39,386 | 1,276 | 80 | 392 | 41,135 |
| Real estate and housing | 17,570 | 3,267 | 658 | 1,208 | 22,703 |
| Services | 4,798 | 953 | 161 | 539 | 6,451 |
| Public administration | 37,476 | 817 | 10 | 28 | 38,331 |
| Education, health and art | 2,024 | 668 | 48 | 191 | 2,931 |
| Private customers | 43,337 | 6,891 | 1,560 | 3,468 | 55,256 |
| Sundry | 478 | 92 | 544 | 37 | 1,151 |
| Total | 179,455 | 22,833 | 4,785 | 12,595 | 219,668 |

Credit risk exposure by region and risk category

The geographic analysis of credit exposure is based on the risk country of the borrower. Accordingly, the distribution among Erste Group entities of the credit risk exposure by geography differs from the composition of credit risk exposure in terms of reporting segments of Erste Group.

The following tables present the credit risk exposure of Erste Group divided by region as of 30 September 2013 and 31 December 2012, respectively.

Credit risk exposure by region and risk category as of 30 September 2013

| in EUR million | Low risk | Management attention | Substandard | Non-performing | Credit risk exposure |
|---------------------------------------|----------------|----------------------|--------------|----------------|----------------------|
| Core market | 144,805 | 18,715 | 4,315 | 12,024 | 179,860 |
| Austria | 75,370 | 7,973 | 1,625 | 3,331 | 88,299 |
| Croatia | 6,299 | 1,593 | 494 | 1,509 | 9,895 |
| Romania | 10,998 | 2,784 | 730 | 3,513 | 18,025 |
| Serbia | 756 | 368 | 44 | 121 | 1,289 |
| Slovakia | 13,338 | 1,107 | 260 | 471 | 15,176 |
| Slovenia | 1,037 | 337 | 151 | 279 | 1,804 |
| Czech Republic | 29,590 | 3,194 | 652 | 1,016 | 34,453 |
| Hungary | 7,417 | 1,358 | 359 | 1,784 | 10,919 |
| Other EU | 25,119 | 746 | 272 | 502 | 26,639 |
| Other industrialised countries | 2,234 | 84 | 33 | 140 | 2,491 |
| Emerging markets | 2,495 | 599 | 96 | 251 | 3,441 |
| Southeastern Europe / CIS | 1,516 | 538 | 88 | 223 | 2,364 |
| Asia | 566 | 10 | 0 | 19 | 596 |
| Latin America | 49 | 17 | 0 | 3 | 69 |
| Middle East / Africa | 364 | 34 | 8 | 6 | 412 |
| Total | 174,654 | 20,145 | 4,716 | 12,917 | 212,431 |

Credit risk exposure by region and risk category as of 31 December 2012

| in EUR million | Low risk | Management attention | Substandard | Non-performing | Credit risk exposure |
|---------------------------------------|----------------|----------------------|--------------|----------------|----------------------|
| Core market | 145,789 | 20,790 | 4,564 | 11,661 | 182,803 |
| Austria | 75,642 | 8,419 | 1,534 | 3,423 | 89,017 |
| Croatia | 6,147 | 1,808 | 470 | 1,295 | 9,720 |
| Romania | 10,678 | 3,113 | 993 | 3,346 | 18,129 |
| Serbia | 805 | 276 | 49 | 79 | 1,209 |
| Slovakia | 13,107 | 1,176 | 232 | 502 | 15,017 |
| Slovenia | 1,328 | 267 | 127 | 228 | 1,951 |
| Czech Republic | 31,219 | 3,961 | 742 | 1,063 | 36,984 |
| Hungary | 6,864 | 1,770 | 417 | 1,726 | 10,777 |
| Other EU | 27,409 | 1,202 | 112 | 559 | 29,283 |
| Other industrialised countries | 4,096 | 140 | 19 | 143 | 4,398 |
| Emerging markets | 2,161 | 702 | 90 | 232 | 3,184 |
| Southeastern Europe / CIS | 1,322 | 634 | 87 | 187 | 2,230 |
| Asia | 510 | 10 | 1 | 24 | 546 |
| Latin America | 86 | 19 | 1 | 8 | 114 |
| Middle East / Africa | 243 | 38 | 1 | 13 | 294 |
| Total | 179,455 | 22,833 | 4,785 | 12,595 | 219,668 |

The decline in credit risk exposure by more than EUR 7.2 billion from 31 December 2012 to 30 September 2013 reflects a decrease of approximately EUR 2.9 billion, or 1.6%, in the core markets, coupled with a decline of more than EUR 2.6 billion, or 9.0%, in the other EU member states (EU 28 excluding core markets) and a reduction of EUR 1.9 billion, or 43.4%, in other industrialised

countries, as well as an increase of EUR 257 million, or 8.1%, in emerging markets. The countries of Erste Group's core market and the EU account for roughly 97% of total credit risk exposure as of 30 September 2013. At 1.6%, credit risk exposure in emerging markets remains of minor significance.

