Interim Report
Third quarter 2022

ERSTE Group

Key financial data

Income statement

in EUR million	Q3 21	Q2 22	Q3 22	1-9 21	1-9 22
Net interest income	1,220.8	1,444.9	1,548.2	3,669.5	4,385.2
Net fee and commission income	591.4	599.5	615.1	1,690.4	1,829.9
Net trading result and gains/losses from financial instruments at FVPL	74.3	1.2	-89.5	201.0	-105.2
Operating income	1,944.3	2,110.4	2,124.0	5,735.0	6,270.7
Operating expenses	-1,038.0	-1,050.1	-1,096.0	-3,141.0	-3,381.3
Operating result	**906.3**	**1,060.3**	**1,028.1**	**2,594.0**	**2,889.4**
Impairment result from financial instruments	31.3	85.1	-184.3	-51.6	-158.3
Post-provision operating result	**937.6**	**1,145.4**	**843.8**	**2,542.4**	**2,731.1**
Other operating result	-70.9	-66.5	-47.3	-243.3	-246.5
Levies on banking activities	-19.4	-70.7	-22.3	-71.6	-133.2
Pre-tax result from continuing operations	847.0	1,049.2	754.9	2,282.1	2,414.1
Taxes on income	-146.3	-199.7	-119.3	-433.6	-434.5
Net result for the period	**700.7**	**849.5**	**635.6**	**1,848.5**	**1,979.6**
Net result attributable to non-controlling interests	167.3	161.3	125.6	397.2	332.6
Net result attributable to owners of the parent	**533.4**	**688.2**	**510.0**	**1,451.4**	**1,647.0**
Earnings per share	1.25	1.49	1.19	3.24	3.73
Return on equity	13.7%	15.7%	12.5%	12.1%	13.2%
Net interest margin (on average interest-bearing assets)	1.98%	2.15%	2.24%	2.04%	2.19%
Cost/income ratio	53.4%	49.8%	51.6%	54.8%	53.9%
Provisioning ratio (on average gross customer loans)	-0.07%	-0.18%	0.37%	0.04%	0.11%
Tax rate	17.3%	19.0%	15.8%	19.0%	18.0%

Balance sheet

in EUR million	Sep 21	Jun 22	Sep 22	Dec 21	Sep 22
Cash and cash balances	47,125	42,818	44,552	45,495	44,552
Trading, financial assets	51,239	56,560	57,902	53,211	57,902
Loans and advances to banks	27,749	28,704	26,721	21,001	26,721
Loans and advances to customers	175,929	191,543	198,794	180,268	198,794
Intangible assets	1,326	1,315	1,300	1,362	1,300
Miscellaneous assets	5,872	6,153	6,028	6,090	6,028
Total assets	**309,240**	**327,093**	**335,297**	**307,428**	**335,297**
Financial liabilities held for trading	2,193	3,005	3,175	2,474	3,175
Deposits from banks	35,387	36,665	36,158	31,886	36,158
Deposits from customers	207,506	225,515	232,450	210,523	232,450
Debt securities issued	33,505	31,226	32,331	32,130	32,331
Miscellaneous liabilities	6,696	6,796	6,598	6,902	6,598
Total equity	23,954	23,886	24,584	23,513	24,584
Total liabilities and equity	**309,240**	**327,093**	**335,297**	**307,428**	**335,297**
Loan/deposit ratio	84.8%	84.9%	85.5%	85.6%	85.5%
NPL ratio	2.4%	2.2%	2.0%	2.4%	2.0%
NPL coverage ratio (based on AC loans, ex collateral)	92.7%	91.8%	96.8%	90.9%	96.8%
CET1 ratio (final)	14.2%	14.2%	13.8%	14.5%	13.8%

Ratings	Sep 21	Jun 22	Sep 22
Fitch			
Long-term	A	A	A
Short-term	F1	F1	F1
Outlook	Negative	Stable	Stable
Moody´s			
Long-term	A2	A2	A2
Short-term	P-1	P-1	P-1
Outlook	Stable	Stable	Stable
Standard & Poor´s			
Long-term	A	A+	A+
Short-term	A-1	A-1	A-1
Outlook	Positive	Stable	Stable

Letter from the CEO

Dear shareholders,

the economic environment has changed over the past months. Early in the year, the economy had shown signs of a solid recovery in our region after the restrictions of the Covid-19 pandemic. Then, the war in Ukraine, the knock-on effects of the sanctions, uncertainty surrounding gas supplies from Russia and turmoil in the energy markets as well as continued international supply chain disruptions slowed the rebound of the economy. The rise in inflation had an adverse impact on consumer spending and investment activity. As in the first six months the economy did better than expected, the growth forecasts for our core markets have nevertheless been raised several times, to currently between two and six percent. In 2023, growth is expected to slow down, however. While the central banks of the Czech Republic, Hungary and Romania had reacted to accelerating inflation pressure by raising interest rates as early as 2021, the ECB implemented its first rate hike in a decade – by 50 basis points – only this past July. After the third rate hike of 27 October, the euro zone's policy rate now stands at 2%.

How have these developments impacted Erste Group? Despite the emergence of fresh challenges, Erste Group posted a strong operating result and a net profit of EUR 1,647.0 million for the first nine months of 2022. Our two most important income components developed very strongly: net interest income improved versus the first three quarters of 2021 by 19.5%. Positive contributions came from rate hikes in the Czech Republic, Hungary and Romania, which because of significantly stronger-than-expected inflation were sharper than anticipated, as well as from continued robust loan growth across all core markets. Overall, loan growth is up 10.3% year to date. Last but not least I should also like to mention the positive development in corporate lending. At the same time, the favourable trend in net fee and commission income – up 8.3% – continued. Especially payment services and the securities business were very strong despite a clouded economic outlook and capital market volatility. Operating expenses rose by 7.7%, driven by IT and office costs and negative impacts from a rise in contributions to deposit insurance systems. In addition, a new windfall profit tax led to a significant rise in banking levies in Hungary, with EUR 108.4 million posted for the year 2022 (transaction taxes will also be incurred in the fourth quarter). Asset quality remained solid. Erste Group's NPL ratio improved once again, marking a new historic post-IPO low of 2.0% at the end of September 2022. We nonetheless responded to the change in the business environment and the resulting risk scenario by increasing general credit risk provisions. We have updated our assumptions regarding the macroeconomic development and set aside risk provisions for cyclical industries as well as the energy, metals and chemicals industries, with crisis-induced general risk provisions now amounting to EUR 676 million.

Erste Group's capitalisation remains solid. Including third-quarter retained earnings, the common equity tier 1 ratio (final) stands at 14.2% as of the end of September 2022. For the 2022 financial year Erste Group is planning to pay a dividend of EUR 1.90 per share.

At this point I should like to state the outlook for 2022 in more detail and provide some key expectations for 2023: in the current financial year we expect net interest income to rise by more than 20% on the back of higher-than-forecast lending growth of more than 10% and higher market interest rates. Net fee and commission income will reach the EUR 2.4 billion target set for 2024 already this year. In view of the significant slowdown in economic growth we believe that lending growth will reach around 5% in 2023 while net interest income should rise by more than 10% on the back of higher interest rates in the euro zone. Even with inflation running higher, we expect operating expenses to increase less strongly – by approximately 6% in 2022 and 7-8% in 2023 – than operating income. As we will achieve the 55% cost/income ratio target originally set for 2024 already this year, we reset that target to approximately 52%. We expect that risk costs will remain low, not exceeding 20 bps in 2022 and not rising beyond 35 bps in 2023. As a result, return on tangible equity (ROTE) should come in at around 14% in 2022 and between 13 and 15% in 2023.

After numerous talks with stakeholders I had in my first quarter as CEO of Erste Group, it is important to me to clearly reiterate one thing once again: our strategy has proved successful – and not for the first time in a history spanning more than 200 years – even in the face of new challenges. Business potential in our seven core markets in the eastern part of the EU is enormous and Erste Group will maintain its focus on the financial needs of our retail and corporate customers in the region, the provision of products and services and last but not least on adequate advisory services delivered in both traditional branch offices and, increasingly, through digital channels. Efficiency, a careful management of risks and the currently much-quoted ESG themes – environment, social responsibility and sustainable corporate governance – have always been standard practice for the Bank and its employees. In order to fully exploit the potential for growth I have defined two additional priorities: better data analysis to enable us to gain an even better understanding of customer needs so that we can support them in building wealth and achieving or securing their financial health, and a significant expansion of our digital offerings. I firmly believe that our tried-and-tested strategy combined with an innovative spirit will secure the future success of Erste Group.

Willi Cernko m.p.

Erste Group on the capital markets

EQUITY MARKET REVIEW

Year-to-date, financial market performance has been marked by concerns over war and inflation as well as by the central banks' rate hikes. The central banks responded to the high level of inflation by raising their policy rates several times – in some instances significantly – and announcing further measures. While in the US the downturn was driven primarily by central bank action, the euro zone economy came under additional pressure from soaring energy prices and reduced natural gas deliveries. This is also reflected in the weakness of the euro, which fell below parity against the US dollar for the first time since 2002.

The International Monetary Fund (IMF) has adjusted its global growth outlook once again. Global economic growth is expected to come in at 3.2% this year and at 2.7% in 2023, with the forecast for the euro zone being 3.1% for 2022 and 0.5% for 2023. The combination of the said adverse factors – persistently high inflation, continued tightening by the central banks, supply shortages and the energy crisis in Europe – led to an additional deterioration in investor sentiment, high volatility and further declines in the stock markets covered. In the reporting period, the Dow Jones Industrial Average Index lost 6.7% and, at 28,725.51 points, was 20.9% lower than at year-end 2021. The broader Standard & Poor's 500 Index declined by 5.3% to 3,585.62 points in the quarter ended and was down 24.8% year-to-date. In Europe, the Euro Stoxx 600 Index closed the reporting period down 4.8% at 387.85 points and 20.5% lower than at year-end 2021. The Dow Jones European Bank Index, which is composed of the leading European bank shares, retreated by 1.9% in the third quarter and year to date dropped by 21.8% to 78.52 points. The Austrian Traded Index (ATX) stood at 2,691.95 points on 30 September 2022. The domestic share index thus declined by 6.5% in the reporting period and 30.3% year-to-date.

Faced with continued high rates of inflation, the central banks issued clear signals, with particularly the US Federal Reserve (Fed) policies increasingly moving into the limelight. After several rate hikes earlier in the year, the Fed raised its key interest rate again at the beginning of November by another 75 percentage points to a range of 3.75 to 4.00%, reiterating that it was ready to tolerate even a significant cooling of the US economy. With some time lag, the European Central Bank (ECB) followed suit and likewise ended its zero-interest-rate policy after more than six years. By raising its key interest rate to 0.5% in July, it phased out its ultra-expansionary monetary policy and raised the interest rate level in the Monetary Union for the first time in eleven years. Further rate hikes followed in early September and late October, by another 75 basis points each. The euro zone‘s policy rate thus stands at 2.00%.

SHARE PERFORMANCE

The downtrend of Erste Group's share price continued in the quarter ended as the positive development of operating performance, low risk costs and the upward revision of the outlook on lending growth and net interest income for 2022 were not taken into account by the market. The share price declined on the back of macroeconomic concerns, the potential impact on risk costs due to a reduction of gas supplies from Russia and considerations regarding a new banking tax in the Czech Republic. Other topics in the focus of investors and analysts were rate hikes by the ECB, their impact on net interest income, the development of lending and deposit growth and projected dividend payouts. In the period under review, the Erste Group share lost 6.4% and, at a closing price of EUR 22.64 as of 30 September 2022 was down 45.2% year-to-date. The third-quarter low of the Erste Group share price was recorded at EUR 21.66 on 26 August 2022, its high at EUR 26.70 on 15 September 2022.

The Erste Group share is listed on the stock exchanges Vienna, Prague and Bucharest. Its main stock exchange is Vienna. In the third quarter, trading volume there averaged 814,961 shares per day.

FUNDING AND INVESTOR RELATIONS

Erste Group made use of a favourable funding window in September by issuing a EUR 750 million mortgage covered bond at MS+16bps. Combined with a surge in private placements, especially in the retail segment, the funding target was already achieved by the end of the third quarter. In the upcoming year, the funding volume will be comparable to this year's amount although the mix of seniorities leans towards MREL-eligible instruments.

In the third quarter of 2022, most banking and investor conferences were again held as in-person rather than virtual events. The conferences were hosted by Pekao, Barclays, Bank of America, the European Covered Bond Council (ECBC) and mBank. 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-September 2022 are compared with those from January-September 2021 and balance sheet positions as of 30 September 2022 with those as of 31 December 2021.

EARNINGS PERFORMANCE IN BRIEF

Net interest income increased to EUR 4,385.2 million (+19.5%; EUR 3,669.5 million) driven in particular 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 1,829.9 million (+8.3%; EUR 1,690.4 million). Increases were posted across nearly all fee and commission income categories and all core markets, with significant growth seen in particular in payment services and asset management. **Net trading result** declined to EUR -848.5 million (EUR 67.5 million); the line item **gains/losses from financial instruments measured at fair value through profit or loss** rose to EUR 743.3 million (EUR 133.5 million). The development of these two line items was mostly attributable to valuation effects. **Operating income** increased to EUR 6,270.7 million (+9.3%; EUR 5,735.0 million). **General administrative expenses** were up at EUR 3,381.3 million (+7.7%; EUR 3,141.0 million). Personnel expenses were higher at EUR 1,967.2 million (+4.6%; EUR 1,881.3 million). The marked rise in other administrative expenses to EUR 1,003.4 million (+18.5%; EUR 846.6 million) is mainly due to a substantial rise in payments into deposit insurance schemes to EUR 158.4 million (EUR 113.1 million) – most of the regular contributions expected for 2022 have already been posted upfront – as well as increases across all cost categories, in particular IT and office expenses. Amortisation and depreciation amounted to EUR 410.7 million (-0.6%; EUR 413.2 million). Overall, the **operating result** increased markedly to EUR 2,889.4 million (+11.4%; EUR 2,594.0 million). The **cost/income ratio** improved to 53.9% (54.8%).

