

Erste Group Bank AG

Financial Statements 2015

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I. Balance Sheet of Erste Group Bank AG as of 31 December 2015

	in EUR Dec 15	in EUR thousand Dec 14
Assets		
1. Cash in hand, balances with central banks and postal giro offices	1,829,727,687.31	1,382,017
2. Treasury bills and other bills eligible for refinancing with central banks	5,536,142,386.74	5,377,135
a) treasury bills and similar securities	5,536,142,386.74	5,377,135
b) other bills eligible for refinancing with central banks	0.00	0
3. Loans and advances to credit institutions	18,236,021,900.30	19,008,143
a) repayable on demand	2,746,268,167.10	661,639
b) other loans and advances	15,489,753,733.20	18,346,504
4. Loans and advances to customers	13,712,778,328.22	14,276,541
5. Debt securities and other fixed-income securities	6,004,837,246.38	9,631,440
a) issued by public bodies	2,002,923,228.29	1,223,802
b) issued by other borrowers	4,001,914,018.09	8,407,638
of which: own debt securities	904,290,805.55	4,794,717
6. Shares and other variable-yield securities	1,115,018,470.13	532,681
7. Participating interests	205,641,319.67	191,598
of which: in credit institutions	64,036,247.01	71,555
8. Shares in affiliated companies	5,654,810,181.67	5,388,537
of which: in credit institutions	4,962,222,070.93	4,698,637
9. Intangible fixed assets	83,796,308.91	67,105
10. Tangible fixed assets	19,324,250.99	19,872
of which: land and buildings used by the credit institution for its own business operations	10,347,321.83	8,447
11. Own shares and shares in a controlling company	0.00	0
of which: par value	0.00	0
12. Other assets	7,619,741,221.10	10,159,277
of which: deferred taxes	24,869,000.00	24,869
13. Subscribed capital called but not paid	0.00	0
14. Prepayments and accrued income	333,811,643.21	332,233
Total assets	60,351,650,944.63	66,366,579
Off-balance sheet items		
1. Foreign assets	37,418,407,266.21	39,853,158

	in EUR Dec 15	in EUR thousand Dec 14
Liabilities and equity		
1. Liabilities to credit institutions	19,698,992,269.74	19,639,910
a) repayable on demand	4,229,981,192.55	1,875,781
b) with agreed maturity dates or periods of notice	15,469,011,077.19	17,764,129
2. Liabilities to customers (non-banks)	4,252,603,379.15	4,599,610
a) savings deposits	0.00	0
aa) repayable on demand	0.00	0
bb) with agreed maturity dates or periods of notice	0.00	0
b) other liabilities	4,252,603,379.15	4,599,610
aa) repayable on demand	2,770,340,867.98	1,865,647
bb) with agreed maturity dates or periods of notice	1,482,262,511.17	2,733,963
3. Securitised liabilities	17,417,120,522.42	22,430,604
a) debt securities issued	13,571,205,484.27	18,860,492
b) other securitised liabilities	3,845,915,038.15	3,570,112
4. Other liabilities	7,426,409,535.91	9,655,311
5. Accruals and deferred income	273,185,976.94	225,797
6. Provisions	526,233,681.72	577,135
a) provisions for severance payments	0.00	0
b) provisions for pensions	307,912,164.49	355,856
c) provisions for taxes	17,929,305.46	15,431
d) other	200,392,211.77	205,848
6a. Special fund for general banking risks	0.00	0
7. Tier 2 capital pursuant to Part 2 Title I Chapter 4 of Regulation (EU) No 575/2013	4,994,765,792.77	4,348,611
8. Additional Tier 1 capital pursuant to Part 2 Title I Chapter 3 of Regulation (EU) No 575/2013	0.00	0
8a Compulsory convertible bonds pursuant to § 26 Austrian Banking Act (BWG)	0.00	0
8b Instruments without a vote pursuant to § 26a Austrian Banking Act (BWG)	0.00	0
9. Subscribed capital	859,600,000.00	859,600
10. Capital reserves	1,627,019,510.67	1,627,020
a) committed	1,627,019,510.67	1,627,020
b) uncommitted	0.00	0
c) for own shares and shares in a controlling company	0.00	0
11. Retained earnings	2,204,687,275.31	1,546,848
a) statutory reserve	1,537,900,000.00	1,537,900
b) reserves provided for by the articles	0.00	0
c) other reserves	624,488,712.43	0
d) for own shares and shares in a controlling company	0.00	0
e) other tied reserves	42,298,562.88	8,948
12. Reserve pursuant to section 57 (5) of Austrian Banking Act (BWG)	851,000,000.00	851,000
13. Net profit or loss for the year	214,900,000.00	0
14. Untaxed reserves	5,133,000.00	5,133
a) valuation reserve resulting from special depreciation	5,133,000.00	5,133
b) other untaxed reserves of which	0.00	0
aa) investment reserve pursuant to section 9 of the Income Tax Act (EStG) 1988	0.00	0
bb) investment allowance pursuant to section 10 of the Income Tax Act (EStG) 1988	0.00	0
cc) rent reserve pursuant to section 11 of the Income Tax Act (EStG) 1988	0.00	0
dd) reserve transferred pursuant to section 12 (7) of the Income Tax Act (EStG) 1988	0.00	0
Total liabilities and equity	60,351,650,944.63	66,366,579
Off-balance sheet items		
1. Contingent liabilities of which	4,816,804,668.78	4,828,285
a) acceptances and endorsements	0.00	0
b) guarantees and assets pledged as collateral security	4,180,588,329.28	4,290,050
c) credit derivatives	636,216,339.50	538,235
2. Commitments	7,078,400,311.44	6,566,223
of which: commitments arising from repurchase agreements	0.00	0
3. Liabilities arising out of fiduciary activities	188,916.30	318
4. Own funds pursuant to Part 2 of Regulation (EU) No 575/2013	10,036,583,341.28	9,008,415
of which: Tier 2 capital pursuant to Part 2 Title I Chapter 4 of Regulation (EU) No 575/2013	4,704,215,796.98	4,287,525
5. Own funds requirements pursuant to Art 92 of Regulation (EU) No 575/2013 of which: capital required pursuant to Art 92 (1) of Regulation (EU) No 575/2013	2,523,965,682.30	2,746,699
a) Common Equity Tier 1 capital ratio of 4.5% (2014: 4%)	5,332,367,544.30	4,720,890
b) Tier 1 capital ratio of 6% (2014: 5.5%)	5,332,367,544.30	4,720,890
c) Total capital ratio of 8%	10,036,583,341.28	9,008,415
6. Foreign liabilities	13,933,552,865.45	17,167,517

II. Income Statement of Erste Group Bank AG for the year ended 31 December 2015

	in EUR 1-12 15	in EUR thousand 1-12 14
1. Interest and similar income	1,027,539,377.98	1,025,471
of which: from fixed-income securities	324,054,956.59	364,479
2. Interest and similar expenses	-598,830,764.97	-627,430
I. NET INTEREST INCOME	428,708,613.01	398,041
3. Income from securities and participating interests	675,819,420.48	27,738
a) income from shares, other ownership interests and variable-yield securities	7,130,457.57	10,068
b) income from participating interests	14,009,358.33	15,234
c) income from shares in affiliated companies	654,679,604.58	2,436
4. Commissions income	159,534,274.41	161,489
5. Commissions expenses	-127,761,074.63	-127,386
6. Net profit or loss on financial operations	26,021,888.46	2,219
7. Other operating income	166,309,230.84	77,694
II. OPERATING INCOME	1,328,632,352.57	539,795
8. General administrative expenses	-458,492,779.83	-538,281
a) staff costs	-245,077,293.41	-309,235
aa) wages and salaries	-204,798,350.96	-185,772
bb) expenses for statutory social security contributions and compulsory contributions related to wages and salaries	-41,904,994.33	-37,653
cc) other social expenses	-2,576,659.77	-2,231
dd) expenses for pensions and assistance	-13,858,389.14	-16,829
ee) release / allocation to the provision of pensions	19,560,938.04	-55,873
ff) expenses for severance payments and contributions to severance and retirement funds	-1,499,837.25	-10,877
b) other administrative expenses	-213,415,486.42	-229,046
9. Value adjustments in respect of assets items 9 and 10	-26,545,021.45	-25,697
10. Other operating expenses	-35,051,628.71	-9,076
III. OPERATING EXPENSES	-520,089,429.99	-573,054
IV. OPERATING RESULT	808,542,922.58	-33,259
11. Value adjustments of loans and advances and allocations to provisions for contingent liabilities, commitments and securities held in the financial current assets	-409,787,064.87	-466,139
12. Value re-adjustments of loans and advances and provisions for contingent liabilities, commitments and securities held in the financial current assets	270,781,112.14	220,879
13. Value adjustments of transferable securities held as financial fixed assets, participating interests and shares in affiliated companies	-19,850,665.00	-264,582
14. Value re-adjustments of transferable securities held as financial fixed assets, participating interests and shares in affiliated companies	237,284,372.64	8,911
V. PROFIT OR LOSS ON ORDINARY ACTIVITIES	886,970,677.49	-534,190
15. Extraordinary income	0.00	266,045
of which: withdrawals from the special fund for general banking risks	0.00	0
16. Extraordinary expenses	0.00	0
of which: allocation to the special fund for general banking risks	0.00	0
17. Extraordinary result (sub-total of items 15 and 16)	0.00	266,045
18. Tax on profit or loss	85,987,358.15	100,963
19. Other taxes not reported under item 18	-100,218,760.33	-101,566
19a. Result from mergers	0.00	-5,554,032
VI. PROFIT OR LOSS FOR THE YEAR AFTER TAX	872,739,275.31	-5,822,780
20. Changes in reserves	-657,839,275.31	5,822,780
of which: allocation to liability reserve pursuant to section 23 (6) of the Austrian Banking Act (BWG)	0.00	0
of which: reversal of liability reserve pursuant to section 23 (6) of the Austrian Banking Act (BWG)	0.00	0
VII. PROFIT OR LOSS FOR THE YEAR AFTER DISTRIBUTION ON CAPITAL	214,900,000.00	0
21. Profit brought forward from previous year	0.00	0
22. Profit transferred on the basis of profit transfer agreement	0.00	0
VIII. PROFIT OR LOSS FOR THE YEAR	214,900,000.00	0

III. Notes to the Financial Statements 2015

A. GENERAL INFORMATION

Erste Group Bank AG is listed on the Vienna Stock Exchange. It is also quoted on the Prague Stock Exchange (since October 2002) and on the Bucharest Stock Exchange (since February 2008). Erste Group Bank AG is registered in the company register at the Commercial Court of Vienna under FN 33209m. Its registered office is at Am Belvedere 1, 1100 Vienna (before Graben 21, 1010 Vienna).

The financial statements 2015 of Erste Group Bank AG have been prepared in accordance with the regulations of the Commercial Code (Unternehmensgesetzbuch, UGB) and in conjunction with the applicable provisions of the Austrian Banking Act (Bankwesengesetz, BWG).

Pursuant to section 59a Austrian Banking Act (BWG), Erste Group Bank AG prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) on the same balance sheet date.

Erste Group Bank AG – as nearly all Austrian savings banks – is a member of the Haftungsverbund Savings Banks Group.

The Savings Banks Group defines itself as an association of independent, regionally established savings banks which strives to bolster its market position by strengthening common product development, harmonising its market appearance and advertising concepts, pursuing a common risk policy and engaging in co-ordinated liquidity management while applying common controlling standards.

In addition, the purpose of this association is:

- _ to identify any business issues of its member banks at an early stage and to provide effective assistance to its members in the resolution of business issues – this can range from offering technical assistance or giving guarantees to provide borrowed or qualifying capital;
- _ to provide customers with a deposit guarantee system that goes beyond the legal deposit guarantee requirement (sections 93 et seq. Austrian Banking Act), which merely protects certain types of customer deposits, by creating a suitable obligation to service the liabilities of other participating savings banks if the need arises.

Haftungsverbund GmbH is responsible for implementing such measures and analysing the business situation of every member bank of Haftungsverbund. Overall, the participating savings banks hold a maximum stake of 49% (assuming all savings banks participate) in Haftungsverbund GmbH and Erste Group Bank AG always holds a minimum stake of 51%.

As required by the Austrian Banking Act (BWG), individual members of Haftungsverbund may need to provide assistance to other members (by giving liquidity assistance, granting loans or guarantees and providing equity capital, for instance), and, in the case of insolvency (section 93 (3) no. 1 Austrian Banking Act), to service the guaranteed customer deposits of a Haftungsverbund member. The extent of the individual payments to be made by individual Haftungsverbund members where needed is subject to an individual and general limit. Any contributions made by Haftungsverbund members under the statutory deposit guarantee system pursuant to sections 93 et seq. Austrian Banking Act (BWG) are likewise counted in. The corresponding amounts are determined by Haftungsgesellschaft and communicated to members liable for contributions.

In 2013, collaboration with the savings banks was further strengthened by way of further agreement. The purpose of the agreement concluded in 2013 and effective as of 1 January 2014 is not only to broaden the regulatory options available to Erste Group Bank AG but also to ensure compliance with point 127 of Article 4 (1) CRR and Article 113 (7) CRR with a view to allowing recognition of minority interests at a consolidated level in acc. with Article 84 (6) CRR. Savings banks that are party to the agreement concluded in 2013 further include Allgemeine Sparkasse Oberösterreich, which, together with the other members of the Haftungsverbund, forms an institutional protection scheme as defined under Article 113 (7) CRR. Owing to the new legal and supervisory requirements, the maximum limits for support mechanisms of the individual members were raised and an ex ante fund was set up. Payments to the ex ante fund are made on a quarterly basis over a period of 10 years.

In the financial statements, the payments by the individual members are recognised as participating interest in IPS GesbR – which has been charged with managing the ex ante fund. In addition, a reserve has been created, which, as agreed under the contractual provisions, constitutes another tied reserve. These appropriated retained earnings may be released only if the ex ante fund is used due to a case of loss. Internally, this reserve may therefore not be used to cover a loss and, at member level, it does not qualify as own funds under the definition of CRR; on a consolidated level, however, the ex ante fund qualifies as own funds.

Ongoing legal cases

Erste Group Bank AG is party to lawsuits that, for the most part, have a bearing on ordinary banking business. The outcome of these proceedings is not expected to have a significant negative impact on the financial position and profitability of Erste Group Bank AG. Erste Group Bank AG is currently also involved in the following legal case:

Corporate Bond investors' prospectus claims. In 2014, a number of investors in corporate bonds, issued by a large Austrian construction group in the years 2010, 2011 and 2012, filed claims with courts in Vienna against Austrian banks, among them Erste Group Bank AG, requesting compensation for their losses as bond-holders following the bankruptcy of the issuer in 2013. The plaintiffs argue, in essence, that the defendant banks, which acted as joint-lead managers in the issuing of the respective bond, already knew of the issuer's insolvency status at that time and should be liable for the failure of the issuing prospectus to state this. Erste Group Bank AG, together with a second Austrian bank, acted as joint-lead manager of the bond issue in 2011. Erste Group Bank AG rejects the claims.

Disclosure

Erste Group Bank AG uses the Internet as the medium for publishing disclosures under Article 434 of the Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation - CRR). Details are available on the website of Erste Group Bank AG at www.erstegroup.com/ir. Relevant disclosures are included in the annual report in the section 'reports' or published as separate documents in the section 'regulatory disclosure'.

Size according to section 221 Commercial Code (UGB)

Pursuant to section 221 Commercial Code (UGB), the legal regulations for large companies are valid for the financial year ending 31 December 2015.

B. NOTES ON ACCOUNTING AND MEASUREMENT METHODS

Generally accepted accounting principles

The financial statements have been prepared in accordance with generally accepted accounting principles and according to the standard principle that the financial statements should give a fair and accurate view of the company's financial position, income and expenses. The principle of individual measurement was applied in assessing the company's assets and liabilities, and the assumption was that the company would continue to operate (going concern). In applying the principle of prudence, the particularities of the banking business were taken into account.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency were measured at the ECB reference rates applicable at the balance sheet date. The currencies for which ECB did not publish a reference rate were recognised at the mid rate for foreign currencies of Erste Group Bank AG. Foreign exchange forward transactions and FX swaps were rated at the forward currency rate.

Participating interests and shares in affiliated companies

Interests and shares in affiliated companies were recognised at the cost of acquisition. Where permanent impairments resulted from sustained losses or other circumstances, valuations were revised downward accordingly. Where the reasons for an impairment ceased to exist, a write-up was required in the amount of the value increase but capped with costs of acquisition. Where available, the carrying amount is determined based on recent transactions, market quotations or appraisals. The value is determined using a discounted cash flow model (DCF model), which incorporates the specifics of the banking business and its regulatory environment. In determining the value, the present value of future earnings distributable to shareholders is calculated. The estimation of future earnings distributable to shareholders is based on financial plans as agreed by the management while taking into account the fulfilment of the respective regulatory capital requirements. The planning period is five years. Any earnings forecast beyond the planning period are derived on the basis of the last year of the planning period and a long-term growth rate. The present value of such perpetual earnings growing at a stable rate (referred to as terminal value) takes into consideration macroeconomic parameters and economically sustainable cash flows.

Securities

Depending on their classification, securities (debt securities and other fixed-income securities, shares and other variable-yield securities) are held either as trading assets, current assets or financial assets. According to the classification they are measured in the manner specified below:

- _ trading assets at market value, even where acquisition costs are exceeded;
- _ current assets at acquisition cost or at the lower market value (strict application of the rule to value "whichever is lowest out of market value or acquisition costs") respectively bonds admitted to trading on stock exchanges at market values;
- _ fixed assets at acquisition cost and where permanent impairment can be presumed, at the lower market value (discretionary application of the rule to value "whichever is lowest out of market value or acquisition costs").

Securities in the trading portfolio and bonds admitted to trading on stock exchanges in the current asset portfolio were measured at market value pursuant to section 207 Commercial Code (UGB) and section 56 (5) Austrian Banking Act (BWG). For bonds and other fixed-income securities, the difference between acquisition cost and redemption value was amortised pro rata temporis pursuant to section 56 (2) Austrian Banking Act (BWG) or recognised as income pro rata temporis over the residual time to maturity until redemption in accordance with section 56 (3) Austrian Banking Act (BWG). Sustained depreciation was written off pursuant to section 204 (2) Commercial Code at the lower present value as of the balance sheet date.

Securities were allocated to trading assets, current assets or to financial assets in accordance with the organisational policies adopted by the management board. The fair value, or market price, is the price that can be achieved by selling a financial instrument, or the price payable for its purchase, in an active market. Where available, the market prices were used for asset valuation. Valuation methods, especially the present value method, were used for assets without market prices.

Loans and advances to credit institutions and customers, bills of exchange and other assets

Loans and advances to credit institutions and customers, bills of exchange and other assets were measured in accordance with section 207 Commercial Code (UGB). Appropriate value adjustments were made to account for recognisable risk. Write-ups were made from the reversal of value adjustments. Loans were measured in consideration of statistical risk factors while provisions were made where applicable in the form of portfolio corrections. Loans and advances to debtors in high-risk countries were assessed conservatively giving due consideration to the opinion of the Expert Senate for Commercial Law and Auditing (Fachsenat für Handelsrecht und Revision) of the Chamber of Chartered Public Accountants and Tax Consultants (Kammer der Wirtschaftstreuhänder).

Intangible and tangible assets

Intangible and tangible assets were measured at purchase or production cost less depreciation and impairment. Straight-line depreciation was employed where planned. The useful life is 25 to 50 years for buildings and 5 to 20 years for fixtures and fittings; the amortisation period for intangible assets is 4 to 15 years. Low-value assets were fully written off in the year of acquisition.

Securitised and subordinated liabilities

Securitized and subordinated liabilities were recognised in the balance sheet at their repayment values or the pro rata annual values (zero coupon bonds).

Issuing costs – premiums and discounts on issues

Issuing costs for securities were expensed immediately; premiums and discounts on issues were amortised over the term of the securities.

Provisions

Defined benefit plan

Defined benefit plans of Erste Group AG comprise provisions for pension, severance and jubilee benefits. Defined pension plans now only apply to retired employees. In past years, the pension obligations for active employees were transferred to VBVB-Betriebliche Altersvorsorge AG. Remaining with Erste Group Bank AG is a defined-benefit obligation for entitlements of former employees who had already retired by 31 December 1998 before the pension reform took effect, and for those former employees who did not retire until 1999 but continued to be entitled to a direct pension from Erste Group Bank AG under individual agreements. Entitlements to resulting survivor pensions also remained with the Erste Group Bank AG. Severance entitlements continue to be applicable for employees whose employment contract with Erste Group Bank AG commenced prior to 1 January 2003. Severance pay is a one-off payment which employees are entitled to when their employment is terminated. Entitlement to this severance pay arises after three years of employment. Defined benefit plans include jubilee benefits. The amount of jubilee benefits (payments for long-term service/loyalty to the company) is determined by the length of employment with the employer. The entitlement to jubilee benefits is established by a collective agreement, which defines both the conditions and amount of the entitlement. Obligations under defined benefit plans for employees are determined using the projected unit credit method. Future obligations are determined based on actuarial reports. The calculation takes into account not only the known salaries, pensions and entitlements to future pension payments but also salary and pension increases expected in the future.

Tax provisions and other provisions

Unless the amounts were small, provisions were set aside in the amount deemed necessary in standard commercial practice.

Assets held in trust

Recoverable trust assets were declared off-balance sheet in accordance with section 48 (1) Austrian Banking Act (BWG).