Credit risk exposure by business segment and risk category

The following tables show the credit risk exposure of Erste Group broken down by reporting segment and risk category as of 30 September 2013 and 31 December 2012, respectively.

Credit risk exposure by business segment and risk category as of 30 September 2013

| in EUR million | Low risk | Management attention | Substandard | Non-performing | Credit risk exposure |
|----------------------------|----------------|----------------------|--------------|----------------|----------------------|
| Retail & SME | 126,988 | 16,704 | 3,329 | 11,095 | 158,115 |
| Austria | 73,180 | 8,637 | 1,530 | 3,785 | 87,132 |
| EB Oesterreich | 31,641 | 2,248 | 460 | 1,097 | 35,446 |
| Savings Banks | 41,539 | 6,389 | 1,071 | 2,688 | 51,686 |
| Central and Eastern Europe | 53,808 | 8,066 | 1,798 | 7,309 | 70,982 |
| Czech Republic | 26,519 | 2,463 | 494 | 868 | 30,344 |
| Romania | 8,566 | 2,307 | 467 | 3,157 | 14,497 |
| Slovakia | 9,621 | 854 | 200 | 390 | 11,065 |
| Hungary | 2,887 | 1,087 | 281 | 1,542 | 5,797 |
| Croatia | 5,693 | 1,089 | 348 | 1,273 | 8,403 |
| Serbia | 521 | 267 | 8 | 79 | 875 |
| GCIB | 18,788 | 3,080 | 1,046 | 1,814 | 24,729 |
| Group Markets | 19,948 | 154 | 10 | 6 | 20,118 |
| Corporate Center | 8,930 | 207 | 330 | 3 | 9,470 |
| Total Group | 174,654 | 20,145 | 4,716 | 12,917 | 212,431 |

Credit risk exposure by business segment and risk category as of 31 December 2012

| in EUR million | Low risk | Management attention | Substandard | Non-performing | Credit risk exposure |
|----------------------------|----------------|----------------------|--------------|----------------|----------------------|
| Retail & SME | 128,207 | 18,548 | 3,590 | 11,069 | 161,413 |
| Austria | 72,950 | 9,165 | 1,382 | 3,816 | 87,313 |
| EB Oesterreich | 31,244 | 2,462 | 329 | 1,134 | 35,169 |
| Savings Banks | 41,706 | 6,703 | 1,054 | 2,682 | 52,145 |
| Central and Eastern Europe | 55,257 | 9,383 | 2,208 | 7,253 | 74,100 |
| Czech Republic | 28,063 | 3,107 | 598 | 989 | 32,758 |
| Romania | 8,766 | 2,523 | 631 | 3,086 | 15,007 |
| Slovakia | 9,449 | 877 | 197 | 448 | 10,971 |
| Hungary | 2,949 | 1,510 | 348 | 1,575 | 6,382 |
| Croatia | 5,558 | 1,186 | 417 | 1,085 | 8,246 |
| Serbia | 471 | 180 | 16 | 69 | 736 |
| GCIB | 19,840 | 3,895 | 861 | 1,521 | 26,117 |
| Group Markets | 22,479 | 186 | 20 | 2 | 22,688 |
| Corporate Center | 8,929 | 205 | 314 | 3 | 9,450 |
| Total Group | 179,455 | 22,833 | 4,785 | 12,595 | 219,668 |

Loans and advances to customers by business segment and risk category

The following tables present the customer loan book as of 30 September 2013 and 31 December 2012, broken down by business segment and risk category.

Loans and advances to customers by business segment and risk category as of 30 September 2013

| in EUR million | Low risk | Management attention | Substandard | Non-performing | Total loan book |
|----------------------------|---------------|----------------------|--------------|----------------|-----------------|
| Retail & SME | 83,918 | 14,671 | 2,916 | 10,832 | 112,338 |
| Austria | 53,024 | 7,745 | 1,204 | 3,622 | 65,596 |
| EB Oesterreich | 24,770 | 1,999 | 303 | 1,025 | 28,096 |
| Savings Banks | 28,254 | 5,747 | 901 | 2,597 | 37,499 |
| Central and Eastern Europe | 30,894 | 6,926 | 1,712 | 7,211 | 46,743 |
| Czech Republic | 14,535 | 2,043 | 453 | 859 | 17,890 |
| Romania | 4,423 | 1,933 | 448 | 3,097 | 9,901 |
| Slovakia | 5,434 | 820 | 196 | 382 | 6,832 |
| Hungary | 2,734 | 1,066 | 279 | 1,538 | 5,617 |
| Croatia | 3,373 | 970 | 327 | 1,256 | 5,927 |
| Serbia | 395 | 93 | 8 | 79 | 575 |
| GCIB | 11,424 | 2,681 | 954 | 1,613 | 16,672 |
| Group Markets | 91 | 24 | 2 | 0 | 117 |
| Corporate Center | 222 | 115 | 25 | 3 | 365 |
| Total | 95,655 | 17,492 | 3,897 | 12,448 | 129,492 |

