ERSTE GROUP

Interim Report
First Quarter 2013

KEY FINANCIAL AND SHARE DATA

in EUR million	1-3 13	1-3 12
Income statement		
Net interest income	1,240.6	1,336.9
Risk provisions for loans and advances	-402.2	-580.6
Net fee and commission income	448.2	430.3
Net trading result	77.8	93.6
General administrative expenses	-931.2	-945.1
Other result	-131.8	152.0
Pre-tax profit/loss	301.4	487.1
Attributable to owners of the parent	**176.2**	**346.5**
Profitability ratios		
Net interest margin	2.7%	2.9%
Cost/income ratio	52.7%	50.8%
Return on equity	5.4%	11.2%
Earnings per share	0.36	0.80

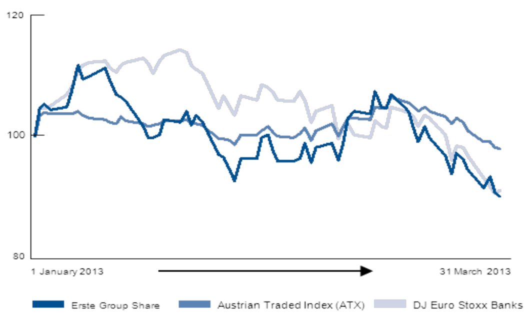
	Mar 13	Dec 12
Balance sheet		
Loans and advances to credit institutions	11,964	9,074
Loans and advances to customers	130,335	131,928
Risk provisions for loans and advances	-7,695	-7,644
Trading assets, derivative financial instruments	17,941	18,467
Financial assets	40,875	42,109
Other assets	19,570	19,890
Total assets	**212,990**	**213,824**
Deposits by banks	20,678	21,822
Customer deposits	123,124	123,053
Debt securities in issue	29,811	29,427
Trading liabilities, derivative financial instruments	9,682	11,359
Other liabilities	7,899	6,502
Subordinated liabilities	5,366	5,323
Total equity	16,430	16,338
Attributable to non-controlling interests	3,518	3,483
Attributable to owners of the parent	12,912	12,855
Total liabilities and equity	**212,990**	**213,824**
Changes in total qualifying capital		
Risk pursuant to section 22 Austrian Banking Act	90,073	90,434
Core tier-1 ratio – total risk (in %)	11.2	11.2
Tier-1 ratio – total risk (in %)	11.6	11.6
Solvency ratio (in %)	15.9	15.5

	1-3 13	1-3 12
Stock market data (Vienna Stock Exchange)		
High (EUR)	26.72	19.76
Low (EUR)	21.73	11.95
Closing price (EUR)	21.73	17.29
Market capitalisation (EUR billion)	8.57	6.82

Ratings as of 31 March 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 1,240.6 million in Q1 2013 (Q1 2012: EUR 1,336.9 million), primarily driven by subdued credit demand, low interest rates as well as the continuing impact of the reduction of non-core assets. Net fee and commission income increased from EUR 430.3 million to EUR 448.2 million on the back of higher income from securities business. The net trading result declined from EUR 93.6 million in Q1 2012 to EUR 77.8 million.

_ Operating income amounted to EUR 1,766.6 million (-5,1% versus Q1 2012: EUR 1,860.8 million). Strict cost management reduced general administrative expenses by 1.5%, from EUR 945.1 million to EUR 931.2 million in Q1 2013. The operating result was EUR 835.4 million (Q1 2012: EUR 915.7 million). The cost/income ratio deteriorated from 50.8% to 52.7%.

_ Risk costs showed a positive trend and declined in Q1 2013 by 30.7% to EUR 402.2 million, or 123 basis points of average customer loans, from EUR 580.6 million, or 172 basis points, in Q1 2012. Provisioning levels declined or were stable in all core markets, with the exception of Croatia and Serbia. The NPL ratio increased slightly to 9.4% as of 31 March 2013 (year-end 2012: 9.2%). The NPL coverage ratio remained stable at 62.4% (year-end 2012: 62.6%).

_ Other operating result amounted to EUR -103.3 million compared to EUR 131.2 million in Q1 2012. This development was entirely attributable to the non-recurrence of a positive one-off effect (the buyback of tier 1 and tier 2 instruments in Q1 2012) in the amount of EUR 250.6 million. Banking taxes levied in Austria, Hungary and Slovakia had a negative impact of EUR 71.6 million (Q1 2012: EUR 57.0 million).

_ Net profit after minorities[1] amounted to EUR 176.2 million in Q1 2013. The Q1 2012 net profit of EUR 346.5 million benefited from positive one-off effects.

_ Shareholders' equity[2] remained unchanged at EUR 12.9 billion. As of 31 March 2013, the core tier 1 capital amounted to EUR 11.8 billion (year-end 2012: EUR 11.8 billion). Almost unchanged risk-weighted assets of EUR 105.1 billion (year-end 2012: EUR 105.3 billion) led to a core tier 1 ratio (total risk; Basel 2.5) of 11.2% (year-end 2012: 11.2%).

_ The balance sheet total as of 31 March 2012 stood at EUR 213.0 billion. The slight decline year to date was primarily attributable to valuation changes. The deposit base was stable at EUR 123.1 billion while loans and advances to customers declined to EUR 130.3 billion primarily due to declines in lending to retail and SME clients. The loan-to-deposit ratio improved to 105.9% as of 31 March 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,

In the first quarter of 2013, Erste Group posted a solid net profit of EUR 176.2 million despite banking taxes in the amount of EUR 71.6 million before taxes. Against the backdrop of the low-interest-rate environment, results in the core markets of Austria, the Czech Republic, and Slovakia were satisfactory. In Romania, performance improved significantly as restructuring measures produced first results: with the operating result stable versus the previous year and risk costs significantly lower, the net result was close to break-even. At group level, the rise in net fee and commission income failed to offset the declines in net interest income and in the net trading result. On the other hand, strict cost management paid off and general administrative expenses fell once again. The operating result of Erste Group amounted to EUR 835.4 million. The cost/income ratio stood at 52.7%.

The economic environment remained challenging, with economic growth moderate and credit demand low throughout the reporting quarter. Developments in the Central and East European core markets were heterogeneous, however. The performance of the region with its largely export-driven industries is closely linked to the overall trends in Europe and globally. Austria again outperformed the euro zone and showed once more the lowest unemployment rate in the European Union. The Czech Republic saw significant improvement in consumer confidence even though the general weakness of the euro zone and fiscal restrictions were weighing on the economy. Macroeconomic data (fiscal deficit, net exports, current account balance, but also the banking sector) remained robust. In Romania, higher pensions and public sector wages improved consumer sentiment. The successful implementation of infrastructure projects, in particular, remains key for the economic development, though. Hungary's erratic economic policies continued to weigh on the country. On the other hand, regulated prices and limited domestic demand reduced the inflation rate. Coming on top of the banking tax, the financial transaction tax levied on ordinary banking business since the beginning of 2013 was another factor that inhibited growth. In Slovakia, industrial performance was positive again but fiscal consolidation dampened growth.

Erste Group's core business reflected the sluggish economic development. Loans and advances to customers declined to EUR 130.3 billion in the first quarter of 2013. Slight declines due to subdued credit demand and currency movements were recorded in almost all markets, particularly in retail and SME lending, but also in the commercial real estate business. The share of unsecured consumer lending continued to decline. Net interest income reflected the continuing impacts of the reduction of the non-core business as well as the low interest rates. Increased customer activity and, hence, an upturn in the securities business had a positive effect on net fee and commission income whereas the net trading result failed to repeat the exceptionally good performance of the previous year. Overall, operating income totalled EUR 1,766.6 million while operating expenses amounted to EUR 931.2 million. Measures to increase efficiency curbed general administrative expenses, while regulatory and political requirements made on the banking sector kept pushing up costs.

The deterioration of the item "other operating result" in the first quarter of 2013 was solely due to the non-recurrence of a positive one-off effect in the amount of EUR 250.6 million posted in the first quarter of 2012 from the buyback of hybrid capital and subordinated bonds. Banking taxes payable in Austria, Hungary and Slovakia increased again, to EUR 71.6 million before taxes.

The development of asset quality in the five major core markets was positive. Risk costs fell significantly in Austria, the Czech Republic, Romania, Slovakia and Hungary, with Hungary benefiting from the non-recurrence of a negative one-off effect in the first quarter of 2012. In absolute terms, the greatest improvement was registered in Romania. Overall, risk costs, at slightly above EUR 400 million or 123 basis points of average loan volume, were almost one-third lower than in the previous year. As credit demand was generally very subdued, the loan book declined which caused a slight increase in the ratio of non-performing loans (NPLs) as a percentage of customer loans to 9.4%. The NPL coverage ratio excluding collateral, at 62.4%, remained above the target level of 60%.

Reported customer deposits, at EUR 123.1 billion, remained stable. Adjusted for the changed presentation of the Czech pension fund, customer deposits actually grew 1.5% year to date, mainly in the Czech Republic and Slovakia. This reflects the trust in Erste Group at a time when debates about the rescue package for Cyprus stirred anxiety among bank customers across Europe. The loan-to-deposit ratio improved to 105.9%. On the back of its excellent liquidity position, Erste Group was able to repay almost fully (EUR 4.0 billion) the funds raised under the European Central Bank's long-term refinancing operations one year earlier.

Due to the strength of its successful business model, Erste Group generated again a solid net profit in the first quarter of 2013, in an environment marked by continuing economic uncertainties. The sale of Erste Bank Ukraine will be closed shortly and will lead to Erste Group focussing even more on the eastern part of the European Union.

Andreas Treichl mp

Erste Group on the Capital Markets

EQUITY MARKET REVIEW

After their positive performance in 2012, equity markets continued their uptrend in the first quarter of 2013 against the backdrop of low volatility. In the first three months of the year, the US indexes posted broad-based double-digit gains across all sectors. The Dow Jones Industrial Index rose by 11.3% to 14,578.54 points, hitting a new all-time high, while the broader Standard & Poor's 500 Index broke through its 2007 record high by climbing 10.0% to 1,569.19 points. By comparison, the Euro Stoxx 600 Index, which represents the biggest European companies, advanced only moderately, by 5.0% percent, due to the continuing uncertainty in the euro zone and the Cyprus crisis. Of the European indexes followed, Italy and Spain closed the first quarter in negative territory amid concerns about the countries' stabilities. In this environment, bank stocks were under selling pressure across Europe. The Austrian Traded Index (ATX) dropped by 2.0% to 2,352.01 points due to its heavy weighting of Austrian banking stocks.

The stock market rally was mostly liquidity-driven. Share prices rose on the back of the US central bank's affirmation that it would continue its accommodative monetary policy and the bond purchase programme to support the US economy, the European Central Bank's decision to keep its euro zone key interest rate at the record low of 0.75%, and the absence of viable investment alternatives to stocks given the low yields of sovereign bonds.

The US stock markets benefited moreover from positive macroeconomic data supporting the prospect of a moderate recovery of the US economy and the budget agreement passed by the US Senate on the funding of current government expenditure. The European stock markets were lagging behind this development, held back by weak euro zone economic data and the downward revision of European growth forecasts by the EU Commission and economic research institutes. Political and economic conditions in Italy, Spain and Greece and doubts about the successful consolidation of public finances were weighing in particular on the performance of south-European stock markets and European financial stocks.

The looming sovereign insolvency of Cyprus had a major impact on the European stock markets and, in particular, on European banking stocks. Cyprus was the fifth euro zone country to receive international aid. Euro zone finance ministers and the IMF agreed on a rescue package worth about EUR 10 billion. The decision that Cyprus would force its bank customers to contribute to the sovereign bailout and statements made by the head of the euro zone that the deal might be used as a template for future bank bailouts caused concern across Europe and triggered a marked decline in financial stock valuations. The Dow Jones Euro Stoxx Bank Index, which is composed of leading European bank shares, retreated 8.8% in the first quarter 2013 to 102.46 points.

PERFORMANCE OF THE ERSTE GROUP SHARE

After its outstanding performance in the year 2012 (+76.8%), the Erste Group share benefited from the easing of liquidity requirements for banks by the Basel Committee on Banking Supervision and the release of financial year 2012 results that beat analysts' expectations, and initially posted further gains. The Basel Committee had extended the deadline for meeting the Liquidity Coverage Ratio to 2019. When European markets – and especially bank shares – plunged in the wake of the Cyprus crisis, the Erste Group share declined as well. The Erste Group share closed the quarter at EUR 21.73, down 9.6% versus year-end 2012.

Erste Group's shares accounted for the largest volume traded on the Vienna Stock Exchange with an average daily volume of close to 700 thosand shares in the first quarter of 2013. Erste Group has also been traded on the Prague and Bucharest Stock Exchanges while over-the-counter (OTC) and elecrtronic systems trades were also substantial.

