

Interim Report  
**First Quarter 2022**

## Key financial data

### Income statement

| in EUR million   | Q1 21        | Q4 21        | Q1 22        | 1-3 21       | 1-3 22       |
|--|--------------|--------------|--------------|--------------|--------------|
| Net interest income  | 1,172.1      | 1,306.2      | 1,392.1      | 1,172.1      | 1,392.1      |
| Net fee and commission income  | 540.0        | 613.3        | 615.3        | 540.0        | 615.3        |
| Net trading result and gains/losses from financial instruments at FVPL | 66.4         | 30.9         | -16.9        | 66.4         | -16.9        |
| Operating income   | 1,828.6      | 2,007.0      | 2,036.2      | 1,828.6      | 2,036.2      |
| Operating expenses   | -1,103.3     | -1,165.5     | -1,235.2     | -1,103.3     | -1,235.2     |
| <b>Operating result</b>  | <b>725.3</b> | <b>841.5</b> | <b>801.0</b> | <b>725.3</b> | <b>801.0</b> |
| Impairment result from financial instruments                           | -35.7        | -107.2       | -59.1        | -35.7        | -59.1        |
| <b>Post-provision operating result</b>                                 | <b>689.6</b> | <b>734.3</b> | <b>741.9</b> | <b>689.6</b> | <b>741.9</b> |
| Other operating result   | -126.7       | -67.2        | -132.7       | -126.7       | -132.7       |
| Levies on banking activities   | -33.2        | -1.9         | -40.2        | -33.2        | -40.2        |
| Pre-tax result from continuing operations                              | 565.1        | 651.2        | 610.1        | 565.1        | 610.1        |
| Taxes on income  | -124.3       | -91.6        | -115.6       | -124.3       | -115.6       |
| <b>Net result for the period</b>                                       | <b>440.8</b> | <b>559.6</b> | <b>494.5</b> | <b>440.8</b> | <b>494.5</b> |
| Net result attributable to non-controlling interests                   | 85.7         | 87.6         | 45.7         | 85.7         | 45.7         |
| <b>Net result attributable to owners of the parent</b>                 | <b>355.1</b> | <b>472.0</b> | <b>448.8</b> | <b>355.1</b> | <b>448.8</b> |
| Earnings per share   | 0.83         | 0.93         | 1.05         | 0.83         | 1.05         |
| Return on equity   | 9.6%         | 10.1%        | 11.2%        | 9.6%         | 11.2%        |
| Net interest margin (on average interest-bearing assets)               | 1.99%        | 2.08%        | 2.14%        | 1.99%        | 2.14%        |
| Cost/income ratio  | 60.3%        | 58.1%        | 60.7%        | 60.3%        | 60.7%        |
| Provisioning ratio (on average gross customer loans)                   | 0.08%        | 0.24%        | 0.13%        | 0.08%        | 0.13%        |
| Tax rate   | 22.0%        | 14.1%        | 18.9%        | 22.0%        | 18.9%        |

### Balance sheet

| in EUR million  | Mar 21         | Dec 21         | Mar 22         | Dec 21         | Mar 22         |
|---|----------------|----------------|----------------|----------------|----------------|
| Cash and cash balances                                | 53,954         | 45,495         | 46,225         | 45,495         | 46,225         |
| Trading, financial assets                             | 48,381         | 53,211         | 55,825         | 53,211         | 55,825         |
| Loans and advances to banks                           | 27,477         | 21,001         | 30,825         | 21,001         | 30,825         |
| Loans and advances to customers                       | 167,839        | 180,268        | 185,293        | 180,268        | 185,293        |
| Intangible assets                                     | 1,332          | 1,362          | 1,337          | 1,362          | 1,337          |
| Miscellaneous assets                                  | 5,985          | 6,090          | 6,106          | 6,090          | 6,106          |
| <b>Total assets</b>                                   | <b>304,969</b> | <b>307,428</b> | <b>325,610</b> | <b>307,428</b> | <b>325,610</b> |
| Financial liabilities held for trading                | 2,192          | 2,474          | 2,917          | 2,474          | 2,917          |
| Deposits from banks                                   | 35,288         | 31,886         | 34,781         | 31,886         | 34,781         |
| Deposits from customers                               | 205,374        | 210,523        | 222,382        | 210,523        | 222,382        |
| Debt securities issued                                | 32,516         | 32,130         | 33,984         | 32,130         | 33,984         |
| Miscellaneous liabilities                             | 6,827          | 6,902          | 7,478          | 6,902          | 7,478          |
| Total equity  | 22,771         | 23,513         | 24,068         | 23,513         | 24,068         |
| <b>Total liabilities and equity</b>                   | <b>304,969</b> | <b>307,428</b> | <b>325,610</b> | <b>307,428</b> | <b>325,610</b> |
| Loan/deposit ratio                                    | 81.7%          | 85.6%          | 83.3%          | 85.6%          | 83.3%          |
| NPL ratio   | 2.6%           | 2.4%           | 2.3%           | 2.4%           | 2.3%           |
| NPL coverage ratio (based on AC loans, ex collateral) | 89.5%          | 90.9%          | 91.9%          | 90.9%          | 91.9%          |
| CET1 ratio (final)                                    | 14.0%          | 14.5%          | 13.7%          | 14.5%          | 13.7%          |

### Ratings

|                              | Mar 21   | Dec 21 | Mar 22 |
|------------------------------|----------|--------|--------|
| <b>Fitch</b>                 |          |        |        |
| Long-term                    | A        | A      | A      |
| Short-term                   | F1       | F1     | F1     |
| Outlook                      | Negative | Stable | Stable |
| <b>Moody's</b>               |          |        |        |
| Long-term                    | A2       | A2     | A2     |
| Short-term                   | P-1      | P-1    | P-1    |
| Outlook                      | Stable   | Stable | Stable |
| <b>Standard &amp; Poor's</b> |          |        |        |
| Long-term                    | A        | A+     | A+     |
| Short-term                   | A-1      | A-1    | A-1    |
| Outlook                      | Stable   | Stable | Stable |

# Letter from the CEO

## Dear shareholders,

Erste Group had a successful start to the year of 2022 despite a variety of fresh challenges, posting a net profit of EUR 448.8 million for the first quarter primarily on the back of a strong operating performance across all core markets. In response to higher-than-expected inflation, rate hikes in the Czech Republic, Hungary and Romania were likewise more substantial than anticipated and – combined with continued robust volume growth – led to an improvement in net interest income. At the same time, the favourable trend in net fee and commission income continued. Risk costs were again notably low. Economic forecasts in our region remain still positive albeit dampened by the war in Ukraine and the sanctions on Russia imposed by the European Union and the US as a consequence. In line with current developments we have also adjusted the outlook on the 2022 financial year: we now forecast net interest income to grow at least in the high single-digit and net fee and commission income in the middle single-digit range. Even with higher inflation factored in, we expect operating expenses to rise more moderately than operating income and risk costs to remain at a low level. This should finally result in a double-digit return on tangible equity (ROTE).

Economic activity, which was still robust in the first quarter, is likely to be impacted by the Ukraine war. It is expected that the economic recovery will slow down despite the lifting of Covid-19 induced restrictions because of the war and the knock-on effects of sanctions as well as persistent international supply chain disruptions. The rise in inflation has an adverse impact on household incomes and investment activity. Growth forecasts for our core markets remain positive but have been reduced to one to five percent. While the central banks of the Czech Republic, Hungary and Romania reacted to accelerating inflation pressure by hiking interest rates as early as 2021, the ECB adhered to its low-interest-rate policy also in the first quarter of 2022. Asset quality remained solid in the first quarter. Erste Group's NPL ratio improved once again, marking a new historic low since its IPO at 2.3% at the end of March 2022.

How did these developments impact our operations? In the retail business, demand for mortgage loans remained very strong, with some signs of slowing though in markets where rates had gone up, such as the Czech Republic. Demand for consumer loans was, overall, still subdued, with rises seen in Slovakia and Romania. The inflow of deposits remained robust. Prosperity advice – Erste Group's financial advisory service designed to help our clients achieve and maintain prosperity – has retained its popularity in view of the euro zone's low-interest-rate environment and higher inflation. The number of digital users of our popular digital platform George and digital transactions have been climbing continuously, with more than eight million users registered across the Group to date. The ESG theme remains likewise relevant as clients are actively looking for options for green as well as socially responsible investments. In the corporate business, loan volume was up across all segments. Growth was registered among large corporates and SMEs alike, in the commercial real estate business and in dealings with the public sector, most notably in Austria, Romania and the Czech Republic. Overall, loans and advances to customers (net) increased by 2.8% to EUR 185.3 billion. The undiminished rise in retail and corporate customers' deposits caused the loan-to-deposit ratio to decline to 83.3%, however.

I should like to make special mention of a few details regarding the strong operating result: our key income components have shown a most gratifying development. Net interest income rose by 18.8% on the back of an increase in loan volume as well as, most notably, earlier and stronger-than-expected rate hikes in key core markets outside the euro zone. 14% growth in net fee and commission income was driven by positive trends across all income categories and all core markets. Operating expenses were up by 12%. Negative impacts came from an exceptional rise in contributions to deposit insurance systems in Austria and Hungary (Sberbank Europe), with recoveries from sales proceeds to be expected in the long run, however. Risk costs were again low at 13 basis points of gross loan volume.

Erste Group's capitalisation remains solid with a common equity tier 1 ratio (final) of 13.7% as of the end of March 2022; this figure does not include profits for the first quarter. If approved by the annual general meeting to be held on 18 May 2022, we will pay a dividend of EUR 1.6 per share.

The solid development of the operating result in the face of fresh challenges of unexpected magnitudes underlines that we are pursuing the right business strategy in the right region. You may trust that we will keep operating the banking business in a socially and ecologically responsible manner and support the economic activities of people and businesses in our core markets also in the future.

Bernhard Spalt m.p.

# Erste Group on the capital markets

## EQUITY MARKET REVIEW

In the reporting period, the financial markets were marked by a high degree of uncertainty, with the key topics being inflation, economic growth, monetary policy and geopolitics. Inflation rates kept rising significantly, fuelled by strong demand and supply shortages in commodities and intermediate products. Later in the first quarter of 2022, Russia's attack on Ukraine was the key factor impacting stock market trading. The sanctions imposed on Russia added extra momentum to the rally in commodity prices. Against this backdrop, investors' focus was on further action by governments and central banks, with the latter having already started to phase out their ultra-loose monetary policies of previous years by implementing first rate hikes.

Risks resulting from the Russia-Ukraine war along with sanctions and counter-sanctions, high commodity and energy prices combined with uncertainty regarding oil and gas supplies, particularly in Europe, as well as the risks of stagflation (stagnating economic activity amid high inflation) caused volatility and falling prices in all of the stock markets covered. At 34,678.35 points, the Dow Jones Industrial Average Index was down 4.6% year-to-date. The broader Standard & Poor's 500 Index declined 4.9% to 4,530.41 points in the quarter ended. In Europe, the Euro Stoxx 600 Index fell 6.5%, ending the reporting period at 455.86 points. After gains in January, the Dow Jones Euro Stoxx Banks Index, which is composed of the leading European bank shares, sustained losses and closed the first quarter down 9.6% at 90.78 points. The Austrian stock market was hit harder than other markets because of its close relations with Eastern Europe and the associated risks, higher inflation and weaker CEE currencies. After enjoying a record year in 2021, the Austrian Traded Index (ATX) declined by 14.2% in the quarter ended, closing the quarter at 3,311.05 points.

After the central banks had provided the markets with ample quantities of liquidity to help them cope with the corona-induced crisis and support the economy, elevated levels of inflation had already prompted them to signal and/or initiate a change in their expansionary monetary policies in the final quarter of the previous year. After rates had been increased in a number of CEE countries and in the United Kingdom, the US central bank Federal Reserve also started its rate-hike cycle by raising its policy rate from 0.25% to 0.5% and signalled additional rate hikes going forward. The European Central Bank (ECB) likewise announced its exit from the ultra-expansionary monetary policy, albeit at a slower pace. The central banks are faced with the conflicting goals of containing inflation and maintaining stability in the economy as well as in fiscal and public debt levels, which is being made more difficult by the current geopolitical crisis.

## SHARE PERFORMANCE

After posting its second-highest gain since its IPO in 1997, the Erste Group share suffered significant losses in the wake of geopolitical events. The share price saw a substantial setback due to the Russia-Ukraine war, hitting a 52-week low at EUR 24.83 on 7 March. Despite its subsequent rebound, the Erste Group share, at EUR 33.09, was 20.0% down from its year-end 2021 level at the end of the first quarter. The share marked its high at EUR 44.98 on 9 February. The focus of market participants was primarily on the impact of geopolitical uncertainty on macroeconomic expectations for CEE and Austria in 2022 (specifically lower GDP growth and higher inflation), the impact on the deposit guarantee scheme after the ECB banned Sberbank Europe from continuing its business operations, Erste Group's immaterial credit risk exposure in Russia, Ukraine and Belarus and the outlook for 2022 in terms of lending growth, net interest income, net fee and commission income, operating expenses, risk costs and distribution of capital.

In the first quarter of 2022, trading volume on the three stock exchanges (Vienna, Prague, Bucharest) on which the Erste Group share is listed averaged 1,311,470 shares per day.

## FUNDING AND INVESTOR RELATIONS

Erste Group returned to the covered bond market after a two-year absence with the issuance of a 6.5 and 15 years dual-tranche mortgage transaction (amounting to EUR 750m each) in early January 2022. The notes were executed at MS+3bp and MS+5bp for the longer tranche and opened the covered bond segment for other FIG issuers. Erste Group concluded its funding activities in the first quarter by issuing a EUR 500m 4y senior preferred note at MS+55bp backed by a strong market backdrop amidst the Ukrainian crisis. Overall, the planned funding volumes for 2022 are comparable to last year although this year's funding mix includes covered bonds again.

In the first quarter of 2022, banking and investor conferences were held mostly as virtual but also as hybrid events as Covid-19-induced restrictions were eased temporarily. Conferences were organised by Bank of America Merrill Lynch, JP Morgan, Kepler Cheuvreux, Barclays, Morgan Stanley and PKO. In addition, the management and the investor relations team of Erste Group conducted a large number of one-on-one and group meetings as phone and video conferences, in which questions raised by investors and analysts were answered.

# Interim management report

In the interim management report, financial results from January-March 2022 are compared with those from January-March 2021 and balance sheet positions as of 31 March 2022 with those as of 31 December 2021.

## EARNINGS PERFORMANCE IN BRIEF

**Net interest income** increased to EUR 1,392.1 million (+18.8%; EUR 1,172.1 million) driven by rate hikes outside the euro zone – mainly in the Czech Republic, Hungary and Romania – as well as significant loan growth across all markets. **Net fee and commission income** rose to EUR 615.3 million (+14.0%; EUR 540.0 million). Increases were posted across all fee and commission categories and core markets, with significant growth seen in particular in payment services and asset management. **Net trading result** deteriorated to EUR -256.6 million (EUR 9.5 million); the line item **gains/losses from financial instruments measured at fair value through profit or loss** rose to EUR 239.7 million (EUR 56.9 million). The development of these two line items was mostly attributable to valuation effects. **Operating income** increased to EUR 2,036.2 million (+11.4%; EUR 1,828.6 million). **General administrative expenses** rose to EUR 1,235.2 million (+12.0%; EUR 1,103.3 million). Personnel expenses were up moderately at EUR 630.7 million (+1.3%; EUR 622.4 million). The marked rise in other administrative expenses to EUR 468.1 million (+35.3%; EUR 345.8 million) is mainly due to a substantial rise in payments into deposit insurance schemes to EUR 199.2 million (EUR 107.6 million). Most of the regular contributions expected for 2022 have already been posted upfront. The significant increase in contributions for 2022 is attributable to higher payments in Austria and Hungary as a result of the Sberbank Europe AG deposit insurance case. Depreciation and amortisation rose to EUR 136.4 million (+1.0%; EUR 135.1 million). The **operating result** increased markedly to EUR 801.0 million (+10.4%; EUR 725.3 million). The **cost/income ratio** was nearly unchanged at 60.7% (60.3%).

Due to net allocations, the **impairment result from financial instruments** amounted to EUR -59.1 million or 13 basis points of average gross customers loans (EUR -35.7 million or 8 basis points). Net allocations to provisions for loans as well as for commitments and guarantees were posted in Austria as well as in Slovakia, the Czech Republic and Romania, but remained generally at a very low level. Positive contributions came from income from the recovery of loans already written off in all segments as well as from releases, most notably in Croatia. The **NPL ratio** based on gross customer loans improved to a historic low since the IPO at 2.3% (2.4%). The **NPL coverage ratio** (excluding collateral) increased to 91.9% (90.9%).

**Other operating result** amounted to EUR -132.7 million (EUR -126.7 million). Expenses for the annual contributions to resolution funds for the full year 2022 included in this line item rose – most strongly in Austria and the Czech Republic – to EUR 123.1 million (EUR 100.3 million). Banking levies were up at EUR 40.2 million (EUR 33.2 million). At present, banking levies are payable in two core markets: in Hungary, banking tax for the full financial year amounted to EUR 18.0 million (EUR 14.7 million) and transaction tax for the first quarter to another EUR 14.1 million (EUR 11.6 million). In Austria, banking tax equaled EUR 8.1 million (EUR 7.0 million).

Taxes on income declined to EUR 115.6 million (EUR 124.3 million). The minority charge decreased to EUR 45.7 million (EUR 85.7 million) due to significantly lower earnings contributions of the savings banks, mostly as a result of increased contributions to the deposit insurance system. The **net result attributable to owners of the parent** rose to EUR 448.8 million (EUR 355.1 million) on the back of the strong operating result and low risk costs.

**Total equity** not including AT1 instruments rose to EUR 21.8 billion (EUR 21.3 billion). After regulatory deductions and filtering in accordance with the CRR, **common equity tier 1 capital** (CET1, final) declined to EUR 18.6 billion (EUR 18.8 billion), while **total own funds** (final) slipped to EUR 24.3 billion (EUR 24.8 billion). While both figures do not include the interim profit for the first quarter of the year, risk costs were already deducted. Total risk – **risk-weighted assets** including credit, market and operational risk (CRR, final) – increased to EUR 135.5 billion (EUR 129.6 billion). The **common equity tier 1 ratio** (CET1, final) stood at 13.7% (14.5%), the **total capital ratio** at 17.9% (19.1%).

**Total assets** increased to EUR 325.6 billion (+5.9%; EUR 307.4 billion). On the asset side, cash and cash balances rose to EUR 46.2 billion (EUR 45.5 billion), loans and advances to banks – primarily in the Czech Republic – to EUR 30.8 billion (EUR 21.0 billion). **Loans and advances to customers** increased to EUR 185.3 billion (+2.8%; EUR 180.3 billion), most significantly in Austria and in the Czech Republic. On the liability side, deposits from banks grew to EUR 34.8 billion (EUR 31.9 billion). **Customer deposits** rose in all core markets – most strongly in Austria and the Czech Republic – to EUR 222.4 billion (+5.6%; EUR 210.5 billion). The **loan-to-deposit ratio** declined significantly to 83.3% (85.6%).

## OUTLOOK

Erste Group's goal for 2022 is again to achieve a double-digit return on tangible equity (ROTE). Among the factors that will support achievement of this goal is the economic performance – albeit decelerating compared to 2021 – of all core markets Austria, Czech Republic, Slovakia, Hungary, Romania, Croatia and Serbia and inflation-linked increases of short and long term interest rates. On this basis, an improvement in the operating result and still low risk cost are expected. Potential and as yet unquantifiable (geo-)political, regulatory, economic or health risks may render meeting the goals more challenging.

Erste Group's core markets are expected to post real GDP growth in the order of 1% to 5% in 2022. Inflation will remain a key theme throughout the year further accelerated by the Ukraine war and related sanctions against Russia imposed by the US and the European Union. In this environment unemployment rates are expected to remain at low levels (approximately 3% to 7%). In most countries, sustained competitiveness should again result in sustainable current account balances. The fiscal situation should likewise improve – albeit due to the various fiscal challenges only moderately – after significant budget deficits in 2021. Public debt to GDP is projected to improve across the board, albeit from elevated levels.

Against this backdrop, Erste Group expects net loan growth in the mid-single digits. This performance as well as stronger than expected interest rate tailwinds in CEE should lead to an at least high single-digit increase in net interest income despite still negative policy rates in the euro zone. The second most important income component – net fee and commission income – is expected to rise in the mid-single digits, following the exceptional performance in 2021. As in 2021, positive momentum should again come from payment services fees as well as asset management and securities business, assuming a continued constructive capital markets environment. Insurance brokerage is also expected to contribute. The net trading and fair value result is expected to come in at a similar level as in the previous year. This, however, will depend substantially on the financial market environment. The remaining income components are forecast to remain, by and large, stable. Overall, operating income should increase in 2022. Operating expenses are expected to rise at a lower level than operating income, thus resulting in a cost income ratio of below 55% in 2022, significantly earlier than planned (2024). In addition, Erste Group will continue to invest in IT in 2022 and thus strengthen its competitive position, with a focus on progressive IT modernisation, back-office digitalisation and further development of the digital platform George.

Based on the at least still positive macro outlook described above, risks costs should remain at a low level in 2022. While precise forecasting is hard at current low risk cost levels, Erste Group believes that in 2022 risk costs will be below 20 basis points of average gross customer loans. The NPL ratio is expected below 3.0%.

Other operating result is expected to remain unchanged in the absence of significant one-off effects. Assuming a low effective group tax rate of about 19% and lower minority charges than in 2021, Erste Group aims to achieve a double-digit ROTE. Erste Group's CET1 ratio is expected to remain strong. Consequently, Erste Group will propose a dividend of EUR 1.6 per share for the 2021 fiscal year to the 2022 AGM.

Potential risks to the guidance include (geo-)political and economic (including monetary and fiscal policy impacts) developments, regulatory measures as well as global health risks and changes to the competitive environment. In addition, given the Covid-19 governmental measures and their impact on the economic development, financial forecasts are still subject to an elevated level of uncertainty. The evolving Russia-Ukraine conflict does not impact Erste Group directly, as it has no operating presence in those countries; exposures to both countries are negligible and no additional risk provisioning is currently required in this context. Indirect effects, such as financial market volatility or sanctions-related knock-on effects on some of our customers cannot be ruled out, though. Further geopolitical developments might lead to economic difficulties and failure of banks based in EU Member States. As a consequence, the possible activation of national or European deposit insurance and resolution systems might have financial impacts on member banks of Erste Group. Erste Group is moreover exposed to non-financial and legal risks that may materialise regardless of the economic environment. Worse-than-expected economic development may put goodwill at risk.

## PERFORMANCE IN DETAIL

| in EUR million   | 1-3 21       | 1-3 22       | Change       |
|--|--------------|--------------|--------------|
| Net interest income  | 1,172.1      | 1,392.1      | 18.8%        |
| Net fee and commission income  | 540.0        | 615.3        | 14.0%        |
| Net trading result and gains/losses from financial instruments at FVPL | 66.4         | -16.9        | n/a          |
| Operating income   | 1,828.6      | 2,036.2      | 11.4%        |
| Operating expenses   | -1,103.3     | -1,235.2     | 12.0%        |
| <b>Operating result</b>  | <b>725.3</b> | <b>801.0</b> | <b>10.4%</b> |
| Impairment result from financial instruments                           | -35.7        | -59.1        | 65.7%        |
| Other operating result   | -126.7       | -132.7       | 4.7%         |
| Levies on banking activities   | -33.2        | -40.2        | 21.0%        |
| <b>Pre-tax result from continuing operations</b>                       | <b>565.1</b> | <b>610.1</b> | <b>8.0%</b>  |
| Taxes on income  | -124.3       | -115.6       | -7.0%        |
| <b>Net result for the period</b>                                       | <b>440.8</b> | <b>494.5</b> | <b>12.2%</b> |
| Net result attributable to non-controlling interests                   | 85.7         | 45.7         | -46.7%       |
| <b>Net result attributable to owners of the parent</b>                 | <b>355.1</b> | <b>448.8</b> | <b>26.4%</b> |

### Net interest income

Net interest income increased significantly to EUR 1,392.1 million (EUR 1,172.1 million), driven by continued loan growth in all markets and, most importantly, higher interest rates in the Czech Republic, Hungary and Romania. In Austria and Slovakia, however, the persistently low level of interest rates had an adverse impact on net interest income. The net interest margin (calculated as the annualised sum of net interest income, dividend income and net result from equity method investments over average interest-bearing assets) rose significantly to 2.14% (1.99%).

### Net fee and commission income

Net fee and commission income increased to EUR 615.3 million (EUR 540.0 million). Growth was recorded across all fee and commission categories and all core markets. The most notable rises were seen in payment services in Austria, Romania and the Czech Republic as well as in asset management in Austria.

### Net trading result & gains/losses from financial instruments measured at fair value through profit or loss

Net trading result and the line item gains/losses from financial instruments measured at fair value through profit or loss are materially affected by valuation effects. Debt securities issued measured at FV through profit or loss have a significant impact on these line items as related valuation results are shown in the line item gains/losses from financial instruments measured at fair value through profit or loss, while the valuation results of corresponding hedges are shown in net trading result – as are financial assets in the fair value and trading portfolios.

Due to valuation effects resulting from interest rate developments in the derivatives business, net trading result deteriorated to EUR -256.6 million (EUR 9.5 million) despite strong income from foreign exchange trading. Gains/losses from financial instruments measured at fair value through profit or loss trended in the opposite direction and rose to EUR 239.7 million (EUR 56.9 million). With long-term interest rates up, losses from the valuation of the securities portfolio in Austria (in the Savings Banks segment) and the loan portfolio measured at fair value in Hungary were offset by significantly higher gains from the valuation of debt securities in issue.

### General administrative expenses

| in EUR million                         | 1-3 21         | 1-3 22         | Change       |
|--|----------------|----------------|--------------|
| Personnel expenses                     | 622.4          | 630.7          | 1.3%         |
| Other administrative expenses          | 345.8          | 468.1          | 35.3%        |
| Depreciation and amortisation          | 135.1          | 136.4          | 1.0%         |
| <b>General administrative expenses</b> | <b>1,103.3</b> | <b>1,235.2</b> | <b>12.0%</b> |

General administrative expenses rose to EUR 1,235.2 million (EUR 1,103.3 million). **Personnel expenses** increased in all core markets – with the exception of Austria – to EUR 630.7 million (EUR 622.4 million), **other administrative expenses** to EUR 468.1 million (EUR 345.8 million). In addition to higher IT expenses, contributions to deposit insurance systems – except for Serbia already for the full year – increased markedly to EUR 199.2 million (EUR 107.6 million). In Austria and Hungary, contributions for 2022 are expected to rise significantly, most notably because of the Sberbank Europe AG deposit insurance case. Expenses were therefore up at EUR 133.0 million (EUR 75.9 million) and EUR 32.2 million (EUR 6.3 million), respectively. In Romania, contributions rose to EUR 9.3 million (EUR 3.4 million). **Depreciation and amortisation** amounted to EUR 136.4 million (EUR 135.1 million).

## Headcount as of end of the period

|   | Dec 21        | Mar 22        | Change      |
|---|---------------|---------------|-------------|
| <b>Austria</b>                                | <b>15,606</b> | <b>15,655</b> | <b>0.3%</b> |
| Erste Group, EB Oesterreich and subsidiaries  | 8,538         | 8,565         | 0.3%        |
| Haftungsverbund savings banks                 | 7,068         | 7,090         | 0.3%        |
| <b>Outside Austria</b>                        | <b>28,990</b> | <b>29,036</b> | <b>0.2%</b> |
| Česká spořitelna Group                        | 9,711         | 9,746         | 0.4%        |
| Banca Comercială Română Group                 | 5,342         | 5,289         | -1.0%       |
| Slovenská sporiteľňa Group                    | 3,644         | 3,632         | -0.3%       |
| Erste Bank Hungary Group                      | 3,238         | 3,248         | 0.3%        |
| Erste Bank Croatia Group                      | 3,220         | 3,248         | 0.9%        |
| Erste Bank Serbia Group                       | 1,197         | 1,209         | 1.0%        |
| Savings banks subsidiaries                    | 1,461         | 1,471         | 0.7%        |
| Other subsidiaries and foreign branch offices | 1,177         | 1,193         | 1.4%        |
| <b>Total</b>                                  | <b>44,596</b> | <b>44,692</b> | <b>0.2%</b> |

## Operating result

Operating income increased to EUR 2,036.2 million (+11.4%; EUR 1,828.6 million), with a marked rise in the two key income components, net interest income and net fee and commission income. General administrative expenses rose to EUR 1,235.2 million (+12.0%; EUR 1,103.3 million), mainly due to an increase in other administrative expenses. The operating result rose to EUR 801.0 million (+10.4%; EUR 725.3 million). Despite one-off effects, the cost/income ratio was nearly unchanged at 60.7% (60.3%).

## Gains/losses from derecognition of financial instruments not measured at fair value through profit or loss

Gains from the derecognition of financial instruments not measured at fair value through profit or loss (net) amounted to EUR 0.9 million (EUR 2.2 million). This line item includes primarily gains from the sale of securities in Hungary.

## Impairment result from financial instruments

The impairment result from financial instruments amounted to EUR -59.1 million (EUR -35.7 million). Net allocations to provisions for loans and advances increased to EUR 71.8 million (EUR 39.0 million), while those for commitments and guarantees given declined to EUR 6.4 million (EUR 9.6 million). Positive contributions came from the release of provisions for loans in Croatia as well as from income from the recovery of loans already written off in all segments in the amount of EUR 21.4 million (EUR 21.7 million).

## Other operating result

Other operating result amounted to EUR -132.7 million (EUR -126.7 million). Levies on banking activities rose to EUR 40.2 million (EUR 33.2 million). Hungarian banking tax – already posted upfront for the full year 2022 – rose to EUR 18.0 million (EUR 14.7 million). Together with the financial transaction tax of EUR 14.1 million (EUR 11.6 million), banking levies in Hungary totalled EUR 32.1 million (EUR 26.2 million). Banking tax payable in Austria were slightly up at EUR 8.1 million (EUR 7.0 million).

The balance of allocations/releases of other provisions improved to EUR 18.0 million (EUR 8.2 million). Other operating result also reflects the annual contributions to resolution funds in the amount of EUR 123.1 million (EUR 100.3 million). Increases were recorded above all in Austria to EUR 53.9 million (EUR 44.7 million), in the Czech Republic to EUR 39.0 million (EUR 31.3 million), and in Hungary to EUR 7.9 million (EUR 4.0 million).

## Net result

The pre-tax result from continuing operations amounted to EUR 610.1 million (EUR 565.1 million). Taxes on income declined to EUR 115.6 million (EUR 124.3 million). The minority charge decreased to EUR 45.7 million (EUR 85.7 million) due to significantly lower earnings contributions of savings banks, primarily as a result of increased contributions to the deposit insurance system. The net result attributable to owners of the parent rose to EUR 448.8 million (EUR 355.1 million).



## FINANCIAL RESULTS – QUARTER-ON-QUARTER COMPARISON

Financial results from the first quarter of 2022 are compared with those from the fourth quarter of 2021.

| in EUR million  | Q1 21        | Q2 21        | Q3 21        | Q4 21        | Q1 22        |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>Income statement</b>   |              |              |              |              |              |
| Net interest income   | 1,172.1      | 1,276.5      | 1,220.8      | 1,306.2      | 1,392.1      |
| Net fee and commission income   | 540.0        | 559.0        | 591.4        | 613.3        | 615.3        |
| Dividend income   | 4.8          | 15.6         | 7.7          | 5.0          | 2.4          |
| Net trading result  | 9.5          | 33.6         | 24.3         | -8.8         | -256.6       |
| Gains/losses from financial instruments measured at fair value through profit or loss | 56.9         | 26.7         | 49.9         | 39.7         | 239.7        |
| Net result from equity method investments   | 1.5          | 4.7          | 3.8          | 5.4          | 3.0          |
| Rental income from investment properties & other operating leases                     | 43.7         | 45.9         | 46.5         | 46.2         | 40.2         |
| Personnel expenses  | -622.4       | -626.5       | -632.4       | -696.8       | -630.7       |
| Other administrative expenses   | -345.8       | -235.5       | -265.3       | -333.8       | -468.1       |
| Depreciation and amortisation   | -135.1       | -137.8       | -140.3       | -134.9       | -136.4       |
| Gains/losses from derecognition of financial assets at AC                             | 2.5          | 0.8          | -1.4         | -9.5         | -0.9         |
| Other gains/losses from derecognition of financial instruments not at FVPL            | -0.3         | -0.3         | -18.2        | -6.4         | 1.9          |
| Impairment result from financial instruments  | -35.7        | -47.2        | 31.3         | -107.2       | -59.1        |
| Other operating result  | -126.7       | -45.6        | -70.9        | -67.2        | -132.7       |
| Levies on banking activities  | -33.2        | -19.0        | -19.4        | -1.9         | -40.2        |
| <b>Pre-tax result from continuing operations</b>                                      | <b>565.1</b> | <b>870.1</b> | <b>847.0</b> | <b>651.2</b> | <b>610.1</b> |
| Taxes on income   | -124.3       | -163.0       | -146.3       | -91.6        | -115.6       |
| <b>Net result for the period</b>  | <b>440.8</b> | <b>707.0</b> | <b>700.7</b> | <b>559.6</b> | <b>494.5</b> |
| Net result attributable to non-controlling interests                                  | 85.7         | 144.2        | 167.3        | 87.6         | 45.7         |
| <b>Net result attributable to owners of the parent</b>                                | <b>355.1</b> | <b>562.9</b> | <b>533.4</b> | <b>472.0</b> | <b>448.8</b> |

**Net interest income** rose to EUR 1,392.1 million (+6.6%; EUR 1,306.2 million), driven largely by higher interest rates in the Czech Republic and Hungary. In Austria, net interest income declined in a continued low-interest-rate environment despite notable loan growth. **Net fee and commission income** remained at a high level at EUR 615.3 million (+0.3%; EUR 613.3 million). Declines in the Czech Republic and Austria were more than offset by growth in the other core markets. Dividend income amounted to EUR 2.4 million (EUR 5.0 million). Valuation effects in derivatives and securities trading resulting from interest rate developments caused a deterioration of the **net trading result** to EUR -256.6 million (EUR -8.8 million) despite an increase in foreign exchange trading. Gains/losses from financial instruments measured at fair value through profit or loss showed an opposite trend and rose to EUR 239.7 million (EUR 39.7 million), primarily due to valuation gains of debt securities in issue on the back of interest rate developments. Losses from the valuation of the securities portfolio in Austria (Savings Banks segment) and the loan portfolio measured at fair value in Hungary also had an adverse impact on this line item.

**General administrative expenses** rose to EUR 1,235.2 million (+6.0%; EUR 1,165.5 million). Personnel expenses decreased to EUR 630.7 million (-9.5%; EUR 696.8 million). The rise in other administrative expenses to EUR 468.1 million (+40.2%; EUR 333.8 million) is largely attributable to the increase in contributions to deposit insurance systems to EUR 199.2 million, mostly a result of the Sberbank Europe AG deposit insurance case. Except for Serbia, contributions have already been paid up front for the full year. Depreciation and amortisation rose to EUR 136.4 million (+1.1%; EUR 134.9 million). The **cost/income ratio** stood at 60.7% (58.1%).

**Gains from derecognition of financial instruments not measured at fair value through profit or loss** amounted to EUR 0.9 million (losses of EUR -15.9 million). In the previous quarter, losses from the sale of securities had been posted in the Czech Republic and Austria.

The **impairment result from financial instruments** amounted to EUR -59.1 million (EUR -107.2 million). Net allocations to provisions for commitments and guarantees given declined, primarily in Austria and Croatia.

**Other operating result** deteriorated to EUR -132.7 million (EUR -67.2 million). Levies on banking activities amounted to EUR 40.2 million (EUR 1.9 million). Thereof, EUR 32.1 million (EUR 12.4 million) were charged in Hungary, including the upfront posting of the total banking tax for 2022 in the amount of EUR 18.0 million and the financial transaction tax of EUR 14.1 million. In Austria, charges amounted to EUR 8.1 million after an income of EUR 10.5 million had been reported in the previous quarter reflecting the release of the provision for banking taxes. Other operating result also includes all contributions to resolution funds expected to be due in 2022 in the amount of EUR 123.1 million.

The **pre-tax result** declined to EUR 610.1 million (EUR 651.2 million). Taxes on income amounted to EUR 115.6 million (EUR 91.6 million). The minority charge decreased to EUR 45.7 million (EUR 87.6 million), primarily due to higher deposit insurance contributions. The **net result attributable to owners of the parent** stood at EUR 448.8 million (EUR 472.0 million).

## DEVELOPMENT OF THE BALANCE SHEET

| in EUR million                         | Dec 21         | Mar 22         | Change      |
|--|----------------|----------------|-------------|
| <b>Assets</b>                          |                |                |             |
| Cash and cash balances                 | 45,495         | 46,225         | 1.6%        |
| Trading, financial assets              | 53,211         | 55,825         | 4.9%        |
| Loans and advances to banks            | 21,001         | 30,825         | 46.8%       |
| Loans and advances to customers        | 180,268        | 185,293        | 2.8%        |
| Intangible assets                      | 1,362          | 1,337          | -1.9%       |
| Miscellaneous assets                   | 6,090          | 6,106          | 0.3%        |
| <b>Total assets</b>                    | <b>307,428</b> | <b>325,610</b> | <b>5.9%</b> |
| <b>Liabilities and equity</b>          |                |                |             |
| Financial liabilities held for trading | 2,474          | 2,917          | 17.9%       |
| Deposits from banks                    | 31,886         | 34,781         | 9.1%        |
| Deposits from customers                | 210,523        | 222,382        | 5.6%        |
| Debt securities issued                 | 32,130         | 33,984         | 5.8%        |
| Miscellaneous liabilities              | 6,902          | 7,478          | 8.3%        |
| Total equity                           | 23,513         | 24,068         | 2.4%        |
| <b>Total liabilities and equity</b>    | <b>307,428</b> | <b>325,610</b> | <b>5.9%</b> |

**Cash and cash balances** amounted to EUR 46.2 billion (EUR 45.5 billion). **Trading and investment securities** held in various categories of financial assets increased to EUR 55.8 billion (EUR 53.2 billion).

**Loans and advances to credit institutions (net)**, including demand deposits other than overnight deposits, increased primarily in the Czech Republic to EUR 30.8 billion (EUR 21.0 billion). **Loans and advances to customers (net)** rose – most notably in Austria and the Czech Republic – to EUR 185.3 billion (EUR 180.3 billion) driven by retail and corporate loan growth.

**Loan loss allowances for loans to customers** were almost unchanged at EUR 4.0 billion (EUR 3.9 billion). The **NPL ratio** – non-performing loans as a percentage of gross customer loans – improved to 2.3% (2.4%), the **NPL coverage ratio** (based on gross customer loans) to 91.9% (90.9%).

**Intangible assets** amounted to EUR 1.3 billion (EUR 1.4 billion). **Miscellaneous assets** were nearly unchanged at EUR 6.1 billion (EUR 6.1 billion).

**Financial liabilities – held for trading** increased to EUR 2.9 billion (EUR 2.5 billion). **Deposits from banks**, primarily in the form of term deposits including EUR 20.9 billion (EUR 20.9 billion) carrying amount of TLTRO III funds, rose to EUR 34.8 billion (EUR 31.9 billion); **deposits from customers** increased to EUR 222.4 billion (EUR 210.5 billion) due to strong growth in overnight deposits, term deposits and repurchase transactions (leasing liabilities of EUR 0.6 billion are not included in this position). The **loan-to-deposit ratio** declined significantly to 83.3% (85.6%). **Debt securities in issue** increased to EUR 34.0 billion (EUR 32.1 billion). **Miscellaneous liabilities** amounted to EUR 7.5 billion (EUR 6.9 billion).

**Total assets** rose to EUR 325.6 billion (EUR 307.4 billion). **Total equity** increased to EUR 24.1 billion (EUR 23.5 billion). This includes AT1 instruments in the amount of EUR 2.2 billion from four issuances (April 2017, March 2019, January 2020 and November 2020). After regulatory deductions and filtering according to the Capital Requirements Regulation (CRR) **common equity tier 1 capital** (CET1, CRR final) slipped to EUR 18.6 billion (EUR 18.8 billion) as did total **own funds** (CRR final) to EUR 24.3 billion (EUR 24.8 billion). While the above figures do not include interim profit for the first quarter of the year, risk costs are deducted. Total risk – **risk-weighted assets** including credit, market and operational risk (CRR final) – increased to EUR 135.5 billion (EUR 129.6 billion).

The **total capital ratio**, total eligible qualifying capital in relation to total risk (CRR final), stood at 17.9% (19.1%), well above the legal minimum requirement. The **tier 1 ratio** stood at 15.4% (16.2%), the **common equity tier 1 ratio** at 13.7% (14.5%) (both ratios CRR final).

## SEGMENT REPORTING

### January-March 2022 compared with January-March 2021

Erste Group's segment reporting is based on a matrix organisation. It provides comprehensive information to assess the performance of geographical segments (operating segments) as well as business segments. The tables and information below provide a brief overview and focus on selected and summarized items. For more details please see Note 28. At [www.erstegroup.com/investorrelations](http://www.erstegroup.com/investorrelations) additional information is available in Excel format.

Operating income consists of net interest income, net fee and commission income, net trading result, gains/losses from financial instruments measured at fair value through profit or loss, dividend income, net result from equity method investments and rental income from investment properties & other operating leases. The latter three listed items are not shown in the tables below. Net trading result and gains/losses from financial instruments measured at fair value through profit or loss are summarized under one position. Operating expenses correspond to the position general administrative expenses. Operating result is the net amount of operating income and operating expenses. Risk provisions for loans and receivables are included in the position impairment result from financial instruments. Other result summarizes the positions other operating result and gains/losses from financial instruments not measured at fair value through profit or loss, net. The cost/income ratio is calculated as operating expenses in relation to operating income. The return on allocated capital is defined as the net result after tax/before minorities in relation to the average allocated capital.

### GEOGRAPHICAL SEGMENTS (OPERATING SEGMENTS)

#### Erste Bank Oesterreich & Subsidiaries

| in EUR million   | 1-3 21 | 1-3 22 | Change |
|--|--------|--------|--------|
| Net interest income  | 149.3  | 160.2  | 7.3%   |
| Net fee and commission income  | 110.8  | 121.2  | 9.4%   |
| Net trading result and gains/losses from financial instruments at FVPL | 4.4    | 0.8    | -81.2% |
| Operating income   | 280.0  | 294.3  | 5.1%   |
| Operating expenses   | -191.5 | -208.0 | 8.6%   |
| Operating result   | 88.5   | 86.3   | -2.5%  |
| Cost/income ratio  | 68.4%  | 70.7%  |        |
| Impairment result from financial instruments                           | 5.1    | -9.7   | n/a    |
| Other result   | -16.3  | -19.9  | 21.6%  |
| Net result attributable to owners of the parent                        | 49.1   | 33.3   | -32.2% |
| Return on allocated capital  | 12.5%  | 6.3%   |        |

The Erste Bank Oesterreich & Subsidiaries (EBOe & Subsidiaries) segment comprises Erste Bank der oesterreichischen Sparkassen AG (Erste Bank Oesterreich) and its main subsidiaries (e.g. sBausparkasse, Salzburger Sparkasse, Tiroler Sparkasse, Sparkasse Hainburg).