Loans and advances to customers by business segment and risk category as of 31 December 2012

| in EUR million | Low risk | Management attention | Substandard | Non-performing | Total loan book |
|----------------------------|---------------|----------------------|--------------|----------------|-----------------|
| Retail & SME | 83,171 | 16,455 | 3,180 | 10,766 | 113,573 |
| Austria | 52,803 | 8,197 | 1,095 | 3,643 | 65,738 |
| EB Oesterreich | 24,607 | 2,182 | 204 | 1,058 | 28,052 |
| Savings Banks | 28,196 | 6,014 | 891 | 2,585 | 37,687 |
| Central and Eastern Europe | 30,368 | 8,258 | 2,085 | 7,123 | 47,834 |
| Czech Republic | 13,797 | 2,610 | 528 | 956 | 17,891 |
| Romania | 4,856 | 2,200 | 605 | 3,021 | 10,682 |
| Slovakia | 5,137 | 831 | 193 | 437 | 6,598 |
| Hungary | 2,809 | 1,459 | 345 | 1,572 | 6,185 |
| Croatia | 3,373 | 1,068 | 399 | 1,069 | 5,909 |
| Serbia | 397 | 90 | 14 | 68 | 569 |
| GCIB | 12,557 | 3,261 | 781 | 1,330 | 17,928 |
| Group Markets | 69 | 7 | 0 | 0 | 77 |
| Corporate Center | 229 | 102 | 17 | 2 | 350 |
| Total | 96,027 | 19,825 | 3,978 | 12,098 | 131,928 |

In the tables below the non-performing loans and advances (NPL) to customers subdivided by business segment are contrasted with risk provisions as of 30 September 2013 and 31 December 2012, respectively.

The NPL ratio and the NPL coverage ratio are also included. The NPL ratio is calculated by dividing non-performing loans and advances by total loans and advances. The NPL coverage ratio is calculated by dividing risk provisions by non-performing loans and advances to customers. Collateral or other recoveries are not taken into account.

Non-performing loans and advances to customers by business segment and coverage by risk provisions as of 30 September 2013

| in EUR million | Non-performing | Total loans and advances to customers | Risk provisions | NPL Ratio | NPL coverage ratio |
|----------------------------|----------------|---------------------------------------|-----------------|-------------|--------------------|
| Retail & SME | 10,832 | 112,338 | 6,822 | 9.6% | 63.0% |
| Austria | 3,622 | 65,596 | 2,199 | 5.5% | 60.7% |
| EB Oesterreich | 1,025 | 28,096 | 681 | 3.6% | 66.5% |
| Savings Banks | 2,597 | 37,499 | 1,518 | 6.9% | 58.4% |
| Central and Eastern Europe | 7,211 | 46,743 | 4,623 | 15.4% | 64.1% |
| Czech Republic | 859 | 17,890 | 690 | 4.8% | 80.3% |
| Romania | 3,097 | 9,901 | 1,915 | 31.3% | 61.9% |
| Slovakia | 382 | 6,832 | 352 | 5.6% | 92.1% |
| Hungary | 1,538 | 5,617 | 973 | 27.4% | 63.2% |
| Croatia | 1,256 | 5,927 | 631 | 21.2% | 50.2% |
| Serbia | 79 | 575 | 63 | 13.7% | 80.5% |
| GCIB | 1,613 | 16,672 | 1,013 | 9.7% | 62.8% |
| Group Markets | 0 | 117 | 1 | 0.1% | 818.0% |
| Corporate Center | 3 | 365 | 1 | 0.8% | 31.7% |
| Total Group | 12,448 | 129,492 | 7,837 | 9.6% | 63.0% |

Non-performing loans and advances to customers by business segment and coverage by risk provisions as of 31 December 2012

| in EUR million | Non-performing | Total loans and advances to customers | Risk provisions | NPL Ratio | NPL coverage ratio |
|----------------------------|----------------|---------------------------------------|-----------------|-------------|--------------------|
| Retail & SME | 10,766 | 113,573 | 6,681 | 9.5% | 62.1% |
| Austria | 3,643 | 65,738 | 2,251 | 5.5% | 61.8% |
| EB Oesterreich | 1,058 | 28,052 | 696 | 3.8% | 65.7% |
| Savings Banks | 2,585 | 37,687 | 1,556 | 6.9% | 60.2% |
| Central and Eastern Europe | 7,123 | 47,834 | 4,429 | 14.9% | 62.2% |
| Czech Republic | 956 | 17,891 | 690 | 5.3% | 72.2% |
| Romania | 3,021 | 10,682 | 1,771 | 28.3% | 58.6% |
| Slovakia | 437 | 6,598 | 369 | 6.6% | 84.3% |
| Hungary | 1,572 | 6,185 | 1,008 | 25.4% | 64.1% |
| Croatia | 1,069 | 5,909 | 534 | 18.1% | 50.0% |
| Serbia | 68 | 569 | 58 | 12.0% | 84.1% |
| GCIB | 1,330 | 17,928 | 893 | 7.4% | 67.2% |
| Group Markets | 0 | 77 | 0 | 0.0% | na |
| Corporate Center | 2 | 350 | 0 | 0.5% | 26.9% |
| Total Group | 12,098 | 131,928 | 7,574 | 9.2% | 62.6% |

The following tables show the loans and advances to customers broken down by business segment and currency as of 30 September 2013 and 31 December 2012, respectively.