Derivative business

Derivatives in a hedge-relation under AFRAC are treated as a functional unit, thus the Clean Price neither of the derivative nor of the hedged item is part of the balance sheet. The presentation of trading book derivatives on balance sheet is done for the single confirmation priced mark-to-market. Recognition-of-loss principal is applied for derivatives in banking book outside of a hedge-relation under AFRAC. The negative Clean Price is represented in the form of a provision affecting income statement. Interest income and expense is accrued.

For calculating the market values, credit value adjustment (CVA) for assets in trading and banking book, and debit value adjustment (DVA) were taken into account only for assets in the banking book.

Securities lending and repurchase transactions

In repurchase agreements / securities lending transactions, the assets assigned are still recognised in the balance sheet. A liability is presented against the pledgee in the amount received for the transfer. In reverse repurchase agreements / securities lending transactions, the assets taken over are not part of the balance sheet. The amount owed by the pledgor is recognised as a receivable in the amount paid for the transfer. The Erste Group Bank has repurchase agreements / securities lending transactions with the commitment to return the securities.

Changes in balance sheet disclosure

Starting in 2015, Erste Group Bank AG has been fulfilling the requirements to apply balance sheet netting for centrally cleared derivatives. Netted financial assets and liabilities are settled on a net basis; the right to set off the amounts is legally enforceable. Both the book value of the derivative and the paid or received collateral have been offset. Netting reduced the balance sheet total by EUR 461,018,188.11.

As of 1 January 2015 regulations from “AFRAC” for the treatment of internal trades became effective. Internal derivatives that no longer fulfilled the requirements had to be released. These trades had a volume of EUR 12,643,278,544.58, the release effected income statement positive in the amount of EUR 45,742,461.05, of as follows in detail is: expenses of EUR 5,532,223.62 in the position net interest income, income of EUR 539,296.17 in the position net profit or loss on financial operations and income of EUR 50,735,388.50 in the position other operating income.

Erste Group Bank AG has previously issued its own covered bonds, including them in the current assets and then depositing them with ECB or OeNB as collateral for the procurement of liquidity. These covered bonds deposited as collateral represent issues for sale as they are not sold to third parties and thus have not been brought into circulation. As of 31 December 2015, the volume of issues for sale deposited as collateral with OeNB/ECB amounted to EUR 2,843,500,000.00 (prior year: EUR 3,943,500 thousand). Up until the 2014 financial statements, issues for sale used as collateral to secure liquidity were recognised both on the assets and on the liabilities side, in the Erste Group Bank AG balance sheet, prepared according to the Commercial Code (UGB) / Austrian Banking Act (BWG). With a view to preparing the 2015 financial statements, the various ways banks in Austria present issues for sale was discussed and consistency consultations were held. The purpose of harmonisation was to ensure consistent presentation of issues for sale so as to improve comparability between the various local financial statements. As a result, Erste Group Bank AG adapted the method of presentation in line with the outcome of the consistency consultations and, starting with the 2015 financial statements, issues for sale are no longer recognised both on the assets and the liabilities side.

The new presentation has given rise to the following:

- _ Assets: item A.5 is now EUR 2.84 billion lower. As issues for sale have been admitted to trading in the stock exchange, item A.5. "of which: own debt securities" has likewise been reduced by this amount.
- _ Liabilities: item P.3.a) is lower by EUR 2.84 billion
- _ Income statement: no effect on net interest income. The gross amounts for interest income and expenses have been decreased by EUR 669.0 thousand each.

C. NOTES ON THE BALANCE SHEET AND INCOME STATEMENT

Unless otherwise indicated, amounts for the reporting year are stated in Euros, for the previous year in thousand Euros. The tables in this report may contain rounding differences.

1. Maturity structure of loans and advances as well as liabilities to credit institutions and customers (by residual time to maturity)

Loans and advances

in EUR or in EUR thousand	Dec 15	Dec 14
Loans and advances to credit institutions	18,236,021,900.30	19,008,143
payable on demand	2,746,268,167.10	661,639
0-3 months	4,576,689,306.76	7,107,580
3-12 months	3,287,873,176.10	2,242,875
1-5 years	6,522,462,305.68	7,585,505
>5 years	1,102,728,944.66	1,410,544
Loans and advances to customers	13,712,778,328.22	14,276,541
payable on demand	450,035,736.34	592,889
0-3 months	1,196,169,646.70	1,280,871
3-12 months	1,589,297,957.90	1,626,553
1-5 years	5,484,224,452.91	5,588,438
>5 years	4,993,050,534.37	5,187,790

Liabilities

in EUR or in EUR thousand	Dec 15	Dec 14
Liabilities to credit institutions	19,698,992,269.74	19,639,910
payable on demand	4,229,981,192.55	1,875,781
0-3 months	12,179,643,495.75	13,885,109
3-12 months	1,101,397,755.03	660,215
1-5 years	1,573,777,844.79	2,386,810
>5 years	614,191,981.62	831,995
Liabilities to customers (non-banks)	4,252,603,379.15	4,599,610
Savings deposits	0.00	0
Other Liabilities	4,252,603,379.15	4,599,610
payable on demand	2,770,340,867.98	1,865,647
0-3 months	893,507,151.66	1,920,447
3-12 months	44,568,967.71	88,525
1-5 years	178,086,391.80	120,500
>5 years	366,100,000.00	604,491
Securitised liabilities	17,417,120,522.42	22,430,604
payable on demand	0.00	0
0-3 months	544,898,668.77	1,499,337
3-12 months	2,779,607,151.78	1,336,842
1-5 years	6,559,143,007.35	10,011,927
>5 years	7,533,471,694.52	9,582,498

2. Debt securities due within one year

Purchased debt securities worth EUR 2,357,118,731.28 (prior year: EUR 2,285,344 thousand) and issued debt securities worth EUR 3,324,505,820.55 (prior year: EUR 2,836,179 thousand) are scheduled to mature in the year following 31 December 2015.

3. Assets and liabilities in foreign currencies

in EUR or in EUR thousand	Dec 15	Dec 14
Assets	14,540,080,962.65	15,663,721
Liabilities	9,632,322,872.31	8,571,322

4. Loans and advances as well as liabilities to affiliated companies and companies in which participating interests are held

in EUR or in EUR thousand	Loans and advances to affiliated companies		Loans and advances to participating interests	
	Dec 15	Dec 14	Dec 15	Dec 14
Loans and advances to credit institutions	15,190,719,256.51	14,708,410	709,303.25	399
Loans and advances to customers	3,677,598,677.22	4,386,745	399.03	0
Debt securities and other fixed-income securities (incl. securitised loans and advances to credit institutions)	1,477,454,109.77	1,493,339	0.00	0
Shares and other variable-yield securities	725,420,679.49	265,779	0.00	0

Among these, the most important companies are:

Loans and advances to affiliated companies:

- _ Banca Comercială Română S.A., Bucharest
- _ Steiermärkische Bank und Sparkassen Aktiengesellschaft, Graz
- _ Česká Spořitelna a.s., Prague
- _ Erste Bank Hungary ZRT Head Office, Budapest

in EUR or in EUR thousand	Liabilities to affiliated companies		Liabilities to participating interests	
	Dec 15	Dec 14	Dec 15	Dec 14
Liabilities to credit institutions	12,328,951,282.55	12,490,045	19,200.00	486
Liabilities to customers (non-banks)	238,746,355.35	230,175	298.09	596

Liabilities to affiliated companies:

- _ Erste Bank der oesterreichischen Sparkassen AG, Vienna
- _ Allgemeine Sparkasse Oberösterreich Bank AG, Linz
- _ Steiermärkische Bank und Sparkassen Aktiengesellschaft, Graz
- _ Česká Spořitelna a.s., Prague

Business with affiliated companies is conducted at arm's length.

5. Subordinated assets

in EUR or in EUR thousand	Dec 15	Dec 14
Loans and advances to credit institutions, thereof	1,585,883,083.82	1,578,185
to affiliated companies	1,564,993,643.13	1,557,276
to companies with participating interests	0.00	0
Loans and advances to customers, thereof	48,145,223.07	202,315
to affiliated companies	5,500,000.00	5,500
to companies with participating interests	570,481.75	570
Shares and other fixed-income securities, thereof	502,992,497.16	330,821
to affiliated companies	5,262,069.15	5,211
to companies with participating interests	0.00	0

Following admission to trading on stock exchange, securities were moved from the balance sheet item "Loans and advances to customers" to the balance sheet item "Debt securities and other fixed-income securities". The prior year amount, which was not adjusted, amounted to EUR 158,768 thousand (including interest accrual).

6. Fiduciary business

No fiduciary business was disclosed as of the balance sheet date.

7. Securities

Breakdown of securities admitted to trading on stock exchange

pursuant to section 64 (1) no. 10 Austrian Banking Act (BWG) in EUR or in EUR thousand	Listed		Not listed	
	Dec 15	Dec 14	Dec 15	Dec 14
Debt securities and other fixed-income securities	5,823,278,016.05	2,387,173	181,559,230.33	7,162,569
Shares and other variable-yield securities	330,747,102.85	98,250	784,271,367.28	98,055
Participating interests	55,173,398.63	43,597	0.00	0
Shares in affiliated companies	0.00	0	0.00	0
Total	6,209,198,517.53	2,529,020	965,830,597.61	7,260,624

pursuant to section 64 (1) no. 11 Austrian Banking Act (BWG) in EUR or in EUR thousand	Fixed assets		Current assets	
	Dec 15	Dec 14	Dec 15	Dec 14
Debt securities and other fixed-income securities	3,195,150,545.61	2,549,037	2,809,686,700.77	7,000,706
Shares and other variable-yield securities	779,441,426.61	65,902	335,577,043.52	130,403
Total	3,974,591,972.22	2,614,939	3,145,263,744.29	7,131,109

Allocation pursuant to section 64 (1) no. 11 Austrian Banking Act (BWG) was carried out in accordance with the organisational policies adopted by the management board, with positions being included under fixed assets that are held for strategic purposes of liquidity. As of 31 December 2015, the difference to the redemption value resulting from the pro rata write-downs pursuant to section 56 (2) Austrian Banking Act (BWG) amounts to EUR 176,023,595.49 (prior year: EUR 211,832 thousand), whereas the difference to the redemption value from the pro-rata write-ups pursuant to section 56 (3) Austrian Banking Act (BWG) amounts to EUR 23,977,422.58 (prior year: EUR 88,290 thousand).

Repurchase agreements

The carrying amount of the assets subject to sale and repurchase agreements amounts to EUR 520,752,641.33 on the balance sheet date (prior year: EUR 200,562 thousand).

Differences of the securities listed for trade on the stock exchange not held as financial fixed assets

The difference between the higher market value on the balance sheet date and the cost of purchase pursuant to section 56 (5) Austrian Banking Act (BWG) amounts to EUR 19,024,638.62 (prior year: EUR 140,794 thousand).

Breakdown of debt securities and other fixed-income securities

in EUR or in EUR thousand	Dec 15	Dec 14
Issued by public-sector issuers	2,002,923,228.29	1,223,803
Own issues	904,290,805.55	4,794,717
Bonds - domestic credit institutions	266,347,853.67	293,267
Bonds - foreign credit institutions	1,098,947,580.14	1,432,410
Mortgage and municipal securities	451,354,533.16	456,536
Convertible bonds	28,379,554.08	46,510
Other bonds	1,252,593,691.49	1,384,197
Total	6,004,837,246.38	9,631,440

Own issues: reduction due to change in the presentation of issues for sale (see chapter B „changes in balance sheet disclosure“)

8. Trading book

Erste Group Bank AG kept a trading book pursuant to Art. 102 CRR throughout the financial year. As of 31 December 2015, the securities portfolio assigned to the trading book was EUR 3,210,976,504.97 (prior year: EUR 2,844,457 thousand). Money market instruments worth EUR 12,761,231,052.35 (prior year: EUR 12,782,285 thousand) were assigned to the trading book as of 31 December 2015.

The volume of other financial instruments included in the trading book had a par value of EUR 217,262,618,239.35 as of 31 December 2015 (prior year: EUR 220,145,818 thousand):

in EUR or in EUR thousand	Long position		Short position		Total	
	Dec 15	Dec 14	Dec 15	Dec 14	Dec 15	Dec 14
Options	2,134,993,865.27	2,308,940	1,987,135,089.56	2,134,864	4,122,128,954.83	4,443,804
Caps and floors	15,552,953,847.88	19,613,222	17,775,657,221.07	19,907,577	33,328,611,068.95	39,520,799
Currency swaps	49,979,675,820.64	43,443,330	0.00	0	49,979,675,820.64	43,443,330
Interest rate swaps	127,585,928,095.50	130,780,562	0.00	0	127,585,928,095.50	130,780,562
Fwd rate agreem.	111,016,541.46	4,752	100,000,000.00	350,007	211,016,541.46	354,759
Financial futures	284,472,507.44	195,275	214,720,268.96	43,316	499,192,776.40	238,591
Loan derivatives	260,125,994.33	162,165	636,216,339.50	538,235	896,342,333.83	700,400
Commodity derivatives	225,552,996.04	247,476	0.00	0	225,552,996.04	247,476
Other	414,169,651.70	416,097	0.00	0	414,169,651.70	416,097
Total	196,548,889,320.26	197,171,819	20,713,728,919.09	22,973,999	217,262,618,239.35	220,145,818

Trades with two legs are represented solely as long position.
This note refers to external trades only.

9. Participating interests and shares in affiliated companies

The indicated figures in EUR generally comply with IFRS; dividends received in the same year are deducted from equity capital. The share indicated below represents direct and indirect shares.

Holdings as of 31 December 2015

Company name, registered office	Interest of Erste Group in %	Equity	Result	Balance sheet date
Credit institutions				
Banca Comercială Română S.A., Bucharest	93.58	1,357,866,675.00	216,773,232.00	31.12.2015
Banka Sparkasse d.d., Ljubljana	28.00	92,665,019.00	6,540,812.00	31.12.2015
Česká spořitelna a.s., Praha	98.97	4,268,059,611.00	518,451,393.00	31.12.2015
Erste & Steiermärkische Bank d.d., Rijeka	69.26	803,316,577.00	-132,960,633.00	31.12.2015
ERSTE BANK AD NOVI SAD, Novi Sad	80.50	131,791,442.00	9,851,783.00	31.12.2015
Erste Bank der oesterreichischen Sparkassen AG, Vienna	100.00	1,669,071,741.00	207,588,424.00	31.12.2015
Erste Bank Hungary Zrt, Budapest	100.00	478,269,810.00	-76,543,447.00	31.12.2015
Prva stavebna sporitelna, a.s., Bratislava	35.00	243,975,334.96	25,303,334.78	30.11.2015
Slovenska sporitelna, a. s., Bratislava	100.00	1,507,763,581.00	184,131,702.00	31.12.2015
SPAR-FINANZ BANK AG, Salzburg	50.00	4,122,678.45	249,470.38	31.12.2015
Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft, Hainburg an der Donau	75.03	65,001,354.00	6,847,985.00	31.12.2015
Financial institutions				
Erste Bank Beteiligungen GmbH, Vienna	100.00	309,979,116.00	-864,343.00	31.12.2015
ERSTE FACTORING d.o.o., Zagreb	76.95	42,288,518.00	12,368,414.00	31.12.2015
Erste Group Immorent AG, Vienna	100.00	310,047,985.00	-33,916,010.00	31.12.2015
ERSTE GROUP IMMORANT SME financne storitve d.o.o., Ljubljana	100.00	97,853.00	9,693.00	31.12.2015
Sparkassen IT Holding AG, Vienna	29.67	2,758,069.00	328,950.00	31.12.2015
TIPAL Immobilien GmbH in Liquidation, Bozen	92.50	2,780,221.00	-2,903,296.00	31.12.2015
VBV - Betriebliche Altersvorsorge AG, Vienna	26.94	54,121,383.00	5,573,168.00	31.12.2014
Other holdings				
"Sparkassen-Haftungs Aktiengesellschaft", Vienna	43.19	324,879.00	119,420.00	31.12.2015
ERSTE d.o.o., Zagreb	45.19	14,476,828.78	2,824,110.75	31.12.2015
Erste Finance (Delaware) LLC, Wilmington	100.00	50,519.00	17,133.00	31.12.2015
Erste GCIB Finance I B.V., Amsterdam	100.00	2,702,505.00	-1,976,331.00	31.12.2015
Erste Group IT International GmbH, Vienna	100.00	10,421.70	-3,613.33	31.12.2014
Erste Securities Istanbul Menkul Degerler AS, Istanbul	100.00	2,667,331.00	-2,022,533.00	31.12.2015
ESB Holding GmbH, Vienna	69.27	61,272.83	9,794.87	31.12.2014
Haftungsverbund GmbH, Vienna	63.88	519,924.00	2,768.00	31.12.2015
Harkin Limited, Dublin	100.00	1,250,000.00	0.00	31.12.2014
IPS Fonds Gesellschaft bürgerlichen Rechts, Vienna	64.20	50,304,596.00	2,468.00	31.12.2015
ÖCI-Unternehmensbeteiligungsgesellschaft.m.b.H., Vienna	99.59	115,277.00	-59,892.00	31.12.2015
OM Objektmanagement GmbH, Vienna	100.00	84,614,256.00	-1,054,830.00	31.12.2015
s IT Solutions SK, spol. s r.o. v likvidácii, Bratislava	99.76	496,728.00	-7,890.00	31.12.2015
TPK-18 Sp. z o.o., Warszawa	100.00	338,780.55	7,229,153.89	31.12.2014
Valtecia Achizitii S.R.L., Bucuresti	100.00	-3,431,887.27	92,797.90	31.12.2014
Vaudeville Ingatlanberuhazo Korlatolt Felelőssegű Tarsasag, Budapest	100.00	-7,059,421.48	-286,859.79	31.12.2014
Zelina Centar d.o.o., Sveta Helena	100.00	-18,961,772.45	2,015,135.59	31.12.2014

10. Fixed assets

The statement of changes in fixed assets pursuant to section 226 (1) Commercial Code (UGB) is disclosed separately in the Appendix to the Notes. The carrying amount of developed land was EUR 509,327.35 as of 31 December 2015 (prior year: EUR 509 thousand). The carrying amount as of 31 December 2015 did not include leased assets. For the next financial year, Erste Group Bank AG will have expenses from the use of tangible assets not disclosed in the balance sheet (rental and leasing contracts) of a total of EUR 21,952,560.00 (prior year: EUR 18,901 thousand), and of a total of EUR 113,331,859.00 for the next five financial years (prior year: EUR 92,288 thousand). Intangible fixed assets include assets with a value of EUR 40,344,472.02 (prior year: EUR 31,725 thousand) that have been acquired from an affiliated company. During the reporting year, assets in the value of EUR 20,380,159.65 were acquired (prior year: EUR 10,741 thousand).

11. Other assets

in EUR or in EUR thousand	Dec 15	Dec 14
Securities transactions	7,099,269.75	7,046
Derivatives	7,328,787,700.46	9,911,640
Accrued income	9,125,696.78	9,542
Deferred taxes	24,869,000.00	24,869
Receivables from participating interests and affiliated companies	105,618,543.49	98,889
Other payments and settlements	144,241,010.62	107,291
Other assets	7,619,741,221.10	10,159,277

The decrease in the balance sheet value of derivatives is due to the following reasons: Application of balance sheet netting for centrally cleared derivatives, release of internal derivatives not eligible for accounting purposes as of 1 January 2015 (see AFRAC “Stellungnahme”), and lower market values resulting from mark-to-market valuation.

12. Accrued and deferred items

Prepayments and accrued income had increased to EUR 333,811,643.21 as of 31 December 2015 (prior year: EUR 332,232 thousand). Of these, EUR 117,394,026.75 (prior year: EUR 121,890 thousand) were accruals in connection with derivative instruments and EUR 94,426,228.05 (prior year: EUR 106,230 thousand) were prepayments on commissions.

13. Securitised liabilities

in EUR or in EUR thousand	Dec 15	Dec 14
Covered loans and bank bonds	0.00	907,277
Non-covered loans and bank bonds	9,074,747,380.92	9,935,146
Mortgage and municipal bonds	8,224,566,609.30	11,427,549
Certificates of deposit and commercial paper	117,806,532.23	160,632
Securitised liabilities	17,417,120,522.45	22,430,604

Mortgage and municipal bonds: reduction due to change in the presentation of issues for sale (see chapter B „changes in balance sheet disclosure“)

14. Other liabilities

in EUR or in EUR thousand	Dec 15	Dec 14
Securities transactions	3,259,377.29	4,536
Derivatives	6,819,478,911.61	9,158,192
Accrued income	4,444,000.95	5,252
Other liabilities and settlements	599,227,246.06	487,331
Other liabilities	7,426,409,535.91	9,655,311

The decrease in the balance sheet value of derivatives is due to the following reasons: Application of balance sheet netting for centrally cleared derivatives, release of internal derivatives not eligible for accounting purposes as of 1 January 2015 (see AFRAC “Stellungnahme”), and lower market values resulting from mark-to-market valuation.

15. Provisions

in EUR or in EUR thousand	Dec 15	Dec 14
Provisions for pensions	307,912,164.49	355,856
Provisions for taxation	17,929,305.46	15,431
Provisions for contingent liabilities	54,119,726.04	26,778
Provisions for negative market values of open derivatives without any hedge relationship	26,350,551.85	78,906
Other	119,921,933.88	100,165
Provisions	526,233,681.72	577,135

Provisions for pensions: The decrease by EUR 47,943,885.03 in the reporting year resulted from the decline in the number of entitled persons, on the one hand, and from the changed assumptions for the actuarial calculation.