INVESTOR RELATIONS

In the first quarter 2013, the management and the investor relations team of Erste Group 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 plans against the backdrop of the current economic environment.

The annual internet chat with Erste Group's CEO, a regular event since 2003, was held on 8 April. The chat provided a chance for many retail investors and the general public to communicate directly with the chairman of the management board, Andreas Treichl.

Interim Management Report

In the interim management report, financial results from the first quarter of 2013 are compared with those from the first quarter of 2012. Unless stated otherwise, terms such as “in the previous year”, “2012” or “as of the first quarter of 2012” accordingly relate to the first quarter of 2012, and terms such as “this year”, “2013” or “as of the first quarter of 2013” relate to the first quarter 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 of operating costs, the **operating result** declined to EUR 835.4 million in the first quarter of 2013 (-8.8% versus EUR 915.7 million in Q1 2012) due to lower operating income.

Operating income amounted to EUR 1,766.6 million in the first quarter of 2013 (Q1 2012: EUR 1,860.8 million). The 5.1% decline was mainly due to lower net interest income (-7.2% to EUR 1,240.6 million) and a lower net trading result (-16.9% to EUR 77.8 million), which was not fully offset by a rise in net fee and commission income (+4.2% to EUR 448.2 million).

General administrative expenses declined by 1.5% to EUR 931.2 million (Q1 2012: EUR 945.1 million). This resulted in a cost/income ratio of 52.7% (Q1 2012: 50.8%).

Net profit after minorities declined from EUR 346.5 million in the first quarter 2012, which had benefited from positive one-off effects, to EUR 176.2 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 5.8% for the first quarter of 2013 (reported ROE: 5.4%) versus 11.3% for the first quarter of 2012 (reported ROE: 11.2%). **Cash earnings per share** for the first quarter of 2013 amounted to EUR 0.39 (reported EPS: EUR 0.36) versus EUR 0.83 (reported EPS: EUR 0.80) in the first quarter of 2012.

Total assets, at EUR 213.0 billion, were down 0.4% versus year-end 2012. Risk-weighted assets remained almost unchanged at EUR 105.1 billion (EUR 105.3 billion as of 31 December 2012).

The **solvency ratio** improved to 15.9% as of 31 March 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 stable at 11.2% as of 31 March 2013.

OUTLOOK

Erste Group expects a slight improvement in economic performance for Central and Eastern Europe in the second half of 2013, even though growth will remain moderate. Accordingly, Erste Group targets a stable operating result for 2013. This is expected to be achieved by offsetting slightly lower operating income as a result of moderate loan demand and the low interest rate environment with lower operating costs. For group risk costs a double-digit percentage decline is expected for 2013, mainly due to the likely improvement of the risk situation in Romania. Erste Group continues to expect that its Romanian subsidiary BCR will return to profitability in the financial year 2013.

PERFORMANCE IN DETAIL

in EUR million	1-3 13	1-3 12	Change
Net interest income	1,240.6	1,336.9	-7.2%
Risk provisions for loans and advances	-402.2	-580.6	-30.7%
Net fee and commission income	448.2	430.3	4.2%
Net trading result	77.8	93.6	-16.9%
General administrative expenses	-931.2	-945.1	-1.5%
Other result	-131.8	152.0	nm
Pre-tax profit/loss	**301.4**	**487.1**	**-38.1%**
Net profit/loss for the period	**235.0**	**379.9**	**-38.1%**
Attributable to non-controlling interests	58.8	33.4	76.0%
Attributable to owners of the parent	**176.2**	**346.5**	**-49.1%**

Net interest income

Net interest income declined from EUR 1,336.9 million in the first quarter of 2012 to EUR 1,240.6 million in the first quarter of 2013, mainly due to the low interest rate environment, continuing subdued credit demand, and the follow-on effects of the reduction of non-core assets. At the same time, the net interest margin (net interest income as a percentage of average interest-bearing assets) contracted from 2.87% to 2.74%. Net interest income was also negatively impacted by the changed presentation of the result of the Czech pension fund, which since 2013 is no longer consolidated line by line in the P&L but shown as one consolidated item in the other operating result. In the first quarter of 2013 the Czech pension fund would have made a contribution of EUR 13.2 million to net interest income (Q1 2012: EUR 9.7 million).

Net fee and commission income

in EUR million	1-3 13	1-3 12	Change
Lending business	66.4	67.3	-1.3%
Payment transfers	210.4	210.5	0.0%
Card business	47.4	51.3	-7.6%
Securities transactions	110.8	90.7	22.2%
Investment fund transactions	53.9	46.2	16.7%
Custodial fees	15.4	10.0	54.0%
Brokerage	41.5	34.5	20.3%
Insurance brokerage	25.0	22.7	10.1%
Building society brokerage	11.0	8.2	34.1%
Foreign exchange transactions	5.7	6.3	-9.5%
Investment banking business	2.6	2.2	18.2%
Other	16.3	22.4	-27.2%
Total	**448.2**	**430.3**	**4.2%**

Net fee and commission income grew primarily on the back of an improved securities business from EUR 430.3 million to EUR 448.2 million in the first quarter of 2013.

Net trading result

The **net trading result** decreased from EUR 93.6 million in the first quarter of 2012 to EUR 77.8 million in the first quarter of 2013. A significant improvement in the FX business did not offset the decline in income from the securities business. The latter was unable to repeat in the first quarter of 2013 the above-average result recorded in the previous year.

General administrative expenses

in EUR million	1-3 13	1-3 12	Change
Personnel expenses	-564.6	-570.5	-1.0%
Other administrative expenses	-277.7	-283.3	-2.0%
Depreciation and amortisation	-88.9	-91.3	-2.6%
Total	**-931.2**	**-945.1**	**-1.5%**

General administrative expenses decreased by 1.5% (currency-adjusted: -0.7%) from EUR 945.1 million to EUR 931.2 million.

Personnel expenses declined by 1.0% (currency-adjusted: -0.3%) from EUR 570.5 million to EUR 564.6 million due to a lower headcount. Further cost savings were achieved in other administrative expenses, which were down by 2.0% (currency-adjusted: -1.3%) from EUR 283.3 million to EUR 277.7 million (mainly advertising and marketing-related), and in depreciation and amortisation, which declined by 2.6% (currency-adjusted: -1.4%) from EUR 91.3 million to EUR 88.9 million.

The **headcount** declined by 1.1% versus year-end 2012 to 48,801 employees, mainly as a result of reorganisation measures.

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Headcount as of end of the period

	Mar 13	Dec 12	Change
Employed by Erste Group	**48,801**	**49,381**	**-1.2%**
Erste Group, EB Oesterreich and subsidiaries	8,609	8,612	-0.0%
Haftungsverbund savings banks	7,415	7,448	-0.4%
Česká spořitelna Group	11,048	11,014	0.3%
Banca Comercială Română Group	7,732	8,289	-6.7%
Slovenská sporiteľňa Group	4,196	4,185	0.3%
Erste Bank Hungary Group	2,743	2,690	2.0%
Erste Bank Croatia Group	2,553	2,629	-2.9%
Erste Bank Serbia	931	944	-1.4%
Erste Bank Ukraine	1,496	1,530	-2.2%
Savings banks subsidiaries & foreign branch offices	1,118	1,145	-2.4%
Other subsidiaries and foreign branch offices	960	895	7.3%

Operating result

Driven by declines in net interest income and net trading result, operating income, at EUR 1,766.6 million, was down 5.1% in the first quarter of 2013 (Q1 2012: EUR 1,860.8 million). General administrative expenses were reduced by 1.5% from EUR 945.1 million to EUR 931.2 million. This led to an **operating result** of EUR 835.4 million (Q1 2012: EUR 915.7 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 30.7% versus the first quarter of 2012, from EUR 580.6 million to EUR 402.2 million. This was mostly attributable to the non-recurrence of the negative one-off effects posted in Hungary in the first quarter 2012 and a decline in risk costs in Romania. In the first quarter of 2013, risk costs in relation to average customer loans were 123 basis points (Q1 2012: 172 basis points).

Other operating result

Other operating result declined from EUR 131.2 million in the first quarter of 2012 to EUR -103.3 million in the first quarter of 2013. In the previous year, the positive result had been mainly driven by one-off income of EUR 250.6 million from the buyback of tier 1 and tier 2 instruments. Other taxes rose from EUR 62.2 million to EUR 75.9 million. A large proportion of these comprised banking taxes in Austria, Slovakia and Hungary in the total amount of EUR 71.6 million.

Other operating result also included straight-line amortisation of intangible assets (i.e. customer relationships) of EUR 16.4 million (Q1 2012: EUR 16.8 million) as well as deposit insurance contributions of EUR 19.0 million (Q1 2012: EUR 21.9 million).

Results from financial assets

The overall **result from all categories of financial assets** decreased from EUR 20.8 million in the first quarter of 2012 to EUR -28.5 million in the first quarter of 2013. The positive results in the available-for-sale and held-to-maturity portfolios could not offset the lower gains from sales and valuation effects in the fair-value portfolio.

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

Pre-tax profit for the first quarter of 2013 amounted to EUR 301.4 million versus EUR 487.1 million in the first quarter of 2012 which had benefited from positive one-off effects.

Net profit after minorities declined by 49.1% from EUR 346.5 million in the first quarter of 2012, which had benefited from positive one-off effects, to EUR 176.2 million in the first quarter of 2013.

FINANCIAL RESULTS – QUARTER-ON-QUARTER COMPARISON

Net interest income decreased by 2.0% versus the previous quarter, from EUR 1,266.4 million to EUR 1,240.6 million against the backdrop of a low interest rate environment and continuing subdued credit demand. Net interest income was also negatively impacted by the changed presentation of the result of the Czech pension fund, which since 2013 is no longer consolidated line by line in the P&L but shown as one consolidated item in the other operating result. In the fourth quarter of 2012 the Czech pension fund made a contribution of EUR 10.0 million to net interest income.

Net fee and commission income was up 2.7% from EUR 436.5 million in the fourth quarter of 2012 to EUR 448.2 million in the first quarter of 2013. Higher commission income from securities and building society brokerage businesses offset the decline in income from insurance brokerage and investment banking.

The **net trading result** declined from EUR 82.0 million in the fourth quarter of 2012 by 5.1% to EUR 77.8 million in the first quarter of 2013. This was mainly attributable to a decline in the securities and derivatives business.

General administrative expenses, at EUR 931.2 million (Q4 2012: EUR 930.6 million), were almost unchanged quarter on quarter, as the rise in other administrative expenses (by 7.1% from EUR 259.2 million to EUR 277.7 million) offset the decline in amortisation and depreciation (down 1.0% from EUR 89.8 million to EUR 88.9 million) and in personnel expenses (down 2.9% from EUR 581.6 million to EUR 564.6 million).

The **cost/income ratio** was stable in the first quarter of 2013 at 52.7% versus 52.1% in the fourth quarter of 2012.

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Risk provisions for loans and advances fell by 21.9% quarter on quarter, from EUR 514.7 million to EUR 402.2 million, mainly as a result of lower provisions in the Austrian and Romanian retail & SME businesses. The latter more than offset the increased provisioning requirements in the large corporate business.

Other operating result improved to EUR -103.3 million in the first quarter of 2013 versus EUR -510.3 million in the fourth quarter of 2012. The previous quarter had been negatively impacted by one-off effects including goodwill adjustments totalling EUR 304.9 million (of which EUR 259.4 million were for Banca Comercială Română) and the agreement on the sale of the Ukrainian subsidiary in the amount of EUR 75.0 million.

The overall **result from all categories of financial assets** declined from EUR -3.5 million in the fourth quarter of 2012 to EUR -28.5 million in the first quarter of 2013. This was largely attributable to the result from financial assets – available for sale.

Pre-tax profit for the first quarter of 2013 was EUR 301.4 million versus a loss of EUR 174.2 million in the fourth quarter of 2012 due to one-off charges.

In the first quarter of 2013, **net profit after minorities** amounted to EUR 176.2 million versus a loss of EUR 113.8 million in the fourth quarter of 2012 caused by one-off charges.