Loans and advances to customers by business segment and currency as of 30 September 2013

| in EUR million | EUR | Local Currencies | CHF | USD | Other currencies | Total loans and advances to customers |
|----------------------------|---------------|------------------|---------------|--------------|------------------|---------------------------------------|
| Retail & SME | 75,846 | 24,108 | 11,022 | 315 | 1,047 | 112,338 |
| Austria | 56,785 | 0 | 7,631 | 153 | 1,027 | 65,596 |
| EB Oesterreich | 24,919 | 0 | 2,845 | 60 | 273 | 28,096 |
| Savings Banks | 31,866 | 0 | 4,786 | 93 | 755 | 37,499 |
| Central and Eastern Europe | 19,061 | 24,108 | 3,392 | 162 | 20 | 46,743 |
| Czech Republic | 836 | 17,031 | 2 | 20 | 2 | 17,890 |
| Romania | 5,914 | 3,861 | 0 | 117 | 9 | 9,901 |
| Slovakia | 6,824 | 0 | 0 | 6 | 2 | 6,832 |
| Hungary | 1,189 | 1,697 | 2,727 | 4 | 0 | 5,617 |
| Croatia | 3,868 | 1,395 | 645 | 11 | 7 | 5,927 |
| Serbia | 430 | 125 | 17 | 4 | 0 | 575 |
| GCIB | 13,251 | 1,064 | 225 | 1,275 | 856 | 16,672 |
| Group Markets | 24 | 50 | 1 | 26 | 17 | 117 |
| Corporate Center | 364 | 0 | 0 | 0 | 1 | 365 |
| Total Group | 89,486 | 25,222 | 11,248 | 1,616 | 1,921 | 129,492 |

Loans and advances to customers by business segment and currency as of 31 December 2012

| in EUR million | EUR | Local Currencies | CHF | USD | Other currencies | Total loans and advances to customers |
|----------------------------|---------------|------------------|---------------|--------------|------------------|---------------------------------------|
| Retail & SME | 74,818 | 24,344 | 12,525 | 345 | 1,540 | 113,573 |
| Austria | 55,277 | 0 | 8,782 | 159 | 1,520 | 65,738 |
| EB Oesterreich | 24,293 | 0 | 3,310 | 58 | 391 | 28,052 |
| Savings Banks | 30,984 | 0 | 5,472 | 101 | 1,129 | 37,687 |
| Central and Eastern Europe | 19,541 | 24,344 | 3,743 | 187 | 20 | 47,834 |
| Czech Republic | 622 | 17,236 | 2 | 26 | 4 | 17,891 |
| Romania | 6,539 | 4,001 | 0 | 131 | 12 | 10,682 |
| Slovakia | 6,587 | 0 | 0 | 9 | 2 | 6,598 |
| Hungary | 1,312 | 1,849 | 3,018 | 5 | 0 | 6,185 |
| Croatia | 4,052 | 1,140 | 705 | 12 | 1 | 5,909 |
| Serbia | 429 | 118 | 18 | 4 | 0 | 569 |
| GCIB | 14,191 | 1,244 | 275 | 1,263 | 955 | 17,928 |
| Group Markets | 24 | 11 | 1 | 33 | 8 | 77 |
| Corporate Center | 347 | 0 | 0 | 0 | 3 | 350 |
| Total Group | 89,381 | 25,599 | 12,801 | 1,642 | 2,505 | 131,928 |

Market risk

Value at risk of trading book

The following table show the Value at Risk amounts as of 30 September 2013 and 31 December 2012 at the 99% confidence level using equally weighted market data and with a holding period of one day.

| in EUR thousand | Total | Interest | Currency | Shares | Commodity | Volatility |
|-----------------|-------|----------|----------|--------|-----------|------------|
| Sep 13 | | | | | | |
| Trading book | 6,287 | 4,052 | 1,239 | 2,425 | 260 | 572 |
| Dec 12 | | | | | | |
| Trading book | 4,097 | 1,994 | 776 | 3,516 | 471 | 502 |

The method used is subject to limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved. This restriction applies to the inclusion of credit spreads in the calculation of the VaR. Credit spreads are only applied to sovereign issuers. For all other positions, only the general market risk is considered.

Liquidity risk

In its liquidity strategy for 2013, Erste Group planned the long term issuance of EUR 1.5 billion in 2013, a significantly lower amount than in recent years. Taking into account not planned but realised buybacks of EUR 400 million fully reissued, the total amount increases to EUR 1.9 billion. Year-to-date issuance is in line with the plan, amounting to EUR 1,459 million, consisting of EUR 896 million in senior bonds, EUR 145 million in Pfandbriefe (covered bonds), and EUR 418 million in subordinated debt.