Due to net allocations, the **impairment result from financial instruments** amounted to EUR -158.3 million or -11 basis points of average gross customers loans (EUR -51.6 million or 4 basis points). Net allocations to provisions for loans as well as for commitments and guarantees were posted in all core markets, with the exception of Croatia. Positive contributions came from continued high income from the recovery of loans already written off in all segments, most notably in the Czech Republic and Croatia. . After a review and release of Covid related provisions, an update of the forward looking indicator parameters (FLIs) as well as the introduction of management overlays for cyclical industries in the second quarter, additional management overlays for industries being highly effected by the volatile energy markets (energy, metals and chemicals) have been introduced in an amount of EUR 147 million in the third quarter. Overall, end of September crises-related general provisions amounted to EUR 676 million. The **NPL ratio** based on gross customer loans improved further to 2.0% (2.4%), the lowest level recorded since the IPO. The **NPL coverage ratio** (excluding collateral) was up at 96.8% (90.9%).

Other operating result amounted to EUR -246.5 million (EUR -243.3 million). Expenses for the annual contributions to resolution funds for the full year of 2022 included in this line item rose – most strongly in Austria and the Czech Republic – to EUR 139.1 million (EUR 108.5 million). Banking levies – currently payable in two core markets – increased to EUR 133.2 million (EUR 71.6 million). Thereof, EUR 108.4 million were charged in Hungary, including regular banking tax for the full financial year in the amount of EUR 16.1 million (EUR 14.9 million), transaction tax for the first three quarters in the amount of EUR 42.4 million (EUR 35.7 million) and a new windfall profit tax of EUR 49.9 million for the full year of 2022 based on the net revenues of the preceding year. In Austria, banking tax equaled EUR 24.8 million (EUR 20.9 million). A positive contribution came from the release of provisions for potential legal risks relating to Romanian consumer protection legislation in the amount of EUR 41.8 million also reflected in other operating income.

Taxes on income amounted to EUR 434.5 million (EUR 433.6 million). The minority charge decreased to EUR 332.6 million (EUR 397.2 million) due to lower earnings contributions of the savings banks mainly resulting from increased impairment of financial instruments. The **net result attributable to owners of the parent** rose to EUR 1,647.0 million (EUR 1,451.4 million) on the back of the strong operating result.

Total equity not including AT1 instruments rose to EUR 22.3 billion (EUR 21.3 billion). After regulatory deductions and filtering in accordance with the Capital Requirements Regulation (CRR), **common equity tier 1 capital** (CET1, final) rose to EUR 19.4 billion (EUR 18.8 billion), total **own funds** (final) to EUR 25.2 billion (EUR 24.8 billion). While the interim profit for the first two quarters of the year is included in the above figures and ratios below, the third quarter is not. Total risk (**risk-weighted assets** including credit, market and operational risk, CRR final) rose to EUR 140,8 billion (EUR 129.6 billion). The **common equity tier 1 ratio** (CET1, final) stood at 13.8% (14.5%), the **total capital ratio** at 17,9% (19.1%).

Total assets increased to EUR 335.3 billion (+9.1%; EUR 307.4 billion). On the asset side, cash and cash balances declined to EUR 44.6 billion (EUR 45.5 billion), loans and advances to banks went up – most notably in Slovakia, the Czech Republic and Austria – to EUR 26.7 billion (EUR 21.0 billion). **Loans and advances to customers** increased in all core markets to EUR 198.8 billion (+10.3%; EUR 180.3 billion), most significantly in in Austria and the Czech Republic. On the liability side, deposits from banks grew to EUR 36.2 billion (EUR 31.9 billion). **Customer deposits** rose in nearly all core markets – most strongly in Austria and the Czech Republic – to EUR 232.5 billion (+10.4%; EUR 210.5 billion). The **loan-to-deposit ratio** stood at 85.5% (85.6%).

OUTLOOK

Erste Group targets a return on tangible equity (ROTE) of approximately 14% in 2022 and 13-15% in 2023. This forecast is primarily driven by a stronger economic performance in 2022 than expected in spring, strong labour markets across CEE and faster than expected interest rate normalisation in the euro zone. While economic growth is forecast to slow down significantly in 2023 in the face of persistently high energy prices and generally higher inflation, continued constructive labour markets and normalised euro zone interest rates should support maintenance of solid profitability also in 2023. In P&L terms increases in operating result and low risk costs are expected to remain the key drivers for earning the cost of capital. Key assumptions for the outlook include: economic slowdown but no negative year-on-year real GDP growth, no further material political or regulatory interventions beyond the impact of the potential Czech banking tax of up to EUR 100 million from 2023 to 2025, no further worsening of the geopolitical situation, and a stabilisation of European energy situation.

In 2023, Erste Group's core markets are expected to see real GDP growth of approximately zero to three percent. While inflation is expected to recede in 2023, it is set to remain elevated throughout the year. Unemployment rates are nonetheless projected to remain low (approximately 3% to 7%), supporting asset quality and will be instrumental in keeping risk costs at low levels. Current account balances are predicted to improve in 2023 in most countries, following significant deficits due to higher costs of energy imports. The fiscal situation will remain stretched amid a variety of fiscal policy challenges. Public debt levels across CEE will remain significantly below the EU average, though.

Against this backdrop, Erste Group expects higher than 10% net loan growth in 2022 and about 5% growth in 2023. This development, supported by sharper-than-expected rate hikes in CEE together with normalised policy interest rates of the ECB, should result in growth in net interest income of about 20% in 2022 and about 10% in 2023. The second important income component – net fee and commission income – is projected to grow by about 6% in 2022 and about 5% in 2023, following the exceptional performance in 2021. As in 2021, positive momentum should again come from payment services and the securities business. Positive contributions are also expected from insurance brokerage. The net trading and fair value result will very likely fall significantly short of last year's result in 2022 due to rate-driven valuation losses. The remaining income components should by and large remain stable. Overall, operating income should thus improve significantly in both 2022 and 2023. Operating expenses are expected to rise more moderately than operating income, at approximately 6% in 2022 and 7-8% in 2023, hence resulting in a cost/income ratio below 55% already in 2022, and thus significantly earlier than planned (2024). Erste Group thus sets a more ambitious CIR target of approximately 52% for 2024.

Given the assumption of continued strong labour markets across Central and Eastern Europe in 2023 risk costs should remain low and not exceed 35 basis points of average gross customer loans. Erste Group still assumes that in 2022 risk costs will not exceed 20 basis points of average gross customer loans. The NPL ratio should be around 2% in 2022 and below 3% in 2023.

Other operating result is expected to come in weaker than last year in 2022 due to higher banking levies such as contributions to resolution funds and banking taxes. For 2023 a further deterioration is possible due to the likely introduction of a windfall profit tax in the Czech Republic. Assuming an effective group tax rate of 18-19%, Erste Group aims to achieve a return on tangible equity (ROTE) of approximately 14% in 2022 and 13-15% in 2023. Erste Group's CET1 ratio should remain above 14% throughout the forecast period. For the 2022 financial year, Erste Group is planning to pay a dividend of EUR 1.90 per share. A potential share buyback will be revaluated in spring 2023.

Risks factors to the forecast include (geo-)political and economic developments (including the impacts of monetary and fiscal policies), regulatory measures as well as global health risks and changes in the competitive environment. Financial forecasts are moreover rendered even more uncertain by government-imposed Covid-19 measures and their effects on economic activity. The development of the Russia-Ukraine conflict does not have any direct impact on Erste Group as it does not maintain any local presence in either of these countries. Exposure to these two markets is immaterial. Indirect consequences such as financial market volatility or the impact of sanctions on some of Erste Group's clients cannot be ruled out, however. Erste Group is moreover exposed to non-financial, political and legal risks that may materialise regardless of the economic environment. A worse-than-expected development of the economy may also lead to a need for the write-off of goodwill.

PERFORMANCE IN DETAIL

in EUR million	1-9 21	1-9 22	Change
Net interest income	3,669.5	4,385.2	19.5%
Net fee and commission income	1,690.4	1,829.9	8.3%
Net trading result and gains/losses from financial instruments at FVPL	201.0	-105.2	n/a
Operating income	5,735.0	6,270.7	9.3%
Operating expenses	-3,141.0	-3,381.3	7.7%
Operating result	**2,594.0**	**2,889.4**	**11.4%**
Impairment result from financial instruments	-51.6	-158.3	>100.0%
Other operating result	-243.3	-246.5	1.3%
Levies on banking activities	-71.6	-133.2	86.1%
Pre-tax result from continuing operations	**2,282.1**	**2,414.1**	**5.8%**
Taxes on income	-433.6	-434.5	0.2%
Net result for the period	**1,848.5**	**1,979.6**	**7.1%**
Net result attributable to non-controlling interests	397.2	332.6	-16.3%
Net result attributable to owners of the parent	**1,451.4**	**1,647.0**	**13.5%**

Net interest income

Net interest income rose significantly to EUR 4,385.2 million (EUR 3,669.5 million), driven by continued loan growth – in particular in corporate business – in all markets and, most importantly, higher interest rates in the Czech Republic, Hungary and Romania. In Austria and Slovakia, however, the still comparatively low level of interest rates was weighing on net interest income. In both countries, a one-off effect from the take-up of TLTRO III funds had had a positive impact in the amount of EUR 93,0 million in the comparative period. 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) widened markedly to 2.19% (2.04%).

Net fee and commission income

Net fee and commission income increased to EUR 1,829.9 million (EUR 1,690.4 million). Growth was recorded across nearly all fee and commission categories and all core markets. In addition to a significant increase in the contribution from payment services in almost all segments, net fee and commission income was boosted primarily by asset management in Austria and the Czech Republic.

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

Net trading result as well as 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 fair value 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 declined to EUR -848.5 million (EUR 67.5 million). Gains/losses from financial instruments measured at fair value through profit or loss trended in the opposite direction and rose to EUR 743.3 million (EUR 133.5 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	1-9 21	1-9 22	Change
Personnel expenses	1,881.3	1,967.2	4.6%
Other administrative expenses	846.6	1,003.4	18.5%
Depreciation and amortisation	413.2	410.7	-0.6%
General administrative expenses	**3,141.0**	**3,381.3**	**7.7%**

General administrative expenses rose to EUR 3,381.3 million (EUR 3,141.0 million). Driven mostly by collectively agreed salary raises, **personnel expenses** increased in all core markets – most significantly in Austria and the Czech Republic – to EUR 1,967.2 million (EUR 1,881.3 million). **Other administrative expenses** rose to EUR 1,003.4 million (EUR 846.6 million) and were recorded in all cost categories. In addition to markedly higher IT expenses in Austria, contributions to deposit insurance systems – already posted for the full year – increased significantly to EUR 158.4 million (EUR 113.1 million). In Hungary, expenses rose to EUR 30.9 million (EUR 7.2 million) mainly due to higher contributions expected for 2022 because of a deposit insurance case (Sberbank Europe AG). In Austria, contributions increased to EUR 84.5 million (EUR 78.2 million), in Romania to EUR 9.3 million (EUR 3.4 million). **Depreciation and amortisation** amounted to EUR 410.7 million (EUR 413.2 million).

Headcount as of end of the period

	Dec 21	Sep 22	Change
Austria	**15,606**	**15,818**	**1.4%**
Erste Group, EB Oesterreich and subsidiaries	8,538	8,688	1.8%
Haftungsverbund savings banks	7,068	7,129	0.9%
Outside Austria	**28,990**	**29,261**	**0.9%**
Česká spořitelna Group	9,711	9,893	1.9%
Banca Comercială Română Group	5,342	5,301	-0.8%
Slovenská sporiteľňa Group	3,644	3,601	-1.2%
Erste Bank Hungary Group	3,238	3,277	1.2%
Erste Bank Croatia Group	3,220	3,313	2.9%
Erste Bank Serbia Group	1,197	1,209	1.0%
Savings banks subsidiaries	1,461	1,468	0.5%
Other subsidiaries and foreign branch offices	1,177	1,198	1.8%
Total	**44,596**	**45,078**	**1.1%**

Operating result

Operating income increased to EUR 6,270.7 million (+9.3%; EUR 5,735.0 million) on the back of a marked rise in the two key income components, net interest income and net fee and commission income, despite a substantial decline in net trading result. General administrative expenses rose to EUR 3,381.3 million (+7.7%; EUR 3,141.0 million) due to higher other administrative expenses and personnel expenses. The operating result increased to EUR 2,889.4 million (+11.4%; EUR 2,594.0 million). The cost/income ratio improved to 53.9% (54.8%).

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

Losses from derecognition of financial instruments not measured at fair value through profit or loss amounted to EUR 70.5 million (EUR 16.9 million). This line item includes primarily losses from the sale of fixed-income securities in the Czech Republic.

Impairment result from financial instruments

The impairment result from financial instruments amounted to EUR -158.3 million (EUR -51.6 million). Net allocations to provisions for loans and advances rose across almost all segments to EUR 175.6 million (EUR 48.8 million). Positive contributions came from continued high income from the recovery of loans already written off in almost all segments, most notably in the Czech Republic and Croatia. Net allocations for commitments and guarantees amounted to EUR 33.9 million (EUR 45.9 million). After a review and release of Covid related provisions, an update of the forward looking indicator parameters (FLIs) as well as the introduction of management overlays for cyclical industries in the second quarter, additional management overlays for industries being highly effected by volatile energy markets (energy, metals and chemicals) have been introduced in an amount of EUR 147 million in the third quarter. Overall, end of September crises-related general provisions amounted to EUR 676 million.

Other operating result

Other operating result amounted to EUR -246.5 million (EUR -243.3 million). Levies on banking activities rose to EUR 133.2 million (EUR 71.6 million). Thereof, EUR 24.8 million (EUR 20.9 million) were payable in Austria. In Hungary, banking levies increased to a total of EUR 108.4 million (EUR 50.6 million). In addition to the regular Hungarian banking tax – already posted upfront for the full year of 2022 – of EUR 16.1 million (EUR 14.9 million) and financial transaction tax of EUR 42.4 million (EUR 35.7 million), a new windfall profit tax of EUR 49.9 million levied for the first time on the preceding year's net revenues has already been posted for the full year of 2022.