Net interest income increased due to higher loan volumes, higher loan margins in corporate business as well as lower refinancing costs. Net fee and commission income rose on the back of higher income from payment fees, real estate brokerage and securities fees. The decline in net trading result and gains/losses from financial instruments at FVPL was driven by valuation effects. Operating expenses increased mainly due to the higher deposit insurance contribution of EUR 54.1 million (EUR 32.3 million), predominantly driven by the Sberbank Europe AG deposit insurance case. Consequently, operating result went down slightly and the cost/income ratio deteriorated. Impairment result from financial instruments deteriorated due to the non-recurrence of releases in corporate business and higher allocations in retail business. Other result worsened mainly due to higher payments into the resolution fund of EUR 13.8 million (EUR 11.2 million). Banking tax amounted to EUR 1.3 million (EUR 1.1 million). Overall, the net result attributable to owners of the parent decreased.

## Savings Banks

| in EUR million   | 1-3 21 | 1-3 22 | Change  |
|--|--------|--------|---------|
| Net interest income  | 262.4  | 273.2  | 4.1%    |
| Net fee and commission income  | 140.3  | 155.4  | 10.8%   |
| Net trading result and gains/losses from financial instruments at FVPL | 7.4    | -24.6  | n/a     |
| Operating income   | 420.5  | 415.1  | -1.3%   |
| Operating expenses   | -297.4 | -331.3 | 11.4%   |
| Operating result   | 123.2  | 83.8   | -32.0%  |
| Cost/income ratio  | 70.7%  | 79.8%  |         |
| Impairment result from financial instruments                           | 2.1    | -11.1  | n/a     |
| Other result   | -6.4   | -15.7  | >100.0% |
| Net result attributable to owners of the parent                        | 19.9   | 9.5    | -52.3%  |
| Return on allocated capital  | 10.3%  | 3.1%   |         |

The Savings Banks segment includes those savings banks which are members of the Haftungsverbund (cross-guarantee system) of the Austrian savings banks sector and in which Erste Group does not hold a majority stake but which are fully controlled according to IFRS 10. The fully or majority owned savings banks Erste Bank Oesterreich, Tiroler Sparkasse, Salzburger Sparkasse, and Sparkasse Hainburg are not part of the Savings Banks segment.

Net interest income increased due to higher loan volumes and improved profitability of deposits. Net fee and commission income increased on the back of higher payment and securities fees. The deterioration of net trading result and gains/losses from financial instruments at FVPL was primarily driven by valuation effects. Operating expenses increased due to higher payments into the deposit insurance fund of EUR 78.8 million (EUR 43.6 million) predominantly driven by the Sberbank Europe AG deposit insurance case. Consequently, operating result as well as the cost/income ratio worsened. Impairment result from financial instruments deteriorated due to recoveries in the comparative period. Other result worsened mainly due to higher provisioning for commitments and higher contribution to the resolution fund of EUR 12.0 million (EUR 9.8 million). Banking tax remained unchanged at EUR 1.2 million. Overall, the net result attributable to the owners of the parent decreased.

## Other Austria

| in EUR million   | 1-3 21 | 1-3 22 | Change |
|--|--------|--------|--------|
| Net interest income  | 98.5   | 152.4  | 54.7%  |
| Net fee and commission income  | 74.8   | 78.6   | 5.1%   |
| Net trading result and gains/losses from financial instruments at FVPL | 21.5   | -8.3   | n/a    |
| Operating income   | 206.4  | 234.4  | 13.6%  |
| Operating expenses   | -82.4  | -86.1  | 4.6%   |
| Operating result   | 124.0  | 148.3  | 19.6%  |
| Cost/income ratio  | 39.9%  | 36.7%  |        |
| Impairment result from financial instruments                           | 5.7    | -11.6  | n/a    |
| Other result   | 13.7   | -2.2   | n/a    |
| Net result attributable to owners of the parent                        | 108.3  | 105.1  | -2.9%  |
| Return on allocated capital  | 19.0%  | 17.0%  |        |

The Other Austria segment comprises the Corporates and Group Markets business of Erste Group Bank AG (Holding), Erste Group Immorent, Erste Asset Management and Intermarket Bank.

Net interest income improved significantly on the back of interest rate hikes in several non-eurozone core markets, resulting in a significantly higher contribution of money market and interest related derivatives in group markets business of the Holding. In addition, the substantial increase in corporate loan volumes contributed positively. Net fee and commission income went up due to a higher contribution of securities business driven by origination activities and an increase in assets under management for institutional clients in Austria. Net trading result and gains/losses from financial instruments at FVPL deteriorated on valuation effects. Although operating expenses increased, operating result improved notably. The cost/income ratio improved. The impairment result from financial instruments deteriorated due to higher provisions in the corporate portfolio of the Holding. Other result deteriorated on the back of lower selling gains and increased provisions for non-financial guarantees. Other result included the resolution fund contribution of EUR 1.4 million (EUR 1.7 million). Overall, the net result attributable to owners of the parent went down slightly.

## Czech Republic

| in EUR million   | 1-3 21 | 1-3 22 | Change  |
|--|--------|--------|---------|
| Net interest income  | 267.4  | 358.2  | 34.0%   |
| Net fee and commission income  | 87.6   | 102.1  | 16.5%   |
| Net trading result and gains/losses from financial instruments at FVPL | 19.7   | 42.0   | >100.0% |
| Operating income   | 375.9  | 502.8  | 33.8%   |
| Operating expenses   | -197.3 | -216.3 | 9.6%    |
| Operating result   | 178.6  | 286.4  | 60.4%   |
| Cost/income ratio  | 52.5%  | 43.0%  |         |
| Impairment result from financial instruments                           | -26.5  | -14.6  | -45.1%  |
| Other result   | -34.0  | -39.6  | 16.6%   |
| Net result attributable to owners of the parent                        | 94.0   | 186.5  | 98.5%   |
| Return on allocated capital  | 13.1%  | 21.4%  |         |

The segment analysis is done on a constant currency basis. The CZK appreciated by 5.4% against the EUR in the reporting period. Net interest income in the Czech Republic segment (comprising Česká spořitelna Group) increased due to significantly higher interest rates combined with higher business volumes. The increase in net fee and commission income was mainly driven by higher payments and securities fees supported by increased lending and insurance brokerage fees. Higher income from foreign currency transactions as well as from bonds, money market instruments and interest rate derivatives resulted in a notably improved net trading result and gains/losses from financial instruments at FVPL. Operating expenses increased due to higher personnel as well as IT costs. Contributions into the deposit insurance fund amounted to EUR 13.3 million (EUR 11.3 million). Overall, the operating result increased and the cost/income ratio improved. Impairment result from financial instruments improved as last year updated retail risk parameters led to higher risk provisioning. Other result deteriorated mainly due to higher contributions to the resolution fund of EUR 39.0 million (EUR 31.3 million) which was partially offset by selling gains from real estate. Altogether, these developments led to a significant increase in the net result attributable to the owners of the parent.

## Slovakia

| in EUR million   | 1-3 21 | 1-3 22 | Change |
|--|--------|--------|--------|
| Net interest income  | 105.0  | 105.8  | 0.7%   |
| Net fee and commission income  | 37.0   | 44.1   | 19.3%  |
| Net trading result and gains/losses from financial instruments at FVPL | 3.1    | 5.1    | 60.7%  |
| Operating income   | 147.1  | 156.5  | 6.4%   |
| Operating expenses   | -78.4  | -80.8  | 3.0%   |
| Operating result   | 68.6   | 75.8   | 10.4%  |
| Cost/income ratio  | 53.3%  | 51.6%  |        |
| Impairment result from financial instruments                           | -17.7  | -20.0  | 12.7%  |
| Other result   | -7.7   | -6.4   | -16.2% |
| Net result attributable to owners of the parent                        | 33.8   | 38.4   | 13.5%  |
| Return on allocated capital  | 11.2%  | 11.1%  |        |

Net interest income in the Slovakia segment (comprising Slovenská sporiteľňa Group) remained largely stable as the positive impact from higher retail housing and corporate loan volumes as well as corporate loan margins was offset by lower consumer loan volumes and lower margins for housing loans. Net fee and commission income increased on the back of higher income from payment, securities and insurance brokerage fees. Net trading result and gains/losses from financial instruments at FVPL increased due to valuation effects. Operating expenses increased due to higher IT and office space costs. Contributions into the deposit insurance fund amounted to EUR 9.9 million (EUR 9.4 million). Consequently, operating result increased and the cost/income ratio improved. Impairment result from financial instruments worsened slightly, driven by higher allocations in the retail and corporate businesses. Despite a higher payment into the resolution fund of EUR 6.0 million (EUR 5.0 million), other result remained largely stable. Overall, the net result attributable to the owners of the parent increased.

## Romania

| in EUR million   | 1-3 21 | 1-3 22 | Change |
|--|--------|--------|--------|
| Net interest income  | 107.6  | 118.2  | 9.8%   |
| Net fee and commission income  | 37.4   | 45.7   | 22.2%  |
| Net trading result and gains/losses from financial instruments at FVPL | 16.4   | 30.1   | 84.0%  |
| Operating income   | 166.9  | 199.3  | 19.4%  |
| Operating expenses   | -81.1  | -95.4  | 17.6%  |
| Operating result   | 85.8   | 103.9  | 21.1%  |
| Cost/income ratio  | 48.6%  | 47.9%  |        |
| Impairment result from financial instruments                           | 7.1    | -9.6   | n/a    |
| Other result   | -2.3   | 6.4    | n/a    |
| Net result attributable to owners of the parent                        | 75.1   | 83.8   | 11.5%  |
| Return on allocated capital  | 17.8%  | 19.7%  |        |

The segment analysis is done on a constant currency basis. The RON depreciated by 1.4% against the EUR in the reporting period. Net interest income in the Romania segment (comprising Banca Comercială Română Group) was positively impacted by interest rate hikes combined with higher business volumes. Net fee and commission income improved mainly due to higher payment fees in retail and corporate business. Securities and insurance brokerage fees went up as well. The increase of net trading result and gains/losses from financial instruments at FVPL was attributable to an improved contribution from FX business as well as higher income from bonds, money market instruments and interest rate derivatives. Operating expenses went up mainly due to a higher deposit insurance contribution of EUR 9.3 million (EUR 3.4 million) as well as higher IT, marketing and office space costs. Overall, operating result increased and the cost/income ratio improved. Impairment result from financial instruments deteriorated on higher provisioning requirements in retail and corporate business. Other result improved mainly due to releases of provisions for non-financial guarantees and litigations. The contribution into the resolution fund amounted to EUR 11.7 million (EUR 11.2 million). Overall, the net result attributable to the owners of the parent increased.

## Hungary

| in EUR million   | 1-3 21 | 1-3 22 | Change |
|--|--------|--------|--------|
| Net interest income  | 66.1   | 92.3   | 39.6%  |
| Net fee and commission income  | 49.2   | 54.9   | 11.6%  |
| Net trading result and gains/losses from financial instruments at FVPL | 9.6    | -25.5  | n/a    |
| Operating income   | 126.8  | 123.6  | -2.6%  |
| Operating expenses   | -58.6  | -87.6  | 49.5%  |
| Operating result   | 68.2   | 36.0   | -47.3% |
| Cost/income ratio  | 46.2%  | 70.9%  |        |
| Impairment result from financial instruments                           | -2.3   | 2.7    | n/a    |
| Other result   | -21.2  | -40.6  | 91.3%  |
| Net result attributable to owners of the parent                        | 40.1   | -5.3   | n/a    |
| Return on allocated capital  | 14.3%  | -1.8%  |        |

The segment analysis is done on a constant currency basis. The HUF depreciated by 0.9% against the EUR in the reporting period. Net interest income in the Hungary segment (comprising Erste Bank Hungary Group) increased on the back of significantly higher interest rates supported by higher loan volumes. Net fee and commission income rose on higher payment and securities fees. Net trading result and gains/losses from financial instruments at FVPL deteriorated due to valuation effects. Operating expenses went up on the back of higher personnel, IT costs as well as substantially higher contribution into the deposit insurance fund of EUR 32.2 million (EUR 6.3 million). This increase was predominantly driven by the Sberbank Europe AG deposit insurance case. Consequently, operating result worsened and the cost/income ratio deteriorated. The improvement of the impairment result from financial instruments was triggered by rating upgrades. The worsening of the other result was driven by lower selling gains and higher regulatory charges: The banking tax – for the full year 2022 – rose to EUR 18.0 million (EUR 14.7 million), transaction tax to EUR 14.1 million (EUR 11.6 million) and the contribution to the resolution fund to EUR 7.9 million (EUR 4.0 million). Consequently, the net result attributable to the owners of the parent worsened.

## Croatia

| in EUR million   | 1-3 21 | 1-3 22 | Change  |
|--|--------|--------|---------|
| Net interest income  | 67.3   | 67.3   | 0.0%    |
| Net fee and commission income  | 21.0   | 24.7   | 17.9%   |
| Net trading result and gains/losses from financial instruments at FVPL | 4.1    | 8.7    | >100.0% |
| Operating income   | 95.0   | 102.9  | 8.4%    |
| Operating expenses   | -51.7  | -54.9  | 6.2%    |
| Operating result   | 43.3   | 48.0   | 11.0%   |
| Cost/income ratio  | 54.5%  | 53.4%  |         |
| Impairment result from financial instruments                           | -1.5   | 14.2   | n/a     |
| Other result   | -5.5   | -6.6   | 21.7%   |
| Net result attributable to owners of the parent                        | 20.6   | 31.6   | 53.2%   |
| Return on allocated capital  | 13.0%  | 16.4%  |         |

The segment analysis is done on a constant currency basis. The HRK appreciated by 0.4% against the EUR in the reporting period. Net interest income in the Croatia segment (comprising Erste Bank Croatia Group) remained stable as the effect of the lower interest rate environment was offset by the moderate loan growth, higher income from securities and lower refinancing costs. Net fee and commission income went up due to higher payment and securities fees. Net trading result and gains/losses from financial instruments at FVPL improved driven by a higher result from foreign currency transactions. Operating expenses went up due to higher personnel and IT costs. Contribution into the deposit insurance fund amounted to EUR 0.4 million (EUR 0.3 million). Overall, operating result and the cost/income ratio improved. The significant improvement of the impairment result from financial instruments was a consequence of releases due to rating upgrades. Other result worsened mainly due the higher resolution fund contribution of EUR 4.6 million (EUR 4.0 million). Consequently, the net result attributable to the owners of the parent increased.

## Serbia

| in EUR million   | 1-3 21 | 1-3 22 | Change  |
|--|--------|--------|---------|
| Net interest income  | 17.1   | 19.4   | 13.0%   |
| Net fee and commission income  | 4.2    | 5.2    | 24.7%   |
| Net trading result and gains/losses from financial instruments at FVPL | 1.3    | 1.5    | 15.1%   |
| Operating income   | 22.7   | 26.2   | 15.4%   |
| Operating expenses   | -14.0  | -15.8  | 12.9%   |
| Operating result   | 8.7    | 10.4   | 19.4%   |
| Cost/income ratio  | 61.5%  | 60.2%  |         |
| Impairment result from financial instruments                           | -2.0   | 0.8    | n/a     |
| Other result   | -0.2   | -1.8   | >100.0% |
| Net result attributable to owners of the parent                        | 5.2    | 7.6    | 46.7%   |
| Return on allocated capital  | 10.3%  | 14.5%  |         |

The segment analysis is done on a constant currency basis. The Serbian Dinar (RSD) remained stable against the EUR in the reporting period. Net interest income in the Serbia segment (comprising Erste Bank Serbia Group) increased mainly due to higher loan volumes in corporate business. Net fee and commission income went up due to higher payment fees. The increase of net trading result and gains/losses from financial instruments at FVPL was attributable to a higher result from foreign currency transactions. Operating expenses rose mainly due to higher personnel expenses owing to an increase of temporary staff as well as higher IT, legal and consultancy costs. Deposit insurance contribution rose to EUR 1.2 million (EUR 1.0 million). Operating result thus increased and the cost/income ratio improved. Impairment result from financial instruments improved driven by recoveries and rating upgrades in corporate business. Other result deteriorated due to higher provisions for litigations. Overall, the net result attributable to owners of the parent increased.

## Other

| in EUR million   | 1-3 21  | 1-3 22  | Change  |
|--|---------|---------|---------|
| Net interest income  | 31.3    | 45.2    | 44.2%   |
| Net fee and commission income  | -22.2   | -16.7   | -25.1%  |
| Net trading result and gains/losses from financial instruments at FVPL | -21.3   | -46.7   | >100.0% |
| Operating income   | -12.7   | -18.9   | 49.2%   |
| Operating expenses   | -50.9   | -58.9   | 15.8%   |
| Operating result   | -63.6   | -77.9   | 22.4%   |
| Cost/income ratio  | >100.0% | >100.0% |         |
| Impairment result from financial instruments                           | -5.7    | -0.5    | -91.3%  |
| Other result   | -44.6   | -5.4    | -87.9%  |
| Net result attributable to owners of the parent                        | -90.9   | -41.5   | -54.4%  |
| Return on allocated capital  | -5.3%   | -3.2%   |         |

The residual segment Other consists mainly of internal service providers, the Group Asset/Liability Management and the Corporate Center of Erste Group Bank AG as well as the reconciliation to the consolidated accounting result (e.g. intercompany elimination, dividend elimination) and free capital.

Operating income deteriorated primarily due to lower valuation result. Operating expenses went up and operating result deteriorated. Other result improved on the back of positive valuation effects. The tax charge developed positively. Consequently, the net result attributable to owners of the parent improved.

## BUSINESS SEGMENTS

### Retail

| in EUR million   | 1-3 21 | 1-3 22 | Change |
|--|--------|--------|--------|
| Net interest income  | 509.4  | 597.9  | 17.4%  |
| Net fee and commission income  | 281.0  | 317.1  | 12.8%  |
| Net trading result and gains/losses from financial instruments at FVPL | 22.5   | 11.8   | -47.3% |
| Operating income   | 820.9  | 929.8  | 13.3%  |
| Operating expenses   | -524.0 | -540.8 | 3.2%   |
| Operating result   | 296.9  | 389.0  | 31.0%  |
| Cost/income ratio  | 63.8%  | 58.2%  |        |
| Impairment result from financial instruments                           | -39.6  | -15.5  | -60.9% |
| Other result   | -14.7  | -15.6  | 6.1%   |
| Net result attributable to owners of the parent                        | 182.7  | 281.5  | 54.1%  |
| Return on allocated capital  | 21.6%  | 31.4%  |        |

The Retail segment comprises the entire business with private individuals, free professionals and micros in the responsibility of account managers in the retail network of the local banks cooperating with their specialised subsidiaries (such as leasing and asset management companies).

The increase in net interest income was driven by the impact of higher market rates in the Czech Republic, Hungary and Romania as well as growth of loan volumes predominantly in the Czech Republic and Austria driven by housing loans. Deposit volumes grew mainly in the Czech Republic, Austria, Hungary and Croatia driven by current accounts. Net fee and commission income increased on the back of higher securities and payment fees across the markets as well as improved insurance brokerage fees in the Czech Republic, Slovakia and Romania. Net trading result and gains/losses from financial instruments FVPL decreased due to negative valuation effects in Hungary, partially mitigated by higher result from foreign currency transactions in the Czech Republic, Romania and Hungary. Operating expenses increased mainly due to higher personnel and IT expenses. Overall, operating result increased and the cost/income ratio improved. The impairment result from financial instruments improved as the comparative period was negatively affected by an update of risk parameters in the Czech Republic. Other result remained unchanged. Consequently, the net result attributable to the owners of the parent increased significantly.



## Corporates

| in EUR million   | 1-3 21 | 1-3 22 | Change |
|--|--------|--------|--------|
| Net interest income  | 280.0  | 345.1  | 23.2%  |
| Net fee and commission income  | 75.2   | 84.1   | 11.8%  |
| Net trading result and gains/losses from financial instruments at FVPL | 25.1   | 36.3   | 44.4%  |
| Operating income   | 407.2  | 492.8  | 21.0%  |
| Operating expenses   | -126.4 | -136.8 | 8.2%   |
| Operating result   | 280.8  | 355.9  | 26.8%  |
| Cost/income ratio  | 31.1%  | 27.8%  |        |
| Impairment result from financial instruments                           | 7.6    | -26.6  | n/a    |
| Other result   | 2.6    | 3.9    | 48.0%  |
| Net result attributable to owners of the parent                        | 223.1  | 255.7  | 14.6%  |
| Return on allocated capital  | 18.3%  | 19.8%  |        |

The Corporates segment comprises business done with SMEs (small and medium sized enterprises), Large Corporate customers, as well as commercial real estate and public sector business.

Net interest income improved primarily due to higher market rates in the Czech Republic, Hungary and Romania as well as higher loan volumes. Net fee and commission income increased because of higher payment, documentary and lending fees. Net trading result and gains/losses from financial instruments at FVPL improved due to higher foreign currency transactions mainly the Czech Republic as well as positive valuation effects mainly in the Holding. Operating expenses increased on higher IT, personnel and office space costs. Overall, operating result went up and the cost/income ratio improved. The impairment result from financial instruments deteriorated on customer downgrades mainly in Czech Republic and Austria. Other result remained largely stable. The net result attributable to the owners of the parent increased.

## Group Markets

| in EUR million   | 1-3 21 | 1-3 22 | Change  |
|--|--------|--------|---------|
| Net interest income  | 48.1   | 108.4  | >100.0% |
| Net fee and commission income  | 71.9   | 80.7   | 12.2%   |
| Net trading result and gains/losses from financial instruments at FVPL | 38.6   | 21.5   | -44.3%  |
| Operating income   | 159.5  | 211.3  | 32.5%   |
| Operating expenses   | -54.4  | -58.8  | 7.9%    |
| Operating result   | 105.0  | 152.6  | 45.3%   |
| Cost/income ratio  | 34.1%  | 27.8%  |         |
| Impairment result from financial instruments                           | -2.0   | -5.7   | >100.0% |
| Other result   | -8.0   | -8.3   | 4.2%    |
| Net result attributable to owners of the parent                        | 73.6   | 108.8  | 47.7%   |
| Return on allocated capital  | 29.6%  | 38.0%  |         |

The Group Markets segment comprises trading and markets services as well as business done with financial institutions.

Net interest income increased significantly on the back of higher market interest rates, favorable market positioning in interest rate derivatives and higher volumes of money market placements. Net fee and commission income increased mostly due to the higher contribution of the securities business. Net trading result and gains/losses from financial instruments at FVPL declined as a result of valuation effects. Overall, operating income increased notably. Operating expenses went up on higher personnel and IT costs. Consequently, operating result increased significantly, and the cost/income ratio improved. Impairment result from financial instruments deteriorated due to higher provisioning requirements in Austria and the Czech Republic. Other result remained stable. Consequently, the net result attributable to the owners of the parent improved significantly.

## Asset/Liability Management & Local Corporate Center

| in EUR million   | 1-3 21 | 1-3 22 | Change  |
|--|--------|--------|---------|
| Net interest income  | 32.1   | 17.7   | -44.9%  |
| Net fee and commission income  | -20.4  | -18.8  | -7.5%   |
| Net trading result and gains/losses from financial instruments at FVPL | 3.4    | -14.9  | n/a     |
| Operating income   | 20.3   | -11.0  | n/a     |
| Operating expenses   | -55.4  | -113.2 | >100.0% |
| Operating result   | -35.2  | -124.2 | >100.0% |
| Cost/income ratio  | >100%  | >100%  |         |
| Impairment result from financial instruments                           | 1.2    | -0.2   | n/a     |
| Other result   | -57.5  | -96.8  | 68.4%   |
| Net result attributable to owners of the parent                        | -70.8  | -186.7 | >100.0% |
| Return on allocated capital  | -7.4%  | -14.4% |         |

The ALM & LCC segment includes all asset/liability management functions – local and of Erste Group Bank AG (Holding) – as well as the local corporate centers which comprise internal service providers and reconciliation items to local entity results.

Net interest income declined primarily due to higher volumes and transfer prices for current accounts in Czech Republic, Hungary and Romania leading correspondingly to a positive impact in the retail and corporate segment and a negative effect in ALM & LCC. This effect was only partially compensated by the impact of higher market interest rates on transfer prices on the asset side, placements of over-liquidity at central banks with higher rates and more favourable investment yields. Net fee and commission income remained largely unchanged. The deterioration of net trading result and gains/losses from financial instruments at FVPL was driven by valuation effects. Operating expenses increased mainly due to higher deposit insurance contributions in Erste Bank Oesterreich and Hungary driven by the Sberbank Europe AG deposit insurance case. Overall, operating result worsened. Other result deteriorated due to higher contributions to resolution funds in all markets, higher banking tax in Hungary and lower real estate selling gains in Romania. Consequently, the net result attributable to the owners of the parent deteriorated.

## Savings Banks

The business segment Savings Banks is identical to the geographical (operating) segment Savings Banks.

## Group Corporate Center

| in EUR million   | 1-3 21  | 1-3 22  | Change |
|--|---------|---------|--------|
| Net interest income  | 21.8    | 25.9    | 18.7%  |
| Net fee and commission income  | 1.5     | 1.5     | -0.3%  |
| Net trading result and gains/losses from financial instruments at FVPL | -18.3   | -24.7   | 35.2%  |
| Operating income   | 3.9     | 1.2     | -68.6% |
| Operating expenses   | -241.9  | -220.6  | -8.8%  |
| Operating result   | -238.0  | -219.4  | -7.8%  |
| Cost/income ratio  | >100.0% | >100.0% |        |
| Impairment result from financial instruments                           | -5.0    | -0.2    | -96.6% |
| Other result   | 152.1   | 163.9   | 7.8%   |
| Net result attributable to owners of the parent                        | -73.5   | -20.0   | -72.8% |
| Return on allocated capital  | -5.4%   | -2.2%   |        |

The Group Corporate Center segment covers mainly centrally managed activities and items that are not directly allocated to other segments. It includes the Corporate Center of Erste Group Bank AG as well as internal service providers, therefore in particular the line items “other operating result” and “general administrative expenses” should be considered together with intragroup eliminations. Furthermore, the free capital of Erste Group is included.

Operating income decreased on lower net trading result and gains/losses from financial instruments at FVPL due to valuation effects. Operating expenses decreased on eliminated costs between the two IT entities after their merger – countereffect in intercompany eliminations. Other result improved due to positive valuation effects. The tax charge developed positively. Overall, the net result attributable to owners of the parent improved.

# Condensed interim consolidated financial statements

Interim report – 1 January to 31 March 2022

## Consolidated statement of income

| in EUR thousand  | Notes | 1-3 21         | 1-3 22         |
|--|-------|----------------|----------------|
| Net interest income  | 1     | 1,172,127      | 1,392,104      |
| Interest income  | 1     | 1,207,991      | 1,623,245      |
| Other similar income   | 1     | 339,048        | 460,881        |
| Interest expenses  | 1     | -104,353       | -240,150       |
| Other similar expenses   | 1     | -270,558       | -451,872       |
| Net fee and commission income  | 2     | 539,989        | 615,338        |
| Fee and commission income  | 2     | 638,214        | 723,952        |
| Fee and commission expenses  | 2     | -98,225        | -108,615       |
| Dividend income  | 3     | 4,833          | 2,438          |
| Net trading result   | 4     | 9,476          | -256,602       |
| Gains/losses from financial instruments measured at fair value through profit or loss                            | 5     | 56,933         | 239,715        |
| Net result from equity method investments  |       | 1,481          | 3,009          |
| Rental income from investment properties & other operating leases  | 6     | 43,748         | 40,240         |
| Personnel expenses   | 7     | -622,393       | -630,749       |
| Other administrative expenses  | 7     | -345,816       | -468,053       |
| Depreciation and amortisation  | 7     | -135,073       | -136,419       |
| Gains/losses from derecognition of financial assets measured at amortised cost                                   | 8     | 2,485          | -927           |
| Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss | 9     | -287           | 1,859          |
| Impairment result from financial instruments   | 10    | -35,685        | -59,142        |
| Other operating result   | 11    | -126,731       | -132,739       |
| Levies on banking activities   | 11    | -33,214        | -40,199        |
| <b>Pre-tax result from continuing operations</b>   |       | <b>565,088</b> | <b>610,071</b> |
| Taxes on income  | 12    | -124,319       | -115,562       |
| <b>Net result for the period</b>   |       | <b>440,769</b> | <b>494,509</b> |
| Net result attributable to non-controlling interests   |       | 85,663         | 45,661         |
| <b>Net result attributable to owners of the parent</b>   |       | <b>355,106</b> | <b>448,848</b> |

## Earnings per share

|  |                 | 1-3 21      | 1-3 22      |
|--|-----------------|-------------|-------------|
| Net result attributable to owners of the parent  | in EUR thousand | 355,106     | 448,848     |
| Dividend on AT1 capital  | in EUR thousand | 0           | 0           |
| Net result for the period attributable to owners of the parent after deduction of AT1 capital dividend | in EUR thousand | 355,106     | 448,848     |
| Weighted average number of outstanding shares  |                 | 426,246,662 | 426,264,158 |
| <b>Earnings per share</b>  | <b>in EUR</b>   | <b>0.83</b> | <b>1.05</b> |
| Weighted average diluted number of outstanding shares  |                 | 426,246,662 | 426,264,158 |
| <b>Diluted earnings per share</b>  | <b>in EUR</b>   | <b>0.83</b> | <b>1.05</b> |

## Development of the number of shares

|   | 1-3 21             | 1-3 22             |
|---|--------------------|--------------------|
| Shares outstanding at the beginning of the period       | 405,470,710        | 405,434,710        |
| Acquisition of treasury shares                          | -1,379,806         | -1,198,083         |
| Disposal of treasury shares                             | 1,379,806          | 760,250            |
| Shares outstanding at the end of the period             | 405,470,710        | 404,996,877        |
| Treasury shares   | 24,329,290         | 24,803,123         |
| <b>Number of shares issued at the end of the period</b> | <b>429,800,000</b> | <b>429,800,000</b> |
| Weighted average number of outstanding shares           | 426,246,662        | 426,264,158        |
| Weighted average diluted number of outstanding shares   | 426,246,662        | 426,264,158        |

## Consolidated statement of comprehensive income

| in EUR thousand   | 1-3 21          | 1-3 22         |
|---|-----------------|----------------|
| <b>Net result for the period</b>  | <b>440,769</b>  | <b>494,509</b> |
| <b>Other comprehensive income</b>   |                 |                |
| <b>Items that may not be reclassified to profit or loss</b>   | <b>41,204</b>   | <b>162,343</b> |
| Remeasurement of defined benefit plans  | 51,083          | 70,534         |
| Fair value reserve of equity instruments  | -2,790          | -5,643         |
| Own credit risk reserve   | 7,477           | 139,492        |
| Deferred taxes relating to items that may not be reclassified   | -14,566         | -42,041        |
| <b>Items that may be reclassified to profit or loss</b>   | <b>-103,455</b> | <b>-86,112</b> |
| Fair value reserve of debt instruments  | -62,277         | -209,851       |
| Gain/loss during the period   | -61,932         | -208,637       |
| Reclassification adjustments  | -77             | -1,685         |
| Credit loss allowances  | -268            | 472            |
| Cash flow hedge reserve   | -66,408         | -33,648        |
| Gain/loss during the period   | -63,847         | -52,214        |
| Reclassification adjustments  | -2,561          | 18,566         |
| Currency reserve  | -1,840          | 106,567        |
| Gain/loss during the period   | -1,840          | 106,567        |
| Deferred taxes relating to items that may be reclassified   | 27,071          | 50,861         |
| Gain/loss during the period   | 26,443          | 54,389         |
| Reclassification adjustments  | 628             | -3,528         |
| Share of other comprehensive income of associates and joint ventures accounted for by the equity method | -1              | -42            |
| <b>Total other comprehensive income</b>   | <b>-62,251</b>  | <b>76,231</b>  |
| <b>Total comprehensive income</b>   | <b>378,518</b>  | <b>570,740</b> |
| Total comprehensive income attributable to non-controlling interests                                    | 93,475          | 34,324         |
| <b>Total comprehensive income attributable to owners of the parent</b>                                  | <b>285,043</b>  | <b>536,416</b> |

## Quarterly results

| in EUR million  | Q1 21         | Q2 21        | Q3 21         | Q4 21        | Q1 22        |
|---|---------------|--------------|---------------|--------------|--------------|
| <b>Income statement</b>   |               |              |               |              |              |
| Net interest income   | 1,172.1       | 1,276.5      | 1,220.8       | 1,306.2      | 1,392.1      |
| Interest income   | 1,208.0       | 1,226.1      | 1,274.8       | 1,400.0      | 1,623.2      |
| Other similar income  | 339.0         | 438.8        | 336.0         | 362.6        | 460.9        |
| Interest expenses   | -104.4        | -109.0       | -124.1        | -146.3       | -240.2       |
| Other similar expenses  | -270.6        | -279.3       | -265.9        | -310.1       | -451.9       |
| Net fee and commission income   | 540.0         | 559.0        | 591.4         | 613.3        | 615.3        |
| Fee and commission income   | 638.2         | 655.9        | 699.1         | 728.8        | 724.0        |
| Fee and commission expenses   | -98.2         | -96.9        | -107.8        | -115.6       | -108.6       |
| Dividend income   | 4.8           | 15.6         | 7.7           | 5.0          | 2.4          |
| Net trading result  | 9.5           | 33.6         | 24.3          | -8.8         | -256.6       |
| Gains/losses from financial instruments measured at fair value through profit or loss                   | 56.9          | 26.7         | 49.9          | 39.7         | 239.7        |
| Net result from equity method investments   | 1.5           | 4.7          | 3.8           | 5.4          | 3.0          |
| Rental income from investment properties & other operating leases                                       | 43.7          | 45.9         | 46.5          | 46.2         | 40.2         |
| Personnel expenses  | -622.4        | -626.5       | -632.4        | -696.8       | -630.7       |
| Other administrative expenses   | -345.8        | -235.5       | -265.3        | -333.8       | -468.1       |
| Depreciation and amortisation   | -135.1        | -137.8       | -140.3        | -134.9       | -136.4       |
| Gains/losses from derecognition of financial assets at AC   | 2.5           | 0.8          | -1.4          | -9.5         | -0.9         |
| Other gains/losses from derecognition of financial instruments not at FVPL                              | -0.3          | -0.3         | -18.2         | -6.4         | 1.9          |
| Impairment result from financial instruments  | -35.7         | -47.2        | 31.3          | -107.2       | -59.1        |
| Other operating result  | -126.7        | -45.6        | -70.9         | -67.2        | -132.7       |
| Levies on banking activities  | -33.2         | -19.0        | -19.4         | -1.9         | -40.2        |
| <b>Pre-tax result from continuing operations</b>  | <b>565.1</b>  | <b>870.1</b> | <b>847.0</b>  | <b>651.2</b> | <b>610.1</b> |
| Taxes on income   | -124.3        | -163.0       | -146.3        | -91.6        | -115.6       |
| <b>Net result for the period</b>  | <b>440.8</b>  | <b>707.0</b> | <b>700.7</b>  | <b>559.6</b> | <b>494.5</b> |
| Net result attributable to non-controlling interests  | 85.7          | 144.2        | 167.3         | 87.6         | 45.7         |
| <b>Net result attributable to owners of the parent</b>  | <b>355.1</b>  | <b>562.9</b> | <b>533.4</b>  | <b>472.0</b> | <b>448.8</b> |
| <b>Statement of comprehensive income</b>  |               |              |               |              |              |
| <b>Net result for the period</b>  | <b>440.8</b>  | <b>707.0</b> | <b>700.7</b>  | <b>559.6</b> | <b>494.5</b> |
| <b>Other comprehensive income</b>   |               |              |               |              |              |
| <b>Items that may not be reclassified to profit or loss</b>   | <b>41.2</b>   | <b>19.3</b>  | <b>23.1</b>   | <b>32.5</b>  | <b>162.3</b> |
| Remeasurement of defined benefit plans  | 51.1          | 0.0          | 0.5           | -23.0        | 70.5         |
| Fair value reserve of equity instruments  | -2.8          | -2.0         | 7.0           | 18.2         | -5.6         |
| Own credit risk reserve   | 7.5           | 18.6         | 19.5          | 36.6         | 139.5        |
| Deferred taxes relating to items that may not be reclassified   | -14.6         | 2.6          | -3.9          | 0.6          | -42.0        |
| <b>Items that may be reclassified to profit or loss</b>   | <b>-103.5</b> | <b>179.7</b> | <b>-138.0</b> | <b>-60.4</b> | <b>-86.1</b> |
| Fair value reserve of debt instruments  | -62.3         | -5.4         | -36.9         | -83.7        | -209.9       |
| Gain/loss during the period   | -61.9         | -4.5         | -37.9         | -86.9        | -208.6       |
| Reclassification adjustments  | -0.1          | -0.3         | -0.6          | 5.9          | -1.7         |
| Credit loss allowances  | -0.3          | -0.6         | 1.6           | -2.7         | 0.5          |
| Cash flow hedge reserve   | -66.4         | -22.0        | -86.0         | -124.0       | -33.6        |
| Gain/loss during the period   | -63.8         | -21.8        | -85.8         | -123.9       | -52.2        |
| Reclassification adjustments  | -2.6          | -0.3         | -0.2          | -0.1         | 18.6         |
| Currency reserve  | -1.8          | 201.7        | -38.7         | 109.8        | 106.6        |
| Gain/loss during the period   | -1.8          | 201.7        | -38.7         | 109.8        | 106.6        |
| Deferred taxes relating to items that may be reclassified   | 27.1          | 5.4          | 23.5          | 37.5         | 50.9         |
| Gain/loss during the period   | 26.4          | 5.4          | 23.4          | 38.9         | 54.4         |
| Reclassification adjustments  | 0.6           | 0.1          | 0.1           | -1.4         | -3.5         |
| Share of other comprehensive income of associates and joint ventures accounted for by the equity method | 0.0           | 0.0          | 0.0           | 0.0          | 0.0          |
| <b>Total</b>  | <b>-62.3</b>  | <b>199.0</b> | <b>-114.9</b> | <b>-27.9</b> | <b>76.2</b>  |
| <b>Total comprehensive income</b>   | <b>378.5</b>  | <b>906.0</b> | <b>585.8</b>  | <b>531.7</b> | <b>570.7</b> |
| Total comprehensive income attributable to non-controlling interests                                    | 93.5          | 143.9        | 165.7         | 72.8         | 34.3         |
| <b>Total comprehensive income attributable to owners of the parent</b>                                  | <b>285.0</b>  | <b>762.2</b> | <b>420.1</b>  | <b>458.9</b> | <b>536.4</b> |

## Consolidated balance sheet

| in EUR thousand   | Notes | Dec 21             | Mar 22             |
|---|-------|--------------------|--------------------|
| <b>Assets</b>   |       |                    |                    |
| Cash and cash balances  | 13    | 45,495,440         | 46,224,606         |
| Financial assets held for trading   |       | 6,472,965          | 6,822,829          |
| Derivatives   | 14    | 2,263,372          | 2,171,854          |
| Other financial assets held for trading                                     | 15    | 4,209,593          | 4,650,975          |
| Pledged as collateral   |       | 372,719            | 63,213             |
| Non-trading financial assets at fair value through profit and loss          | 16    | 3,124,389          | 3,078,973          |
| Pledged as collateral   |       | 0                  | 0                  |
| Equity instruments  |       | 331,871            | 359,199            |
| Debt securities   |       | 1,974,670          | 1,910,396          |
| Loans and advances to banks   |       | 9,879              | 0                  |
| Loans and advances to customers   |       | 807,969            | 809,378            |
| Financial assets at fair value through other comprehensive income           | 17    | 8,881,173          | 9,226,270          |
| Pledged as collateral   |       | 130,235            | 472,461            |
| Equity instruments  |       | 132,371            | 126,573            |
| Debt securities   |       | 8,748,802          | 9,099,697          |
| Financial assets at amortised cost  | 18    | 229,641,245        | 246,275,909        |
| Pledged as collateral   |       | 1,232,365          | 2,404,154          |
| Debt securities   |       | 35,550,769         | 37,506,078         |
| Loans and advances to banks   |       | 20,991,402         | 30,824,886         |
| Loans and advances to customers   |       | 173,099,074        | 177,944,945        |
| Finance lease receivables   | 19    | 4,208,530          | 4,196,074          |
| Hedge accounting derivatives  | 20    | 78,604             | 61,722             |
| Fair value changes of hedged items in portfolio hedge of interest rate risk |       | -3,925             | -15,153            |
| Property and equipment  |       | 2,645,175          | 2,549,268          |
| Investment properties   |       | 1,344,174          | 1,341,142          |
| Intangible assets   |       | 1,362,299          | 1,336,811          |
| Investments in associates and joint ventures                                |       | 210,857            | 215,470            |
| Current tax assets  |       | 135,118            | 132,673            |
| Deferred tax assets   |       | 562,081            | 573,048            |
| Assets held for sale  |       | 73,030             | 65,412             |
| Trade and other receivables   | 21    | 2,152,453          | 2,342,255          |
| Other assets  | 22    | 1,044,577          | 1,182,741          |
| <b>Total assets</b>   |       | <b>307,428,186</b> | <b>325,610,049</b> |
| <b>Liabilities and equity</b>   |       |                    |                    |
| Financial liabilities held for trading                                      |       | 2,473,696          | 2,916,572          |
| Derivatives   | 14    | 1,623,819          | 1,988,441          |
| Other financial liabilities held for trading                                | 23    | 849,877            | 928,130            |
| Financial liabilities at fair value through profit or loss                  |       | 10,464,062         | 10,153,264         |
| Deposits from customers   |       | 494,749            | 939,731            |
| Debt securities issued  | 24    | 9,778,385          | 9,012,534          |
| Other financial liabilities   |       | 190,927            | 201,000            |
| Financial liabilities at amortised cost                                     |       | 265,415,463        | 282,064,801        |
| Deposits from banks   | 25    | 31,885,634         | 34,781,148         |
| Deposits from customers   | 25    | 210,028,718        | 221,442,536        |
| Debt securities issued  | 25    | 22,351,729         | 24,971,218         |
| Other financial liabilities   |       | 1,149,382          | 869,898            |
| Lease liabilities   |       | 588,071            | 606,366            |
| Hedge accounting derivatives  | 20    | 309,405            | 319,391            |
| Fair value changes of hedged items in portfolio hedge of interest rate risk |       | 0                  | 0                  |
| Provisions  | 26    | 1,985,871          | 2,086,527          |
| Current tax liabilities   |       | 143,593            | 153,019            |
| Deferred tax liabilities  |       | 18,742             | 29,185             |
| Liabilities associated with assets held for sale                            |       | 0                  | 0                  |
| Other liabilities   | 27    | 2,515,870          | 3,212,778          |
| <b>Total equity</b>   |       | <b>23,513,414</b>  | <b>24,068,147</b>  |
| Equity attributable to non-controlling interests                            |       | 5,516,031          | 5,546,258          |
| Additional equity instruments   |       | 2,236,194          | 2,236,167          |
| Equity attributable to owners of the parent                                 |       | 15,761,190         | 16,285,722         |
| Subscribed capital  |       | 859,600            | 859,600            |
| Additional paid-in capital  |       | 1,477,720          | 1,477,720          |
| Retained earnings and other reserves  |       | 13,423,870         | 13,948,402         |
| <b>Total liabilities and equity</b>   |       | <b>307,428,186</b> | <b>325,610,049</b> |