26. Related party transactions

As of 30 September 2013, Erste Group had accounts payable of EUR 38.6 million (31 December 2012: EUR 200.7 million) and accounts receivable of EUR 50.2 million (31 December 2012: EUR 84.2 million) in relation to DIE ERSTE österreichische Spar-Casse Privatstiftung. In addition, as of 30 September 2013 standard derivative transaction for hedging purposes on usual market term were in place between Erste Group and DIE ERSTE österreichische Spar-Casse Privatstiftung. These were interest rate swaps with caps in the notional amount of EUR 282.0 million (31 December 2012: EUR 282.0 million). At year end 2012 a cross currency swaps in the notional amount of EUR 30.0 million existed which was closed at 30 September 2013 (EUR 0.0 million).

27. Contingent liabilities – litigations

There have not been any material changes since year-end 2012 in the assessment of the influence of the outcome of the litigation cases in which Erste Group Bank and some of its subsidiaries are involved with respect of the financial and/or earnings situation of Erste Group.

28. Fair value of financial instruments

Erste Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique. The best indication of a financial instrument's fair value is provided by quoted market prices in an active market. Where quoted market prices in an active market are available, they are used to measure the financial instrument's value (level 1 of the fair value hierarchy). The measurement of fair value at Erste Group is based primarily on external sources of data (stock market prices or broker quotes in highly liquid market segments). If all the significant inputs in the valuation model are observable the instrument is classified as level 2 of the fair value hierarchy. In some cases, the fair value of financial instruments can be determined neither on the basis of market prices nor of valuation models that rely entirely on observable market data. In such cases, individual valuation parameters not observable in the market are estimated on the basis of reasonable assumptions. If any unobservable input in the valuation model is significant the instrument is classified as level 3 of the fair value hierarchy.

Financial instruments for which fair value is determined on the basis of quoted market prices are mainly listed securities and derivatives as well as liquid bonds issued by sovereigns and corporates.

Erste Group employs only generally accepted, standard valuation models. Fair value is determined for non-option derivatives (e.g. interest rate swaps, cross currency swaps, foreign exchange forwards and forward rate agreements) by discounting the respective cash flows. OTC options are valued using appropriate market standard option pricing. Erste Group uses only valuation models which have been tested internally and for which the valuation parameters (such as interest rates, exchange rates and volatility) have been determined independently.

As a consequence of changed market standards for the valuation of collateralized OTC derivatives, Erste Group changed in 2012 the valuation method for OTC derivatives from Euribor-discounting to Eonia/OIS-discounting. The effect on valuation of the derivative portfolio was immaterial.

Credit value adjustments (CVA) for counterparty risk and debt value adjustments (DVA) for the own default credit risk are applied to all derivatives which are marked to model. For the CVA the adjustment is driven by the expected positive exposure of all derivatives and the credit quality of the counterparty. DVA is driven by the expected negative exposure and Erste group's credit quality. Erste Groups's modelling of the expected exposure is based on option replication strategies. This modelling approach is considered for the most relevant products. The methodology for the remaining products is determined by market value plus additional considerations. The probability of default is determined from internal PDs mapped to a basket of liquid titles being present in the central European market. Thereby market based valuation concepts have been incorporated. Counterparties with liquid bond or CDS markets are valued by the respective single-name market based PD. Erste Group's probability of default has been derived from the buy-back levels of Erste group's issuances. Erste Group has implemented the new approach for exposures in Holding and Erste Bank Österreich in Q3 2013 and will apply it consistently across the group for year end 2013. Netting has only been considered for a few counterparties where the impact was material. For those netting has been applied for both CVA and DVA. For

counter parties with CSA-agreements in place no CVA was taken into account for all cases with small threshold amounts.

Description of the valuation process for fair value measurements categorized within Level 3

A level 3 position involves one or more significant inputs that are not directly observable on the market. Additional price verification steps need to be done. These may include reviewing relevant historical data and benchmarking to similar transactions, among others. This involves estimation and expert judgment.

The responsibility for valuation of a position of measured at fair value is independent from trading units. Additionally Erste Group has implemented an independent validation function in order to ensure separation between units responsible for model development, fair value determination and validation. The target of independent model validation is to evaluate model risks arising from the models' theoretical foundation, the appropriateness input data (market data) and model calibration.

Fair value hierarchy

The table below details the fair value hierarchy of financial instruments measured at fair value.

| September 2013 in EUR million | Quoted market prices in active markets Level 1 | Marked to model based on observable market data Level 2 | Marked to model based on non- observable inputs Level 3 | Total |
|---|--|--|--|---------------|
| Financial assets - available for sale | 14,324 | 5,669 | 139 | 20,132 |
| Financial assets - at fair value through profit or loss | 232 | 307 | 36 | 575 |
| Trading assets - securities | 2,269 | 5,020 | 0 | 7,289 |
| Positive market value - derivatives | 96 | 8,507 | 115 | 8,718 |
| Total assets | 16,921 | 19,503 | 290 | 36,714 |
| Customer deposits | 0 | 498 | 0 | 498 |
| Debt securities in issue | 0 | 1,611 | 0 | 1,611 |
| Subordinated liabilities | 0 | 268 | 0 | 268 |
| Trading liabilities | 369 | 79 | 0 | 448 |
| Negative market value - derivatives | 83 | 7,234 | 1 | 7,318 |
| Total liabilities and equity | 452 | 9,690 | 1 | 10,143 |