DEVELOPMENT OF THE BALANCE SHEET

in EUR million	Mar 13	Dec 12	Change
Loans and advances to credit institutions	11,964	9,074	31.8%
Loans and advances to customers	130,335	131,928	-1.2%
Risk provisions for loans and advances	-7,695	-7,644	0.7%
Trading assets, derivative financial instruments	17,941	18,467	-2.8%
Financial assets	40,875	42,109	-2.9%
Sundry assets	19,570	19,890	-1.6%
Total assets	**212,990**	**213,824**	**-0.4%**

in EUR million	Mar 13	Dec 12	Change
Deposits by banks	20,678	21,822	-5.2%
Customer deposits	123,124	123,053	0.1%
Debt securities in issue	29,811	29,427	1.3%
Trading liabilities, derivative financial instruments	9,682	11,359	-14.8%
Sundry liabilities	7,899	6,502	21.5%
Subordinated liabilities	5,366	5,323	0.8%
Total equity	16,430	16,338	0.6%
Attributable to non-controlling interests	3,518	3,483	1.0%
Attributable to owners of the parent	12,912	12,855	0.4%
Total liabilities and equity	**212,990**	**213,824**	**-0.4%**

Loans and advances to credit institutions rose from a low level of EUR 9.1 billion as of 31 December 2012 to EUR 12.0 billion as of 31 March 2013. This increase was largely attributable to higher interbank activities.

Loans and advances to customers decreased slightly from EUR 131.9 billion as of 31 December 2012 to EUR 130.3 billion as of 31 March 2013. This reflected primarily the generally subdued loan demand in most business lines.

Risk provisions increased slightly from EUR 7.6 billion to EUR 7.7 billion due to additional allocations. The NPL ratio (non-performing loans as a percentage of loans to customers) went up slightly to 9.4% as of 31 March 2013 (year end 2012: 9.2%). The NPL coverage ratio remained at 62.4% almost unchanged versus 62.6% as of year-end 2012.

Investment securities held within the various categories of financial assets were down 2.9% from EUR 42.1 billion at year-end 2012 to EUR 40.9 billion as a result of the changed reporting of the Czech pension fund – shown as one consolidated item in “other assets” from 2013 onwards.

Other assets increased from EUR 2.3 billion to EUR 4.5 billion as of 31 March 2013. EUR 1.8 billion of thereof are due to a change in reporting of the Czech pension fund. From 2013 onwards, it is shown as one consolidated item in "other assets".

Customer deposits were stable at EUR 123.1 billion as of 31 March 2013 versus 31 December 2012. The underlying increase in deposits of EUR 1.7 billion was not reflected in the reported figure due to the change in reporting of the Czech pension fund. The **loan-to-deposit ratio** stood at 105.9% as of 31 March 2013 (31 December 2012: 107.2%).

Debt securities in issue, in particular bonds and certificates of deposit, increased by 1.3% from EUR 29.4 billion to EUR 29.8 billion as of 31 March 2013. Subordinated liabilities also rose slightly from EUR 5.3 billion to EUR 5.4 billion.

Other liabilities were up from EUR 3.1 billion to EUR 4.3 billion as of 31 March 2013 due to a change in reporting of 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", in the amount of EUR 1.8 billion.

Erste Group’s **shareholders’ equity** remained unchanged at EUR 12.9 billion as of 31 March 2013. The positive quarterly result offset the negative effect related to currency translation. Tier 1 capital after the deductions defined in the Austrian Banking Act amounted to EUR 12.2 billion (year-end 2012: EUR 12.2 billion).

Core tier 1 capital remained stable at EUR 11.8 billion (year-end 2012: EUR 11.8 billion).

At EUR 105.1 billion, total **risk-weighted assets** (RWA) as of 31 March 2013 remained almost unchanged versus EUR 105.3 billion as of 31 December 2012.

As of 2013, Erste Group has switched from Austrian GAAP to IFRS in the calculation of 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, increased slightly from EUR 16.3 billion as of 31 December 2012 to EUR 16.7 billion as of 31 March 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 15.9% as of 31 March 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 unchanged at 11.6% (year-end 2012: 11.6%). The **core tier 1 ratio** remained stable at 11.2% as of 31 March 2013 versus year-end 2012 as well.

SEGMENT REPORTING

Retail & SME

Erste Bank Oesterreich

In addition to the retail and SME business of Erste Bank Oesterreich itself, this sub-segment comprises the subsidiaries of Erste Bank Oesterreich, including all the savings banks in which Erste Bank Oesterreich holds majority ownerships (savings banks in Salzburg, Tirol, and Hainburg), as well as s Bausparkasse.

The decline in net interest income from EUR 161.7 million in the first quarter 2012 by EUR 10.3 million, or 6.4%, to EUR 151.4 million in the first quarter 2013 was mainly attributable to lower income from the banking book due to interest rate developments and lower income from retail deposits. Net fee and commission income improved from EUR 82.7 million by EUR 4.7 million, or 5.7%, to EUR 87.4 million in the first quarter 2013 on the back of positive developments in the securities business. The rise in the net trading result from EUR -3.1 million in the first quarter 2012 by EUR 9.8 million to EUR 6.7 million in the first quarter 2013 was attributable to valuation gains. Operating expenses fell slightly from EUR 151.4 million by EUR 1.3 million, or 0.8%, to EUR 150.1 million. The operating result improved from EUR 89.9 million in the first quarter 2012 by EUR 5.5 million, or 6.1%, to EUR 95.4 million. The cost/income ratio stood at 61.1% versus 62.7% in the first quarter 2012. In the loan portfolio, no significant losses were recorded in the first quarter 2013. A release of provisions for the lending business resulted, on balance, in a positive net contribution to income in the amount of EUR 2.5 million in the first quarter 2013. Risk provisions were hence EUR 33.9 million down versus the first quarter 2012.

The decline in "other result" by EUR 10.1 million to EUR -1.5 million in the first quarter 2013 was mainly due to proceeds recorded in the first quarter of 2012 from the sale of securities held in the available-for-sale portfolio. Banking tax amounted to EUR 2.4 million in the first quarter 2013 (Q1 2012: EUR 2.3 million). Net profit after minorities rose from EUR 50.5 million in the first quarter 2012 by EUR 21.0 million, or 41.5%, to EUR 71.5 million. Return on equity improved from 15.4% in the first quarter 2012 to 21.8% in the first quarter 2013.

Savings Banks

The decline in net interest income from EUR 240.9 million in the first quarter 2012 by EUR 20.9 million, or 8.7%, to EUR 220.0 million in the first quarter 2013 was mainly attributable to narrowing margins in the retail business as well as lower income from the banking book due to interest rate developments. Net fee and commission income increased by EUR 11.6 million, or 11.8%, to EUR 110.3 million in the first quarter 2013. This development was mainly due to higher income from the securities and building society businesses. The net trading result rose from EUR 3.9 million in the first quarter 2012 by EUR 1.8 million, or 44.9%, to EUR 5.7 million in the first quarter 2013, driven by valuations gains. Operating expenses decreased from EUR 235.4 million by EUR 5.2 million, or 2.2%, to EUR 230.2 million due to lower personnel expenses. The operating result declined by EUR 2.3 million, or 2.1%, from EUR 108.1 million to EUR 105.8 million. At 68.5%, the cost/income ratio in the first quarter 2013 was unchanged versus the first quarter 2012.

The reduction of risk provisions from EUR 51.3 million by EUR 33.1 million to EUR 18.2 million was driven by a decline in defaults in the first quarter 2013. The improvement in the item "other result" from EUR -12.0 million by EUR 8.2 million to EUR -3.8 million war largely due to higher gains in the available-for-sale portfolio. Banking tax amounted to EUR 2.2 million in the first quarter 2013 (Q1 2012: EUR 2.1 million). Net profit after minorities rose from EUR 2.9 million in the first quarter 2012 by EUR 13.1 million to EUR 16.0 million in the first quarter 2013.

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. 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 282.6 million by EUR 29.8 million, or 10.5% (currency-adjusted: -9.0%), to EUR 252.8 million. This development was mainly attributable to falling market interest rates 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 items but is shown in the "other result" on a net basis. This resulted in a decline in net interest income by EUR 9.7 million versus the previous year. Net fee and commission income declined by EUR 5.0 million, or 4.4% (currency-adjusted: -2.8%), from EUR 112.2 million in the first quarter 2012 to EUR 107.2 million, mainly as a result of lower income from payment transfers. The net trading result decreased by

EUR 4.7 million, or 28.1% (currency-adjusted: -26.9%) to EUR 12.0 million. Cost-cutting measures, in particular, reduced operating expenses by EUR 14.0 million, or 7.8% (currency-adjusted: -6.2%), to EUR 165.5 million in the first quarter 2013.

The operating result declined from EUR 232.0 million in the first quarter 2012 by EUR 25.5 million, or 11.0% (currency-adjusted: -9.4%), to EUR 206.5 million. As portfolio quality continued to improve, risk provisions fell by EUR 10.4 million, or 23.4% (currency-adjusted: -22.1%), to EUR 34.1 million in the first quarter 2013. The decline in “other result” from EUR -1.0 million by EUR 3.5 million to EUR -4.5 million in the first quarter 2013 was largely due to lower income from securities business. Net profit after minorities decreased in the first quarter 2013 by EUR 10.9 million, or 7.6% (currency-adjusted: -6.0%), from EUR 144.3 million to EUR 133.4 million. The cost/income ratio rose from 43.6% to 44.5%. Return on equity declined from 45.1% to 41.0%.

Romania

Net interest income in the Romania sub-segment decreased slightly from EUR 153.0 million by EUR 3.1 million, or 2.0% (currency-adjusted: -1.2%) to EUR 149.9 million, in the first quarter 2013. The decline in net fee and commission income by EUR 1.9 million, or 6.3% (currency-adjusted: -5.5%), from EUR 30.2 million in the first quarter 2012 to EUR 28.3 million in the first quarter 2013 was mainly attributable to lower income from the corporate business. The net trading result declined slightly from EUR 16.9 million in the first quarter 2012 by EUR 1.3 million, or 7.8% (currency-adjusted: -7.0%), to EUR 15.6 million in the first quarter 2013. Comprehensive optimisation measures reduced operating expenses, especially on personnel, by EUR 7.9 million, or 8.8% (currency-adjusted: -8.0%), from EUR 89.7 million in the first quarter 2012 to EUR 81.8 million in the first quarter 2013. As a result, the operating result improved by EUR 1.6 million, or 1.5% (currency-adjusted: +2.4%), to EUR 112.0 million in the first quarter 2013.

As portfolio quality improved, particularly in corporate and real estate lending, risk provisions fell by EUR 80.8 million, or 42.2% (currency-adjusted: -41.7%), from EUR 191.4 million in the first quarter 2012 to EUR 110.6 million in the first quarter 2013. The NPL coverage ratio improved nonetheless to 59.3%. The decline in the item "other result" from EUR -7.9 million by EUR 1.2 million, or 15.6% (currency-adjusted: -16.7%), to EUR -9.1 million in the first quarter 2013 was mainly attributable to lower valuation effects from financial assets. Net result after minorities rose from EUR -72.2 million by EUR 68.6 million to EUR -3.6 million in the first quarter 2013. The cost/income ratio improved from 44.8% to 42.2%.

Slovakia

Net interest income in the Slovak Republic sub-segment declined by EUR 2.8 million, or 2.6%, from EUR 106.4 million in the first quarter 2012 to EUR 103.6 million in the first quarter 2013. This resulted mainly from a change in the investment strategy for financial assets and a slight decline in retail business margins. Net fee and commission income declined by EUR 3.1 million, or 11.3%, to EUR 24.6 million due to a reduction of commissions on payment transfers imposed by law. The decrease in the net trading result by EUR 1.3 million, or 62.6%, to EUR 0.8 million in the first quarter 2013 was attributable to negative revaluation effects. Operating expenses declined from EUR 58.0 million by EUR 1.8 million, or 3.2%, to EUR 56.2 million.

Risk provisions fell from EUR 18.5 million in the first quarter 2012 by EUR 4.7 million, or 25.4%, to EUR 13.8 million in the first quarter 2013, reflecting lower allocations for corporate business. The deterioration in “other result” from EUR -5.4 million by EUR 6.6 million to EUR -12.0 million was mainly due to the higher banking tax, which amounted to EUR 9.4 million in the first quarter 2013 (Q1 2012: EUR 2.4 million). Net profit after minorities declined from EUR 43.3 million in the first quarter 2012 by EUR 5.2 million, or 12.1%, to EUR 38.1 million in the first quarter 2013. The cost/income ratio rose from 42.6% to 43.5% in the first quarter 2013. Return on equity stood at 35.9% (Q1 2012: 39.4%).

Hungary

Net interest income in the Hungary sub-segment declined from EUR 81.7 million in the first quarter 2012 by EUR 11.7 million, or 14.3% (currency-adjusted: -14.7%), to EUR 70.0 million in the first quarter 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 increased on the back of higher income from payment transfers, from EUR 21.9 million by EUR 4.7 million, or 21.6% (currency-adjusted: +21.1%), to EUR 26.6 million in the first quarter 2013. The decline in the net trading result from EUR 5.6 million by EUR 6.3 million to EUR -0.7 million in the first quarter 2013 was largely due to higher income from foreign exchange trading in connection with the early repayment of FX loans in the first quarter 2012. Operating expenses increased only marginally from EUR 41.5 million in the first quarter 2012 by EUR 0.5 million, or 1.1% (currency-adjusted: +0.6%) to EUR 42.0 million in the first quarter 2013. The cost/income ratio rose to 43.7% versus 38.0% in the first quarter 2012.