The balance of allocations/releases of other provisions improved to EUR 54.3 million (EUR 8.4 million). This includes the release of a provision for potential legal risks relating to Romanian consumer protection legislation in the amount of EUR 41.8 million. Other operating result also reflects the annual contributions to resolution funds in the amount of EUR 139.1 million (EUR 108.5 million). Increases were recorded above all in Austria, to EUR 74.0 million (EUR 51.5 million), and in the Czech Republic, to EUR 39.1 million (EUR 31.8 million). In Hungary, contributions declined to EUR 3.7 million (EUR 5.7 million).

Net result

The pre-tax result from continuing operations amounted to EUR 2,414.1 million (EUR 2,282.1 million). Taxes on income amounted to EUR 434.5 million (EUR 433.6 million). The minority charge decreased to EUR 332.6 million (EUR 397.2 million) due to lower earnings contributions of the savings banks mainly resulting from increased impairment of financial instruments. The net result attributable to owners of the parent improved to EUR 1,647.0 million (EUR 1,451.4 million).

FINANCIAL RESULTS – QUARTER-ON-QUARTER COMPARISON

Financial results from the third quarter of 2022 are compared with those from the second quarter of 2022.

in EUR million	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Income statement					
Net interest income	1,220.8	1,306.2	1,392.1	1,444.9	1,548.2
Net fee and commission income	591.4	613.3	615.3	599.5	615.1
Dividend income	7.7	5.0	2.4	17.7	2.8
Net trading result	24.3	-8.8	-256.6	-275.9	-316.0
Gains/losses from financial instruments measured at fair value through profit or loss	49.9	39.7	239.7	277.1	226.5
Net result from equity method investments	3.8	5.4	3.0	5.1	6.2
Rental income from investment properties & other operating leases	46.5	46.2	40.2	42.1	41.3
Personnel expenses	-632.4	-696.8	-630.7	-663.9	-672.5
Other administrative expenses	-265.3	-333.8	-468.1	-249.6	-285.7
Depreciation and amortisation	-140.3	-134.9	-136.4	-136.6	-137.7
Gains/losses from derecognition of financial assets at AC	-1.4	-9.5	-0.9	-29.9	-16.5
Other gains/losses from derecognition of financial instruments not at FVPL	-18.2	-6.4	1.9	0.1	-25.2
Impairment result from financial instruments	31.3	-107.2	-59.1	85.1	-184.3
Other operating result	-70.9	-67.2	-132.7	-66.5	-47.3
Levies on banking activities	-19.4	-1.9	-40.2	-70.7	-22.3
Pre-tax result from continuing operations	**847.0**	**651.2**	**610.1**	**1,049.2**	**754.9**
Taxes on income	-146.3	-91.6	-115.6	-199.7	-119.3
Net result for the period	**700.7**	**559.6**	**494.5**	**849.5**	**635.6**
Net result attributable to non-controlling interests	167.3	87.6	45.7	161.3	125.6
Net result attributable to owners of the parent	**533.4**	**472.0**	**448.8**	**688.2**	**510.0**

Net interest income rose to EUR 1,548.2 million (+7.1%; EUR 1,444.9 million). Driven by continued loan growth and rate hikes, net interest income was up across nearly all markets, most notably in Austria and Hungary. **Net fee and commission income** rose to EUR 615.1 million (+2.6%; EUR 599.5 million). Increases were recorded in Hungary, Croatia, Romania and Austria, most notably in income from payment services and asset management. Dividend income declined to EUR 2.8 million (EUR 17.7 million) due to seasonal effects. Valuation effects in derivatives and securities trading resulting from interest rate developments caused a decline in **net trading result** to EUR -316.0 million (EUR -275.9 million). Gains/losses from financial instruments measured at fair value through profit or loss amounted to EUR 226.5 million (EUR 277.1 million), primarily due to valuation gains of debt securities in issue driven by 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 1,096.0 million (+4.4%; EUR 1,050.1 million). Personnel expenses were higher at EUR 672.5 million (+1.3%; EUR 663.9 million). Other administrative expenses increased to EUR 285.7 million (+14.4%; EUR 249.6 million) after contributions posted due to the Sberbank Europe AG deposit insurance case in Austria in the amount of EUR 46.5 million had been derecognised in the second quarter. Depreciation and amortisation amounted to EUR 137.7 million (+0.8%; EUR 136.6 million). The **cost/income ratio** stood at 51.6% (49.8%).

Losses from derecognition of financial instruments not measured at fair value through profit or loss amounted to EUR 41.7 million (EUR 29.8 million). This line item includes primarily losses from the sale of fixed-income securities in the Czech Republic.

The **impairment result from financial instruments** deteriorated to EUR -184,3 million (EUR 85,1 million) mainly driven by the introduction of management overlays for energy intensive industries.

Other operating result improved to EUR -47.3 million (EUR -66.5 million). Levies on banking activities amounted to EUR 22.3 million (EUR 70.7 million). Thereof, EUR 13.8 million (EUR 62.5 million) were charged in Hungary (almost exclusively transaction taxes). In the second quarter, a new windfall profit tax based on the preceding year's net revenues had been payable for the first time in Hungary in the amount of EUR 49.9 million (for the full year of 2022). In Austria, banking tax amounted to EUR 8.5 million (EUR 8.2 million).

The **pre-tax result** declined to EUR 754.9 million (EUR 1,049.2 million), reflecting significantly higher risk costs. Taxes on income amounted to EUR 119.3 million (EUR 199.7 million). The minority charge decreased to EUR 125.6 million (EUR 161.3 million) due to an increased impairment of financial instruments. The **net result attributable to owners of the parent** declined to EUR 510.0 million (EUR 688.2 million).

DEVELOPMENT OF THE BALANCE SHEET

in EUR million	Dec 21	Sep 22	Change
Assets			
Cash and cash balances	45,495	44,552	-2.1%
Trading, financial assets	53,211	57,902	8.8%
Loans and advances to banks	21,001	26,721	27.2%
Loans and advances to customers	180,268	198,794	10.3%
Intangible assets	1,362	1,300	-4.6%
Miscellaneous assets	6,090	6,028	-1.0%
Total assets	**307,428**	**335,297**	**9.1%**
Liabilities and equity			
Financial liabilities held for trading	2,474	3,175	28.3%
Deposits from banks	31,886	36,158	13.4%
Deposits from customers	210,523	232,450	10.4%
Debt securities issued	32,130	32,331	0.6%
Miscellaneous liabilities	6,902	6,598	-4.4%
Total equity	23,513	24,584	4.6%
Total liabilities and equity	**307,428**	**335,297**	**9.1%**

Cash and cash balances amounted to EUR 44.6 billion (EUR 45.5 billion). **Trading and investment securities** held in various categories of financial assets increased to EUR 57.9 billion (EUR 53.2 billion).

Loans and advances to credit institutions (net), including demand deposits other than overnight deposits, increased primarily in Slovakia, the Czech Republic and Austria to EUR 26.7 billion (EUR 21.0 billion). **Loans and advances to customers (net)** rose – most notably in Austria and the Czech Republic – to EUR 198.8 billion (EUR 180.3 billion) driven by corporate loan growth.

Loan loss allowances for loans to customers were unchanged at EUR 3.9 billion (EUR 3.9 billion). The **NPL ratio** – non–performing loans as a percentage of gross customer loans – improved to 2.0% (2.4%), the NPL coverage ratio (based on gross customer loans) rose to 96.8% (90.9%).

Intangible assets stood at EUR 1.3 billion (EUR 1.4 billion). **Miscellaneous assets** were nearly unchanged at EUR 6.0 billion (EUR 6.1 billion). **Financial liabilities – held for trading** increased to EUR 3.2 billion (EUR 2.5 billion). **Deposits from banks**, primarily in the form of term deposits including EUR 20.8 billion (EUR 20.9 billion) carrying amount of TLTRO III funds, rose to EUR 36.2 billion (EUR 31.9 billion); **deposits from customers** increased to EUR 232.5 billion (EUR 210.5 billion) due to strong growth in overnight deposits, term deposits and repurchase transactions. The **loan-to-deposit ratio** stood at 85.5% (85.6%). **Debt securities in issue** increased slightly to EUR 32.3 billion (EUR 32.1 billion). **Miscellaneous liabilities** amounted to EUR 6.6 billion (EUR 6.9 billion).

Total assets rose to EUR 335.3 billion (EUR 307.4 billion). **Total equity** increased to EUR 24.6 billion (EUR 23.5 billion). This includes AT1 instruments in the amount of EUR 2.2 billion. After regulatory deductions and filtering according to the Capital Requirements Regulation (CRR), **common equity tier 1 capital** (CET1, CRR final) rose to EUR 19.4 billion (EUR 18.8 billion) as did total **own funds** (CRR final) to EUR 25.2 billion (EUR 24.8 billion). Only the interim profit for the first two quarters of the year is included in the above figures, the interim profit for the third quarter is not included, risk costs were deducted. Total risk – **risk-weighted assets** including credit, market and operational risk (CRR final) – increased to EUR 140.8 billion (EUR 129.6 billion).

The **total capital ratio**, total eligible qualifying capital in relation to total risk, was well above the legal minimum requirement at 17.9% (19.1%). The **tier 1 ratio** stood at 15.4% (16.2%), the **common equity tier 1 ratio** at 13.8% (14.5%). All ratios are CRR final and do not take into account the interim profit of the third quarter.

SEGMENT REPORTING

January-September 2022 compared with January-September 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 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	1-9 21	1-9 22	Change
Net interest income	482.3	509.7	5.7%
Net fee and commission income	334.6	361.0	7.9%
Net trading result and gains/losses from financial instruments at FVPL	12.3	3.0	-75.2%
Operating income	881.6	919.1	4.3%
Operating expenses	-518.5	-510.3	-1.6%
Operating result	363.0	408.7	12.6%
Cost/income ratio	58.8%	55.5%	
Impairment result from financial instruments	-17.2	-6.8	-60.7%
Other result	-24.6	-26.8	9.0%
Net result attributable to owners of the parent	226.3	249.3	10.2%
Return on allocated capital	16.8%	15.0%	

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 and higher market interest rates, as well as lower refinancing costs, partially offset by the non-recurrence of a one-off booking related to TLTRO III refinancing with ECB (EUR 20.1 million). Net fee and commission income rose on the back of higher income from payment and securities fees. The decrease in net trading result and gains/losses from financial instruments at FVPL was driven by valuation effects. The deconsolidation of a subsidiary was the main driver for the decline in rental income from investment properties & other operating leases.The deconsolidation led also to lower operating expenses, which was partially offset by higher IT costs. Deposit insurance contribution amounted to EUR 31.5 million (EUR 32.3 million). Overall, operating result went up and the cost/income ratio improved. Impairment result from financial instruments improved as allocations related to an industry overlay in cyclical industries as well as energy, metals & chemicals were more than offset by releases of Covid-related provisions (especially in tourism area due to an industry overlay). Other result deteriorated mainly due to higher provisions for legal cases and higher payments into the resolution fund of EUR 17.2 million (EUR 12.3 million), which were partially compensated by higher real estate selling gains. Banking tax amounted to EUR 4.0 million (EUR 3.2 million). Overall, the net result attributable to owners of the parent increased.

Savings Banks

in EUR million	1-9 21	1-9 22	Change
Net interest income	808.2	847.4	4.8%
Net fee and commission income	425.5	465.5	9.4%
Net trading result and gains/losses from financial instruments at FVPL	31.2	-61.7	n/a
Operating income	1,299.3	1,286.1	-1.0%
Operating expenses	-814.8	-839.3	3.0%
Operating result	484.6	446.8	-7.8%
Cost/income ratio	62.7%	65.3%	
Impairment result from financial instruments	52.1	-54.0	n/a
Other result	-10.7	-18.6	73.7%
Net result attributable to owners of the parent	68.6	36.7	-46.6%
Return on allocated capital	14.3%	8.0%	

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 higher interest rates as well as lower refinancing costs, partially offset by the non-recurrence of a one-off booking related to TLTRO III refinancing with ECB (EUR 13.6 million). 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 mainly due to higher payments into the deposit insurance fund of EUR 52.8 million (EUR 45.9 million), higher IT and marketing expenses. Consequently, operating result as well as the cost/income ratio worsened. Impairment result from financial instruments deteriorated due to higher allocations driven by the uncertain macro-economic environment, allocations related to an industry overlay in cyclical industries as well as energy, metals & chemicals and recoveries in the comparative period of the last year. Other result worsened mainly due to higher provisioning for commitments and higher contribution to the resolution fund of EUR 14.9 million (EUR 11.2 million). Banking tax increased to EUR 4.2 million (EUR 3.8 million). Overall, the net result attributable to the owners of the parent decreased.

Other Austria

in EUR million	1-9 21	1-9 22	Change
Net interest income	298.2	460.7	54.5%
Net fee and commission income	222.2	220.8	-0.6%
Net trading result and gains/losses from financial instruments at FVPL	41.8	-20.0	n/a
Operating income	595.6	698.2	17.2%
Operating expenses	-256.4	-269.0	4.9%
Operating result	339.2	429.2	26.5%
Cost/income ratio	43.0%	38.5%	
Impairment result from financial instruments	-13.9	-21.4	53.8%
Other result	-2.7	3.7	n/a
Net result attributable to owners of the parent	234.6	313.9	33.8%
Return on allocated capital	13.1%	16.5%	

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 remained nearly unchanged as a higher contribution of assets under management from institutional clients in Austria and documentary business with corporate customers was offset by lower fee income in Erste Group Immorent and lower fees from origination activities. 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 as well. The impairment result from financial instruments deteriorated slightly due to management overlays in the corporate portfolio of Holding, compensated partially by updated risk parameters with forward looking information resulting in releases and lower provisions in the Erste Group Immorent portfolio. Other result improved due the non-recurrence of breakage costs related to an early loan repayment, which was partially offset by lower selling gains and increased provisions for non-financial guarantees. Other result included the resolution fund contribution of EUR 6.0 million (EUR 5.8 million). Overall, the net result attributable to owners of the parent improved.