Provisions for contingent liabilities: The rise was due to the increase in the loan commitment volume of Erste Group Bank AG in the financial year 2015.

Provisions for negative market values of open derivatives without any hedge relationship: Release of provisions built for internal derivatives not eligible for accounting purposes as of 1 January 2015 (see AFRAC "Stellungnahme").

Assumptions for the actuarial calculation of pension entitlements

	Dec 15	Dec 14
Interest rate	2.45%	2.00%
Expected increase in pension benefits	1.70%	2.00%

The expected retirement age for each employee was individually calculated on the basis of the changes set out in the Budget Implementation Act of 2003 (Budgetbegleitgesetz 2003, Federal Law Gazette Vol. I no. 71/2003) relating to the increase to the minimum retirement age. The currently applicable legislation specifying a gradual rise of the retirement age for men and women to 65 was taken into consideration.

Assumptions for the actuarial calculation of severance entitlements and jubilee benefits

	Dec 15	Dec 14
Interest rate	2.45%	2.00%
Average salary rise (including career trend and collective agreement trend)	2.60%	2.90%

The obligations were calculated in accordance with the Pagler & Pagler mortality table "AVÖ 2008 P – Rechnungsgrundlagen für die Pensionsversicherung". Severance obligations have been outsourced to Sparkassen Versicherung Aktiengesellschaft since 2007. Severance entitlements measured in accordance with commercial law and based on the above parameters amount to EUR 43,888,985.90 (prior year: 48,013 thousand) and were posted as a contingent liability off the balance sheet. The credit intended for the performance of outsourced severance entitlements with the insurer as of 31 December 2015 amounted to EUR 47,357,575.82 (prior year: 48,013 thousand). The outsourcing of severance entitlements to S-Versicherung AG has not resulted in any change to employee claims against Erste Group Bank AG, which continues to be liable for the severance entitlements of eligible employees.

16. Subordinated liabilities

Subordinated debt (subordinated liabilities and supplementary capital) amounted to EUR 5,615,173,107.51 (prior year: EUR 4,962,984 thousand) as of 31 December 2015. No subordinated liability taken by Erste Group Bank AG during the reporting year (including supplementary capital) was above the 10% limit for total subordinated liabilities. The terms of all other subordinated liabilities are in compliance with the requirements set forth in section 63 CRR.

Movements in total subordinated liabilities were as follows:

in EUR or in EUR thousand	1-12 15	1-12 14
Opening balance	4,962,983,794.81	4,392,045
Increase due to new issues	599,437,651.50	956,439
Decrease due to maturity	-86,962,000.00	-133,600
Decrease due to partial extinguishment	-1,200,000.00	-399,810
Increase in carrying amount of zero coupon bonds due to valuation price fluctuations	140,913,661.20	89,110
Closing balance	5,615,173,107.51	4,962,984

At the balance sheet date, the bank held no own issues from subordinated liabilities that were not admitted to trading on stock exchanges on asset side. In 2015, Erste Group Bank AG expenses for subordinated liabilities and supplementary capital were EUR 212,791,718.04 (prior year: EUR 202,477 thousand). The term “subordinated” is defined in sections 45 (4) and 51 (9) Austrian Banking Act (BWG).

17. Tier 2 capital pursuant to Part 2 title I Chapter 4 of Regulation (EU) No 575/2013

On the balance sheet date for 2015, Erste Group Bank AG held subordinated own capital, including deferred interest, with a carrying value of EUR 20,070,990.14 (prior year: EUR 21,296 thousand).

18. Subscribed capital

Subscribed capital as of 31 December 2015 was EUR 859,600,000.00 (prior year: EUR 859,600 thousand), represented by 429,800,000 voting bearer shares (ordinary shares). Erste Group Bank AG held no own shares on the balance sheet date.

19. Authorised and conditional capital as of 31 December 2015

Authorised capital

According to clause 5 of the Articles of Association, the management board is authorised to increase the registered capital of the Company until 21 May 2019 subject to the supervisory board’s consent - also in several tranches - by an amount of up to EUR 171,800,000.00 by issuing up to 85,900,000 voting no-par value bearer shares in return for contributions in cash and/or in kind, with the issue price and issuing conditions being determined by the management board subject to supervisory board’s consent.

Furthermore, the management board is authorised to fully or partly exclude the shareholders' statutory subscription right subject to supervisory board’s consent (exclusion of the subscription right):

- _ if the capital increase is in return for a cash contribution and the shares issued to the exclusion of the subscription right of the shareholders, taken together, do not exceed EUR 43,000,000.00; and/or
- _ if the capital increase is in return for contributions in kind.

These two measures may also be combined. However, the aggregate pro rata amount of registered capital represented by shares for which the shareholders' subscription rights are excluded under the referenced authorisation, together with the pro rata amount of registered capital attributable to shares issued to creditors of convertible bonds, which had been issued and sold after the beginning of 21 May 2014, in order to grant conversion or subscription rights or fulfil obligations must not exceed the amount of EUR 171,800,000.00.

Conditional capital

Pursuant to clause 6.3 of the Articles of Association, conditional capital based on the management board resolutions in 2002 and 2010 with a nominal value of EUR 21,923,264.00 persists, which can be consumed by issuing up to 10,961,632 ordinary bearer shares or ordinary registered shares with an issue price of at least EUR 2.00 per share against cash contribution and by excluding the subscription rights of the current shareholders. This conditional capital serves to grant share options to the employees, managers and management board members of the Company or an affiliated company. According to clause 6.4 of the Articles of Association, the company has additional conditional capital of EUR 124,700,000.00 from the issuance of up to 62,350,000 ordinary bearer shares. This conditional capital serves to grant conversion or subscription rights to investors of convertible bonds.

Authorized conditional capital

According to clause 7 of the Articles of Association no authorisation currently exists to grant conditional capital.

20. Major shareholders

As of 31 December 2015, DIE ERSTE oesterreichische Spar-Casse Privatstiftung (“Privatstiftung”), a foundation, controls together with its partners to shareholder agreements approximately 29.17% of the shares in Erste Group Bank AG and is with 12.88% controlling shareholder. The Privatstiftung is holding 9.22 % of the shares directly, the indirect participation of the Privatstiftung amounts to 3.66 % of the shares held by Sparkassen Beteiligungs GmbH & Co KG, which is an affiliated company of the Privatstiftung. 3.30% are held by Austrian savings banks respectively saving banks foundations acting together with the Privatstiftung and affiliated with Erste Group Bank AG through the Haftungsverbund. 9.92% of the subscribed capital is controlled by the Privatstiftung on the basis of a shareholder agreement with CaixaBank S.A. 3.08% are held by other partners to other shareholder agreements.

No dividend was paid (prior year: EUR 12,878 thousand) on the stake held by the Privatstiftung in Erste Group Bank AG in 2015 (for the financial year 2014). The purpose of the Privatstiftung, to be achieved notably by way of holding interests in Erste Group Bank AG, is to support social, scientific, cultural as well as charitable institutions and to promote the guiding principles of the savings bank philosophy. As of 31 December 2015, Franz Karl Prüller (Chairman), Richard Wolf (Vice Chairman), and Bernhard Spalt were members of the Privatstiftung management board. The Privatstiftung's supervisory board had eight members at the end of 2015, two of whom also serve as members of the supervisory board of Erste Group Bank AG. In accordance with clause 15.1 of the Articles of Association, and for the time in which the Privatstiftung assumes liability for all current and future debts in the event of their default on payment, it is entitled, pursuant to section 92 (9) Austrian Banking Act, to nominate up to one-third of the supervisory board members for election at the annual general meeting. So far, the Privatstiftung has not exercised this right.

As at 31 December 2015 AG, Erste Group Bank AG had accounts receivables - mainly from accrued interest on derivatives - with respect to the Privatstiftung in the amount of EUR 6,293,404.83 (in previous year was no detailed disclosure, comparative figure: EUR 6,309 thousand) and liabilities - primarily from accrued interest on derivatives - amounting to EUR 1,952,242.75 (in previous year was no detailed disclosure, comparative figure: 2,066 thousand). In addition, standard derivative transactions for hedging purposes were in place between Erste Group Bank AG and the Privatstiftung at year-end, namely interest-rate swaps for a notional amount of EUR 278,000,000.00 (previous year: EUR 282,000 thousand). Like last year, there were no foreign currency swaps. In addition, the Privatstiftung held bonds of Erste Group Bank AG in the amount of EUR 9,481,119.17 (previous year: EUR 203 thousand) and Erste Group Bank AG held debts evidenced by certificates issued by the Privatstiftung in the amount of EUR 2,924,526.24 (previous year: EUR 3,703 thousand). In 2015, the interest income of Erste Group Bank AG from these derivative transactions and from bonds held amounted to EUR 11,692,379.58 (previous year: EUR 11,893 thousand) for the reporting period while interest expenses amounted to EUR 7,936,982.10 (prior year: EUR 8,061 thousand).

As of 31 December 2015, CaixaBank S.A., which is based in Barcelona, Spain, held a total of 42,634,248 Erste Group Bank AG shares (prior year: 42,634,248 shares), which is equivalent to 9.92% (prior year: 9.92%) of the subscribed capital of Erste Group Bank AG. At the annual general meeting on 12 May 2015, Mr. Antonio Massanell Lavilla (deputy chairman of CaixaBank S.A.) and Mr. Gonzalo Gortázar Rotaèche (CEO of CaixaBank S.A.) were voted into the supervisory board of Erste Group Bank AG. Both were appointed for a 5-year term, until the annual general meeting in 2020. In addition, the shareholders' agreement between CaixaBank S.A. and the Erste Foundation, which has been in effect since 2009, was renewed on 15 December 2014 (Preferred Partnership Agreement). By virtue of this agreement, CaixaBank S.A. joined the ranks of the core shareholders, which include Erste Foundation as well as the savings banks, their foundations as well as Wiener Städtische Wechselseitige Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group. As member of this syndicate, CaixaBank will abide by the recommendations of the Erste Foundation when electing new supervisory board members. In addition, CaixaBank S.A. is granted the right to nominate a second supervisory board member at the 2015 general meeting. CaixaBank S.A. received no dividend (prior year: EUR 7,839) on its stake in Erste Group Bank AG in 2015 (for the financial year 2014).

Provisions concerning the appointment and dismissal of management board and the supervisory board members that do not result from statutory law concern clause 15.4 of the Articles of Association, according to which a majority of three quarters of valid votes cast and a majority of three quarters of the subscribed capital existing at the time of resolution are required to decide on the revocation of supervisory board members.

The Articles of Association contain no restrictions in respect of voting rights or the transfer of shares.

Clause 19.9 of the Articles of Association (amendments to the Articles of Association) contain provisions that do not follow directly from statutory law: amendments of the Articles of Association, in so far as they do not alter the purpose of the company, may be passed with a simple majority of votes cast and a simple majority of the subscribed capital represented at the annual general meeting considering the resolution. Where higher majority votes are required by individual provisions of the Articles of Association, these provisions can only be

amended with the same higher majority vote. Furthermore, clause 19.9 of the Articles of Association may only be amended with a majority of three-quarters of votes cast and with a majority of three-quarters of the subscribed capital represented at the meeting considering the resolution.

21. Reserves

In 2015, the reserves of Erste Group Bank AG were as follows:

in EUR	As of Dec 14	Allocations (+)	Releases (-)	As of Dec 15
Capital reserves	1,627,019,510.67	0.00	0.00	1,627,019,510.67
committed	1,627,019,510.67	0.00	0.00	1,627,019,510.67
uncommitted	0.00	0.00	0.00	0.00
for own shares and shares in a controlling company	0.00	0.00	0.00	0.00
Retained earnings	1,546,848,000.00	657,839,275.31	0.00	2,204,687,275.31
statutory reserve	1,537,900,000.00	0.00	0.00	1,537,900,000.00
reserves provided for by the articles	0.00	0.00	0.00	0.00
other reserves	0.00	624,488,712.43	0.00	624,488,712.43
for own shares and shares in a controlling company	0.00	0.00	0.00	0.00
other tied reserves	8,948,000.00	33,350,562.88	0.00	42,298,562.88
Reserve pursuant to section 23 (6) of the Austrian Banking Act (BWG)	851,000,000.00	0.00	0.00	851,000,000.00
Untaxed reserves	5,133,000.00	0.00	0.00	5,133,000.00
valuation reserve resulting from special depreciation	5,133,000.00	0.00	0.00	5,133,000.00
other untaxed reserves	0.00	0.00	0.00	0.00

The allocation of other tied retained earnings amounting to EUR 8,481,562.88 (prior year: EUR 8,948 thousand) relates to the ex ante fund (see Note 22) and the allocation amounting to EUR 24,869,000.00 (prior year: EUR 0 thousand) relates to the deferred tax assets.

22. Recovery & Resolution Fund, deposit guarantee fund, IPS fund

Recovery & Resolution Fund

EU directive 2014/59/EU (Bank Recovery and Resolution Directive, BRRD) was transposed into Austrian law via the Austrian Banking Restructuring and Resolution Act (BaSAG). BaSAG became effective on 1 January 2015. The law governs a number of aspects, including the creation of financing mechanisms for the resolution of credit institutions that provide for the annual payment of contributions by banks to a recovery and resolution fund set up at national level for now. The allocation to the national Recovery & Resolution Fund payable in 2015 will be transferred to a Single Resolution Fund (SRF) as of 2016. Once the national resolution fund has been incorporated into the European Single Resolution Fund, payments will have to be made to this supranational fund starting in 2016.

BaSAG defines the target level of the Austrian Recovery & Resolution Fund and the contribution payable by the Austrian credit institutions. The law requires that, the Recovery & Resolution Fund be endowed with at least 1% of the secured deposits of all credit institutions authorised in Austria by 31 December 2024. Therefore, the fund shall be set up over a period of 10 years and, to the extent practicable, contributions will be equally distributed over the entire period.

The contributions to be made by the credit institutions are calculated as a ratio of their respective liabilities (exclusive of own funds) less secured deposits to the aggregate liabilities (exclusive of own funds) less secured deposits of all institutions authorised in Austria, distributed over a period of 10 years. Furthermore, these contributions will be weighted in accordance with the risk profile of the credit institution. The amount payable as contribution is thus determined not only by the respective credit institution's unsecured liabilities but also significantly influenced by the unsecured liabilities held by all Austrian institutions and the risk weighting. The resolution authority is tasked with determining the risk weighting. In 2015, Erste Group Bank AG paid EUR 19,281,097.61 (prior year: EUR 0 thousand), which is included in the item other operating expenses.

Deposit guarantee fund

The deposit guarantee scheme serves to protect customer deposits held at credit institutions. By dint of an EU directive (2014/49/EU), which Austria has transposed into national law by way of the Act on Deposit Guarantee Schemes and Investor Compensation (ESAEG), the system for the protection of deposits is undergoing profound change. ESAEG came into effect on 14 August 2015 and specifies a number of requirements, including that credit institutions based in Austria subscribe to a single protection scheme or to a recognised institutional protection scheme. In addition, ESAEG provides for the creation of a deposit guarantee fund by the protection schemes, into

which all credit institutions (in accordance with their affiliation to the protection schemes) are to pay contributions. So far, the system used in Austria required credit institutions to pay contributions only after a guaranteed payout event occurred.

Every guarantee scheme has its own deposit guarantee fund consisting of available financial means amounting to no less than 0.8% of the sum total of covered deposits held at the member institutions (target level). This target level is to be achieved over a period of 10 years.

As long as the target level has not been reached, the guarantee schemes will require their member institutions to pay an annual contribution. The contributions payable by the member institutions are calculated on the basis of the volume of covered deposits (0.8% of the covered deposits distributed over a 10-year period) and determined in relation to the nature of the risks to which each relevant member institution is specifically exposed. The method used to determine the risk weighting must be approved by the FMA. In 2015, Erste Group Bank AG paid a total of EUR 9,772.39 (prior year: EUR 0 thousand), which is included in the item other administrative expenses.

IPS fund (ex ante fund)

The IPS fund is an ex ante fund of Haftungsverbund's institutional guarantee system (IPS) that is intended to secure financial support to Haftungsverbund members facing economic difficulties. The IPS fund is a "Gesellschaft bürgerlichen Rechts" (IPS Fonds GesBR - a partnership under civil law) – the low-risk, readily available investment of the ex ante fund is recognised as a special asset. Shareholders with a stake in the assets are Erste Group Bank AG, Erste Bank der oesterreichischen Sparkassen AG and all other savings banks that subscribe to the institutional guarantee system. Haftungsverbund GmbH is the active partner (and not obliged to make a capital contribution).

The plan is to endow the ex ante fund with EUR 250 million over a period of 10 years, i.e. by 30 September 2024. Partners are obliged to pay EUR 25 million a year, payable in quarterly increments. Haftungsverbund GmbH is charged with determining the amount of the respective payment due. The schedule of contributions as defined in the second Supplementary Agreement has been set up both on the basis of the distribution key specified under sec. 7 (1) Agreement in Principle (total risk) and on the basis of the distribution key specified under sec. 12 (1) Agreement in Principle ("Amounts owed to customers" plus 50% of the item "Securitized liabilities"), in equal terms.

The contributions (deposits) are to be taken from the net profit, with other reserves being released where necessary. Erste Group Bank AG created a reserve of EUR 8,481,562.88 (prior year: EUR 8,948 thousand) in 2015, which corresponds to the amount of the contributions made (deposits).

23. Own shares

Own shares held by Erste Group Bank AG

in EUR	No. of shares	Purchase price	Selling price	Par value in share capital
Portfolio as of 1 January 2015	0	0.00	0.00	0.00
Total additions	5,125,202	140,325,828.81	0.00	10,250,404.00
Totals disposals	5,125,202	0.00	140,325,828.80	10,250,404.00
Portfolio as of 31 December 2015	0	0.00	0.00	0.00
Highest level of own shares held	0	0.00	0.00	0.00

The primary purpose of the transactions was market making and hedging of ATX positions. As of 31 December 2015, other liabilities include a short stand in Erste Bank shares amounting to 1,788,600 units with a carrying amount of EUR 51,708,426.00, which is covered by lending.

24. Own funds and capital requirement

These unconsolidated financial statements of Erste Group Bank AG have yet to be approved by the supervisory board. Erste Group Bank AG is in compliance with the transitional provisions concerning capital requirements, market risk and credit risk set forth by Austria's accompanying CRR ordinance.