Risk provisions fell by EUR 71.6 million, or 54.6% (currency-adjusted: -54.8%), from EUR 131.1 million in the first quarter 2012 to EUR 59.5 million. The first quarter 2012 reflected allocations of additional risk provisions in the amount of EUR 75.6 million triggered by the government-imposed subsidisation of foreign-currency retail mortgage loans. A major part of these provisions was released again in the second quarter 2012. The item “other result” worsened by EUR 4.3 million from EUR -16.3 million in the first quarter 2012 to EUR -20.6 million in the first quarter 2013 due to the introduction of the financial transaction tax. Banking and financial transaction taxes amounted to EUR 19.3 million in the first quarter 2013 (Q1 2012: banking tax of EUR 12.2 million). Net result after minorities amounted to EUR -27.5 million versus EUR -81.8 million in the first quarter 2012.

Croatia

Net interest income in the Croatia sub-segment declined from EUR 64.1 million in the first quarter 2012 by EUR 6.3 million, or 9.9% (currency-adjusted: -9.5%), to EUR 57.8 million. This was partly attributable to narrower margins and the continuing rise in non-performing loans (no interest payments). Net fee and commission income decreased from EUR 15.8 million in the first quarter 2012 by EUR 2.0 million, or 12.9% (currency-adjusted: -12.5%), to EUR 13.8 million due to lower income from the card business. The net trading result declined from EUR 2.2 million in the first quarter 2012 by EUR 0.5 million, or 23.9% (currency-adjusted: -23.6%), to EUR 1.7 million. Due to synergies with the Erste Card Club credit card company, operating expenses dropped by EUR 3.0 million, or 8.8% (currency-adjusted: -8.4%), from EUR 33.6 million in the first quarter 2012 to EUR 30.6 million in the first quarter 2013.

The operating result decreased by EUR 5.9 million, or 12.2% (currency-adjusted: -11.8%), from EUR 48.5 million to EUR 42.6 million. The cost/income ratio rose to 41.8% from 40.9% in the first quarter 2012. Increased risk provisioning requirements in the corporate business led to a rise by EUR 4.8 million, or 15.0% (currency-adjusted: +15.5%), from EUR 32.2 million to EUR 37.0 million in the first quarter 2013. Net profit after minorities declined from EUR 6.1 million in the first quarter 2012 by EUR 4.4 million to EUR 1.7 million.

Serbia

Net interest income of Erste Bank Serbia rose by EUR 1.1 million, or 12.4% (currency-adjusted: +15.6%), from EUR 8.7 million to EUR 9.8 million in the first quarter 2013. This improvement was driven by a rise in lending volumes to retail and corporate clients and wider margins in the retail business. Due to a decline in income from lending business, net fee and commission income decreased from EUR 3.5 million in the first quarter 2012 by EUR 0.6 million, or 18.0% (currency-adjusted: -15.7%), to EUR 2.9 million in the first quarter 2013. The net trading result was stable at EUR 0.5 million. Operating expenses rose only marginally from EUR 8.3 million in the first quarter 2012 by EUR 0.2 million, or 2.3% (currency-adjusted: +5.2%), to EUR 8.5 million in the first quarter 2013. The cost/income ratio improved to 64.4% from 65.9% in the first quarter 2012.

Risk costs increased from EUR 2.2 million by EUR 0.2 million, or 10.2% (currency-adjusted: +13.4%), to EUR 2.4 million. Net profit after minorities rose from EUR 1.3 million in the first quarter 2012 by EUR 0.4 million to EUR 1.7 million in the first quarter 2013, which resulted in an improvement in the return on equity from 12.4% to 14.9%.

Ukraine

Net interest income of Erste Bank Ukraine was up slightly, from EUR 6.0 million in the first quarter 2012 by EUR 0.2 million or 3.7% (currency-adjusted: +4.9%), to EUR 6.2 million. Net fee and commission income was stable at EUR 1.2 million. Impacted by lower income from the securities and foreign exchange businesses, the net trading result declined from EUR 0.5 million by EUR 3.8 million to EUR -3.3 million in the first quarter 2013.

Operating expenses decreased by EUR 1.9 million, or 16.2% (currency-adjusted: -15.3%), to EUR 10.1 million, reflecting a lower headcount and savings in other administrative expenses. The increase in risk provisions by EUR 1.2 million, or 42.6% (currency-adjusted: +44.2%), to EUR 4.0 million resulted from higher provisioning requirements in the corporate business. Net loss after minorities increased by EUR 1.2 million to EUR -9.4 million.

Following the strategic decision to withdraw from Ukraine, Erste Group signed an agreement in December 2012 on the sale of Erste Bank Ukraine to the owners of FIDOBANK. Market supervisory authorities in Austria and Ukraine already confirmed their formal approval of the transaction.

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, corporate customers with turnover of at least EUR 175 million are classified as large corporates.

Net interest income declined from EUR 128.2 million in the first quarter 2012 by EUR 24.1 million, or 18.8%, to EUR 104.1 million in the first quarter 2013. This development was attributable to declines in the large corporate business in Austria and Romania and sharply lower volumes in the International Business unit, where risk-weighted assets were reduced by 35.1% versus the previous year. Net fee and commission income improved in the first quarter 2013 by EUR 7.8 million, or 38.4%, to EUR 28.0 million. This development was mainly driven by higher income from the large corporate business in Austria and syndicated lending activities in the Czech Republic. The net trading result declined by EUR 1.6 million, or 26.4%, to EUR 4.3 million, mainly due to negative valuation effects. Operating expenses rose moderately by EUR 0.9 million, or 2.0%, from EUR 44.6 million to EUR 45.5 million, This development was driven primarily by organisational change (i.e. the shifting of units from the Group Markets segment to Group Corporate and Investment Banking). The operating result declined by EUR 18.8 million, or 17.1%, from EUR 109.7 million in the first quarter 2012 to EUR 90.9 million.

Risk provisions increased by EUR 51.5 million, or 68.5%, to EUR 126.7 million. This was mainly due to higher risk provisions in the commercial real estate and large corporate businesses in Austria and Romania. The item “other result” improved by EUR 21.2 million to EUR -0.7 million in the first quarter 2013, which was largely attributable to negative valuation results and losses on disposals in the International Business unit in the first quarter 2012. Net profit after minorities declined by EUR 34.7 million, from EUR 6.4 million in the first quarter 2012 to EUR -28.3 million. The cost/income ratio rose from 28.9% to 33.4%.

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 down by EUR 2.1 million, or 4.5%, to EUR 44.0 million in the first quarter 2013, which was mainly attributable to fixed income securities (bonds and T-bills in the trading book). Net fee and commission income decreased by EUR 1.8 million, or 5.2%, to EUR 33.2 million in the first quarter 2013. The net trading result dropped by EUR 36.2 million, or 44.5%, to EUR 45.2 million, reflecting a significant market deterioration in almost all business areas, including Global Money Market & Government Bonds, Credit Trading and Rates Trading.

Operating expenses were reduced by EUR 3.8 million, or 6.7%, to EUR 53.7 million. This decline was due to cost-cutting across all business units and to organisational changes (transfer of units from the Group Markets segment to Group Corporate and Investment Banking). The operating result deteriorated by EUR 36.3 million, or 34.5%, to EUR 68.7 million. The cost/income ratio rose from 35.4% to 43.8%. Net profit after minorities declined by EUR 32.7 million, or 40.4%, to EUR 48.3 million. Return on equity stood at 50.3% (Q1 2012: 95.4%).

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 rose from EUR 57.5 million to EUR 70.9 million, which was mainly attributable to the improved result from balance sheet management. The net trading result improved from EUR -38.9 million to EUR -10.6 million on the back of better valuation results.

The increase in operating expenses was largely due to the intragroup consolidation of banking support operations and the rising cost of meeting regulatory requirements. The item “other result” included amortisation of customer relationships in the amount of EUR 16.4 million as well as banking tax paid by the Holding (Erste Group Bank AG) in the amount of EUR 36.9 million (Q1 2012: EUR 36.7 million). In the first quarter 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) in the amount of EUR 250.6 million.

Condensed Consolidated Financial Statements

I. Condensed Statement of Comprehensive Income – 1 January to 31 March 2013

Income statement

in EUR million	Notes	1-3 13	1-3 12
Interest and similar income		1,997.0	2,319.4
Interest and similar expenses		-762.0	-988.5
Income from associates accounted for at equity		5.6	6.0
Net interest income	(1)	1,240.6	1,336.9
Risk provisions for loans and advances	(2)	-402.2	-580.6
Fee and commission income		592.5	552.1
Fee and commission expenses		-144.3	-121.8
Net fee and commission income	(3)	448.2	430.3
Net trading result	(4)	77.8	93.6
General administrative expenses	(5)	-931.2	-945.1
Other operating result	(6)	-103.3	131.2
Result from financial instruments - FV	(7)	-46.5	41.5
Result from financial assets - AfS	(8)	11.4	-14.7
Result from financial assets - HtM	(9)	6.6	-6.0
Pre-tax profit/loss		**301.4**	**487.1**
Taxes on income	(10)	-66.4	-107.2
Net profit/loss for the period		**235.0**	**379.9**
Attributable to non-controlling interests		58.8	33.4
Attributable to owners of the parent		**176.2**	**346.5**

Statement of comprehensive income

in EUR million		1-3 13		1-3 12
Net profit/loss for the period		**235.0**		**379.9**
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)		5.2		396.4
Gain / loss during the year	6.3		414.4	
Reclassification adjustments	-1.1		-18.0	
Cash flow hedge-reserve (including currency translation)		-7.3		3.1
Gain / loss during the year	-8.1		-8.4	
Reclassification adjustments	0.8		11.5	
Currency translation		-131.9		124.2
Deferred taxes relating to items that might be reclassifiable		8.6		-92.0
Gain / loss during the year	9.0		-94.3	
Reclassification adjustments	-0.4		2.3	
Total items that may be reclassified to profit or loss		**-125.4**		**431.7**
Total other comprehensive income		**-125.4**		**431.7**
Total comprehensive income		**109.6**		**811.6**
Non-controlling interests		37.5		157.0
owners of the parent		**72.1**		**654.6**

Earnings per share

		1-3 13	1-3 12
Net profit/loss for the period attributable to owners of the parent	in EUR million	176.2	346.5
Dividend on participation capital		-35.3	-35.3
Net profit/loss for the period attributable to owners of the parent after deduction of dividend on participation capital		140.9	311.2
Weighted average number of shares outstanding	Number	392,325,830	390,215,601
Earnings per share	**in EUR**	**0.36**	**0.80**
Weighted average number of shares taking into account the effect of dilution	Number	394,518,157	392,407,928
Diluted earnings per share	in EUR	0.36	0.79

Changes in number of shares and participation capital securities

Shares in units	1-3 13	1-3 12
Shares outstanding as of 1 January	**375,715,367**	**371,443,804**
Acquisition of treasury shares	-1,855,625	-4,125,294
Disposal of treasury shares	2,250,023	4,142,017
Capital increases due to ESOP and MSOP	0	0
Capital increase November/December 2011	0	3,801,385
Shares outstanding as of 31 March	**376,109,765**	**375,261,912**
Treasury shares	18,458,882	19,306,735
Number of shares as of 31 March	**394,568,647**	**394,568,647**
Weighted average number of shares outstanding	392,325,830	390,215,601
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	394,518,157	392,407,928

Participation capital securities in units	1-3 13	1-3 12
Participation capital securities outstanding as of 1 January	**1,763,694**	**1,763,274**
Acquisition of own participation capital securities	-789	-3,003
Disposal of own participation capital securities	763	3,393
Participation capital securities outstanding as of 31 March	**1,763,668**	**1,763,664**
Participation capital securities	76	80
Number of participation capital securities as of 31 March	**1,763,744**	**1,763,744**