Czech Republic

in EUR million	1-9 21	1-9 22	Change
Net interest income	821.3	1,066.4	29.8%
Net fee and commission income	267.8	289.0	7.9%
Net trading result and gains/losses from financial instruments at FVPL	57.6	111.6	93.7%
Operating income	1,160.2	1,478.7	27.5%
Operating expenses	-575.6	-642.7	11.7%
Operating result	584.5	836.0	43.0%
Cost/income ratio	49.6%	43.5%	
Impairment result from financial instruments	-51.6	-4.6	-91.2%
Other result	-37.8	-124.1	>100.0%
Net result attributable to owners of the parent	384.3	567.0	47.5%
Return on allocated capital	17.1%	20.1%	

The segment analysis is done on a constant currency basis. The CZK appreciated by 4.3% 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 partially offset by customer deposit repricing. The increase in net fee and commission income was mainly driven by higher payment 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, office space as well as IT costs. Contributions into the deposit insurance fund rose to EUR 13.4 million (EUR 10.8 million). Overall, the operating result increased and the cost/income ratio improved. Impairment result from financial instruments improved notably on the back of updated risk parameters with forward looking information resulting in releases, and fewer defaults. Other result deteriorated mainly on selling losses from bonds. Contributions to the resolution fund increased to EUR 39.1 million (EUR 31.8 million). Altogether, these developments led to a significant increase in the net result attributable to the owners of the parent.

Slovakia

in EUR million	1-9 21	1-9 22	Change
Net interest income	327.6	331.8	1.3%
Net fee and commission income	128.1	142.7	11.4%
Net trading result and gains/losses from financial instruments at FVPL	6.5	19.7	>100.0%
Operating income	467.5	497.4	6.4%
Operating expenses	-216.7	-226.5	4.5%
Operating result	250.8	270.9	8.0%
Cost/income ratio	46.4%	45.5%	
Impairment result from financial instruments	1.6	-45.5	n/a
Other result	-9.9	-8.0	-18.4%
Net result attributable to owners of the parent	184.7	167.4	-9.4%
Return on allocated capital	19.8%	15.2%	

Net interest income in the Slovakia segment (comprising Slovenská sporiteľňa Group) increased due to higher loan volumes and market interest rates, partially offset by the non-recurrence of a one-off booking related to TLTRO III refinancing with ECB (EUR 12.9 million). 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 went up due to valuation effects. Operating expenses increased due to higher IT and office space costs as well as higher personnel expenses. 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 due to an industry overlay for cyclical and energy industries as well as defaults and downgrades in the Corporate segment. Despite a higher payment into the resolution fund of EUR 5.9 million (EUR 4.7 million), other result remained largely stable. Overall, the net result attributable to the owners of the parent decreased.

Romania

in EUR million	1-9 21	1-9 22	Change
Net interest income	321.7	378.9	17.8%
Net fee and commission income	126.2	140.5	11.3%
Net trading result and gains/losses from financial instruments at FVPL	54.4	91.8	68.5%
Operating income	521.1	626.6	20.3%
Operating expenses	-244.3	-275.2	12.6%
Operating result	276.7	351.5	27.0%
Cost/income ratio	46.9%	43.9%	
Impairment result from financial instruments	-14.3	-59.1	>100.0%
Other result	-26.9	32.9	n/a
Net result attributable to owners of the parent	195.1	272.2	39.5%
Return on allocated capital	15.2%	20.6%	

The segment analysis is done on a constant currency basis. The RON depreciated by 0.5% 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 personnel expenses, IT and business operations costs. Overall, operating result increased and the cost/income ratio improved. Impairment result from financial instruments deteriorated on rating downgrades, update of parameters and an industry overlay for cyclical and energy industries. Other result improved mainly due to the partial release of provisions for legal expenses and releases of provisions for non-financial guarantees. The contribution into the resolution fund amounted to EUR 11.9 million (EUR 11.4 million). Overall, the net result attributable to the owners of the parent increased.

Hungary

in EUR million	1-9 21	1-9 22	Change
Net interest income	192.8	292.7	51.8%
Net fee and commission income	152.3	165.8	8.9%
Net trading result and gains/losses from financial instruments at FVPL	24.9	-97.4	n/a
Operating income	376.2	366.8	-2.5%
Operating expenses	-170.3	-200.1	17.5%
Operating result	205.9	166.7	-19.0%
Cost/income ratio	45.3%	54.6%	
Impairment result from financial instruments	-5.9	1.7	n/a
Other result	-60.0	-113.9	89.8%
Net result attributable to owners of the parent	120.0	39.9	-66.8%
Return on allocated capital	13.5%	4.4%	

The segment analysis is done on a constant currency basis. The HUF depreciated by 7.8% 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 and money market placements, despite the negative impact from modification losses related to the mortgage interest cap prolongation. 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 by and large temporary valuation effects. Operating expenses went up on the back of higher personnel and IT costs as well as a substantially higher contribution into the deposit insurance fund of EUR 30.9 million (EUR 7.2 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 predominantly driven by higher regulatory charges: the banking tax rose to EUR 66.0 million (EUR 14.9 million), it included the regular banking tax and a windfall profit tax of EUR 49.9 million (both for the full year 2022). The transaction tax went up to EUR 42.4 million (EUR 35.7 million). The contribution to the resolution fund decreased to EUR 3.7 million (EUR 5.7 million). Consequently, the net result attributable to the owners of the parent declined.

Croatia

in EUR million	1-9 21	1-9 22	Change
Net interest income	203.0	206.6	1.8%
Net fee and commission income	78.0	88.1	13.0%
Net trading result and gains/losses from financial instruments at FVPL	21.6	31.6	46.6%
Operating income	310.2	333.2	7.4%
Operating expenses	-159.9	-174.1	8.8%
Operating result	150.3	159.1	5.9%
Cost/income ratio	51.6%	52.2%	
Impairment result from financial instruments	-0.5	53.7	n/a
Other result	10.3	-2.8	n/a
Net result attributable to owners of the parent	90.5	117.1	29.4%
Return on allocated capital	16.3%	19.1%	

The segment analysis is done on a constant currency basis. The HRK remained largely stable against the EUR in the reporting period. Net interest income in the Croatia segment (comprising Erste Bank Croatia Group) increased due to higher income from securities and lower refinancing costs, while the impact from loan growth was offset by the lower interest rate environment. Net fee and commission income went up due to higher payment, securities and insurance brokerage 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 rose to EUR 6.9 million (EUR 0.9 million). While the operating result improved, the cost/income ratio worsened. The significant improvement of the impairment result from financial instruments was a consequence of releases due to rating upgrades. Other result worsened mainly due to the non-recurrence of releases of provisions for legal expenses and the higher resolution fund contribution of EUR 4.6 million (EUR 3.4 million). Overall, the net result attributable to the owners of the parent increased.

Serbia

in EUR million	1-9 21	1-9 22	Change
Net interest income	54.1	59.3	9.7%
Net fee and commission income	14.3	17.1	19.6%
Net trading result and gains/losses from financial instruments at FVPL	4.2	4.2	-1.7%
Operating income	72.7	80.8	11.1%
Operating expenses	-44.1	-50.5	14.5%
Operating result	28.6	30.3	5.9%
Cost/income ratio	60.7%	62.5%	
Impairment result from financial instruments	-6.8	-15.5	>100.0%
Other result	-4.2	-2.7	-36.6%
Net result attributable to owners of the parent	13.4	9.2	-31.3%
Return on allocated capital	8.6%	5.3%	

The segment analysis is done on a constant currency basis. The Serbian Dinar (RSD) appreciated by 0.1% against the EUR in the reporting period. Net interest income in the Serbia segment (comprising Erste Bank Serbia Group) increased due to higher loan volumes and market interest rates. Net fee and commission income went up due to higher payment fees. The net trading result and gains/losses from financial instruments at FVPL remained largely stable. Operating expenses rose mainly due to higher personnel, legal, consultancy and IT costs. The deposit insurance contribution rose to EUR 3.6 million (EUR 3.1 million). Although the operating result increased, the cost/income ratio deteriorated. Impairment result from financial instruments worsened on rating downgrades in corporate business. Other result improved mainly due to the partial release of provisions for legal expenses. Overall, the net result attributable to owners of the parent decreased.

Other

in EUR million	1-9 21	1-9 22	Change
Net interest income	160.4	231.7	44.4%
Net fee and commission income	-58.4	-60.6	3.7%
Net trading result and gains/losses from financial instruments at FVPL	-53.6	-188.0	>100.0%
Operating income	50.8	-16.1	n/a
Operating expenses	-140.3	-193.6	38.0%
Operating result	-89.5	-209.7	>100.0%
Cost/income ratio	>100.0%	>100.0%	
Impairment result from financial instruments	5.1	-6.8	n/a
Other result	-93.7	-56.7	-39.4%
Net result attributable to owners of the parent	-66.2	-125.6	89.9%
Return on allocated capital	-1.3%	-3.6%	

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, while operating expenses went up on higher IT costs. Consequently, operating result deteriorated. Other result improved on the back of positive valuation effects. The tax charge developed positively. Overall, the net result attributable to owners of the parent deteriorated.

BUSINESS SEGMENTS

Retail

in EUR million	1-9 21	1-9 22	Change
Net interest income	1,552.5	1,891.8	21.9%
Net fee and commission income	892.2	951.6	6.7%
Net trading result and gains/losses from financial instruments at FVPL	84.8	36.3	-57.2%
Operating income	2,553.2	2,886.8	13.1%
Operating expenses	-1,550.1	-1,648.1	6.3%
Operating result	1,003.1	1,238.6	23.5%
Cost/income ratio	60.7%	57.1%	
Impairment result from financial instruments	-53.8	-113.3	>100.0%
Other result	-51.5	-39.4	-23.5%
Net result attributable to owners of the parent	705.7	847.1	20.0%
Return on allocated capital	27.0%	31.0%	

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 due to 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, Slovakia, Austria and Romania driven by housing loans. Deposit volumes grew mainly in the Czech Republic driven by term deposits as well as in Austria and Croatia driven by current accounts. Net fee and commission income increased on the back of higher payment and securities fees across the markets as well as improved insurance brokerage fees mainly in the Czech Republic and Slovakia. Net trading result and gains/losses from financial instruments FVPL decreased due to by and large temporary negative valuation effects in Hungary, partially mitigated by higher result from foreign currency transactions in the Czech Republic, Romania, Austria and Croatia. Operating expenses increased mainly due to higher personnel and IT expenses as well as higher contributions into the deposit insurance funds mainly in Hungary (driven by the Sberbank Europe deposit insurance case). Overall, operating result increased and the cost/income ratio improved. The impairment result from financial instruments worsened on the update of risk parameters in Romania partially offset by lower risk provisioning in the Czech Republic. Other result improved on the partial release of legal provisions in Romania, partially offset by the new windfall profit tax booked in Hungary. Overall, the net result attributable to the owners of the parent increased significantly.

Corporates

in EUR million	1-9 21	1-9 22	Change
Net interest income	868.9	1,104.0	27.1%
Net fee and commission income	238.1	270.7	13.7%
Net trading result and gains/losses from financial instruments at FVPL	72.7	120.4	65.8%
Operating income	1,262.2	1,580.3	25.2%
Operating expenses	-397.0	-431.9	8.8%
Operating result	865.2	1,148.4	32.7%
Cost/income ratio	31.5%	27.3%	
Impairment result from financial instruments	-59.4	22.5	n/a
Other result	-13.4	-51.0	>100.0%
Net result attributable to owners of the parent	595.7	847.8	42.3%
Return on allocated capital	16.0%	21.0%	

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 and better derivative valuation. Operating expenses increased mainly on higher personnel and office space costs. Overall, operating result went up and the cost/income ratio improved. The impairment result from financial instruments improved on the back of risk parameter updates as well as rating upgrades. Other result deteriorated due to higher regulatory charges in Hungary and Czech Republic and the non-recurrence of releases of provisions for legal expenses in Croatia. The net result attributable to the owners of the parent increased.

Group Markets

in EUR million	1-9 21	1-9 22	Change
Net interest income	139.0	354.4	>100.0%
Net fee and commission income	215.4	219.5	1.9%
Net trading result and gains/losses from financial instruments at FVPL	84.3	35.7	-57.6%
Operating income	439.4	612.1	39.3%
Operating expenses	-174.1	-181.4	4.2%
Operating result	265.4	430.7	62.3%
Cost/income ratio	39.6%	29.6%	
Impairment result from financial instruments	-5.8	-2.5	-56.2%
Other result	-23.9	-27.4	14.5%
Net result attributable to owners of the parent	181.9	315.3	73.3%
Return on allocated capital	22.9%	37.9%	

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. Other result deteriorated on the back of higher banking taxes in Hungary. Consequently, the net result attributable to the owners of the parent improved significantly.