Own funds

Capital structure according to EU regulation 575/2013 (CRR)	Article pursuant to CRR	Basel 3	
		Dec 15	Dec 14
in EUR or in EUR thousand			
Common equity tier 1 capital (CET1)			
Capital instruments eligible as CET1	26 (1) (a) (b), 27-30, 23 (1) (f), 42	2,486,619,510.67	2,486,620
Own CET1 instruments	36 (1) (f), 42	-7,702,609.01	-23,127
Retained earnings	26 (1) (c), 26 (2)	3,013,388,712.43	2,388,900
Interim loss	36 (1) (a)	0.00	0
Other reserves	4 (117), 26 (1) (e)	5,133,000.00	5,133
Prudential filter: cash flow hedge reserve	33 (1) (a)	0.00	0
Prudential filter: cumulative gains and losses due to changes in own credit risk on fair valued liabilities	33 (1) (b)	0.00	0
Prudential filter: fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	33 (1) (c), 33 (2)	-10,277,363.00	-9,888
Value adjustments due to the requirements for prudent valuation	34, 105	-63,160,159.00	-56,634
Regulatory adjustments relating to unrealised gains and losses	467, 468	0.00	0
Other intangible assets	4 (115), 36 (1) (b), 37 (a)	-83,796,308.91	-67,075
Deferred tax assets dependent upon future profitability and not temporary differences net of associated tax liabilities	36 (1) (c), 38	0.00	0
IRB shortfall of credit risk adjustments to expected losses	36 (1) (d), 40, 158, 159	-11,196,055.53	-5,064
Other transitional adjustments CET1	469 to 472, 478, 481	56,995,418.66	57,711
Interim loss (60%)		0.00	0
Other intangibles (60%)		50,277,785.35	53,660
IRB shortfall of provisions to expected losses (60%)		6,717,633.32	4,051
Deferred tax assets that rely on future profitability and do not arise from temporary differences (100%)		0.00	0
Excess of deduction from AT1 items over AT1	36 (1) (j)	-53,636,602.01	-55,686
Common equity tier 1 capital (CET1)	50	5,332,367,544.30	4,720,890
Additional tier 1 capital (AT1)			
Capital instruments eligible as AT1	51 (a), 52-54, 56 (a), 57	0.00	0
Own AT1 instruments	52 (1) (b), 56 (a), 57	0.00	0
Instruments issued by subsidiaries that are given recognition in AT1	85, 86	0.00	0
Transitional adjustments due to grandfathered AT1 instruments	483 (4) (5), 484-487, 489, 491	0.00	0
AT1 instruments of financial sector entities where the institution has a significant investment	4 (27), 56 (d), 59, 79	0.00	0
Other transitional adjustments AT1	474, 475, 478, 481	-53,636,602.01	-55,686
Interim loss (60%)		0.00	0
Other intangibles (60%)		-50,277,785.35	-53,660
IRB shortfall of provisions to expected losses (30%)		-3,358,816.66	-2,025
Excess of deduction from AT1 items over AT1	36 (1) (j)	53,636,602.01	55,686
Additional tier 1 capital (AT1)	61	0.00	0
Tier 1 capital - total amount of common equity tier 1 (CET1) and additional tier1 (AT1)		5,332,367,544.30	4,720,890
Tier 2 capital (T2)			
Capital instruments and subordinated loans eligible as T2	62 (a), 63-65, 66 (a), 67	4,632,002,176.72	4,188,164
Own T2 instruments	63 (b) (i), 66 (a), 67	-68,088,954.38	-82,199
Instruments issued by subsidiaries recognised in T2	87, 88	0.00	0
Transitional adjustments due to additional recognition in T2 of instruments issued by subsidiaries	480	0.00	0
Transitional adjustments due to grandfathered T2 instruments and subordinated loans	483 (6) (7), 484, 486, 488, 490, 491	67,945,910.77	77,652
IRB excess of provisions over expected losses eligible	62 (d)	75,715,480.53	86,491
Standardised approach general credit risk adjustments	62 (c)	0.00	19,442
Other transitional adjustments to tier 2 capital	476, 477, 478, 481	-3,358,816.66	-2,025
IRB shortfall of provisions to expected losses (30%)		-3,358,816.66	-2,025
T2 instruments of financial sector entities where the institution has a significant investment	4 (27), 66 (d), 68, 69, 79	0.00	0
Tier 2 capital (T2)	71	4,704,215,796.98	4,287,525
Total own funds		10,036,583,341.28	9,008,415
Capital requirement	92 (3), 95, 96, 98	2,523,965,682.30	2,746,699
CET1 capital ratio	92 (2) (a)	16.90%	13.8%
Tier 1 capital ratio	92 (2) (b)	16.90%	13.8%
Total capital ratio	92 (2) (c)	31.81%	26.2%

Capital Requirement

Risk structure according to EU regulation 575/2013 (CRR)	Article pursuant to CRR	Dec 15		Dec 14	
		Calculation base/ total risk (phased-in)	Capital requirement (phased-in)	Calculation base/ total risk	Capital requirement
in EUR or in EUR thousand					
Total Risk Exposure Amount	92 (3), 95, 96, 98	31,549,571,029	2,523,965,682	34,333,743	2,746,699
Risk weighted assets (credit risk)	92 (3) (a) (f)	27,195,333,568.99	2,175,626,685.52	29,908,521	2,392,682
Standardised approach		14,576,086,813.42	1,166,086,945.07	15,493,383	1,239,471
IRB approach		12,619,246,755.57	1,009,539,740.45	14,415,138	1,153,211
Settlement Risk	(3) (c) (ii), 92 (4) (b)	72,211.63	5,776.93	115	9
Trading book, foreign FX risk and commodity risk	92 (3) (b) (i) und (iii), 92 (4) (b)	2,456,926,885.78	196,554,150.86	2,176,380	174,110
Operational Risk	92 (3) (e), 92 (4) (b)	909,033,042.50	72,722,643.40	1,050,654	84,052
Exposure for CVA	92 (3) (d)	988,205,319.88	79,056,425.59	1,198,073	95,846
Other exposure amounts incl. Basel 1 floor	3, 458, 459, 500	0.00	0.00	0	0

For the preparation of consolidated capital and consolidated capital requirements, reference is made to the pertinent statements in the consolidated financial statements 2015 of Erste Group.

25. List of assets pledged as collateral for liabilities (acc. to section 64 [1] no. 8 Austrian Banking Act)

Assets in EUR or in EUR thousand	Dec 15	Dec 14	Liability description	Balance sheet item
Collateral pool for covered Erste Bank bonds				
Fixed-income securities	1,226,266,991.97	1,222,127	Covered Erste Bank bonds	Liability 3
OeNB asset pool (tender)				
Fixed-income securities/Credit claims	500,789,583.33	500,029	Refinancing by OeNB / ECB	Liability 1
Pledge agreements				
Money market loan	563,000,000.00	582,614	Guarantees and contingent liabilities pledged as collateral	
Collateral for unregistered OTC derivatives				
Cash collateral	629,381,859.92	702,563	Other liabilities	Liability 4
Securities collateral	13,660,000.00	15,169	Other liabilities	Liability 4
Total	2,933,098,435.22	3,022,503		
Collateral for exchange-traded derivatives				
Securities collateral	59,314,188.53	55,191	UBS margin requirement	
Cash collateral	0.00	4	Hungary margin requirement	
Cash collateral	12,452,963.46	24,890	Poland margin requirement	
Total	71,767,151.99	80,085		
Blocked securities account as collateral with Österreichische Kontrollbank AG				
Fixed-income securities	23,560,000.00	30,211	Margin requirement	
Collateral pool for municipal and mortgage bonds				
Loans and advances to customers	962,158,022.69	803,575	Issued municipal and mortgage bonds	Liability 3
Fixed-income securities	255,678,216.84	483,715	Issued municipal and mortgage bonds	Liability 3
Coverage for the pension provisions				
Pension provisions § 11 BPG	192,356,278.63	177,928	Coverage for the pension provisions	Liability 6
Total	1,433,752,518.16	1,317,501		
AGGREGATE TOTAL	4,438,618,105.37	4,420,089		

The note regarding the coverage for the pension provisions according to § 11 BPG was reported in the above table for the first time this year, including the according prior year figure.

26. Total volume of unsettled derivatives

in EUR		Time to maturity for notional amounts			Dec 15 Total
		< 1 years	1-5 years	> 5 years	
Interest rate contracts		71,774,752,701.40	163,955,724,780.14	132,133,791,471.94	367,864,268,953.48
OTC products					
Interest rate options	Purchase	3,973,034,683.50	11,329,255,315.99	9,347,707,890.55	24,649,997,890.04
	Sale	4,816,885,995.55	11,877,122,935.10	10,045,309,334.69	26,739,318,265.34
Interest rate swaps	Purchase	31,406,448,738.82	70,355,109,418.86	56,366,035,745.85	158,127,593,903.53
	Sale	31,413,450,408.62	70,344,237,110.19	56,374,738,500.85	158,132,426,019.66
FRAs	Purchase	111,016,541.46	0.00	0.00	111,016,541.46
	Sale	50,000,000.00	50,000,000.00	0.00	100,000,000.00
Exchange-traded products					
Futures		3,916,333.46	0.00	0.00	3,916,333.46
Interest rate options		0.00	0.00	0.00	0.00
Currency contracts		80,224,372,164.32	20,995,555,629.35	6,931,917,757.31	108,151,845,550.98
OTC products					
Currency options	Purchase	1,549,424,299.23	192,605,655.91	96,584,391.06	1,838,614,346.20
	Sale	1,475,298,193.78	163,872,941.92	96,681,391.06	1,735,852,526.76
Currency swaps	Purchase	38,676,070,725.12	10,294,532,438.84	3,389,701,853.10	52,360,305,017.06
	Sale	38,504,000,136.60	10,344,544,592.68	3,348,950,122.09	52,197,494,851.37
FRAs	Purchase	0.00	0.00	0.00	0.0
	Sale	0.00	0.00	0.00	0.0
Exchange-traded products					
Futures		19,578,809.59	0.00	0.00	19,578,809.59
Currency options		0.00	0.00	0.00	0.00
Securities related contracts		2,366,994,391.77	5,563,697,367.08	949,855,210.21	8,880,546,969.06
OTC products					
Equity options	Purchase	269,752,851.79	880,892,721.36	400,894,423.63	1,551,539,996.78
	Sale	262,024,217.38	328,043,562.53	290,460,365.96	880,528,145.87
Equity swaps	Purchase	621,432,867.79	2,160,527,030.59	129,258,987.52	2,911,218,885.90
	Sale	593,750,621.70	2,122,524,052.60	129,241,433.10	2,845,516,107.40
Exchange-traded products					
Futures		454,114,008.11	0.00	0.00	454,114,008.11
Equity options		165,919,825.00	71,710,000.00	0.00	237,629,825.00
Commodity contracts		602,800,113.89	52,166,271.26	0.00	654,966,385.15
OTC products					
Commodity options	Purchase	90,453,802.05	1,649,560.00	0.00	92,103,362.05
	Sale	74,321,024.26	1,781,120.00	0.00	76,102,144.26
Commodity swaps	Purchase	212,645,798.65	26,365,127.22	0.00	239,010,925.87
	Sale	203,795,863.69	22,370,464.04	0.00	226,166,327.73
Exchange-traded products					
Futures		21,583,625.24	0.00	0.00	21,583,625.24
Commodity options		0.00	0.00	0.00	0.00
Credit derivatives		193,226,234.44	851,524,489.57	743,546,094.88	1,788,296,818.89
OTC products					
Credit default swaps	Purchase	73,752,067.34	394,698,655.74	237,652,513.78	706,103,236.86
	Sale	119,474,167.10	456,825,833.83	505,893,581.10	1,082,193,582.03
Other		40,000,000.00	705,166,164.16	1,754,808,674.20	2,499,974,838.36
OTC products					
Other options	Purchase	0.00	20,000,000.00	0.00	20,000,000.00
	Sale	0.00	10,000,000.00	0.00	10,000,000.00
Other swaps	Purchase	20,000,000.00	376,633,082.08	1,079,404,337.10	1,476,037,419.18
	Sale	20,000,000.00	298,533,082.08	675,404,337.10	993,937,419.18
Total		155,202,145,605.82	192,123,834,701.56	142,513,919,208.54	489,839,899,515.92
Thereof OTC products in EUR thousand					
Thereof exchange-traded products in EUR thousand					
		154,537,033	192,052,125	142,513,919	489,103,077
		665,113	71,710	0	736,823

in EUR thousand		Time to maturity for notional amounts			Dec 14 Total
		< 1 years	1-5 years	> 5 years	
Interest rate contracts		60,687,091	186,490,145	143,506,197	390,683,433
OTC products					
Interest rate options	Purchase	4,054,447	14,484,673	9,540,838	28,079,958
	Sale	3,405,372	14,302,392	10,952,745	28,660,509
Interest rate swaps	Purchase	26,438,662	78,847,945	61,511,884	166,798,490
	Sale	26,438,662	78,855,136	61,500,729	166,794,526
FRAs	Purchase	0	0	0	0
	Sale	344,203	0	0	344,203
Exchange-traded products					
Futures		5,745	0	0	5,745
Interest rate options		0	0	0	0
Currency contracts		68,023,899	39,879,185	6,229,185	114,132,269
OTC products					
Currency options	Purchase	1,669,198	114,873	41,464	1,825,535
	Sale	1,611,049	130,694	41,561	1,783,304
Currency swaps	Purchase	32,316,422	19,810,143	3,089,487	55,216,051
	Sale	32,405,770	19,823,474	3,056,674	55,285,918
FRAs	Purchase	4,752	0	0	4,752
	Sale	5,803	0	0	5,803
Exchange-traded products					
Futures		10,905	0	0	10,905
Currency options		0	0	0	0
Securities related contracts		2,589,500	5,236,263	780,826	8,606,590
OTC products					
Equity options	Purchase	364,132	844,738	446,686	1,655,556
	Sale	230,986	421,628	228,720	881,334
Equity swaps	Purchase	811,255	1,968,420	52,710	2,832,385
	Sale	811,255	1,953,868	52,710	2,817,833
Exchange-traded products					
Futures		207,755	0	0	207,755
Equity options		164,116	47,610	0	211,726
Commodity contracts		418,289	293,084	0	711,373
OTC products					
Commodity options	Purchase	5,819	106,459	0	112,277
	Sale	6,130	89,358	0	95,488
Commodity swaps	Purchase	211,100	49,502	0	260,602
	Sale	181,047	47,765	0	228,812
Exchange-traded products					
Futures		14,185	0	0	14,185
Commodity options		8	0	0	8
Credit derivatives		179,668	710,674	734,035	1,624,377
OTC products					
Credit default swaps	Purchase	61,143	364,388	240,378	665,909
	Sale	118,525	346,286	493,657	958,468
Other		82,000	736,844	1,717,203	2,536,046
OTC products					
Other options	Purchase	10,000	22,060	0	32,060
	Sale	10,000	11,030	0	21,030
Other swaps	Purchase	31,000	392,377	1,060,601	1,483,978
	Sale	31,000	311,377	656,601	998,978
Total		131,980,447	233,346,195	152,967,446	518,294,088
Thereof OTC products in EUR thousand		131,577,732	233,298,585	152,967,446	517,843,763
Thereof exchange-traded products in EUR thousand		402,715	47,610	0	450,325

27. Derivative financial instruments and fixed-asset financial instruments acc. to the Fair-Value Valuation Act (FVBG)

Derivative financial instruments

Dec 15 in EUR	Notional amount		Carrying amount	Fair value	
	Purchase	Sale		Positive	Negative
Interest rate contracts	182,889,347,802.50	184,974,921,150.99	263,638,683.41	7,814,137,430.44	-6,545,226,075.56
OTC products					
Interest rate options	24,649,997,890.04	26,739,318,265.34	36,911,096.06	1,336,425,046.39	-1,264,544,436.09
Interest rate swaps	158,127,593,903.53	158,132,426,019.66	224,675,013.51	6,475,659,810.21	-5,280,681,639.47
FRAs	111,016,541.46	100,000,000.00	2,052,573.84	2,052,573.84	0.00
Exchange-traded products					
Futures	739,467.47	3,176,865.99	0.00	0.00	0.00
Interest rate options	0.00	0.00	0.00	0.00	0.00
Currency contracts	54,198,919,363.26	53,952,926,187.72	106,310,666.61	300,578,337.03	-180,334,471.07
OTC products					
Currency options	1,838,614,346.20	1,735,852,526.76	15,767,884.46	42,285,792.22	-14,187,394.19
Currency swaps	52,360,305,017.06	52,197,494,851.37	90,542,782.15	258,292,544.81	-166,147,076.88
FRAs	0.00	0.00	0.00	0.00	0.00
Exchange-traded products					
Futures	0.00	19,578,809.59	0.00	0.00	0.00
Currency options	0.00	0.00	0.00	0.00	0.00
Securities related contracts	4,823,417,426.63	4,057,129,542.43	86,213,566.29	286,027,887.53	-196,486,729.21
OTC products					
Equity options	1,551,539,996.78	880,528,145.87	15,867,589.69	106,469,473.36	-100,283,300.47
Equity swaps	2,911,218,885.90	2,845,516,107.40	73,032,446.41	177,236,916.75	-91,195,461.51
Exchange-traded products					
Futures	263,511,993.95	190,602,014.16	0.00	0.00	0.00
Equity options	97,146,550.00	140,483,275.00	-2,686,469.81	2,321,497.42	-5,007,967.23
Commodity contracts	351,335,333.94	303,631,051.21	160,400.05	36,538,702.68	-36,147,182.46
OTC products					
Commodity options	92,103,362.05	76,102,144.26	111,075.30	2,400,608.94	-1,900,880.50
Commodity swaps	239,010,925.87	226,166,327.73	49,324.75	34,138,093.74	-34,246,301.96
Exchange-traded products					
Futures	20,221,046.02	1,362,579.22	0.00	0.00	0.00
Commodity options	0.00	0.00	0.00	0.00	0.00
Credit derivatives	706,103,236.86	1,082,193,582.03	-5,079,021.29	24,240,599.26	-29,158,405.43
OTC products					
Credit default options	0.00	0.00	0.00	0.00	0.00
Credit default swaps	706,103,236.86	1,082,193,582.03	-5,079,021.29	24,240,599.26	-29,158,405.43
Other	1,496,037,419.18	1,003,937,419.18	-27,894,730.55	75,100,066.79	-55,932,240.89
OTC products					
Other options	20,000,000.00	10,000,000.00	51,013.29	487,340.92	-243,671.06
Other swaps	1,476,037,419.18	993,937,419.18	-27,945,743.84	74,612,725.87	-55,688,569.83
OTC products	244,083,541,524.93	245,019,535,389.60	426,036,034.33	8,534,301,526.31	-7,038,277,137.39
Exchange-traded products	381,619,057.44	355,203,543.96	-2,686,469.81	2,321,497.42	-5,007,967.23
Total	244,465,160,582.37	245,374,738,933.56	423,349,564.52	8,536,623,023.73	-7,043,285,104.62
thereof external/internal deals					
external deals	208,024,775,484.8	209,897,818,876.9	1,168,388,581.4	6,842,623,140.7	-5,349,285,221.6
internal deals	36,440,385,097.6	35,476,920,056.7	-745,039,016.9	1,693,999,883.0	-1,693,999,883.0
thereof trading book/banking book					
Trading Book	212,992,766,637.7	214,570,444,352.3	225,252,223.2	6,364,852,590.4	-6,139,600,367.2
Banking Book	31,472,393,944.6	30,804,294,581.3	198,097,341.3	2,171,770,433.4	-903,684,737.4
thereof hedges	30,525,854,340.5	29,888,064,990.7	226,723,804.8	2,164,437,809.8	-891,725,484.6

The fair value of options was determined using accepted option pricing models. The valuation models used include models of the Black-Scholes class, binomial models, as well as Hull-White and BGM models.

Dec 14 in EUR thousand	Notional amount		Carrying amount	Fair value	
	Purchase	Sale		Positive	Negative
Interest rate contracts	194,880,885	195,802,547	317,610	10,563,828	-8,850,762
OTC products					
Interest rate options	28,079,958	28,660,509	-51,624	1,671,402	-1,615,926
Interest rate swaps	166,798,490	166,794,526	369,011	8,892,195	-7,234,828
FRAs	0	344,203	223	231	-8
Exchange-traded products	0	0	0	0	0
Futures	2,437	3,308	0	0	0
Interest rate options	0	0	0	0	0
Currency contracts	57,046,339	57,085,931	68,990	336,144	-248,719
OTC products					
Currency options	1,825,535	1,783,304	13,312	65,936	-43,528
Currency swaps	55,216,051	55,285,918	55,677	269,974	-204,958
FRAs	4,752	5,803	1	234	-233
Exchange-traded products					
Futures	0	10,905	0	0	0
Currency options	0	0	0	0	0
Securities related contracts	4,697,938	3,908,651	101,677	311,471	-206,425
OTC products					
Equity options	1,655,556	881,334	16,441	105,432	-99,808
Equity swaps	2,832,385	2,817,833	88,002	204,823	-102,635
Exchange-traded products					
Futures	180,343	27,413	0	0	0
Equity options	29,654	182,072	-2,766	1,217	-3,983
Commodity contracts	385,382	325,991	305	23,802	-23,297
OTC products					
Commodity options	112,277	95,488	359	3,505	-2,613
Commodity swaps	260,602	228,812	-105	20,245	-20,683
Exchange-traded products					
Futures	12,495	1,690	0	0	0
Commodity options	8	0	52	52	0
Credit derivatives	665,909	958,468	-4,591	22,737	-27,586
OTC products					
Credit default options	0	0	0	0	0
Credit default swaps	665,909	958,468	-4,591	22,737	-27,586
Other	1,516,038	1,020,008	-34,425	89,439	-67,459
OTC products					
Other options	32,060	21,030	951	412	-219
Other swaps	1,483,978	998,978	-35,375	89,027	-67,240
OTC products	258,967,555	258,876,208	452,280	11,346,152	-9,420,264
Exchange-traded products	224,937	225,388	-2,714	1,269	-3,983
Total	259,192,492	259,101,596	449,565	11,347,421	-9,424,247
thereof external/internal deals					
external deals	209,642,076	210,306,562	1,409,828	9,284,645	-7,361,471
internal deals	49,550,416	48,795,034	-960,262	2,062,776	-2,062,776
thereof trading book/banking book					
Trading Book	220,348,826	220,770,607	217,568	8,686,809	-8,469,241
Banking Book	38,843,666	38,330,989	231,997	2,660,612	-955,007
thereof hedges	31,612,045	31,103,729	281,108	2,537,480	-824,420

The book values are presented in following balance sheet items:

in EUR or in EUR thousand	Dec 15	thereof internal trades	Dec 14
A12 Other assets	6,729,349,400.20	562,147,475.28	9,109,503
A14 Prepayments and accrued income	110,929,666.02	108,902,537.75	120,556
P04 Other liabilities	6,136,599,628.01	1,190,673,596.15	8,496,709
P05 Accruals and deferred income	253,979,321.84	225,415,433.73	204,879
P06 Provisions	26,350,551.85	0.00	78,906
Total	423,349,564.52	-745,039,016.85	449,565

Fixed-asset instruments

In the following table the figures are without interest accruals.

in EUR	Dec 15			
	Carrying amount	Positive fair value	Hidden losses	Hidden reserves
Treasury bills	51,243,469.02	50,864,733.09	-378,735.92	
	4,572,004,731.25	4,943,334,276.66		371,329,545.41
Loans and advances to credit institutions	534,616,222.08	505,600,918.49	-29,015,303.59	
	797,949,697.78	806,411,986.04		8,462,288.26
Loans and advances to customers	232,699,677.82	229,163,145.10	-3,536,532.72	
	56,487,415.88	57,372,744.93		885,329.05
Debt securities	1,332,271,507.06	1,298,971,205.01	-33,300,302.05	
	1,572,374,389.62	1,665,743,578.15		93,369,188.52
Shares	759,370,173.95	749,758,740.93	-9,611,433.02	
	33,305,158.74	33,967,923.65		662,764.91
Financial instruments carried as fixed assets	2,910,201,049.93	2,834,358,742.63	-75,842,307.30	
	7,032,121,393.27	7,506,830,509.43		474,709,116.16

in EUR thousand	Dec 14			
	Carrying amount	Positive fair value	Hidden losses	Hidden reserves
Treasury bills	56,787	56,353	-434	
	4,623,711	5,052,651		428,940
Loans and advances to credit institutions	600,100	564,939	-35,161	
	755,144	768,035		12,891
Loans and advances to customers	611,117	600,942	-10,175	
	291,447	295,749		4,302
Debt securities	445,952	431,908	-14,045	
	2,064,936	2,194,714		129,779
Shares	153,794	146,216	-7,578	
	34,287	35,292		1,006
Financial instruments carried as fixed assets	1,867,751	1,800,358	-67,393	
	7,769,524	8,346,442		576,918

Assets were not impaired, since the impairment is not presumed to be permanent. The fair value is the amount that could be attained in an active market through the sale of a financial instrument, or correspondingly the amount that would be payable for its purchase. Market prices were used to determine fair value where available. Where no market price was available, valuation models were used, particularly the net present value method.