## Consolidated statement of changes in equity

| in EUR million  | Subscribed capital | Additional paid-in capital | Retained earnings | Cash flow hedge reserve | Fair value reserve | Own credit risk reserve | Currency reserve | Remeasurement of defined benefit plans | Equity attributable to owners of the parent | Additional equity instruments | Equity attributable to non-controlling interests | Total equity |
|---|--------------------|----------------------------|-------------------|-------------------------|--------------------|-------------------------|------------------|--|---|-------------------------------|--|--------------|
|   |                    |                            |                   |                         |                    |                         |                  |  |   |                               |  |              |
| <b>As of 1 January 2022</b>   | 860                | 1,478                      | 14,933            | -206                    | 115                | -207                    | -672             | -538                                   | 15,761                                      | 2,236                         | 5,516  | 23,513       |
| Changes in treasury shares  | 0                  | 0                          | -13               | 0                       | 0                  | 0                       | 0                | 0                                      | -13   | 0                             | 0  | -13          |
| Dividends paid  | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 0                | 0                                      | 0   | 0                             | 0  | -5           |
| Capital increase/decrease   | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 0                | 0                                      | 0   | 0                             | 0  | -2           |
| Changes in scope of consolidation and ownership interest              | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 0                | 0                                      | 0   | 0                             | 0  | 0            |
| Reclassification from other comprehensive income to retained earnings | 0                  | 0                          | -1                | 0                       | 0                  | 2                       | 0                | 0                                      | 0   | 0                             | 0  | 2            |
| Share-based payments  | 0                  | 0                          | 1                 | 0                       | 0                  | 0                       | 0                | 0                                      | 1   | 0                             | 0  | 1            |
| Other changes   | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 0                | 0                                      | 0   | 0                             | 0  | 1            |
| Total comprehensive income  | 0                  | 0                          | 449               | -27                     | -138               | 103                     | 110              | 39                                     | 536   | 0                             | 34   | 571          |
| Net result for the period   | 0                  | 0                          | 449               | 0                       | 0                  | 0                       | 0                | 0                                      | 449   | 0                             | 46   | 495          |
| Other comprehensive income  | 0                  | 0                          | 0                 | -27                     | -138               | 103                     | 110              | 39                                     | 88  | 0                             | -11  | 76           |
| Change from remeasurement of defined benefit plans                    | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 0                | 39                                     | 39  | 0                             | 23   | 62           |
| Change in fair value reserve  | 0                  | 0                          | 0                 | 0                       | -138               | 0                       | 0                | 0                                      | -138  | 0                             | -32  | -170         |
| Change in cash flow hedge reserve                                     | 0                  | 0                          | 0                 | -27                     | 0                  | 0                       | 0                | 0                                      | -27   | 0                             | 0  | -27          |
| Change in currency reserve  | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 110              | 0                                      | 110   | 0                             | -4   | 107          |
| Change in own credit risk reserve                                     | 0                  | 0                          | 0                 | 0                       | 0                  | 103                     | 0                | 0                                      | 103   | 0                             | 2  | 105          |
| <b>As of 31 March 2022</b>  | 860                | 1,478                      | 15,368            | -233                    | -23                | -103                    | -562             | -499                                   | 16,286                                      | 2,236                         | 5,546  | 24,068       |
| <b>As of 1 January 2021</b>   | 860                | 1,478                      | 13,773            | 36                      | 239                | -290                    | -941             | -549                                   | 14,604                                      | 2,733                         | 5,073  | 22,410       |
| Changes in treasury shares  | 0                  | 0                          | -4                | 0                       | 0                  | 0                       | 0                | 0                                      | -4  | 0                             | 0  | -4           |
| Dividends paid  | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 0                | 0                                      | 0   | 0                             | 0  | -14          |
| Capital increase/decrease   | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 0                | 0                                      | 0   | 0                             | 0  | 0            |
| Changes in scope of consolidation and ownership interest              | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 0                | 0                                      | 0   | 0                             | 0  | 0            |
| Reclassification from other comprehensive income to retained earnings | 0                  | 0                          | -2                | 0                       | 0                  | 2                       | 0                | 0                                      | 0   | 0                             | 0  | 0            |
| Share-based payments  | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 0                | 0                                      | 0   | 0                             | 0  | 0            |
| Other changes   | 0                  | 0                          | -10               | 0                       | 0                  | 0                       | 0                | 0                                      | -10   | 0                             | 10   | 0            |
| Total comprehensive income  | 0                  | 0                          | 355               | -54                     | -42                | -1                      | -1               | 28                                     | 285   | 0                             | 93   | 379          |
| Net result for the period   | 0                  | 0                          | 355               | 0                       | 0                  | 0                       | 0                | 0                                      | 355   | 0                             | 86   | 441          |
| Other comprehensive income  | 0                  | 0                          | 0                 | -54                     | -42                | -1                      | -1               | 28                                     | -70   | 0                             | 8  | -62          |
| Change from remeasurement of defined benefit plans                    | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 0                | 28                                     | 28  | 0                             | 17   | 45           |
| Change in fair value reserve  | 0                  | 0                          | 0                 | 0                       | -42                | 0                       | 0                | 0                                      | -42   | 0                             | -8   | -50          |
| Change in cash flow hedge reserve                                     | 0                  | 0                          | 0                 | -54                     | 0                  | 0                       | 0                | 0                                      | -54   | 0                             | 0  | -54          |
| Change in currency reserve  | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | -1               | 0                                      | -1  | 0                             | -1   | -2           |
| Change in own credit risk reserve                                     | 0                  | 0                          | 0                 | 0                       | 0                  | -1                      | 0                | 0                                      | -1  | 0                             | 0  | -2           |
| <b>As of 31 March 2021</b>  | 860                | 1,478                      | 14,113            | -18                     | 197                | -290                    | -942             | -521                                   | 14,876                                      | 2,733                         | 5,163  | 22,771       |

## Consolidated statement of cash flows

| in EUR million   | 1-3 21        | 1-3 22        |
|--|---------------|---------------|
| <b>Net result for the period</b>   | <b>441</b>    | <b>495</b>    |
| Non-cash adjustments for items in net profit/loss for the year   |               |               |
| Depreciation, amortisation and net impairment of non-financial assets  | 137           | 136           |
| Net allocation to credit loss allowances and other provisions  | 43            | 59            |
| Gains/losses from measurement and derecognition of financial assets and financial liabilities                | -115          | 123           |
| Other adjustments  | 86            | 169           |
| <b>Changes in assets and liabilities from operating activities after adjustment for non-cash components</b>  |               |               |
| Financial assets held for trading  | -124          | -377          |
| Non-trading financial assets at fair value through profit and loss   |               |               |
| Equity instruments   | 22            | -27           |
| Debt securities  | 6             | 9             |
| Loans and advances to banks  | 0             | 10            |
| Loans and advances to customers  | -51           | -26           |
| Financial assets at fair value through other comprehensive income: debt securities                           | -72           | -487          |
| Financial assets at amortised cost   |               |               |
| Debt securities  | -1,428        | -1,955        |
| Loans and advances to banks  | -6,015        | -9,834        |
| Loans and advances to customers  | -1,560        | -4,916        |
| Finance lease receivables  | 32            | 12            |
| Hedge accounting derivatives   | 2             | -10           |
| Other assets from operating activities   | -453          | -328          |
| Financial liabilities held for trading   | -370          | 87            |
| Financial liabilities at fair value through profit or loss   | -642          | 121           |
| Financial liabilities at amortised cost  |               |               |
| Deposits from banks  | 10,517        | 2,896         |
| Deposits from customers  | 14,328        | 11,414        |
| Debt securities issued   | 2,515         | 2,619         |
| Other financial liabilities  | 184           | -279          |
| Hedge accounting derivatives   | 3             | 10            |
| Other liabilities from operating activities  | 747           | 843           |
| <b>Cash flow from operating activities</b>   | <b>18,233</b> | <b>761</b>    |
| Proceeds of disposal   |               |               |
| Financial assets at fair value through other comprehensive income: equity instruments                        | 0             | 0             |
| Investments in associates and joint ventures   | 0             | 0             |
| Property and equipment and intangible assets   | 13            | 28            |
| Investment properties  | 1             | 4             |
| Acquisition of   |               |               |
| Financial assets at fair value through other comprehensive income: equity instruments                        | 0             | 0             |
| Investments in associates and joint ventures   | 0             | 0             |
| Property and equipment and intangible assets   | -93           | -71           |
| Investment properties  | -6            | -2            |
| Acquisition of subsidiaries (net of cash and cash equivalents acquired)                                      | 0             | 0             |
| Disposal of subsidiaries   | 0             | 0             |
| <b>Cash flow from investing activities</b>   | <b>-86</b>    | <b>-40</b>    |
| Capital increases  | 0             | -2            |
| Capital decrease   | 0             | 0             |
| Acquisition of non-controlling interest  | 0             | 0             |
| Dividends paid to equity holders of the parent   | 0             | 0             |
| Dividends paid to non-controlling interests  | -14           | -5            |
| <b>Cash flow from financing activities</b>   | <b>-14</b>    | <b>-7</b>     |
| <b>Cash and cash equivalents at the beginning of the period</b>  | <b>35,839</b> | <b>45,495</b> |
| Cash flow from operating activities  | 18,233        | 761           |
| Cash flow from investing activities  | -86           | -40           |
| Cash flow from financing activities  | -14           | -7            |
| Effect of currency translation   | -17           | 15            |
| <b>Cash and cash equivalents at the end of period</b>  | <b>53,954</b> | <b>46,225</b> |
| <b>Cash flows related to taxes, interest and dividends (included in cash flow from operating activities)</b> | <b>1,129</b>  | <b>1,094</b>  |
| Payments for taxes on income   | -100          | -157          |
| Interest received  | 1,868         | 2,069         |
| Dividends received   | 5             | 2             |
| Interest paid  | -644          | -820          |

Cash and cash equivalents are equal to cash in hand, cash balances at central banks and other demand deposits.



# Condensed notes to the interim consolidated financial statements 1 January to 31 March 2022

## BASIS OF PREPARATION

The condensed consolidated interim financial statements ("interim financial statements") of the group of Erste Group Bank AG ("Erste Group") for the period from 1 January to 31 March 2022 were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and are presented in accordance with the requirements of IAS 34 "Interim Financial Reporting".

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

## BASIS OF CONSOLIDATION

Subsidiaries are consolidated from the date when control is obtained until the date when control is lost. Control is achieved when Erste Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power to direct the relevant activities of the investee. Relevant activities are those which most significantly affect the variable returns of an entity.

### IFRS consolidation scope - evolution of number of entities and funds included

|  |            |
|--|------------|
| <b>As of 31 December 2021</b>                      | <b>335</b> |
| <b>Additions</b>                                   |            |
| Entities newly added to the scope of consolidation | 1          |
| <b>Disposals</b>                                   |            |
| Companies sold or liquidated                       | -6         |
| Mergers  | 0          |
| <b>As of 31 March 2022</b>                         | <b>330</b> |

## ACCOUNTING AND MEASUREMENT METHODS

The interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and are presented in euro, which is the functional currency of the parent company. The interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements. Therefore, the interim financial statements should be read in conjunction with Erste Group's consolidated financial statements as of 31 December 2021.

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the group's last annual financial statements for the year ended 31 December 2021, with the exception of the calculation of the current income taxes for the interim reporting period for which the estimated effective tax rate for the group is applied.

## 1. Net interest income

| in EUR million                                     | 1-3 21         | 1-3 22         |
|--|----------------|----------------|
| Financial assets at AC                             | 1,165.3        | 1,577.6        |
| Financial assets at FVOCI                          | 42.7           | 45.7           |
| Interest income                                    | 1,208.0        | 1,623.2        |
| Non-trading financial assets at FVPL               | 13.6           | 15.3           |
| Financial assets HFT                               | 255.9          | 363.1          |
| Derivatives - hedge accounting, interest rate risk | -1.8           | -18.3          |
| Other assets                                       | 28.6           | 28.8           |
| Negative interest from financial liabilities       | 42.7           | 72.0           |
| Other similar income                               | 339.0          | 460.9          |
| <b>Interest and other similar income</b>           | <b>1,547.0</b> | <b>2,084.1</b> |
| Financial liabilities at AC                        | -104.4         | -240.2         |
| Interest expenses                                  | -104.4         | -240.2         |
| Financial liabilities at FVPL                      | -75.4          | -61.4          |
| Financial liabilities HFT                          | -182.0         | -361.5         |
| Derivatives - hedge accounting, interest rate risk | 30.9           | 30.5           |
| Other liabilities                                  | -5.0           | -5.8           |
| Negative Interest from financial assets            | -39.0          | -53.5          |
| Other similar expenses                             | -270.6         | -451.9         |
| <b>Interest and other similar expenses</b>         | <b>-374.9</b>  | <b>-692.0</b>  |
| <b>Net interest income</b>                         | <b>1,172.1</b> | <b>1,392.1</b> |

In the reporting period an amount of EUR 21.6 million (EUR 19.5 million) relating to impaired financial assets is included in various line items of net interest income. In addition, the line item “Financial assets at AC” includes modification gains or losses of financial instruments which are allocated to the Stage 1 of EUR 7.4 million (EUR -1.2 million).

## 2. Net fee and commission income

| in EUR million                                      | 1-3 21       |              | 1-3 22       |               |
|---|--------------|--------------|--------------|---------------|
|   | Income       | Expenses     | Income       | Expenses      |
| Securities  | 85.2         | -12.0        | 88.8         | -14.6         |
| Issues  | 12.5         | -0.2         | 13.7         | -0.2          |
| Transfer orders                                     | 66.5         | -11.4        | 69.4         | -11.4         |
| Other   | 6.2          | -0.4         | 5.7          | -3.0          |
| Clearing and settlement                             | 0.2          | -0.8         | 0.5          | -0.9          |
| Asset management                                    | 117.9        | -12.4        | 132.4        | -12.7         |
| Custody   | 26.5         | -4.9         | 31.4         | -3.9          |
| Fiduciary transactions                              | 0.4          | 0.0          | 0.4          | 0.0           |
| Payment services                                    | 271.7        | -51.7        | 315.6        | -58.2         |
| Card business                                       | 80.2         | -41.6        | 87.8         | -38.9         |
| Other   | 191.5        | -10.1        | 227.8        | -19.3         |
| Customer resources distributed but not managed      | 61.5         | -1.8         | 68.3         | -1.8          |
| Collective investment                               | 4.0          | -0.4         | 5.5          | -0.5          |
| Insurance products                                  | 50.3         | -0.4         | 54.1         | -0.2          |
| Building society brokerage                          | 0.2          | -0.2         | 0.2          | -0.3          |
| Foreign exchange transactions                       | 6.3          | -0.4         | 8.1          | -0.4          |
| Other   | 0.7          | -0.3         | 0.3          | -0.4          |
| Structured finance                                  | 0.1          | 0.0          | 0.0          | 0.0           |
| Servicing fees from securitization activities       | 0.0          | -0.4         | 0.0          | -0.3          |
| Lending business                                    | 48.7         | -9.7         | 52.6         | -9.4          |
| Guarantees given, guarantees received               | 18.8         | -0.8         | 21.6         | -0.9          |
| Loan commitments given, loan commitments received   | 8.6          | -0.3         | 10.4         | -0.2          |
| Other lending business                              | 21.2         | -8.6         | 20.6         | -8.3          |
| Other   | 26.0         | -4.6         | 34.0         | -6.7          |
| <b>Total fee and commission income and expenses</b> | <b>638.2</b> | <b>-98.2</b> | <b>724.0</b> | <b>-108.6</b> |
| <b>Net fee and commission income</b>                | <b>540.0</b> |              | <b>615.3</b> |               |

Asset management, custody and fiduciary transactions fees relate to fees earned by Erste Group on trust and fiduciary activities in which Erste Group holds or invests assets on behalf of its customers.

### 3. Dividend income

| in EUR million                       | 1-3 21     | 1-3 22     |
|--------------------------------------|------------|------------|
| Financial assets HFT                 | 0.1        | 0.6        |
| Non-trading financial assets at FVPL | 4.7        | 1.8        |
| Financial assets at FVOCI            | 0.0        | 0.0        |
| <b>Dividend income</b>               | <b>4.8</b> | <b>2.4</b> |

### 4. Net trading result

| in EUR million                     | 1-3 21     | 1-3 22        |
|------------------------------------|------------|---------------|
| Securities and derivatives trading | -29.5      | -293.4        |
| Foreign exchange transactions      | 43.3       | 45.1          |
| Result from hedge accounting       | -4.3       | -8.3          |
| <b>Net trading result</b>          | <b>9.5</b> | <b>-256.6</b> |

### 5. Gains/losses from financial instruments measured at fair value through profit or loss

| in EUR million   | 1-3 21      | 1-3 22       |
|--|-------------|--------------|
| Result from measurement/sale of financial assets designated at FVPL                          | -2.8        | -10.6        |
| Result from measurement/repurchase of financial liabilities designated at FVPL               | 66.7        | 329.2        |
| <b>Result from financial assets and liabilities designated at FVPL</b>                       | <b>63.9</b> | <b>318.6</b> |
| Result from measurement/sale of financial assets mandatorily at FVPL                         | -7.0        | -78.9        |
| <b>Gains/losses from financial instruments measured at fair value through profit or loss</b> | <b>56.9</b> | <b>239.7</b> |

### 6. Rental income from investment properties & other operating leases

| in EUR million   | 1-3 21      | 1-3 22      |
|--|-------------|-------------|
| Investment properties  | 24.1        | 25.7        |
| Other operating leases   | 19.6        | 14.5        |
| <b>Rental income from investment properties &amp; other operating leases</b> | <b>43.7</b> | <b>40.2</b> |

### 7. General administrative expenses

| in EUR million   | 1-3 21          | 1-3 22          |
|--|-----------------|-----------------|
| <b>Personnel expenses</b>  | <b>-622.4</b>   | <b>-630.7</b>   |
| Wages and salaries   | -476.9          | -487.9          |
| Compulsory social security                                       | -119.6          | -121.4          |
| Long-term employee provisions                                    | -2.4            | 0.9             |
| Other personnel expenses   | -23.4           | -22.4           |
| <b>Other administrative expenses</b>                             | <b>-345.8</b>   | <b>-468.1</b>   |
| Deposit insurance contribution                                   | -107.6          | -199.2          |
| IT expenses  | -103.3          | -121.9          |
| Expenses for office space  | -40.6           | -45.8           |
| Office operating expenses  | -28.0           | -32.7           |
| Advertising/marketing  | -30.3           | -31.9           |
| Legal and consulting costs                                       | -24.2           | -21.7           |
| Sundry administrative expenses                                   | -11.7           | -14.9           |
| <b>Depreciation and amortisation</b>                             | <b>-135.1</b>   | <b>-136.4</b>   |
| Software and other intangible assets                             | -48.0           | -49.5           |
| Owner occupied real estate                                       | -37.3           | -38.2           |
| Investment properties  | -6.8            | -7.7            |
| Customer relationships   | -1.9            | -1.9            |
| Office furniture and equipment and sundry property and equipment | -41.1           | -39.1           |
| <b>General administrative expenses</b>                           | <b>-1,103.3</b> | <b>-1,235.2</b> |

## 8. Gains/losses from derecognition of financial assets measured at amortised cost

| in EUR million  | 1-3 21     | 1-3 22      |
|---|------------|-------------|
| Gains from derecognition of financial assets at AC                                    | 2.5        | 0.2         |
| Losses from derecognition of financial assets at AC                                   | 0.0        | -1.1        |
| <b>Gains/losses from derecognition of financial assets measured at amortised cost</b> | <b>2.5</b> | <b>-0.9</b> |

## 9. Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss

| in EUR million  | 1-3 21      | 1-3 22     |
|---|-------------|------------|
| Sale of financial assets at FVOCI   | 0.1         | 1.7        |
| Sale of financial lease receivables   | 0.0         | 0.0        |
| Derecognition of financial liabilities at AC  | -0.4        | 0.1        |
| <b>Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss</b> | <b>-0.3</b> | <b>1.9</b> |

## 10. Impairment result from financial instruments

| in EUR million  | 1-3 21       | 1-3 22       |
|---|--------------|--------------|
| Financial assets at FVOCI   | 0.3          | -0.4         |
| Financial assets at AC  | -25.9        | -53.2        |
| Net allocation to credit loss allowances                          | -37.9        | -71.2        |
| Direct write-offs   | -5.0         | -2.3         |
| Recoveries recorded directly to the income statement              | 21.0         | 20.0         |
| Modification gains or losses                                      | -4.0         | 0.4          |
| Lease receivables   | -0.5         | 0.8          |
| Net allocation to credit loss allowances                          | -1.0         | -0.6         |
| Direct write-offs   | -0.1         | 0.0          |
| Recoveries recorded directly to the income statement              | 0.6          | 1.4          |
| Modification gains or losses                                      | 0.0          | 0.0          |
| Net allocation of provisions for commitments and guarantees given | -9.6         | -6.4         |
| <b>Impairment result from financial instruments</b>               | <b>-35.7</b> | <b>-59.1</b> |

## 11. Other operating result

| in EUR million  | 1-3 21        | 1-3 22        |
|---|---------------|---------------|
| <b>Other operating expenses</b>   | <b>-160.0</b> | <b>-194.7</b> |
| Allocation to other provisions  | -22.8         | -26.1         |
| Levies on banking activities  | -33.2         | -40.2         |
| Banking tax   | -21.6         | -26.1         |
| Financial transaction tax   | -11.6         | -14.1         |
| Other taxes   | -3.8          | -5.3          |
| Recovery and resolution fund contributions                                  | -100.3        | -123.1        |
| <b>Other operating income</b>   | <b>31.0</b>   | <b>44.1</b>   |
| Release of other provisions   | 31.0          | 44.1          |
| Result from properties/movables/other intangible assets other than goodwill | 1.2           | 6.4           |
| Result from other operating expenses/income                                 | 1.2           | 11.5          |
| <b>Other operating result</b>   | <b>-126.7</b> | <b>-132.7</b> |

## 12. Taxes on income

The consolidated net tax expense for the reporting period amounted to EUR 115.6 million (EUR 124.3 million), thereof EUR 6.9 million (EUR 32.0 million) deferred tax expense).

## 13. Cash and cash balances

| in EUR million                               | Dec 21        | Mar 22        |
|--|---------------|---------------|
| Cash on hand                                 | 9,781         | 10,248        |
| Cash balances at central banks               | 34,682        | 34,666        |
| Other demand deposits at credit institutions | 1,033         | 1,311         |
| <b>Cash and cash balances</b>                | <b>45,495</b> | <b>46,225</b> |

## 14. Derivatives held for trading

| in EUR million                              | Dec 21         |                     |                     | Mar 22         |                     |                     |
|---|----------------|---------------------|---------------------|----------------|---------------------|---------------------|
|   | Notional value | Positive fair value | Negative fair value | Notional value | Positive fair value | Negative fair value |
| <b>Derivatives held in the trading book</b> | <b>197,734</b> | <b>3,477</b>        | <b>3,623</b>        | <b>221,209</b> | <b>4,319</b>        | <b>4,429</b>        |
| Interest rate                               | 136,122        | 2,801               | 2,876               | 147,157        | 3,425               | 3,439               |
| Equity                                      | 491            | 7                   | 6                   | 844            | 98                  | 96                  |
| Foreign exchange                            | 60,305         | 638                 | 717                 | 71,919         | 761                 | 869                 |
| Credit                                      | 598            | 14                  | 24                  | 1,076          | 21                  | 24                  |
| Commodity                                   | 16             | 0                   | 0                   | 12             | 0                   | 0                   |
| Other                                       | 201            | 17                  | 0                   | 201            | 13                  | 0                   |
| <b>Derivatives held in the banking book</b> | <b>21,210</b>  | <b>919</b>          | <b>310</b>          | <b>21,231</b>  | <b>673</b>          | <b>427</b>          |
| Interest rate                               | 15,442         | 776                 | 231                 | 15,537         | 536                 | 302                 |
| Equity                                      | 1,236          | 74                  | 34                  | 1,241          | 66                  | 61                  |
| Foreign exchange                            | 4,168          | 66                  | 44                  | 4,093          | 69                  | 63                  |
| Credit                                      | 223            | 3                   | 1                   | 218            | 2                   | 1                   |
| Other                                       | 141            | 0                   | 0                   | 141            | 0                   | 0                   |
| <b>Total gross amounts</b>                  | <b>218,943</b> | <b>4,396</b>        | <b>3,933</b>        | <b>242,440</b> | <b>4,992</b>        | <b>4,856</b>        |
| Offset                                      |                | -2,132              | -2,309              |                | -2,820              | -2,867              |
| <b>Total</b>                                |                | <b>2,263</b>        | <b>1,624</b>        |                | <b>2,172</b>        | <b>1,988</b>        |

Erste Group undertakes a part of interest rate derivative and credit derivative transactions via clearing houses. These derivatives and related cash margin balances fulfil the requirements for balance sheet offsetting.

## 15. Other financial assets held for trading

| in EUR million                                 | Dec 21       | Mar 22       |
|--|--------------|--------------|
| Equity instruments                             | 84           | 103          |
| Debt securities                                | 4,125        | 4,548        |
| Central banks                                  | 0            | 1,081        |
| General governments                            | 3,207        | 2,252        |
| Credit institutions                            | 699          | 997          |
| Other financial corporations                   | 127          | 140          |
| Non-financial corporations                     | 92           | 77           |
| <b>Other financial assets held for trading</b> | <b>4,210</b> | <b>4,651</b> |

## 16. Non-trading financial assets at fair value through profit or loss

| in EUR million  | Dec 21     |              | Mar 22     |              |
|---|------------|--------------|------------|--------------|
|   | Designated | Mandatorily  | Designated | Mandatorily  |
| Equity instruments  | 0          | 332          | 0          | 359          |
| Debt securities   | 476        | 1,499        | 422        | 1,488        |
| General governments   | 36         | 161          | 36         | 150          |
| Credit institutions   | 435        | 111          | 382        | 122          |
| Other financial corporations  | 5          | 1,054        | 5          | 1,050        |
| Non-financial corporations  | 0          | 173          | 0          | 166          |
| Loans and advances to banks   | 0          | 10           | 0          | 0            |
| Credit institutions   | 0          | 10           | 0          | 0            |
| Loans and advances to customers   | 0          | 808          | 1          | 808          |
| General governments   | 0          | 1            | 0          | 1            |
| Other financial corporations  | 0          | 21           | 0          | 24           |
| Non-financial corporations  | 0          | 48           | 1          | 44           |
| Households  | 0          | 737          | 0          | 740          |
| Financial assets designated and mandatorily at FVPL                       | 476        | 2,648        | 423        | 2,656        |
| <b>Non-trading financial assets at fair value through profit and loss</b> |            | <b>3,124</b> |            | <b>3,079</b> |

## 17. Financial assets at fair value through other comprehensive income

### Equity Instruments

The carrying amount of Erste Group's equity instruments FVOCI as of 31 March 2022 amounted to EUR 126.6 million (EUR 132.4 million), the cumulative fair value change for equity instruments FVOCI before taxes recognized in other comprehensive income amounted to EUR 82.9 million (EUR 88.5 million).

### Debt Instruments

#### Debt securities

| in EUR million               | Gross carrying amount |            |          |              | Credit loss allowances |            |          |            | Amortised cost | Accumulated OCI changes | Fair value   |
|------------------------------|-----------------------|------------|----------|--------------|------------------------|------------|----------|------------|----------------|-------------------------|--------------|
|                              | Stage 1               | Stage 2    | Stage 3  | Total        | Stage 1                | Stage 2    | Stage 3  | Total      |                |                         |              |
| <b>Mar 22</b>                |                       |            |          |              |                        |            |          |            |                |                         |              |
| Central banks                | 12                    | 0          | 0        | 12           | -1                     | 0          | 0        | -1         | 12             | 1                       | 12           |
| General governments          | 6,886                 | 103        | 0        | 6,989        | -3                     | -4         | 0        | -7         | 6,981          | -93                     | 6,888        |
| Credit institutions          | 996                   | 2          | 0        | 998          | -4                     | 0          | 0        | -4         | 994            | 1                       | 995          |
| Other financial corporations | 171                   | 90         | 0        | 261          | 0                      | -2         | 0        | -3         | 259            | 0                       | 259          |
| Non-financial corporations   | 533                   | 423        | 0        | 956          | -1                     | -9         | 0        | -10        | 946            | -1                      | 945          |
| <b>Total</b>                 | <b>8,599</b>          | <b>617</b> | <b>0</b> | <b>9,216</b> | <b>-8</b>              | <b>-15</b> | <b>0</b> | <b>-24</b> | <b>9,193</b>   | <b>-93</b>              | <b>9,100</b> |
| <b>Dec 21</b>                |                       |            |          |              |                        |            |          |            |                |                         |              |
| Central banks                | 6                     | 0          | 0        | 6            | 0                      | 0          | 0        | 0          | 6              | 0                       | 6            |
| General governments          | 6,493                 | 92         | 0        | 6,585        | -3                     | -4         | 0        | -7         | 6,578          | 60                      | 6,638        |
| Credit institutions          | 867                   | 0          | 0        | 867          | -2                     | 0          | 0        | -2         | 865            | 25                      | 890          |
| Other financial corporations | 164                   | 92         | 0        | 256          | 0                      | -2         | 0        | -3         | 253            | 7                       | 260          |
| Non-financial corporations   | 536                   | 405        | 0        | 941          | -1                     | -10        | 0        | -11        | 930            | 24                      | 955          |
| <b>Total</b>                 | <b>8,066</b>          | <b>589</b> | <b>0</b> | <b>8,655</b> | <b>-7</b>              | <b>-16</b> | <b>0</b> | <b>-23</b> | <b>8,632</b>   | <b>117</b>              | <b>8,749</b> |

As defined in IFRS 9, the gross carrying amount of debt instruments at FVOCI equals the amortised cost before deducting any credit loss allowances. As of 31 March 2022, there were no purchased or originated credit-impaired (POCI) debt securities at FVOCI.

#### Development of credit loss allowances

| in EUR million | As of         | Additions | Derecognitions | Transfer between stages | Other changes in credit risk (net) | Other    | As of         |
|----------------|---------------|-----------|----------------|-------------------------|------------------------------------|----------|---------------|
|                | <b>Jan 22</b> |           |                |                         |                                    |          | <b>Mar 22</b> |
| Stage 1        | -7            | -1        | 1              | 0                       | -1                                 | 0        | -8            |
| Stage 2        | -16           | 0         | 0              | 0                       | 2                                  | 0        | -15           |
| Stage 3        | 0             | 0         | 0              | 0                       | 0                                  | 0        | 0             |
| <b>Total</b>   | <b>-23</b>    | <b>-2</b> | <b>1</b>       | <b>0</b>                | <b>1</b>                           | <b>0</b> | <b>-24</b>    |
|                | <b>Jan 21</b> |           |                |                         |                                    |          | <b>Mar 21</b> |
| Stage 1        | -9            | -1        | 1              | 2                       | -2                                 | 0        | -9            |
| Stage 2        | -16           | 0         | 0              | -3                      | 4                                  | 0        | -15           |
| Stage 3        | 0             | 0         | 0              | 0                       | 0                                  | 0        | 0             |
| <b>Total</b>   | <b>-25</b>    | <b>-1</b> | <b>1</b>       | <b>-1</b>               | <b>1</b>                           | <b>0</b> | <b>-25</b>    |

## 18. Financial assets at amortised cost

### Debt securities

| in EUR million               | Gross carrying amount |           |          |               | Credit loss allowances |           |          |            | Fair value    |
|------------------------------|-----------------------|-----------|----------|---------------|------------------------|-----------|----------|------------|---------------|
|                              | Stage 1               | Stage 2   | Stage 3  | Total         | Stage 1                | Stage 2   | Stage 3  | Total      |               |
| <b>Mar 22</b>                |                       |           |          |               |                        |           |          |            |               |
| Central banks                | 13                    | 0         | 0        | 13            | 0                      | 0         | 0        | 0          | 13            |
| General governments          | 30,904                | 2         | 0        | 30,906        | -8                     | 0         | 0        | -8         | 30,899        |
| Credit institutions          | 5,607                 | 1         | 0        | 5,607         | -3                     | 0         | 0        | -3         | 5,604         |
| Other financial corporations | 181                   | 12        | 0        | 193           | 0                      | -1        | 0        | -1         | 192           |
| Non-financial corporations   | 747                   | 56        | 0        | 802           | -1                     | -3        | 0        | -4         | 798           |
| <b>Total</b>                 | <b>37,452</b>         | <b>71</b> | <b>0</b> | <b>37,522</b> | <b>-12</b>             | <b>-4</b> | <b>0</b> | <b>-16</b> | <b>37,506</b> |
| <b>Dec 21</b>                |                       |           |          |               |                        |           |          |            |               |
| Central banks                | 13                    | 0         | 0        | 13            | 0                      | 0         | 0        | 0          | 13            |
| General governments          | 29,887                | 3         | 0        | 29,890        | -8                     | 0         | 0        | -8         | 29,882        |
| Credit institutions          | 4,707                 | 0         | 0        | 4,707         | -3                     | 0         | 0        | -3         | 4,705         |
| Other financial corporations | 175                   | 1         | 0        | 176           | 0                      | 0         | 0        | 0          | 176           |
| Non-financial corporations   | 725                   | 54        | 0        | 778           | -1                     | -3        | 0        | -4         | 774           |
| <b>Total</b>                 | <b>35,508</b>         | <b>57</b> | <b>0</b> | <b>35,565</b> | <b>-12</b>             | <b>-3</b> | <b>0</b> | <b>-15</b> | <b>35,551</b> |

There were no purchased or originated credit-impaired (POCI) debt securities at amortised cost as of 31 March 2022.

### Development of credit loss allowances for debt securities

| in EUR million | As of         | Additions | Derecognitions | Transfer<br>between stages | Other changes in<br>credit risk (net) | Other    | As of         |
|----------------|---------------|-----------|----------------|----------------------------|---------------------------------------|----------|---------------|
|                | Jan 22        |           |                |                            |                                       |          | Mar 22        |
| Stage 1        | -12           | -2        | 1              | 0                          | 0                                     | 0        | -12           |
| Stage 2        | -3            | 0         | 0              | -3                         | 2                                     | 0        | -4            |
| Stage 3        | 0             | 0         | 0              | 0                          | 0                                     | 0        | 0             |
| <b>Total</b>   | <b>-15</b>    | <b>-2</b> | <b>1</b>       | <b>-3</b>                  | <b>2</b>                              | <b>0</b> | <b>-16</b>    |
|                | <b>Jan 21</b> |           |                |                            |                                       |          | <b>Mar 21</b> |
| Stage 1        | -11           | -2        | 1              | 0                          | 0                                     | 0        | -10           |
| Stage 2        | -3            | 0         | 0              | -1                         | 1                                     | 0        | -3            |
| Stage 3        | -2            | 0         | 0              | 0                          | 0                                     | 0        | -1            |
| <b>Total</b>   | <b>-15</b>    | <b>-2</b> | <b>1</b>       | <b>-1</b>                  | <b>1</b>                              | <b>0</b> | <b>-15</b>    |

## Loans and advances to banks

| in EUR million      | Gross carrying amount |           |          |               | Credit loss allowances |           |          |           | Carrying amount |
|---------------------|-----------------------|-----------|----------|---------------|------------------------|-----------|----------|-----------|-----------------|
|                     | Stage 1               | Stage 2   | Stage 3  | Total         | Stage 1                | Stage 2   | Stage 3  | Total     |                 |
| <b>Mar 22</b>       |                       |           |          |               |                        |           |          |           |                 |
| Central banks       | 24,859                | 0         | 0        | 24,859        | -1                     | 0         | 0        | -1        | 24,858          |
| Credit institutions | 5,928                 | 45        | 0        | 5,973         | -5                     | -1        | 0        | -6        | 5,967           |
| <b>Total</b>        | <b>30,787</b>         | <b>45</b> | <b>0</b> | <b>30,832</b> | <b>-6</b>              | <b>-1</b> | <b>0</b> | <b>-7</b> | <b>30,825</b>   |
| <b>Dec 21</b>       |                       |           |          |               |                        |           |          |           |                 |
| Central banks       | 16,429                | 0         | 0        | 16,429        | -1                     | 0         | 0        | -1        | 16,428          |
| Credit institutions | 4,509                 | 60        | 0        | 4,569         | -5                     | -1        | 0        | -5        | 4,563           |
| <b>Total</b>        | <b>20,938</b>         | <b>60</b> | <b>0</b> | <b>20,998</b> | <b>-6</b>              | <b>-1</b> | <b>0</b> | <b>-6</b> | <b>20,991</b>   |

There were no purchased or originated credit-impaired (POCI) AC loans and advances to banks as of 31 March 2022.