Asset/Liability Management & Local Corporate Center

in EUR million	1-9 21	1-9 22	Change
Net interest income	181.8	-30.7	n/a
Net fee and commission income	-65.0	-62.5	-3.9%
Net trading result and gains/losses from financial instruments at FVPL	-12.6	-89.8	>100.0%
Operating income	136.6	-150.1	n/a
Operating expenses	-80.1	-101.3	26.5%
Operating result	56.5	-251.4	n/a
Cost/income ratio	58.6%	-67.5%	
Impairment result from financial instruments	9.9	-9.0	n/a
Other result	-80.1	-148.5	85.5%
Net result attributable to owners of the parent	-51.6	-361.9	>100.0%
Return on allocated capital	-1.7%	-8.3%	

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 a non-recurrence of a one-off booking related to TLTRO III refinancing with ECB (EUR 79.3 million), higher volumes and transfer prices for current accounts mainly 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 excess 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 Hungary, Romania and Czech Republic as well as costs for the employee share programme in all entities. Overall, operating result worsened. Other result deteriorated due to higher regulatory charges (resolution funds contributions in Erste Bank Oesterreich and the Holding and banking taxes in Hungary), higher selling losses from bonds in Czech Republic 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	1-9 21	1-9 22	Change
Net interest income	73.2	89.0	21.6%
Net fee and commission income	3.4	6.5	93.7%
Net trading result and gains/losses from financial instruments at FVPL	-22.1	-35.7	61.5%
Operating income	55.0	58.3	6.1%
Operating expenses	-663.2	-708.8	6.9%
Operating result	-608.2	-650.4	6.9%
Cost/income ratio	>100.0%	>100.0%	
Impairment result from financial instruments	5.4	-2.0	n/a
Other result	446.9	494.7	10.7%
Net result attributable to owners of the parent	-48.9	-37.9	-22.6%
Return on allocated capital	-1.2%	-1.7%	

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 remained nearly unchanged. As operating expenses increased due to higher IT costs, the operating result went down. 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 30 September 2022

Consolidated statement of income

in EUR thousand	Notes	1-9 21	1-9 22
Net interest income	1	3,669,469	4,385,204
Interest income	1	3,708,897	5,820,871
Other similar income	1	1,113,841	1,711,629
Interest expenses	1	-337,451	-1,381,917
Other similar expenses	1	-815,818	-1,765,378
Net fee and commission income	2	1,690,403	1,829,928
Fee and commission income	2	1,993,293	2,160,990
Fee and commission expenses	2	-302,890	-331,062
Dividend income	3	28,142	22,879
Net trading result	4	67,464	-848,515
Gains/losses from financial instruments measured at fair value through profit or loss	5	133,506	743,332
Net result from equity method investments		9,956	14,267
Rental income from investment properties & other operating leases	6	136,096	123,632
Personnel expenses	7	-1,881,298	-1,967,203
Other administrative expenses	7	-846,563	-1,003,421
Depreciation and amortisation	7	-413,163	-410,717
Gains/losses from derecognition of financial assets measured at amortised cost	8	1,836	-47,293
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	9	-18,786	-23,210
Impairment result from financial instruments	10	-51,615	-158,281
Other operating result	11	-243,317	-246,481
Levies on banking activities	11	-71,571	-133,212
Pre-tax result from continuing operations		**2,282,130**	**2,414,120**
Taxes on income	12	-433,605	-434,542
Net result for the period		**1,848,525**	**1,979,579**
Net result attributable to non-controlling interests		397,157	332,555
Net result attributable to owners of the parent		**1,451,369**	**1,647,024**

Earnings per share

		1-9 21	1-9 22
Net result attributable to owners of the parent	in EUR thousand	1,451,369	1,647,024
Dividend on AT1 capital	in EUR thousand	-72,210	-53,438
Net result for the period attributable to owners of the parent after deduction of AT1 capital dividend	in EUR thousand	1,379,159	1,593,586
Weighted average number of outstanding shares		426,246,662	426,725,401
Earnings per share	**in EUR**	**3.24**	**3.73**
Weighted average diluted number of outstanding shares		426,246,662	426,725,401
Diluted earnings per share	**in EUR**	**3.24**	**3.73**

Development of the number of shares

	1-9 21	1-9 22
Shares outstanding at the beginning of the period	405,470,710	405,434,710
Acquisition of treasury shares	-3,842,619	-7,939,569
Disposal of treasury shares	3,814,619	9,699,697
Shares outstanding at the end of the period	405,442,710	407,194,838
Treasury shares	24,357,290	22,605,162
Number of shares issued at the end of the period	**429,800,000**	**429,800,000**
Weighted average number of outstanding shares	426,246,662	426,725,401
Weighted average diluted number of outstanding shares	426,246,662	426,725,401

Consolidated statement of comprehensive income

in EUR thousand	1-9 21	1-9 22
Net result for the period	**1,848,525**	**1,979,578**
Other comprehensive income		
Items that may not be reclassified to profit or loss	**83,578**	**391,056**
Remeasurement of defined benefit plans	51,605	205,308
Fair value reserve of equity instruments	2,222	-11,685
Own credit risk reserve	45,627	286,332
Deferred taxes relating to items that may not be reclassified	-15,877	-88,900
Items that may be reclassified to profit or loss	**-61,801**	**-587,629**
Fair value reserve of debt instruments	-104,547	-592,556
Gain/loss during the period	-104,317	-615,416
Reclassification adjustments	-1,030	24,036
Credit loss allowances	800	-1,176
Cash flow hedge reserve	-174,432	-39,192
Gain/loss during the period	-171,454	7,888
Reclassification adjustments	-2,978	-47,080
Currency reserve	161,161	-81,904
Gain/loss during the period	161,161	-81,904
Deferred taxes relating to items that may be reclassified	56,040	126,288
Gain/loss during the period	55,245	122,173
Reclassification adjustments	795	4,115
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	-23	-266
Total other comprehensive income	**21,777**	**-196,574**
Total comprehensive income	**1,870,302**	**1,783,005**
Total comprehensive income attributable to non-controlling interests	403,065	296,699
Total comprehensive income attributable to owners of the parent	**1,467,237**	**1,486,305**

Quarterly results

in EUR million	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Income statement					
Net interest income	1,220.8	1,306.2	1,392.1	1,444.9	1,548.2
Interest income	1,274.8	1,400.0	1,623.2	1,884.9	2,312.8
Other similar income	336.0	362.6	460.9	552.6	698.1
Interest expenses	-124.1	-146.3	-240.2	-413.7	-728.1
Other similar expenses	-265.9	-310.1	-451.9	-578.9	-734.7
Net fee and commission income	591.4	613.3	615.3	599.5	615.1
Fee and commission income	699.1	728.8	724.0	708.8	728.2
Fee and commission expenses	-107.8	-115.6	-108.6	-109.3	-113.2
Dividend income	7.7	5.0	2.4	17.7	2.8
Net trading result	24.3	-8.8	-256.6	-275.9	-316.0
Gains/losses from financial instruments measured at fair value through profit or loss	49.9	39.7	239.7	277.1	226.5
Net result from equity method investments	3.8	5.4	3.0	5.1	6.2
Rental income from investment properties & other operating leases	46.5	46.2	40.2	42.1	41.3
Personnel expenses	-632.4	-696.8	-630.7	-663.9	-672.5
Other administrative expenses	-265.3	-333.8	-468.1	-249.6	-285.7
Depreciation and amortisation	-140.3	-134.9	-136.4	-136.6	-137.7
Gains/losses from derecognition of financial assets at AC	-1.4	-9.5	-0.9	-29.9	-16.5
Other gains/losses from derecognition of financial instruments not at FVPL	-18.2	-6.4	1.9	0.1	-25.2
Impairment result from financial instruments	31.3	-107.2	-59.1	85.1	-184.3
Other operating result	-70.9	-67.2	-132.7	-66.5	-47.3
Levies on banking activities	-19.4	-1.9	-40.2	-70.7	-22.3
Pre-tax result from continuing operations	**847.0**	**651.2**	**610.1**	**1,049.2**	**754.9**
Taxes on income	-146.3	-91.6	-115.6	-199.7	-119.3
Net result for the period	**700.7**	**559.6**	**494.5**	**849.5**	**635.6**
Net result attributable to non-controlling interests	167.3	87.6	45.7	161.3	125.6
Net result attributable to owners of the parent	**533.4**	**472.0**	**448.8**	**688.2**	**510.0**
Statement of comprehensive income					
Net result for the period	**700.7**	**559.6**	**494.5**	**849.5**	**635.6**
Other comprehensive income					
Items that may not be reclassified to profit or loss	**23.1**	**32.5**	**162.3**	**176.9**	**51.8**
Remeasurement of defined benefit plans	0.5	-23.0	70.5	91.7	43.1
Fair value reserve of equity instruments	7.0	18.2	-5.6	-6.4	0.4
Own credit risk reserve	19.5	36.6	139.5	129.3	17.6
Deferred taxes relating to items that may not be reclassified	-3.9	0.6	-42.0	-37.7	-9.2
Items that may be reclassified to profit or loss	**-138.0**	**-60.4**	**-86.1**	**-416.6**	**-85.0**
Fair value reserve of debt instruments	-36.9	-83.7	-209.9	-269.7	-113.1
Gain/loss during the period	-37.9	-86.9	-208.6	-266.7	-140.1
Reclassification adjustments	-0.6	5.9	-1.7	0.3	25.4
Credit loss allowances	1.6	-2.7	0.5	-3.3	1.6
Cash flow hedge reserve	-86.0	-124.0	-33.6	-45.7	40.2
Gain/loss during the period	-85.8	-123.9	-52.2	-0.9	61.0
Reclassification adjustments	-0.2	-0.1	18.6	-44.8	-20.8
Currency reserve	-38.7	109.8	106.6	-160.6	-27.9
Gain/loss during the period	-38.7	109.8	106.6	-160.6	-27.9
Deferred taxes relating to items that may be reclassified	23.5	37.5	50.9	59.5	15.9
Gain/loss during the period	23.4	38.9	54.4	51.0	16.8
Reclassification adjustments	0.1	-1.4	-3.5	8.5	-0.9
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	0.0	0.0	0.0	-0.1	-0.1
Total	**-114.9**	**-27.9**	**76.2**	**-239.7**	**-33.1**
Total comprehensive income	**585.8**	**531.7**	**570.7**	**609.8**	**602.4**
Total comprehensive income attributable to non-controlling interests	165.7	72.8	34.3	158.3	104.1
Total comprehensive income attributable to owners of the parent	**420.0**	**458.9**	**536.4**	**451.5**	**498.4**

Consolidated balance sheet

in EUR thousand	Notes	Dec 21	Sep 22
Assets			
Cash and cash balances	13	45,495,440	44,551,707
Financial assets held for trading		6,472,965	5,375,323
Derivatives	14	2,263,372	1,981,763
Other financial assets held for trading	15	4,209,593	3,393,560
Pledged as collateral		372,719	45,082
Non-trading financial assets at fair value through profit and loss	16	3,124,389	2,790,528
Pledged as collateral		0	2,876
Equity instruments		331,871	367,397
Debt securities		1,974,670	1,659,523
Loans and advances to banks		9,879	0
Loans and advances to customers		807,969	763,608
Financial assets at fair value through other comprehensive income	17	8,881,173	9,246,735
Pledged as collateral		130,235	336,937
Equity instruments		132,371	120,659
Debt securities		8,748,802	9,126,076
Financial assets at amortised cost	18	229,641,245	259,310,935
Pledged as collateral		1,232,365	2,624,363
Debt securities		35,550,769	41,253,100
Loans and advances to banks		20,991,402	26,721,145
Loans and advances to customers		173,099,074	191,336,690
Finance lease receivables	19	4,208,530	4,345,026
Hedge accounting derivatives	20	78,604	98,767
Fair value changes of hedged items in portfolio hedge of interest rate risk		-3,925	-37,715
Property and equipment		2,645,175	2,542,272
Investment properties		1,344,174	1,376,742
Intangible assets		1,362,299	1,300,233
Investments in associates and joint ventures		210,857	222,986
Current tax assets		135,118	114,475
Deferred tax assets		562,081	582,036
Assets held for sale		73,030	58,853
Trade and other receivables	21	2,152,453	2,348,633
Other assets	22	1,044,577	1,069,334
Total assets		**307,428,186**	**335,296,870**
Liabilities and equity			
Financial liabilities held for trading		2,473,696	3,174,905
Derivatives	14	1,623,819	2,540,420
Other financial liabilities held for trading	23	849,877	634,485
Financial liabilities at fair value through profit or loss		10,464,062	10,031,443
Deposits from customers		494,749	1,322,590
Debt securities issued	24	9,778,385	8,546,716
Other financial liabilities		190,927	162,136
Financial liabilities at amortised cost		265,415,463	291,880,244
Deposits from banks	25	31,885,634	36,158,426
Deposits from customers	25	210,028,718	231,127,644
Debt securities issued	25	22,351,729	23,784,590
Other financial liabilities		1,149,382	809,584
Lease liabilities		588,071	652,960
Hedge accounting derivatives	20	309,405	379,819
Fair value changes of hedged items in portfolio hedge of interest rate risk		0	0
Provisions	26	1,985,871	1,695,940
Current tax liabilities		143,593	113,966
Deferred tax liabilities		18,742	23,956
Liabilities associated with assets held for sale		0	0
Other liabilities	27	2,515,870	2,759,636
Total equity		**23,513,414**	**24,584,001**
Equity attributable to non-controlling interests		5,516,031	5,827,465
Additional equity instruments		2,236,194	2,235,957
Equity attributable to owners of the parent		15,761,190	16,520,579
Subscribed capital		859,600	859,600
Additional paid-in capital		1,477,720	1,477,720
Retained earnings and other reserves		13,423,870	14,183,259
Total liabilities and equity		**307,428,186**	**335,296,870**