28. Market value for securities in inactive markets

Erste Group Bank AG calculates theoretical prices for securities in an inactive market. A market is assumed to be inactive when prices for the relevant security are formed only sporadically, there is only small-volume trading, or no current prices are available.

Of the securities admitted to trading on stock exchanges and marked to market, theoretical prices were used for the following volumes:

Carrying amount of securities not marked on the basis of market prices	Fair value on the basis of the price in the inactive market	Difference
965,036,059.52	962,840,671.41	-2,195,388.11

The figures in the table are without interest accruals.

29. Reclassification in securities positions

In 2015 no need for reclassification of security positions to the current asset portfolio occurred.

30. Hedging transactions

Erste Group Bank AG uses interest rate swaps, currency swaps and options to hedge against future cash flows or the market risk (interest rate, exchange rate and price risk) resulting from balance sheet assets (bonds, loans) and liabilities (own issues, promissory notes, loans) on an individual basis or as a group.

Derivatives are used as specified by the hedging strategy in accordance with the Commercial Code (UGB) to hedge the fair value of underlying transactions (e.g. by swapping fixed for variable interest payments) and cash streams (e.g. by swapping variable for fixed interest payments) thereby reducing the interest rate risk of Erste Group Bank AG to the level defined under the interest risk strategy.

in EUR	Dec 15	Dec 14	Change
Positive market value fair value hedge	1,758,874,460.31	2,045,172,861.72	-286,298,401.41
Positive market value cash flow hedge	80,930,965.85	90,837,735.26	-9,906,769.41
Total positive market values	1,839,805,426.16	2,136,010,596.98	-296,205,170.82
Negative market value fair value hedge	-850,754,214.18	-772,740,094.94	-78,014,119.24
Negative market value cash flow hedge	0.00	0.00	0.00
Total negative market values	-850,754,214.18	-772,740,094.94	-78,014,119.24

The market values are given based on clean prices. Where market values are negative, they represent off-balance-sheet losses from derivatives in a hedge relationship. As of 31 December 2015, there were both fair value hedges with a 2044 horizon and cash flow hedges with a 2023 horizon. The negative market values (accrued interest not considered) of derivatives used to hedge against cash flows are not recognised in the annual financial statements because these cash flows are – with a level of probability verging on certainty – offset by recognised counter cash-flows from the underlying transactions.

Effectiveness is basically measured using critical terms match. Where inadmissible, effectiveness is measured on a quarterly basis. This method retrospectively determines the effectiveness of fair value hedges by comparing the changes in clean market value (accrued interest not considered) between the hedge and the underlying asset, and depicting the hedged risk of the underlying using a separate, technical trade in the trading system. For prospective determination of the efficiency of fair value hedges, the change in the value of the derivative and the underlying asset is compared at a point when the interest rate curve shifts one basis point. To determine the efficiency of cash flow hedges retrospectively as well as prospectively, the same methods as for fair value hedges is used.

31. Consideration of CVA/DVA in derivative valuation

Credit value adjustments (CVA) for counterparty default risk and debit value adjustments (DVA) for own credit risk are carried out for all OTC derivatives. The CVA adjustment depends on the expected positive exposure and the counterparty's credit standing. DVA is determined by the expected negative exposure and by the credit quality of Erste Group Bank AG. For the major product classes, the procedure implemented at Erste Group Bank AG for the calculation of expected exposure is based on a model that relies on replicated options and on a Monte Carlo simulation, respectively. For several products, which cannot be represented using the above-mentioned procedure, exposure calculation is based on a market value method including add-on. The default probability of counterparties not actively traded in the market is calculated by adjusting the internal PDs using a basket of liquid issuers (active in the Central European market). This ensures that the valuation method integrates market-based information. Counterparties with liquid bond or CDS markets are assigned market-based probabilities of default that are directly derived from these instruments. The valuation parameters for Erste Group Bank AG are derived from the repurchase price for Erste Group Bank AG bonds. With collateralised derivatives, the effect of collateral received is considered and reduces the CVA amount accordingly. When determining exposure, netting effects are generally taken into account only for counterparties with whom the effect is material. In these cases, both CVAs and DVAs were netted. No CVA was recognised for counterparties fully backed by CSA agreements. However, where the thresholds were not equal to zero, CVAs/DVAs for these customers were calculated using a netting approach, with the respective threshold applying as the upper limit for simulated exposure. For customers with a unilateral CSA contract, only the respective shares were taken into account, i.e. no DVA was calculated if the bank pays but does not receive any collateral. Where collateral is paid but not received by the counterparty, the DVA is not computed, whereas the CVA continues to be calculated.

For portfolios that are marked-to-market, both a CVA and a DVA in the amount of EUR -19,819,410.00 (prior year: EUR -21,997 thousand) and EUR 10,277,363.00 (prior year: EUR 9,888 thousand), respectively, were recognised. In due application of the principle of prudence, a CVA in the amount of EUR -4,972,761.00 (prior year: EUR -4,703 thousand) was recognised for the banking book.

32. Risk provisions

Changes in risk provisions (loans and advances to credit institutions and to customers as well as contingent liabilities):

in EUR or in EUR thousand	Dec 15	Dec 14
Opening balance	737,245,926.88	727,530
Allocations	396,795,653.79	430,786
Use	-257,787,680.73	-206,219
Releases	-232,222,907.85	-184,596
Reclassification	0.00	-36,758
Exchange rate changes	6,775,651.59	6,502
Closing balance	650,806,643.68	737,246

33. Contingent liabilities

Off balance liabilities shows EUR 4,180,588,329.28 (prior year: EUR 4,290,050 thousand) as "Contingent liabilities" for guarantees and warranties relating to the provision of collateral. This amount includes a letter of comfort issued in 2015 by Erste Group Bank AG for EUR 423,989,000.00 on behalf of affiliated companies should these fail to meet their rental commitments. Furthermore, credit derivatives amount to EUR 636,216,339.50 (prior year: EUR 538,235 thousand). The required provisions were subtracted from the contingent liabilities.

34. Credit risk

Credit risk in the amount of EUR 6,916,450,158.37 (prior year: EUR 6,168,638 thousand) for loan and guarantee commitments have not yet been exercised. These amounts are net of the appropriate provisions.

35. Gross income – regional breakdown

Gross income of Erste Group Bank AG was broken down as follows (according to the location of branches):

in EUR or in EUR thousand	1-12 15			1-12 14		
	Domestic	Abroad	Total	Domestic	Abroad	Total
Interest and similar income	895,452,013.94	132,087,364.04	1,027,539,377.98	914,617	110,854	1,025,471
Income from securities and participating interests	675,219,718.03	599,702.45	675,819,420.48	27,246	492	27,738
Commission income	157,735,394.86	1,798,879.55	159,534,274.41	157,892	3,596	161,489
Net profit or loss on financial operations	26,062,435.03	-40,546.57	26,021,888.46	1,466	753	2,219
Other operating income	158,505,749.90	7,803,480.94	166,309,230.84	77,445	250	77,695
Gross income	1,912,975,311.76	142,248,880.41	2,055,224,192.17	1,178,666	115,945	1,294,612

36. Net interest income

Erste Group Bank AG recognises negative interest charged on loans (assets) in the amount of EUR 12,788,513.23 (prior year: EUR 0 thousand) under interest and similar expenses and negative interest paid for deposits (liabilities) in the amount of EUR 17,924,647.56 (prior year: EUR 0 thousand) as interest and similar income.

37. Income from participating interests and shares in affiliated companies

Profits of affiliated companies resulting from subsidiaries that are considered a tax group with Erste Group Bank AG under the group taxation regulations of 2005 posted in the income statement of Erste Group Bank AG under income from participating interests and shares in affiliated companies amounted to EUR 93,657,779.89 in 2015 (prior year: EUR 90 thousand).

38. Other operating income

Other operating income in the amount of EUR 166,309,230.84 (prior year: EUR 77,694 thousand) includes income from personnel and administrative expenses passed along to affiliated companies in the amount of EUR 80,063,193.59 (prior year: EUR 71,007 thousand). In 2015, this item further included income in the amount of EUR 57,914,57.86 (prior year: EUR 0 thousand) from the release of the provision for the negative market values of derivatives in the banking book for internal trades that are not used for hedging purposes.

39. Personnel expenses

In terms of personnel expenses, expenses for severance payments and payments to severance-payment funds included income (prior year: expenses) for severance payments in the amount of EUR -126,467.32 (prior year: EUR 9,398 thousand).

40. Other administrative expenses

Other administrative expenses include fees paid for auditing and tax advisory services. The table below lists the fees charged by the annual auditors (these are mainly Sparkassen-Prüfungsverband and Ernst & Young):

in EUR or in EUR thousand	1-12 15	1-12 14
Fees charged for auditing the financial statements	4,016,655.52	2,930
Fees charged for audit-related services	2,321,057.19	2,380
Fees charged for tax advisory services	795,582.08	168
Other administrative expenses	7,133,294.79	5,478

41. Other operating expenses

Other operating expenses of Erste Group Bank AG, which amounted to EUR 35,051,628.71 (prior year: EUR 9,076 thousand), essentially consisted of insurance payments against operational risk in the amount of EUR 6,701,916.55 (prior year: EUR 6,707 thousand). In addition, this item included expenses for the Recovery & Resolution fund in the amount of EUR 19,281,097.61 (prior year: EUR 0 thousand) in 2015.

42. Value adjustments as well as results from purchases and sales in respect of participating interests and shares in affiliated companies

In 2015 the balance of value adjustments in respect of participating interests and shares in affiliated companies amounted to positive EUR 201,186,288.51 (prior year: negative: 258,685,818.68). This resulted primarily from write-ups of Erste Bank Hungary Zrt. amounting to EUR 122,500,000.00 and of Banca Comercială Română S.A. with EUR 69,700,000.00.

During the reporting year, impairment requirements for affiliated companies (subsidiaries that are considered a tax group with Erste Group Bank AG under the group taxation regulations of 2005) amounted to EUR 33,000.00 (prior year: EUR 89,740 thousand). The profit from sales for affiliated undertakings amounted to EUR 0.00 (prior year: EUR 4 thousand).

43. Taxes on profit and loss

The item tax on profit or loss, tax income amounted to EUR 85,987,358.15 (prior year: income EUR 100,963 thousand). Net income from taxes on profit or loss was EUR 87,574,522.66 (prior year: EUR 65,842 thousand) under the current tax allocation system, whereas tax expense from foreign taxes on income of previous years amounted to EUR 869,530.26 (prior year: income of EUR 10,882 thousand) according to section 9 Corporate Tax Act (Körperschaftsteuergesetz) on group taxation.

Since 2005, Erste Group Bank AG and its main domestic subsidiaries have formed a tax group in accordance with section 9 Corporate Tax Act, with Erste Group Bank AG as parent of the group ("Gruppenträger"). Group and tax equalisation agreements were concluded with all affiliated companies. Under these agreements, affiliated companies allocate amounts equivalent to the corporation tax on taxable profits to Erste Group Bank AG. Since tax losses from prior years are recorded and offset against their current tax liability by the affiliated companies themselves, there is no obligation to make tax allocation payments to Erste Group Bank AG. Moreover, Erste Group Bank AG undertakes to make compensatory payments for any tax losses utilised up to that point to any affiliated companies leaving the Group. Future tax liabilities resulting from these constellations were allocated to provisions if their realisation was probable. Liabilities with a low probability of occurrence were not allocated to provisions due to their quasi-permanent nature.

Foreign income tax and other foreign income-related taxes yielded EUR 3,464,430.02 (prior year: expenses in the amount of EUR 2,046 thousand).

44. Extraordinary income

In the prior year, this item comprised received profit distributions that, in financial terms, represent the return of a capital contribution by equity investors and do not have the nature of income from investments attainable over the longer term.

45. Result from mergers

On 31 August 2014, EGB Ceps Holding GmbH first merged with EGB Ceps Beteiligungen GmbH and then with Erste Group Bank AG (up-stream merger). As the carrying amount of the investment of Erste Group Bank AG was higher than the balance of the acquired carrying amounts, a book loss in the amount of EUR 5,554,031,997.44 was realised and recognised in the special item "result from mergers". In 2015 registration in the company register has been ensured.

46. Branches on a consolidated basis

Business Branches Country of domicile	Commercial lending to foreign banks, leasing companies and sovereign debtors			Institutional sales- business
	London Great Britain	New York USA	Hong Kong China	Berlin, Stuttgart Germany
Net interest income in EUR	28,681,997.19	53,882,649.87	16,347,384.88	515.62
Operating result in EUR	35,835,220.58	55,140,454.83	15,973,437.02	1,489.40
Headcount	34	24	22	13
Profit or loss from ordinary activities in EUR	-26,808,723.18	38,503,186.56	10,437,545.41	-4,497,038.72
Taxes on income in EUR	0.00	4,717,927.80	-1,192,585.35	-61,048.42
Public benefits received	None	None	None	None

47. Return on assets

Net profit for the year after tax before changes in reserves expressed in proportion to the average total assets was 1.3% in 2015 (prior year: -9%).

D. INFORMATION ON BOARD MEMBERS AND EMPLOYEES

Employees

The average number of employees at Erste Group Bank AG (weighted, excluding employees on leave and management board members) was 2,007.97 during the financial year 2015 (prior year: 1,911.7).

Of these, 226 employees (prior year: 277) worked for other companies in exchange for reimbursed expenses. Total reimbursement amounted to EUR 22,711,921.17 (prior year: EUR 22,395 thousand) and is recognized under other operating income.

Board members

As in the previous year, no loans and advances were granted to members of the management board and to the members of the supervisory board by Erste Group Bank AG. Regarding further banking transactions with key management employees and persons and companies related to key management employees we refer to the Annual Report of Erste Group.

Management board members

The remuneration paid to the management board in 2015 is as follows:

Fixed salaries

in EUR or in EUR thousand	1-12 15	1-12 14
Andreas Treichl	1,335,111.49	1,334
Peter Bosek (from 1 January 2015)	633,000.08	0
Petr Brávek (from 1 April 2015)	495,280.06	0
Andreas Gottschling	633,000.08	633
Gernot Mittendorfer	632,999.92	633
Jozef Síkela (from 1 January 2015)	633,000.08	0
Franz Hochstrasser (until 31 December 2014)	0.00	792
Herbert Juranek (until 31 December 2014)	0.00	667
Total	4,362,391.71	4,059

Peter Bosek held a management board position both in Erste Bank Oesterreich and in Erste Group Bank AG. 50% of the costs indicated were thus reimbursed to Erste Bank Oesterreich.

Since the financial year 2010, the variable part of the management board's remuneration, including both cash payments and share-equivalents, is distributed over five years in accordance with legal requirements and is paid out only under certain conditions. Share equivalents are not exchange-traded shares but phantom shares that are paid out in cash after a one-year vesting period based on defined criteria.

In 2015, performance-linked remuneration and share-equivalents were paid out or vested for the financial year 2014 and for previous financial years.

Performance linked remuneration

	1-12 15				1-12 14			
	for 2014		for previous years		for 2013		for previous years	
	cash in EUR	share- equivalents in units	cash in EUR	share- equivalents in units	cash in EUR	share- equivalents in units	cash in EUR	share- equivalents in units
Andreas Treichl	0.00	0	156,824.71	6,953	225,232.40	10,881	122,224.71	5,502
Peter Bosek (from 1 January 2015)	0.00	0	0.00	0	0.00	0	0.00	0
Petr Brávek (from 1 April 2015)	0.00	0	0.00	0	0.00	0	0.00	0
Andreas Gottschling	0.00	0	4,000.00	168	30,000.00	1,285	0.00	0
Gernot Mittendorfer	0.00	0	27,200.00	1,424	69,140.00	3,145	17,200.00	1,005
Jozef Síkela (from 1 January 2015)	0.00	0	0.00	0	0.00	0	0.00	0
Franz Hochstrasser (until 31 December 2014)	0.00	0	0.00	0	167,000.00	6,918	71,069.24	3,083
Herbert Juranek (until 31 December 2014)	0.00	0	0.00	0	56,400.00	2,365	32,886.36	1,498
Total	0.00	0	188,024.71	8,545	547,772.40	24,594	243,380.31	11,088

Share-equivalents were valued at the average weighted daily share price of Erste Group Bank AG of the year 2015 in the amount of EUR 25.13 per share. No performance-linked remuneration was awarded to members of the management board for the financial years 2014 and 2011.

Long-Term Incentive-Programme

Currently, one long-term incentive programme (LTI), which is based on changes in the share price of Erste Group Bank AG versus a group of peers and the Dow Jones Euro Stoxx Banks, is still active. It was started on 1 January 2010 but did not result in any payment in 2015.

The item 'Other remuneration' comprises pension fund contributions, contribution to employee provision funds (for new-type severance payments) and remuneration in kind.

Other remuneration

in EUR or in EUR thousand	1-12 15	1-12 14
Andreas Treichl	1,454,412.89	498
Peter Bosek (from 1 January 2015)	84,431.90	0
Petr Brávek (from 1 April 2015)	63,638.03	0
Andreas Gottschling	157,355.42	76
Gernot Mittendorfer	86,260.82	88
Jozef Sikela (from 1 January 2015)	82,194.59	0
Franz Hochstrasser (until 31 December 2014)	0.00	260
Herbert Juranek (until 31 December 2014)	0.00	92
Total	1,928,293.65	1,015

In 2015, EUR 3,140,028.44 (prior year: EUR 2,080 thousand) was paid in cash and 8,390 share-equivalents (prior year: 2,572) were assigned to former members of the management bodies and their dependants.

Principles governing the pension scheme for management board members

Members of the management board participate in the defined contribution pension plan of Erste Group Bank AG on the basis of the same principles as employees. For one member of the management board, compensatory payments have to be made to the pension fund in case the management board member's tenure ends before he or she reaches the age of 65 by no fault of the member.

Principles governing vested benefits and entitlements of management board members in case of termination of the position

Regarding vested benefits and entitlements of management board members in the event of termination of their position, the standard legal severance benefit provisions of section 23 of the Austrian Salaried Employees Act (Angestelltengesetz) still apply to one member of the management board. All other members of the management board are not entitled to receive any severance benefits.

The remuneration granted to the management board members complies with the banking rules on management remuneration.

Supervisory board members

The supervisory board consists of at least three and a maximum of twelve members elected in the annual general meeting. Unless the annual general meeting has determined a shorter term of office for individual, several or all supervisory board members on the occasion of their appointment, the term of office of the members of the supervisory board ends at the close of the annual general meeting that resolves on the approvals of their actions for the fourth financial business year following their election; re-election is permitted. In addition, membership of the supervisory board ceases upon death, revocation, resignation or in the event of a defined impediment. Revocation requires a majority of three quarters of valid votes cast and a majority of three-quarters of the registered capital represented at the time of the resolution.

In 2015, the members of supervisory board of Erste Group Bank AG were paid EUR 845,100.00 (prior year: EUR 770 thousand) for their board function. The following members of the supervisory board received the following remuneration for their board function in fully consolidated subsidiaries of Erste Group Bank AG: Friedrich Rödler EUR 38,750.00 (prior year: EUR 14 thousand), Jan Homan EUR 12,600.00 (prior year: EUR 0 thousand), Gunter Griss EUR 52,000.00 (prior year: EUR 53 thousand), Maximilian Hardegg EUR 39,945.00 (prior year: EUR 0 thousand), Brian D. O'Neill EUR 33,250.00 (prior year: EUR 0 thousand), John James Stack EUR 53,260.00 (prior year: EUR 40 thousand), Georg Winckler EUR 11,750.00 (prior year: EUR 5 thousand). Erste Group Bank AG did not conclude other legal transactions with its members of the supervisory board.

Breakdown of supervisory board remuneration

in EUR	1-12 15	1-12 14
Supervisory board compensation	580,100.00	537
Meeting fees	265,000.00	233
Total	845,100.00	770

Pursuant to the decision passed at the annual general meeting of 12 May 2015, the supervisory board adopted in its constituent meeting the following remuneration structure for the financial year 2014:

in EUR	Number	Allowance per person	Total allowance
Chairman	1	100,000.00	100,000.00
Vice Chairmen	2	75,000.00	150,000.00
Members	8	50,000.00	400,000.00
Total	11		650,000.00

The tables below provide information on Erste Group Bank AG shares held by management board and supervisory board members as well as transactions carried out with Erste Group Bank AG shares (numbers of shares). The Erste Group Bank AG shares held by management board and supervisory board members, whose office term began or ended during the financial year, as at the date of inception or termination of their term in office were recognised as additions or disposals.