## Development of credit loss allowances for loans and advances to banks

| in EUR million | As of     | Additions | Derecognitions | Transfer between stages | Other changes in credit risk (net) | Other    | As of     |
|----------------|-----------|-----------|----------------|-------------------------|------------------------------------|----------|-----------|
|                | Jan 22    |           |                |                         |                                    |          | Mar 22    |
| Stage 1        | -6        | -5        | 3              | 0                       | 1                                  | 0        | -6        |
| Stage 2        | -1        | 0         | 0              | 0                       | 0                                  | 0        | -1        |
| Stage 3        | 0         | 0         | 0              | 0                       | 0                                  | 0        | 0         |
| <b>Total</b>   | <b>-6</b> | <b>-5</b> | <b>3</b>       | <b>0</b>                | <b>1</b>                           | <b>0</b> | <b>-7</b> |
| <b>Jan 21</b>  |           |           |                |                         |                                    |          |           |
| Stage 1        | -3        | -4        | 4              | 0                       | -3                                 | 0        | -6        |
| Stage 2        | 0         | 0         | 0              | -2                      | -2                                 | 0        | -4        |
| Stage 3        | 0         | 0         | 0              | 0                       | 0                                  | 0        | 0         |
| <b>Total</b>   | <b>-3</b> | <b>-4</b> | <b>4</b>       | <b>-1</b>               | <b>-5</b>                          | <b>0</b> | <b>-9</b> |



## Loans and advances to customers

| in EUR million               | Gross carrying amount |               |              |            |                | Credit loss allowances |               |               |            |               | Fair value     |
|------------------------------|-----------------------|---------------|--------------|------------|----------------|------------------------|---------------|---------------|------------|---------------|----------------|
|                              | Stage 1               | Stage 2       | Stage 3      | POCI       | Total          | Stage 1                | Stage 2       | Stage 3       | POCI       | Total         |                |
| <b>Mar 22</b>                |                       |               |              |            |                |                        |               |               |            |               |                |
| General governments          | 5,851                 | 870           | 2            | 2          | 6,725          | -4                     | -21           | -2            | 0          | -28           | 6,698          |
| Other financial corporations | 4,389                 | 584           | 59           | 11         | 5,043          | -11                    | -15           | -19           | 0          | -46           | 4,997          |
| Non-financial corporations   | 59,662                | 17,700        | 2,042        | 207        | 79,611         | -225                   | -700          | -1,078        | -65        | -2,068        | 77,543         |
| Households                   | 77,861                | 10,562        | 1,835        | 110        | 90,369         | -163                   | -499          | -974          | -25        | -1,661        | 88,707         |
| <b>Total</b>                 | <b>147,764</b>        | <b>29,715</b> | <b>3,939</b> | <b>331</b> | <b>181,748</b> | <b>-404</b>            | <b>-1,236</b> | <b>-2,072</b> | <b>-90</b> | <b>-3,803</b> | <b>177,945</b> |
| <b>Dec 21</b>                |                       |               |              |            |                |                        |               |               |            |               |                |
| General governments          | 6,356                 | 730           | 2            | 3          | 7,091          | -4                     | -20           | -2            | 0          | -27           | 7,065          |
| Other financial corporations | 3,671                 | 482           | 45           | 11         | 4,209          | -10                    | -14           | -16           | 0          | -40           | 4,169          |
| Non-financial corporations   | 57,224                | 17,486        | 2,039        | 201        | 76,950         | -211                   | -666          | -1,069        | -61        | -2,007        | 74,944         |
| Households                   | 75,926                | 10,700        | 1,851        | 112        | 88,589         | -158                   | -504          | -979          | -26        | -1,667        | 86,922         |
| <b>Total</b>                 | <b>143,177</b>        | <b>29,398</b> | <b>3,937</b> | <b>327</b> | <b>176,839</b> | <b>-383</b>            | <b>-1,203</b> | <b>-2,066</b> | <b>-88</b> | <b>-3,740</b> | <b>173,099</b> |

## Development of credit loss allowances for loans and advances to customers

| in EUR million               | As of         | Additions   | Derecognitions | Transfer between stages | Other changes in credit risk (net) | Insignificant modifications (net) | Write-offs | Other      | As of         |
|------------------------------|---------------|-------------|----------------|-------------------------|------------------------------------|-----------------------------------|------------|------------|---------------|
|                              |               |             |                |                         |                                    |                                   |            |            |               |
| <b>Stage 1</b>               | <b>-383</b>   | <b>-77</b>  | <b>20</b>      | <b>156</b>              | <b>-117</b>                        | <b>0</b>                          | <b>0</b>   | <b>-2</b>  | <b>-404</b>   |
| General governments          | -4            | 0           | 0              | 0                       | 0                                  | 0                                 | 0          | 0          | -4            |
| Other financial corporations | -10           | -3          | 1              | 2                       | -1                                 | 0                                 | 0          | 0          | -11           |
| Non-financial corporations   | -211          | -49         | 14             | 50                      | -28                                | 0                                 | 0          | -1         | -225          |
| Households                   | -158          | -25         | 6              | 103                     | -87                                | 0                                 | 0          | -2         | -163          |
| <b>Stage 2</b>               | <b>-1,203</b> | <b>-35</b>  | <b>39</b>      | <b>-241</b>             | <b>208</b>                         | <b>0</b>                          | <b>0</b>   | <b>-4</b>  | <b>-1,236</b> |
| General governments          | -20           | -2          | 0              | 0                       | 1                                  | 0                                 | 0          | 0          | -21           |
| Other financial corporations | -14           | 0           | 0              | -6                      | 5                                  | 0                                 | 0          | 0          | -15           |
| Non-financial corporations   | -666          | -26         | 23             | -109                    | 79                                 | 0                                 | 0          | -2         | -700          |
| Households                   | -504          | -7          | 16             | -126                    | 123                                | 0                                 | 0          | -2         | -499          |
| <b>Stage 3</b>               | <b>-2,066</b> | <b>-7</b>   | <b>51</b>      | <b>-28</b>              | <b>-84</b>                         | <b>1</b>                          | <b>68</b>  | <b>-6</b>  | <b>-2,072</b> |
| General governments          | -2            | 0           | 0              | 0                       | 0                                  | 0                                 | 0          | 0          | -2            |
| Other financial corporations | -16           | 0           | 0              | 0                       | -1                                 | 0                                 | 0          | -2         | -19           |
| Non-financial corporations   | -1,069        | -4          | 25             | -20                     | -42                                | 0                                 | 32         | -1         | -1,078        |
| Households                   | -979          | -4          | 25             | -8                      | -41                                | 0                                 | 35         | -3         | -974          |
| <b>POCI</b>                  | <b>-88</b>    | <b>0</b>    | <b>1</b>       | <b>0</b>                | <b>-5</b>                          | <b>0</b>                          | <b>1</b>   | <b>0</b>   | <b>-90</b>    |
| General governments          | 0             | 0           | 0              | 0                       | 0                                  | 0                                 | 0          | 0          | 0             |
| Other financial corporations | 0             | 0           | 0              | 0                       | 0                                  | 0                                 | 0          | 0          | 0             |
| Non-financial corporations   | -61           | 0           | 0              | 0                       | -5                                 | 0                                 | 1          | 0          | -65           |
| Households                   | -26           | 0           | 1              | 0                       | 0                                  | 0                                 | 0          | 0          | -25           |
| <b>Total</b>                 | <b>-3,740</b> | <b>-120</b> | <b>112</b>     | <b>-113</b>             | <b>3</b>                           | <b>0</b>                          | <b>69</b>  | <b>-13</b> | <b>-3,803</b> |
|                              | <b>Jan 21</b> |             |                |                         |                                    |                                   |            |            | <b>Mar 21</b> |
| <b>Stage 1</b>               | <b>-335</b>   | <b>-63</b>  | <b>18</b>      | <b>119</b>              | <b>-77</b>                         | <b>0</b>                          | <b>0</b>   | <b>-1</b>  | <b>-339</b>   |
| General governments          | -4            | 0           | 0              | 0                       | 0                                  | 0                                 | 0          | 0          | -4            |
| Other financial corporations | -8            | -2          | 1              | 2                       | -2                                 | 0                                 | 0          | 0          | -10           |
| Non-financial corporations   | -186          | -39         | 12             | 36                      | -11                                | 0                                 | 0          | 0          | -189          |
| Households                   | -136          | -22         | 5              | 80                      | -63                                | 0                                 | 0          | 0          | -136          |
| <b>Stage 2</b>               | <b>-1,171</b> | <b>-32</b>  | <b>36</b>      | <b>-193</b>             | <b>167</b>                         | <b>0</b>                          | <b>0</b>   | <b>-1</b>  | <b>-1,193</b> |
| General governments          | -4            | 0           | 0              | -3                      | -3                                 | 0                                 | 0          | 0          | -10           |
| Other financial corporations | -38           | 0           | 1              | -9                      | 12                                 | 0                                 | 0          | -1         | -35           |
| Non-financial corporations   | -657          | -24         | 20             | -68                     | 54                                 | 0                                 | 0          | -1         | -676          |
| Households                   | -472          | -7          | 15             | -113                    | 103                                | 1                                 | 0          | 1          | -473          |
| <b>Stage 3</b>               | <b>-2,201</b> | <b>-19</b>  | <b>43</b>      | <b>-20</b>              | <b>-32</b>                         | <b>2</b>                          | <b>70</b>  | <b>-3</b>  | <b>-2,159</b> |
| General governments          | -2            | 0           | 0              | 0                       | 0                                  | 0                                 | 0          | 0          | -2            |
| Other financial corporations | -6            | 0           | 0              | 0                       | -1                                 | 0                                 | 1          | 0          | -6            |
| Non-financial corporations   | -1,172        | -9          | 20             | -8                      | 24                                 | 1                                 | 25         | -3         | -1,123        |
| Households                   | -1,021        | -10         | 23             | -11                     | -55                                | 1                                 | 44         | 0          | -1,029        |
| <b>POCI</b>                  | <b>-125</b>   | <b>0</b>    | <b>3</b>       | <b>0</b>                | <b>2</b>                           | <b>0</b>                          | <b>1</b>   | <b>0</b>   | <b>-120</b>   |
| General governments          | -1            | 0           | 0              | 0                       | 1                                  | 0                                 | 0          | 0          | 0             |
| Other financial corporations | 0             | 0           | 0              | 0                       | 0                                  | 0                                 | 0          | 0          | 0             |
| Non-financial corporations   | -92           | 0           | 2              | 0                       | 0                                  | 0                                 | 0          | 0          | -90           |
| Households                   | -33           | 0           | 1              | 0                       | 1                                  | 0                                 | 0          | 0          | -30           |
| <b>Total</b>                 | <b>-3,831</b> | <b>-114</b> | <b>99</b>      | <b>-94</b>              | <b>59</b>                          | <b>2</b>                          | <b>71</b>  | <b>-4</b>  | <b>-3,811</b> |

## 19. Finance lease receivables

| in EUR million               | Gross carrying amount |            |            |          |              | Credit loss allowances |            |            |          |             | Fair value   |
|------------------------------|-----------------------|------------|------------|----------|--------------|------------------------|------------|------------|----------|-------------|--------------|
|                              | Stage 1               | Stage 2    | Stage 3    | POCI     | Total        | Stage 1                | Stage 2    | Stage 3    | POCI     | Total       |              |
| <b>Mar 22</b>                |                       |            |            |          |              |                        |            |            |          |             |              |
| General governments          | 277                   | 8          | 0          | 0        | 285          | 0                      | -2         | 0          | 0        | -2          | 283          |
| Credit institutions          | 0                     | 0          | 0          | 0        | 0            | 0                      | 0          | 0          | 0        | 0           | 0            |
| Other financial corporations | 73                    | 2          | 0          | 0        | 76           | 0                      | 0          | 0          | 0        | -1          | 76           |
| Non-financial corporations   | 2,500                 | 445        | 137        | 0        | 3,082        | -14                    | -23        | -59        | 0        | -96         | 2,986        |
| Households                   | 797                   | 52         | 13         | 0        | 863          | -4                     | -2         | -6         | 0        | -12         | 851          |
| <b>Total</b>                 | <b>3,648</b>          | <b>507</b> | <b>151</b> | <b>0</b> | <b>4,306</b> | <b>-18</b>             | <b>-26</b> | <b>-66</b> | <b>0</b> | <b>-110</b> | <b>4,196</b> |
| <b>Dec 21</b>                |                       |            |            |          |              |                        |            |            |          |             |              |
| General governments          | 278                   | 7          | 0          | 0        | 285          | 0                      | -2         | 0          | 0        | -2          | 283          |
| Credit institutions          | 3                     | 0          | 0          | 0        | 3            | 0                      | 0          | 0          | 0        | 0           | 3            |
| Other financial corporations | 83                    | 1          | 0          | 0        | 84           | 0                      | 0          | 0          | 0        | 0           | 84           |
| Non-financial corporations   | 2,568                 | 381        | 139        | 0        | 3,088        | -13                    | -23        | -61        | 0        | -97         | 2,991        |
| Households                   | 797                   | 50         | 12         | 0        | 859          | -3                     | -2         | -6         | 0        | -11         | 848          |
| <b>Total</b>                 | <b>3,729</b>          | <b>439</b> | <b>151</b> | <b>0</b> | <b>4,319</b> | <b>-17</b>             | <b>-27</b> | <b>-67</b> | <b>0</b> | <b>-111</b> | <b>4,209</b> |

## Development of credit loss allowances for finance lease receivables

| in EUR million | As of         | Additions | Derecognitions | Transfer between stages | Other changes in credit risk (net) | Insignificant modifications (net) | Write-offs | Other    | As of         |
|----------------|---------------|-----------|----------------|-------------------------|------------------------------------|-----------------------------------|------------|----------|---------------|
|                | <b>Jan 22</b> |           |                |                         |                                    |                                   |            |          | <b>Mar 22</b> |
| Stage 1        | -17           | -1        | 0              | 12                      | -12                                | 0                                 | 0          | 0        | -18           |
| Stage 2        | -27           | 0         | 0              | -2                      | 2                                  | 0                                 | 0          | 0        | -26           |
| Stage 3        | -67           | 0         | 0              | -12                     | 11                                 | 0                                 | 1          | 0        | -66           |
| POCI           | 0             | 0         | 0              | 0                       | 0                                  | 0                                 | 0          | 0        | 0             |
| <b>Total</b>   | <b>-111</b>   | <b>-1</b> | <b>1</b>       | <b>-2</b>               | <b>2</b>                           | <b>0</b>                          | <b>1</b>   | <b>0</b> | <b>-110</b>   |
|                | <b>Jan 21</b> |           |                |                         |                                    |                                   |            |          | <b>Mar 21</b> |
| Stage 1        | -17           | -1        | 0              | 3                       | 0                                  | 0                                 | 0          | 0        | -16           |
| Stage 2        | -12           | 0         | 0              | -2                      | 0                                  | 0                                 | 0          | 0        | -14           |
| Stage 3        | -78           | 0         | 0              | -1                      | 1                                  | 0                                 | 1          | 0        | -78           |
| POCI           | 0             | 0         | 0              | 0                       | 0                                  | 0                                 | 0          | 0        | 0             |
| <b>Total</b>   | <b>-108</b>   | <b>-2</b> | <b>0</b>       | <b>-1</b>               | <b>0</b>                           | <b>0</b>                          | <b>1</b>   | <b>0</b> | <b>-108</b>   |

## 20. Hedge accounting derivatives

| in EUR million             | Dec 21         |                     |                     | Mar 22         |                     |                     |
|----------------------------|----------------|---------------------|---------------------|----------------|---------------------|---------------------|
|                            | Notional value | Positive fair value | Negative fair value | Notional value | Positive fair value | Negative fair value |
| <b>Fair value hedges</b>   | <b>15,988</b>  | <b>319</b>          | <b>344</b>          | <b>16,968</b>  | <b>228</b>          | <b>839</b>          |
| Interest rate              | 15,988         | 319                 | 344                 | 16,968         | 228                 | 839                 |
| Equity                     | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Foreign exchange           | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Credit                     | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Commodity                  | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Other                      | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| <b>Cash flow hedges</b>    | <b>4,003</b>   | <b>6</b>            | <b>183</b>          | <b>4,393</b>   | <b>14</b>           | <b>196</b>          |
| Interest rate              | 3,057          | 0                   | 149                 | 3,313          | 0                   | 189                 |
| Equity                     | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Foreign exchange           | 946            | 6                   | 35                  | 1,080          | 14                  | 7                   |
| Credit                     | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Commodity                  | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Other                      | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| <b>Total gross amounts</b> | <b>19,991</b>  | <b>325</b>          | <b>527</b>          | <b>21,361</b>  | <b>242</b>          | <b>1,034</b>        |
| Offset                     | 0              | -246                | -218                |                | -181                | -715                |
| <b>Total</b>               |                | <b>79</b>           | <b>309</b>          |                | <b>62</b>           | <b>319</b>          |

Erste Group undertakes a part of interest rate derivative and credit derivative transactions via clearing houses. These derivatives and related cash margin balances fulfil the requirements for balance sheet offsetting.

## 21. Trade and other receivables

| in EUR million               | Gross carrying amount |              |           |          |              | Credit loss allowances |            |            |          |            | Fair value   |
|------------------------------|-----------------------|--------------|-----------|----------|--------------|------------------------|------------|------------|----------|------------|--------------|
|                              | Stage 1               | Stage 2      | Stage 3   | POCI     | Total        | Stage 1                | Stage 2    | Stage 3    | POCI     | Total      |              |
| <b>Mar 22</b>                |                       |              |           |          |              |                        |            |            |          |            |              |
| Central banks                | 1                     | 0            | 0         | 0        | 1            | 0                      | 0          | 0          | 0        | 0          | 1            |
| General governments          | 74                    | 27           | 0         | 0        | 101          | 0                      | 0          | 0          | 0        | -1         | 101          |
| Credit institutions          | 27                    | 3            | 1         | 0        | 30           | 0                      | -1         | -1         | 0        | -1         | 29           |
| Other financial corporations | 22                    | 3            | 0         | 0        | 25           | 0                      | 0          | 0          | 0        | 0          | 25           |
| Non-financial corporations   | 913                   | 1,133        | 82        | 0        | 2,128        | -8                     | -7         | -48        | 0        | -63        | 2,065        |
| Households                   | 107                   | 21           | 16        | 0        | 143          | -2                     | -5         | -13        | 0        | -21        | 122          |
| <b>Total</b>                 | <b>1,143</b>          | <b>1,187</b> | <b>99</b> | <b>0</b> | <b>2,428</b> | <b>-11</b>             | <b>-13</b> | <b>-62</b> | <b>0</b> | <b>-86</b> | <b>2,342</b> |
| <b>Dec 21</b>                |                       |              |           |          |              |                        |            |            |          |            |              |
| Central banks                | 1                     | 0            | 0         | 0        | 1            | 0                      | 0          | 0          | 0        | 0          | 1            |
| General governments          | 75                    | 33           | 0         | 0        | 107          | 0                      | 0          | 0          | 0        | -1         | 107          |
| Credit institutions          | 21                    | 2            | 2         | 0        | 25           | 0                      | -1         | -1         | 0        | -2         | 23           |
| Other financial corporations | 28                    | 3            | 0         | 0        | 31           | 0                      | 0          | 0          | 0        | 0          | 31           |
| Non-financial corporations   | 937                   | 950          | 61        | 0        | 1,949        | -9                     | -3         | -50        | 0        | -62        | 1,887        |
| Households                   | 90                    | 19           | 18        | 0        | 126          | -2                     | -5         | -15        | 0        | -22        | 104          |
| <b>Total</b>                 | <b>1,151</b>          | <b>1,007</b> | <b>81</b> | <b>0</b> | <b>2,239</b> | <b>-12</b>             | <b>-9</b>  | <b>-66</b> | <b>0</b> | <b>-87</b> | <b>2,152</b> |

## Development of credit loss allowances for trade and other receivables

| in EUR million | As of      | Additions | Derecognitions | Transfer between stages | Other changes in credit risk (net) | Insignificant modifications (net) | Write-offs | Other    | As of      |
|----------------|------------|-----------|----------------|-------------------------|------------------------------------|-----------------------------------|------------|----------|------------|
|                |            |           |                |                         |                                    |                                   |            |          |            |
| Stage 1        | -12        | -5        | 3              | 0                       | 3                                  | 0                                 | 0          | 0        | -11        |
| Stage 2        | -9         | 0         | 0              | -3                      | -2                                 | 0                                 | 0          | 0        | -13        |
| Stage 3        | -66        | 0         | 1              | 0                       | 0                                  | 0                                 | 4          | 0        | -62        |
| POCI           | 0          | 0         | 0              | 0                       | 0                                  | 0                                 | 0          | 0        | 0          |
| <b>Total</b>   | <b>-87</b> | <b>-5</b> | <b>4</b>       | <b>-3</b>               | <b>0</b>                           | <b>0</b>                          | <b>4</b>   | <b>0</b> | <b>-86</b> |
|                | Jan 21     |           |                |                         |                                    |                                   |            |          | Mar 21     |
| Stage 1        | -6         | -3        | 1              | 2                       | -1                                 | 0                                 | 0          | 0        | -7         |
| Stage 2        | -10        | 0         | 0              | -2                      | 3                                  | 0                                 | 0          | 0        | -9         |
| Stage 3        | -47        | 0         | 1              | -2                      | -23                                | 0                                 | 0          | 0        | -70        |
| POCI           | 0          | 0         | 0              | 0                       | 0                                  | 0                                 | 0          | 0        | 0          |
| <b>Total</b>   | <b>-64</b> | <b>-3</b> | <b>3</b>       | <b>-2</b>               | <b>-21</b>                         | <b>0</b>                          | <b>1</b>   | <b>0</b> | <b>-86</b> |

## 22. Other assets

| in EUR million      | Dec 21       | Mar 22       |
|---------------------|--------------|--------------|
| Prepayments         | 112          | 156          |
| Inventories         | 149          | 150          |
| Sundry assets       | 784          | 877          |
| <b>Other assets</b> | <b>1,045</b> | <b>1,183</b> |

## 23. Other financial liabilities held for trading

| in EUR million                                      | Dec 21     | Mar 22     |
|---|------------|------------|
| Short positions                                     | 785        | 866        |
| Equity instruments                                  | 84         | 127        |
| Debt securities                                     | 702        | 739        |
| Debt securities issued                              | 64         | 62         |
| <b>Other financial liabilities held for trading</b> | <b>850</b> | <b>928</b> |

## 24. Financial liabilities at fair value through profit and loss

### Debt securities issued

| in EUR million                                   | Dec 21       | Mar 22       |
|--|--------------|--------------|
| Subordinated debt securities issued              | 3,419        | 3,163        |
| Other debt securities issued                     | 6,360        | 5,849        |
| Bonds  | 4,098        | 3,768        |
| Other certificates of deposits/name certificates | 824          | 798          |
| Mortgage covered bonds                           | 1,272        | 1,125        |
| Public sector covered bonds                      | 165          | 158          |
| <b>Debt securities issued</b>                    | <b>9,778</b> | <b>9,013</b> |

## 25. Financial liabilities at amortised costs

### Deposits from banks

| in EUR million             | Dec 21        | Mar 22        |
|----------------------------|---------------|---------------|
| Overnight deposits         | 1,765         | 2,977         |
| Term deposits              | 29,163        | 29,420        |
| Repurchase agreements      | 958           | 2,384         |
| <b>Deposits from banks</b> | <b>31,886</b> | <b>34,781</b> |

### Deposits from customers

| in EUR million                 | Dec 21         | Mar 22         |
|--------------------------------|----------------|----------------|
| <b>Overnight deposits</b>      | <b>167,738</b> | <b>172,006</b> |
| Savings deposits               | 43,669         | 45,031         |
| Other financial corporations   | 173            | 187            |
| Non-financial corporations     | 1,985          | 2,235          |
| Households                     | 41,511         | 42,610         |
| Non-savings deposits           | 124,069        | 126,975        |
| General governments            | 6,963          | 7,779          |
| Other financial corporations   | 7,530          | 7,852          |
| Non-financial corporations     | 37,916         | 39,014         |
| Households                     | 71,660         | 72,330         |
| <b>Term deposits</b>           | <b>41,662</b>  | <b>45,096</b>  |
| Deposits with agreed maturity  | 34,986         | 38,380         |
| Savings deposits               | 21,974         | 21,527         |
| Other financial corporations   | 742            | 817            |
| Non-financial corporations     | 1,409          | 1,556          |
| Households                     | 19,824         | 19,153         |
| Non-savings deposits           | 13,012         | 16,854         |
| General governments            | 2,970          | 3,385          |
| Other financial corporations   | 1,843          | 3,747          |
| Non-financial corporations     | 3,265          | 4,398          |
| Households                     | 4,934          | 5,323          |
| Deposits redeemable at notice  | 6,676          | 6,715          |
| General governments            | 9              | 13             |
| Other financial corporations   | 120            | 126            |
| Non-financial corporations     | 294            | 299            |
| Households                     | 6,253          | 6,277          |
| <b>Repurchase agreements</b>   | <b>628</b>     | <b>4,341</b>   |
| General governments            | 1              | 2,344          |
| Other financial corporations   | 627            | 1,077          |
| Non-financial corporations     | 0              | 921            |
| <b>Deposits from customers</b> | <b>210,029</b> | <b>221,443</b> |
| General governments            | 9,942          | 13,521         |
| Other financial corporations   | 11,037         | 13,806         |
| Non-financial corporations     | 44,868         | 48,422         |
| Households                     | 144,182        | 145,694        |

The carrying amount of the TLTRO III liabilities as of 31 March 2022 was EUR 20.9 billion (EUR 20.9 billion).

## Debt securities issued

| in EUR million                                   | Dec 21        | Mar 22        |
|--|---------------|---------------|
| Subordinated debt securities issued              | 1,943         | 1,860         |
| Senior non-preferred bonds                       | 1,474         | 1,509         |
| Other debt securities issued                     | 18,935        | 21,603        |
| Bonds  | 8,146         | 6,849         |
| Certificates of deposit                          | 1,264         | 5,180         |
| Other certificates of deposits/name certificates | 148           | 144           |
| Mortgage covered bonds                           | 9,377         | 9,429         |
| Public sector covered bonds                      | 0             | 0             |
| Other  | 0             | 0             |
| <b>Debt securities issued</b>                    | <b>22,352</b> | <b>24,971</b> |

## 26. Provisions

| in EUR million   | Dec 21       | Mar 22       |
|--|--------------|--------------|
| Long-term employee provisions                                | 951          | 875          |
| Pending legal issues and tax litigation                      | 332          | 330          |
| Loan commitments and financial guarantees given              | 464          | 446          |
| CLA for loan commitments and financial guarantees in Stage 1 | 113          | 116          |
| CLA for loan commitments and financial guarantees in Stage 2 | 228          | 223          |
| CLA for loan commitments and financial guarantees in Stage 3 | 111          | 96           |
| CLA for loan commitments and financial guarantees - POCI     | 12           | 11           |
| Other provisions   | 239          | 436          |
| Provisions for onerous contracts                             | 3            | 3            |
| Other  | 237          | 433          |
| <b>Provisions</b>  | <b>1,986</b> | <b>2,087</b> |

### Effects from the change in material valuation parameters

For the calculation of the defined benefit obligation for pension and severance payment provisions as well as for jubilee provisions, the interest rate used has been increased to 1.75% p.a. as of 31 March 2022 (31 December 2021: 1.05% p.a.) to reflect the actual interest rate levels. Furthermore, the collective agreement trend amounted to 2.40% p.a. (31 December 2021: 2.40% p.a.) as well as the ASVG trend at 2.00% p.a. (31 December 2021: 2.00% p.a.). According to IAS 19 the resulting measurement adjustment for pension and severance payment provisions amounting to EUR 70.5 million (before tax) has been recognised in other comprehensive income those for jubilee provisions, an amount of EUR 8.0 million has been considered in the income statement.

## 27. Other liabilities

| in EUR million           | Dec 21       | Mar 22       |
|--------------------------|--------------|--------------|
| Deferred income          | 106          | 117          |
| Sundry liabilities       | 2,410        | 3,096        |
| <b>Other liabilities</b> | <b>2,516</b> | <b>3,213</b> |

## 28. Segment reporting

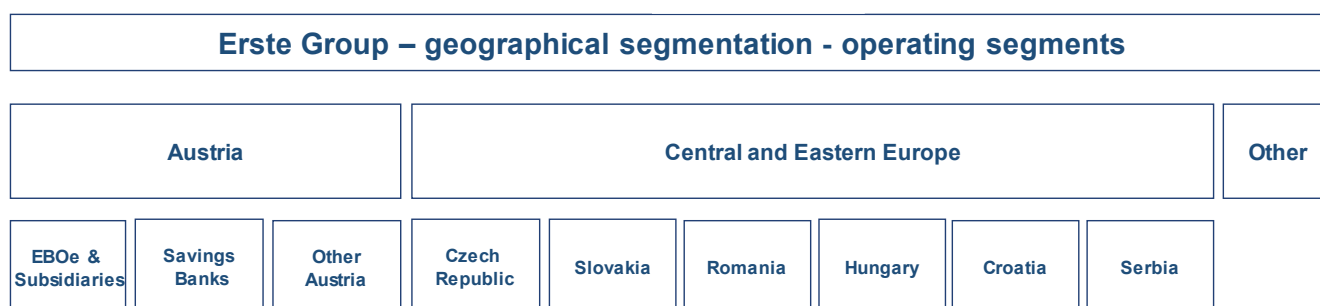
Erste Group's segment reporting is based on IFRS 8 Operating Segments, which adopts the management approach. Accordingly, segment information is prepared on the basis of internal management reporting that is regularly reviewed by the chief operating decision maker to assess the performance of the segments and make decisions regarding the allocation of resources. Within Erste Group the function of the chief operating decision maker is exercised by the management board.

Erste Group uses a matrix organisational structure with geographical segmentation and business segments. Since the chief operating decision maker performs the steering primarily based on geographical segments, those are defined as operating segments according to IFRS 8. In order to provide more comprehensive information, the performance of the business segments is reported additionally.

### Geographical segmentation (operating segments)

For the purpose of segment reporting geographical segments are defined as operating segments, for which the information is presented on the basis of the booking entity's location (not the country of risk). In case of information regarding a partial group, the allocation is based on the location of the respective parent entity according to the local management responsibility.

Geographical areas are defined according to the core markets in which Erste Group operates. Based on the locations of the banking and other financial institution participations, the geographical areas consist of two core markets, Austria and Central and Eastern Europe and a residual segment Other that comprises the remaining business activities of Erste Group outside its core markets as well as the reconciliation to the consolidated accounting result.



The geographical area Austria consists of the following three operating segments:

- The **Erste Bank Oesterreich & Subsidiaries** (EBOe & Subsidiaries) segment comprises Erste Bank der oesterreichischen Sparkassen AG (Erste Bank Oesterreich) and its main subsidiaries (e.g. sBausparkasse, Salzburger Sparkasse, Tiroler Sparkasse, Sparkasse Hainburg).
- The **Savings banks** segment includes those savings banks which are members of the Haftungsverbund (cross-guarantee system) of the Austrian savings banks sector and in which Erste Group does not hold a majority stake but which are fully controlled according to IFRS 10. The fully or majority owned Erste Bank Oesterreich, Tiroler Sparkasse, Salzburger Sparkasse, and Sparkasse Hainburg are not part of the Savings Banks segment.
- The **Other Austria** segment comprises Erste Group Bank AG (Holding) with its Corporates and Group Markets business, Erste Group Immorent GmbH, Erste Asset Management GmbH and Intermarket Bank AG.

The geographical area Central and Eastern Europe (CEE) consists of six operating segments covering Erste Group's banking subsidiaries located in the respective CEE countries:

- **Czech Republic** (comprising Česká spořitelna Group)
- **Slovakia** (comprising Slovenská sporiteľňa Group)
- **Romania** (comprising Banca Comercială Română Group)
- **Hungary** (comprising Erste Bank Hungary Group)
- **Croatia** (comprising Erste Bank Croatia Group)
- **Serbia** (comprising Erste Bank Serbia Group).

The residual segment **Other** covers mainly centrally managed activities and items that are not directly allocated to other segments. It comprises the corporate center of Erste Group Bank AG (and thus dividends and the refinancing costs from participations, general administrative expenses), internal service providers (facility management, IT, procurement), the banking tax of Erste Group Bank AG as well as free capital of Erste Group (defined as the difference of the total average IFRS equity and the average economical equity allocated to the segments).

Asset/Liability Management of Erste Group Bank AG as well as the reconciliation to the consolidated accounting result (e.g. intragroup eliminations, dividend eliminations) are also part of the segment Other. Intragroup eliminations are equal to the intragroup eliminations shown in the business segmentation view (see table 'Business segments (2)').

## Business segmentation

Apart from geographical segments, which are Erste Group's operating segments, business segments are reported as well.



**Retail.** The Retail segment comprises the business with private individuals, micros and free professionals within the responsibility of account managers in the retail network. This business is operated by the local banks in cooperation with their subsidiaries such as leasing and asset management companies with a focus on simple products ranging from mortgage and consumer loans, investment products, current accounts, savings products to credit cards and cross selling products such as leasing, insurance and building society products.

**Corporates.** The Corporates segment comprises business done with corporate customers of different turnover size (small and medium-sized enterprises and Large Corporate customers) as well as commercial real estate and public sector business.

**Group Markets.** The Group Markets (GM) segment comprises trading and markets services as well as customer business with financial institutions. It includes all activities related to the trading books of Erste Group, including the execution of trade, market making and short-term liquidity management. In addition, it comprises business connected with servicing financial institutions as clients.

**Asset/Liability Management & Local Corporate Center.** The Asset/Liability Management & Local Corporate Center (ALM & LCC) segment includes all asset/liability management functions – local and of Erste Group Bank AG (Holding) – as well as the local corporate centers which comprise all non-core banking business activities such as internal service providers and reconciliation items to local entity results. The corporate center of Erste Group Bank AG is included in the Group Corporate Center segment.

**Savings Banks.** The Savings Banks segment is identical to the operating segment Savings banks.

**Group Corporate Center.** The Group Corporate Center (GCC) segment covers mainly centrally managed activities and items that are not directly allocated to other segments. It comprises the corporate center of Erste Group Bank AG (and thus dividends and the refinancing costs from participations, general administrative expenses), internal service providers (facility management, IT, procurement), the banking tax of Erste Group Bank AG as well as free capital of Erste Group (defined as the difference of the total average IFRS equity and the average economical equity allocated to the segments).

**Intragroup Elimination.** Intragroup Elimination (IC) is not defined as a segment but is the reconciliation to the consolidated accounting result. It includes intragroup eliminations between participations of Erste Group (e.g. intragroup funding, internal cost charges). Intragroup eliminations within partial groups are disclosed in the respective segments.

Dividend elimination between Erste Group Bank AG and its fully consolidated subsidiaries is performed in Group Corporate Center. Consolidation differences arising between the segments, which are eliminated over the lifespan of the underlying transaction, are part of Group Corporate Center.

## Measurement

The profit and loss statement of the segment report is based on the measures reported to the Erste Group management board for the purpose of allocating resources to the segments and assessing their performance. Management reporting as well as the segment report of Erste Group are based on IFRS. Accounting standards and methods as well as measurements used in segment reporting are the same as for the consolidated financial statements of accounting.

Interest revenues are not reported separately from interest expenses for each reportable segment. Those measures are reported on the net basis within the position 'Net interest income' as interest revenues and interest expenses are neither included into the measure of segment profit or loss reviewed by the chief operating decision maker nor otherwise regularly provided to the chief operating decision maker. Chief operating decision maker relies solely on net interest income to assess the performance of the segments and make decisions about resources to be allocated to the segments. Net fee and commission income and Other operating result are reported on a net basis according to the regular reporting to the chief operating decision maker.

Capital consumption per segment is regularly reviewed by the management of Erste Group to assess the performance of the segments. The average allocated capital is determined by the credit risk, market risk, operational risk and business strategic risk. According to the regular internal reporting to Erste Group management board, total assets and total liabilities as well as risk weighted assets and allocated capital are disclosed per segment. Total average allocated capital for the Group equals average total equity of the Group. For measuring and assessing the profitability of segments within Erste Group, such key measures as return on allocated capital and cost/income ratio are used.

Return on allocated capital is defined as net result for the period before minorities in relation to the average allocated capital of the respective segment. Cost/income ratio is defined as operating expenses (general administrative expenses) in relation to operating income (total of net interest income, net fee and commission income, dividend income, net trading result, gains/losses from financial instruments measured at fair value through profit or loss, net result from equity method investments, rental income from investment properties and other operating lease).



## Operating segments: Geographical segmentation – overview

| in EUR million   | Austria      |              | Central and Eastern Europe |              | Other         |              | Total Group  |              |
|--|--------------|--------------|----------------------------|--------------|---------------|--------------|--------------|--------------|
|  | 1-3 21       | 1-3 22       | 1-3 21                     | 1-3 22       | 1-3 21        | 1-3 22       | 1-3 21       | 1-3 22       |
| Net interest income  | 510.1        | 585.8        | 630.6                      | 761.1        | 31.3          | 45.2         | 1,172.1      | 1,392.1      |
| Net fee and commission income  | 325.9        | 355.2        | 236.3                      | 276.8        | -22.2         | -16.7        | 540.0        | 615.3        |
| Dividend income  | 1.5          | 1.3          | 0.0                        | 0.1          | 3.3           | 1.1          | 4.8          | 2.4          |
| Net trading result   | 11.3         | -43.5        | 56.2                       | 87.4         | -58.1         | -300.5       | 9.5          | -256.6       |
| Gains/losses from financial instruments at FVPL                                | 22.1         | 11.5         | -1.9                       | -25.5        | 36.8          | 253.7        | 56.9         | 239.7        |
| Net result from equity method investments                                      | 0.1          | 0.4          | 1.0                        | 0.0          | 0.4           | 2.6          | 1.5          | 3.0          |
| Rental income from investment properties & other operating leases              | 35.9         | 33.3         | 12.0                       | 11.3         | -4.2          | -4.4         | 43.7         | 40.2         |
| General administrative expenses  | -571.2       | -625.5       | -481.2                     | -550.8       | -50.9         | -58.9        | -1,103.3     | -1,235.2     |
| Gains/losses from derecognition of financial assets at AC                      | 1.2          | -0.6         | 1.3                        | -0.1         | 0.0           | -0.3         | 2.5          | -0.9         |
| Other gains/losses from derecognition of financial instruments not at FVPL     | -0.4         | -0.3         | -0.1                       | 1.7          | 0.2           | 0.4          | -0.3         | 1.9          |
| Impairment result from financial instruments                                   | 13.0         | -32.3        | -43.0                      | -26.3        | -5.7          | -0.5         | -35.7        | -59.1        |
| Other operating result   | -9.9         | -36.9        | -72.0                      | -90.3        | -44.9         | -5.5         | -126.7       | -132.7       |
| Levies on banking activities   | -2.3         | -2.6         | -26.2                      | -32.1        | -4.6          | -5.6         | -33.2        | -40.2        |
| <b>Pre-tax result from continuing operations</b>                               | <b>339.6</b> | <b>248.3</b> | <b>339.4</b>               | <b>445.5</b> | <b>-113.9</b> | <b>-83.7</b> | <b>565.1</b> | <b>610.1</b> |
| Taxes on income  | -88.7        | -71.2        | -59.8                      | -86.8        | 24.2          | 42.5         | -124.3       | -115.6       |
| <b>Net result for the period</b>   | <b>250.9</b> | <b>177.1</b> | <b>279.6</b>               | <b>358.6</b> | <b>-89.7</b>  | <b>-41.2</b> | <b>440.8</b> | <b>494.5</b> |
| Net result attributable to non-controlling interests                           | 73.6         | 29.2         | 10.9                       | 16.2         | 1.2           | 0.2          | 85.7         | 45.7         |
| <b>Net result attributable to owners of the parent</b>                         | <b>177.3</b> | <b>147.9</b> | <b>268.7</b>               | <b>342.4</b> | <b>-90.9</b>  | <b>-41.5</b> | <b>355.1</b> | <b>448.8</b> |
| Operating income   | 906.9        | 943.9        | 934.4                      | 1,111.3      | -12.7         | -18.9        | 1,828.6      | 2,036.2      |
| Operating expenses   | -571.2       | -625.5       | -481.2                     | -550.8       | -50.9         | -58.9        | -1,103.3     | -1,235.2     |
| <b>Operating result</b>  | <b>335.7</b> | <b>318.4</b> | <b>453.2</b>               | <b>560.5</b> | <b>-63.6</b>  | <b>-77.9</b> | <b>725.3</b> | <b>801.0</b> |
| Risk-weighted assets (credit risk, eop)  | 53,033       | 60,683       | 43,834                     | 48,677       | 2,888         | 2,832        | 99,755       | 112,191      |
| Average allocated capital  | 7,508        | 9,304        | 8,168                      | 9,252        | 6,893         | 5,190        | 22,570       | 23,746       |
| Cost/income ratio  | 63.0%        | 66.3%        | 51.5%                      | 49.6%        | >100%         | >100%        | 60.3%        | 60.7%        |
| Return on allocated capital  | 13.6%        | 7.7%         | 13.9%                      | 15.7%        | -5.3%         | -3.2%        | 7.9%         | 8.4%         |
| Total assets (eop)   | 202,104      | 206,681      | 130,144                    | 147,234      | -27,279       | -28,304      | 304,969      | 325,610      |
| Total liabilities excluding equity (eop)                                       | 165,565      | 167,036      | 117,737                    | 134,167      | -1,105        | 340          | 282,197      | 301,542      |
| <b>Impairments</b>   | <b>13.0</b>  | <b>-32.3</b> | <b>-44.8</b>               | <b>-26.6</b> | <b>-5.7</b>   | <b>-0.5</b>  | <b>-37.5</b> | <b>-59.4</b> |
| Net impairment loss on financial assets AC/FVOCI and finance lease receivables | 13.4         | -28.9        | -37.0                      | -23.2        | -2.5          | -0.6         | -26.1        | -52.7        |
| Net impairment loss on commitments and guarantees given                        | -0.5         | -3.4         | -6.0                       | -3.1         | -3.1          | 0.1          | -9.6         | -6.4         |
| Impairment of goodwill   | 0.0          | 0.0          | 0.0                        | 0.0          | 0.0           | 0.0          | 0.0          | 0.0          |
| Net impairment on investments in subsidiaries, joint ventures and associates   | 0.0          | 0.0          | 0.0                        | 0.0          | 0.0           | 0.0          | 0.0          | 0.0          |
| Net impairment on other non-financial assets                                   | 0.0          | 0.0          | -1.8                       | -0.3         | 0.0           | 0.0          | -1.8         | -0.3         |



## Operating segments: Geographical area – Central and Eastern Europe

| in EUR million   | Czech Republic      |        | Slovakia |        | Romania |        | Hungary |        | Croatia |        | Serbia |        | Central and Eastern Europe |         |
|--|---------------------|--------|----------|--------|---------|--------|---------|--------|---------|--------|--------|--------|----------------------------|---------|
|  | 1-3 21              | 1-3 22 | 1-3 21   | 1-3 22 | 1-3 21  | 1-3 22 | 1-3 21  | 1-3 22 | 1-3 21  | 1-3 22 | 1-3 21 | 1-3 22 | 1-3 21                     | 1-3 22  |
|  | Net interest income | 267.4  | 358.2    | 105.0  | 105.8   | 107.6  | 118.2   | 66.1   | 92.3    | 67.3   | 67.3   | 17.1   | 19.4                       | 630.6   |
| Net fee and commission income  | 87.6                | 102.1  | 37.0     | 44.1   | 37.4    | 45.7   | 49.2    | 54.9   | 21.0    | 24.7   | 4.2    | 5.2    | 236.3                      | 276.8   |
| Dividend income  | 0.0                 | 0.0    | 0.0      | 0.0    | 0.0     | 0.0    | 0.0     | 0.1    | 0.0     | 0.0    | 0.0    | 0.0    | 0.0                        | 0.1     |
| Net trading result   | 19.4                | 40.3   | 3.3      | 4.7    | 16.8    | 29.9   | 10.7    | 2.1    | 4.7     | 8.8    | 1.3    | 1.5    | 56.2                       | 87.4    |
| Gains/losses from financial instruments at FVPL                                | 0.3                 | 1.7    | -0.2     | 0.4    | -0.4    | 0.2    | -1.1    | -27.7  | -0.6    | -0.1   | 0.0    | 0.0    | 0.0                        | -1.9    |
| Net result from equity method investments                                      | -0.9                | -1.7   | 1.8      | 1.5    | -0.2    | -0.1   | 0.0     | 0.0    | 0.3     | 0.3    | 0.0    | 0.0    | 1.0                        | 0.0     |
| Rental income from investment properties & other operating leases              | 2.0                 | 2.1    | 0.1      | 0.1    | 5.7     | 5.3    | 1.9     | 1.8    | 2.3     | 1.9    | 0.0    | 0.0    | 12.0                       | 11.3    |
| General administrative expenses  | -197.3              | -216.3 | -78.4    | -80.8  | -81.1   | -95.4  | -58.6   | -87.6  | -51.7   | -54.9  | -14.0  | -15.8  | -481.2                     | -550.8  |
| Gains/losses from derecognition of financial assets at AC                      | 0.0                 | 0.0    | 0.0      | 0.0    | 0.0     | 0.0    | 1.3     | 0.0    | 0.0     | 0.0    | 0.0    | -0.1   | 1.3                        | -0.1    |
| Other gains/losses from derecognition of financial instruments not at FVPL     | 0.0                 | 0.0    | -0.3     | 0.0    | 0.0     | 0.0    | 0.2     | 1.6    | 0.0     | 0.1    | 0.0    | 0.0    | -0.1                       | 1.7     |
| Impairment result from financial instruments                                   | -26.5               | -14.6  | -17.7    | -20.0  | 7.1     | -9.6   | -2.3    | 2.7    | -1.5    | 14.2   | -2.0   | 0.8    | -43.0                      | -26.3   |
| Other operating result   | -34.0               | -39.6  | -7.4     | -6.5   | -2.3    | 6.4    | -22.7   | -42.2  | -5.5    | -6.7   | -0.1   | -1.7   | -72.0                      | -90.3   |
| Levies on banking activities   | 0.0                 | 0.0    | 0.0      | 0.0    | 0.0     | 0.0    | -26.2   | -32.1  | 0.0     | 0.0    | 0.0    | 0.0    | -26.2                      | -32.1   |
| Pre-tax result from continuing operations                                      | 118.0               | 232.2  | 43.2     | 49.3   | 90.6    | 100.7  | 44.7    | -1.9   | 36.4    | 55.6   | 6.5    | 9.5    | 339.4                      | 445.5   |
| Taxes on income  | -24.1               | -45.7  | -9.4     | -11.0  | -15.4   | -16.9  | -4.6    | -3.4   | -6.3    | -9.8   | 0.0    | 0.0    | -59.8                      | -86.8   |
| Net result for the period  | 93.9                | 186.5  | 33.8     | 38.4   | 75.2    | 83.9   | 40.1    | -5.3   | 30.1    | 45.8   | 6.5    | 9.5    | 279.6                      | 358.6   |
| Net result attributable to non-controlling interests                           | 0.0                 | 0.0    | 0.0      | 0.0    | 0.1     | 0.1    | 0.0     | 0.0    | 9.5     | 14.3   | 1.4    | 1.9    | 10.9                       | 16.2    |
| Net result attributable to owners of the parent                                | 94.0                | 186.5  | 33.8     | 38.4   | 75.1    | 83.8   | 40.1    | -5.3   | 20.6    | 31.6   | 5.2    | 7.6    | 268.7                      | 342.4   |
| Operating income   | 375.9               | 502.8  | 147.1    | 156.5  | 166.9   | 199.3  | 126.8   | 123.6  | 95.0    | 102.9  | 22.7   | 26.2   | 934.4                      | 1,111.3 |
| Operating expenses   | -197.3              | -216.3 | -78.4    | -80.8  | -81.1   | -95.4  | -58.6   | -87.6  | -51.7   | -54.9  | -14.0  | -15.8  | -481.2                     | -550.8  |
| Operating result   | 178.6               | 286.4  | 68.6     | 75.8   | 85.8    | 103.9  | 68.2    | 36.0   | 43.3    | 48.0   | 8.7    | 10.4   | 453.2                      | 560.5   |
| Risk-weighted assets (credit risk, eop)  | 18,193              | 20,107 | 7,549    | 8,513  | 6,816   | 7,834  | 3,961   | 4,385  | 5,818   | 6,141  | 1,497  | 1,697  | 43,834                     | 48,677  |
| Average allocated capital  | 2,904               | 3,541  | 1,219    | 1,403  | 1,712   | 1,724  | 1,137   | 1,186  | 939     | 1,135  | 257    | 264    | 8,168                      | 9,252   |
| Cost/income ratio  | 52.5%               | 43.0%  | 53.3%    | 51.6%  | 48.6%   | 47.9%  | 46.2%   | 70.9%  | 54.5%   | 53.4%  | 61.5%  | 60.2%  | 51.5%                      | 49.6%   |
| Return on allocated capital  | 13.1%               | 21.4%  | 11.2%    | 11.1%  | 17.8%   | 19.7%  | 14.3%   | -1.8%  | 13.0%   | 16.4%  | 10.3%  | 14.5%  | 13.9%                      | 15.7%   |
| Total assets (eop)   | 65,643              | 76,793 | 22,360   | 23,144 | 16,952  | 18,145 | 10,860  | 13,636 | 11,675  | 12,697 | 2,654  | 2,819  | 130,144                    | 147,234 |
| Total liabilities excluding equity (eop)                                       | 59,895              | 70,756 | 20,580   | 21,154 | 14,964  | 16,105 | 9,656   | 12,425 | 10,301  | 11,238 | 2,341  | 2,489  | 117,737                    | 134,167 |
| Impairments  | -26.1               | -14.6  | -17.7    | -20.0  | 4.8     | -10.0  | -2.3    | 2.7    | -1.5    | 14.4   | -2.0   | 0.8    | -44.8                      | -26.6   |
| Net impairment loss on financial assets AC/FVOCI and finance lease receivables | -21.8               | -15.4  | -17.7    | -17.2  | 7.9     | -11.0  | -2.3    | 2.2    | -1.0    | 16.8   | -2.0   | 1.3    | -37.0                      | -23.2   |
| Net impairment loss on commitments and guarantees given                        | -4.7                | 0.8    | 0.0      | -2.8   | -0.8    | 1.4    | 0.0     | 0.5    | -0.4    | -2.6   | 0.0    | -0.4   | -6.0                       | -3.1    |
| Impairment of goodwill   | 0.0                 | 0.0    | 0.0      | 0.0    | 0.0     | 0.0    | 0.0     | 0.0    | 0.0     | 0.0    | 0.0    | 0.0    | 0.0                        | 0.0     |
| Net impairment on investments in subsidiaries, joint ventures and associates   | 0.0                 | 0.0    | 0.0      | 0.0    | 0.0     | 0.0    | 0.0     | 0.0    | 0.0     | 0.0    | 0.0    | 0.0    | 0.0                        | 0.0     |
| Net impairment on other non-financial assets                                   | 0.4                 | 0.0    | 0.1      | 0.0    | -2.3    | -0.4   | 0.0     | 0.0    | 0.0     | 0.1    | 0.0    | 0.0    | -1.8                       | -0.3    |