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	Remeasure-ment of defined benefit plans	Equity attributable to owners of the parent	Additional equity instruments	Equity attributable to non-controlling interests	Total equity
As of 1 January 2022	**860**	**1,478**	**14,933**	**-206**	**115**	**-207**	**-672**	**-538**	**15,761**	**2,236**	**5,516**	**23,513**
Changes in treasury shares	0	0	16	0	0	0	0	0	16	0	0	16
Dividends paid	0	0	-700	0	0	0	0	0	-700	0	-91	-791
Capital increase/decrease	0	0	0	0	0	0	0	0	0	0	-2	-2
Changes in scope of consolidation and ownership interest	0	0	-34	0	0	0	0	0	-34	0	114	80
Reclassification from other comprehensive income to retained earnings	0	0	-5	0	0	3	0	0	-1	0	-7	-8
Share-based payments	0	0	-7	0	0	0	0	0	-7	0	0	-7
Other changes	0	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	1,647	-31	-391	219	-81	123	1,486	0	297	1,783
Net result for the period	0	0	1,647	0	0	0	0	0	1,647	0	333	1,980
Other comprehensive income	0	0	0	-31	-391	219	-81	123	-161	0	-36	-197
Change from remeasurement of defined benefit plans	0	0	0	0	0	0	0	123	123	0	55	178
Change in fair value reserve	0	0	0	0	-391	0	0	0	-391	0	-91	-483
Change in cash flow hedge reserve	0	0	0	-31	0	0	0	0	-31	0	0	-31
Change in currency reserve	0	0	0	0	0	0	-81	0	-81	0	-1	-82
Change in own credit risk reserve	0	0	0	0	0	219	0	0	219	0	2	221
As of 30 September 2022	**860**	**1,478**	**15,849**	**-237**	**-276**	**15**	**-753**	**-415**	**16,521**	**2,236**	**5,827**	**24,584**
As of 1 January 2021	**860**	**1,478**	**13,773**	**36**	**239**	**-290**	**-941**	**-549**	**14,604**	**2,733**	**5,073**	**22,410**
Changes in treasury shares	0	0	-5	0	0	0	0	0	-5	0	0	-5
Dividends paid	0	0	-275	0	0	0	0	0	-275	0	-29	-304
Capital increase/decrease	0	0	0	0	0	0	0	0	0	-1	1	-1
Changes in scope of consolidation and ownership interest	0	0	-5	0	0	0	0	0	-5	0	-11	-15
Reclassification from other comprehensive income to retained earnings	0	0	7	0	-10	4	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	-18	0	0	0	0	0	-18	0	16	-2
Total comprehensive income	0	0	1,451	-141	-65	38	157	27	1,467	0	403	1,870
Net result for the period	0	0	1,451	0	0	0	0	0	1,451	0	397	1,849
Other comprehensive income	0	0	0	-141	-65	38	157	27	16	0	6	22
Change from remeasurement of defined benefit plans	0	0	0	0	0	0	0	27	27	0	19	45
Change in fair value reserve	0	0	0	0	-65	0	0	0	-65	0	-15	-80
Change in cash flow hedge reserve	0	0	0	-141	0	0	0	0	-141	0	0	-141
Change in currency reserve	0	0	0	0	0	0	157	0	157	0	4	161
Change in own credit risk reserve	0	0	0	0	0	38	0	0	38	0	-2	37
As of 30 September 2021	**860**	**1,478**	**14,928**	**-105**	**164**	**-248**	**-784**	**-523**	**15,769**	**2,732**	**5,453**	**23,954**

Consolidated statement of cash flows

in EUR million	1-9 21	1-9 22
Net result for the period	**1,849**	**1,980**
Non-cash adjustments for items in net profit/loss for the year		
Depreciation, amortisation and net impairment of non-financial assets	433	426
Net allocation to credit loss allowances and other provisions	89	159
Gains/losses from measurement and derecognition of financial assets and financial liabilities	3	80
Other adjustments	127	59
Changes in assets and liabilities from operating activities after adjustment for non-cash components		
Financial assets held for trading	107	1,031
Non-trading financial assets at fair value through profit and loss		
Equity instruments	31	-36
Debt securities	94	173
Loans and advances to banks	-21	10
Loans and advances to customers	-134	-26
Financial assets at fair value through other comprehensive income: debt securities	-636	-791
Financial assets at amortised cost		
Debt securities	-4,068	-5,748
Loans and advances to banks	-6,271	-5,737
Loans and advances to customers	-9,253	-18,441
Finance lease receivables	-93	-113
Hedge accounting derivatives	-30	-51
Other assets from operating activities	-544	-202
Financial liabilities held for trading	-579	-29
Financial liabilities at fair value through profit or loss	-1,625	763
Financial liabilities at amortised cost		
Deposits from banks	10,616	4,273
Deposits from customers	16,559	21,099
Debt securities issued	4,514	1,433
Other financial liabilities	254	-340
Hedge accounting derivatives	41	70
Other liabilities from operating activities	456	-5
Cash flow from operating activities	**11,919**	**36**
Proceeds of disposal		
Financial assets at fair value through other comprehensive income: equity instruments	2	10
Investments in associates and joint ventures	7	11
Property and equipment and intangible assets	52	63
Investment properties	17	10
Acquisition of		
Financial assets at fair value through other comprehensive income: equity instruments	0	-1
Investments in associates and joint ventures	0	0
Property and equipment and intangible assets	-398	-321
Investment properties	-32	-9
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	0	0
Disposal of subsidiaries	0	0
Cash flow from investing activities	**-352**	**-236**
Capital increases	-1	-2
Capital decrease	0	0
Acquisition of non-controlling interest	-15	80
Dividends paid to equity holders of the parent	-275	-700
Dividends paid to non-controlling interests	-29	-91
Cash flow from financing activities	**-320**	**-713**
Cash and cash equivalents at the beginning of the period	**35,839**	**45,495**
Cash flow from operating activities	11,919	36
Cash flow from investing activities	-352	-236
Cash flow from financing activities	-320	-713
Effect of currency translation	40	-30
Cash and cash equivalents at the end of period	**47,125**	**44,552**
Cash flows related to taxes, interest and dividends (included in cash flow from operating activities)	**3,169**	**3,772**
Payments for taxes on income	-279	-406
Interest received	5,139	7,573
Dividends received	28	23
Interest paid	-1,718	-3,418

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 30 September 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 30 September 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 - evolvement of number of entities and funds included

As of 31 December 2021	**335**
Additions	
Entities newly added to the scope of consolidation	3
Disposals	
Companies sold or liquidated	-21
Mergers	0
As of 30 September 2022	**317**

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. Erste Group follows the developments regarding the war in Ukraine and the energy crisis closely, updates the estimates and recognises the effects in the financial statements on an ongoing basis. Further details can be found in the note 29 Risk management.

1. Net interest income

in EUR million	1-9 21	1-9 22
Financial assets at AC	3,581.6	5,655.5
Financial assets at FVOCI	127.3	165.4
Interest income	3,708.9	5,820.9
Non-trading financial assets at FVPL	42.8	47.5
Financial assets HfT	740.3	1,475.9
Derivatives - hedge accounting, interest rate risk	-7.7	-87.9
Other assets	87.6	90.0
Negative interest from financial liabilities	250.8	186.1
Other similar income	1,113.8	1,711.6
Interest and other similar income	**4,822.7**	**7,532.5**
Financial liabilities at AC	-337.5	-1,381.9
Interest expenses	-337.5	-1,381.9
Financial liabilities at FVPL	-208.3	-185.3
Financial liabilities HfT	-541.9	-1,531.2
Derivatives - hedge accounting, interest rate risk	89.9	74.1
Other liabilities	-15.1	-19.3
Negative Interest from financial assets	-140.5	-103.5
Other similar expenses	-815.8	-1,765.4
Interest and other similar expenses	**-1,153.3**	**-3,147.3**
Net interest income	**3,669.5**	**4,385.2**

In the reporting period an amount of EUR 67.0 million (EUR 58.7 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 8.7 million (EUR -4.0 million).

In the comparative data, the negative interest from financial liabilities includes a catch-up adjustment on TLTRO III in the amount of EUR 93.0 million. No such effect was recognised in the current reporting period.

2. Net fee and commission income

in EUR million	1-9 21 Income	1-9 21 Expenses	1-9 22 Income	1-9 22 Expenses
Securities	224.4	-39.1	218.7	-42.4
Issues	31.2	-0.7	39.1	-0.5
Transfer orders	174.4	-29.9	166.6	-32.9
Other	18.8	-8.4	13.0	-9.0
Clearing and settlement	1.1	-2.6	1.4	-3.2
Asset management	365.4	-39.0	390.4	-36.7
Custody	88.1	-10.4	91.7	-12.0
Fiduciary transactions	1.0	0.0	1.0	0.0
Payment services	892.9	-156.2	1,007.1	-179.6
Card business	256.6	-102.6	302.8	-120.9
Other	636.2	-53.6	704.2	-58.7
Customer resources distributed but not managed	185.5	-4.9	200.2	-5.8
Collective investment	14.3	-0.8	17.7	-1.7
Insurance products	148.2	-0.6	152.8	-0.5
Building society brokerage	1.4	-0.6	0.9	-0.3
Foreign exchange transactions	20.4	-1.6	27.3	-2.1
Other	1.2	-1.3	1.4	-1.2
Structured finance	0.7	-0.3	0.4	0.0
Servicing fees from securitization activities	0.0	-1.6	0.0	-0.8
Lending business	151.5	-31.8	159.8	-29.8
Guarantees given, guarantees received	57.7	-1.8	69.3	-2.4
Loan commitments given, loan commitments received	29.6	-0.8	30.9	-0.8
Other lending business	64.2	-29.2	59.5	-26.6
Other	82.7	-17.0	90.4	-20.8
Total fee and commission income and expenses	**1,993.3**	**-302.9**	**2,161.0**	**-331.1**
Net fee and commission income	**1,690.4**		**1,829.9**	

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	1-9 21	1-9 22
Financial assets HfT	1.2	2.3
Non-trading financial assets at FVPL	18.6	12.3
Financial assets at FVOCI	8.3	8.3
Dividend income	**28.1**	**22.9**

4. Net trading result

in EUR million	1-9 21	1-9 22
Securities and derivatives trading	-107.4	-888.0
Foreign exchange transactions	184.4	56.0
Result from hedge accounting	-9.5	-16.5
Net trading result	**67.5**	**-848.5**

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

in EUR million	1-9 21	1-9 22
Result from measurement/sale of financial assets designated at FVPL	-6.6	-19.2
Result from measurement/repurchase of financial liabilities designated at FVPL	146.8	975.9
Result from financial assets and liabilities designated at FVPL	**140.2**	**956.8**
Result from measurement/sale of financial assets mandatorily at FVPL	-6.7	-213.4
Gains/losses from financial instruments measured at fair value through profit or loss	**133.5**	**743.3**

6. Rental income from investment properties & other operating leases

in EUR million	1-9 21	1-9 22
Investment properties	77.5	81.4
Other operating leases	58.6	42.2
Rental income from investment properties & other operating leases	**136.1**	**123.6**

7. General administrative expenses

in EUR million	1-9 21	1-9 22
Personnel expenses	**-1,881.3**	**-1,967.2**
Wages and salaries	-1,442.1	-1,509.2
Compulsory social security	-360.4	-370.2
Long-term employee provisions	-16.7	3.8
Other personnel expenses	-62.0	-91.7
Other administrative expenses	**-846.6**	**-1,003.4**
Deposit insurance contribution	-113.1	-158.4
IT expenses	-317.4	-367.5
Expenses for office space	-113.4	-131.2
Office operating expenses	-88.9	-109.0
Advertising/marketing	-102.6	-111.0
Legal and consulting costs	-74.9	-78.9
Sundry administrative expenses	-36.3	-47.4
Depreciation and amortisation	**-413.2**	**-410.7**
Software and other intangible assets	-147.5	-144.7
Owner occupied real estate	-112.2	-118.9
Investment properties	-22.2	-23.2
Customer relationships	-5.7	-5.5
Office furniture and equipment and sundry property and equipment	-125.6	-118.4
General administrative expenses	**-3,141.0**	**-3,381.3**

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

in EUR million	1-9 21	1-9 22
Gains from derecognition of financial assets at AC	9.5	0.4
Losses from derecognition of financial assets at AC	-7.7	-47.7
Gains/losses from derecognition of financial assets measured at amortised cost	**1.8**	**-47.3**

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

in EUR million	1-9 21	1-9 22
Sale of financial assets at FVOCI	1.0	-23.8
Sale of financial lease receivables	0.0	0.0
Derecognition of financial liabilities at AC	-19.8	0.6
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	**-18.8**	**-23.2**

10. Impairment result from financial instruments

in EUR million	1-9 21	1-9 22
Financial assets at FVOCI	-0.6	1.3
Financial assets at AC	5.0	-151.1
Net allocation to credit loss allowances	-37.3	-198.6
Direct write-offs	-7.8	-6.1
Recoveries recorded directly to the income statement	57.5	59.3
Modification gains or losses	-7.4	-5.7
Lease receivables	-10.1	25.5
Net allocation to credit loss allowances	0.0	23.0
Direct write-offs	0.0	-0.1
Recoveries recorded directly to the income statement	0.0	2.5
Modification gains or losses	0.0	0.0
Net allocation of provisions for commitments and guarantees given	-45.9	-33.9
Impairment result from financial instruments	**-51.6**	**-158.3**

11. Other operating result

in EUR million	1-9 21	1-9 22
Other operating expenses	**-320.4**	**-385.8**
Allocation to other provisions	-132.8	-105.2
Levies on banking activities	-71.6	-133.2
Banking tax	-35.8	-90.7
Financial transaction tax	-35.7	-42.5
Other taxes	-7.6	-8.3
Recovery and resolution fund contributions	-108.5	-139.1
Other operating income	**141.2**	**159.6**
Release of other provisions	141.2	159.6
Result from properties/movables/other intangible assets other than goodwill	0.4	0.4
Result from other operating expenses/income	-64.5	-20.6
Other operating result	**-243.3**	**-246.5**

12. Taxes on income

The consolidated net tax expense for the reporting period amounted to EUR 434.5 million (EUR 433.6 million), thereof EUR 20.6 million (EUR 71.4 million) deferred tax expense.