Management board member	As of 31 December 2014	Additions	Disposals	As of 31 December 2015
Andreas Treichl	164,640	0	0	164,640
Peter Bosek (from 1 January 2015)	0	1,000	0	1,000
Petr Brávek (from 1 April 2015)	0	0	0	0
Andreas Gottschling	0	0	0	0
Gernot Mittendorfer	10,000	0	0	10,000
Jozef Síkela (from 1 January 2015)	0	5,500	0	5,500
Franz Hochstrasser (until 31 December 2014)	656	0	656	0
Herbert Juranek (until 31 December 2014)	15,260	0	15,260	0

Supervisory board members did not receive any options on Erste Group Bank AG shares for exercising their office.

Members of the supervisory board	As of 31 December 2014	Additions	Disposals	As of 31 December 2015
Friedrich Rödler	1,702	0	0	1,702
Georg Winckler	2,500	0	2,500	0
Jan Homan	4,400	0	0	4,400
Bettina Breiteneder	0	0	0	0
Elisabeth Bleyleben Koren	10,140	0	0	10,140
Gonzalo Gortázar Rotaeche	0	0	0	0
Gunter Griss	0	0	0	0
Maximilian Hardegg	0	40	0	40
Elisabeth Krainer Senger Weiss	0	0	0	0
Antonio Massanell Lavilla	0	0	0	0
Brian D. O'Neill	0	0	0	0
Wilhelm Rasinger	18,303	0	0	18,303
John James Stack	32,761	0	0	32,761
Markus Haag	160	0	0	160
Regina Haberhauer	0	188	0	188
Andreas Lachs	52	0	0	52
Bertram Mach	95	0	95	0
Barbara Pichler	281	0	0	281
Jozef Pinter	0	0	0	0
Karin Zeisel	35	0	0	35

Persons related to management board or supervisory board members held 3,366 Erste Group Bank AG shares as of 31 December 2015 (prior year: 3,786). Expenses for severance payments and pensions for members of the management board and managers amounted to EUR -1,619,257.23 (prior year: EUR 7,099 thousand). Expenses for severance payments and pensions for other employees amounted to EUR -5,821,968.88 (prior year: EUR 76,480 thousand). Each of the amounts indicated includes the required expenses for surviving dependants. Information pursuant to section 239 (2) Commercial Code (UGB) regarding management board and supervisory board members is disclosed separately in section 1 of the Appendix to the Notes.

E. APPROPRIATION OF PROFIT

At the annual general meeting, the management board will propose to pay out a dividend of EUR 0.50 per share (prior year: no dividend payment).

F. APPENDIX 1: MANAGEMENT BODIES OF ERSTE GROUP BANK AG AS OF 31 DECEMBER 2015

Supervisory board

Position	Name	Year of birth	Occupation	Date of initial appointment	End of the current period of office
Chairman	Friedrich Rödler	1950	Auditor and tax advisor	4 May 2004	AGM 2019
1st Vice Chairman (until 12 May 2015)	Georg Winckler	1943	Former rector of the University of Vienna and Professor emeritus of Economics	27 April 1993	AGM 2015
1st Vice Chairman (since 12 May 2015)	Jan Homan	1947	General Manager, ret.	4 May 2004	AGM 2019
2nd Vice Chairwoman (since 12 May 2015)	Bettina Breiteneder	1970	Entrepreneur	4 May 2004	AGM 2019
Member	Elisabeth Bleyleben-Koren	1948	General Manager, ret.	21 May 2014	AGM 2019
Member	Gonzalo Gortázar Rotaache	1965	CEO, CaixaBank	12 May 2015	AGM 2020
Member	Gunter Griss	1945	Lawyer	21 May 2014	AGM 2019
Member	Maximilian Hardegg	1966	Entrepreneur	12 May 2015	AGM 2020
Member	Elisabeth Krainer Senger-Weiss	1972	Lawyer	21 May 2014	AGM 2019
Member	Antonio Massanell Lavilla	1954	Deputy Chairman, CaixaBank	12 May 2015	AGM 2020
Member	Brian D. O'Neill	1953	Senior Advisor, Lazard Frères & Co	31 May 2007	AGM 2017
Member	Wilhelm Rasinger	1948	Consultant	11 May 2005	AGM 2020
Member	John James Stack	1946	CEO, ret.	31 May 2007	AGM 2017
Delegated by the employees' council					
Member	Markus Haag	1980		21 November 2011	until further notice
Member	Regina Haberhauer	1965		12 May 2015	until further notice
Member	Andreas Lachs	1964		9 August 2008	until further notice
Member	Bertram Mach	1951		9 August 2008	25 June 2015
Member	Barbara Pichler	1969		9 August 2008	until further notice
Member	Jozef Pinter	1974		25 June 2015	until further notice
Member	Karin Zeisel	1961		9 August 2008	until further notice

Representatives of the supervisory authority

Name	Position
Wolfgang Bartsch	State Commissioner
Michael Kremser	Deputy State Commissioner.
Silvia Maca	State Controller for Premium Reserve
Erhard Moser	Deputy State Controller for Premium Reserve
Irene Kienzl	Deputy trustee under the Mortgage Bank Act (Hypothekbank- und Pfandbriefgesetz)
Thomas Schimetschek	Deputy trustee under the Mortgage Bank Act

Management board

	Year of birth	Date of initial appointment	End of current period of office
Andreas Treichl (Chairman)	1952	1 October 1994	30 June 2020
Peter Bosek	1968	1 January 2015	31 December 2017
Petr Brávek	1961	1 April 2015	31 December 2017
Andreas Gottschling	1967	1 September 2013	30 June 2017
Gernot Mittendorfer	1964	1 January 2011	30 June 2017
Jozef Sikela	1967	1 January 2015	31 December 2017

G. APPENDIX 2: STATEMENT OF CHANGES IN FIXED AND LONG-TERM ASSETS 2015

At cost

in EUR	At cost As of 1 January 2015	Additions	Disposals	Reclassification	Currency translation	At cost As of 31 December 2015
Participating interests	258,068,567.05	16,853,372.69	4,065,178.78	0.00	0.00	270,856,760.96
Shares in affiliated companies	10,585,405,562.96	98,193,517.71	152,218,497.44	0.00	0.00	10,531,380,583.23
Intangible assets	198,553,158.19	39,929,745.85	503,144.92	0.00	167,651.40	238,147,410.52
Tangible assets	71,237,594.09	3,493,530.68	3,470,680.96	0.00	387,379.76	71,647,823.57
Securities	9,877,352,072.66	3,117,123,507.28	2,563,715,164.79	0.00	148,493,221.39	10,579,253,636.53
Treasury bills and similar securities	4,800,708,165.83	770,890,000.59	711,705,608.43	30,000,000.00	7,871,938.11	4,897,764,496.10
Loans and advances to credit institutions	1,346,581,617.71	480,222,028.12	505,983,167.05	0.00	3,369,282.52	1,324,189,761.30
Loans and advances to customers	904,991,303.40	1,671,815.24	212,878,754.91	-369,577,315.76	-10,038,646.28	314,168,401.69
Bonds and other fixed-income securities	2,637,508,284.21	1,233,203,395.46	1,094,804,902.90	339,577,315.76	148,288,147.04	3,263,772,239.57
Shares and other non-fixed-income securities	187,562,701.50	631,136,267.87	38,342,731.50	0.00	-997,500.00	779,358,737.87
Total	20,990,616,954.95	3,275,593,674.21	2,723,972,666.89	0.00	149,048,252.55	21,691,286,214.81

Accumulated depreciation

in EUR	Accumulated write ups / downs As of 1 January 2015	Write-ups	Write-downs	Accumulated write ups / downs Disposals	Currency translation	Accumulated write ups / downs As of 31 December 2015
Participating interests	66,470,426.29	12,122,611.24	10,868,205.46	579.22	0.00	65,215,441.29
Shares in affiliated companies	5,196,868,169.73	207,901,275.73	7,969,393.00	120,365,885.44	0.00	4,876,570,401.56
Intangible assets	131,448,605.91	0.00	23,241,524.61	501,904.08	162,875.17	154,351,101.61
Tangible assets	51,365,222.56	0.00	3,303,496.84	2,593,913.39	248,766.57	52,323,572.58
Securities	248,983,360.36	7,441,394.02	55,877,889.40	10,647,122.02	-63,082,426.93	223,690,306.79
Treasury bills and similar securities	123,922,026.26	3,615,437.03	50,017,209.56	7,168,734.26	0.00	163,155,064.53
Loans and advances to credit institutions	-7,134,652.09	1,528,175.89	732.27	1,547,990.20	0.00	-10,210,085.91
Loans and advances to customers	2,457,213.22	63,299.90	1,553,185.20	1,740,775.57	0.00	2,206,322.95
Bonds and other fixed-income securities	130,150,953.62	2,188,273.66	4,304,859.56	563,418.62	-63,082,426.93	68,621,693.96
Shares and other non-fixed-income securities	-412,180.65	46,207.54	1,902.81	-373,796.64	0.00	-82,688.74
Total	5,695,135,784.85	227,465,280.99	101,260,509.31	134,109,404.15	-62,670,785.19	5,372,150,823.83

Carrying amount

in EUR	As of 31 December 2015	As of 1 January 2015
Participating interests	205,641,319.67	191,598,140.76
Shares in affiliated companies	5,654,810,181.67	5,388,537,393.23
Intangible assets	83,796,308.91	67,104,552.28
Tangible assets	19,324,250.99	19,872,371.53
Securities	10,355,563,329.74	9,637,274,949.62
Treasury bills and similar securities	4,734,609,431.57	4,680,497,616.86
Loans and advances to credit institutions	1,334,399,847.21	1,355,244,445.69
Loans and advances to customers	311,962,078.74	902,563,613.46
Bonds and other fixed-income securities	3,195,150,545.61	2,510,888,105.26
Shares and other non-fixed-income securities	779,441,426.61	188,081,168.35
Total	16,319,135,390.98	15,304,387,407.42

Following admission to trading in the stock exchange, securities were moved from the balance sheet item "Loans and advances to customers" to the balance sheet item "Debt securities and other fixed-income securities". Furthermore, securities eligible for use as collateral were moved from "Loans and advances to customers" to "Treasury bills and similar securities".

Vienna, 26 February 2016

Management board

Andreas Treichl mp
Chairman

Peter Bosek mp
Member

Petr Brávek mp
Member

Andreas Gottschling mp
Member

Gernot Mittendorfer mp
Member

Jozef Síkela mp
Member

IV. Management report

ECONOMIC ENVIRONMENT

In 2015, the global macroeconomic environment was particularly characterised by different money supply policies, which impacted global economic developments. The loose monetary policy (quantitative easing) pursued in Europe contrasted with the restrictive policy adopted in the United States. The Federal Reserve (Fed) eventually terminated the quantitative easing programme, and the interest rate reversal that had been anticipated for a whole year finally happened. The Fed's confidence reflected the positive economic development of the world's largest economy, consumer spending and employment visibly improved throughout 2015. The European Central Bank (ECB), on the other hand, continued its bond purchase programme initiated at the start of the year. Recovery of the eurozone remained on track as its economies were supported by strengthening domestic demand and exports. Although emerging markets and developing economies continued to outgrow advanced markets, their performances disappointed in 2015 – in particular in China, where decelerating economic growth reflected the ongoing correction in the property sector, weakness in industrial activity and slower loan growth. In addition, the Russian economy experienced an economic downturn due to weakening commodity prices and political tensions with the Ukraine. A possible exit of Greece from the eurozone and implications of the military actions in Syria also led to uncertainties in 2015. Overall, the global economy grew by 3.1%, after 3.4% in 2014.

The United States' economy performed well in 2015. Solid labour market conditions continued to support a consumption-led growth with job creation averaging more than 200,000 per month in 2015 and the unemployment rate falling to 5% in the final quarter of the year. Higher household real disposable income, boosted by employment gains, declining oil prices and the moderate wage growth, led to rising personal consumption growth despite the increase in the savings ratio. Investments also developed satisfactorily with the sole exception of the oil sector. Foreign trade, on the other hand, was the weak spot of the US economy. The decline in net exports was mainly due to the strength of the dollar against the euro and the softness in external demand, particularly from large emerging markets. The fall of oil prices in the summer of the year and the strong currency led inflation to hover around zero in the second half of 2015. In December 2015, the Fed decided to raise short-term interest rates by 0.25% for the first time since the financial crisis. The central bank expressed its confidence that the US economy has recovered and job growth has strengthened sufficiently allowing to raise the key policy rate. Altogether, the US economy grew by 2.4% in 2015.

Economic performance of the eurozone was satisfactorily but remained uneven in 2015. Germany, Europe's biggest economy, was supported by increasing consumption, growing investments, and improved foreign trade. Consumption significantly benefitted from rising real wages and the low unemployment rate. Investments also contributed to the country's economic growth driven mainly by strong activity in residential housing. The country's foreign trade was supported by strong exports which benefitted from a weaker euro; this more than compensated for weaker exports to China. Spain was one of the most dynamic economies of the eurozone as the country benefitted from the comprehensive reforms that were adopted in the wake of the financial crisis. The economies of France and Italy, however, lagged behind those of Spain and Germany. The French government showed little willingness to implement reforms in 2015 while in Italy labour market reforms were implemented. The ECB announced in March 2015 plans to continue its monetary policy by purchasing public sector bonds, asset-backed securities and covered bonds with a monthly targeted amount of EUR 60 billion at least until September 2016. A further enhancement of monetary policy support until March 2017 was decided in December 2015. The ECB kept the interest rates at the historical low of 5 basis points throughout the year. Overall, the eurozone economy grew by 1.5% in 2015.

The Austrian economy remained well diversified across sectors, benefitting from a sizeable, high value added industrial base, its well educated workforce, and its important service sector. In terms of GDP per capita of approximately EUR 39,000, Austria remained one of the eurozone's most prosperous countries in 2015. Despite the fact that Austria grew less than the eurozone in 2015, the country's economic performance met expectations. Activity across all sectors of the economy rose. While foreign trade was negatively impacted by a noticeable decline in exports to China and Russia, balance of trade remained positive. Domestic demand also contributed to economic growth despite a relatively low increase in disposable income. Overall, the country's economic growth stood at 0.9%. Austria's unemployment rate increased for the fourth consecutive year, but at 5.7% was still among the lowest in Europe. The troubled financial institution HETA Asset Resolution AG, former Hypo AlpeAdria Internation AG continued to weigh on the fiscal outcome, and the public sector had to book illiquid assets of Kommunalkredit of around 2% of GDP, which also contributed to the increase of public debt in 2015. Public debt, as a percentage of GDP, increased to 86.5% (2014: 84.2%). As a result of the relatively low growth and elevated debt burden, Moody's downgraded the outlook of the country's sovereign rating in the last quarter of 2015.

Despite the relatively weak developments of some of the world's major emerging markets, the CEE economies achieved a strong economic growth in 2015. This performance was mainly due to fiscal tightening packages carried out in previous years, improved external imbalances, very low inflation, and to the fact that the region's countries are net importers of energy. In addition, European Union fund absorption rates significantly improved in CEE, particularly in Hungary and the Czech Republic, the region's fastest growing economy. Overall, consumer confidence improved across the region and domestic demand proved to be the main driver of economic growth. The car industry, which was one of the main contributors to exports, again supported the Czech, Slovak, Romanian, and the Hungarian economies. On the back of the ECB's monetary policy, the national banks in Hungary and Romania continued to cut their key rates. In the Czech Republic the base rate remained five basis points throughout the year, and the region's currencies remained broadly stable against the euro. The competitive economies of the region and decreasing unemployment rates supported current account balances in 2015. In addition, the region was characterised by solid public finances as almost all countries fulfilled Maastricht criteria. Overall, CEE economies grew with the Czech Republic achieving the highest growth rate with 4.5%. Croatia, on the other hand, had the weakest growth at 1.5%, still emerging from a multi-year recession.

FINANCIAL PERFORMANCE INDICATORS

Explanatory notes on the balance sheet

Total assets declined by 9.1% from EUR 66.4 billion at the end of 2014 to EUR 60.4 billion on 31 December 2015. This decrease is mainly attributable to the change in the balance sheet presentation of covered bonds not sold to third parties and a drop-off in derivative positions. **Loans and advances to credit institutions** decreased by 4.1% from EUR 19.0 billion in the previous year to EUR 18.2 billion. The decline primarily affected interbank business with credit institutions that do not belong to Erste Group. Compared to 2014, customer deposits declined by 3.9% from EUR 14.3 billion to the present EUR 13.7 billion. A decrease in unlisted fixed-interest securities was likewise observed. Since the increase in **treasury bills** (by 3.0% from EUR 5.4 billion to EUR 5.5 billion) failed to offset the decrease in bonds (by 37.7% from EUR 9.6 billion to EUR 6.0 billion), **total securities investments** declined by 23.1% from EUR 15.0 billion to EUR 11.5 billion at the end of 2015. The marked decrease in bonds resulted on account of the change in the balance sheet presentation of issues for sale (see Notes chapter B "changes in balance sheet disclosure") in the amount of EUR 2.8 billion. As a result of the purchase of additional Tier-1 issues from affiliated companies, the carrying amount of **shares and other variable-yield securities** of EUR 0.5 billion in the previous year doubled to EUR 1.1 billion. The carrying amounts of **participating interest and shares in affiliated companies** rose mainly as a consequence of write ups by 5.0% from EUR 5.6 billion to EUR 5.9 billion as of 31 December 2015. **Other assets** in the amount of EUR 7.6 billion (prior year: EUR 10.2 billion) essentially include derivatives, which decreased by 27.0% to EUR 7.3 billion by the end of the year. This was mainly due to falling market values because of the medium- and long-term rise in interest rates. In addition, OTC derivative (EUR 0.5 billion) booked with a clearing house were subject to on-balance sheet netting. As the decline in domestic bank deposits was more than offset by the increase in deposits from foreign banks, **liabilities to credit institutions** increased by 0.3% to EUR 19.7 billion (prior year: EUR 19.6 billion) on the liabilities side. In terms of **amounts owed to customers**, domestic growth failed to offset the decline abroad, resulting in a 7.5% decrease to EUR 4.3 billion at the end of the year. Refinancing through **own issues** (securitised liabilities and Tier 2 capital) declined by 16.3% from EUR 26.8 billion to EUR 22.4 billion. This was due to a low volume of new issues, on the one hand, and the change in the balance sheet presentation of issues for sale (see Notes chapter B "changes in balance sheet disclosure"). **Other liabilities** of EUR 7.4 billion (prior year: EUR 9.7 billion) essentially include derivatives, which decreased by 26.5% to EUR 6.8 billion at the end of the year. In this case, too, the cause was a rise in medium- and long-term interest rates, which lead to a reduction in the market value and on-balance sheet netting for OTC derivatives (EUR 0.5 billion) booked with a clearing house.

After deduction and filtering as specified in the Capital Requirements Regulation (CRR), **Tier 1 capital** (CET 1, Basel 3, current) amounted to EUR 5.3 billion, **Common Equity Tier 1 capital** (CET 1, Basel 3, current) corresponds to Tier 1 capital. As of 31 December 2015, **own funds** of Erste Group Bank AG pursuant to Part 2 of Regulation (EU) No 575/20 (particularly Tier 1 and Tier 2 capital) amounted to EUR 10.0 billion (prior year: EUR 9.0 billion). The **common Equity Tier 1 capital ratio** (CET 1, Basel 3, current) was 16.9% (prior year: 13.8%), whereas the **total capital ratio** (Basel 3, current) was 31.8% (prior year: 26.2%).

Details on earnings

Despite a difficult interest rate environment, Erste Group Bank AG was able to increase **net interest income** in the financial year 2015 by 7.7% to EUR 428.7 million (prior year: EUR 398.0 million). This is essentially attributable to low interest expenses for own issues. Particularly on account of the dividend paid by Ceska Sporitelna (affiliated company) in the amount of EUR 410.8 million, **income from securities and participating interests** rose to EUR 675.8 million (prior year: EUR 27.7 million). As growth in the securities business was unable to offset the decline in lending, the balance of **fee and commission income and expenses** decreased by 6.8% to EUR 31.8 million (prior year: EUR 34.1 million). **Net profit or loss on financial operations** improved from EUR 2.2 million in the previous year to EUR 26.0 million and this is essentially attributable to the price gains realised from the disposal of hedge fund positions.

Other operating income increased by 114.1% from EUR 77.7 MEUR to EUR 166.3 million. This resulted basically from the reversal of the provision for potential losses in derivatives of the banking book for internal transactions that have no hedging purpose (see Notes chapter B “changes in balance sheet disclosure”). Furthermore, this item mainly includes income from Group pass-through costs, which amounted to EUR 80.1 million (prior year: EUR 71.0 million). As a result, **operating income** rose disproportionately to EUR 1,328.9 million (prior year: EUR 539.8 million).