| December 2012 in EUR million | Quoted market prices in active markets Level 1 | Marked to model based on observable market data Level 2 | Marked to model based on non-observable inputs Level 3 | Total |
|---|--|--|--|---------------|
| Financial assets - available for sale | 14,879 | 7,016 | 147 | 22,042 |
| Financial assets - at fair value through profit or loss | 329 | 364 | 23 | 716 |
| Trading assets - securities | 2,509 | 2,660 | 9 | 5,178 |
| Positive market value - derivatives | 1 | 13,149 | 139 | 13,289 |
| Total assets | 17,718 | 23,189 | 318 | 41,225 |
| Customer deposits | 0 | 633 | 0 | 633 |
| Debt securities in issue | 79 | 1,562 | 0 | 1,641 |
| Subordinated liabilities | 0 | 279 | 0 | 279 |
| Trading liabilities | 0 | 481 | 0 | 481 |
| Negative market value - derivatives | 0 | 10,878 | 0 | 10,878 |
| Total liabilities and equity | 79 | 13,833 | 0 | 13,912 |

The allocation of positions to levels and any changes between the levels are reflected at the end of the reporting period.

Movements in Level 1 and Level 2

The share of Level 2 assets decreased compared to 2012 by EUR 3.7 bln. The change is mainly due to a decrease in market values of derivatives and a positive net contribution from maturities, sales and new purchases of securities. The contribution of reclassifications between Level 1 and 2 to the overall change is immaterial.

Movements in Level 3 of financial instruments measured at fair value

The following tables show the development of fair value of securities for which valuation models are based on non-observable inputs.

| in EUR million | Dec 2012 | Gain/loss in comprehensive profit or loss | Gain/loss in other income | Purchases | Sales/Settlements | Addition to Group | Transfer into Level 3 | Transfers out of Level 3 | Currency translation | Sep 13 |
|---|------------|---|---------------------------|-----------|-------------------|-------------------|-----------------------|--------------------------|----------------------|------------|
| Financial assets - available for sale | 147 | 1 | 1 | 2 | -32 | 19 | 7 | -6 | 0 | 139 |
| Financial assets - at fair value through profit or loss | 23 | -1 | 0 | 5 | 0 | 0 | 10 | 0 | 0 | 36 |
| Trading assets - securities | 9 | 1 | 0 | 11 | -21 | 0 | 0 | 0 | 0 | 0 |
| Positive market value - derivatives | 139 | -24 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 115 |
| Total assets | 318 | -23 | 1 | 18 | -53 | 19 | 17 | -6 | 0 | 291 |

Gains or losses on Level 3 securities held at the end of the reporting period are included in comprehensive income as follow.

| in EUR million | Sep 13 Gain/loss in profit or loss | Gain/loss in other comprehensive income |
|---|---------------------------------------|---|
| Financial assets - available for sale | -0.1 | -8.6 |
| Financial assets - at fair value through profit or loss | -0.7 | 0.0 |
| Trading assets | 0.0 | 0.0 |
| Positive market value - derivatives | -22.0 | 0.0 |
| Negative market value - derivatives | -1.1 | 0.0 |
| Total | -23.9 | -8.6 |

The volume of products whose fair values are determined using valuation models based on non-observable market (Level 3) data is driven in large part by illiquid bonds and other securities not quoted in an active market and derivatives where credit value adjustment (CVA) has a material impact and is based on unobservable parameters (i.e. internal estimates of PDs and LGDs).

Unobservable inputs and sensitivity analysis for Level 3 measurements

The range of unobservable valuation parameters used in Level 3 measurements is shown in the following table.

| Financial Assets | Type of instrument | Fair Value in EUR million | Valuation technique | Significant unobservable inputs | Range of unobservable inputs |
|--|---------------------------------|---------------------------|---|---------------------------------|------------------------------|
| Market value - derivatives | Forwards, Swaps, Options | 115.0 | Discounted cash flow and option models with CVA adjustment based on potential future exposure | PD | 1.1%-39.9% |
| | | | | LGD | 10%-60% |
| Financial assets - at fair value through profit and loss | Fixed and variable coupon bonds | 6.3 | Discounted Cash Flow | Credit spread | 7%-11% |
| Financial assets - available for sale | Fixed and variable coupon bonds | 103.7 | Discounted Cash Flow | Credit spread | 5%-20% |

If the value of financial instruments is dependent on unobservable input parameters, the precise level for these parameters could be drawn from a range of reasonably possible alternatives. In preparing the financial statements, levels for the parameters are chosen from these ranges using judgement consistent with prevailing market evidence.