13. Cash and cash balances

in EUR million	Dec 21	Sep 22
Cash on hand	9,781	5,877
Cash balances at central banks	34,682	36,684
Other demand deposits at credit institutions	1,033	1,991
Cash and cash balances	**45,495**	**44,552**

14. Derivatives held for trading

in EUR million	Dec 21			Sep 22		
	Notional value	Positive fair value	Negative fair value	Notional value	Positive fair value	Negative fair value
Derivatives held in the trading book	**197,734**	**3,477**	**3,623**	**215,329**	**6,703**	**6,601**
Interest rate	136,122	2,801	2,876	153,793	5,760	5,618
Equity	491	7	6	967	26	28
Foreign exchange	60,305	638	717	59,645	912	953
Credit	598	14	24	729	3	2
Commodity	16	0	0	11	0	0
Other	201	17	0	184	1	0
Derivatives held in the banking book	**21,210**	**919**	**310**	**24,738**	**522**	**1,003**
Interest rate	15,442	776	231	18,217	368	778
Equity	1,236	74	34	1,343	47	120
Foreign exchange	4,168	66	44	4,840	106	98
Credit	223	3	1	163	1	3
Other	141	0	0	175	0	5
Total gross amounts	**218,943**	**4,396**	**3,933**	**240,067**	**7,225**	**7,605**
Offset		-2,132	-2,309		-5,243	-5,064
Total		**2,263**	**1,624**		**1,982**	**2,540**

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	Sep 22
Equity instruments	84	88
Debt securities	4,125	3,305
Central banks	0	0
General governments	3,207	2,010
Credit institutions	699	1,083
Other financial corporations	127	138
Non-financial corporations	92	74
Other financial assets held for trading	**4,210**	**3,394**

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

in EUR million	Dec 21		Sep 22	
	Designated	Mandatorily	Designated	Mandatorily
Equity instruments	0	332	0	367
Debt securities	476	1,499	373	1,286
General governments	36	161	35	88
Credit institutions	435	111	333	115
Other financial corporations	5	1,054	6	994
Non-financial corporations	0	173	0	89
Loans and advances to banks	0	10	0	0
Credit institutions	0	10	0	0
Loans and advances to customers	0	808	1	763
General governments	0	1	0	1
Other financial corporations	0	21	0	22
Non-financial corporations	0	48	1	61
Households	0	737	0	679
Financial assets designated and mandatorily at FVPL	476	2,648	374	2,417
Non-trading financial assets at fair value through profit and loss	**3,124**		**2,791**	

17. Financial assets at fair value through other comprehensive income

Equity Instruments

The carrying amount of Erste Group's equity instruments FVOCI as of 30 September 2022 amounted to EUR 120.7 million (EUR 132.4 million), the cumulative fair value change for equity instruments FVOCI before taxes recognized in other comprehensive income amounted to EUR 77.0 million (EUR 88.5 million).

Debt Instruments

Debt securities

	Gross carrying amount				Credit loss allowances						
in EUR million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Amortised cost	Accumulated OCI changes	Fair value
Sep 22											
Central banks	0	0	0	0	0	0	0	0	0	0	0
General governments	6,842	242	0	7,085	-4	-7	0	-11	7,074	-340	6,734
Credit institutions	1,290	19	0	1,309	-3	0	0	-3	1,306	-62	1,244
Other financial corporations	230	63	0	293	0	-1	0	-1	292	-13	279
Non-financial corporations	459	478	0	937	-1	-7	0	-7	930	-61	868
Total	**8,822**	**802**	**0**	**9,624**	**-7**	**-15**	**0**	**-22**	**9,602**	**-476**	**9,126**
Dec 21											
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
Total	**8,066**	**589**	**0**	**8,655**	**-7**	**-16**	**0**	**-23**	**8,632**	**117**	**8,749**

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 30 September 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
	Jan 22						**Sep 22**
Stage 1	-7	-3	1	2	-1	0	-7
Stage 2	-16	0	0	-4	6	0	-15
Stage 3	0	0	0	0	0	0	0
Total	**-23**	**-3**	**1**	**-2**	**5**	**0**	**-22**
	Jan 21						**Sep 21**
Stage 1	-9	-2	2	3	0	0	-7
Stage 2	-16	0	0	-6	3	0	-18
Stage 3	0	0	0	0	0	0	0
Total	**-25**	**-2**	**2**	**-3**	**3**	**0**	**-26**

18. Financial assets at amortised cost

Debt securities

in EUR million	Gross carrying amount Stage 1	Stage 2	Stage 3	Total	Credit loss allowances Stage 1	Stage 2	Stage 3	Total	Carrying amount
Sep 22									
Central banks	14	0	0	14	0	0	0	0	14
General governments	33,735	62	0	33,797	-10	-2	0	-12	33,785
Credit institutions	6,299	89	0	6,388	-3	-2	0	-4	6,384
Other financial corporations	256	41	0	297	0	-1	0	-2	296
Non-financial corporations	623	156	0	779	-1	-3	0	-4	775
Total	**40,927**	**348**	**0**	**41,275**	**-14**	**-8**	**0**	**-22**	**41,253**
Dec 21									
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
Total	**35,508**	**57**	**0**	**35,565**	**-12**	**-3**	**0**	**-15**	**35,551**

There were no purchased or originated credit-impaired (POCI) debt securities at amortised cost as of 30 September 2022.

Development of credit loss allowances for debt securities

in EUR million	As of	Additions	Derecognitions	Transfer between stages	Other changes in credit risk (net)	Other	As of
	Jan 22						**Sep 22**
Stage 1	-12	-5	3	1	-2	0	-14
Stage 2	-3	0	0	-7	2	0	-8
Stage 3	0	0	0	0	0	0	0
Total	**-15**	**-5**	**3**	**-6**	**0**	**0**	**-22**
	Jan 21						**Sep 21**
Stage 1	-11	-4	3	2	-2	0	-12
Stage 2	-3	0	0	-2	2	0	-4
Stage 3	-2	0	1	0	0	0	0
Total	**-15**	**-4**	**4**	**0**	**0**	**0**	**-15**

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	
Sep 22									
Central banks	20,159	0	0	20,159	-1	0	0	-1	20,158
Credit institutions	6,483	87	0	6,571	-7	-1	0	-7	6,563
Total	**26,642**	**87**	**0**	**26,730**	**-8**	**-1**	**0**	**-8**	**26,721**
Dec 21									
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
Total	**20,938**	**60**	**0**	**20,998**	**-6**	**-1**	**0**	**-6**	**20,991**

There were no purchased or originated credit-impaired (POCI) AC loans and advances to banks as of 30 September 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						**Sep 22**
Stage 1	-6	-17	12	0	3	-1	-8
Stage 2	-1	0	1	0	0	0	-1
Stage 3	0	0	0	0	0	0	0
Total	**-6**	**-17**	**13**	**0**	**3**	**-1**	**-8**
	Jan 21						**Sep 21**
Stage 1	-3	-15	13	0	0	0	-4
Stage 2	0	0	3	-2	-2	0	-1
Stage 3	0	0	0	0	0	0	0
Total	**-3**	**-16**	**16**	**-1**	**-2**	**0**	**-6**

Loans and advances to customers

in EUR million	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
Sep 22											
General governments	7,850	689	11	2	8,551	-4	-28	-1	0	-33	8,519
Other financial corporations	4,121	1,033	68	11	5,233	-6	-18	-20	0	-44	5,189
Non-financial corporations	62,952	22,895	1,892	234	87,973	-153	-744	-967	-66	-1,930	86,043
Households	80,027	11,456	1,715	101	93,299	-154	-596	-941	-22	-1,713	91,586
Total	**154,950**	**36,073**	**3,685**	**347**	**195,056**	**-317**	**-1,385**	**-1,929**	**-88**	**-3,719**	**191,337**
Dec 21											
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
Total	**143,177**	**29,398**	**3,937**	**327**	**176,839**	**-383**	**-1,203**	**-2,066**	**-88**	**-3,740**	**173,099**

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
	Jan 22								**Sep 22**
Stage 1	**-383**	**-247**	**61**	**446**	**-204**	**0**	**0**	**11**	**-317**
General governments	-4	-1	0	3	-1	0	0	0	-4
Other financial corporations	-10	-10	3	10	0	0	0	0	-6
Non-financial corporations	-211	-150	39	217	-59	0	0	11	-153
Households	-158	-86	19	216	-145	0	0	1	-154
Stage 2	**-1,203**	**-126**	**139**	**-762**	**569**	**0**	**1**	**-3**	**-1,385**
General governments	-20	-6	1	-7	4	0	0	0	-28
Other financial corporations	-14	-2	3	-16	12	0	0	-1	-18
Non-financial corporations	-666	-96	85	-392	330	0	0	-6	-744
Households	-504	-23	50	-347	223	0	1	4	-596
Stage 3	**-2,066**	**-32**	**179**	**-105**	**-196**	**4**	**295**	**-7**	**-1,929**
General governments	-2	0	0	0	0	0	1	0	-1
Other financial corporations	-16	0	1	0	-2	0	3	-5	-20
Non-financial corporations	-1,069	-18	103	-63	-113	3	195	-5	-967
Households	-979	-14	75	-43	-80	0	96	3	-941
POCI	**-88**	**0**	**7**	**0**	**-11**	**0**	**3**	**1**	**-88**
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	4	0	-12	0	2	0	-66
Households	-26	0	2	0	0	0	1	1	-22
Total	**-3,740**	**-405**	**385**	**-421**	**158**	**4**	**298**	**2**	**-3,719**
	Jan 21								**Sep 21**
Stage 1	**-335**	**-219**	**56**	**341**	**-201**	**0**	**0**	**3**	**-354**
General governments	-4	-1	0	1	-3	0	0	0	-7
Other financial corporations	-8	-9	3	12	-9	0	0	0	-10
Non-financial corporations	-186	-136	36	131	-50	0	0	1	-204
Households	-136	-73	17	197	-140	0	0	1	-134
Stage 2	**-1,171**	**-91**	**123**	**-532**	**478**	**-1**	**4**	**3**	**-1,187**
General governments	-4	-1	0	-5	0	0	0	-6	-16
Other financial corporations	-38	-1	2	-17	31	0	0	1	-22
Non-financial corporations	-657	-73	75	-213	187	0	2	-4	-683
Households	-472	-18	45	-296	260	0	2	12	-467
Stage 3	**-2,201**	**-36**	**186**	**-49**	**-168**	**1**	**168**	**-8**	**-2,107**
General governments	-2	0	0	0	0	0	0	0	-2
Other financial corporations	-6	0	0	0	-11	0	1	0	-16
Non-financial corporations	-1,172	-22	87	-18	-25	3	68	-4	-1,084
Households	-1,021	-15	98	-30	-133	-1	100	-3	-1,005
POCI	**-125**	**0**	**12**	**0**	**22**	**0**	**3**	**-1**	**-89**
General governments	-1	0	0	0	0	0	0	0	-1
Other financial corporations	0	0	0	0	0	0	0	0	0
Non-financial corporations	-92	0	8	0	22	0	1	0	-61
Households	-33	0	3	0	0	0	2	0	-28
Total	**-3,831**	**-346**	**377**	**-241**	**131**	**1**	**175**	**-2**	**-3,738**

19. Finance lease receivables

in EUR million	Gross carrying amount Stage 1	Stage 2	Stage 3	POCI	Total	Credit loss allowances Stage 1	Stage 2	Stage 3	POCI	Total	Carrying amount
Sep 22											
General governments	256	21	0	0	278	0	-1	0	0	-2	276
Credit institutions	1	0	0	0	1	0	0	0	0	0	1
Other financial corporations	75	1	0	0	75	0	0	0	0	0	75
Non-financial corporations	2,583	548	72	1	3,203	-11	-25	-35	0	-72	3,132
Households	803	58	12	0	873	-4	-2	-5	0	-11	862
Total	**3,717**	**628**	**84**	**1**	**4,430**	**-16**	**-28**	**-41**	**0**	**-85**	**4,345**
Dec 21											
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
Total	**3,729**	**439**	**151**	**0**	**4,319**	**-17**	**-27**	**-67**	**0**	**-111**	**4,209**

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
	Jan 22								**Sep 22**
Stage 1	-17	-7	1	5	2	0	0	0	-16
Stage 2	-27	0	1	-16	14	0	0	0	-28
Stage 3	-67	0	2	-3	23	0	5	0	-41
POCI	0	0	0	0	0	0	0	0	0
Total	**-111**	**-7**	**4**	**-14**	**38**	**0**	**5**	**0**	**-85**
	Jan 21								**Sep 21**
Stage 1	-17	-4	0	5	2	0	0	0	-15
Stage 2	-12	0	0	-10	-24	0	0	0	-46
Stage 3	-78	0	2	-2	16	0	3	-13	-73
POCI	0	0	0	0	0	0	0	0	0
Total	**-108**	**-4**	**2**	**-8**	**-7**	**0**	**3**	**-13**	**-134**

20. Hedge accounting derivatives

in EUR million	Dec 21 Notional value	Positive fair value	Negative fair value	Sep 22 Notional value	Positive fair value	Negative fair value
Fair value hedges	**15,988**	**319**	**344**	**19,377**	**402**	**2,062**
Interest rate	15,988	319	344	19,377	402	2,062
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
Cash flow hedges	**4,003**	**6**	**183**	**4,635**	**41**	**194**
Interest rate	3,057	0	149	3,429	0	194
Equity	0	0	0	0	0	0
Foreign exchange	946	6	35	1,206	40	0
Credit	0	0	0	0	0	0
Commodity	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total gross amounts	**19,991**	**325**	**527**	**24,012**	**443**	**2,256**
Offset	0	-246	-218		-344	-1,876
Total		**79**	**309**		**99**	**380**

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					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
Sep 22											
Central banks	1	0	0	0	1	0	0	0	0	0	1
General governments	57	18	0	0	75	0	0	0	0	0	75
Credit institutions	37	2	0	0	39	0	0	0	0	0	39
Other financial corporations	55	6	0	0	61	0	0	0	0	0	61
Non-financial corporations	1,322	737	55	1	2,114	-6	-5	-43	-1	-55	2,059
Households	99	20	15	0	134	-2	-5	-13	0	-20	114
Total	**1,571**	**783**	**70**	**1**	**2,424**	**-9**	**-11**	**-56**	**-1**	**-76**	**2,349**
Dec 21											
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
Total	**1,151**	**1,007**	**81**	**0**	**2,239**	**-12**	**-9**	**-66**	**0**	**-87**	**2,152**

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
	Jan 22								**Sep 22**
Stage 1	-12	-9	7	1	4	0	0	0	-9
Stage 2	-9	0	1	-1	-2	0	1	0	-11
Stage 3	-66	0	9	-1	-3	0	5	1	-56
POCI	0	0	0	0	0	0	0	0	-1
Total	**-87**	**-10**	**17**	**-1**	**-2**	**0**	**6**	**1**	**-76**
	Jan 21								**Sep 21**
Stage 1	-6	-8	5	1	2	0	0	0	-7
Stage 2	-10	0	2	-1	-1	0	0	0	-10
Stage 3	-47	0	4	0	-29	0	3	0	-69
POCI	0	0	0	0	0	0	0	0	0
Total	**-64**	**-8**	**11**	**0**	**-28**	**0**	**4**	**0**	**-86**