In addition to salaries (both fixed and variable) and social expenses, **personnel expenses** also include expenses for long-term employee provisions and pension fund contributions. Total personnel expenses decreased by 20.7% to EUR 245.1 million (prior year: EUR 309.2 million). The actuarial gains from long-term employee provisions, which must be recognised in profit or loss, amounted to EUR 30.7 million (prior year: loss in the amount of EUR 53.5 million) had a positive impact. The **number of employees** at Erste Group Bank AG (in full-time equivalents) was up by 2.1% and compares to the previous year as follows:

	As of 31 December 2015	As of 31 December 2014
Domestic	2,041.8	2,000.4
Foreign branches	93.0	91.0
London	34.0	31.0
New York	24.0	23.0
Hong Kong	22.0	23.0
Berlin, Stuttgart	13.0	14.0
Total	2,134.8	2,091.4
thereof maternity/paternity leave	142.9	161.6

Other administrative expenses declined by 6.8% to EUR 213.4 million (prior year: EUR 229.0 million), improving income mainly on account of the costs for the Asset Quality Review (review required by the ECB and EBA in 2014), which amounted to EUR 10.0 million fell away. **Depreciation and amortization on fixed assets and intangible assets** rose due to the increase in software investments by 3.3% from EUR 25.7 million in the previous year to EUR 26.5 million in 2015. Particularly on account of the first-time payment into the Recovery & Resolution Fund, **other operating expenses** increased from EUR 9.1 million in the financial year 2014 to EUR 35.1 million in 2015. As consequence, **operating expenses** decreased by 9.2% to EUR 520.1 million (prior year: EUR 573.1 million). After deduction of all operating expenses from operating income, **net operating income** amounted to EUR 808.5 million in the financial year 2015 after a net operating loss of EUR 33.3 million in the previous year. At 39.1%, the **cost-income ratio** (operating expenses as a percentage of operating income) was clearly below prior year's figure of 106.2%.

In 2015, the number of new customers in default declined year on year, on the one hand, and individual large corporates were able to recover financially, on the other hand. As a result, the required **net allocation for loans and receivables** (including write-offs offset against income from written off loans) decreased from EUR 244.5 million in the previous year to EUR 168.4 million in the financial year 2015. **Current asset securities** (valuation and gains) as well as the result and value adjustment positions on **participating interests and fixed-asset securities** was EUR 246.8 million in 2015 (prior year: EUR -256.4 million). Investment write-ups (primarily EBH and BCR), in particular, but also gains realised through the sale of securities, had a positive impact on income.

Accordingly, **pre-tax profit for the year** improved from EUR -534.2 million in the previous year to EUR 887.0 million in 2015.

Extraordinary income amounted to zero in the financial year 2015 (prior year: EUR 266.0 million) as Erste Group Bank AG did not receive any dividends that did not result from operating income. **Taxes on profit or loss** declined by 14.8% to EUR 86.0 million (prior year: EUR 101.0 million). Due to the high proportion of tax-exempt income – particularly income from participating interests – and tax payments for the permanent establishments abroad, no Austrian corporate income tax was payable in the financial year 2015. The current tax loss carried forward increased in 2015. Due to the decrease in the banking levies to EUR 98.8 million (prior year: EUR 100.8 million), **other taxes** declined by 1.3% from EUR 101.6 million to EUR 100.2 million. After consideration of the **changes in reserves** (see Notes chapter C note 21), which resulted in the net allocation of EUR 657.8 million (prior year: release of EUR 5,822.8 million), **profit or loss for the year after distribution on capital** was EUR 214.9 million, which is above the previous year's level of EUR 0.0 million. Profit or loss for the year amounted to EUR 214.9 million (prior year: EUR 0.0 million) in the financial year 2015.

OUTLOOK

Operating environment anticipated to be conducive to credit expansion. In 2016, real GDP growth, driven primarily by robust domestic demand, of between 1.5% and 3.8% is expected for Erste Group Bank AG's key markets, i.e. Austria, the Czech Republic, Slovakia, Romania, Hungary and Croatia. As in 2015, the contribution of net exports to GDP growth will again be less significant in 2016, though. Inflation will remain negligible in 2016 against the backdrop of a weak economic environment in Europe and the continuing decline in commodity prices. The economic growth anticipated for 2016 should support a further drop in unemployment in most of Erste Group Bank AG's key countries. In Austria, the unemployment rate is expected to increase, however. The solid economic development in Erste Group Bank AG's core markets will again be reflected by current account surpluses in 2016, with the exception of Romania, which is expected to post a current account deficit of 1.1%. The solid macro-economic situation of Central and Eastern Europe is underpinned by continuing moderate levels of government debt in the Czech Republic, Slovakia and Romania, where public debt ratios should remain below the Maastricht limit of 60%. Overall, the 2016 economic outlook for Erste Group Bank AG's markets in Central and Eastern Europe should hence be bright. In those circumstances, it is expected that loan demand should rise further in the Erste Group Bank AG's core countries.

Continuing positive business development. In 2016, the business of Erste Group Bank AG should benefit from the following factors: supported by the solid development of the overall economy, loan growth should continue and credit quality should improve amid a favourable risk environment. While higher lending volume has a positive impact on net interest income, the persistently low interest rate environment will result in lower returns from investments in government bonds and will also adversely affect the liabilities side. The banking tax of approximately EUR 90 million before taxes will likewise have a negative impact. In 2016, the bank will continue to pursue the digital transformation as one of its key business policy objectives: the newly designed digital platform George will be expanded further and, after its successful launch in Austria, will also be rolled out in the Czech Republic. Overall, the bank is expected to continue its positive development, which should lead to a further strengthening of the capital base. The bank therefore assumes to be in a position to pass the stress test announced by the European Central Bank for 2016.

Risks to outlook. Risks related to political interventions in the banking market and risks arising from legal action under consumer protection legislation: In recent years, politically motivated legislation that has significantly increased the cost of banking operations was passed in several countries in which Erste Group operates. This included most notably the introduction of banking levies in Austria, Hungary and Slovakia as well as various laws providing for a refund of fees and the forced conversion of foreign-currency loans, e.g. in Hungary and in Croatia. It cannot be ruled out that further legislative measures may be adopted in the future; including some of the kind currently being discussed in Romania, under which consumers are to be allowed to transfer ownership in loan collateral to the bank in return for cancellation of their debt. Erste Group Bank AG and its subsidiaries are furthermore involved in various lawsuits brought by consumer protection organisations, which in case of a negative outcome might result in additional costs.

Risks in connection with geopolitical and global economic developments: International political and economic turmoil caused, for example, by a severe slowdown in global growth, a potential exit of Great Britain from the European Union or political tensions within the EU may, individually or collectively, negatively affect the profitability and growth prospects of Erste Group Bank AG. The extremely expansionary monetary policies pursued by the central banks of Western advanced economies also have an ongoing negative effect on the profitability of the global banking sector. They reduce banks' interest income and result in a persistent decrease in net interest margins. Erste Group Bank AG has already responded to this development by introducing more digital elements into its business model.

Risk of lower income from investments: Erste Group Bank AG depends on the profitability of its subsidiaries in Central and Eastern Europe. Should their earnings decline, this would result in lower dividend income and hence in a lower profit for Erste Group Bank AG.

EVENTS AFTER BALANCE SHEET DATE

There were no significant events after the balance sheet date.

RESEARCH AND DEVELOPMENT

Business subject of Erste Group Bank AG is to provide banking services. The production process of a bank is therefore not connected with research and development in an industrial sense. Development work takes but permanently in the current business of the Bank.

BRANCHES

Erste Group Bank AG maintains branches in London, New York and Hong Kong that provide commercial lending to foreign banks, leasing companies and sovereign debtors. As of 2011, further branches were established in Germany (Berlin and Stuttgart) - their main focus is on institutional sales. As of December 13, 2013 a Representation Office was registered in Ukraine. The Representation Office supports Erste Group Bank AG in managing a portfolio of prominent Ukrainian Large Corporates, particularly in agriculture and energy.

CAPITAL, SHARE, VOTING AND CONTROL RIGHTS

Investor information pursuant to section 243a (1) of the Austrian Commercial Code ("UGB")

With regard to the statutory disclosure requirements in the Management Report, special reference is made to the relevant information in the notes to the financial statements, in section C 19 ff.

As of 31 December 2015, DIE ERSTE oesterreichische Spar-Casse Privatstiftung ("Privatstiftung"), a foundation, controls together with its partners to shareholder agreements approx. 29.17% of the shares in Erste Group Bank AG and is with 12.88% controlling shareholder. The Privatstiftung is holding 9.22% of the shares directly, the indirect participation of the Privatstiftung amounts to 3.66% of the shares held by Sparkassen Beteiligungs GmbH & Co KG, which is an affiliated undertaking of the Privatstiftung. 3.30% are held by Austrian savings banks respectively saving banks foundations acting together with the Privatstiftung and affiliated with Erste Group Bank AG through the Haftungsverbund. 9.92% of the subscribed capital is controlled by the Privatstiftung on the basis of a shareholder agreement with CaixaBank S.A. 3.08% are held by other partners to other shareholder agreements.

Furthermore, it should be noted that Erste Group Bank AG – just as nearly all Austrian savings banks – are members of the Haftungsverbund of Sparkassengruppe. Sparkassengruppe sees itself as an association of independent, regionally established savings banks which strives to bolster its market position by strengthening common product development, harmonising its market appearance and advertising concepts, pursuing a common risk policy, engaging in co-ordinated liquidity management and applying common controlling standards.

In addition, the purpose of this scheme is:

- _ to identify any business issues of its member banks at an early stage and to provide effective assistance to its members in the resolution of business issues - this can range from offering technical assistance or giving guarantees to providing borrowed or qualifying capital, and
- _ to provide customers with a deposit guarantee system that goes beyond the legal deposit guarantee requirement (section 93 et seq. BWG) that which only guarantees certain types of customer deposits by creating a suitable obligation to service the liabilities of other participating savings banks if the need arises.

Haftungsverbund GmbH is responsible for implementing such measures and analysing the business situation of every member bank of the Haftungsverbund. Overall, the participating savings banks hold a maximum stake of 49% (assuming all savings banks participate) in Haftungsverbund GmbH and Erste Group Bank AG always holds a minimum stake of 51%.

As required by the BWG, individual members of the Haftungsverbund may need to provide assistance to other members (by giving liquidity assistance, granting loans or guarantees and providing equity capital, for instance), and, in any other protection case (insolvency), to service the guaranteed customer deposits of a Haftungsverbund member. The scope of the individual services to be provided by individual Haftungsverbund members where needed are subject to an individual and general maximum limit. Any contributions made by Haftungsverbund members under the statutory deposit guarantee system pursuant to section 93 et seq. BWG are likewise counted in. The corresponding amounts are determined by Haftungsgesellschaft and communicated to members liable for contributions.

In 2013, collaboration with savings banks was further strengthened by way of an additional agreement. The purpose of the agreement concluded in 2013 and effective as of 1 January 2014 is not only to broaden the regulatory options available to Erste Group Bank AG but also to ensure compliance with point 127 of Article 4 (1) (1) CRR and Article 113 (7) CRR with a view to allowing recognition of minority interests at consolidated level in acc. with Article 84 (6) CRR. Savings banks that are party to the agreement concluded in 2013 also include Allgemeine Sparkasse Oberösterreich, which forms an institutional protection scheme as defined under Article 113 (7) CRR with the other members of the Haftungsverbund. Owing to the new legal and supervisory requirements, the maximum limits for support mechanisms of the individual members were raised and an ex ante fund was set up. Payments to the ex ante fund are made on a quarterly basis over a period of 10 year.

In the financial statements, the payments by the individual members are recognised as participations in IPS GesbR – which has been charged with managing the ex ante fund. There was a shift in retained earnings from untied reserves to tied reserves. On the basis of the contractual provisions, these retained earnings represent a tied reserve. These tied retained earnings may be released only if the ex ante fund is used due to a contingency. Internally, this reserve may therefore not be used to cover a loss and, at member level, it does not qualify as capital under the definition of CRR; on a consolidated level, however, the ex ante fund qualifies as capital.

Additional disclosures pursuant to section 243a (1) UGB

All restrictions on voting rights or the transfer of shares, even if they are included in agreements between shareholders, insofar as they are known to the management board pursuant to section 243a (1) no. 2 UGB

In shareholder agreements Privatstiftung agreed with its partners the following: Concerning the appointment of the members of the supervisory board the partners are obliged to vote as required by Privatstiftung. The partners can dispose of shares according to a predefined sale procedure and can purchase shares only within the quotas agreed with Privatstiftung (of in total a maximum of 2% within 12 months); with this regulation an unwanted creeping-in according to the takeover law shall be prevented. In addition, the partners have committed themselves not to make a hostile takeover bid, nor to participate in a hostile takeover bid nor to act together with a hostile bidder in any other way.

The Articles of Association contain no restrictions in respect of voting rights or the transfer of shares Art. 19.9 of the Articles of Association concerning amendments to the Articles of Association contains a provision that is not prescribed directly by statutory law: amendments to the Articles of Association, in so far as they do not alter the business purpose, may be passed by simple majority of votes cast and simple majority of the subscribed capital represented at the meeting considering the amendment. Where higher majority votes are required by individual provisions of the Articles of Association, these provisions can only be amended with the same higher majority vote. Moreover, amendments to Art. 19.9 require a three-quarter majority of the votes cast and a three-quarter majority of the subscribed capital represented at the meeting considering the proposal.

Pursuant to section 243a (1) no. 6 UGB not directly prescribed by the law regarding the appointment and dismissal of members of management and supervisory boards as well as on the amendment of the Articles of Association

This concerns:

- _ Art. 15.1 of the Articles of Association, which provides that Privatstiftung will be granted the right to nominate up to one third of the members of the supervisory board to be elected by the shareholders' meeting, as long as Privatstiftung is liable or all present and future liabilities of the Company in the case of its insolvency pursuant to Section 92 (9) Banking Act and
- _ Art. 15.4 of the Articles of Association, which provides that a three-quarter majority of valid votes cast and a three-quarter majority of the subscribed capital represented at the meeting considering the proposal are required to pass a motion for removal of supervisory board members.

Pursuant to section 243a (1) no. 7 UGB, members of the management board have the right to issue or repurchase shares, where such a right is not prescribed by statutory law

As per decision of the annual general meeting of 12 May 2015:

- _ the management board is entitled to purchase up to 10% of the subscribed capital in treasury shares for trading purposes according to section 65 (1) no. 7 Austrian Stock Corporation Act ("AktG"). However, the trading portfolio of these shares may not exceed 5% of the subscribed capital at the end of any calendar day. The consideration for the shares to be purchased must not be less than 50% of the closing price at the Vienna Stock Exchange on the last trading day prior to the purchase and must not exceed 20% of the closing price at the Vienna Stock Exchange on the last trading day prior to the purchase. This authorisation is valid for a period of 30 months, i.e. until 11 November 2017.
- _ the management board is entitled, pursuant to section 65 (1) no. 8 as well as (1a) and (1b) Stock Exchange Act and for a period of 30 months from the date of the resolution, i.e. until 11 November 2017, to acquire own shares of up to 10% of the subscribed capital, subject to approval by the supervisory board, with the option of making repeated use of the 10% limit, either at the stock exchange or over the counter, likewise to the exclusion of the shareholders' right to tender proportional payment. The authorisation may be exercised in whole or in part or in several instalments and in pursuit of one or several purposes. The market price per share must not be below EUR 2.00 or above EUR 120.00. Pursuant to section 65 (1b) in conjunction with sec. 171 Stock Corporation Act, the management board is authorised, from the date of the resolution, i.e. until 11 May 2020, on approval by the supervisory board, to sell or use the company's own shares, also by means other than the stock exchange or a public offering for any purpose allowed by the law, particularly as consideration for the acquisition and financing of the acquisition of companies, businesses, business divisions or shares in one or several businesses in Austria or abroad to the exclusion of the shareholders' proportional purchase option. The authorisation may be exercised in whole or in part or in several instalments and in pursuit of one or several purposes. The management board is authorised to redeem own shares subject to the supervisory board's approval without requiring the annual general meeting to adopt any further resolution.

The management board is authorized until 28 June 2017, with the consent of the supervisory board, to issue convertible bonds, which have the conversion or subscription right for shares of the Company, observing or excluding the subscription rights of the shareholders. The terms and conditions may, in addition or instead of a conversion or subscription right, also provide for the mandatory conversion at the end of the term or at any other time. The issuance of the convertible bonds is limited to the extent that all conversion or subscription rights, and in case of a mandatory conversion stipulated in terms and conditions, the mandatory conversion, are covered by conditional capital. The issue amount, the terms and conditions of the issue of the convertible bonds and the exclusion of the subscription rights for the shareholders will be determined by the management board with the consent of the supervisory board.

All sales and purchases were carried out as authorised at the annual general meeting.

[The following paragraph lists significant agreements to which the company is party, and which become effective, are amended or are rendered ineffective when there is a change in the control of the company as a result of a takeover bid, as well as their effects \[section 243a \(1\) no. 8 UGB\]](#)

Haftungsverbund

The agreement in principle of the Haftungsverbund provides for the possibility of early cancellation for good cause. Good cause allowing the respective other contracting parties to cancel the agreement is deemed to exist if

- _ one contracting party harms grossly the duties resulting from present agreement;
- _ the ownership structure of a party to the contract changes in such a way – particularly by transfer or capital increase – that one or more third parties from outside the savings bank sector directly and/or indirectly gain a majority of the equity capital or voting rights in the contracting party or
- _ one contracting party resigns from savings bank sector irrespective of the reason.

The Haftungsverbund's agreement in principle and supplementary agreement expire if and as soon as any entity that is not a member of the savings bank sector association acquires more than 25 percent of the voting power or equity capital of Erste Group Bank AG in any manner whatsoever and a member savings bank notifies the Haftungsverbund's steering company and Erste Group Bank AG by registered letter within twelve weeks from the change of control that it intends to withdraw from the Haftungsverbund.

Directors & Officers-Versicherung

Changes in control

In the event that any of the following transactions or processes occur during the term of the insurance policy (each constituting a “change in control”) in respect of the insured:

- _ the insured ceases to exist as a result of a merger or consolidation, unless the merger or consolidation occurs between two insured parties, or
- _ another company, person or group of companies or persons acting in concert, who are not insured parties, acquire more than 50 % of the insured's outstanding equity or more than 50 % of its voting power (resulting in the right to control the voting power represented by the shares, and the right to appoint the management board members of the insured),

then the insurance cover under this policy remains in full force and effect for claims relating to unlawful acts committed or alleged to have been committed before this change in control took effect. However, no insurance cover is provided for claims relating to unlawful acts committed or allegedly committed after that time (unless the insured and insurer agree otherwise). The premium for this insurance cover is deemed to be completely earned.

In the event that a subsidiary ceases to be a subsidiary during the insurance period, the insurance cover under this policy shall remain in full force and effect for that entity for the remainder of the insurance period or (if applicable) until the end of the extended discovery period, but only in respect of claims brought against an insured in relation to unlawful acts committed or alleged to have been committed by the insured during the existence of this entity as a subsidiary. No insurance cover is provided for claims brought against an insured in relation to unlawful acts committed or allegedly committed after this entity ceased to exist.

Co-operation between Erste Group Bank AG and Vienna Insurance Group (VIG)

Erste Group Bank AG and Vienna Insurance Group AG Wiener Versicherung Gruppe (“VIG”) are parties to a General Distribution Agreement concerning the framework of the cooperation of Erste Group and VIG in Austria and CEE with respect to bank and insurance products. In case of a change of control of Erste Group Bank AG, VIG has the right to terminate the General Distribution Agreement, and in case of a change of control of VIG, Erste Group Bank AG has a reciprocal right. A change of control is defined, with respect to Erste Group Bank AG, as the acquisition of Erste Group Bank AG by any person other than DIE ERSTE oesterreichische Spar-Casse Privatstiftung or Austrian savings banks of 50% plus one share of Erste Group Bank AG's voting shares, and with respect to VIG, as the acquisition of VIG by any person other than Wiener Städtische Wechselseitiger Versicherungsverein - Vermögensverwaltung - Vienna Insurance

Group of 50 % plus one share of VIG's voting shares. If VIG elects to terminate the General Distribution Agreement after a change of control of Erste Group Bank AG has occurred, it may choose to ask for a reduction of the original purchase price that it and its group companies have paid for the shares in the CEE insurance companies of Erste Group. The rebate corresponds to the difference between the purchase price and the embedded value and is reduced to zero on a linear scale from 26 March 2013 to 16 March 2018.

Erste Group Bank AG and VIG are furthermore parties to an Asset Management Agreement, pursuant to which Erste Group undertakes to manage certain parts of VIG's and its group companies' securities assets. In case of a change of control (as defined above), each party has a termination right. If Erste Group Bank AG elects to terminate the Asset Management Agreement following such a change of control of VIG, because the new controlling shareholders of VIG no longer support the Agreement, it may choose to ask for a full refund of the purchase price that it has paid for 95 % of Ringturm Kapitalanlagegesellschaft m.b.H., the asset management company performing the services under the Asset Management Agreement. The refund decreases on a linear scale down to zero from October 2013 to October 2018.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM CONTROL RIGHTS FOR FINANCIAL REPORTING PROCEDURES

Control environment

The control environment provides the framework for the introduction, implementation and monitoring of ICS principles, procedures and sanctions. The management board of Erste Group Bank AG is responsible for the establishment, structure and application of an appropriate internal control and risk management system that meets the company's needs in its accounting procedures.

Holding & Treasury Accounting department, which is part of the Group Accounting division, coordinates and verifies the final accounts' compilation for Erste Group Bank AG. The assignment of powers, account responsibilities and the necessary control procedure are defined in the operating instructions.

Risk assessment

The main risk in the accounting procedures is that errors or deliberate action (fraud) prevent facts from adequately reflecting the company's financial position and performance. This is the case whenever the data provided in the financial statements and notes is essentially inconsistent with the correct figures, i.e. whenever, alone or in aggregate, they are apt to influence the decisions made by the addressees on the basis of the final accounts. Such decision may incur serious damage, such as financial loss, the imposition of sanctions by the banking supervisor or reputational harm.