The following table shows the sensitivity analysis using reasonably possible alternatives per product type:

| | Positive | Negative |
|--------------------|---|--------------|
| | Fair Value changes from using reasonable alternatives | |
| Derivatives | 17.9 | -16.4 |
| Debt instruments | 7.0 | -9.3 |
| Equity instruments | 5.2 | -10.4 |
| Total | 30.1 | -36.1 |

Fair values of financial instruments not measured at fair value

The following table shows fair values of financial instruments not measured at fair value.

| in EUR million | Sep 13 | | Dec 12 | |
|---|------------|-----------------|------------|-----------------|
| | Fair value | Carrying amount | Fair value | Carrying amount |
| ASSETS | | | | |
| Cash and balances with central banks | 10,556 | 10,556 | 9,740 | 9,740 |
| Loans and advances to credit institutions | 9,024 | 9,054 | 9,054 | 9,007 |
| Loans and advances to customers | 121,248 | 121,655 | 127,170 | 124,354 |
| Financial assets - held to maturity | 19,288 | 18,190 | 20,292 | 18,972 |
| LIABILITIES | | | | |
| Deposits by banks | 22,844 | 22,946 | 22,042 | 21,822 |
| Customer deposits | 121,019 | 121,562 | 122,286 | 122,421 |
| Debt securities in issue | 26,736 | 25,621 | 29,340 | 27,786 |
| Subordinated liabilities | 5,362 | 5,042 | 5,394 | 5,044 |

The fair value of loans and advances to customers and credit institutions has been calculated by discounting future cash flows while taking into consideration interest effects. Loans and advances were grouped into homogeneous portfolios based on maturity.

In estimating these impacts, mainly changes in credit spread (for bonds), probabilities of default, loss given defaults (for CVA of derivatives) and market values of comparable equities were considered. An increase (decrease) of spreads, PDs and LGDs result in a decrease (increase) of the corresponding market values. Positive correlation effects between PDs and LGDs are taken into account in the sensitivity analysis.

Following ranges of reasonably possible alternatives of the unobservable inputs were considered in the sensitivity analysis table:

- for debt securities range of credit spreads between +100 basis points and -75 basis points,
- for equity related instruments the price range between -10% and +5%,
- for CVA on derivatives PDs rating upgrade/downgrade by one notch, the range for LGD between -5% and +10%.

For liabilities without contractual maturities, the carrying amount represents its fair value. The fair value of the other liabilities is estimated by taking into consideration the actual interest rate environment and changes in own credit risk.

29. Average number of employees during the financial period (weighted according to the level of employment)

| Average | 1-9 13 | 1-9 12 |
|---|---------------|---------------|
| Employed by Erste Group | 47,163 | 49,520 |
| Domestic | 15,837 | 16,088 |
| Erste Group, EB Oesterreich and subsidiaries | 8,464 | 8,663 |
| Haftungsverbund savings banks | 7,373 | 7,425 |
| Abroad | 31,326 | 33,432 |
| Česká spořitelna Group | 10,719 | 10,677 |
| Banca Comercială Română Group | 7,535 | 8,806 |
| Slovenská sporiteľňa Group | 4,215 | 4,205 |
| Erste Bank Hungary Group | 2,760 | 2,635 |
| Erste Bank Croatia Group | 2,545 | 2,613 |
| Erste Bank Serbia | 930 | 933 |
| Erste Bank Ukraine | 499 | 1,578 |
| Savings banks subsidiaries & foreign branch offices | 1,137 | 1,122 |
| Other subsidiaries and foreign branch offices | 986 | 863 |

30. Regulatory Capital and regulatory Capital Requirements according to IFRS

CHANGES IN TOTAL QUALIFYING CAPITAL

| in EUR million | Sep 13 IFRS | Dec 12 Austrian GAAP |
|--|----------------|-------------------------|
| Paid up capital | 860 | |
| Share premium | 6,390 | |
| Retained earnings | 4,102 | |
| Accumulated Other Comprehensive Income | 143 | |
| Deductions of Erste Group Bank shares (directly held) | -286 | |
| Regulatory deductions of financed Erste Group Bank shares and participation capital | -261 | |
| Minority interests | 3,211 | |
| Deduction of Goodwill | -1,568 | |
| Deduction of Customer Relationship | -292 | |
| Deduction of Brand | -289 | |
| Deduction of other intangible assets | -580 | |
| 50% deduction for non-consolidated credit and financial institutions pursuant to section 23 (13) 3 and 4 of the Austrian Banking Act | -117 | |
| 50% deduction for non-consolidated insurances pursuant to section 23 (13) 4a of the Austrian Banking Act ¹ | -83 | |
| 50% deduction of IRB-shortfall pursuant to section 23 (13) 4c of the Austrian Banking Act | 0 | |
| 50% deduction of securitisations pursuant to section 23 (13) 4d of the Austrian Banking Act ² | 0 | |
| Prudential filter on net positive AfS reserves (eligible with 70% within tier-2) | -454 | |
| Prudential filter on gains and losses due to changes on own credit standing | -33 | |
| Prudential filter for Cash flow hedges, excluding those for AfS-instruments | 6 | |
| Core tier-1 capital | 10,750 | 11,848 |
| Hybrid tier-1 capital pursuant to section 23 (4a) and (4b) of the Austrian Banking Act | 377 | |
| Deduction of direct holdings of own hybrid tier-1 capital pursuant to section 23 (4a) and (4b) Austrian Banking Act | -2 | |
| Tier-1 capital | 11,125 | 12,223 |
| Eligible supplementary capital | 450 | |
| Eligible subordinated liabilities | 3,585 | |
| 70% of AfS-reserve deducted from Core tier-1 eligible within tier-2 | 318 | |
| IRB - surplus | 134 | |
| Qualifying supplementary capital (tier-2) | 4,486 | 4,074 |
| 50% deduction for non-consolidated credit and financial institutions pursuant to section 23 (13) 3 and 4 of the Austrian Banking Act | -117 | -107 |
| 50% deduction for non-consolidated insurances pursuant to section 23 (13) 4a of the Austrian Banking Act ¹ | -83 | -164 |
| 50% deduction of IRB-shortfall pursuant to section 23 (13) 4c of the Austrian Banking Act | 0 | 0 |
| 50% deduction of securitisations pursuant to section 23 (13) 4d of the Austrian Banking Act ² | 0 | -12 |
| Short-term subordinated capital (tier-3) | 243 | 297 |
| Total eligible qualifying capital | 15,654 | 16,311 |
| Total Capital Requirement | 7,920 | 8,426 |
| Surplus capital | 7,734 | 7,885 |
| Core tier-1 ratio – total risk (in %) ³ | 10.9 | 11.2 |
| Tier-1 ratio – total risk (in %) ⁴ | 11.2 | 11.6 |
| Solvency ratio (in %) ⁵ | 15.8 | 15.5 |