## Business segments (1)

| in EUR million   | Retail       |              | Corporates   |              | Group Markets |              | ALM&LCC      |               |
|--|--------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------|
|  | 1-3 21       | 1-3 22       | 1-3 21       | 1-3 22       | 1-3 21        | 1-3 22       | 1-3 21       | 1-3 22        |
|  |              |              |              |              |               |              |              |               |
| Net interest income  | 509.4        | 597.9        | 280.0        | 345.1        | 48.1          | 108.4        | 32.1         | 17.7          |
| Net fee and commission income  | 281.0        | 317.1        | 75.2         | 84.1         | 71.9          | 80.7         | -20.4        | -18.8         |
| Dividend income  | 0.0          | 0.0          | 0.4          | 0.0          | 0.8           | 0.6          | 0.1          | 0.1           |
| Net trading result   | 24.2         | 41.0         | 25.0         | 33.1         | 42.0          | 38.0         | -50.0        | -309.6        |
| Gains/losses from financial instruments at FVPL                                | -1.7         | -29.1        | 0.1          | 3.1          | -3.4          | -16.5        | 53.4         | 294.8         |
| Net result from equity method investments                                      | 2.1          | 1.8          | 0.0          | 0.0          | 0.0           | 0.0          | -1.0         | -1.4          |
| Rental income from investment properties & other operating leases              | 5.9          | 1.3          | 26.4         | 27.3         | 0.1           | 0.1          | 6.0          | 6.3           |
| General administrative expenses  | -524.0       | -540.8       | -126.4       | -136.8       | -54.4         | -58.8        | -55.4        | -113.2        |
| Gains/losses from derecognition of financial assets at AC                      | 0.0          | -0.8         | 0.0          | 0.0          | 0.0           | 0.0          | 1.3          | 0.1           |
| Other gains/losses from derecognition of financial instruments not at FVPL     | 0.0          | 0.0          | 0.0          | 1.5          | -0.1          | -0.1         | -0.1         | 0.2           |
| Impairment result from financial instruments                                   | -39.6        | -15.5        | 7.6          | -26.6        | -2.0          | -5.7         | 1.2          | -0.2          |
| Other operating result   | -14.7        | -14.8        | 2.6          | 2.4          | -7.9          | -8.2         | -58.7        | -97.2         |
| Levies on banking activities   | -9.3         | -11.2        | -5.1         | -6.2         | -1.2          | -1.8         | -11.7        | -14.1         |
| <b>Pre-tax result from continuing operations</b>                               | <b>242.6</b> | <b>357.9</b> | <b>291.0</b> | <b>333.2</b> | <b>95.1</b>   | <b>138.6</b> | <b>-91.4</b> | <b>-221.2</b> |
| Taxes on income  | -51.9        | -68.8        | -56.4        | -64.3        | -20.2         | -28.5        | 19.4         | 33.7          |
| <b>Net result for the period</b>   | <b>190.6</b> | <b>289.2</b> | <b>234.6</b> | <b>269.0</b> | <b>74.9</b>   | <b>110.1</b> | <b>-72.0</b> | <b>-187.5</b> |
| Net result attributable to non-controlling interests                           | 7.9          | 7.6          | 11.6         | 13.3         | 1.3           | 1.4          | -1.2         | -0.8          |
| <b>Net result attributable to owners of the parent</b>                         | <b>182.7</b> | <b>281.5</b> | <b>223.1</b> | <b>255.7</b> | <b>73.6</b>   | <b>108.8</b> | <b>-70.8</b> | <b>-186.7</b> |
| Operating income   | 820.9        | 929.8        | 407.2        | 492.8        | 159.5         | 211.3        | 20.3         | -11.0         |
| Operating expenses   | -524.0       | -540.8       | -126.4       | -136.8       | -54.4         | -58.8        | -55.4        | -113.2        |
| <b>Operating result</b>  | <b>296.9</b> | <b>389.0</b> | <b>280.8</b> | <b>355.9</b> | <b>105.0</b>  | <b>152.6</b> | <b>-35.2</b> | <b>-124.2</b> |
| Risk-weighted assets (credit risk, eop)  | 18,693       | 22,181       | 43,530       | 49,402       | 2,940         | 3,573        | 7,512        | 6,984         |
| Average allocated capital  | 3,583        | 3,732        | 5,209        | 5,502        | 1,025         | 1,176        | 3,963        | 5,270         |
| Cost/income ratio  | 63.8%        | 58.2%        | 31.1%        | 27.8%        | 34.1%         | 27.8%        | >100%        | >100%         |
| Return on allocated capital  | 21.6%        | 31.4%        | 18.3%        | 19.8%        | 29.6%         | 38.0%        | -7.4%        | -14.4%        |
| Total assets (eop)   | 65,835       | 72,866       | 60,108       | 67,381       | 66,356        | 54,632       | 77,575       | 93,621        |
| Total liabilities excluding equity (eop)                                       | 103,036      | 112,939      | 36,951       | 43,837       | 55,400        | 51,124       | 58,138       | 62,870        |
| <b>Impairments</b>   | <b>-39.6</b> | <b>-15.5</b> | <b>5.9</b>   | <b>-26.6</b> | <b>-2.0</b>   | <b>-5.7</b>  | <b>1.1</b>   | <b>-0.4</b>   |
| Net impairment loss on financial assets AC/FVOCI and finance lease receivables | -39.1        | -11.8        | 14.4         | -40.0        | -1.8          | -3.6         | -1.3         | -2.4          |
| Net impairment loss on commitments and guarantees given                        | -0.5         | -3.7         | -6.8         | 13.4         | -0.2          | -2.0         | 2.5          | 2.2           |
| Impairment of goodwill   | 0.0          | 0.0          | 0.0          | 0.0          | 0.0           | 0.0          | 0.0          | 0.0           |
| Net impairment on investments in subsidiaries, joint ventures and associates   | 0.0          | 0.0          | 0.0          | 0.0          | 0.0           | 0.0          | 0.0          | 0.0           |
| Net impairment on other non-financial assets                                   | 0.1          | 0.0          | -1.8         | 0.0          | 0.0           | 0.0          | -0.2         | -0.3          |

## Business segments (2)

| in EUR million   | Savings Banks |              | Group Corporate Center |               | Intragroup Elimination |              | Total Group  |              |
|--|---------------|--------------|------------------------|---------------|------------------------|--------------|--------------|--------------|
|  | 1-3 21        | 1-3 22       | 1-3 21                 | 1-3 22        | 1-3 21                 | 1-3 22       | 1-3 21       | 1-3 22       |
| Net interest income  | 262.4         | 273.2        | 21.8                   | 25.9          | 18.4                   | 23.9         | 1,172.1      | 1,392.1      |
| Net fee and commission income  | 140.3         | 155.4        | 1.5                    | 1.5           | -9.6                   | -4.6         | 540.0        | 615.3        |
| Dividend income  | 0.2           | 0.7          | 3.3                    | 1.1           | 0.0                    | 0.0          | 4.8          | 2.4          |
| Net trading result   | -6.6          | -23.2        | -12.9                  | -13.6         | -12.3                  | -22.3        | 9.5          | -256.6       |
| Gains/losses from financial instruments at FVPL                                | 14.0          | -1.5         | -5.4                   | -11.1         | 0.0                    | 0.0          | 56.9         | 239.7        |
| Net result from equity method investments                                      | 0.0           | 0.0          | 0.4                    | 2.6           | 0.0                    | 0.0          | 1.5          | 3.0          |
| Rental income from investment properties & other operating leases              | 10.2          | 10.5         | -4.8                   | -5.1          | -0.1                   | -0.1         | 43.7         | 40.2         |
| General administrative expenses  | -297.4        | -331.3       | -241.9                 | -220.6        | 196.3                  | 166.3        | -1,103.3     | -1,235.2     |
| Gains/losses from derecognition of financial assets at AC                      | 1.2           | 0.0          | 0.1                    | -0.3          | -0.1                   | 0.0          | 2.5          | -0.9         |
| Other gains/losses from derecognition of financial instruments not at FVPL     | -0.3          | 0.0          | 0.1                    | 0.3           | 0.1                    | 0.0          | -0.3         | 1.9          |
| Impairment result from financial instruments                                   | 2.1           | -11.1        | -5.0                   | -0.2          | 0.0                    | 0.0          | -35.7        | -59.1        |
| Other operating result   | -7.3          | -15.7        | 151.8                  | 163.9         | -192.6                 | -163.2       | -126.7       | -132.7       |
| Levies on banking activities   | -1.2          | -1.2         | -4.6                   | -5.6          | 0.0                    | 0.0          | -33.2        | -40.2        |
| <b>Pre-tax result from continuing operations</b>                               | <b>118.8</b>  | <b>57.1</b>  | <b>-91.0</b>           | <b>-55.6</b>  | <b>0.0</b>             | <b>0.0</b>   | <b>565.1</b> | <b>610.1</b> |
| Taxes on income  | -34.0         | -23.6        | 18.7                   | 35.9          | 0.0                    | 0.0          | -124.3       | -115.6       |
| <b>Net result for the period</b>   | <b>84.9</b>   | <b>33.5</b>  | <b>-72.3</b>           | <b>-19.8</b>  | <b>0.0</b>             | <b>0.0</b>   | <b>440.8</b> | <b>494.5</b> |
| Net result attributable to non-controlling interests                           | 65.0          | 24.0         | 1.2                    | 0.2           | 0.0                    | 0.0          | 85.7         | 45.7         |
| <b>Net result attributable to owners of the parent</b>                         | <b>19.9</b>   | <b>9.5</b>   | <b>-73.5</b>           | <b>-20.0</b>  | <b>0.0</b>             | <b>0.0</b>   | <b>355.1</b> | <b>448.8</b> |
| Operating income   | 420.5         | 415.1        | 3.9                    | 1.2           | -3.6                   | -3.1         | 1,828.6      | 2,036.2      |
| Operating expenses   | -297.4        | -331.3       | -241.9                 | -220.6        | 196.3                  | 166.3        | -1,103.3     | -1,235.2     |
| <b>Operating result</b>  | <b>123.2</b>  | <b>83.8</b>  | <b>-238.0</b>          | <b>-219.4</b> | <b>192.6</b>           | <b>163.2</b> | <b>725.3</b> | <b>801.0</b> |
| Risk-weighted assets (credit risk, eop)  | 24,474        | 27,636       | 2,607                  | 2,414         | 0                      | 0            | 99,755       | 112,191      |
| Average allocated capital  | 3,352         | 4,386        | 5,438                  | 3,681         | 0                      | 0            | 22,570       | 23,746       |
| Cost/income ratio  | 70.7%         | 79.8%        | >100%                  | >100%         | >100%                  | >100%        | 60.3%        | 60.7%        |
| Return on allocated capital  | 10.3%         | 3.1%         | -5.4%                  | -2.2%         |                        |              | 7.9%         | 8.4%         |
| Total assets (eop)   | 73,547        | 78,978       | 6,426                  | 3,837         | -44,878                | -45,705      | 304,969      | 325,610      |
| Total liabilities excluding equity (eop)                                       | 68,215        | 73,244       | 5,370                  | 3,297         | -44,914                | -45,769      | 282,197      | 301,542      |
| <b>Impairments</b>   | <b>2.1</b>    | <b>-11.1</b> | <b>-5.0</b>            | <b>-0.2</b>   | <b>0.0</b>             | <b>0.0</b>   | <b>-37.5</b> | <b>-59.4</b> |
| Net impairment loss on financial assets AC/FVOCI and finance lease receivables | 3.7           | 5.5          | -2.0                   | -0.4          | 0.0                    | 0.0          | -26.1        | -52.7        |
| Net impairment loss on commitments and guarantees given                        | -1.6          | -16.5        | -3.0                   | 0.2           | 0.0                    | 0.0          | -9.6         | -6.4         |
| Impairment of goodwill   | 0.0           | 0.0          | 0.0                    | 0.0           | 0.0                    | 0.0          | 0.0          | 0.0          |
| Net impairment on investments in subsidiaries, joint ventures and associates   | 0.0           | 0.0          | 0.0                    | 0.0           | 0.0                    | 0.0          | 0.0          | 0.0          |
| Net impairment on other non-financial assets                                   | 0.0           | 0.0          | 0.0                    | 0.0           | 0.0                    | 0.0          | -1.8         | -0.3         |

## 29. Risk management

A core function of a bank is taking risks in a conscious and selective manner and professionally steering those risks. Adequate risk policy and risk strategy is essential to a bank's fundamental financial health and operational business success. Concerning risk policy and strategy as well as regarding risk management organisation, reference is made to the note of the same name in the annual report 2021.

### Credit risk

For the disclosure of asset quality Erste Group assigns each customer to one of the following four risk categories:

**Low risk.** Typically regional customers with well-established and rather long-standing relationships with Erste Group or large internationally recognised customers. Very good to satisfactory financial position and low likelihood of financial difficulties relative to the respective market in which the customers operate. Retail clients having long relationships with the bank, or clients with a wide product pool use. No relevant late payments currently or in the most recent 12 months. New business is generally with clients in this risk category.

**Management attention.** Vulnerable non-retail clients, which may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium term. Retail clients with possible payment problems in the past triggering early collection reminders. These clients typically have a good recent payment history.

**Substandard.** The borrower is vulnerable to short term negative financial and economic developments and shows an elevated probability of failure. In some cases, restructuring measures are possible or already in place. As a rule, such loans are managed in specialised risk management departments.

**Non-performing.** One or more of the default criteria under Article 178 of the CRR are met: among others, full repayment unlikely, interest or principal payments on a material exposure more than 90 days past due, restructuring resulting in a loss to the lender, realisation of a loan loss, or initiation of bankruptcy proceedings. Erste Group applies the customer view for all customer segments, including retail clients; if an obligor defaults on one deal then the customer's performing transactions are classified as non-performing as well.

### Credit risk exposure

Credit risk exposure relates to the sum of the following balance sheet items:

- \_ cash and cash balances - demand deposits to credit institutions;
- \_ instruments (derivatives and debt securities) held for trading (HFT);
- \_ non-trading debt instruments at fair value through profit or loss (FVPL);
- \_ debt instruments at fair value through other comprehensive income (FVOCI);
- \_ debt instruments at amortised cost (AC), other than trade and other receivables;
- \_ trade and other receivables (for disclosure purposes in the tabular summaries below, any contract assets are also included in this category);
- \_ finance lease receivables;
- \_ debt instruments held for sale in disposal groups;
- \_ positive fair value of hedge accounting derivatives;
- \_ off-balance sheet credit risks (primarily financial guarantees and undrawn loan commitments).

The credit risk exposure equates the gross carrying amount (or nominal value in the case of off-balance sheet positions) excluding:

- \_ credit loss allowances for financial assets;
- \_ credit loss allowances for loan commitments and financial guarantees;
- \_ provisions for other commitments;
- \_ any collateral held (including risk transfer to guarantors);
- \_ netting effects;
- \_ other credit enhancements;
- \_ credit risk mitigating transactions.

The credit risk exposure increased in the reporting period to EUR 338.0 billion (+8.1%; EUR 312.4 billion).

### Reconciliation between gross carrying amount and carrying amount of the credit risk exposure components

| in EUR million  | Credit risk exposure | Allowances    | Adjustments | Carrying amount |
|---|----------------------|---------------|-------------|-----------------|
| <b>Mar 22</b>   |                      |               |             |                 |
| Cash and cash balances - demand deposits to credit institutions | 1,314                | -3            | 0           | 1,311           |
| Instruments HfT   | 6,720                | 0             | 0           | 6,720           |
| Non-trading debt instruments at FVPL                            | 2,720                | 0             | 0           | 2,720           |
| Debt securities   | 1,910                | 0             | 0           | 1,910           |
| Loans and advances to banks                                     | 0                    | 0             | 0           | 0               |
| Loans and advances to customers                                 | 809                  | 0             | 0           | 809             |
| Debt instruments at FVOCI                                       | 9,216                | -24           | -93         | 9,100           |
| Debt securities   | 9,216                | -24           | -93         | 9,100           |
| Loans and advances to banks                                     | 0                    | 0             | 0           | 0               |
| Loans and advances to customers                                 | 0                    | 0             | 0           | 0               |
| Debt instruments at AC  | 250,103              | -3,827        | 0           | 246,276         |
| Debt securities   | 37,522               | -16           | 0           | 37,506          |
| Loans and advances to banks                                     | 30,832               | -7            | 0           | 30,825          |
| Loans and advances to customers                                 | 181,748              | -3,803        | 0           | 177,945         |
| Trade and other receivables                                     | 2,428                | -86           | 0           | 2,342           |
| Finance lease receivables                                       | 4,306                | -110          | 0           | 4,196           |
| Debt instruments held for sale in disposal groups               | 0                    | 0             | 0           | 0               |
| Positive fair value of hedge accounting derivatives             | 62                   | 0             | 0           | 62              |
| Off balance-sheet exposures                                     | 61,125               | -511          | 0           | 0               |
| <b>Total</b>  | <b>337,993</b>       | <b>-4,561</b> | <b>-93</b>  | <b>272,726</b>  |
| <b>Dec 21</b>   |                      |               |             |                 |
| Cash and cash balances - demand deposits to credit institutions | 1,033                | -1            | 0           | 1,033           |
| Instruments HfT   | 6,389                | 0             | 0           | 6,389           |
| Non-trading debt instruments at FVPL                            | 2,793                | 0             | 0           | 2,793           |
| Debt securities   | 1,975                | 0             | 0           | 1,975           |
| Loans and advances to banks                                     | 10                   | 0             | 0           | 10              |
| Loans and advances to customers                                 | 808                  | 0             | 0           | 808             |
| Debt instruments at FVOCI                                       | 8,655                | -23           | 94          | 8,749           |
| Debt securities   | 8,655                | -23           | 94          | 8,749           |
| Loans and advances to banks                                     | 0                    | 0             | 0           | 0               |
| Loans and advances to customers                                 | 0                    | 0             | 0           | 0               |
| Debt instruments at AC  | 233,402              | -3,761        | 0           | 229,641         |
| Debt securities   | 35,565               | -15           | 0           | 35,551          |
| Loans and advances to banks                                     | 20,998               | -6            | 0           | 20,991          |
| Loans and advances to customers                                 | 176,839              | -3,740        | 0           | 173,099         |
| Trade and other receivables                                     | 2,239                | -87           | 0           | 2,152           |
| Finance lease receivables                                       | 4,319                | -111          | 0           | 4,209           |
| Debt instruments held for sale in disposal groups               | 0                    | 0             | 0           | 0               |
| Positive fair value of hedge accounting derivatives             | 79                   | 0             | 0           | 79              |
| Off balance-sheet exposures                                     | 53,529               | -544          | 0           | 0               |
| <b>Total</b>  | <b>312,439</b>       | <b>-4,527</b> | <b>94</b>   | <b>255,044</b>  |

Credit loss allowances comprise impairments for financial assets measured at amortised cost (including finance lease and trade and other receivables) and at fair value through other comprehensive income (FVOCI), as well as credit loss allowances and provisions for off-balance sheet exposures. Adjustments refer to the fair value changes of the carrying amount for debt instruments at FVOCI, to align with the accounting view, starting with the current reporting period the value presented in adjustments does not include allowances.

Within the quarterly increase of EUR 25.6 billion approximately EUR 5 billion refer to the methodological change in consideration of all off balance-sheet exposures, including all revocable loan commitments, as credit risk relevant.

## Credit risk exposure by counterparty sector and financial instrument

| in EUR million               | At amortised cost   |                 |                                      |                           |                 |                             |                                 |                           |                                    |                             |                             | Total          |
|------------------------------|---|-----------------|--------------------------------------|---------------------------|-----------------|-----------------------------|---------------------------------|---------------------------|------------------------------------|-----------------------------|-----------------------------|----------------|
|                              | Cash and cash balances - demand deposits to credit institutions | Instruments Hft | Non-trading debt instruments at FVPL | Debt instruments at FVOCI | Debt securities | Loans and advances to banks | Loans and advances to customers | Finance lease receivables | Positive fair value of derivatives | Trade and other receivables | Off balance-sheet exposures |                |
| <b>Mar 22</b>                |   |                 |                                      |                           |                 |                             |                                 |                           |                                    |                             |                             |                |
| Central banks                | 0   | 1,133           | 0                                    | 12                        | 34              | 24,859                      | 0                               | 0                         | 0                                  | 1                           | 0                           | 26,038         |
| General governments          | 0   | 2,310           | 187                                  | 6,989                     | 30,886          | 0                           | 6,725                           | 285                       | 0                                  | 101                         | 3,345                       | 50,827         |
| Credit institutions          | 1,314   | 2,623           | 504                                  | 998                       | 5,607           | 5,973                       | 0                               | 0                         | 60                                 | 30                          | 1,251                       | 18,361         |
| Other financial corporations | 0   | 378             | 1,078                                | 261                       | 193             | 0                           | 5,043                           | 76                        | 1                                  | 25                          | 3,838                       | 10,895         |
| Non-financial corporations   | 0   | 267             | 211                                  | 956                       | 802             | 0                           | 79,611                          | 3,082                     | 0                                  | 2,128                       | 37,897                      | 124,953        |
| Households                   | 0   | 9               | 740                                  | 0                         | 0               | 0                           | 90,369                          | 863                       | 0                                  | 143                         | 14,794                      | 106,918        |
| <b>Total</b>                 | <b>1,314</b>  | <b>6,720</b>    | <b>2,720</b>                         | <b>9,216</b>              | <b>37,522</b>   | <b>30,832</b>               | <b>181,748</b>                  | <b>4,306</b>              | <b>62</b>                          | <b>2,428</b>                | <b>61,125</b>               | <b>337,993</b> |
| <b>Dec 21</b>                |   |                 |                                      |                           |                 |                             |                                 |                           |                                    |                             |                             |                |
| Central banks                | 0   | 39              | 0                                    | 6                         | 37              | 16,429                      | 0                               | 0                         | 0                                  | 1                           | 0                           | 16,511         |
| General governments          | 0   | 3,287           | 198                                  | 6,585                     | 29,867          | 0                           | 7,091                           | 285                       | 0                                  | 107                         | 2,661                       | 50,081         |
| Credit institutions          | 1,033   | 2,500           | 561                                  | 867                       | 4,707           | 4,569                       | 0                               | 3                         | 78                                 | 25                          | 942                         | 15,286         |
| Other financial corporations | 0   | 207             | 1,076                                | 256                       | 176             | 0                           | 4,209                           | 84                        | 1                                  | 31                          | 2,800                       | 8,841          |
| Non-financial corporations   | 0   | 350             | 221                                  | 941                       | 778             | 0                           | 76,950                          | 3,088                     | 0                                  | 1,949                       | 33,278                      | 117,556        |
| Households                   | 0   | 6               | 737                                  | 0                         | 0               | 0                           | 88,569                          | 859                       | 0                                  | 126                         | 13,848                      | 104,165        |
| <b>Total</b>                 | <b>1,033</b>  | <b>6,389</b>    | <b>2,793</b>                         | <b>8,655</b>              | <b>35,565</b>   | <b>20,998</b>               | <b>176,839</b>                  | <b>4,319</b>              | <b>79</b>                          | <b>2,239</b>                | <b>53,529</b>               | <b>312,439</b> |



## Credit risk exposure by industry and risk category

| in EUR million                      | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|-------------------------------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Mar 22</b>                       |                |                      |              |                |                |
| Natural resources & commodities     | 9,536          | 2,215                | 452          | 362            | 12,565         |
| Energy                              | 9,346          | 1,076                | 87           | 87             | 10,597         |
| Construction and building materials | 11,521         | 2,123                | 452          | 338            | 14,434         |
| Automotive                          | 5,811          | 717                  | 172          | 293            | 6,992          |
| Cyclical consumer products          | 5,956          | 1,210                | 281          | 313            | 7,760          |
| Non-cyclical consumer products      | 7,421          | 1,178                | 372          | 180            | 9,152          |
| Machinery                           | 4,421          | 882                  | 175          | 152            | 5,630          |
| Transportation                      | 4,567          | 1,627                | 288          | 166            | 6,649          |
| TMT and paper & packaging           | 5,479          | 758                  | 113          | 89             | 6,439          |
| Healthcare & services               | 8,116          | 1,639                | 208          | 162            | 10,126         |
| Hotels, gaming & leisure industry   | 5,949          | 2,494                | 550          | 469            | 9,462          |
| Real estate                         | 32,112         | 6,578                | 1,127        | 430            | 40,247         |
| Public sector                       | 74,610         | 655                  | 151          | 0              | 75,415         |
| Financial institutions              | 24,770         | 1,333                | 187          | 29             | 26,320         |
| Private households                  | 86,624         | 5,346                | 2,094        | 1,541          | 95,605         |
| Other                               | 549            | 10                   | 40           | 3              | 601            |
| <b>Total</b>                        | <b>296,788</b> | <b>29,842</b>        | <b>6,750</b> | <b>4,614</b>   | <b>337,993</b> |
| <b>Dec 21</b>                       |                |                      |              |                |                |
| Natural resources & commodities     | 9,129          | 2,056                | 435          | 333            | 11,953         |
| Energy                              | 7,700          | 988                  | 111          | 89             | 8,888          |
| Construction and building materials | 10,481         | 1,889                | 373          | 364            | 13,106         |
| Automotive                          | 5,043          | 650                  | 149          | 295            | 6,136          |
| Cyclical consumer products          | 5,389          | 1,156                | 264          | 304            | 7,113          |
| Non-cyclical consumer products      | 7,161          | 1,068                | 286          | 186            | 8,701          |
| Machinery                           | 4,174          | 772                  | 135          | 131            | 5,212          |
| Transportation                      | 4,104          | 1,538                | 245          | 184            | 6,071          |
| TMT and paper & packaging           | 4,779          | 710                  | 82           | 90             | 5,661          |
| Healthcare & services               | 7,895          | 1,572                | 248          | 169            | 9,884          |
| Hotels, gaming & leisure industry   | 5,919          | 2,464                | 520          | 472            | 9,375          |
| Real estate                         | 31,940         | 6,172                | 906          | 425            | 39,443         |
| Public sector                       | 64,103         | 735                  | 194          | 0              | 65,032         |
| Financial institutions              | 20,652         | 1,156                | 141          | 31             | 21,980         |
| Private households                  | 84,829         | 4,808                | 2,046        | 1,552          | 93,234         |
| Other                               | 534            | 47                   | 64           | 3              | 648            |
| <b>Total</b>                        | <b>273,833</b> | <b>27,781</b>        | <b>6,199</b> | <b>4,626</b>   | <b>312,439</b> |
| <b>Dec 21</b>                       |                |                      |              |                |                |
| Agriculture and forestry            | 2,317          | 944                  | 221          | 134            | 3,616          |
| Mining                              | 644            | 75                   | 10           | 21             | 750            |
| Manufacturing                       | 17,211         | 2,763                | 644          | 687            | 21,306         |
| Energy and water supply             | 4,525          | 850                  | 96           | 48             | 5,519          |
| Construction                        | 10,455         | 2,780                | 316          | 306            | 13,856         |
| Trade                               | 12,550         | 2,628                | 479          | 456            | 16,112         |
| Transport and communication         | 6,880          | 1,473                | 299          | 182            | 8,834          |
| Hotels and restaurants              | 3,341          | 1,673                | 404          | 332            | 5,750          |
| Financial and insurance services    | 39,654         | 1,406                | 168          | 87             | 41,316         |
| Real estate and housing             | 29,170         | 5,277                | 880          | 347            | 35,674         |
| Services                            | 13,962         | 1,904                | 362          | 418            | 16,646         |
| Public administration               | 47,115         | 621                  | 173          | 1              | 47,909         |
| Education, health and art           | 3,108          | 629                  | 105          | 61             | 3,903          |
| Households                          | 82,492         | 4,725                | 1,974        | 1,546          | 90,736         |
| Other                               | 410            | 34                   | 67           | 0              | 511            |
| <b>Total</b>                        | <b>273,833</b> | <b>27,781</b>        | <b>6,199</b> | <b>4,626</b>   | <b>312,439</b> |

From current reporting period Erste Group presents the portfolio industry distribution based on the internal segmentation, instead of previously reported regulatory (FINREP) segmentation, as it more accurately represents the view used for internal steering of the portfolio. For the purpose of comparison we show above both regulatory and internal industry segmentation for year-end 2021. The most significant differences between regulatory and internal industry segmentation refer to segmentation of Services, Financial Institutions and Private Households. Regulatory industry segment Services is internally assigned according to the main activity of the counterparty to Healthcare & services, Hotels & leisure or Cyclical consumer products. In the Financial and insurance services segment, central banking operations

are considered under Public sector segment, while collective of private individuals that are flat owners is considered under Private households and not Real Estate (as in regulatory segmentation).

### Credit risk exposure by region and risk category

| in EUR million                        | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|---------------------------------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Mar 22</b>                         |                |                      |              |                |                |
| <b>Core markets</b>                   | <b>258,661</b> | <b>26,802</b>        | <b>5,961</b> | <b>4,080</b>   | <b>295,504</b> |
| Austria                               | 114,763        | 12,437               | 1,747        | 1,870          | 130,817        |
| Czech Republic                        | 74,805         | 5,104                | 1,220        | 776            | 81,905         |
| Romania                               | 18,038         | 2,159                | 377          | 419            | 20,993         |
| Slovakia                              | 24,197         | 1,990                | 1,360        | 324            | 27,871         |
| Hungary                               | 15,996         | 1,287                | 550          | 215            | 18,047         |
| Croatia                               | 7,466          | 3,395                | 599          | 442            | 11,902         |
| Serbia                                | 3,396          | 431                  | 110          | 33             | 3,969          |
| <b>Other EU</b>                       | <b>24,352</b>  | <b>1,597</b>         | <b>431</b>   | <b>306</b>     | <b>26,686</b>  |
| <b>Other industrialised countries</b> | <b>8,057</b>   | <b>291</b>           | <b>25</b>    | <b>71</b>      | <b>8,443</b>   |
| <b>Emerging markets</b>               | <b>5,718</b>   | <b>1,152</b>         | <b>333</b>   | <b>157</b>     | <b>7,359</b>   |
| Southeastern Europe/CIS               | 3,078          | 803                  | 206          | 137            | 4,223          |
| Asia                                  | 2,173          | 94                   | 31           | 8              | 2,306          |
| Latin America                         | 186            | 16                   | 5            | 11             | 217            |
| Middle East/Africa                    | 282            | 239                  | 91           | 2              | 614            |
| <b>Total</b>                          | <b>296,788</b> | <b>29,842</b>        | <b>6,750</b> | <b>4,614</b>   | <b>337,993</b> |
| <b>Dec 21</b>                         |                |                      |              |                |                |
| <b>Core markets</b>                   | <b>238,499</b> | <b>24,809</b>        | <b>5,538</b> | <b>4,049</b>   | <b>272,894</b> |
| Austria                               | 112,060        | 11,775               | 1,674        | 1,866          | 127,375        |
| Czech Republic                        | 62,361         | 4,528                | 1,131        | 736            | 68,756         |
| Romania                               | 18,097         | 1,846                | 334          | 428            | 20,705         |
| Slovakia                              | 22,793         | 1,721                | 1,085        | 308            | 25,906         |
| Hungary                               | 12,972         | 1,272                | 617          | 204            | 15,065         |
| Croatia                               | 7,180          | 3,268                | 600          | 466            | 11,514         |
| Serbia                                | 3,035          | 400                  | 97           | 41             | 3,574          |
| <b>Other EU</b>                       | <b>22,884</b>  | <b>1,444</b>         | <b>305</b>   | <b>329</b>     | <b>24,962</b>  |
| <b>Other industrialised countries</b> | <b>6,973</b>   | <b>394</b>           | <b>42</b>    | <b>68</b>      | <b>7,477</b>   |
| <b>Emerging markets</b>               | <b>5,477</b>   | <b>1,134</b>         | <b>314</b>   | <b>180</b>     | <b>7,105</b>   |
| Southeastern Europe/CIS               | 3,021          | 806                  | 186          | 139            | 4,152          |
| Asia                                  | 1,999          | 97                   | 30           | 29             | 2,155          |
| Latin America                         | 158            | 15                   | 5            | 11             | 189            |
| Middle East/Africa                    | 299            | 215                  | 93           | 2              | 609            |
| <b>Total</b>                          | <b>273,833</b> | <b>27,781</b>        | <b>6,199</b> | <b>4,626</b>   | <b>312,439</b> |

The geographic analysis of credit exposure is based on the country of risk of borrowers and counterparties and also includes obligors domiciled in other countries if the economic risk exists in the respective country of risk. Accordingly, the distribution by regions differs from the composition of the credit risk exposure by geographical segments of Erste Group.

The segment reporting of Erste Group is based on a matrix organisational structure with geographical segments (IFRS 8 operating segments) and business segments. The geographical segmentation follows the core markets in which Erste Group operates and the locations of the banking and other financial institutions participations.

## Credit risk exposure by geographical segment and risk category

| in EUR million                    | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|-----------------------------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Mar 22</b>                     |                |                      |              |                |                |
| <b>Austria</b>                    | <b>151,714</b> | <b>15,107</b>        | <b>2,302</b> | <b>2,392</b>   | <b>171,515</b> |
| EBOe & Subsidiaries               | 44,711         | 3,956                | 602          | 594            | 49,863         |
| Savings Banks                     | 64,755         | 9,322                | 1,286        | 1,388          | 76,751         |
| Other Austria                     | 42,249         | 1,829                | 413          | 410            | 44,901         |
| <b>Central and Eastern Europe</b> | <b>136,742</b> | <b>14,698</b>        | <b>4,440</b> | <b>2,204</b>   | <b>158,084</b> |
| Czech Republic                    | 76,161         | 5,473                | 1,342        | 814            | 83,790         |
| Romania                           | 16,303         | 2,054                | 375          | 434            | 19,166         |
| Slovakia                          | 21,066         | 1,849                | 1,391        | 313            | 24,620         |
| Hungary                           | 12,710         | 1,159                | 537          | 211            | 14,618         |
| Croatia                           | 7,766          | 3,750                | 686          | 400            | 12,602         |
| Serbia                            | 2,737          | 412                  | 108          | 32             | 3,289          |
| <b>Other</b>                      | <b>8,331</b>   | <b>38</b>            | <b>9</b>     | <b>17</b>      | <b>8,395</b>   |
| <b>Total</b>                      | <b>296,788</b> | <b>29,842</b>        | <b>6,750</b> | <b>4,614</b>   | <b>337,993</b> |
| <b>Dec 21</b>                     |                |                      |              |                |                |
| <b>Austria</b>                    | <b>145,492</b> | <b>14,367</b>        | <b>2,142</b> | <b>2,426</b>   | <b>164,428</b> |
| EBOe & Subsidiaries               | 44,404         | 3,646                | 558          | 602            | 49,210         |
| Savings Banks                     | 63,498         | 9,009                | 1,215        | 1,387          | 75,109         |
| Other Austria                     | 37,589         | 1,712                | 370          | 438            | 40,109         |
| <b>Central and Eastern Europe</b> | <b>120,294</b> | <b>13,369</b>        | <b>4,056</b> | <b>2,183</b>   | <b>139,901</b> |
| Czech Republic                    | 64,315         | 4,884                | 1,230        | 767            | 71,197         |
| Romania                           | 16,352         | 1,729                | 334          | 458            | 18,872         |
| Slovakia                          | 19,538         | 1,607                | 1,097        | 297            | 22,539         |
| Hungary                           | 10,287         | 1,139                | 612          | 200            | 12,238         |
| Croatia                           | 7,402          | 3,627                | 687          | 421            | 12,139         |
| Serbia                            | 2,399          | 382                  | 96           | 40             | 2,917          |
| <b>Other</b>                      | <b>8,048</b>   | <b>45</b>            | <b>0</b>     | <b>17</b>      | <b>8,110</b>   |
| <b>Total</b>                      | <b>273,833</b> | <b>27,781</b>        | <b>6,199</b> | <b>4,626</b>   | <b>312,439</b> |

## Credit risk exposure by geographical segment and IFRS 9 treatment

| in EUR million                    | Stage 1        | Stage 2       | Stage 3      | POCI       | Not subject to IFRS 9 impairment | Total          |
|-----------------------------------|----------------|---------------|--------------|------------|----------------------------------|----------------|
| <b>Mar 22</b>                     |                |               |              |            |                                  |                |
| <b>Austria</b>                    | <b>133,337</b> | <b>24,999</b> | <b>2,323</b> | <b>55</b>  | <b>10,799</b>                    | <b>171,515</b> |
| EBOe & Subsidiaries               | 41,408         | 7,365         | 589          | 7          | 495                              | 49,863         |
| Savings Banks                     | 61,441         | 11,680        | 1,356        | 49         | 2,225                            | 76,751         |
| Other Austria                     | 30,488         | 5,954         | 378          | 0          | 8,080                            | 44,901         |
| <b>Central and Eastern Europe</b> | <b>134,503</b> | <b>12,744</b> | <b>2,007</b> | <b>321</b> | <b>8,508</b>                     | <b>158,084</b> |
| Czech Republic                    | 73,061         | 5,459         | 735          | 56         | 4,479                            | 83,790         |
| Romania                           | 15,320         | 2,265         | 395          | 55         | 1,131                            | 19,166         |
| Slovakia                          | 21,103         | 2,485         | 305          | 119        | 608                              | 24,620         |
| Hungary                           | 12,369         | 903           | 171          | 63         | 1,112                            | 14,618         |
| Croatia                           | 10,262         | 1,459         | 371          | 27         | 481                              | 12,602         |
| Serbia                            | 2,388          | 172           | 30           | 2          | 697                              | 3,289          |
| <b>Other</b>                      | <b>8,276</b>   | <b>19</b>     | <b>17</b>    | <b>0</b>   | <b>82</b>                        | <b>8,395</b>   |
| <b>Total</b>                      | <b>276,117</b> | <b>37,762</b> | <b>4,348</b> | <b>377</b> | <b>19,390</b>                    | <b>337,993</b> |
| <b>Dec 21</b>                     |                |               |              |            |                                  |                |
| <b>Austria</b>                    | <b>127,109</b> | <b>24,314</b> | <b>2,360</b> | <b>55</b>  | <b>10,590</b>                    | <b>164,428</b> |
| EBOe & Subsidiaries               | 40,962         | 7,070         | 597          | 6          | 574                              | 49,210         |
| Savings Banks                     | 59,909         | 11,496        | 1,355        | 48         | 2,300                            | 75,109         |
| Other Austria                     | 26,238         | 5,748         | 408          | 0          | 7,715                            | 40,109         |
| <b>Central and Eastern Europe</b> | <b>120,208</b> | <b>12,699</b> | <b>1,975</b> | <b>318</b> | <b>4,700</b>                     | <b>139,901</b> |
| Czech Republic                    | 63,519         | 5,610         | 697          | 52         | 1,318                            | 71,197         |
| Romania                           | 14,675         | 2,337         | 396          | 57         | 1,407                            | 18,872         |
| Slovakia                          | 19,402         | 2,130         | 291          | 113        | 602                              | 22,539         |
| Hungary                           | 10,069         | 928           | 159          | 66         | 1,016                            | 12,238         |
| Croatia                           | 10,156         | 1,535         | 395          | 28         | 24                               | 12,139         |
| Serbia                            | 2,387          | 159           | 37           | 2          | 332                              | 2,917          |
| <b>Other</b>                      | <b>7,966</b>   | <b>16</b>     | <b>17</b>    | <b>0</b>   | <b>111</b>                       | <b>8,110</b>   |
| <b>Total</b>                      | <b>255,284</b> | <b>37,029</b> | <b>4,352</b> | <b>373</b> | <b>15,400</b>                    | <b>312,439</b> |

## Credit risk exposure by business segment and risk category

| in EUR million | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|----------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Mar 22</b>  |                |                      |              |                |                |
| Retail         | 68,411         | 6,359                | 2,461        | 1,502          | 78,733         |
| Corporates     | 82,719         | 13,393               | 2,764        | 1,699          | 100,576        |
| Group Markets  | 20,305         | 485                  | 106          | 1              | 20,897         |
| ALM & LCC      | 60,489         | 262                  | 123          | 6              | 60,880         |
| Savings Banks  | 64,755         | 9,322                | 1,286        | 1,388          | 76,751         |
| GCC            | 109            | 21                   | 9            | 17             | 157            |
| <b>Total</b>   | <b>296,788</b> | <b>29,842</b>        | <b>6,750</b> | <b>4,614</b>   | <b>337,993</b> |
| <b>Dec 21</b>  |                |                      |              |                |                |
| Retail         | 67,049         | 5,674                | 2,458        | 1,507          | 76,689         |
| Corporates     | 75,274         | 12,318               | 2,359        | 1,693          | 91,644         |
| Group Markets  | 18,398         | 392                  | 23           | 2              | 18,815         |
| ALM & LCC      | 49,356         | 359                  | 144          | 19             | 49,878         |
| Savings Banks  | 63,498         | 9,009                | 1,215        | 1,387          | 75,109         |
| GCC            | 258            | 29                   | 0            | 17             | 304            |
| <b>Total</b>   | <b>273,833</b> | <b>27,781</b>        | <b>6,199</b> | <b>4,626</b>   | <b>312,439</b> |

## Credit risk exposure by business segment and IFRS 9 treatment

| in EUR million | Stage 1        | Stage 2       | Stage 3      | POCI       | Not subject to IFRS 9 impairment | Total          |
|----------------|----------------|---------------|--------------|------------|----------------------------------|----------------|
| <b>Mar 22</b>  |                |               |              |            |                                  |                |
| Retail         | 67,737         | 8,560         | 1,453        | 102        | 880                              | 78,733         |
| Corporates     | 73,503         | 17,091        | 1,515        | 226        | 8,241                            | 100,576        |
| Group Markets  | 12,854         | 263           | 1            | 0          | 7,779                            | 20,897         |
| ALM & LCC      | 60,519         | 162           | 5            | 0          | 194                              | 60,880         |
| Savings Banks  | 61,441         | 11,680        | 1,356        | 49         | 2,225                            | 76,751         |
| GCC            | 63             | 6             | 17           | 0          | 71                               | 157            |
| <b>Total</b>   | <b>276,117</b> | <b>37,762</b> | <b>4,348</b> | <b>377</b> | <b>19,390</b>                    | <b>337,993</b> |
| <b>Dec 21</b>  |                |               |              |            |                                  |                |
| Retail         | 65,736         | 8,584         | 1,458        | 105        | 806                              | 76,689         |
| Corporates     | 68,263         | 16,615        | 1,501        | 220        | 5,045                            | 91,644         |
| Group Markets  | 11,738         | 206           | 2            | 0          | 6,868                            | 18,815         |
| ALM & LCC      | 49,443         | 126           | 19           | 0          | 290                              | 49,878         |
| Savings Banks  | 59,909         | 11,496        | 1,355        | 48         | 2,300                            | 75,109         |
| GCC            | 195            | 2             | 17           | 0          | 90                               | 304            |
| <b>Total</b>   | <b>255,284</b> | <b>37,029</b> | <b>4,352</b> | <b>373</b> | <b>15,400</b>                    | <b>312,439</b> |

Stage 1 and Stage 2 comprise not impaired credit risks, while Stage 3 includes impaired credit risks. POCI (purchased or originated credit impaired) exposure consists of credit risks already impaired when purchased or originated.