Controls

The relevant units are obliged to comply with the accounting and measurement principles that are applicable for capturing, posting and accounting transactions and laid out in the operating instructions relating to the UGB and in the IFRS Account Manual. The basic components of the internal control system (ICS) at Erste Group Bank AG are:

- _ Controlling as a permanent financial/business analysis (e.g. comparison of target and actual data between Accounting and Controlling) and control of the company and/or individual corporate divisions.
- _ Systemic, automatic control systems and measures in the formal procedure and structure, e.g. programmed controls during data processing.
- _ Principles of functional separation and the four-eye principle.
- _ Internal Audit – as a separate organisational unit – is charged with monitoring all corporate divisions in an independent yet proximate manner, particularly with regard to the effectiveness of the components of the internal control system. The Internal Audit unit is monitored and/or checked by the management board, the Audit Committee/supervisory board, by external parties (e.g. bank supervisor) as well as through dedicated quality assurance measures (self-assessments, peer reviews, external quality assessments).

Information and communication

The final accounts in accordance with Austrian Commercial Code (UGB) / Austrian Banking Act (BWG) are prepared in a standardised format and in compliance with the above described control measures. Before being passed on to the Audit Committee of the supervisory board, the financial statements to be published are submitted to the managers and the CFO for approval. During the year the UGB-result is presented to the responsible board member (CFO) on a quarterly basis.

Reporting is nearly fully automated using input systems and automatic interfaces. This warrants that the data for controlling, (segment) and earnings accounting as well as other evaluations are always up to date. The information used by the accounting department is derived from the same database and reconciled monthly for reporting. Close collaboration between Accounting and Controlling ensures that target and actual data are constantly compared, allowing for effective control and harmonisation.

Responsibilities of Internal Audit

Internal Audit is in charge of auditing and evaluating all areas of the bank at appropriate intervals based on risk oriented audit areas (according to the annual audit plan as approved by the management board and reported to the Audit Committee). Main focus of audit reviews is to monitor the functionality of the internal control system. Internal Audit has the duty of reporting its findings to the Group's management board and Audit Committee several times a year.

According to section 42 BWG, Internal Audit is a control body that is directly subordinate to the management board. It serves the exclusive purpose of ongoing and comprehensive reviews of the legal compliance, appropriateness and suitability of the banking business and banking operation. The mandate of Internal Audit is therefore to support the management board in its efforts to secure the bank's assets and promote economic and operational performance and thus in the management board's pursuit of its business and operating policy. The activities of Internal Audit are governed in particular by the currently applicable Rules of Procedure, which were drawn up under the authority of all management board members and approved as well as implemented by them. The Rules of Procedure are reviewed on a regular basis and whenever required, and adapted should the need arise.

Audit activities of Internal Audit

In its auditing activities, Internal Audit puts a special focus on:

- _ operating and business areas of the bank;
- _ operating and business processes of the bank;
- _ internal bank standards (organisational policies, regulations on the division of powers, guidelines, etc.) as well as operating instructions, also with regard to their compliance, up-to-dateness and on-going updates;
- _ audit areas stipulated by the law, such as the material accuracy and completeness of notifications and reports to the Financial Market Authority the Oesterreichische Nationalbank and the European Central Bank respectively or the annual audit of rating systems and their effectiveness.

Internal Audit performs its responsibilities based on its own discretion and in compliance with the annual risk based audit plan as approved by the management board. Once approved, the audit plan is reported also to the Audit Committee.

RISK MANAGEMENT

Comments on the risk profile of Erste Group Bank AG

Given Erste Group Bank AG's business strategy, the key risks for Erste Group Bank AG are credit risk, market risk, interest rate risk in the banking book, liquidity risk, and operational risk. In addition, a risk materiality assessment is undertaken on an annual basis. All relevant material risks are ensured to be covered by Erste Group Bank AG's control and risk management framework. The main types of risk can be summarised as follows:

- _ **Credit risk:** is the risk of loss from the potential collapse of counterparties, particularly of borrowers in the conventional lending business, and any related credit losses.
- _ **Market risk:** generally describes the risk of loss from unfavourable price changes in marketable and traded products, such as shares, fixed-income securities and derivatives, as well as from interest and foreign exchange volatility and fluctuations in raw material prices.
- _ **Interest rate risk in the banking book:** is the risk of an adverse change in the fair value of financial instruments caused by a movement in market interest rates. This type of risk arises when mismatches exist between assets and liabilities, including derivatives, in respect of their maturities or of the timing of interest rate adjustments.
- _ **Liquidity risk:** describes the risk of the bank's insufficient liquidity or inability to make funds available in a timely manner to service its debts.
- _ **Operational risk:** describes the risk of loss as a result of human error, the malfunctioning of internal procedures or systems, or external events.

Participation risks

Participation risks are risks of potential value losses from providing equity, as current-value write-offs, capital losses from sales, omissions of dividends or decline of hidden reserves as well liability risks from letters of comfort or capital payment commitments. Direct and indirect participations are in a large extent fully consolidated in the group balance sheet thus these risks have been taken into account. Consequently potential risks of investments are usually covered by other types of risks and correspondingly considered in their monitoring and control methods.

Significant participations were carried out under the strategic considerations of investments in business areas of retail banking, where largely own know-how and expertise can be contributed. To participate more strongly in growth areas, there was an increasingly geo-

graphical diversification to the Central European markets. In order to reduce the political, legal and economic risks, the management focuses on countries within the EU or on potential EU candidate countries.

Risk management objectives and methods

It is a core function of every bank to take risks in a conscious and selective manner and to manage such risks professionally. Erste Group Bank AG's proactive risk policy and strategy aims at achieving balanced risk and return in order to generate a sustainable and adequate return on equity.

Erste Group Bank AG uses a risk management and control system that is forward-looking and tailored to its business and risk profile. It is based on a clear risk strategy that is consistent with the Group's business strategy and focused on early identification and management of risks and trends. In addition to meeting the internal goal of effective and efficient risk management, Erste Group Bank AG's risk management and control systems have been developed to fulfil external and, in particular, regulatory requirements.

For credit risk, by far the most important risk category, Erste Group Bank AG has been using the internal ratings-based (IRB) approach according to the Capital Requirements Regulation (CRR) since 2007 and adopts this approach also for the assessment of economic capital requirements according to Pillar 2. In addition, all related and required methods and processes of this advanced measurement approach are applied.

For a number of years, the capital requirement for the market risk exposure of the trading book has been assessed using the bank's own model. In order to hedge the exposure to variability in future cash flows or the market risk (interest rate as well as exchange rate risks) resulting from balance sheet assets (bonds, loans) and liabilities (own issues, promissory notes, custody transactions) on an individual basis or as a group, Erste Group Bank AG uses interest rate swaps, currency swaps and options as hedging instruments. These hedging instruments are accounted for as valuation units together with the respective hedged item according to section 201 (2) Austrian Commercial Code (Unternehmensgesetzbuch – UGB). The requirements for the generation of valuation units are fulfilled by the cash flow and fair value hedge accounting processes, which are applied at Erste Group Bank AG. Details on these processes are presented in the notes to the financial statement, section C 30.

For Erste Group Bank AG, the capital requirement for operational risk has been in accordance with the advanced measurement approach (AMA) since 2009. Since then, the Group extends constantly the scope of this approach.

In order to provide a comprehensive overview of current and future risk and the cover pools of the Bank, the bank's risk-bearing capacity is determined by the Internal Capital Adequacy Assessment Process (ICAAP). This process provides regular updates on the risk profile and capital adequacy, furnishing a basis for defining and implementing any measures that may be necessary.

Erste Group defines its risk strategy and risk appetite (Risk Appetite Statement; RAS) through the annual strategic planning process to ensure appropriate alignment of risk, capital and performance targets. The Group RAS represents a strategic statement expressing the maximum level of risk that Erste Group is prepared to accept in order to deliver its business objectives. It consists of a set of core metrics providing quantitative direction for risk steering, from which a top-down boundary for target and limit setting is derived, creating a holistic perspective on optimizing capital, funding and risk-return trade-offs..

Risk management organisation

Risk control and risk steering are performed based on the business strategy and the risk appetite approved by the management board. The chief risk officer of Erste Group Bank AG (Group CRO), working together with the chief risk officers of the subsidiaries, is responsible for implementation of and adherence to the risk control and risk management strategies across all risk types and business lines. Committees with explicit strategic and operative controlling functions have been set up to ensure the Bank's effective and optimal management. At the top of the risk committee hierarchy within Erste Group Bank AG is the Risk Management Committee. The Risk Management Committee of the supervisory board is responsible for granting approval in all those cases in which loans and exposures or large exposures reach an amount exceeding the approval authority of the management board according to the Credit Risk Approval Authority Regulations. It is charged with granting approval to large exposures pursuant to Article 392 CRR, if such a claim is equal or exceeds 10% of the eligible capital of a credit institution. Within the competence assigned to it, the Committee may grant advance approvals to the extent permitted by law. The management board and in particular, the Group CRO ensure the availability of appropriate infrastructure and staff as well as methods, standards and processes to that effect, the actual identification, measurement, assessment, approval, monitoring, steering and limit setting for the relevant risks are performed at the operating entity level within Erste Group Bank AG. At Group level, the management board is supported by several divisions established to perform operating risk control functions and exercise strategic risk management responsibilities.

The following risk management functions report directly to the Group CRO:

- _ Enterprise-wide Risk Management
- _ Group Credit & Market Risk Management
- _ Group EGI Real Estate Risk Management
- _ Group Risk Operating Office
- _ Group Workout
- _ Operational Risk, Compliance and Security
- _ Risk Methods and Models
- _ Group Legal
- _ Group Retail and SME Risk Management
- _ Group Validation

Enterprise-wide Risk Management (ERM) enables an increased focus on holistic risk management and ensures comprehensive, cross-risk Group-wide risk portfolio steering. It drives key strategic cross-risk initiatives to establish greater cohesion between the risk strategy incl. risk appetite, limit steering and operational execution.

Group Credit & Market Risk Management is the operative risk management function for medium-sized and large customers as well as for institutional clients and counterparties. This area ensures that only credit and market risk in line with the risk appetite, the risk strategy and pertinent limits set by ERM is taken on the books of Erste Group.

The Group EGI Real Estate Risk Management department is responsible primarily for the real estate risk policies, in particular for Commercial Real Estate and risk operations, and for the support of the continuous development of operative real estate credit risk management in Erste Group.

Group Risk Operating Office provides the infrastructure and general management across all functions within the risk organisation and is responsible for the budget and staff of the whole CRO-Division. In detail, the covered business areas comprise the following units: Risk Data and Reporting, including Credit Risk Reporting and Market Risk Reporting, as well as Project Hub, Group Risk Regulatory Management and the Group Risk Administration Office.

The Group Workout function has a Group-wide responsibility for clients allocated to the business segments large corporates, commercial real estate and other corporate who are rated substandard or non-performing or are specifically defined as workout clients. It undertakes the direct workout management function for corporate workout clients of Erste Holding and additionally performs the (second-line) risk management function for corporate workout clients of the subsidiaries exceeding local management's authorisation level.

The area Operational Risk, Compliance and Security is responsible for the management of operational risks, compliance risks and security issues. The business area comprises Group Operational Risk Management, Group Compliance and Group Security Management.

The division Risk Methods and Models is responsible for specific aspects of the management of credit, market and liquidity risk, especially the modelling aspects. This area provides adequate risk measurement methodologies and tools as well as an appropriate relevant risk policy and control framework.

Group Legal, with its three sub-units Banking Legal, Markets Legal and Corporate Legal, acts as the central legal department of the Holding. Group Legal provides legal support and counsel for the management board, the business units and the central functions.

Group Retail and SME Risk Management is responsible for steering the Group's retail lending portfolios. It defines the group-wide retail lending and analytical framework that serves as a basis for monitoring local banks' retail lending practices and for identifying potential adverse portfolio developments early on.

The objective of Group Validation is to comply with regulatory requirements to perform validations (initial and annual) of all models and methodologies (internal or from external vendors) for credit ratings, scorecards, parameters as well as of models and methodologies for derivatives, securities valuation, asset liability management (ALM), pricing and internal steering in Erste Group Bank AG.

With regard to further information and description of the principal financial and non-financial risks of the Erste Group Bank AG please refer to section Risk management to the Group consolidated financial statements and for litigations to section A (Ongoing legal cases) of the notes to the financial statements as well as to section C note 33 (Contingent liabilities) to the unconsolidated financial statements.

CORPORATE SOCIAL RESPONSIBILITY

As one of the leading banks in Austria and the eastern part of the EU, Erste Group Bank AG has committed itself to strict ethical standards for all the activities it carries out in its markets. Almost 200 years ago, the very founding concept of Erste österreichische Spar-Casse already embraced the idea of contributing to the common good. It goes without saying that Erste Group Bank AG acts responsibly towards customers, employees, investors and communities. This is why Erste Group Bank AG has brought in a wide variety of measures. Adhering to laws and international initiatives against bribery and corruption is common practice – nothing related to these topics was recorded at Erste Group in 2015. Measures are implemented to fulfil this responsibility, such as a documentation and approval tool for gifts and a Whistleblowing Office. The Erste Integrity Line encourages lawful, fair behaviour and enables all employees to report cases of suspicious misconduct.

Commitment to society

Erste Group Bank AG has always supported social, cultural, educational and sports projects, such as *MehrWERT* sponsorship programme.

Social Activities

Erste Group Bank AG's social commitment is marked by its long-term cooperation with local and international organisations. This focuses on combating poverty and unemployment. Since 2013 Erste Group Bank AG has been sponsoring *Hilfswerk Österreich*, one of the largest non-profit providers of health care, social and family services in Austria. Additionally, Erste Group Bank AG has also supported the aid organisation *lobby16*, which works to protect the right to education of unaccompanied young refugees and give them access to education, employment and participation in social life.

Arts and Culture

Erste Group Bank AG is dedicated to supporting an understanding of and appreciation for the arts and culture. One of the cornerstones of the activities is to enable young and socially disadvantaged people to find access to music the performing and the applied arts. Promoting young talents is another focus of Erste Group Bank AG's arts and culture sponsorship programme.

Financial Education

A good understanding of money and finance is of the utmost importance, because it enables individuals and households to improve and secure their economic situation. Financial ignorance limits social, economic and cultural life, which might become a risk to the individual but also creates problems for communities, countries and society in general. Erste Group Bank AG believes that knowledgeable and financially educated customers are more likely to make sound appropriate financial decisions. Financially secure individuals and families will contribute positively to communities and foster economic growth and development. Therefore, Erste Group Bank AG has been engaged in financial education activities for many years.

A new project is the Financial Life Park (FLiP), a museum and learning trail focusing on personal finance and basic economics. The main target group are school classes starting from primary school. The FLiP, located in the newly built Erste Campus in Vienna, Erste Group Bank AG's headquarters, will open its doors in autumn 2016.

Erste Group Bank AG also offers workshops in the fields of financial education and debt prevention, especially for younger people. Large amounts of school and practice materials can be downloaded from the platform www.geldundso.at, which was developed together with youths.

Corporate Volunteering

Erste Group Bank AG encourages its employees to show social commitment through various initiatives. Thus, the number of participants in the Time Bank initiative, which was launched in 2012 and in which employees dedicate some of their free time to social projects, is growing steadily. In addition to former branch premises at Europaplatz in Vienna, Erste Group Bank AG also made available unused space at Erste Campus as emergency shelter for refugees.

Customers

Erste Group puts customers and their interests at the centre of its business activities. Only banks that understand the financial needs of their customers can offer the right solutions at the right time. Special attention is devoted to the quality of products and advisory services, as these are key factors for customer satisfaction and, therefore, for building up and maintaining long-term customer relations. The focus of Erste Group is clearly on the relationship with the customer, not on the transaction.

Erste Group believes that, despite technological progress, personal contact with customers remains important. This is why the modern branch network of Erste Group remains a key element of its banking business. Customers of Erste Group who require complex long-term financial services expect sound advice. The combination of digital channels and traditional sales approaches enables customer relationship managers to explore customer needs even more proactively.

Accessibility, transparency and comprehensibility of product information are top priorities. As a result, the range of multilingual consultation services is constantly expanding. Each branch in Austria features an ATM machine with braille and the number of barrier-free branches is increasing across the group.

Customer retention based on high levels of satisfaction ensures the bank's long-term success. The Customer Experience Index (CXI) is based on representative and comprehensive surveys. This index also serves as a bonus criterion for management board members. In 2015, the main focus of financial inclusion was again on micro banking and social enterprise financing. Start-ups are supported through micro-loans in Austria, targeting the financing of social enterprises.

Suppliers

Erste Group Bank AG's suppliers must fulfil strict standards in order to preserve the sustainable business principles. Covering the entire supply chain, Erste Group Procurement is the sourcing and procurement company of Erste Group Bank AG. Its basic objective is to ensure clear and fair sourcing and procurement activities and contracts. In addition to governance issues such as trade ethics, conflicts of interest, bribery and stakeholder commitment, the supplier audit requires responses to questions on sustainability and social topics such as child labour, and health and safety.

Employees

Retaining experienced and committed employees is fundamental to the long-term success of every company. Erste Group – as one of the largest employers in the region – therefore aims to maintain its position as an employer of choice in Central and Eastern Europe. The appointment of a Group Diversity Manager underlines the importance of diversity for Erste Group.

In 2015, the management board of the Holding and the employees' council signed a company agreement on preventing discrimination and promoting respectful behaviour in the workplace. An Anti-Discrimination Officer was appointed at the end of 2015, who works with management on awareness and prevention and councils, advises and mediates in matters concerning harassment and discrimination. Further to that, Erste Group Bank AG signed the Nestor Gold Charter on generation management in October 2015.

Erste Group Bank AG regards supporting the development of its employees' professional and social skills as a top priority to ensure that the employees are well prepared to act professionally and in a socially responsible manner. The Erste Leadership Evolution Centre structures group-wide leadership development offerings. Erste Group Bank AG also offers university graduates a very attractive career start with its Group Graduate Programme.

The focus of the remuneration policy is set on an appropriate balance in rewarding the performance, competence and level of responsibility of the employees and keeping a sustainable personnel cost base. Erste Group Bank AG offers competitive, but not market leading, compensation packages. The remuneration schemes are designed according to the CRD IV requirements on remuneration, ESMA guidelines (European Securities and Markets Authority) and local bank laws.

Erste Group Bank AG is committed to a proactive approach towards helping its employees to identify and manage health risk. Therefore, a multi-professional team of occupational physicians, industrial psychologists and physiotherapists assists the employees in any matters of health and well-being.

Staff indicators	Dec 15	Dec 14
Average number of sick leave days per employee	6.1	6.5
Share of femal staff	46.58%	44.98%
Share of executive positions	2.11%	2.11%
Other managerial positions	9.34%	8.24%
Share of women in executive position	13.16%	17.07%
Share of women in other managerial positions	27.38%	27.50%
Share of part-time staff	19.18%	16.33%
Share of female part-time staff from total part-tim workforce	81.74%	85.80%

Environment

Environmental issues affect everyone's life. An Environmental Steering Committee consisting of the CEO and COO of Erste Group Bank AG and the Head of Group Environmental Management was set up to monitor the group-wide implementation of the environmental strategy.

To improve its ecological footprint, Erste Group Bank AG introduced far-reaching measures to reduce electric energy, heating energy, copy paper and CO2 emissions. In addition, criteria for choosing heating and electrical energy providers based on their use of renewable energies have been defined.

Erste Campus, the new headquarters in Vienna, has been awarded preliminary DGNB Gold certification by the Austrian Society for Sustainable Real Estate (ÖGNI).

The Corporate governance report is disclosed in the annual report of Erste Group (www.erstegroup.com/ir).

Vienna, 26 February 2016

Management board

Andreas Treichl mp
Chairman

Peter Bosek mp
Member

Petr Brávek mp
Member

Andreas Gottschling mp
Member

Gernot Mittendorfer mp
Member

Jozef Síkela mp
Member

V. Auditors' Report

REPORT IN THE FINANCIAL STATEMENTS

Sparkassen-Prüfungsverband and Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna, have audited the accompanying financial statements, including the accounting system, of Erste Group Bank AG, Vienna, for the fiscal year from January 1, 2015 to December 31, 2015. These financial statements comprise the balance sheet as of December 31, 2015, the income statement for the fiscal year ended December 31, 2015, and the notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS AND FOR THE ACCOUNTING SYSTEM

The management of Erste Group Bank AG is responsible for the accounting system and for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory provisions for credit institutions. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY AND DESCRIPTION OF TYPE AND SCOPE OF THE STATUTORY AUDIT

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Erste Group Bank AG's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

OPINION

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Erste Group Bank AG as of December 31, 2015 and of its financial performance for the fiscal year from January 1, 2015 to December 31, 2015 in accordance with Austrian Generally Accepted Accounting Principles.

COMMENTS ON THE MANAGEMENT REPORT

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 26 February 2016

Austrian Savings Bank Auditing Association
Audit Agency

(Bankprüfer)

Gerhard Margetich mp
Certified Accountant

Stephan Lugitsch mp
Certified Accountant

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Ernst Schönhuber mp
Certified Accountant

Andrea Stippl mp
Certified Accountant

This report is a translation of the original report in German, which is solely valid.

Publication of the financial statements together with our auditor's opinion may only be made if the financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

VI. Statements of all members of the management board

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, 26 February 2016

Management board

Andreas Treichl mp
Chairman

Peter Bosek mp
Member

Petr Brávek mp
Member

Andreas Gottschling mp
Member

Gernot Mittendorfer mp
Member

Jozef Síkela mp
Member