Quarterly results

in EUR million	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13
Net interest income	1,336.9	1,314.8	1,317.2	1,266.4	1,240.6
Risk provisions for loans and advances	-580.6	-401.2	-483.5	-514.7	-402.2
Net fee and commission income	430.3	435.2	418.8	436.5	448.2
Net trading result	93.6	27.9	69.9	82.0	77.8
General administrative expenses	-945.1	-942.3	-938.7	-930.6	-931.2
Other operating result	131.2	-199.3	-145.9	-510.3	-103.3
Result from financial instruments - FV	41.5	0.9	-6.1	-39.9	-46.5
Result from financial assets - AfS	-14.7	18.4	15.5	37.0	11.4
Result from financial assets - HtM	-6.0	-13.8	0.5	-0.6	6.6
Pre-tax profit/loss	**487.1**	**240.6**	**247.7**	**-174.2**	**301.4**
Taxes on income	-107.2	-89.4	-54.5	80.9	-66.4
Net profit/loss for the period	**379.9**	**151.2**	**193.2**	**-93.3**	**235.0**
Attributable to non-controlling interests	33.4	44.1	49.5	20.5	58.8
Attributable to owners of the parent	**346.5**	**107.1**	**143.7**	**-113.8**	**176.2**

Other comprehensive income					
Available for sale - reserve (including currency translation)	396.4	119.8	382.0	77.7	5.2
Cash flow hedge - reserve (including currency translation)	3.1	-2.9	4.1	-7.7	-7.3
Remeasurement of net liability of defined pension plans	0.0	0.0	0.0	-45.9	0.0
Currency translation	124.2	-154.7	23.0	23.7	-131.9
Deferred taxes on items recognised directly in equity	-92.0	-29.3	-88.3	25.7	8.6
Other comprehensive income – total	**431.7**	**-67.1**	**320.8**	**73.5**	**-125.4**
Total comprehensive income	**811.6**	**84.1**	**514.0**	**-19.8**	**109.6**
Attributable to non-controlling interests	157.0	75.3	188.4	58.4	37.5
Attributable to owners of the parent	**654.6**	**8.8**	**325.6**	**-78.2**	**72.1**

II. Condensed Balance Sheet of Erste Group as of 31 March 2013

in EUR million	Notes	Mar 13	Dec 12
ASSETS			
Cash and balances with central banks	(11)	7,446	9,740
Loans and advances to credit institutions	(12)	11,964	9,074
Loans and advances to customers	(13)	130,335	131,928
Risk provisions for loans and advances	(14)	-7,695	-7,644
Derivative financial instruments	(15)	11,429	13,289
Trading assets	(16)	6,512	5,178
Financial assets - at fair value through profit or loss	(16)	657	716
Financial assets - available for sale	(16)	21,190	22,418
Financial assets - held to maturity	(16)	19,028	18,975
Equity holdings in associates accounted for at equity		211	174
Intangible assets		2,858	2,894
Property and equipment		2,156	2,228
Investment properties		1,011	1,023
Current tax assets		133	128
Deferred tax assets		679	657
Assets held for sale		618	708
Other assets	(17)	4,458	2,338
Total assets		**212,990**	**213,824**
LIABILITIES AND EQUITY			
Deposits by banks	(18)	20,678	21,822
Customer deposits	(19)	123,124	123,053
Debt securities in issue	(20)	29,811	29,427
Value adjustment for portfolio fair value hedges		1,429	1,220
Derivative financial instruments	(15)	9,314	10,878
Trading liabilities		368	481
Provisions	(21)	1,494	1,488
Current tax liabilities		73	53
Deferred tax liabilities		292	324
Liabilities associated with assets held for sale		343	339
Other liabilities	(22)	4,268	3,078
Subordinated liabilities	(23)	5,366	5,323
Total equity		16,430	16,338
Attributable to non-controlling interests		3,518	3,483
Attributable to owners of the parent		12,912	12,855
Total liabilities and equity		**212,990**	**213,824**

III. Condensed Statement of Changes in Total Equity

STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE PERIOD ENDED 31 MARCH 2013

in EUR million	Subscribed capital	Additional paid-in-capital	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			-15						-15		-15
Dividends									0	-3	-3
Capital increases									0		0
Participation capital									0		0
Change in interest in subsidiaries									0		0
Acquisition of non-controlling interest									0		0
Total comprehensive income			176	-7	13	-119		9	72	37	110
Net profit/loss for the period			176						176	59	235
Other comprehensive income				-7	13	-119		9	-104	-21	-125
Total equity as of 31 March 2013	**2,547**	**6,472**	**4,556**	**34**	**239**	**-673**	**-268**	**6**	**12,912**	**3,518**	**16,430**

STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE PERIOD ENDED 31 MARCH 2012

in EUR million	Subscribed capital	Additional paid-in-capital	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	3,143	15,180
Changes in treasury shares			-6						-6		-6
Dividends									0	-6	-6
Capital increases[2]	8	59							67		67
Participation capital									0		0
Change in interest in subsidiaries									0	-76	-76
Acquisition of non-controlling interest			3						3		3
Total comprehensive income			346	5	231	122		-50	654	157	811
Net profit/loss for the period			346						346	34	380
Other comprehensive income				5	231	122		-50	308	123	431
Total equity as of 31 March 2012	**2,547**	**6,472**	**4,415**	**40**	**-85**	**-419**	**-242**	**27**	**12,755**	**3,218**	**15,973**

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. Condensed Cash Flow Statement

in EUR million	1-3 13	1-3 12
Cash and cash equivalents at end of the previous year	**9,740**	**9,413**
Cash flow from operating activities	-2,222	-1,224
Cash flow from investing activities	-114	-1,711
Cash flow from financing activities	61	-1,020
Effect of currency translation	-19	22
Cash and cash equivalents at the end of period	**7,446**	**5,480**

V. Condensed Notes to the Financial Statements of Erste Group for the period from 1 January to 31 March 2013

BASIS OF PREPARATION

The condensed consolidated interim financial statements ("interim financial statements") of Erste Group for the period from 1 January to 31 March 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 transformed fund continues to be fully consolidated and its assets and liabilities (approx. EUR 1.8 billion) 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

Changes in the scope of consolidation in first three months of 2013 do have neither material impact on the financial position nor on the financial performance of the Group.

Opening balance as of 31 December 2012	**557**
Additions	
Entities newly added to the consolidation field	1
Disposals	
Companies sold or liquidated	(2)
Mergers	(6)
Closing balance as of 31 March 2013	**550**

In the first quarter of 2013 the following subsidiaries were included in the scope of consolidation for the first time (effective 1 January 2013): Transformovaný fond penzijního připojištění se státním příspěvkem Česká spořitelna – penzijní společnost, a.s.

1. Net interest income

in EUR million	1-3 13	1-3 12
Interest income		
Lending and money market transactions with credit institutions	313.9	275.3
Lending and money market transactions with customers	1,313.6	1,567.1
Bonds and other interest-bearing securities	256.1	351.0
Other interest and similar income	10.3	5.5
Current income		
Equity-related securities	11.8	14.3
Investments	9.0	5.8
Investment properties	20.3	18.0
Interest and similar income	**1,935.0**	**2,237.0**
Interest income from financial assets - at fair value through profit or loss	62.0	82.4
Total interest and similar income	**1,997.0**	**2,319.4**
Interest expenses		
Deposits by banks	-115.7	-211.3
Customer deposits	-365.3	-466.1
Debt securities in issue	-224.4	-240.4
Subordinated liabilities	-51.6	-58.6
Other	-2.3	-2.4
Interest and similar expenses	**-759.3**	**-978.8**
Interest expenses from financial assets - at fair value through profit or loss	-2.7	-9.7
Total interest and similar expenses	**-762.0**	**-988.5**
Income from associates accounted for at equity	**5.6**	**6.0**
Total	**1,240.6**	**1,336.9**

2. Risk provisions for loans and advances

in EUR million	1-3 13	1-3 12
Allocation to risk provisions for loans and advances	-801.1	-841.2
Release of risk provisions for loans and advances	404.7	365.2
Direct write-offs of loans and advances	-17.3	-117.5
Recoveries on written-off loans and advances	11.5	12.9
Total	**-402.2**	**-580.6**

3. Net fee and commission income

in EUR million	1-3 13	1-3 12
Lending business	66.4	67.3
Payment transfers	210.4	210.5
Card business	47.4	51.3
Securities transactions	110.8	90.7
Investment fund transactions	53.9	46.2
Custodial fees	15.4	10.0
Brokerage	41.5	34.5
Insurance brokerage	25.0	22.7
Building society brokerage	11.0	8.2
Foreign exchange transactions	5.7	6.3
Investment banking business	2.6	2.2
Other	16.3	22.4
Total	**448.2**	**430.3**

4. Net trading result

in EUR million	1-3 13	1-3 12
Securities and derivatives trading	29.6	59.1
Foreign exchange transactions	48.2	34.5
Total	**77.8**	**93.6**

5. General administrative expenses

in EUR million	1-3 13	1-3 12
Personnel expenses	-564.6	-570.5
Other administrative expenses	-277.7	-283.3
Depreciation and amortisation	-88.9	-91.3
Total	**-931.2**	**-945.1**

6. Other operating result

in EUR million	1-3 13	1-3 12
Other operating income	124.2	282.6
Other operating expenses	-227.5	-151.4
Total	**-103.3**	**131.2**
Result from real estate/movables/properties/software	-10.5	2.8
Allocation/release of other provisions/risks	17.1	-0.1
Expenses for deposit insurance contributions	-19.0	-21.9
Amortisation of customer relationships	-16.4	-16.8
Other taxes	-75.9	-62.2
Impairment of goodwill	0.0	0.0
Result from repurchase of liabilities measured at amortised cost	3.8	250.6
Result from other operating expenses/income	-2.4	-21.2
Total	**-103.3**	**131.2**

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

in EUR million	1-3 13	1-3 12
Gain / (loss) from measurement / sale of financial instruments at fair value through profit or loss	-46.5	41.5

8. Result from financial assets – available for sale

in EUR million	1-3 13	1-3 12
Gain / (loss) from sale of financial assets available for sale	8.4	-13.7
Impairment / reversal of impairment of financial assets available for sale	3.0	-1.0
Total	**11.4**	**-14.7**

9. Result from financial assets – held to maturity

in EUR million	1-3 13	1-3 12
Income		
Income from sale of financial assets held to maturity	6.7	5.0
Reversal of impairment loss of financial assets held to maturity	0.0	0.0
Expenses		
Loss from sale of financial assets held to maturity	0.0	-11.0
Impairment of financial assets held to maturity	-0.1	0.0
Total	**6.6**	**-6.0**

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, as well as of any carried-forward fiscal losses.

At Group consolidated level, the year-to-date effective tax rate is further influenced by any consolidation entries that affect the consolidated profit before tax of the Group without a corresponding impact in the consolidated tax expense. Also, the consolidated year-to-date effective tax rate is further impacted by any one-off adjustments of the opening current/deferred income tax positions at subsidiary level, as a result of intervening changes in relevant fiscal legislation. As a combined result of these factors, the consolidated effective tax rate for the three months ended 31 March 2013 amounts to 22.0% (the three months ended 31 March 2012: 22.0%).

11. Cash and balances with central banks

in EUR million	Mar 13	Dec 12
Cash in hand	2,033	2,342
Balances with central banks	5,413	7,398
Total	**7,446**	**9,740**

12. Loans and advances to credit institutions

in EUR million	Mar 13	Dec 12
Loans and advances to domestic credit institutions	970	1,029
Loans and advances to foreign credit institutions	10,994	8,045
Total	**11,964**	**9,074**

13. Loans and advances to customers

Loans and advances to customers classified regionally

in EUR million	Mar 13	Dec 12
Domestic	62,289	65,615
Abroad	68,046	66,313
Total	**130,335**	**131,928**

Loans and advances to customers breakdown into asset classes

in EUR million	Mar 13	Dec 12
Loans and advances to customers		
Public sector	6,156	6,493
Commercial customers	68,961	69,855
Private customers	54,478	54,792
Unlisted securities	740	788
Total	**130,335**	**131,928**

14. Risk provisions

Development in risk provisions as of 31 March 2013

in EUR million	Dec12	Acquisition/ disposal of subsidiaries	Currency translation	Allocations[2]	Use	Releases[2]	Interest income from impaired loans	Reclassi-fication[3]	Mar13
Specific loan loss provisions	6,940	1	-5	644	-261	-301	-49	2	6,971
Loans to credit institutions	61	0	0	0	-6	0	0	0	55
Loans and advances to customers	6,879	1	-5	644	-254	-301	-49	-2	6,916
Portfolio loan loss provisions	704	1	-5	112	0	-86	0	-2	724
Loans to credit institutions	6	0	0	0		0	0	0	6
Loans and advances to customers	695	1	-5	112	0	-86	0	-2	715
Financial assets - held to maturity	3	0	0	0	0	0	0	0	3
Risk provisions for loans and advances[1]	**7,644**	**2**	**-10**	**756**	**-261**	**-387**	**-49**	0	**7,695**

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 reconciliable with Note 2. Note 2 contains also allocations and releases in connection with provisions for contingent credit risk liabilities.
3) Due to the groupwide implementation of Erste Group Risk Management Standards in retail business, portfolio loan loss provisions have been reclassified to specific loans loss provisions.