The defaulted part of POCI amounted to 168 million (EUR 167 million), the non-defaulted part to EUR 208 million (EUR 206 million).

### Expected credit loss measurement

The general principles and standards for credit loss allowances are governed by internal policies in Erste Group. According to IFRS 9, credit loss allowances are calculated for all components of credit risk exposures which are measured at amortised cost (AC) or at fair value through other comprehensive income. They include debt securities, loans and advances, demand deposits on nostro accounts with commercial banks as well as finance lease and trade receivables. In addition, credit loss allowances are calculated for loan commitments and financial guarantees if they meet the applicable IFRS 9 definitions.

### Classification into stages and definition of credit-impaired financial instruments

There are three main stages outlined for expected credit loss (ECL) determination. The stages approach applies to financial instruments within the scope of the impairment requirements of IFRS 9 and those that are not categorised as purchased or originated credit impaired financial assets (POCI), which form a category of their own. Depending on the impairment status and the assessment of the development of credit risk, these financial instruments are assigned to one of the three stages.

Stage 1 includes not credit-impaired financial instruments at initial recognition and not credit-impaired financial instruments without a significant increase in credit risk (SICR) since initial recognition, irrespective of their credit quality, or subject to the 'low risk exemption' allowed by IFRS 9. Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.

Stage 2 includes not credit-impaired financial instruments with a significant increase in credit risk since initial recognition and not subject to the 'low credit risk exemption' allowed by IFRS 9, and not credit-impaired financial instruments if a PD curve valid at initial recognition was missing at the time of the implementation of IFRS 9 according to IFRS 9.7.2.20. Also, Stage 2 includes trade receivables without significant financing component to which the 'simplified approach' is applied mandatorily based on IFRS 9 requirements. In Stage 2, the credit loss allowances are calculated as lifetime ECL. In the case of drawings by non-defaulted customers on previously committed credit lines, the whole exposure (on-balance and off-balance) is categorised as either Stage 1 or Stage 2, depending on the development of credit risk between the commitment date and the drawing date.

Stage 3 includes financial instruments that are credit-impaired at the reporting date but were not credit-impaired at initial recognition. In principle, a financial instrument becomes credit-impaired when the customer defaults. The default definition applied in Erste Group has been developed in accordance with EBA/GL/2016/07 'Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013' and 'Commission Delegated Regulation (EU) 2018/171 of 19 October 2017 on supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the materiality threshold for credit obligations past due'. The definition specifies the rules for default contagion across groups of connected clients and clarifies the concept of technical default. Erste Group generally applies a customer view in applying the default definition, which leads to an impairment of all claims even if the customer defaults only on one of several transactions ('pulling effect'). On the other hand, an upgrade to a non-defaulted rating grade implies that the total exposure ceases to be impaired. In Stage 3, credit loss allowances are calculated as lifetime ECLs.

POCI includes financial instruments that were credit-impaired at initial recognition, irrespective of whether they are still credit-impaired at the reporting date. Expected credit losses against POCI exposures are always calculated on a lifetime basis (cumulative changes in lifetime ECL since initial recognition) and are reflected in the credit-adjusted effective interest rate at initial recognition. As a result, no loss allowance is recognised at inception. Subsequently, only adverse changes in lifetime expected credit losses after the initial recognition are recognised as loss allowance, whilst favourable changes are recognised as impairment gains increasing the gross carrying amount of the POCI financial assets.

### Significant increase in credit risk determination

Assessment of significant increase in credit risk (SICR) of financial instruments as at the reporting date since initial recognition is one of the key drivers affecting the amount of the ECL recognised based on IFRS 9 requirements. In this respect, across portfolios and product types, quantitative and qualitative indicators are defined for assessing SICR, including the indicator of 30 days-past-due (DPD).

Erste Group methodology allows introduction of the cure periods for migrations back to Stage 1 from Stage 2 in addition to those already established in general credit risk practices (forbearance, watch lists, default). They are rarely applied, only in specific countries for specific criteria without significant effect on the overall expected credit loss or Stage 2.

**Quantitative criteria.** Quantitative SICR indicators include adverse changes in lifetime probability of default with significance being assessed by comparison to the thresholds. The bank has established thresholds for significant increases in credit risk based on both a percentage (relative) and absolute change in PD compared to initial recognition. SICR occurs for a particular financial instrument, when both the relative and the absolute thresholds are breached.

The relative measure is calculated as a ratio between current annualised LT PD and annualised LT PD value on initial recognition, considering remaining maturity of the instrument. Cumulative LT PD comparison can be used for simplification according to Erste Group methodology; however, such approach is rarely used. The breach means that such ratio has reached or is higher than the established threshold. These relative thresholds for SICR assessment are established at PD segment level or client rating level for each consolidated entity, as necessary, and are subject to initial and on-going validation.

### Relative thresholds for SICR assessment by geographical segment

|                | Threshold interval (x times) |             |
|----------------|------------------------------|-------------|
|                | Min                          | Max         |
| <b>Mar 22</b>  |                              |             |
| <b>Austria</b> | <b>1.13</b>                  | <b>2.37</b> |
| EBOe & Subs.   | 1.13                         | 2.37        |
| Savings Banks  | 1.13                         | 2.37        |
| Other Austria  | 1.13                         | 2.37        |
| <b>CEE</b>     | <b>1.03</b>                  | <b>4.08</b> |
| Czech Republic | 1.13                         | 3.59        |
| Slovakia       | 1.13                         | 4.08        |
| Romania        | 1.13                         | 3.37        |
| Hungary        | 1.13                         | 3.21        |
| Croatia        | 1.13                         | 3.13        |
| Serbia         | 1.03                         | 3.47        |
| <b>Total</b>   | <b>1.03</b>                  | <b>4.08</b> |
| <b>Dec 21</b>  |                              |             |
| <b>Austria</b> | <b>1.13</b>                  | <b>2.37</b> |
| EBOe & Subs.   | 1.13                         | 2.37        |
| Savings Banks  | 1.13                         | 2.37        |
| Other Austria  | 1.13                         | 2.37        |
| <b>CEE</b>     | <b>1.03</b>                  | <b>4.08</b> |
| Czech Republic | 1.13                         | 3.59        |
| Slovakia       | 1.13                         | 4.08        |
| Romania        | 1.13                         | 3.37        |
| Hungary        | 1.13                         | 3.21        |
| Croatia        | 1.13                         | 3.13        |
| Serbia         | 1.03                         | 3.47        |
| <b>Total</b>   | <b>1.03</b>                  | <b>4.08</b> |

Thresholds might seem to show high dispersion, but they are driven mainly by regional and rating diversity. Regions with higher credit quality portfolios have lower thresholds than those with lower credit quality portfolios. The minimal threshold in almost all regions of 1.13 refers to sovereign rating classes that are centrally established. The average threshold of the Group is between 2 and 3.

There are certain portfolios where SICR quantitative criteria are assessed based on the ratings rather than PDs. Predefined rating notches' downgrade leads to SICR recognition. These rules are applied primarily to leasing and factoring business receivables.

Erste Group has not significantly recalibrated relative thresholds since IFRS9 implementation. They are kept stable as one of the most significant estimates in ECL measurement. Validation finding or significant change of PD models would lead to thresholds' recalibration. There were re-estimations only for individual entities and portfolios.

The absolute threshold refers to difference of LT PD on initial recognition and current LT PD (annualized or cumulative values). It is set to a maximum of 50 bps and serves as a backstop for migrations between the best ratings (LT PDs considered for remaining maturity). In such cases, relative thresholds may be breached, however overall LT PD is very low, and therefore SICR is not triggered.

**Qualitative criteria.** Qualitative SICR indicators include forbearance-type flags (identification of regulatory forbearance), work-out transfer flags (when the account starts being monitored by the work-out department), information from the early-warning system (if it is not

sufficiently considered in the rating) and fraud indicators. The assignment of some of the qualitative indicators inherently relies on experienced credit risk judgment being exercised adequately and in a timely manner. The related group-wide and entity-level credit risk controlling policies and procedures (adapted as necessary in the light of transition to IFRS 9) ensure the necessary governance framework. These indicators are used internally for identification of insolvency or increased probability that a borrower will enter bankruptcy and there is increased risk of default in the foreseeable future.

Besides the qualitative indicators defined on a client level, the assessment of a significant increase in credit risk is performed on a portfolio level if the increase in credit risk on individual instruments or at a client level is available only with a certain time lag or is observable exclusively on a portfolio level.

Examples are Stage 2 overrides for parts of Swiss franc retail portfolio or in case of high LTV loans resulting from a specific law in Romania (clients are allowed to give up on real estate collateral against waiver of principal).

Erste Group has introduced additional portfolio level SICR assessment criteria due to Covid-19 pandemic and related economic impacts. Please see Covid-19 disclosures in the next chapter.

Moreover, considering the war in Ukraine, Erste Group started with portfolio screening in local entities to identify customers affected by the secondary effects of the geopolitical risk (Erste Group has only very limited exposure towards affected region). In combination with early warning classification, 'Watch' and 'Intensified', these customers are transferred into stage 2 and lifetime ECL are calculated. As of March 2022 the corresponding exposure in the group to these customers amounted to EUR 183 million, with EUR 8 million of allocated credit loss allowances.

**Backstop.** A backstop is applied, and the financial instruments are considered to have experienced a SICR if the borrower is more than 30 days past due on contractual payments. As observed during validation, this does not represent a major trigger for Stage 2 classification.

**Low credit risk exemption.** The 'low credit risk exemption' allowed by IFRS 9 for 'investment grade' assets or other assets deemed 'low risk' (and resulting in 12 months expected credit losses being calculated irrespective of SICR quantitative measures) has been implemented with limitations in Erste Group. Thus, the potential activation of this exemption is limited to particular types of debt instruments and counterparty categories, and only if supported by sufficient 'low risk' evidence. On this basis, the 'low risk exemption' is applied in special cases to debt security exposures and only exceptionally to loans.

#### Measuring ECL – explanation of inputs and measurement

Credit loss allowances are calculated individually or collectively.

The individual calculation approach is applied in case of exposures to significant defaulted customers in Stage 3 or POCI. It consists in the individual assessment of the difference between the gross carrying amount and the present value of the expected cash flows, which are estimated by workout or risk managers. The discounting of the cash flows is based on the effective interest rate (POCI: credit-adjusted effective interest rate). However, the discount rate for financial guarantees shall reflect the current market assessment of the time value of money and the risks that are specific to the cash flows which in Erste Group's implementation means using a risk-free rate as a proxy.

A defaulted customer is classified as individually significant if the total on- and off-balance exposure exceeds a predefined materiality limit. Otherwise, the customer is considered insignificant, and a rule-based (collective) approach is used for the calculation of the related credit loss allowance as the product of gross carrying amount and LGD, where the LGD depends on characteristics such as time in default or the stage of the workout process.

For exposures to non-defaulted customers (i.e. in Stage 1 and Stage 2), collective allowances are calculated according to a rule-based approach irrespective of the significance of the customer. The calculation of collective allowances requires grouping the related exposures into homogenous clusters on the basis of shared risk characteristics. The grouping criteria may differ based on the customer segment (retail, corporate) and include product type, collateral type, repayment type, loan to value band, and credit rating band.

The calculation of credit loss allowances is done on a monthly basis on a single exposure level and in the contractual currency of the exposure. To compute the collective credit loss allowance, Erste Group applies an expected credit loss (ECL) model based on a three-stage approach that leads to either a 12-month ECL or to a lifetime ECL. ECL is the discounted product of exposure at default (EAD) that also includes a credit conversion factor in the case of off-balance sheet exposures, probability of default (PD) and loss given default (LGD), defined as follows:

- \_ PD represents the likelihood of a borrower defaulting on its financial obligation (per definition of default below), either over next 12 months (1Y PD) for Stage 1 exposures or over the remaining lifetime (LT PD) for Stage 2 and 3 and POCI exposures.
- \_ EAD is based on the amounts Erste Group expects to be owed at the time of default, over next 12 months (1Y EAD) for Stage 1 exposures, or over the remaining lifetime (LT EAD) for Stage 2 and 3 and POCI exposures. The estimation includes current balance, expected repayments and expected drawings up to the current contractual limit by the time of default.
- \_ LGD represents the Erste Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit exposure at the time of default (EAD).

### Life-time parameters

The LT PD is developed through observation of historical defaults from initial recognition through the lifetime of the loans. It is assumed to be the same across all assets in the same portfolio and rating band.

The 1Y and LT EADs are determined based on the expected payment profiles, which vary by product type. The LT EAD calculation utilises repayment schedule or repayment type (annuity, linear, bullet). In the case of undrawn commitments, credit conversion factor is estimated for reflecting the expected credit exposure in the EAD.

The LGD is estimated as a lifetime curve for any point in time, based on historical loss observations.

The risk parameters used in the ECL calculation take into account available information at the reporting date about past events, current conditions and forecasts on future economic trends. Generally, the risk parameters applied in the calculation of collective allowances differ from the risk parameters compliant with capital requirement regulations, calculated on a through-the-cycle basis, if the characteristics of the respective portfolio in combination with IFRS standards necessitate this.

### Incorporation of forward-looking information

Parameters are determined to reflect the risk as a 'point-in-time' measure and with consideration of forward-looking information (FLI). This results in using a baseline forecast and a number of alternative scenarios for selected macroeconomic variables. The alternative scenarios are derived, together with their probabilities of occurrence, as a deviation from baseline forecasts. The baseline forecasts are, with a few exceptions, internally determined by Erste Group's research department. Given multiple scenarios, the 'neutral' PDs (and, with a few exceptions, also LGDs) are adjusted using macro models that link relevant macroeconomic variables with risk drivers. The same macro-shift models as for external and internal stress test are used. Forward-looking information is incorporated for first three years of ECL measurement. Measurement of the parameters for the remaining lifetime returns to through-the-cycle observations immediately in year four.

Thus, the unbiased probability weighted ECL considering FLI is derived using the weights representing the probability of occurrence of each macroeconomic scenario. Typical macroeconomic variables may include real gross domestic product, unemployment rate, inflation rate, production index as well as market interest rates. The selection of variables also depends on the availability of reliable forecasts for the given local market. Nevertheless, the main indication of estimated economic development is the GDP development. The bank is disclosing sensitivity of the staging and ECL on macro scenarios in the Covid-19 section below.

Following factors, materializing at the end of 2021 led us to assign 40% probability of occurrence to baseline forecast that could not fully reflect them:

- \_ new variant (omicron),
- \_ increasing inflation through-the-region with potential effect on the increasing interest rates and
- \_ unstable development of the geo-political situation – war in Ukraine– affecting energy prices.

The specific situation of the Covid-19 pandemic and extensive supporting measures led to delayed observation of the defaults. Erste Group addressed it with the lagging of the macroeconomic variables in credit risk parameters. Therefore, variables of 2020 and 2021 were included as additional predictors for future values of credit risk parameters.

Considering uncertainty related to inflation and development in Ukraine, Erste Group decided to keep FLI applied at the end of 2021 in March 2022.



## Baseline, upside and downside scenarios of GDP growth

|                | Scenario | Probability weights |      | GDP growth in % |      |      |
|----------------|----------|---------------------|------|-----------------|------|------|
|                |          | 2021-2023           | 2020 | 2021            | 2022 | 2023 |
| <b>Mar 22</b>  |          |                     |      |                 |      |      |
| Austria        | Upside   | 1%                  | -6.2 | 5.9             | 6.1  | 3.8  |
|                | Baseline | 40%                 | -6.2 | 4.4             | 4.6  | 2.3  |
|                | Downside | 59%                 | -6.2 | -1.7            | 2.0  | 0.1  |
| Czech Republic | Upside   | 11%                 | -5.8 | 4.1             | 5.7  | 6.4  |
|                | Baseline | 40%                 | -5.8 | 2.4             | 4.0  | 4.7  |
|                | Downside | 49%                 | -5.8 | -2.3            | 0.5  | 1.8  |
| Slovakia       | Upside   | 17%                 | -4.8 | 4.9             | 6.1  | 5.6  |
|                | Baseline | 40%                 | -4.8 | 3.0             | 4.2  | 3.7  |
|                | Downside | 43%                 | -4.8 | -2.5            | -0.0 | 0.8  |
| Romania        | Upside   | 14%                 | -3.7 | 9.0             | 6.6  | 7.6  |
|                | Baseline | 40%                 | -3.7 | 6.4             | 4.0  | 5.0  |
|                | Downside | 46%                 | -3.7 | -1.7            | -0.5 | 2.0  |
| Hungary        | Upside   | 6%                  | -5.0 | 7.8             | 5.8  | 5.6  |
|                | Baseline | 40%                 | -5.0 | 6.7             | 4.7  | 4.5  |
|                | Downside | 54%                 | -5.0 | 0.1             | 1.3  | 2.3  |
| Croatia        | Upside   | 1%                  | -8.0 | 12.4            | 10.8 | 9.9  |
|                | Baseline | 40%                 | -8.0 | 8.7             | 4.8  | 4.5  |
|                | Downside | 59%                 | -8.0 | -1.0            | -1.2 | 1.0  |
| Serbia         | Upside   | 9%                  | -1.0 | 8.6             | 6.1  | 6.1  |
|                | Baseline | 40%                 | -1.0 | 7.0             | 4.5  | 4.5  |
|                | Downside | 51%                 | -1.0 | 0.4             | 1.1  | 2.5  |
| <b>Dec 21</b>  |          |                     |      |                 |      |      |
| Austria        | Upside   | 1%                  | -6.2 | 5.9             | 6.1  | 3.8  |
|                | Baseline | 40%                 | -6.2 | 4.4             | 4.6  | 2.3  |
|                | Downside | 59%                 | -6.2 | -1.7            | 2.0  | 0.1  |
| Czech Republic | Upside   | 11%                 | -5.8 | 4.1             | 5.7  | 6.4  |
|                | Baseline | 40%                 | -5.8 | 2.4             | 4.0  | 4.7  |
|                | Downside | 49%                 | -5.8 | -2.3            | 0.5  | 1.8  |
| Slovakia       | Upside   | 17%                 | -4.8 | 4.9             | 6.1  | 5.6  |
|                | Baseline | 40%                 | -4.8 | 3.0             | 4.2  | 3.7  |
|                | Downside | 43%                 | -4.8 | -2.5            | -0.0 | 0.8  |
| Romania        | Upside   | 14%                 | -3.7 | 9.0             | 6.6  | 7.6  |
|                | Baseline | 40%                 | -3.7 | 6.4             | 4.0  | 5.0  |
|                | Downside | 46%                 | -3.7 | -1.7            | -0.5 | 2.0  |
| Hungary        | Upside   | 6%                  | -5.0 | 7.8             | 5.8  | 5.6  |
|                | Baseline | 40%                 | -5.0 | 6.7             | 4.7  | 4.5  |
|                | Downside | 54%                 | -5.0 | 0.1             | 1.3  | 2.3  |
| Croatia        | Upside   | 4%                  | -8.0 | 12.4            | 10.8 | 9.9  |
|                | Baseline | 40%                 | -8.0 | 8.7             | 4.8  | 4.5  |
|                | Downside | 56%                 | -8.0 | -1.0            | -1.2 | 1.0  |
| Serbia         | Upside   | 9%                  | -1.0 | 8.6             | 6.1  | 6.1  |
|                | Baseline | 40%                 | -1.0 | 7.0             | 4.5  | 4.5  |
|                | Downside | 51%                 | -1.0 | 0.4             | 1.1  | 2.5  |

For the crisis year 2020 the same values were applied in all three scenarios. For the 2021 variables, Erste Group kept the three scenario approach.

In order to reflect on the higher volatility of macro-economic variables estimates and significantly higher downward risk of macro-economic recovery due to current developments of the Covid-19 pandemics and other risk factors the probability of occurrence of a conservative downside scenario was given a relatively high weight.

Erste Group recognizes additional challenges caused by the ESG (environmental, social and governance) risks. The bank is in the process of analyses how these risks can be incorporated into ECL measurement. In the Risk Materiality Assessment, climate and environment-related risks are overall assessed as medium and therefore classified as material, but they are expected to generate more impact on credit risk in the medium to long run. Therefore, in the short-term Erste Group did not include additional overlays for ESG risks for year-end 2021 in the calculations of ECL.

## Covid-19

The Covid-19 pandemic has been causing high uncertainty in the global economy and on the global markets. Social distancing rules and lockdown restrictions imposed by governments led to economic slow-down and a significant drop of revenues across industries. Unprecedented state aid packages (e.g. state guarantees, bridge financing, the state temporarily paying workers' salaries to avoid redundancies, hardship funds for one-person and micro businesses) and moratoria programs were introduced in all of Erste Group's core markets to support citizens and companies. Especially in light of the vaccination progress, restricting measures were step by step reduced and economic development gained again momentum. The medium and long-term effect on the asset quality of the banking sector has still to be seen.

### Effect on customers

Immediately upon the crisis showing severe economic impacts in our region (governmental decisions on lockdowns in countries of Erste Group perimeter), initiatives were started aiming to, on the one hand support Erste Group's clients to the utmost extent, and on the other hand, manage the respective risks and bearing the responsibility of Erste Group towards all stakeholders in mind.

The measures differed from country to country as they had to be based on the legislative steps taken by the respective governments. Nevertheless, Erste Group gave a guidance to the entities in respect of underwriting, reporting and classification processes. Whereas overall valid state-moratoria were applied only in some countries, as e.g. in Hungary and Serbia, other measures like short-term deferrals or financial support schemes with public or state guarantees were offered in all countries. In addition to programmes with standard parameters that were defined at a very early stage of the crisis and should support an efficient processing, also individual solutions were agreed with clients that did not meet all predefined requirements. In the meantime, significant majority of the (governmental) support measures expired without resulting in a severe negative effect on the portfolio quality.

### Effect on business

Since March 2020, risk management and business divisions run a joint initiative aiming to quickly reflect on changed economic environment, providing a harmonised guidance and focused industry approach within Erste Group. E.g. in the course of the Covid-19 crises industries and sub-industries were categorised into critical, high, medium or low risk according to the expected impacts from Covid-19 based on a combination of research material, feedback collected from client meetings and single name analyses, both centrally as well as in the entities.

The classifications are regularly reviewed on a 12-month rolling forecast basis to take current developments into account. In 2021, the economic development and the ability of many industries to adapt to new conditions resulted in some upgrades into lower risk categories. However, Erste Group keeps cautious view on the several, mostly affected industries (mainly hotels and leisure, air transportation). In light of this, the respective business and risk strategies for the (sub)industries were also adapted accordingly. This approach was aligned with all affected entities and business lines and approved by the respective governance bodies of Erste Group.

In the course of the last year, challenges on top of Covid-19-impacts had to be addressed by corporate clients, challenges intensified by the Ukraine-Russia war in the first quarter of 2022: a rally in energy prices on the one hand and disruptions in supply chains on the other hand. The first ones had implications on various industries, mainly those with energy intensive production processes, but also impacting segments with high fuel cost shares. Issues with supply chains are managed by affected clients with diverse measures aiming to safeguard the business activity and liquidity (amongst others: active working capital management, targeted stocking-up, output adaptation, renegotiations with off takers etc.), in some cases also by ensuring backup/liquidity financing. Developments as mentioned above are reflected in the regular updates of the industry strategies.

### Effect on Expected Credit Loss

As described above, an increase of the ECL might result from a re-assessment of the credit risk parameters and a migration to worse stages either via significant increase in credit risk (SICR) or a default.

Erste Group has reassessed credit risk parameters based on the latest macro-scenarios within FLI in December 2021. Specifics of the COVID pandemics (support measures) led us to lag the macroeconomic variables, due to delayed increase in default rates. Late materialization of the baseline forecast risks in the end of 2021 led us to keep probability of occurrence of baseline scenario on 40%. GDP scenarios and weights are shown in the table displayed within Incorporation of forward-looking information section above. The effect of the FLI in the ECL calculation as of 31 March 2022 amounted to EUR 564 million, similarly as at the end of 2021 (EUR 550 million). The increase of EUR 447 million in comparison with EUR 117 million as of 31 December 2019 can be directly attributed to the Covid-19 situation.

Erste Group has additionally addressed expected SICR by introducing Covid-19 portfolio overlays. The portfolio was divided in private individuals (PIs) and non-private individuals (non-PIs) and assessed the customers by considering any Covid-19 related relief measure granted (even if expired) as well as the internal industry heat-map and corresponding customer-specific one-year IFRS PD levels. Based on

this assessment and individual reviews, customers were migrated to stage 2, i.e. lifetime ECL measure. The industry heat map and the portfolio overlays are subject to regular reviews. The effect of Covid-19 portfolio overlays in the ECL calculation as of 31 March 2022 amounted to EUR 184 million, similar as at the end of 2021. Majority of the overlays for PIs were released at the end of 2021. They were mainly driven by moratoria that expired at the beginning of 2021. Erste Group concluded that sufficient time has passed to capture potential negative developments via regular behavioural scoring. Regions with active moratoria kept PI overlay (mainly Hungary). Decrease of the overlay can be additionally attributed to the moderate upgrades of the heatmap.

Erste Group expects a moderate increase in defaults and portfolio deterioration in 2022, especially after state support measures are lifted.

The analysis tables below present effects of the portfolio overlays and FLI macro overlays both on exposure migration to Stage 2 and resulting increase of ECL. Additional sensitivities to the baseline, upside and downside scenarios are simulated. Effects on industry segments, high risk industry sub-segments and geographical segments are disclosed.

Scenario simulation presents sensitivity analyses taking into consideration only changes due to the different values of PDs, if baseline, upside or downside FLI scenarios had 100% weight. Sensitivities of these particular scenarios are calculated in comparison to current production - weighted scenarios FLI shifted - PDs (weights and scenarios are disclosed in the “Incorporation of forward-looking information” section above). Both staging and resulting ECL were simulated with the scenario PDs.

FLI macro shift resulting from macro situation is comparable in both exposure and ECL as of 31 March 2022 (EUR 4,855 million exposure, EUR 564 million ECL) and 31 December 2021 (EUR 5,203 million exposure, EUR 550 million ECL). Incorporation of 100% baseline scenario instead of probability weighted, would lead to a decrease of Stage 2 exposure by EUR 3,950 million (2021: EUR 4,239 million), resulting in an ECL drop by EUR 347 million (2021: EUR 334 million). The downside scenario would lead to additional EUR 4,942 million of exposure migration to Stage 2 (2021: EUR 4,612 million), resulting in ECL increase of EUR 356 million (2021: EUR 315 million).

Analysis additionally shows that out of a EUR 37,762 million (2021: EUR 37,029 million) exposure in Stage 2, EUR 11,105 million (2021: EUR 10,726 million) were migrated due to Covid-19 stage overlay, resulting in an increase of ECL of EUR 184,5 million (2021: EUR 183,5 million).

For the ECL change a positive sign (+) equals a release while a negative sign (-) equals an allocation. Values presented sensitivities are results of internal simulations.

## Forward looking information (FLI) and stage overlays due to the Covid-19 pandemic

### Impact on credit risk exposure by geographical segment

| in EUR million | Current status - parameters (FLI shifted) |               |                |                                |               | Simulations - difference to FLI shifts effect |                   |                   |
|----------------|---|---------------|----------------|--------------------------------|---------------|---|-------------------|-------------------|
|                | Stage 1                                   | Stage 2       | Total          | Stage 2 affected by            |               | Upside scenario                               | Baseline scenario | Downside scenario |
|                |   |               |                | stage overlays due to Covid-19 | FLI shifts    |   |                   |                   |
| <b>Mar 22</b>  |   |               |                |                                |               |   |                   |                   |
| <b>Austria</b> | <b>133,337</b>                            | <b>24,999</b> | <b>158,337</b> | <b>+8,325</b>                  | <b>+2,917</b> | <b>-4,400</b>                                 | <b>-3,133</b>     | <b>+3,695</b>     |
| EBOe & Subs.   | 41,408                                    | 7,365         | 48,773         | +2,416                         | +669          | -1,063  | -720              | +839              |
| Savings Banks  | 61,441                                    | 11,680        | 73,121         | +4,049                         | +1,312        | -2,136  | -1,467            | +1,672            |
| Other Austria  | 30,488                                    | 5,954         | 36,442         | +1,860                         | +936          | -1,201  | -946              | +1,185            |
| <b>CEE</b>     | <b>134,503</b>                            | <b>12,744</b> | <b>147,247</b> | <b>+2,779</b>                  | <b>+1,937</b> | <b>-1,279</b>                                 | <b>-817</b>       | <b>+1,246</b>     |
| Czech Republic | 73,061                                    | 5,459         | 78,521         | +788                           | +778          | -297  | -220              | +310              |
| Slovakia       | 21,103                                    | 2,485         | 23,588         | +943                           | +68           | -332  | -207              | +308              |
| Romania        | 15,320                                    | 2,265         | 17,585         | +333                           | +841          | -440  | -213              | +374              |
| Hungary        | 12,369                                    | 903           | 13,272         | +237                           | +207          | -160  | -139              | +162              |
| Croatia        | 10,262                                    | 1,459         | 11,722         | +404                           | +23           | -33   | -27               | +76               |
| Serbia         | 2,388                                     | 172           | 2,559          | +74                            | +22           | -16   | -12               | +16               |
| <b>Other</b>   | <b>8,276</b>                              | <b>19</b>     | <b>8,295</b>   | <b>+0</b>                      | <b>+0</b>     | <b>+0</b>                                     | <b>+0</b>         | <b>+0</b>         |
| <b>Total</b>   | <b>276,117</b>                            | <b>37,762</b> | <b>313,879</b> | <b>+11,105</b>                 | <b>+4,855</b> | <b>-5,678</b>                                 | <b>-3,950</b>     | <b>+4,942</b>     |
| <b>Dec 21</b>  |   |               |                |                                |               |   |                   |                   |
| <b>Austria</b> | <b>127,109</b>                            | <b>24,314</b> | <b>151,423</b> | <b>+8,179</b>                  | <b>+3,291</b> | <b>-4,734</b>                                 | <b>-3,486</b>     | <b>+3,382</b>     |
| EBOe & Subs.   | 40,962                                    | 7,070         | 48,032         | +2,405                         | +654          | -1,076  | -712              | +826              |
| Savings Banks  | 59,909                                    | 11,496        | 71,405         | +4,197                         | +1,333        | -2,086  | -1,467            | +1,694            |
| Other Austria  | 26,238                                    | 5,748         | 31,986         | +1,577                         | +1,304        | -1,572  | -1,306            | +862              |
| <b>CEE</b>     | <b>120,208</b>                            | <b>12,699</b> | <b>132,908</b> | <b>+2,548</b>                  | <b>+1,912</b> | <b>-1,226</b>                                 | <b>-753</b>       | <b>+1,230</b>     |
| Czech Republic | 63,519                                    | 5,610         | 69,129         | +716                           | +872          | -416  | -323              | +354              |
| Slovakia       | 19,402                                    | 2,130         | 21,532         | +823                           | +57           | -277  | -151              | +414              |
| Romania        | 14,675                                    | 2,337         | 17,012         | +241                           | +851          | -442  | -214              | +364              |
| Hungary        | 10,069                                    | 928           | 10,997         | +245                           | +76           | -30   | -16               | +19               |
| Croatia        | 10,156                                    | 1,535         | 11,691         | +439                           | +29           | -41   | -33               | +63               |
| Serbia         | 2,387                                     | 159           | 2,546          | +82                            | +26           | -20   | -16               | +16               |
| <b>Other</b>   | <b>7,966</b>                              | <b>16</b>     | <b>7,982</b>   | <b>+0</b>                      | <b>+0</b>     | <b>+0</b>                                     | <b>+0</b>         | <b>+0</b>         |
| <b>Total</b>   | <b>255,284</b>                            | <b>37,029</b> | <b>292,313</b> | <b>+10,726</b>                 | <b>+5,203</b> | <b>-5,960</b>                                 | <b>-4,239</b>     | <b>+4,612</b>     |

## Impact on credit loss allowances by geographical segment

| in EUR million | Current status - parameters (FLI shifted) |               |               |                                |               | Simulations - difference to FLI shifts effect |                   |                   |
|----------------|---|---------------|---------------|--------------------------------|---------------|---|-------------------|-------------------|
|                | Stage 1                                   | Stage 2       | Total         | out of which effect of         |               | Upside scenario                               | Baseline scenario | Downside scenario |
|                |   |               |               | stage overlays due to Covid-19 | FLI shifts    |   |                   |                   |
| <b>Mar 22</b>  |   |               |               |                                |               |   |                   |                   |
| Austria        | -234                                      | -697          | -931          | -96.5                          | -233.8        | +377.0  | +233.9            | -213.7            |
| EBOe & Subs.   | -51                                       | -165          | -216          | -29.3                          | -46.1         | +78.5   | +48.6             | -44.4             |
| Savings Banks  | -138                                      | -366          | -504          | -55.6                          | -115.7        | +187.6  | +118.4            | -103.3            |
| Other Austria  | -45                                       | -166          | -211          | -11.6                          | -71.9         | +110.8  | +66.9             | -66.0             |
| <b>CEE</b>     | <b>-343</b>                               | <b>-822</b>   | <b>-1,165</b> | <b>-88.0</b>                   | <b>-330.6</b> | <b>+173.9</b>                                 | <b>+113.0</b>     | <b>-142.7</b>     |
| Czech Republic | -127                                      | -289          | -416          | -17.6                          | -110.1        | +20.8   | +14.8             | -19.7             |
| Slovakia       | -51                                       | -125          | -176          | -17.2                          | -21.1         | +38.9   | +24.2             | -32.0             |
| Romania        | -74                                       | -226          | -300          | -19.3                          | -125.5        | +54.1   | +27.2             | -49.1             |
| Hungary        | -24                                       | -59           | -83           | -5.2                           | -44.7         | +26.2   | +18.2             | -18.2             |
| Croatia        | -54                                       | -109          | -164          | -25.1                          | -22.9         | +29.5   | +26.2             | -21.0             |
| Serbia         | -13                                       | -14           | -27           | -3.6                           | -6.3          | +4.4  | +2.5              | -2.8              |
| Other          | -2  | 0             | -2            | +0.0                           | +0.0          | +0.0  | +0.0              | +0.0              |
| <b>Total</b>   | <b>-579</b>                               | <b>-1,519</b> | <b>-2,098</b> | <b>-184.5</b>                  | <b>-564.4</b> | <b>+550.9</b>                                 | <b>+346.9</b>     | <b>-356.4</b>     |
| <b>Dec 21</b>  |   |               |               |                                |               |   |                   |                   |
| Austria        | -221                                      | -663          | -883          | -97.1                          | -233.4        | +361.2  | +234.1            | -189.0            |
| EBOe & Subs.   | -48                                       | -157          | -204          | -29.7                          | -45.2         | +76.3   | +48.1             | -39.0             |
| Savings Banks  | -135                                      | -349          | -484          | -57.9                          | -112.2        | +177.6  | +114.0            | -95.6             |
| Other Austria  | -38                                       | -157          | -195          | -9.6                           | -75.9         | +107.3  | +71.9             | -54.4             |
| <b>CEE</b>     | <b>-327</b>                               | <b>-823</b>   | <b>-1,151</b> | <b>-86.4</b>                   | <b>-316.7</b> | <b>+158.4</b>                                 | <b>+99.4</b>      | <b>-126.3</b>     |
| Czech Republic | -118                                      | -288          | -406          | -18.0                          | -108.4        | +22.3   | +15.9             | -19.3             |
| Slovakia       | -49                                       | -119          | -168          | -16.2                          | -20.3         | +35.5   | +21.5             | -30.3             |
| Romania        | -69                                       | -220          | -289          | -11.1                          | -127.5        | +55.7   | +26.9             | -47.7             |
| Hungary        | -24                                       | -65           | -88           | -5.7                           | -30.1         | +9.3  | +4.9              | -4.6              |
| Croatia        | -55                                       | -118          | -173          | -31.8                          | -24.2         | +31.3   | +27.7             | -21.7             |
| Serbia         | -13                                       | -13           | -26           | -3.7                           | -6.1          | +4.3  | +2.5              | -2.7              |
| Other          | -2  | 0             | -2            | +0.0                           | +0.0          | +0.0  | +0.0              | +0.0              |
| <b>Total</b>   | <b>-550</b>                               | <b>-1,486</b> | <b>-2,036</b> | <b>-183.5</b>                  | <b>-550.1</b> | <b>+519.6</b>                                 | <b>+333.5</b>     | <b>-315.3</b>     |

## Loans and advances to customers

The following tables present the structure of the customer loan book, excluding loans to central banks and credit institutions broken-down by different categories. The presentation is by gross carrying amount excluding loan loss allowances and collateral.

Loans and advances to customers comprise:

- \_ loans and advances to customers at FVPL
- \_ loans and advances to customers at AC
- \_ finance lease receivables and
- \_ trade and other receivables.

## Loans and advances to customers by geographical segment and risk category

| in EUR million                        | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|---------------------------------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Mar 22</b>                         |                |                      |              |                |                |
| <b>Austria</b>                        | <b>95,086</b>  | <b>11,950</b>        | <b>1,931</b> | <b>2,280</b>   | <b>111,247</b> |
| EBOe & Subsidiaries                   | 33,581         | 3,275                | 536          | 559            | 37,951         |
| Savings Banks                         | 44,851         | 7,564                | 1,096        | 1,318          | 54,829         |
| Other Austria                         | 16,654         | 1,110                | 299          | 403            | 18,466         |
| <b>Central and Eastern Europe</b>     | <b>61,073</b>  | <b>11,101</b>        | <b>3,691</b> | <b>2,097</b>   | <b>77,962</b>  |
| Czech Republic                        | 30,014         | 3,981                | 1,106        | 768            | 35,869         |
| Romania                               | 8,401          | 1,558                | 335          | 397            | 10,690         |
| Slovakia                              | 13,774         | 1,490                | 1,139        | 304            | 16,707         |
| Hungary                               | 3,657          | 925                  | 459          | 206            | 5,247          |
| Croatia                               | 3,808          | 2,789                | 556          | 391            | 7,545          |
| Serbia                                | 1,419          | 356                  | 96           | 32             | 1,904          |
| <b>Other</b>                          | <b>45</b>      | <b>18</b>            | <b>3</b>     | <b>17</b>      | <b>83</b>      |
| <b>Total</b>                          | <b>156,204</b> | <b>23,069</b>        | <b>5,625</b> | <b>4,394</b>   | <b>189,292</b> |
| <b>Dec 21</b>                         |                |                      |              |                |                |
| <b>Austria</b>                        | <b>92,988</b>  | <b>11,371</b>        | <b>1,826</b> | <b>2,286</b>   | <b>108,472</b> |
| Erste Bank Oesterreich & Subsidiaries | 33,266         | 3,074                | 501          | 568            | 37,409         |
| Savings Banks                         | 44,147         | 7,290                | 1,070        | 1,309          | 53,816         |
| Other Austria                         | 15,575         | 1,008                | 255          | 409            | 17,246         |
| <b>Central and Eastern Europe</b>     | <b>59,613</b>  | <b>10,456</b>        | <b>3,487</b> | <b>2,065</b>   | <b>75,621</b>  |
| Czech Republic                        | 28,806         | 3,854                | 1,078        | 722            | 34,459         |
| Romania                               | 8,340          | 1,172                | 292          | 400            | 10,204         |
| Slovakia                              | 13,647         | 1,353                | 941          | 295            | 16,236         |
| Hungary                               | 3,572          | 917                  | 529          | 194            | 5,211          |
| Croatia                               | 3,830          | 2,816                | 553          | 415            | 7,614          |
| Serbia                                | 1,418          | 345                  | 94           | 39             | 1,897          |
| <b>Other</b>                          | <b>43</b>      | <b>23</b>            | <b>0</b>     | <b>17</b>      | <b>84</b>      |
| <b>Total</b>                          | <b>152,645</b> | <b>21,851</b>        | <b>5,313</b> | <b>4,368</b>   | <b>184,178</b> |

## Loans and advances to customers by business segment and risk category

| in EUR million | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|----------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Mar 22</b>  |                |                      |              |                |                |
| Retail         | 58,799         | 5,535                | 2,282        | 1,484          | 68,100         |
| Corporates     | 51,592         | 9,908                | 2,142        | 1,570          | 65,211         |
| Group Markets  | 756            | 15                   | 11           | 1              | 784            |
| ALM & LCC      | 175            | 42                   | 90           | 5              | 311            |
| Savings Banks  | 44,851         | 7,564                | 1,096        | 1,318          | 54,829         |
| GCC            | 32             | 5                    | 3            | 17             | 56             |
| <b>Total</b>   | <b>156,204</b> | <b>23,069</b>        | <b>5,625</b> | <b>4,394</b>   | <b>189,292</b> |
| <b>Dec 21</b>  |                |                      |              |                |                |
| Retail         | 57,845         | 5,036                | 2,285        | 1,489          | 66,655         |
| Corporates     | 49,866         | 9,466                | 1,859        | 1,549          | 62,740         |
| Group Markets  | 698            | 8                    | 3            | 0              | 709            |
| ALM & LCC      | 60             | 41                   | 96           | 4              | 201            |
| Savings Banks  | 44,147         | 7,290                | 1,070        | 1,309          | 53,816         |
| GCC            | 28             | 10                   | 0            | 17             | 55             |
| <b>Total</b>   | <b>152,645</b> | <b>21,851</b>        | <b>5,313</b> | <b>4,368</b>   | <b>184,178</b> |

In the following tables, the non-performing loans and advances to customers divided by reporting segment are contrasted with allowances for customer loans (all allowances for loans and advances to customers within the scope of IFRS 9) and the collateral for non-performing loans (NPL). The NPL ratio, the NPL coverage ratio (excluding collateral), and the NPL collateralisation ratio are also included.