1) 50% tier 1 capital deduction starting with January 2013.

2) Consideration within risk pursuant to section 22 (1) Austrian Banking Act starting July 2013

3) Core tier-1 ratio – total risk is the ratio of core tier-1 capital (excluding hybrid capital pursuant to section 23 (4a) and (4b) of the Austrian Banking Act) to the calculation base for the capital requirement pursuant to section 22 (1) of the Austrian Banking Act.

4) Tier-1 ratio – total risk is the ratio of tier-1 capital (including hybrid capital pursuant to section 23 (4a) and (4b) of the Austrian Banking Act) to the calculation base for the capital requirement pursuant to section 22 (1) of the Austrian Banking Act.

5) Solvency ratio is the ratio of total eligible qualifying capital to the calculation base for the capital requirement pursuant to section 22 (1) of the Austrian Banking Act.

Risk-weighted basis pursuant to section 22 (1) of the Banking Act and the resulting capital requirement

| in EUR million | Sep 2013 IFRS | | Dec 2012 Austrian GAAP | |
|--|--|----------------------------------|--|----------------------------------|
| | Calculation base/total risk ¹ | Capital requirement ² | Calculation base/total risk ¹ | Capital requirement ² |
| Risk pursuant to section 22 (1) 1 Banking Act ³ | 86,633 | 6,931 | 90,434 | 7,235 |
| a) Standardised approach | 20,159 | 1,613 | 22,936 | 1,835 |
| b) Internal ratings based approach | 66,200 | 5,296 | 67,498 | 5,400 |
| c) Securitizations with a 1,250% Risk Weight ⁴ | 275 | 22 | 0 | 0 |
| Risk pursuant to section 22 (1) 2 Banking Act ⁵ | 2,872 | 230 | 3,583 | 287 |
| Risk pursuant to section 22 (1) 3 Banking Act ⁶ | 164 | 13 | 131 | 10 |
| Risk pursuant to section 22 (1) 4 Banking Act ⁷ | 9,326 | 746 | 11,175 | 894 |
| Total | 98,995 | 7,920 | 105,323 | 8,426 |

1) Internal calculation base used for calculation of the tier-1 ratio, core tier-1 ratio and the solvency ratio (capital requirement multiplied by 12.5).

2) Capital requirement pursuant to the Banking Act.

3) Risk weighted assets – credit risk.

4) Consideration within total risk instead of capital deduction pursuant to section 23 (139 4d of the Austrian Banking Act strating July 2013

5) Market risk (trading book).

6) Commodities risk and foreign exchange-risk, including the risk arising from gold positions, each for positions outside the trading book.

7) Operational risk.

31. Events after the Reporting Date

There are no significant events after the balance sheet date.

Your Notes

Your Notes

Note regarding forward-looking statements

This report contains forward-looking statements. These statements are based on current estimates, assumptions and projections of Erste Group Bank AG and currently available public information. They are not guarantees of future performance and involve certain known and yet unknown risks and uncertainties and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results or performance to be materially different from those that may be expressed or implied by such statements. Erste Group Bank AG does not assume any obligation to update the forward-looking statements contained in this report.

Minor rounding differences may occur in this report.

SHAREHOLDER EVENTS

| | |
|------------------|--|
| 28 February 2014 | Full-year preliminary results 2013 |
| 28 March 2014 | Annual report 2013 |
| 30 April 2014 | Results Q1 2014 |
| 21 May 2014 | Annual General meeting |
| 31 July 2014 | Results H1 2014 |
| 30 October 2014 | Results for the three quarters of 2014 |

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