Development in risk provisions as of 31 March 2012

in EUR million	Dec11	Acquisition/ disposal of subsidiaries	Currency translation	Allocations[2]	Use	Releases[2]	Interest income from impaired loans	Reclassi-fication	Mar12
Specific loan loss provisions	6,113	12	55	649	-124	-190	-48	0	6,467
Loans to credit institutions	64	0	0	2	-1	-2	0	0	63
Loans and advances to customers	6,049	12	55	647	-123	-188	-48	0	6,404
Portfolio loan loss provisions	914	1	8	190	0	-173	0	0	940
Loans to credit institutions	9	0	0	1	0	-2	0	0	8
Loans and advances to customers	891	1	8	189	0	-163	0	5	926
Financial assets - held to maturity	14	0	0	0	0	-8	0	0	6
Risk provisions for loans and advances[1]	**7,027**	**13**	**63**	**839**	**-124**	**-363**	**-48**	**0**	**7,407**

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 reconciliable 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 31 March 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	11,964	-55	-6	11,903
Loans and advances to customers	130,335	-6,916	-715	122,704
Financial assets - held to maturity	19,028	0	-3	19,025
Risk provisions for loans and advances	-7,695	6,971	724	0
Total	**153,632**	**0**	**0**	**153,632**

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

	Mar 13 Fair value		Dec 12 Fair value	
in EUR million	Positive	Negative	Positive	Negative
Derivatives held for trading				
Interest rate	7,063	7,028	8,655	8,517
Equity	23	24	22	7
Foreign exchange	1,046	629	1,083	688
Credit	5	8	6	9
Commodity	9	12	5	8
Other	3	0	4	0
Total derivatives held for trading	**8,149**	**7,701**	**9,775**	**9,229**
Derivatives held in banking book				
Fair value hedges				
Interest rate	2,390	726	2,394	695
Equity	0	0	0	0
Foreign exchange	7	13	11	12
Credit	0	0	0	0
Commodity	0	0	0	0
Other	4	2	3	0
Total fair value hedges	**2,401**	**740**	**2,408**	**707**
Cash flow hedges				
Interest rate	99	29	102	0
Equity	0	0	0	0
Foreign exchange	2	69	2	0
Credit	0	0	0	0
Commodity	0	0	0	0
Other	0	0	0	0
Total cash flow hedges	**102**	**99**	**104**	**0**
Other derivatives				
Interest rate	605	506	853	719
Equity	42	48	37	40
Foreign exchange	110	175	89	165
Credit	8	4	10	4
Commodity	11	11	13	13
Other	1	30	0	1
Total other derivatives	**778**	**774**	**1,002**	**942**
Total derivatives in banking book	**3,281**	**1,613**	**3,514**	**1,649**
Total derivatives	**11,429**	**9,314**	**13,289**	**10,878**

16. Securities

in EUR million	Loans and advances to CI and NCI		Trading assets		Financial assets: At fair value through profit or loss		Financial assets: Available for Sale		Financial assets: Held to maturity		Total	
	Mar 13	Dec 12	Mar 13	Dec 12	Mar 13	Dec 12	Mar 13	Dec 12	Mar 13	Dec 12	Mar 13	Dec 12
Bonds and other interest-bearing securities	**1,234**	**1,312**	**6,204**	**4,872**	**417**	**526**	**18,223**	**20,226**	**19,028**	**18,975**	**45,106**	**45,911**
Listed	0	0	5,030	4,404	382	467	14,612	18,924	17,987	18,216	38,011	42,011
Unlisted	1,234	1,312	1,174	468	35	59	3,611	1,302	1,041	759	7,095	3,900
Equity-related securities	**0**	**0**	**308**	**306**	**240**	**190**	**1,570**	**1,725**	**0**	**0**	**2,118**	**2,221**
Listed	0	0	119	104	225	190	558	573	0	0	902	867
Unlisted	0	0	189	202	15	0	1,012	1,152	0	0	1,216	1,354
Equity holdings	0	0	0	0	0	0	1,397	467	0	0	1,397	467
Total	**1,234**	**1,312**	**6,512**	**5,178**	**657**	**716**	**21,190**	**22,418**	**19,028**	**18,975**	**48,621**	**48,599**

17. Other assets

in EUR million	Mar 13	Dec 12
Accrued commissions	213	119
Deferred income	193	198
Sundry assets	4,052	2,021
Total	**4,458**	**2,338**

Assets in amount of EUR 1,783 million of the Transformed pension fund are presented on the line Other assets – sundry assets.

18. Deposits by bank

in EUR million	Mar 13	Dec 12
Deposits by domestic credit institutions	7,800	8,770
Deposits by foreign credit institutions	12,878	13,052
Total	**20,678**	**21,822**

19. Customer deposits

in EUR million	Mar 13	Dec 12
Domestic	61,560	61,466
Abroad	61,564	61,587
Total	**123,124**	**123,053**

in EUR million	Mar 13	Dec 12
Savings deposits	59,749	56,289
Other deposits		
Public sector	5,737	4,338
Commercial customers	26,100	26,177
Private customers	31,538	36,249
Total other deposits	63,375	66,764
Total	**123,124**	**123,053**

20. Debt securities in issue

in EUR million	Mar 13	Dec 12
Bonds	16,387	16,117
Certificates of deposit	824	376
Other certificates of deposits/name certificates	2,003	2,199
Mortgage and municipal bonds	10,595	10,732
Other	2	3
Total	**29,811**	**29,427**

21. Provisions

in EUR million	Mar 13	Dec 12
Long-term employee provisions	1,094	1,096
Provisions for contingent credit risk liabilities	212	186
Other risk provisions[1]	27	29
Other provisions	161	177
Total	**1,494**	**1,488**

1) Other provisions consist mainly of provisions for litigation.

22. Other liabilities

in EUR million	Mar 13	Dec 12
Deferred income	399	326
Accrued commissions	47	17
Sundry liabilities	3,822	2,734
Total	**4,268**	**3,077**

Liabilities in amount of EUR 1,759 million of the transformed pension fund are presented on the line other liabilities – sundry liabilities.

23. Subordinated liabilities

in EUR million	Mar 13	Dec 12
Subordinated issues and deposits	3,795	3,653
Supplementary capital	1,190	1,292
Hybrid issues	381	378
Total	**5,366**	**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 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.

	Retail & SME		GCIB		Group Markets		Corporate Center excl. Intragroup elimination		Intragroup elimination		Total Group	
in EUR million	**1-3 13**	**1-3 12**	**1-3 13**	**1-3 12**	**1-3 13**	**1-3 12**	**1-3 13**	**1-3 12**	**1-3 13**	**1-3 12**	**1-3 13**	**1-3 12**
Net interest income	1,021.6	1,105.1	104.1	128.2	44.0	46.1	72.4	78.5	-1.5	-20.9	1,240.6	1,336.9
Risk provisions for loans and advances	-277.2	-505.4	-126.7	-75.2	0.0	0.0	-0.1	0.0	1.7	0.0	-402.2	-580.6
Net fee and commission income	402.4	393.9	28.0	20.2	33.2	35.0	16.5	66.0	-31.7	-84.7	448.2	430.3
Net trading result	38.9	45.2	4.3	5.9	45.2	81.4	-12.7	-47.5	2.0	8.7	77.8	93.6
General administrative expenses	-774.9	-809.4	-45.5	-44.6	-53.7	-57.5	-142.5	-135.9	85.4	102.3	-931.2	-945.1
Other result[1]	-53.2	-37.7	-0.7	-21.9	-0.6	-1.0	-21.4	218.0	-56.0	-5.3	-131.8	152.0
Pre-tax profit/loss	**357.5**	**191.7**	**-36.4**	**12.6**	**68.1**	**104.0**	**-87.8**	**179.1**	**0.0**	**0.0**	**301.4**	**487.1**
Taxes on income	-82.5	-68.1	9.4	-4.6	-17.0	-21.1	23.7	0.0	0.0	0.0	-66.4	-107.2
Net profit/loss for the period	**275.0**	**123.6**	**-27.0**	**8.0**	**51.2**	**82.9**	**-64.1**	**179.1**	**0.0**	**0.0**	**235.0**	**379.9**
Attributable to non-controlling interests	53.0	37.4	1.3	1.6	2.9	1.9	1.6	0.0	0.0	0.0	58.8	33.4
Attributable to owners of the parent	**222.0**	**86.2**	**-28.3**	**6.4**	**48.3**	**81.0**	**-65.8**	**179.1**	**0.0**	**0.0**	**176.2**	**346.5**
Average risk-weighted assets	68,440.2	71,540.0	20,063.2	22,556.1	2,414.3	2,555.2	-414.3	13.6	0.0	0.0	90,503.3	96,664.9
Average attributed equity	4,951.7	5,013.9	1,985.3	2,256.5	384.0	339.6	5,659.0	4,788.0	0.0	0.0	12,980.1	12,398.4
Cost/income ratio	**53.0%**	**52.4%**	**33.4%**	**28.9%**	**43.8%**	**35.4%**	**na**	**na**	**na**	**na**	**52.7%**	**50.8%**
Return on equity[2]	**17.9%**	**6.9%**	**na**	**1.1%**	**50.3%**	**95.4%**	**na**	**na**	**na**	**na**	**5.4%**	**11.2%**

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 owners of the parent divided by average attributed equity.

in EUR million	EB Oesterreich 1-3 13	EB Oesterreich 1-3 12	Savings banks 1-3 13	Savings banks 1-3 12	Austria 1-3 13	Austria 1-3 12	CEE 1-3 13	CEE 1-3 12	Retail & SME 1-3 13	Retail & SME 1-3 12
Net interest income	151.4	161.7	220.0	240.9	371.4	402.6	650.1	702.5	1,021.6	1,105.1
Risk provisions for loans and advances	2.5	-31.4	-18.2	-51.3	-15.7	-82.7	-261.5	-422.7	-277.2	-505.4
Net fee and commission income	87.4	82.7	110.3	98.7	197.8	181.4	204.6	212.5	402.4	393.9
Net trading result	6.7	-3.1	5.7	3.9	12.3	0.8	26.5	44.4	38.9	45.2
General administrative expenses	-150.1	-151.4	-230.2	-235.4	-380.3	-386.8	-394.6	-422.6	-774.9	-809.4
Other result[1]	-1.5	8.6	-3.8	-12.0	-5.4	-3.4	-47.8	-34.3	-53.2	-37.7
Pre-tax profit/loss	**96.4**	**67.1**	**83.8**	**44.8**	**180.2**	**111.9**	**177.3**	**79.8**	**357.5**	**191.7**
Taxes on income	-23.1	-14.8	-18.6	-11.3	-41.8	-26.1	-40.8	-42.0	-82.5	-68.1
Net profit/loss for the period	**73.2**	**52.3**	**65.2**	**33.5**	**138.4**	**85.8**	**136.5**	**37.8**	**275.0**	**123.6**
Attributable to non-controlling interests	1.7	1.8	49.2	30.6	50.9	32.4	2.1	5.0	53.0	37.4
Attributable to owners of the parent	**71.5**	**50.5**	**16.0**	**2.9**	**87.5**	**53.4**	**134.5**	**32.8**	**222.0**	**86.2**
Average risk-weighted assets	12,613.8	13,334.6	22,919.3	23,593.2	35,533.1	36,927.8	32,907.0	34,612.2	68,440.2	71,540.0
Average attributed equity	1,313.3	1,310.0	407.4	365.2	1,720.7	1,675.2	3,231.0	3,338.7	4,951.7	5,013.9
Cost/income ratio	**61.1%**	**62.7%**	**68.5%**	**68.5%**	**65.4%**	**66.1%**	**44.8%**	**44.0%**	**53.0%**	**52.4%**
Return on equity[2]	**21.8%**	**15.4%**	**15.7%**	**3.2%**	**20.3%**	**12.8%**	**16.6%**	**3.9%**	**17.9%**	**6.9%**

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 owners of the parent divided by average attributed equity.