Total gross customer loans, total non-performing loans, and total collateral include both AC and FVPL portfolios.

The NPL ratio of loans and advances to customers is calculated by dividing the gross carrying amount of non-performing loans and advances to customers by the total gross carrying amount of loans and advances to customers. Consequently, it differs from the NPE ratio in section 'Credit risk exposure'. Collaterals for non-performing loans mainly consist of real estates.

The NPL coverage ratio is calculated by dividing total loss allowances by the gross carrying amount of the non-performing loans and advances to customers. Collateral is not considered.

### Non-performing loans and advances to customers by geographical segment and coverage by loan loss allowances and collateral

| in EUR million | Non-performing |              | Customer loans |                | Allowances    | Collateral for NPL |              | NPL ratio   |             | NPL coverage ratio (exc collateral) | NPL collateralisation ratio |              |
|----------------|----------------|--------------|----------------|----------------|---------------|--------------------|--------------|-------------|-------------|-------------------------------------|-----------------------------|--------------|
|                | Total          | AC           | Total          | AC             | AC            | Total              | AC           | Total       | AC          | AC                                  | Total                       | AC           |
| <b>Mar 22</b>  |                |              |                |                |               |                    |              |             |             |                                     |                             |              |
| <b>Austria</b> | 2,280          | 2,247        | 111,247        | 111,177        | -1,602        | 1,241              | 1,241        | 2.0%        | 2.0%        | 71.3%                               | 54.4%                       | 55.2%        |
| EBOe & Subs    | 559            | 559          | 37,951         | 37,941         | -357          | 339                | 339          | 1.5%        | 1.5%        | 63.8%                               | 60.7%                       | 60.7%        |
| Savings Banks  | 1,318          | 1,317        | 54,829         | 54,821         | -932          | 733                | 733          | 2.4%        | 2.4%        | 70.8%                               | 55.6%                       | 55.7%        |
| Other Austria  | 403            | 371          | 18,466         | 18,415         | -312          | 169                | 168          | 2.2%        | 2.0%        | 84.2%                               | 41.9%                       | 45.3%        |
| <b>CEE</b>     | <b>2,097</b>   | <b>2,091</b> | <b>77,962</b>  | <b>77,225</b>  | <b>-2,381</b> | <b>797</b>         | <b>791</b>   | <b>2.7%</b> | <b>2.7%</b> | <b>113.8%</b>                       | <b>38.0%</b>                | <b>37.8%</b> |
| Czech Republic | 768            | 768          | 35,869         | 35,868         | -836          | 223                | 223          | 2.1%        | 2.1%        | 108.9%                              | 29.0%                       | 29.0%        |
| Romania        | 397            | 397          | 10,690         | 10,690         | -567          | 135                | 135          | 3.7%        | 3.7%        | 143.0%                              | 34.1%                       | 34.0%        |
| Slovakia       | 304            | 304          | 16,707         | 16,707         | -355          | 148                | 148          | 1.8%        | 1.8%        | 116.9%                              | 48.6%                       | 48.6%        |
| Hungary        | 206            | 200          | 5,247          | 4,511          | -179          | 107                | 101          | 3.9%        | 4.4%        | 89.8%                               | 51.9%                       | 50.6%        |
| Croatia        | 391            | 391          | 7,545          | 7,545          | -398          | 177                | 177          | 5.2%        | 5.2%        | 101.8%                              | 45.1%                       | 45.1%        |
| Serbia         | 32             | 32           | 1,904          | 1,904          | -44           | 8                  | 8            | 1.7%        | 1.7%        | 140.6%                              | 24.6%                       | 24.6%        |
| Other          | 17             | 14           | 83             | 81             | -17           | 9                  | 6            | 20.7%       | 17.9%       | 116.7%                              | 50.4%                       | 41.0%        |
| <b>Total</b>   | <b>4,394</b>   | <b>4,353</b> | <b>189,292</b> | <b>188,483</b> | <b>-3,999</b> | <b>2,047</b>       | <b>2,037</b> | <b>2.3%</b> | <b>2.3%</b> | <b>91.9%</b>                        | <b>46.6%</b>                | <b>46.8%</b> |
| <b>Dec 21</b>  |                |              |                |                |               |                    |              |             |             |                                     |                             |              |
| <b>Austria</b> | 2,286          | 2,256        | 108,472        | 108,400        | -1,568        | 1,233              | 1,232        | 2.1%        | 2.1%        | 69.5%                               | 53.9%                       | 54.6%        |
| EBOe & Subs    | 568            | 568          | 37,409         | 37,400         | -353          | 344                | 344          | 1.5%        | 1.5%        | 62.0%                               | 60.5%                       | 60.5%        |
| Savings Banks  | 1,309          | 1,309        | 53,816         | 53,809         | -918          | 726                | 726          | 2.4%        | 2.4%        | 70.2%                               | 55.5%                       | 55.5%        |
| Other Austria  | 409            | 379          | 17,246         | 17,191         | -297          | 163                | 162          | 2.4%        | 2.2%        | 78.2%                               | 39.8%                       | 42.7%        |
| <b>CEE</b>     | <b>2,065</b>   | <b>2,059</b> | <b>75,621</b>  | <b>74,888</b>  | <b>-2,352</b> | <b>802</b>         | <b>796</b>   | <b>2.7%</b> | <b>2.7%</b> | <b>114.2%</b>                       | <b>38.8%</b>                | <b>38.7%</b> |
| Czech Republic | 722            | 722          | 34,459         | 34,459         | -804          | 213                | 213          | 2.1%        | 2.1%        | 111.3%                              | 29.5%                       | 29.5%        |
| Romania        | 400            | 400          | 10,204         | 10,204         | -553          | 137                | 137          | 3.9%        | 3.9%        | 138.2%                              | 34.4%                       | 34.4%        |
| Slovakia       | 295            | 295          | 16,236         | 16,236         | -342          | 152                | 152          | 1.8%        | 1.8%        | 115.9%                              | 51.4%                       | 51.4%        |
| Hungary        | 194            | 188          | 5,211          | 4,477          | -179          | 107                | 102          | 3.7%        | 4.2%        | 95.4%                               | 55.4%                       | 54.1%        |
| Croatia        | 415            | 415          | 7,614          | 7,614          | -426          | 184                | 184          | 5.5%        | 5.5%        | 102.5%                              | 44.2%                       | 44.2%        |
| Serbia         | 39             | 39           | 1,897          | 1,897          | -49           | 9                  | 9            | 2.1%        | 2.1%        | 124.4%                              | 23.4%                       | 23.4%        |
| Other          | 17             | 14           | 84             | 81             | -17           | 8                  | 6            | 20.4%       | 17.6%       | 116.1%                              | 48.4%                       | 38.6%        |
| <b>Total</b>   | <b>4,368</b>   | <b>4,330</b> | <b>184,178</b> | <b>183,369</b> | <b>-3,936</b> | <b>2,043</b>       | <b>2,034</b> | <b>2.4%</b> | <b>2.4%</b> | <b>90.9%</b>                        | <b>46.8%</b>                | <b>47.0%</b> |

## Non-performing loans and advances to customers by business segment and coverage by loan loss allowances and collateral

| in EUR million | Non-performing |              | Customer loans |                | Allowances    | Collateral for NPL |              | NPL ratio   |             | NPL coverage ratio (exc collateral) | NPL collateralisation ratio |              |
|----------------|----------------|--------------|----------------|----------------|---------------|--------------------|--------------|-------------|-------------|-------------------------------------|-----------------------------|--------------|
|                | Total          | AC           | Total          | AC             | AC            | Total              | AC           | Total       | AC          | AC                                  | Total                       | AC           |
| <b>Mar 22</b>  |                |              |                |                |               |                    |              |             |             |                                     |                             |              |
| Retail         | 1,484          | 1,478        | 68,100         | 67,363         | -1,511        | 614                | 608          | 2.2%        | 2.2%        | 102.3%                              | 41.4%                       | 41.2%        |
| Corporates     | 1,570          | 1,538        | 65,211         | 65,150         | -1,529        | 690                | 689          | 2.4%        | 2.4%        | 99.4%                               | 44.0%                       | 44.8%        |
| Group Markets  | 1              | 1            | 784            | 784            | -3            | 1                  | 1            | 0.1%        | 0.1%        | 257.2%                              | 74.9%                       | 74.9%        |
| ALM & LCC      | 5              | 5            | 311            | 311            | -7            | 0                  | 0            | 1.5%        | 1.5%        | 160.1%                              | 0.1%                        | 0.1%         |
| Savings Banks  | 1,318          | 1,317        | 54,829         | 54,821         | -932          | 733                | 733          | 2.4%        | 2.4%        | 70.8%                               | 55.6%                       | 55.7%        |
| GCC            | 17             | 14           | 56             | 54             | -17           | 9                  | 6            | 30.5%       | 26.7%       | 116.7%                              | 50.4%                       | 41.0%        |
| <b>Total</b>   | <b>4,394</b>   | <b>4,353</b> | <b>189,292</b> | <b>188,483</b> | <b>-3,999</b> | <b>2,047</b>       | <b>2,037</b> | <b>2.3%</b> | <b>2.3%</b> | <b>91.9%</b>                        | <b>46.6%</b>                | <b>46.8%</b> |
| <b>Dec 21</b>  |                |              |                |                |               |                    |              |             |             |                                     |                             |              |
| Retail         | 1,489          | 1,483        | 66,655         | 65,921         | -1,505        | 612                | 606          | 2.2%        | 2.2%        | 101.5%                              | 41.1%                       | 40.9%        |
| Corporates     | 1,549          | 1,520        | 62,740         | 62,675         | -1,488        | 697                | 696          | 2.5%        | 2.4%        | 97.9%                               | 45.0%                       | 45.8%        |
| Group Markets  | 0              | 0            | 709            | 709            | -2            | 0                  | 0            | 0.0%        | 0.0%        | 3477.8%                             | 0.0%                        | 0.0%         |
| ALM & LCC      | 4              | 4            | 201            | 201            | -6            | 0                  | 0            | 2.2%        | 2.2%        | 129.1%                              | 0.1%                        | 0.1%         |
| Savings Banks  | 1,309          | 1,309        | 53,816         | 53,809         | -918          | 726                | 726          | 2.4%        | 2.4%        | 70.2%                               | 55.5%                       | 55.5%        |
| GCC            | 17             | 14           | 55             | 53             | -17           | 8                  | 6            | 30.8%       | 26.9%       | 116.1%                              | 48.4%                       | 38.6%        |
| <b>Total</b>   | <b>4,368</b>   | <b>4,330</b> | <b>184,178</b> | <b>183,369</b> | <b>-3,936</b> | <b>2,043</b>       | <b>2,034</b> | <b>2.4%</b> | <b>2.4%</b> | <b>90.9%</b>                        | <b>46.8%</b>                | <b>47.0%</b> |

## Loans and advances to customers at AC and coverage by loan loss allowances by geographical segment and IFRS 9 treatment

| in EUR million | Loans to customers |               |              |            | Allowances  |               |               |            | Coverage ratio |              |              |  |
|----------------|--------------------|---------------|--------------|------------|-------------|---------------|---------------|------------|----------------|--------------|--------------|--|
|                | Stage 1            | Stage 2       | Stage 3      | POCI       | Stage 1     | Stage 2       | Stage 3       | POCI       | Stage 2        | Stage 3      | POCI         |  |
| <b>Mar 22</b>  |                    |               |              |            |             |               |               |            |                |              |              |  |
| Austria        | 88,009             | 20,896        | 2,218        | 54         | -160        | -528          | -914          | 0          | 2.5%           | 41.2%        | 0.4%         |  |
| EBOe & Subs    | 31,198             | 6,180         | 555          | 7          | -36         | -125          | -196          | 0          | 2.0%           | 35.2%        | 0.0%         |  |
| Savings Banks  | 43,687             | 9,796         | 1,291        | 48         | -102        | -283          | -547          | 0          | 2.9%           | 42.4%        | 0.4%         |  |
| Other AT       | 13,124             | 4,920         | 371          | 0          | -21         | -119          | -172          | 0          | 2.4%           | 46.2%        | 0.0%         |  |
| <b>CEE</b>     | <b>64,499</b>      | <b>10,495</b> | <b>1,954</b> | <b>277</b> | <b>-272</b> | <b>-748</b>   | <b>-1,271</b> | <b>-91</b> | <b>7.1%</b>    | <b>65.0%</b> | <b>32.7%</b> |  |
| Czech Republic | 30,777             | 4,319         | 717          | 55         | -104        | -265          | -445          | -22        | 6.1%           | 62.0%        | 40.4%        |  |
| Romania        | 8,335              | 1,926         | 376          | 53         | -58         | -205          | -292          | -13        | 10.6%          | 77.5%        | 24.2%        |  |
| Slovakia       | 14,236             | 2,097         | 296          | 78         | -44         | -115          | -172          | -24        | 5.5%           | 58.0%        | 31.6%        |  |
| Hungary        | 3,457              | 823           | 169          | 62         | -16         | -55           | -92           | -16        | 6.7%           | 54.7%        | 25.5%        |  |
| Croatia        | 5,989              | 1,163         | 366          | 27         | -39         | -94           | -251          | -15        | 8.1%           | 68.6%        | 54.0%        |  |
| Serbia         | 1,705              | 167           | 30           | 2          | -11         | -14           | -19           | 0          | 8.3%           | 64.0%        | 22.9%        |  |
| <b>Other</b>   | <b>46</b>          | <b>17</b>     | <b>17</b>    | <b>0</b>   | <b>-1</b>   | <b>0</b>      | <b>-16</b>    | <b>0</b>   | <b>0.2%</b>    | <b>91.9%</b> | <b>0.0%</b>  |  |
| <b>Total</b>   | <b>152,555</b>     | <b>31,408</b> | <b>4,189</b> | <b>331</b> | <b>-432</b> | <b>-1,276</b> | <b>-2,201</b> | <b>-91</b> | <b>4.1%</b>    | <b>52.5%</b> | <b>27.4%</b> |  |
| <b>Dec 21</b>  |                    |               |              |            |             |               |               |            |                |              |              |  |
| Austria        | 85,834             | 20,286        | 2,227        | 54         | -152        | -488          | -927          | -1         | 2.4%           | 41.6%        | 1.5%         |  |
| EBOe & Subs    | 30,887             | 5,942         | 565          | 6          | -33         | -118          | -201          | 0          | 2.0%           | 35.6%        | 0.0%         |  |
| Savings Banks  | 42,784             | 9,696         | 1,282        | 47         | -99         | -273          | -546          | -1         | 2.8%           | 42.6%        | 1.7%         |  |
| Other AT       | 12,163             | 4,648         | 379          | 0          | -21         | -96           | -180          | 0          | 2.1%           | 47.3%        | 0.0%         |  |
| <b>CEE</b>     | <b>62,150</b>      | <b>10,541</b> | <b>1,923</b> | <b>274</b> | <b>-259</b> | <b>-750</b>   | <b>-1,256</b> | <b>-87</b> | <b>7.1%</b>    | <b>65.3%</b> | <b>31.8%</b> |  |
| Czech Republic | 29,306             | 4,428         | 674          | 52         | -98         | -264          | -422          | -20        | 6.0%           | 62.6%        | 38.2%        |  |
| Romania        | 7,865              | 1,907         | 377          | 55         | -54         | -198          | -288          | -13        | 10.4%          | 76.4%        | 24.4%        |  |
| Slovakia       | 13,924             | 1,951         | 290          | 72         | -43         | -111          | -166          | -22        | 5.7%           | 57.3%        | 30.6%        |  |
| Hungary        | 3,413              | 844           | 155          | 66         | -16         | -61           | -85           | -17        | 7.2%           | 54.9%        | 25.9%        |  |
| Croatia        | 5,940              | 1,257         | 389          | 28         | -37         | -104          | -270          | -15        | 8.3%           | 69.4%        | 52.6%        |  |
| Serbia         | 1,702              | 155           | 37           | 2          | -11         | -13           | -24           | 0          | 8.4%           | 64.7%        | 21.4%        |  |
| <b>Other</b>   | <b>49</b>          | <b>15</b>     | <b>17</b>    | <b>0</b>   | <b>-1</b>   | <b>0</b>      | <b>-16</b>    | <b>0</b>   | <b>0.3%</b>    | <b>91.9%</b> | <b>0.0%</b>  |  |
| <b>Total</b>   | <b>148,033</b>     | <b>30,842</b> | <b>4,167</b> | <b>327</b> | <b>-412</b> | <b>-1,238</b> | <b>-2,198</b> | <b>-88</b> | <b>4.0%</b>    | <b>52.8%</b> | <b>26.9%</b> |  |

Stage 1 and Stage 2 comprise not credit impaired loans and advances while Stage 3 includes credit impaired loans and advances. POCI (purchased or originated credit impaired) loans are loans already credit impaired when purchased or originated.

The defaulted part of POCI loans amounted to EUR 167 million (EUR 165 million), the non-defaulted part to EUR 165 million (EUR 162 million).



## Loans and advances to customers at AC and coverage by loan loss allowances by business segment and IFRS 9 treatment

| in EUR million | Loans to customers |               |              |            | Allowances  |               |               |            | Coverage ratio |              |              |
|----------------|--------------------|---------------|--------------|------------|-------------|---------------|---------------|------------|----------------|--------------|--------------|
|                | Stage 1            | Stage 2       | Stage 3      | POCI       | Stage 1     | Stage 2       | Stage 3       | POCI       | Stage 2        | Stage 3      | POCI         |
| <b>Mar 22</b>  |                    |               |              |            |             |               |               |            |                |              |              |
| Retail         | 58,116             | 7,711         | 1,436        | 100        | -165        | -493          | -826          | -27        | 6.4%           | 57.6%        | 26.9%        |
| Corporates     | 49,806             | 13,721        | 1,439        | 184        | -162        | -496          | -807          | -64        | 3.6%           | 56.0%        | 34.6%        |
| Group Markets  | 639                | 143           | 1            | 0          | -1          | -2            | -1            | 0          | 1.1%           | 55.0%        | 0.0%         |
| ALM & LCC      | 274                | 33            | 4            | 0          | -2          | -1            | -4            | 0          | 3.3%           | 100.0%       | 1.6%         |
| Savings Banks  | 43,687             | 9,796         | 1,291        | 48         | -102        | -283          | -547          | 0          | 2.9%           | 42.4%        | 0.4%         |
| GCC            | 33                 | 4             | 17           | 0          | -1          | 0             | -16           | 0          | 1.1%           | 91.9%        | 0.0%         |
| <b>Total</b>   | <b>152,555</b>     | <b>31,408</b> | <b>4,189</b> | <b>331</b> | <b>-432</b> | <b>-1,276</b> | <b>-2,201</b> | <b>-91</b> | <b>4.1%</b>    | <b>52.5%</b> | <b>27.4%</b> |
| <b>Dec 21</b>  |                    |               |              |            |             |               |               |            |                |              |              |
| Retail         | 56,634             | 7,746         | 1,440        | 101        | -160        | -488          | -830          | -28        | 6.3%           | 57.6%        | 27.6%        |
| Corporates     | 47,819             | 13,255        | 1,423        | 178        | -151        | -475          | -802          | -59        | 3.6%           | 56.4%        | 33.2%        |
| Group Markets  | 580                | 129           | 0            | 0          | -1          | -1            | 0             | 0          | 0.9%           | 18.5%        | 0.0%         |
| ALM & LCC      | 183                | 14            | 4            | 0          | -1          | -1            | -4            | 0          | 5.5%           | 99.5%        | 0.0%         |
| Savings Banks  | 42,784             | 9,696         | 1,282        | 47         | -99         | -273          | -546          | -1         | 2.8%           | 42.6%        | 1.7%         |
| GCC            | 34                 | 2             | 17           | 0          | -1          | 0             | -16           | 0          | 2.3%           | 91.9%        | 0.0%         |
| <b>Total</b>   | <b>148,033</b>     | <b>30,842</b> | <b>4,167</b> | <b>327</b> | <b>-412</b> | <b>-1,238</b> | <b>-2,198</b> | <b>-88</b> | <b>4.0%</b>    | <b>52.8%</b> | <b>26.9%</b> |

## Loans and advances to customers by geographical segment and currency

| in EUR million                        | EUR            | CEE-LCY       | CHF          | USD          | Other        | Total          |
|---------------------------------------|----------------|---------------|--------------|--------------|--------------|----------------|
| <b>Mar 22</b>                         |                |               |              |              |              |                |
| <b>Austria</b>                        | <b>103,846</b> | <b>0</b>      | <b>2,240</b> | <b>3,078</b> | <b>2,082</b> | <b>111,247</b> |
| Erste Bank Oesterreich & Subsidiaries | 36,873         | 0             | 973          | 54           | 51           | 37,951         |
| Savings Banks                         | 52,385         | 0             | 1,203        | 97           | 1,144        | 54,829         |
| Other Austria                         | 14,588         | 0             | 64           | 2,927        | 887          | 18,466         |
| <b>Central and Eastern Europe</b>     | <b>31,753</b>  | <b>45,917</b> | <b>18</b>    | <b>206</b>   | <b>69</b>    | <b>77,962</b>  |
| Czech Republic                        | 4,753          | 31,016        | 0            | 64           | 35           | 35,869         |
| Romania                               | 3,045          | 7,534         | 0            | 111          | 0            | 10,690         |
| Slovakia                              | 16,666         | 0             | 0            | 7            | 34           | 16,707         |
| Hungary                               | 1,337          | 3,900         | 1            | 10           | 0            | 5,247          |
| Croatia                               | 4,569          | 2,950         | 16           | 10           | 0            | 7,545          |
| Serbia                                | 1,383          | 517           | 0            | 3            | 0            | 1,904          |
| <b>Other</b>                          | <b>18</b>      | <b>43</b>     | <b>4</b>     | <b>19</b>    | <b>0</b>     | <b>83</b>      |
| <b>Total</b>                          | <b>135,617</b> | <b>45,960</b> | <b>2,262</b> | <b>3,303</b> | <b>2,151</b> | <b>189,292</b> |
| <b>Dec 21</b>                         |                |               |              |              |              |                |
| <b>Austria</b>                        | <b>101,287</b> | <b>0</b>      | <b>2,300</b> | <b>2,913</b> | <b>1,972</b> | <b>108,472</b> |
| Erste Bank Oesterreich & Subsidiaries | 36,283         | 0             | 999          | 69           | 58           | 37,409         |
| Savings Banks                         | 51,407         | 0             | 1,257        | 38           | 1,114        | 53,816         |
| Other Austria                         | 13,597         | 0             | 43           | 2,806        | 800          | 17,246         |
| <b>Central and Eastern Europe</b>     | <b>30,885</b>  | <b>44,491</b> | <b>18</b>    | <b>153</b>   | <b>75</b>    | <b>75,621</b>  |
| Czech Republic                        | 4,377          | 29,978        | 0            | 58           | 47           | 34,459         |
| Romania                               | 3,011          | 7,123         | 0            | 71           | 0            | 10,204         |
| Slovakia                              | 16,204         | 0             | 0            | 4            | 27           | 16,236         |
| Hungary                               | 1,245          | 3,960         | 1            | 5            | 0            | 5,211          |
| Croatia                               | 4,665          | 2,922         | 16           | 11           | 0            | 7,614          |
| Serbia                                | 1,384          | 509           | 0            | 3            | 0            | 1,897          |
| <b>Other</b>                          | <b>33</b>      | <b>42</b>     | <b>4</b>     | <b>5</b>     | <b>0</b>     | <b>84</b>      |
| <b>Total</b>                          | <b>132,205</b> | <b>44,533</b> | <b>2,322</b> | <b>3,071</b> | <b>2,048</b> | <b>184,178</b> |

## Market risk

The following table shows the value at risk of the trading book at the 99% confidence level using equally weighted market data and with a holding period of one day.

| in EUR million | Dec 21     | Mar 22     |
|----------------|------------|------------|
| Interest       | 3.8        | 4.1        |
| Currency       | 1.1        | 2.1        |
| Shares         | 2.2        | 1.6        |
| Commodity      | 0.2        | 0.3        |
| Volatility     | 1.0        | 1.0        |
| <b>Total</b>   | <b>5.2</b> | <b>4.8</b> |

The method used is subject to limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved. This restriction applies to the inclusion of credit spreads in the calculation of the VaR. Issuer specific spreads are applied to sovereign issuers, while sector specific spreads are applied to non-sovereign issuers.

## Liquidity risk

Taking into account the favourable liquidity position and the usage of the TLTRO III programme (Targeted Longer-Term Refinancing Operation) of the European Central Bank, Erste Group Bank AG has budgeted long term issuance for 2022 in the amount of EUR 4.0 billion. In the first three months of the year, Erste Group issued about EUR 2.3 billion (net of EUR 13 million buybacks), including a senior preferred EUR benchmark transaction. The liquidity situation remained stable also in the CEE entities and did not show any negative impacts due to the Covid-19 situation or to the war in Ukraine in the first three months of 2022. On group level, Erste Group's total TLTRO participation amounted to EUR 21.0 billion.

## Leverage ratio

The leverage ratio represents the relationship between core capital (tier 1) and the leverage exposure according to Article 429 Capital Requirements Regulation (CRR). Essentially, the leverage exposure represents the sum of unweighted on- and off-balance-sheet positions considering valuation and risk adjustments as defined within the CRR.

As of 31. März 2022, the leverage ratio for Erste Group Bank AG at consolidated level amounted to 6.0%, comfortably above the 3.0% minimum requirement defined in Article 92 Capital Requirements Regulation (CRR). Tier 1 capital amounted to EUR 20.8 billion at the reference date, while total leverage exposure stood at EUR 344.0 billion.

The calculation and disclosure of the leverage ratio are based on the European Commission's Delegated Regulation (EU) 2015/62 of 10 October 2014 and on the Regulation (EU) 2019/876 (CRR2) of the European Parliament and of the Council of 20 May 2019.

## 30. Related party transactions

The foundation DIE ERSTE oesterreichische Spar-Casse Privatstiftung (Privatstiftung) controls a total of 22.53% interest in Erste Group Bank AG. Privatstiftung is the largest single investor in Erste Group Bank AG. At the end of the reporting period, Erste Group had, in relation to Privatstiftung, accounts payable of EUR 1.6 million (EUR 29.2 million) and no accounts receivable. At the end of the reporting period, Privatstiftung held bonds issued by Erste Group Bank AG of EUR 0.2 million (EUR 0.2 million). In the reporting period interest expenses amounted to EUR 0.01 million (EUR 0.1 million), resulting from the above mentioned accounts payable.

## 31. Contingent liabilities – legal proceedings

There have not been any material changes since year-end 2021 in the assessment of the influence of the outcome of the litigation cases in which Erste Group Bank AG and some of its subsidiaries are involved with respect of the financial and/or earnings situation of Erste Group.

## 32. Fair value of financial instruments

The measurement of fair value at Erste Group is based primarily on external sources of data (stock market prices or broker quotes in highly liquid market segments). Financial instruments for which the fair value is determined on the basis of quoted market prices are mainly listed securities and listed derivatives as well as liquid OTC bonds.

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available judgement is required to establish fair values. Using of unobservable inputs is particularly relevant for models used for valuations of loans and unquoted equity investments. Disclosures on valuation models, the fair value hierarchy and fair values of financial instruments can be found subsequently.

For all financial instruments the fair value is measured on recurring basis.

### Financial instruments carried at fair value

#### Description of valuation models and parameters

Erste Group uses valuation models that have been tested internally and for which the valuation parameters (such as interest rates, exchange rates, volatilities and credit spreads) have been determined independently. In case financial instruments have been converted to the new alternative reference rates the new interest rates are considered for the calculation of fair values.

**Loans.** Not SPPI (solely payments of principal and interest) compliant loans are to be valued at fair value. The methodology to compute fair value of these loans corresponds to the basic present value technique. The credit risk is recognized by adjusting contractual cash flows to come to expected cash flows accounting for customer's probability of default and loss given default. These adjusted cash flows are then discounted by a yield curve which consists of a risk free rate and a funding spread for senior unsecured issues. For a limited number of profit-participating loans, the expected cash flows are discounted using a risk-adjusted discount rate. This risk-adjusted rate is determined applying the Capital Assets Pricing Model (CAPM) on the basis of comparable listed entities.

**Debt securities.** For plain vanilla (fixed and floating rate) debt securities the fair value is calculated by discounting the future cash flows using a discounting curve depending on the interest rate for the respective issuance currency and a spread adjustment. The spread adjustment is usually derived from the credit spread curve of the issuer. If no issuer curve is available the spread is derived from a proxy instrument and adjusted for differences in the risk profile of the instruments. If no close proxy is available, the spread adjustment is estimated using other information, including estimation of the credit spread based on internal ratings and PDs or management judgment. For more complex debt securities (e.g. including option-like features such as callable, cap/floor, index-linked) the fair value is determined using combinations of discounted cash flow models and more sophisticated modeling techniques including methods described for OTC-derivatives.

**Equity instruments.** Non-trading equity instruments which have quoted market prices in an active market are valued by using the quoted market price. For other investments in non-trading equity instruments the fair value is determined by standard valuation models using also unobservable input parameters. These models include the adjusted net asset value method, the simplified income approach, the dividend discount model and the comparable company multiple method.

The adjusted net asset method requires an investor to measure the fair value of the individual assets and liabilities recognized in an investee's statement of financial position as well as the fair value of any unrecognized assets and liabilities at the measurement date. The resulting fair values of the recognized and unrecognized assets and liabilities should therefore represent the fair value of the investee's equity.

The dividend discount model assumes that the price of equity instruments issued by an entity equals the present value of all its expected future dividends in perpetuity. Similar to the dividend discount model, the simplified income approach estimates the fair value based on the future income. However, it can be used also when only one year planned income is available. The simplified income approach and the dividend discount model discount future income and dividends using the cost of equity. The cost of equity is dependent on the risk-free rate, the market risk premium, the levered beta and the country risk premium. The levered beta is derived from the industry classification which is published and maintained by Damodaran.

In rare cases, techniques for non-trading equity instruments may also include comparable company multiple methods. These are valuation techniques that use prices and other relevant information generated by market transactions involving comparable company peers of an investee to derive a valuation multiple from which the indicated fair value of the investee's equity or enterprise value can be inferred.

**Liabilities.** The fair value of financial liabilities designated at fair value through profit or loss under the fair value option is determined based on quoted prices in active markets, if available. For issued securities where the fair value cannot be retrieved from quoted market prices, the fair value is calculated by discounting the future cash flows. Significant input factors for the spread adjustment of Erste Group's own credit risk for the respective seniority class are credit spreads derived from liquid benchmark bonds and additional indications from external investment banks, which are provided on a regular basis. The applied spreads are validated on a regular basis from an independent Risk Management unit. In case of issued securities with structured features, optionality is taken into account as well when calculating the fair value.

**OTC-derivative financial instruments.** Derivative instruments traded in liquid markets (e.g. interest rate swaps and options, foreign exchange forward and options, options on listed securities and indices, credit default swaps and commodity swaps) are valued by using standard valuation models. These models include discounting cash flow models, option models of the Black-Scholes and Hull-White type as well as hazard rate models. Models are calibrated on quoted market data (including implied volatilities). Valuation models for more complex instruments also use Monte-Carlo simulation. For instruments in less liquid markets, data obtained from less frequent transactions or extrapolation techniques are used. For determining the fair value of derivatives collateralised in EURO a discounting interest rate reflecting the interest rate of the corresponding cash collateral is used. As a result of the IBOR reform it has been decided that the so far used EONIA (Euro Over Night Index Average) will be replaced by €STR (Euro Short-Term Rate). In Erste Group the fair value for all derivatives where the respective collaterals €STER is used as interest rate, €STER is used as discount rate.

Erste Group values derivatives at mid-market levels. To reflect the potential bid-ask-spread of the relevant positions an adjustment based on market liquidity is performed. The adjustment parameters depend on product type, currency, maturity and notional size. Parameters are reviewed on a regular basis or in case of significant market moves. Netting is not applied when determining the bid-ask-spread adjustments.

Credit value adjustments (CVA) for counterparty risk and debit value adjustments (DVA) for own default credit risk are applied to OTC derivatives. For the CVA the adjustment is driven by the expected positive exposure of all derivatives and the credit quality of the counterparty. DVA is driven by the expected negative exposure and Erste Group's credit quality. Erste Group has implemented an approach, where the modeling of the expected exposure is based on option replication strategies. For products where an option replication is not feasible the exposure is computed with Monte-Carlo simulation techniques. One of the two modeling approaches is considered for the most relevant portfolios and products. The methodology for the remaining entities and products is determined by market value plus add-on considerations. The probability of default by counterparties that are not traded in an active market is determined from internal PDs mapped to a basket of liquid titles present in the central European market. Market based valuation concepts are incorporated for this. Counterparties with liquid bond or CDS markets are valued by the respective single-name market based PD derived from the prices. Erste Group's probability of default has been derived from the buy-back levels of Erste Group's issuances. Netting has only been considered for a few counterparties where the impact was material. In these cases, netting has been applied for both CVA and DVA. For counterparties with CSA-agreements in place no CVA was taken into account for all cases with immaterial threshold amounts.

According to the described methodology the accumulated CVA-adjustments amounted to EUR 16.3 million (2021: EUR 14.5 million) and the total DVA-adjustment amounted to EUR 11.7million (2021: EUR 4.4 million).

Based on an analysis carried out by Erste Group it was decided that for the valuation of OTC derivatives no Funding Value Adjustment (FVA) would be considered.

#### Validation and control

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

#### Fair value hierarchy

Financial assets and financial liabilities measured at fair value are categorized under the three levels of the IFRS fair value hierarchy.

##### Level 1 of the fair value hierarchy

The fair value of financial instruments assigned to Level 1 of the fair value hierarchy is determined based on quoted prices in active markets for identical financial assets and liabilities. The evaluated fair value can qualify as Level 1 if transactions occur with sufficient frequency, volume and pricing consistency on an ongoing basis.

Level 1 measurements include exchange traded derivatives (options), shares, government bonds as well as other bonds and funds, which are traded in highly liquid and active markets.

#### Level 2 of the fair value hierarchy

In case a market quote is used for valuation but due to restricted liquidity the market does not qualify as active (derived from available market liquidity indicators) the instrument is classified as Level 2. If no market prices are available the fair value is measured by using valuation models which are based on observable market data. If all the significant inputs in the valuation model are observable the instrument is classified as Level 2 of the fair value hierarchy. For Level 2 valuations typically yield curves, credit spreads and implied volatilities are used as observable market parameters.

Level 2 measurements include OTC derivatives, less liquid shares, bonds and funds as well as asset backed securities (ABS), collateralized debt obligations (CDO), own issues and deposits.

#### Level 3 of the fair value hierarchy

In some cases, the fair value can be determined neither on the basis of sufficiently frequent quoted market prices nor on the basis of valuation models that rely entirely on observable market data. In these cases individual valuation parameters which are not observable in the market are estimated on the basis of reasonable assumptions. If any unobservable input in the valuation model is significant or the price quote used is updated infrequently the instrument is classified as Level 3 of the fair value hierarchy. Typically credit spreads derived from internally calculated historical probability of default (PD) and loss given default (LGD) measures are used as unobservable parameters. Furthermore, internally calculated cost of equity and adjustments made on the equity (in the adjusted net asset value method) are unobservable parameters for the valuation of non-trading equity instruments.

The volume of Level 3 financial assets can be allocated to the following categories:

- \_ Derivatives where the credit value adjustment (CVA) has a material impact and is calculated based on unobservable parameters (i.e. internal estimates of PDs and LGDs).
- \_ Illiquid bonds, shares, participations and funds not quoted in an active market where either valuation models with non-observable parameters have been used (e.g. credit spreads) or broker quotes have been used that cannot be allocated to Level 1 or Level 2.
- \_ Loans which do not comply with the contractual cash flow criteria.
- \_ Fund units issued by investment funds fully consolidated by Erste Group as well as own issues, if price updates are not provided on a regular basis
- \_ Collateralized mortgage obligation (CMO)

The allocation of the appropriate level of positions is determined at the end of the reporting period.

A reclassification from Level 1 into Level 2 or Level 3 as well as vice versa will be performed if the financial instrument does no longer meet the criteria described above for the respective level.

## Classification of financial instruments carried at fair value by levels of the fair value hierarchy

| in EUR million                               | Dec 21        |               |              |               | Mar 22        |               |              |               |
|--|---------------|---------------|--------------|---------------|---------------|---------------|--------------|---------------|
|  | Level 1       | Level 2       | Level 3      | Total         | Level 1       | Level 2       | Level 3      | Total         |
| <b>Assets</b>                                |               |               |              |               |               |               |              |               |
| Financial assets HFT                         | 1,984         | 4,443         | 46           | 6,473         | 2,362         | 4,378         | 82           | 6,823         |
| Derivatives                                  | 5             | 2,231         | 27           | 2,263         | 13            | 2,108         | 51           | 2,172         |
| Other financial assets held for trading      | 1,979         | 2,212         | 18           | 4,210         | 2,350         | 2,270         | 31           | 4,651         |
| Non-trading financial assets - FVPL          | 1,670         | 281           | 1,173        | 3,124         | 1,615         | 292           | 1,172        | 3,079         |
| Equity instruments                           | 40            | 9             | 283          | 332           | 66            | 7             | 286          | 359           |
| Debt securities                              | 1,630         | 272           | 72           | 1,975         | 1,549         | 285           | 76           | 1,910         |
| Loans and advances                           | 0             | 0             | 818          | 818           | 0             | 0             | 809          | 809           |
| Financial assets FVOCI                       | 7,604         | 807           | 470          | 8,881         | 7,750         | 1,011         | 465          | 9,226         |
| Hedge accounting derivatives                 | 0             | 79            | 0            | 79            | 0             | 61            | 0            | 62            |
| <b>Total assets</b>                          | <b>11,258</b> | <b>5,610</b>  | <b>1,689</b> | <b>18,557</b> | <b>11,728</b> | <b>5,743</b>  | <b>1,719</b> | <b>19,190</b> |
| <b>Liabilities</b>                           |               |               |              |               |               |               |              |               |
| Financial liabilities HFT                    | 774           | 1,690         | 9            | 2,474         | 832           | 2,071         | 13           | 2,917         |
| Derivatives                                  | 5             | 1,609         | 9            | 1,624         | 12            | 1,964         | 12           | 1,988         |
| Other financial liabilities held for trading | 769           | 81            | 0            | 850           | 820           | 108           | 0            | 928           |
| Financial liabilities - FVPL                 | 325           | 9,894         | 245          | 10,464        | 323           | 9,629         | 201          | 10,153        |
| Deposits from customers                      | 0             | 495           | 0            | 495           | 0             | 940           | 0            | 940           |
| Debt securities issued                       | 325           | 9,399         | 54           | 9,778         | 323           | 8,689         | 0            | 9,013         |
| Other financial liabilities                  | 0             | 0             | 191          | 191           | 0             | 0             | 201          | 201           |
| Hedge accounting derivatives                 | 0             | 307           | 2            | 309           | 0             | 319           | 0            | 319           |
| <b>Total liabilities</b>                     | <b>1,100</b>  | <b>11,891</b> | <b>256</b>   | <b>13,247</b> | <b>1,156</b>  | <b>12,020</b> | <b>214</b>   | <b>13,389</b> |

Derivatives transacted via Clearing Houses are presented after netting in compliance with their balance sheet treatment. The netted derivatives are allocated to Level 2.

### Valuation process for financial instruments categorised as Level 3

The valuation of financial instruments categorized as Level 3 involves one or more significant inputs that are not directly observable on the market. Additional price verification steps need to be done. These may include reviewing relevant historical data and benchmarking for similar transactions, among others. This involves estimation and expert judgment. Further details regarding input parameters used and the results of the sensitivity analysis are disclosed in the sub-chapter Unobservable inputs and sensitivity analysis for Level 3 measurements below.

### Changes in volumes of Level 1 and Level 2

#### Reclassification between Level 1 and Level 2 based on balance sheet positions and instruments

| in EUR million                              | Dec 21             |                    | Mar 22             |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | Level 1 to Level 2 | Level 2 to Level 1 | Level 1 to Level 2 | Level 2 to Level 1 |
| <b>Financial assets HFT</b>                 |                    |                    |                    |                    |
| Bonds                                       | 131                | 15                 | 23                 | 26                 |
| Funds                                       | 0                  | 0                  | 0                  | 0                  |
| Stocks                                      | 0                  | 0                  | 1                  | 1                  |
| <b>Non-trading financial assets at FVPL</b> |                    |                    |                    |                    |
| Bonds                                       | 22                 | 2                  | 12                 | 13                 |
| Funds                                       | 21                 | 2                  | 10                 | 10                 |
| Stocks                                      | 1                  | 0                  | 0                  | 2                  |
| <b>Financial assets at FVOCI</b>            |                    |                    |                    |                    |
| Bonds                                       | 0                  | 0                  | 2                  | 1                  |
| <b>Total</b>                                | <b>105</b>         | <b>91</b>          | <b>223</b>         | <b>57</b>          |
|   | 105                | 91                 | 223                | 57                 |
| <b>Total</b>                                | <b>258</b>         | <b>108</b>         | <b>258</b>         | <b>96</b>          |

Transfers into and out of Level 1 and Level 2 are caused by changes in market activities and consequently due to the quality and observability of valuation parameters.

## Movements in Level 3

### Development of fair value of financial instruments in Level 3

| in EUR million                          | Gain/loss in other comprehensive income |   |            |           |             |                    |                       |                       |                         |                      |          |              |
|---|---|---|------------|-----------|-------------|--------------------|-----------------------|-----------------------|-------------------------|----------------------|----------|--------------|
|   | Gain/loss in profit or loss             | Gain/loss in other comprehensive income | Purchases  | Sales     | Settlements | Additions to Group | Disposal out of Group | Transfer into Level 3 | Transfer out of Level 3 | Currency translation |          |              |
|   | Jan 22                                  |   |            |           |             |                    |                       |                       |                         |                      |          | Mar 22       |
| <b>Assets</b>                           |   |   |            |           |             |                    |                       |                       |                         |                      |          |              |
| Financial assets HFT                    | 46                                      | -24                                     | 0          | 5         | -1          | 0                  | 0                     | 0                     | 56                      | 0                    | 0        | 82           |
| Derivatives                             | 27                                      | -21                                     | 0          | 0         | 0           | 0                  | 0                     | 0                     | 45                      | 0                    | 0        | 51           |
| Other financial assets held for trading | 18                                      | -2                                      | 0          | 5         | -1          | 0                  | 0                     | 0                     | 11                      | 0                    | 0        | 31           |
| Non-trading financial assets at FVPL    | 1,173                                   | -30                                     | 0          | 57        | -10         | -20                | 0                     | 0                     | 1                       | 1                    | 0        | 1,172        |
| Equity instruments                      | 283                                     | -6                                      | 0          | 6         | 0           | 0                  | 0                     | 0                     | 1                       | 2                    | 1        | 286          |
| Debt securities                         | 72                                      | 1                                       | 0          | 5         | 0           | -1                 | 0                     | 0                     | 0                       | -1                   | 1        | 76           |
| Loans and advances                      | 818                                     | -25                                     | 0          | 47        | -10         | -19                | 0                     | 0                     | 0                       | 0                    | -1       | 809          |
| Financial assets FVOCI                  | 470                                     | 1                                       | -11        | 15        | -1          | -5                 | 0                     | 0                     | 0                       | -6                   | 2        | 465          |
| Hedge accounting derivatives            | 0                                       | 0                                       | 0          | 0         | 0           | 0                  | 0                     | 0                     | 0                       | 0                    | 0        | 0            |
| <b>Total assets</b>                     | <b>1,689</b>                            | <b>-53</b>                              | <b>-11</b> | <b>78</b> | <b>-12</b>  | <b>-25</b>         | <b>0</b>              | <b>0</b>              | <b>57</b>               | <b>-6</b>            | <b>2</b> | <b>1,719</b> |
| <b>Liabilities</b>                      |   |   |            |           |             |                    |                       |                       |                         |                      |          |              |
| Financial liabilities HFT               | 9                                       | -1                                      | 0          | 3         | 0           | 0                  | 0                     | 0                     | 1                       | 0                    | 0        | 13           |
| Derivatives                             | 9                                       | -1                                      | 0          | 3         | 0           | 0                  | 0                     | 0                     | 1                       | 0                    | 0        | 12           |
| Financial liabilities at FVPL           | 245                                     | 7                                       | 0          | 39        | -36         | 0                  | 0                     | 0                     | 0                       | -54                  | 0        | 201          |
| Debt securities issued                  | 54                                      | 0                                       | 0          | 0         | 0           | 0                  | 0                     | 0                     | 0                       | -54                  | 0        | 0            |
| Other financial liabilities             | 191                                     | 7                                       | 0          | 39        | -36         | 0                  | 0                     | 0                     | 0                       | 0                    | 0        | 201          |
| Hedge accounting derivatives            | 2                                       | -2                                      | 0          | 0         | 0           | 0                  | 0                     | 0                     | 0                       | 0                    | 0        | 0            |
| <b>Total liabilities</b>                | <b>256</b>                              | <b>3</b>                                | <b>0</b>   | <b>42</b> | <b>-36</b>  | <b>0</b>           | <b>0</b>              | <b>0</b>              | <b>1</b>                | <b>-54</b>           | <b>0</b> | <b>214</b>   |
|   | Jan 21                                  |   |            |           |             |                    |                       |                       |                         |                      |          | Mar 21       |
| <b>Assets</b>                           |   |   |            |           |             |                    |                       |                       |                         |                      |          |              |
| Financial assets HFT                    | 85                                      | -9                                      | 0          | 22        | -1          | 0                  | 0                     | 0                     | 1                       | -23                  | 0        | 76           |
| Derivatives                             | 75                                      | -9                                      | 0          | 0         | 0           | 0                  | 0                     | 0                     | 1                       | -23                  | 0        | 44           |
| Other financial assets held for trading | 10                                      | 0                                       | 0          | 22        | -1          | 0                  | 0                     | 0                     | 1                       | 0                    | 0        | 32           |
| Non-trading financial assets at FVPL    | 1,046                                   | -6                                      | 0          | 60        | -3          | -7                 | 0                     | 0                     | 1                       | -1                   | 1        | 1,092        |
| Equity instruments                      | 282                                     | -4                                      | 0          | 1         | -3          | 0                  | 0                     | 0                     | 0                       | 0                    | 0        | 276          |
| Debt securities                         | 77                                      | 1                                       | 0          | 1         | 0           | 0                  | 0                     | 0                     | 1                       | 0                    | 0        | 80           |
| Loans and advances                      | 687                                     | -3                                      | 0          | 58        | 0           | -7                 | 0                     | 0                     | 0                       | -1                   | 1        | 735          |
| Financial assets at FVOCI               | 376                                     | 0                                       | -3         | 8         | -6          | -10                | 0                     | 0                     | 69                      | -9                   | 0        | 426          |
| Hedge accounting derivatives            | 0                                       | 0                                       | 0          | 0         | 0           | 0                  | 0                     | 0                     | 9                       | 0                    | 0        | 9            |
| <b>Total assets</b>                     | <b>1,508</b>                            | <b>-15</b>                              | <b>-3</b>  | <b>91</b> | <b>-10</b>  | <b>-17</b>         | <b>0</b>              | <b>0</b>              | <b>80</b>               | <b>-33</b>           | <b>1</b> | <b>1,602</b> |
| <b>Liabilities</b>                      |   |   |            |           |             |                    |                       |                       |                         |                      |          |              |
| Financial liabilities HFT               | 2                                       | 2                                       | 0          | 0         | 0           | 0                  | 0                     | 0                     | 1                       | -2                   | 0        | 4            |
| Derivatives                             | 2                                       | 2                                       | 0          | 0         | 0           | 0                  | 0                     | 0                     | 1                       | -2                   | 0        | 4            |
| Financial liabilities at FVPL           | 336                                     | 0                                       | 0          | 5         | -13         | 0                  | 0                     | 0                     | 11                      | -96                  | 0        | 242          |
| Debt securities issued                  | 155                                     | 0                                       | 0          | 0         | 0           | 0                  | 0                     | 0                     | 11                      | -96                  | 0        | 70           |
| Other financial liabilities             | 180                                     | 0                                       | 0          | 5         | -13         | 0                  | 0                     | 0                     | 0                       | 0                    | 0        | 172          |
| Hedge accounting derivatives            | 0                                       | 0                                       | 0          | 0         | 0           | 0                  | 0                     | 0                     | 0                       | 0                    | 0        | 0            |
| <b>Total liabilities</b>                | <b>338</b>                              | <b>2</b>                                | <b>0</b>   | <b>5</b>  | <b>-13</b>  | <b>0</b>           | <b>0</b>              | <b>0</b>              | <b>12</b>               | <b>-98</b>           | <b>0</b> | <b>246</b>   |

Transfers into and out of Level 3 mainly result from changes in valuation models with observable or non-observable parameters.

### Gains/losses in profit or loss on Level 3 instruments held at the end of the reporting period

| in EUR million                               | 1-3 21       | 1-3 22       |
|--|--------------|--------------|
| <b>Assets</b>                                |              |              |
| Financial assets HFT                         | -8,4         | -14,5        |
| Derivatives                                  | -8,1         | -12,0        |
| Other financial assets held for trading      | -0,2         | -2,5         |
| Non-trading financial assets at FVPL         | -5,9         | -31,3        |
| Equity instruments                           | -3,5         | -5,9         |
| Debt securities                              | 0,7          | -0,4         |
| Loans and advances                           | -3,1         | -24,9        |
| Financial assets at FVOCI                    | -0,9         | 0,1          |
| Debt securities                              | -0,9         | 0,1          |
| Hedge accounting derivatives                 | 0,0          | 0,2          |
| <b>Total</b>                                 | <b>-15,1</b> | <b>-45,3</b> |
| <b>Liabilities</b>                           |              |              |
| Financial liabilities HFT                    | -3,4         | -8,0         |
| Derivatives                                  | -3,4         | -8,0         |
| Other financial liabilities held for trading | 0,0          | 0,0          |
| Financial liabilities at FVPL                | 0,5          | -6,9         |
| Deposits                                     | 0,0          | 0,0          |
| Debt securities issued                       | 0,4          | 0,0          |
| Other financial liabilities                  | 0,0          | -6,9         |
| Hedge accounting derivatives                 | 0,0          | 2,4          |
| <b>Total</b>                                 | <b>-3,0</b>  | <b>-12,5</b> |

### Unobservable inputs and sensitivity analysis for Level 3 measurements

In case the fair value measurement of a financial asset is retrieved from input parameters which are not observable in the market, those parameters can be retrieved from a range of alternative parameters. For the preparation of the balance sheet the parameters were chosen to reflect the market situation at the reporting date.



## Range of unobservable valuation parameters used in Level 3 measurements

| Financial assets                    | Type of instrument                              | Fair value in EUR million | Valuation technique   | Significant unobservable inputs | Range of unobservable inputs (weighted average)   |
|-------------------------------------|---|---------------------------|---|---------------------------------|---|
| <b>Mar 22</b>                       |   |                           |   |                                 |   |
| Positive fair value of derivatives  | Forwards, swaps, options                        | 78.9                      | Discounted cash flow and option models with CVA adjustment based on potential future exposure | PD                              | 0.58%-100.0% (4.52%)  |
|                                     |   |                           |   | LGD                             | 60%   |
| Financial assets at FVPL            | Fixed and variable coupon bonds                 | 8.8                       | Discounted cash flow  | Credit Spread                   | 0.63%-2.93% (2.25%)   |
|                                     | Loans   | 809.4                     | Discounted cash flow  | PD                              | 0.09%-7.27% (3.45%)   |
| Financial assets at FVOCI           | Fixed and variable coupon bonds                 | 274.9                     | Discounted cash flow  | Credit Spread                   | 0.17%-6.50% (1.40%)   |
|                                     |   |                           |   | Beta relevered                  | Industries:<br>Insurance (General) 1.04-1.10<br>Recreation 1.07-1.08<br>Real Estate (General/Diversified) 0.86-0.87<br>Real Estate (Operations & Services) 0.63<br>Financial Svcs. (Non-bank & Insurance) 0.91-1.05<br>Transportation 0.93-0.94<br>Health Resort & Gesundheitszentrum GmbH 0.66 |
| Financial assets at FVOCI / at FVPL | Non-trading equity instruments (participations) | 236.6                     | Dividend Discount Model; Simplified Income Approach   | Country risk premium            | Croatia 2.21%, Austria 0.34%-0.35%<br>Czech Republic 0.53%<br>Romania 1.95%<br>Slovakia 0.75% Hungary 1.95%, North Macedonia 3.06%<br>Resulting cost of equity based on above inputs: 5.48% -13.23%   |
|                                     |   |                           |   | Adjusted Equity                 | Depending on accounting equity of investment.   |
|                                     |   |                           |   | Market comparable companies     | EV / SALES<br>EV / EBITDA<br>EV / EBIT<br>P/E<br>P/E (implicit)<br>P/B  |
| Positive fair value of derivatives  | Forwards, swaps, options                        | 59.6                      | Discounted cash flow and option models with CVA adjustment based on potential future exposure | PD                              | 1.17%-100% (5.34%)  |
|                                     |   |                           |   | LGD                             | 60%   |
| Financial assets at FVPL            | Fixed and variable coupon bonds                 | 16.6                      | Discounted cash flow  | Credit Spread                   | 0.45%-2.93% (0.51%)   |
|                                     | Loans   | 817.8                     | Discounted cash flow  | PD                              | 0.09%-7.27% (3.10%)   |
| Financial assets at FVOCI           | Fixed and variable coupon bonds                 | 443.7                     | Discounted cash flow  | LGD                             | 0%-46.22% (13.62%)  |
|                                     |   |                           |   | Credit Spread                   | 0.01%-6.52% (0.90%)   |
| Financial assets at FVOCI / at FVPL | Non-trading equity instruments (participations) | 249.3                     | Dividend Discount Model; Simplified Income Approach   | Beta relevered                  | Industries:<br>Insurance (General) 1.04-1.10<br>Recreation 0.96<br>Real Estate (General/Diversified) 0.78<br>Real Estate (Operations & Services) 0.63<br>Financial Svcs. (Non-bank & Insurance) 0.91-1.06<br>Banks (Regional) 0.57<br>Health Resort & Gesundheitszentrum GmbH 0.66              |
|                                     |   |                           |   | Country risk premium            | Croatia 2.21%, Austria 0.33%-0.35%<br>Czech Republic 0.53%<br>Romania 1.95%,<br>Russia 1.82%, Slovakia 0.75%, Hungary 1.95%, North Macedonia 2.97%<br>Resulting cost of equity based on above inputs: 5.48%-13.03%  |
|                                     |   |                           |   | Adjusted Equity                 | Depending on accounting equity of investment.   |
| Financial assets at FVOCI / at FVPL | Non-trading equity instruments (participations) | 147.9                     | Adjusted Net Asset Value  | Adjusted Equity                 | Depending on accounting equity of investment.   |
|                                     |   |                           |   | Market comparable companies     | EV / SALES<br>EV / EBITDA<br>EV / EBIT<br>P/E<br>P/E (implicit)<br>P/B  |

In addition to the information above, equity instruments with a fair value in amount of EUR 24.3 million (2021: EUR 23.3 million) are assessed on the basis of expert opinions.

Furthermore, for equity instruments other than participations classified as Level 3, the amount of EUR 22.4 million (2021: EUR 39.5 million) is presented in the statement of financial position using the criteria of availability and quality of broker quotes.

### Sensitivity analysis – Fair value changes per product type using reasonably possible alternatives

| in EUR million                    | Dec 21       |               | Mar 22       |               |
|-----------------------------------|--------------|---------------|--------------|---------------|
|                                   | Positive     | Negative      | Positive     | Negative      |
| Derivatives                       | 3.1          | -5.3          | 3.6          | -6.8          |
| Income statement                  | 3.1          | -5.3          | 3.6          | -6.8          |
| Debt securities                   | 21.6         | -28.8         | 15.0         | -20.1         |
| Income statement                  | 3.3          | -4.4          | 2.5          | -3.4          |
| Other comprehensive income        | 18.3         | -24.4         | 12.5         | -16.7         |
| Equity instruments                | 106.6        | -70.4         | 94.8         | -67.1         |
| Income statement                  | 58.0         | -43.8         | 51.4         | -42.9         |
| Other comprehensive income        | 48.6         | -26.6         | 43.4         | -24.2         |
| Loans                             | 17.9         | -45.7         | 18.1         | -45.4         |
| Income statement                  | 17.9         | -45.7         | 18.1         | -45.4         |
| <b>Total</b>                      | <b>149.2</b> | <b>-150.2</b> | <b>131.5</b> | <b>-139.4</b> |
| <b>Income statement</b>           | <b>82.3</b>  | <b>-99.2</b>  | <b>75.6</b>  | <b>-98.5</b>  |
| <b>Other comprehensive income</b> | <b>66.9</b>  | <b>-51.0</b>  | <b>55.9</b>  | <b>-40.9</b>  |

In estimating these impacts, mainly changes in credit spreads (for bonds), PDs, LGDs (for CVA of derivatives) and market values of comparable equities were considered. An increase (decrease) of spreads, PDs and LGDs result in a decrease (increase) of the corresponding fair values. Positive correlation effects between PDs and LGDs were not taken into account in the sensitivity analysis. For non-trading equity instruments increases (decreases) in any of the inputs used for the cost of equity calculation in isolation would result in a lower (higher) fair value.

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

- \_ for debt securities range of credit spreads between +100 basis points and -75 basis points
- \_ for equity related instruments the price range between -10% and +5%
- \_ for unquoted equity instruments measured by the adjusted net asset value the price range between -10% and +10%
- \_ for unquoted equity instruments measured by dividend discount model/simplified income approach the cost of equity range between -2% and +2%
- \_ for CVA on derivatives PDs rating upgrade/downgrade by one notch, as well as the change of LGD by -5% and +10%
- \_ for loans, the PDs rating upgrade/downgrade by 1%, the change of LGD by -5% and +10% and a range of credit spreads between +100 basis points and 75 basis points.

## Fair values of financial instruments for which fair value is disclosed in the notes

| in EUR million                              | Carrying amount | Fair Value | Level 1 | Level 2 | Level 3 |
|---|-----------------|------------|---------|---------|---------|
| <b>Mar 22</b>                               |                 |            |         |         |         |
| <b>Assets</b>                               |                 |            |         |         |         |
| Cash and cash balances                      | 46.225          | 46.225     | 0       | 0       | 0       |
| Financial assets at AC                      | 246.276         | 243.621    | 31.614  | 3.378   | 208.630 |
| Loans and advances to banks                 | 30.825          | 30.696     | 0       | 0       | 30.696  |
| Loans and advances to customers             | 177.945         | 177.667    | 0       | 0       | 177.667 |
| Debt securities                             | 37.506          | 35.258     | 31.614  | 3.378   | 267     |
| Finance lease receivables                   | 4.196           | 4.188      | 0       | 0       | 4.188   |
| Assets held for sale                        | 0               | 0          | 0       | 0       | 0       |
| Trade and other receivables                 | 2.342           | 2.347      | 0       | 0       | 2.347   |
| <b>Liabilities</b>                          |                 |            |         |         |         |
| Financial liabilities at AC                 | 282.065         | 280.971    | 12.715  | 10.415  | 257.841 |
| Deposits from banks                         | 34.781          | 34.755     | 0       | 0       | 34.755  |
| Deposits from customers                     | 221.443         | 220.631    | 0       | 0       | 220.631 |
| Debt securities issued                      | 24.971          | 24.718     | 12.715  | 10.415  | 1.588   |
| Other financial liabilities                 | 870             | 867        | 0       | 0       | 867     |
| <b>Financial guarantees and commitments</b> |                 |            |         |         |         |
| Financial guarantees                        | n/a             | 17         |         |         | 17      |
| Irrevocable commitments                     | n/a             | 1.221      |         |         | 1.221   |
| <b>Dec 21</b>                               |                 |            |         |         |         |
| <b>Assets</b>                               |                 |            |         |         |         |
| Cash and cash balances                      | 45.495          | 45.495     | 0       | 0       | 0       |
| Financial assets at AC                      | 229.641         | 231.575    | 30.887  | 3.922   | 196.766 |
| Loans and advances to banks                 | 20.991          | 21.193     | 0       | 0       | 21.193  |
| Loans and advances to customers             | 173.099         | 175.356    | 0       | 0       | 175.356 |
| Debt securities                             | 35.551          | 35.026     | 30.887  | 3.922   | 217     |
| Finance lease receivables                   | 4.209           | 4.214      | 0       | 0       | 4.214   |
| Assets held for sale                        | 0               | 0          | 0       | 0       | 0       |
| Trade and other receivables                 | 2.152           | 2.158      | 0       | 0       | 2.158   |
| <b>Liabilities</b>                          |                 |            |         |         |         |
| Financial liabilities at AC                 | 265.415         | 265.141    | 10.447  | 11.262  | 243.432 |
| Deposits from banks                         | 31.886          | 31.807     | 0       | 0       | 31.807  |
| Deposits from customers                     | 210.029         | 209.704    | 0       | 0       | 209.704 |
| Debt securities issued                      | 22.352          | 22.481     | 10.447  | 11.262  | 772     |
| Other financial liabilities                 | 1.149           | 1.149      | 0       | 0       | 1.149   |
| <b>Financial guarantees and commitments</b> |                 |            |         |         |         |
| Financial guarantees                        | n/a             | 4          |         |         | 4       |
| Irrevocable commitments                     | n/a             | 998        |         |         | 998     |

In the table above, positive fair values of financial guarantees and commitments are shown with a positive sign whereas negative fair values are shown with a negative sign.

The fair value of loans and advances to customers and credit institutions has been calculated by discounting future cash flows while taking into consideration interest and credit spread effects. The interest rate impact is based on the movements of market rates, while credit spread changes are derived from PDs and LGDs used for internal risk calculations. For the calculation of fair value loans and advances were grouped into homogeneous portfolios based on rating method, rating grade, maturity and the country where they were granted. The fair values of debt securities at amortised cost are either taken directly from the market or they are determined by directly observable input parameters (i.e. yield curves).

The fair value of deposits and other liabilities, measured at amortised cost, is estimated by taking into account the current interest rate environment, as well as the own credit spreads. These positions are assigned to the Level 3 category. For liabilities without contractual maturities (e.g. demand deposits), the carrying amount represents the minimum of their fair value.

The fair value of issued securities and subordinated liabilities measured at amortized cost is determined based on quoted prices in active markets, if available. For issued securities where the fair value cannot be retrieved from quoted market prices, the fair value is calculated by discounting the future cash flows. Significant input factors for the spread adjustment of Erste Group's own credit risk for the respective

seniority class are credit spreads derived from liquid benchmark bonds and additional indications from external investments banks, which are provided on a regular basis. The applied spreads are validated on a regular basis from an independent Risk Management unit. Moreover optionality is taken into account when calculating the fair value.

For off-balance sheet liabilities (i.e. financial guarantees and unused loan commitments) the following fair value approaches are applied: the fair value of unused loan commitments is estimated using regulatory credit conversion factors. The resulting loan equivalents are treated like other on-balance sheet assets. The difference between the calculated total fair value and the notional amount of the hypothetical loan equivalents represents the fair value of the unused loan commitments. In case of the total fair value being higher than the notional amount of the hypothetical loan equivalents the unused loan commitments have a positive fair value. The fair value of financial guarantees is estimated in analogy to credit default swaps. The fair value of the guarantee is the sum of the present value of the protection leg and the present value of the premium leg. The value of the protection leg is estimated using the PDs and LGDs of the respective customers, whereas the value of the premium leg is estimated by the present value of the future fee payments to be received. If the protection leg is higher than the premium leg, financial guarantees have a negative fair value.

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

|   | 1-3 21        | 1-3 22        |
|---|---------------|---------------|
| <b>Austria</b>                                | <b>15,939</b> | <b>15,569</b> |
| Erste Group, EB Oesterreich and subsidiaries  | 8,895         | 8,479         |
| Haftungsverbund savings banks                 | 7,044         | 7,090         |
| <b>Outside Austria</b>                        | <b>29,687</b> | <b>29,113</b> |
| Česká spořitelna Group                        | 9,908         | 9,763         |
| Banca Comercială Română Group                 | 5,597         | 5,293         |
| Slovenská sporiteľňa Group                    | 3,755         | 3,635         |
| Erste Bank Hungary Group                      | 3,222         | 3,258         |
| Erste Bank Croatia Group                      | 3,285         | 3,236         |
| Erste Bank Serbia Group                       | 1,205         | 1,213         |
| Savings banks subsidiaries                    | 1,499         | 1,463         |
| Other subsidiaries and foreign branch offices | 1,216         | 1,252         |
| <b>Total</b>                                  | <b>45,626</b> | <b>44,682</b> |

## 34. Own funds and capital requirements

### Regulatory Requirements

Since 1 January 2014, Erste Group has been calculating the regulatory capital and the regulatory capital requirements according to the Capital Requirements Directive (CRR, Regulation (EU) No. 575/2013) and the Capital Requirements Directive (CRD IV, Directive (EU) 2013/36/EU)<sup>1</sup>. Both the CRD IV and CRD V<sup>2</sup> were transposed into national law in the Austrian Banking Act (ABA).

All requirements as defined in the CRR, the ABA and in technical standards issued by the European Banking Authority (EBA) are applied by Erste Group for regulatory purposes and for the disclosure of regulatory information.

### Accounting Principles

The financial and regulatory figures published by Erste Group are based on IFRS.

### Regulatory scope of consolidation and institutional protection scheme

The consolidated regulatory own funds and the consolidated regulatory capital requirements are calculated based on the scope of consolidation stipulated in the CRR. Based on Art. 4 para 1 (3), (16) to (27) CRR in line with Art. 18 and 19 CRR and para 30 ABA, the scope consists of credit institutions, financial institutions and ancillary service undertakings. Moreover, Art. 18 (7) CRR applies: Where an institution has a subsidiary which is an undertaking other than an institution, a financial institution or an ancillary services undertaking or holds a participation in such an undertaking, it shall apply to that subsidiary or participation the equity method. That method shall not, however, constitute inclusion of the undertakings concerned in supervision on a consolidated basis. The definition pursuant to CRR differs from the scope of consolidation according to IFRS, which also includes insurance companies and other entities, that are subject to full consolidation.

Erste Group Bank AG is a member of the Haftungsverbund (cross-guarantee system) of the Austrian savings bank sector. As of the balance sheet date Erste Group Bank AG and Erste Bank der oesterreichischen Sparkassen AG as well as Bausparkasse der österreichischen Sparkassen AG and all Austrian savings banks form this cross-guarantee system. Based on the cross-guarantee contract these entities are included as subsidiaries in Erste Group's regulatory scope of consolidation. Furthermore, Erste Group Bank AG together with the Haftungsverbund entities form an institutional protection scheme (IPS) according to Art. 113 para 7 CRR. Disclosure requirements for the institutional protection scheme according to Art. 113 para 7 e CRR are met by the publication of the consolidated financial statements, which cover all entities included in the institutional protection scheme.

### Consolidated own funds

Own funds according to CRR consist of common equity tier 1 (CET1), additional tier 1 (AT1) and tier 2 (T2). In order to determine the capital ratios, each respective capital component – after application of all regulatory deductions and filters – is considered in relation to the total risk amount.

The regulatory minimum capital ratios including the capital buffers as of 31 March 2022 amount to

- \_ 9.18% for CET1 (4.5% CET1, +2.5% capital conservation buffer, +1.0% systemic risk buffer, +1.0% O-SII buffer and +0.18% countercyclical capital buffer),
- \_ 10.68% for tier 1 capital (sum of CET1 and AT1) and
- \_ 12.68% for total own funds.

Capital buffer requirements are set out in sections 22 (capital conservation buffer), 23a (countercyclical buffer), 23d (Other Systemic Important Institution (O-SII) buffer) and 23e (systemic risk buffer) of the ABA and further specified in the regulation of the Financial Market Authority (FMA) on the establishment and recognition of the countercyclical buffer rate in accordance with section 23a para 3 ABA, on the establishment of the systemic risk buffer in accordance with section 23e para 3 ABA. All capital buffers have to be met entirely with CET1 capital and relate, except the countercyclical buffer, to total risk.

In addition to minimum capital ratios and capital buffer requirements, institutions also have to fulfil capital requirements determined in the Supervisory Review and Evaluation Process (SREP).

As a result of the 2021 SREP process performed by the European Central Bank (ECB), Erste Group applies a Pillar 2 requirement (P2R) of 1.75% as of 31 March 2022, considering the requirement under article 70b (7) ABA which allocates the P2R to CET1, AT1 and T2 in line

<sup>1</sup> Both CRD IV and CRR have been amended since the entry into force in 2014 inter alia with directive (EU) 2019/878 (CRD V) as well as regulations (EU) 2019/876 (CRR 2) and (EU) 2020/873 (CRR Quick Fix).

<sup>2</sup> CRD V has been transposed by an amendment of the BWG (BGBl I 2021/98; BWG-Novelle) which entered into force on 31 May 2021.

with the Pillar1 requirements. Therefore, the minimum CET1 ratio of 5.48% encompasses the Pillar 1 minimum requirement of 4.5% and the Pillar 2 requirement of 0.98% (56.25% of 1.75%) as of 31 March 2022.

The regulatory minimum capital ratios including the capital buffers and SREP requirements as of 31 March 2022 amount to

- \_ a CET1 requirement of 10.16%,  
(Pillar 1 requirement of 4.5%, combined capital buffers of 4.68% and 56.25% of 1.75% Pillar 2 requirement)
- \_ a T1 requirement of 11.99%  
(CET1 requirement plus Pillar 1 AT1 requirement of 1.5% and 18.75% of 1.75% Pillar 2 requirement) and
- \_ a total own funds requirement of 14.43%  
(Tier 1 requirement plus Pillar 1 T2 requirement of 2.0% and 25% of 1.75% Pillar 2 requirement).

Following the SREP 2021, Erste Group is expected to meet a Pillar 2 Guidance (P2G) of 1.0% valid as of 1 January 2022 onwards. The ECB press release of 12 March 2020<sup>3</sup> and 1 July, 2021<sup>4</sup> also indicated that the Pillar 2 Guidance temporarily need not be fully complied with by credit institutions during the current Covid-19 crisis. The Pillar 2 Guidance is not MDA (maximum distributable amount) relevant.

## Overview of capital requirements and capital buffers

|  | Dec 21        | Mar 22        |
|--|---------------|---------------|
| <b>Pillar 1</b>  |               |               |
| Minimum CET1 requirement                                     | 4.50%         | 4.50%         |
| Minimum Tier 1 requirement                                   | 6.00%         | 6.00%         |
| Minimum Own Funds requirements                               | 8.00%         | 8.00%         |
| <b>Combined buffer requirement (CBR)</b>                     | <b>4.68%</b>  | <b>4.68%</b>  |
| Capital conservation buffer                                  | 2.50%         | 2.50%         |
| Institution-specific countercyclical capital buffer          | 0.18%         | 0.18%         |
| Systemic risk buffer (SRB)                                   | 1.00%         | 1.00%         |
| O-SII capital buffer   | 1.00%         | 1.00%         |
| Minimum CET 1 requirement (incl. CBR)                        | 9.18%         | 9.18%         |
| Minimum Tier 1 requirement (incl. CBR)                       | 10.68%        | 10.68%        |
| Minimum Own Funds requirement (incl. CBR)                    | 12.68%        | 12.68%        |
| <b>Pillar2</b>   |               |               |
| Minimum CET1 requirement                                     | 0.98%         | 0.98%         |
| Minimum T1 requirement                                       | 1.31%         | 1.31%         |
| Minimum Own Funds requirement                                | 1.75%         | 1.75%         |
| Pillar 2 requirement (P2R)                                   | 1.75%         | 1.75%         |
| <b>Total CET1 requirement for Pillar 1 and Pillar 2</b>      | <b>10.16%</b> | <b>10.16%</b> |
| <b>Total Tier 1 requirement for Pillar 1 and Pillar 2</b>    | <b>11.99%</b> | <b>11.99%</b> |
| <b>Total Own Funds requirement for Pillar 1 and Pillar 2</b> | <b>14.43%</b> | <b>14.43%</b> |

The combined buffer requirement consist of the capital conservation buffer, the countercyclical capital buffer, the systemic risk buffer and the O-SII capital buffer.

As announced by the European Central Bank (ECB) in its press releases on 12 March 2020 and 1 July 2021, Erste Group is not obliged to fully comply with the capital conservation buffer of 2.5% during the current Covid-19 crisis. In the 'Frequently Asked Questions - FAQs'<sup>5</sup> published on 20 March 2020, however, the ECB states that the incomplete fulfillment of the combined buffer requirement leads to restrictions on distributions and banks are only allowed to make distributions within the limits of the maximum distributable amount (MDA).

Taking into account ECB's communication on the temporary capital relief measures with regard to the Pillar 2 requirement, the full usage of the capital conservation buffer as well as the Pillar 2 guidance (P2G), Erste Group's CET1 requirement amounts to 7.66%, its T1 requirement amounts to 9.49% and its total own funds requirement amounts to 11.93%.

<sup>3</sup> <https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200312-43351ac3ac.en.html>

<sup>4</sup> <https://www.bankingsupervision.europa.eu/press/speeches/date/2021/html/ssm.sp210701-3f0230c51f.en.html>

<sup>5</sup> ECB Banking Supervision: FAQs on ECB supervisory measures in reaction to the coronavirus (europa.eu)

## Capital structure

| in EUR million  | Dec 21        |               | Mar 22        |               |
|---|---------------|---------------|---------------|---------------|
|   | Phased-in     | Final         | Phased-in     | Final         |
| <b>Common equity tier 1 capital (CET1)</b>  |               |               |               |               |
| Capital instruments eligible as CET1  | 2,337         | 2,337         | 2,337         | 2,337         |
| Retained earnings   | 14,156        | 14,156        | 14,133        | 14,133        |
| Interim profit  | 0             | 0             | 0             | 0             |
| Accumulated other comprehensive income  | -1,706        | -1,706        | -1,800        | -1,800        |
| Minority interest recognised in CET1  | 5,219         | 5,219         | 5,186         | 5,186         |
| <b>Common equity tier 1 capital (CET1) before regulatory adjustments</b>  | <b>20,006</b> | <b>20,006</b> | <b>19,857</b> | <b>19,857</b> |
| Own CET1 instruments  | -263          | -263          | -238          | -238          |
| Prudential filter: cash flow hedge reserve  | 206           | 206           | 233           | 233           |
| Prudential filter: cumulative gains and losses due to changes in own credit risk on fair valued liabilities                     | 207           | 207           | 101           | 101           |
| Prudential filter: fair value gains and losses arising from the institution's own credit risk related to derivative liabilities | -4            | -4            | -12           | -12           |
| Value adjustments due to the requirements for prudent valuation   | -86           | -86           | -95           | -95           |
| Securitisations with a risk weight of 1,250%  | -33           | -33           | -30           | -30           |
| Goodwill  | -550          | -550          | -550          | -550          |
| Other intangible assets   | -392          | -392          | -359          | -359          |
| Deferred tax assets dependent upon future profitability and not temporary differences net of associated tax liabilities         | -178          | -178          | -178          | -178          |
| CET1 capital elements or deductions – other   | -109          | -109          | -164          | -164          |
| <b>Common equity tier 1 capital (CET1)</b>  | <b>18,804</b> | <b>18,804</b> | <b>18,564</b> | <b>18,564</b> |
| <b>Additional tier 1 capital (AT1)</b>  |               |               |               |               |
| Capital instruments eligible as AT1   | 2,236         | 2,236         | 2,236         | 2,236         |
| Instruments issued by subsidiaries that are given recognition in AT1  | 7             | 7             | 7             | 7             |
| <b>Additional tier 1 capital (AT1) before regulatory adjustments</b>  | <b>2,243</b>  | <b>2,243</b>  | <b>2,243</b>  | <b>2,243</b>  |
| Own AT1 instruments   | -1            | -1            | -1            | -1            |
| <b>Additional tier 1 capital (AT1)</b>  | <b>2,241</b>  | <b>2,241</b>  | <b>2,242</b>  | <b>2,242</b>  |
| <b>Tier 1 capital - total of common equity tier 1 (CET1) and additional tier 1 (AT1)</b>  | <b>21,045</b> | <b>21,045</b> | <b>20,806</b> | <b>20,806</b> |
| <b>Tier 2 capital (T2)</b>  |               |               |               |               |
| Capital instruments and subordinated loans eligible as T2   | 3,065         | 3,065         | 2,806         | 2,806         |
| Instruments issued by subsidiaries recognised in T2   | 173           | 173           | 185           | 185           |
| Transitional adjustments due to grandfathered T2 instruments and subordinated loans   | 50            | 0             | 34            | 0             |
| IRB excess of provisions over expected losses eligible  | 522           | 522           | 541           | 541           |
| <b>Tier 2 capital (T2) before regulatory adjustments</b>  | <b>3,811</b>  | <b>3,760</b>  | <b>3,566</b>  | <b>3,532</b>  |
| Own T2 instruments  | -47           | -47           | -58           | -58           |
| <b>Tier 2 capital (T2)</b>  | <b>3,763</b>  | <b>3,713</b>  | <b>3,508</b>  | <b>3,474</b>  |
| <b>Total own funds</b>  | <b>24,808</b> | <b>24,758</b> | <b>24,314</b> | <b>24,279</b> |
| <b>Capital requirement</b>  | <b>10,196</b> | <b>10,372</b> | <b>10,658</b> | <b>10,840</b> |
| <b>CET1 capital ratio</b>   | <b>14.8%</b>  | <b>14.5%</b>  | <b>13.9%</b>  | <b>13.7%</b>  |
| <b>Tier 1 capital ratio</b>   | <b>16.5%</b>  | <b>16.2%</b>  | <b>15.6%</b>  | <b>15.4%</b>  |
| <b>Total capital ratio</b>  | <b>19.5%</b>  | <b>19.1%</b>  | <b>18.3%</b>  | <b>17.9%</b>  |

The position CET1 elements or deduction – Others include the development of unaudited risk provisions during the year (EU No 183/2014) and the insufficient coverage for non-performing exposures (NPE Backstop) covering the requirements from both Art. 36 para 1 (m) CRR in connection with Art. 47(c) CRR and the Addendum to the ECB Guidance to banks on non-performing loans: supervisory expectations for prudential provisioning of non-performing exposures.

The capital structure table above is based on the Commission Implementing Regulation (EU) 2021/637 with regard to disclosure of own funds requirements. Positions, which are not relevant for Erste Group are not disclosed. Figures shown under full implementation of Basel 3 considered the current CRR.

Following the finalisation of the horizontal analysis of the ECB, a new decision complementing the initial TRIM (Targeted Review of Internal Models) Market risk decision from October 2018 was issued in February 2021. This follow-up decision required the implementation of multiplier factors, which led to an immaterial increase of the RWAs for market risk. With the confirmation from ECB that the underlying deficiencies have been successfully addressed by Erste Group, the add-on of approx. EUR 0.2 billion has been released in the first quarter of 2022. Based on the application submitted in September 2021 an approval was granted by the ECB on 7 December 2021 regarding the exclusion of Structural Foreign Exchange (FX) positions from the calculation of the net open currency positions (Art. 352 (2) CRR). The implementation was done in the first quarter of 2022 leading to a net effect of EUR 2.9 billion.

## Risk structure

| in EUR million                                   | Dec 21                 |                                 | Mar 22                 |                                 |
|--|------------------------|---------------------------------|------------------------|---------------------------------|
|  | Total risk (phased-in) | Capital requirement (phased-in) | Total risk (phased-in) | Capital requirement (phased-in) |
| Total risk exposure amount                       | 127,448                | 10,196                          | 133,220                | 10,658                          |
| Risk-weighted assets (credit risk)               | 105,869                | 8,470                           | 109,515                | 8,761                           |
| Standardised approach                            | 18,869                 | 1,510                           | 19,363                 | 1,549                           |
| IRB approach                                     | 86,994                 | 6,959                           | 90,147                 | 7,212                           |
| Contribution to the default fund of a CCP        | 7                      | 0                               | 4                      | 0                               |
| Settlement risk                                  | 0                      | 0                               | 18                     | 1                               |
| Trading book, foreign FX risk and commodity risk | 3,671                  | 294                             | 6,294                  | 504                             |
| Operational risk                                 | 14,786                 | 1,183                           | 14,253                 | 1,140                           |
| Exposure for CVA                                 | 390                    | 31                              | 400                    | 32                              |
| Other exposure amounts (including Basel 1 floor) | 2,730                  | 218                             | 2,741                  | 219                             |

| in EUR million                                   | Dec 21             |                             | Mar 22             |                             |
|--|--------------------|-----------------------------|--------------------|-----------------------------|
|  | Total risk (final) | Capital requirement (final) | Total risk (final) | Capital requirement (final) |
| Total risk exposure amount                       | 129,647            | 10,372                      | 135,496            | 10,840                      |
| Risk-weighted assets (credit risk)               | 108,068            | 8,645                       | 111,790            | 8,943                       |
| Standardised approach                            | 19,809             | 1,585                       | 20,409             | 1,633                       |
| IRB approach                                     | 88,252             | 7,060                       | 91,377             | 7,310                       |
| Contribution to the default fund of a CCP        | 7                  | 0                           | 4                  | 0                           |
| Settlement risk                                  | 0                  | 0                           | 18                 | 1                           |
| Trading book, foreign FX risk and commodity risk | 3,671              | 294                         | 6,294              | 504                         |
| Operational risk                                 | 14,786             | 1,183                       | 14,253             | 1,140                       |
| Exposure for CVA                                 | 390                | 31                          | 400                | 32                          |
| Other exposure amounts (including Basel 1 floor) | 2,730              | 218                         | 2,741              | 219                         |

## 35. Events after the reporting date

There are no significant events after the balance sheet date.



## Abbreviations

|             |   |
|-------------|---|
| ABA         | Austrian Banking Act                                |
| AC          | Amortized cost                                      |
| AFS         | Available for sale                                  |
| ALM         | Asset Liability Management                          |
| AT1         | Additional Tier 1                                   |
| BCR         | Banca Comercială Română S.A.                        |
| ALM & LCC   | Asset/Liability Management & Local Corporate Center |
| CEE         | Central and Eastern Europe                          |
| CIS         | Commonwealth of Independent States                  |
| CRD         | Capital Requirements Directive                      |
| CRR         | Capital Requirements Regulation                     |
| CSAS        | Česká spořitelna, a.s.                              |
| CVA         | Credit Value Adjustments                            |
| EBA         | European Banking Authority                          |
| EBC         | Erste Bank Croatia                                  |
| EBH         | Erste Bank Hungary Zrt.                             |
| EBOe        | Erste Bank Oesterreich                              |
| EBOe & Subs | Erste Bank Oesterreich and Subsidiaries             |
| ECL         | Expected Credit Loss                                |
| EIR         | Effective interest rate                             |
| EU          | European Union                                      |
| FVO         | Fair value option-designated at fair value          |
| FVOCI       | Fair value through other comprehensive income       |
| FVPL        | Fair value through profit or loss                   |
| FX          | Foreign exchange                                    |
| G-SII       | Global Systemic Important Institution               |
| HFT         | Held for trading                                    |
| HTM         | Held to maturity                                    |
| IAS         | International Accounting Standards                  |
| IFRS        | International Financial Reporting Standards         |
| LGD         | Loss Given Default                                  |
| L&R         | Loans and receivables                               |
| MDA         | Maximum distributable amount                        |
| NPL         | Non-performing loans                                |
| OCI         | Other comprehensive income                          |
| O-SII       | Other Systemic Important Institution                |
| P2G         | Pillar 2 Guidance                                   |
| P2R         | Pillar 2 Requirement                                |
| P&L         | Profit or loss                                      |
| PD          | Probability of Default                              |
| POCI        | Purchased or originated credit impaired             |
| RTS         | Regulatory Technical Standards                      |
| RW          | Risk weight   |
| RWA         | Risk Weighted Assets                                |
| SICR        | Significant increase in credit risk                 |
| SLSP        | Slovenská sporiteľňa                                |
| SPPI        | Solely payments of principal and interest           |
| SREP        | Supervisory Review and Evaluation Process           |
| T1          | Tier 1  |
| T2          | Tier 2  |
| VAR         | Value at Risk                                       |

## Your Notes

We have prepared this report with the greatest possible care and have thoroughly checked the data presented in it. However, we cannot rule out errors associated with rounding, transmission, typesetting or printing. The English version of the report is a translation.

**Note regarding forward-looking statements**

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

## Financial Calendar

|                 |  |
|-----------------|--|
| 18 May 2022     | Annual general meeting                       |
| 1 August 2022   | Half year financial report 2022              |
| 4 November 2022 | Results for the first three quarters of 2022 |

The financial calendar is subject to change. The latest updated version is available on Erste Group's website:

[www.erstegroup.com/investorrelations](http://www.erstegroup.com/investorrelations)

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## Ticker Symbols

|             |              |
|-------------|--------------|
| Reuters:    | ERST.VI      |
| Bloomberg:  | EBS AV       |
| Datastream: | O:ERS        |
| ISIN:       | AT0000652011 |

[www.erstegroup.com](http://www.erstegroup.com)