in EUR million	Czech Republic 1-3 13	Czech Republic 1-3 12	Romania 1-3 13	Romania 1-3 12	Slovakia 1-3 13	Slovakia 1-3 12	Hungary 1-3 13	Hungary 1-3 12	Croatia 1-3 13	Croatia 1-3 12	Serbia 1-3 13	Serbia 1-3 12	Ukraine 1-3 13	Ukraine 1-3 12	CEE 1-3 13	CEE 1-3 12
Net interest income	252.8	282.6	149.9	153.0	103.6	106.4	70.0	81.7	57.8	64.1	9.8	8.7	6.2	6.0	650.1	702.5
Risk provisions for loans and advances	-34.1	-44.5	-110.6	-191.4	-13.8	-18.5	-59.5	-131.1	-37.0	-32.2	-2.4	-2.2	-4.0	-2.8	-261.5	-422.7
Net fee and commission income	107.2	112.2	28.3	30.2	24.6	27.7	26.6	21.9	13.8	15.8	2.9	3.5	1.2	1.2	204.6	212.5
Net trading result	12.0	16.7	15.6	16.9	0.8	2.1	-0.7	5.6	1.7	2.2	0.5	0.4	-3.3	0.5	26.5	44.4
General administrative expenses	-165.5	-179.5	-81.8	-89.7	-56.2	-58.0	-42.0	-41.5	-30.6	-33.6	-8.5	-8.3	-10.1	-12.0	-394.6	-422.6
Other result[1]	-4.5	-1.0	-9.1	-7.9	-12.0	-5.4	-20.6	-16.3	-1.9	-2.3	-0.2	-0.3	0.5	-1.1	-47.8	-34.3
Pre-tax profit/loss	**167.9**	**186.5**	**-7.7**	**-88.9**	**47.0**	**54.3**	**-26.2**	**-79.7**	**3.6**	**14.0**	**2.1**	**1.8**	**-9.4**	**-8.2**	**177.3**	**79.8**
Taxes on income	-33.7	-39.1	4.0	12.6	-8.9	-11.0	-1.3	-2.1	-0.6	-2.4	-0.3	0.0	0.0	0.0	-40.8	-42.0
Net profit/loss for the period	**134.2**	**147.4**	**-3.8**	**-76.3**	**38.1**	**43.3**	**-27.5**	**-81.8**	**3.0**	**11.6**	**1.9**	**1.8**	**-9.4**	**-8.2**	**136.5**	**37.8**
Attributable to non-controlling interests	0.8	3.1	-0.2	-4.1	0.0	0.0	0.0	0.0	1.3	5.5	0.1	0.5	0.0	0.0	2.1	5.0
Attributable to owners of the parent	**133.4**	**144.3**	**-3.6**	**-72.2**	**38.1**	**43.3**	**-27.5**	**-81.8**	**1.7**	**6.1**	**1.7**	**1.3**	**-9.4**	**-8.2**	**134.5**	**32.8**
Average risk-weighted assets	12,656.4	12,641.1	7,375.3	8,616.4	4,027.2	4,252.0	3,923.5	3,534.1	3,911.9	4,230.2	519.3	499.8	493.5	838.6	32,907.0	34,612.2
Average attributed equity	1,301.0	1,280.7	720.0	825.0	423.8	439.7	405.9	361.9	279.8	301.2	46.3	42.0	54.2	88.1	3,231.0	3,338.7
Cost/income ratio	**44.5%**	**43.6%**	**42.2%**	**44.8%**	**43.5%**	**42.6%**	**43.7%**	**38.0%**	**41.8%**	**40.9%**	**64.4%**	**65.9%**	**247.1%**	**155.8%**	**44.8%**	**44.0%**
Return on equity[2]	**41.0%**	**45.1%**	**na**	**na**	**35.9%**	**39.4%**	**na**	**na**	**2.5%**	**8.1%**	**14.9%**	**12.4%**	**na**	**na**	**16.6%**	**3.9%**

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 owners of the parent divided by average attributed equity.

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 control and risk management systems have been developed 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 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 quarterly 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.

The entry into force of the respective requirements which are defined in the Capital Requirements Directive IV (CRD IV) and the Capital Requirements Regulation (CRR) is planned to for 1 January 2014.

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 applied so far 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.

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 remained largely stable in the course of the first quarter of 2013. The net exposure to Greece, Ireland, Italy, Portugal and Spain increased from EUR 1.89 billion at year-end 2012 to EUR 1.93 billion as of 31 March 2013. The net exposure to Italy and Ireland increased by EUR 46 million and EUR 18.5 million, respectively. The net exposure to Spain decreased by EUR 12.5 million since 31 December 2012. The net exposure to sovereign obligors in Greece and Portugal continued to be marginal as of 31 March 2013. Erste Group has an exposure of EUR 60 million to corporate obligors based in Cyprus. There is no related payment risk, however, as all repayments originate from outside Cyprus. There exists neither sovereign nor bank exposure to Cyprus. As of 31 March 2013, Erste Group exhibited a net exposure of EUR 275 million to the Slovenian sovereign and EUR 8.8 million to Slovenian banks. In total, Erste Group thus reduced the net exposure to the Slovenian sovereign and the Slovenian credit sector by EUR 70 million since 31 December 2012.31 March 2013 The following tables show the net exposure to sovereigns and institutions in selected European countries as of 31 March 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	Sovereign		Bank		Other[1]		Total	
in EUR million	Mar 13	Dec 12	Mar 13	Dec 12	Mar 13	Dec 12	Mar 13	Dec 12
Greece	0	0	0	0	2	5	2	5
Ireland	78	74	38	29	42	36	158	139
Italy	104	100	464	411	645	656	1,213	1,167
Portugal	5	3	46	48	10	10	60	61
Spain	13	13	229	249	260	253	502	515
Total	**199**	**190**	**776**	**737**	**959**	**960**	**1,934**	**1,887**

1) Other includes securisations and claims against corporates

Sovereign	Fair Value		Available for Sale		At amortised cost		Total	
in EUR million	Mar 13	Dec 12	Mar 13	Dec 12	Mar 13	Dec 12	Mar 13	Dec 12
Greece	0	0	0	0	0	0	0	0
Ireland	0	0	63	59	15	15	78	74
Italy	-11	-11	110	100	0	0	104	100
Portugal	-9	-16	5	3	0	0	5	3
Spain	-23	-22	13	11	2	2	13	13
Total	**-43**	**-49**	**191**	**173**	**16**	**17**	**199**	**190**

Most of the short positions relating to sovereigns in Italy, Portugal and Spain as of 31 March 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 with a market value of EUR -43.3 million as 0f 31 March 2013 originate from CDS transactions and are stated in the fair value section in the table above.

Bank	Fair Value		Available for Sale		At amortised cost		Total	
in EUR million	Mar 13	Dec 12	Mar 13	Dec 12	Mar 13	Dec 12	Mar 13	Dec 12
Greece	0	0	0	0	0	0	0	0
Ireland	30	16	4	5	3	8	38	29
Italy	46	44	149	149	268	218	464	411
Portugal	-2	2	17	16	30	30	46	48
Spain	42	69	27	34	161	146	229	249
Total	**116**	**131**	**198**	**204**	**462**	**402**	**776**	**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 andcredit 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 decreases slightly by 0.3% or EUR 591 million from EUR 219.7 billion as of 31 December 2012 to EUR 219.1 billion as of 31 March 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 31 March 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 31 March 2013

in EUR million	Loans and advances to credit institutions	Loans and advances to customers	Held to maturity	Trading assets	At fair value through profit or loss	Available for Sale	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Debt instruments						
	At amortised cost			Fair Value					
Sovereigns	1,573	7,477	16,857	5,489	216	12,719	593	1,141	46,064
Institutions	10,377	48	1,281	303	133	3,581	10,047	242	26,013
Corporates	14	59,690	890	412	67	2,769	786	14,194	78,823
Retail	0	63,121	0	0	0	0	3	5,053	68,178
Total	**11,964**	**130,335**	**19,028**	**6,204**	**416**	**19,069**	**11,429**	**20,630**	**219,077**

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	Held to maturity	Trading assets	At fair value through profit or loss	Available for Sale	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Debt instruments						
	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 31 March 2013 and 31 December 2012, respectively.

Credit risk exposure by industry and risk category as of 31 March 2013

in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
Agriculture and forestry	1,529	548	65	248	2,390
Mining	376	111	12	68	567
Manufacturing	9,626	2,410	565	1,754	14,356
Energy and water supply	2,892	334	56	262	3,544
Construction	5,688	1,896	267	1,812	9,663
Trade	7,525	1,762	504	1,382	11,174
Transport and communication	3,848	793	59	412	5,112
Hotels and restaurants	2,457	935	302	796	4,491
Financial and insurance services	38,899	1,262	95	339	40,594
Real estate and housing	17,568	2,904	685	1,307	22,464
Services	4,656	992	177	515	6,339
Public administration	38,957	500	85	41	39,582
Education, health and art	1,991	637	46	200	2,874
Private customers	43,179	6,667	1,471	3,470	54,787
Sundry	471	56	570	41	1,139
Total	**179,662**	**21,808**	**4,960**	**12,647**	**219,077**

Credit risk exposure by industry and risk categoy 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 31 March 2013 and 31 December 2012, respectively.

Credit risk exposure by region and risk category as of 31 March 2013

in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
Core market	**144,993**	**20,082**	**4,654**	**11,753**	**181,482**
Austria	74,953	8,305	1,657	3,311	88,226
Croatia	6,338	1,618	491	1,369	9,816
Romania	10,632	3,026	838	3,516	18,011
Serbia	817	325	50	115	1,307
Slovakia	13,293	1,129	250	454	15,126
Slovenia	1,020	388	195	227	1,830
Czech Republic	30,832	3,666	708	1,058	36,263
Hungary	7,107	1,626	466	1,703	10,902
Other EU	**30,053**	**931**	**168**	**543**	**31,696**
Other industrialised countries	**2,275**	**129**	**17**	**130**	**2,551**
Emerging markets	**2,341**	**666**	**121**	**220**	**3,348**
Southeastern Europe / CIS	1,512	593	113	189	2,407
Asia	505	12	0	17	533
Latin America	83	17	0	8	109
Middle East / Africa	241	44	7	6	299
Total	**179,662**	**21,808**	**4,960**	**12,647**	**219,077**

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 EUR 591 million from 31 December 2012 to 31 March 2013 reflects a decrease of EUR 1.3 billion, or 0.7%, in the core markets, coupled with a significant reduction of more than EUR 1.8 billion, or 42%, in other industrialised countries, as well as a substantial growth of EUR 2.4 billion, or 8.2%, in the other EU member states (EU 27 excluding core markets), and a slight increase of EUR 164 million, or 5.2%, in emerging markets. The countries of Erste Group's core market and the EU accounted for more than 97% of credit risk exposure as of 31 March 2013. At 1.5%, 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 31 March 2013 and 31 December 2012, respectively.

Credit risk exposure by business segment and risk category as of 31 March 2013

in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
Retail & SME	**126,423**	**17,777**	**3,647**	**10,956**	**158,803**
Austria	72,169	9,106	1,453	3,745	86,472
EB Oesterreich	31,194	2,416	334	1,096	35,040
Savings Banks	40,975	6,690	1,119	2,649	51,432
Central and Eastern Europe	54,254	8,671	2,194	7,212	72,331
Czech Republic	27,184	2,708	580	934	31,407
Romania	8,471	2,399	593	3,131	14,593
Slovakia	9,704	842	216	411	11,174
Hungary	2,790	1,348	402	1,526	6,066
Croatia	5,617	1,146	390	1,136	8,288
Serbia	488	228	14	74	804
GCIB	**19,151**	**3,547**	**949**	**1,686**	**25,333**
Group Markets	**25,323**	**287**	**16**	**3**	**25,629**
Corporate Center	**8,765**	**197**	**348**	**2**	**9,311**
Total Group	**179,662**	**21,808**	**4,960**	**12,647**	**219,077**

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 31 March 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 31 March 2013

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total loan book
Retail & SME	**82,496**	**15,773**	**3,173**	**10,716**	**112,159**
Austria	52,145	8,211	1,149	3,571	65,076
EB Oesterreich	24,404	2,138	209	1,011	27,762
Savings Banks	27,741	6,073	941	2,561	37,315
Central and Eastern Europe	30,352	7,562	2,024	7,145	47,083
Czech Republic	13,833	2,278	504	911	17,526
Romania	4,840	2,034	527	3,122	10,523
Slovakia	5,294	806	212	397	6,709
Hungary	2,645	1,319	399	1,523	5,886
Croatia	3,339	1,035	369	1,119	5,863
Serbia	401	90	12	73	575
GCIB	**12,329**	**2,974**	**859**	**1,513**	**17,675**
Group Markets	**81**	**14**	**0**	**1**	**96**
Corporate Center	**272**	**106**	**25**	**2**	**404**
Total	**95,178**	**18,867**	**4,057**	**12,232**	**130,335**

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 31 March 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 31 March 2013

in EUR Mio	Non-performing	Total loans and advances to customers	Risk provisions	NPL Ratio	NPL coverage ratio
Retail & SME	**10,716**	**112,159**	**6,685**	**9.6%**	**62.4%**
Austria	3,571	65,076	2,210	5.5%	61.9%
EB Oesterreich	1,011	27,762	677	3.6%	67.0%
Savings Banks	2,561	37,315	1,533	6.9%	59.9%
Central and Eastern Europe	7,145	47,083	4,475	15.2%	62.6%
Czech Republic	911	17,526	685	5.2%	75.1%
Romania	3,122	10,523	1,851	29.7%	59.3%
Slovakia	397	6,709	351	5.9%	88.5%
Hungary	1,523	5,886	967	25.9%	63.5%
Croatia	1,119	5,863	562	19.1%	50.2%
Serbia	73	575	59	12.7%	80.8%
GCIB	**1,513**	**17,675**	**946**	**8.6%**	**62.5%**
Group Markets	**1**	**96**	**0**	**1.1%**	**28.0%**
Corporate Center	**2**	**404**	**1**	**0.4%**	**70.2%**
Total Group	**12,232**	**130,335**	**7,632**	**9.4%**	**62.4%**

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

in EUR Mio	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%**	**6439.9%**
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 Sepe 2012 and 31 December 2012, respectively.

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

in EUR Mio	EUR	Local Currencies	CHF	USD	Other currencies	Total loans and advances to customers
Retail & SME	**75,098**	**23,737**	**11,860**	**334**	**1,130**	**112,159**
Austria	55,512	0	8,299	154	1,112	65,076
EB Oesterreich	24,213	0	3,146	52	351	27,762
Savings Banks	31,299	0	5,153	102	761	37,315
Central and Eastern Europe	19,586	23,737	3,562	180	19	47,083
Czech Republic	686	16,813	2	24	2	17,526
Romania	6,396	3,984	0	131	12	10,523
Slovakia	6,701	0	0	6	2	6,709
Hungary	1,358	1,659	2,866	3	0	5,886
Croatia	4,012	1,161	675	12	3	5,863
Serbia	433	120	17	4	0	575
GCIB	**14,098**	**1,172**	**227**	**1,234**	**944**	**17,675**
Group Markets	**35**	**20**	**2**	**27**	**12**	**96**
Corporate Center	**401**	**0**	**0**	**0**	**3**	**404**
Total Group	**89,632**	**24,929**	**12,089**	**1,595**	**2,089**	**130,335**

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

in EUR Mio	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**

Analysis of market risk

Value at risk of trading book

The following table show the VaR amounts as of 31 March 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
Mar 13						
Trading book	4,172	1,740	1,116	2,743	371	685

in EUR thousand	Total	Interest	Currency	Shares	Commodity	Volatility
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's 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.

Analysis of liquidity risk

In Erste Group's liquidity strategy for 2013 long term issuance is planned to reach only EUR 1.5 billion in 2013, a significantly lower amount than in recent years. Year-to-date issuance is in line with the plan, amounting to EUR 540 million, consisting of EUR 295 million in senior bonds, EUR 145 million in Pfandbriefe (covered bonds), and EUR 100 million in subordinated debt. Due to a rapidly improving liquidity position resulting form a significantly declining loan-to-deposit, by the end of February 2013 Erste Group fully repaid the LTRO funds (Long-term Refinancing Operation) of the European Central Bank amounting to EUR 4 bn which had been taken-up by its core group entities.

26. Related party transactions

As of 31 March 2013, Erste Group had outstanding liabilities of EUR 154.6 million (31 December 2012: EUR 200.7 million) and amount receivable of EUR 72.2 million (31 December 2012: EUR 84.2 million) in relation to DIE ERSTE österreichische Spar-Casse Privatstiftung. Furthermore, as of 31 March 2013 there existed between Erste Group and DIE ERSTE österreichische Spar-Casse Privatstiftung standard derivative transactions for hedging purposes on usual market terms. These were interest rate swaps with caps in a notional amount of EUR 282.0 million (31 December 2012: EUR 282.0 million) as well as cross currency swaps in a notional amount of EUR 9.2 million (31 December 2012: EUR 30.0 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 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 OTC bonds.

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.

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.

For the valuation of bonds Erste Group uses liquid market prices whenever available. In cases where no market prices are observable, bonds prices are determined using discounted cash-flow techniques under consideration of option specific payoff profiles and bond specific credit spreads. If credit spreads can be derived from similar financial products observable on the market these are used for fair value calculation. If neither market prices nor market observable credit spreads are available internal estimates for credit spreads are used.

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 credit risk are to be applied to all derivatives which are marked to model. The adjustment is driven by the expected positive exposure of all derivatives and the credit quality of the counterparty. Erste Group model is based on exposures (market value plus add-on) and probability of default (PD). For counterparties with liquid bond or CDS markets a market based PD was used. For determining the exposure, netting was generally disregarded as this had a non-material impact on the results. For counterparties with CSA-agreements in place no CVA was taken into account for all cases with small threshold amounts. Erste Group plans further refinement of the CVA methodology during 2013.

The table below details the valuation methods used to determine the fair value of financial instruments measured at fair value:

March 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	13,590	7,424	176	21,190
Financial assets - at fair value through profit or loss	266	358	33	657
Trading assets - securities	1,987	4,525	0	6,512
Positive market value - derivatives	122	11,137	170	11,429
Total assets	**15,965**	**23,444**	**379**	**39,788**
Customer deposits	0	592	0	592
Debt securities in issue	0	1,681	0	1,681
Subordinated liabilities	0	280	0	280
Trading liabilities	332	36	0	368
Negative market value - derivatives	96	9,218	0	9,314
Total liabilities and equity	**428**	**11,807**	**0**	**12,235**

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 volume of products whose fair values are determined using valuation models based on non-observable market data is driven in large part by illiquid bonds and securities not quoted in an active market and derivatives where credit value adjustment (CVA) has a material impact. The allocation of positions to level is done at the end of the reporting period.

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 profit or loss	Gain/loss in other comprehensive income	Purchases	Sales/ Settlements	Transfer into Level 3	Transfers out of Level 3	Currency translation	Mar 13
Financial assets - available for sale	147	1	2	78	-44	7	-15	0	176
Financial assets - at fair value through profit or loss	23	0	0	13	-7	4	0	0	33
Trading assets - securities	9	2	0	0	-11	0	0	0	0
Positive market value - derivatives	139	31	0	0	0	0	0	0	170
Total assets	**318**	**34**	**2**	**91**	**-62**	**11**	**-15**	**0**	**379**

Gains or losses on Level 3 securities held at the reporting period's end and which are included in comprehensive income are as follow:

	Mar 13	
in EUR million	Gain/loss in profit or loss	Gain/loss in other comprehensive income
Financial assets - available for sale	-1.1	-0.9
Financial assets - at fair value through profit or loss	-0.3	0.0
Trading assets	0.0	0.0
Positive market value - derivatives	33.1	0.0
Negative market value - derivatives	0.0	0.0
Total	**33.8**	**-0.9**

Movements between Level 1 and Level 2

The share of Level 2 assets increased insignificantly in the first quarter 2013. An increase in Level 2 securities (mainly due to increased trading book positions) was compensated by reduction of positive market values. A minor number of securities were reclassified from Level 2 to Level 1 and from Level 1 to Level 2, respectively. The reclassification resulted from increase or decrease in market depth for the relevant securities.

Movements in Level 3 finacial instruments measured at fair value

As the portfolio quality in the first quarter remained stable, there was no material change in the Level 3 category.

Fair values of financial instruments not measured at fair value

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

	Mar 13		Dec 12	
in EUR million	Fair value	Carrying amount	Fair value	Carrying amount
ASSETS				
Cash and balances with central banks	7,446	7,446	9,740	9,740
Loans and advances to credit institutions	12,402	11,903	9,054	9,007
Loans and advances to customers	127,846	122,704	127,170	124,354
Financial assets - held to maturity	20,567	19,025	20,292	18,972
LIABILITIES				
Deposits by banks	21,142	20,678	22,042	21,822
Customer deposits	125,281	122,532	122,286	122,421
Debt securities in issue	28,657	28,130	29,340	27,786
Subordinated liabilities	5,064	5,086	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.

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	1-3 13	1-3 12
Employed by Erste Group	**48,965**	**49,862**
Domestic	16,051	16,136
Erste Group, EB Oesterreich and subsidiaries	8,619	8,704
Haftungsverbund savings banks	7,432	7,432
Abroad	32,914	33,726
Česká spořitelna Group	10,953	10,655
Banca Comercială Română Group	8,016	8,975
Slovenská sporiteľňa Group	4,181	4,069
Erste Bank Hungary Group	2,732	2,680
Erste Bank Croatia Group	2,534	2,590
Erste Bank Serbia	926	928
Erste Bank Ukraine	1,517	1,624
Savings banks subsidiaries & foreign branch offices	1,129	1,120
Other subsidiaries and foreign branch offices	926	1,085

30. Regulatory Capital and regulatory Capital Requirements according to IFRS

CHANGES IN TOTAL QUALIFYING CAPITAL

in EUR million	Mar 13 IFRS	Dec 12 Austrian GAAP
Paid up capital	789	
Share premium	5,946	
Participation capital - State	1,219	
Participation capital - Private	538	
Retained earnings	4,096	
Accumulated Other Comprehensive Income	245	
Deductions of Erste Group Bank shares (directly held)	-369	
Regulatory deductions of financed Erste Group Bank shares and participation capital	-231	
Minority interests	3,206	
Deduction of Goodwill	-1,625	
Deduction of Customer Relationship	-326	
Deduction of Brand	-292	
Deduction of other intangible assets	-579	
50% deduction for non-consolidated credit and financial institutions pursuant to section 23 (13) 3 and 4 of the Austrian Banking Act	-108	
50% deduction for non-consolidated insurances pursuant to section 23 (13) 4a of the Austrian Banking Act (1)	-82	
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	-22	
Prudential filter on net positive AfS reserves (eligible with 70% within tier-2)	-524	
Prudential filter on gains and losses due to changes on own credit standing	-34	
Prudential filter for Cash flow hedges, excluding those for AfS-instruments	-38	
Core tier-1 capital	**11,809**	**11,848**
Hybrid tier-1 capital pursuant to section 23 (4a) and (4b) of the Austrian Banking Act	377	
Direct holdings of own hybrid tier-1 capital pursuant to section 23 (4a) and (4b) Austrian Banking Act	-2	
Tier-1 capital	**12,184**	**12,223**
Eligible supplementary capital	519	
Eligible subordinated liabilities	3,460	
70% of AfS-reserve deducted from Core Tier-1 eligible within tier-2	367	
IRB - surplus	83	
Qualifying supplementary capital (tier-2)	**4,429**	**4,074**
50% deduction for non-consolidated credit and financial institutions pursuant to section 23 (13) 3 and 4 of the Austrian Banking Act	-108	-107
50% deduction for non-consolidated insurances pursuant to section 23 (13) 4a of the Austrian Banking Act (1)	-82	-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	-22	-12
Short-term subordinated capital (tier-3)	**300**	**297**
Total eligible qualifying capital	**16,701**	**16,311**
Total Capital Requirement	8,406	8,426
Surplus capital	8,296	7,885
Core tier-1 ratio – total risk (in %) (2)	11.2	11.2
Tier-1 ratio – total risk (in %) (3)	11.6	11.6
Solvency ratio (in %) (4)	15.9	15.5

1) 50% T1 capital deduction starting with January 2013.

2) 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.

3) Tier-1 ratio – total risk is the ratio of 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) 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	Mar 2013 IFRS Calculation base/total risk[1]	Mar 2013 IFRS Capital requirement[2]	Dec 2012 Austrian GAAP Calculation base/total risk[1]	Dec 2012 Austrian GAAP Capital requirement[2]
Risk pursuant to section 22 (1) 1 Banking Act[3]	90,073	7,206	90,434	7,235
a) Standardised approach	21,675	1,734	22,936	1,835
b) Internal ratings based approach	68,397	5,472	67,498	5,400
Risk pursuant to section 22 (1) 2 Banking Act[4]	3,606	288	3,583	287
Risk pursuant to section 22 (1) 3 Banking Act[5]	139	11	131	10
Risk pursuant to section 22 (1) 4 Banking Act[6]	11,249	900	11,175	894
Total	**105,067**	**8,406**	**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) Market risk (trading book).
5) Commodities risk and foreign exchange-risk, including the risk arising from gold positions, each for positions outside the trading book.
6) Operational risk.

31. Events after the Reporting Date

There were no significant events after the balance sheet date.

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.

SHAREHOLDER EVENTS

16 May 2013	Annual general meeting
24 May 2013	Dividend payment day
3 June 2013	Dividend payment day – participation capital
30 July 2013	Results H1 2013
30 October 2013	Results for the first three quarters of 2013

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