22. Other assets

in EUR million	Dec 21	Sep 22
Prepayments	112	138
Inventories	149	95
Sundry assets	784	836
Other assets	**1,045**	**1,069**

23. Other financial liabilities held for trading

in EUR million	Dec 21	Sep 22
Short positions	785	585
Equity instruments	84	119
Debt securities	702	466
Debt securities issued	64	50
Other financial liabilities held for trading	**850**	**634**

24. Financial liabilities at fair value through profit and loss

Debt securities issued

in EUR million	Dec 21	Sep 22
Subordinated debt securities issued	3,419	2,637
Other debt securities issued	6,360	5,910
Bonds	4,098	4,050
Other certificates of deposits/name certificates	824	770
Mortgage covered bonds	1,272	964
Public sector covered bonds	165	127
Debt securities issued	**9,778**	**8,547**

25. Financial liabilities at amortised costs

Deposits from banks

in EUR million	Dec 21	Sep 22
Overnight deposits	1,765	3,305
Term deposits	29,163	30,303
Repurchase agreements	958	2,550
Deposits from banks	**31,886**	**36,158**

Deposits from customers

in EUR million	Dec 21	Sep 22
Overnight deposits	**167,738**	**175,558**
Savings deposits	43,669	45,709
Other financial corporations	173	167
Non-financial corporations	1,985	2,199
Households	41,511	43,343
Non-savings deposits	124,069	129,849
General governments	6,963	8,276
Other financial corporations	7,530	8,747
Non-financial corporations	37,916	39,024
Households	71,660	73,802
Term deposits	**41,662**	**51,247**
Deposits with agreed maturity	34,986	44,877
Savings deposits	21,974	21,125
Other financial corporations	742	1,228
Non-financial corporations	1,409	1,778
Households	19,824	18,119
Non-savings deposits	13,012	23,751
General governments	2,970	3,869
Other financial corporations	1,843	8,466
Non-financial corporations	3,265	5,411
Households	4,934	6,005
Deposits redeemable at notice	6,676	6,371
General governments	9	23
Other financial corporations	120	123
Non-financial corporations	294	275
Households	6,253	5,950
Repurchase agreements	**628**	**4,322**
General governments	1	2,355
Other financial corporations	627	1,450
Non-financial corporations	0	517
Deposits from customers	**210,029**	**231,128**
General governments	**9,942**	**14,522**
Other financial corporations	**11,037**	**20,180**
Non-financial corporations	**44,868**	**49,205**
Households	**144,182**	**147,220**

The carrying amount of the TLTRO III liabilities as of 30 September 2022 was EUR 20.8 billion (EUR 20.9 billion).

Debt securities issued

in EUR million	Dec 21	Sep 22
Subordinated debt securities issued	1,943	2,886
Senior non-preferred bonds	1,474	1,155
Other debt securities issued	18,935	19,744
Bonds	8,146	7,045
Certificates of deposit	1,264	2,459
Other certificates of deposits/name certificates	148	124
Mortgage covered bonds	9,377	10,116
Public sector covered bonds	0	0
Other	0	0
Debt securities issued	**22,352**	**23,785**

26. Provisions

in EUR million	Dec 21	Sep 22
Long-term employee provisions	951	733
Pending legal issues and tax litigation	332	284
Loan commitments and financial guarantees given	464	471
CLA for loan commitments and financial guarantees in Stage 1	113	77
CLA for loan commitments and financial guarantees in Stage 2	228	303
CLA for loan commitments and financial guarantees in Stage 3	111	84
CLA for loan commitments and financial guarantees - POCI	12	7
Other provisions	239	208
Provisions for onerous contracts	3	2
Other	237	206
Provisions	**1,986**	**1,696**

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 3.70% p.a. as of 30 September 2022 (31 December 2021: 1.05% p.a.) to reflect the actual interest rate levels. Furthermore, the collective agreement trend amounted to 2.70% p.a. (31 December 2021: 2.40% p.a.) as well as the ASVG trend at 2.20% 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 205.3 million (before tax) has been recognised in other comprehensive income those for jubilee provisions, an amount of EUR 22.9 million has been considered in the income statement.

27. Other liabilities

in EUR million	Dec 21	Sep 22
Deferred income	106	146
Sundry liabilities	2,410	2,613
Other liabilities	**2,516**	**2,760**

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.

Erste Group – geographical segmentation - operating segments

Austria			Central and Eastern Europe						Other
EBOe & Subsidiaries	Savings Banks	Other Austria	Czech Republic	Slovakia	Romania	Hungary	Croatia	Serbia	

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 sporitel'ňa 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.

Erste Group – business segments

Retail	Corporates	Group Markets	Asset/Liability Management & Local Corporate Center	Savings Banks	Group Corporate Center	Intragroup Elimination

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 1-9 21	Austria 1-9 22	Central and Eastern Europe 1-9 21	Central and Eastern Europe 1-9 22	Other 1-9 21	Other 1-9 22	Total Group 1-9 21	Total Group 1-9 22
Net interest income	1,588.7	1,817.8	1,920.4	2,335.8	160.4	231.7	3,669.5	4,385.2
Net fee and commission income	982.3	1,047.4	766.6	843.1	-58.4	-60.6	1,690.4	1,829.9
Dividend income	9.9	12.2	7.8	3.9	10.4	6.7	28.1	22.9
Net trading result	31.9	-125.5	175.3	236.7	-139.8	-959.7	67.5	-848.5
Gains/losses from financial instruments at FVPL	53.4	46.8	-6.1	-75.2	86.2	771.7	133.5	743.3
Net result from equity method investments	-1.1	2.1	7.2	6.4	3.9	5.7	10.0	14.3
Rental income from investment properties & other operating leases	111.4	102.5	36.6	32.9	-11.9	-11.7	136.1	123.6
General administrative expenses	-1,589.7	-1,618.7	-1,411.0	-1,569.1	-140.3	-193.6	-3,141.0	-3,381.3
Gains/losses from derecognition of financial assets at AC	-0.5	-0.6	2.4	-46.0	0.0	-0.7	1.8	-47.3
Other gains/losses from derecognition of financial instruments not at FVPL	-21.6	0.3	0.6	-24.2	2.2	0.7	-18.8	-23.2
Impairment result from financial instruments	20.9	-82.2	-77.6	-69.2	5.1	-6.8	-51.6	-158.3
Other operating result	-15.9	-41.3	-131.6	-148.4	-95.8	-56.7	-243.3	-246.5
Levies on banking activities	-7.0	-8.3	-50.6	-108.4	-13.9	-16.5	-71.6	-133.2
Pre-tax result from continuing operations	**1,169.6**	**1,160.8**	**1,290.6**	**1,526.6**	**-178.1**	**-273.3**	**2,282.1**	**2,414.1**
Taxes on income	-290.7	-286.5	-257.3	-296.4	114.4	148.4	-433.6	-434.5
Net result for the period	**879.0**	**874.3**	**1,033.3**	**1,230.2**	**-63.8**	**-124.9**	**1,848.5**	**1,979.6**
Net result attributable to non-controlling interests	349.5	274.4	45.3	57.4	2.4	0.7	397.2	332.6
Net result attributable to owners of the parent	**529.5**	**599.9**	**988.0**	**1,172.8**	**-66.2**	**-125.6**	**1,451.4**	**1,647.0**
Operating income	2,776.5	2,903.3	2,907.8	3,383.5	50.8	-16.1	5,735.0	6,270.7
Operating expenses	-1,589.7	-1,618.7	-1,411.0	-1,569.1	-140.3	-193.6	-3,141.0	-3,381.3
Operating result	**1,186.8**	**1,284.7**	**1,496.8**	**1,814.5**	**-89.5**	**-209.7**	**2,594.0**	**2,889.4**
Risk-weighted assets (credit risk, eop)	59,075	63,614	45,601	50,964	2,878	2,983	107,554	117,561
Average allocated capital	8,070	9,707	8,504	9,718	6,607	4,602	23,181	24,027
Cost/income ratio	57.3%	55.8%	48.5%	46.4%	>100%	>100%	54.8%	53.9%
Return on allocated capital	14.6%	12.0%	16.2%	16.9%	-1.3%	-3.6%	10.7%	11.0%
Total assets (eop)	200,599	219,068	136,328	147,981	-27,687	-31,753	309,240	335,297
Total liabilities excluding equity (eop)	161,042	175,669	123,320	135,596	925	-553	285,287	310,713
Impairments	**19.8**	**-82.3**	**-95.0**	**-85.4**	**4.5**	**-6.8**	**-70.7**	**-174.6**
Net impairment loss on financial assets AC/FVOCI and finance lease receivables	18.7	-69.0	-42.7	-48.4	18.2	-6.9	-5.8	-124.4
Net impairment loss on commitments and guarantees given	2.1	-13.2	-34.9	-20.8	-13.1	0.1	-45.9	-33.9
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	-1.1	-0.1	-17.4	-16.2	-0.6	0.0	-19.1	-16.3

Operating segments: Geographical area – Austria

in EUR million	EBOe & Subsidiaries 1-9 21	EBOe & Subsidiaries 1-9 22	Savings Banks 1-9 21	Savings Banks 1-9 22	Other Austria 1-9 21	Other Austria 1-9 22	Austria 1-9 21	Austria 1-9 22
Net interest income	482.3	509.7	808.2	847.4	298.2	460.7	1,588.7	1,817.8
Net fee and commission income	334.6	361.0	425.5	465.5	222.2	220.8	982.3	1,047.4
Dividend income	6.0	6.3	2.9	3.2	1.0	2.7	9.9	12.2
Net trading result	-13.0	-58.5	-5.5	-75.4	50.4	8.5	31.9	-125.5
Gains/losses from financial instruments at FVPL	25.3	61.5	36.7	13.7	-8.6	-28.5	53.4	46.8
Net result from equity method investments	-0.7	2.5	0.0	0.0	-0.5	-0.3	-1.1	2.1
Rental income from investment properties & other operating leases	47.1	36.5	31.5	31.6	32.8	34.3	111.4	102.5
General administrative expenses	-518.5	-510.3	-814.8	-839.3	-256.4	-269.0	-1,589.7	-1,618.7
Gains/losses from derecognition of financial assets at AC	-1.7	-0.8	1.2	0.2	0.0	0.0	-0.5	-0.6
Other gains/losses from derecognition of financial instruments not at FVPL	-0.5	0.1	-0.8	0.0	-20.4	0.2	-21.6	0.3
Impairment result from financial instruments	-17.2	-6.8	52.1	-54.0	-13.9	-21.4	20.9	-82.2
Other operating result	-22.4	-26.1	-11.2	-18.8	17.6	3.6	-15.9	-41.3
Levies on banking activities	-3.2	-4.0	-3.8	-4.2	-0.1	-0.1	-7.0	-8.3
Pre-tax result from continuing operations	**321.2**	**375.1**	**525.9**	**374.2**	**322.6**	**411.5**	**1,169.6**	**1,160.8**
Taxes on income	-79.7	-99.7	-126.2	-95.0	-84.8	-91.8	-290.7	-286.5
Net result for the period	**241.5**	**275.4**	**399.7**	**279.2**	**237.8**	**319.7**	**879.0**	**874.3**
Net result attributable to non-controlling interests	15.2	26.1	331.0	242.5	3.2	5.8	349.5	274.4
Net result attributable to owners of the parent	**226.3**	**249.3**	**68.6**	**36.7**	**234.6**	**313.9**	**529.5**	**599.9**
Operating income	881.6	919.1	1,299.3	1,286.1	595.6	698.2	2,776.5	2,903.3
Operating expenses	-518.5	-510.3	-814.8	-839.3	-256.4	-269.0	-1,589.7	-1,618.7
Operating result	**363.0**	**408.7**	**484.6**	**446.8**	**339.2**	**429.2**	**1,186.8**	**1,284.7**
Risk-weighted assets (credit risk, eop)	15,122	16,406	27,518	28,576	16,434	18,632	59,075	63,614
Average allocated capital	1,917	2,452	3,725	4,668	2,428	2,588	8,070	9,707
Cost/income ratio	58.8%	55.5%	62.7%	65.3%	43.0%	38.5%	57.3%	55.8%
Return on allocated capital	16.8%	15.0%	14.3%	8.0%	13.1%	16.5%	14.6%	12.0%
Total assets (eop)	58,660	61,800	76,324	81,216	65,616	76,052	200,599	219,068
Total liabilities excluding equity (eop)	56,329	59,172	70,701	75,335	34,011	41,163	161,042	175,669
Impairments	**-17.2**	**-6.8**	**52.1**	**-54.0**	**-15.0**	**-21.5**	**19.8**	**-82.3**
Net impairment loss on financial assets AC/FVOCI and finance lease receivables	-18.2	-11.5	50.9	-46.9	-14.0	-10.6	18.7	-69.0
Net impairment loss on commitments and guarantees given	1.0	4.7	1.1	-7.1	0.0	-10.8	2.1	-13.2
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	0.0	0.0	0.0	0.0	-1.1	-0.1	-1.1	-0.1

Operating segments: Geographical area – Central and Eastern Europe

	Czech Republic		Slovakia		Romania		Hungary		Croatia		Serbia		Central and Eastern Europe	
in EUR million	**1-9 21**	**1-9 22**	**1-9 21**	**1-9 22**	**1-9 21**	**1-9 22**	**1-9 21**	**1-9 22**	**1-9 21**	**1-9 22**	**1-9 21**	**1-9 22**	**1-9 21**	**1-9 22**
Net interest income	821.3	1,066.4	327.6	331.8	321.7	378.9	192.8	292.7	203.0	206.6	54.1	59.3	1,920.4	2,335.8
Net fee and commission income	267.8	289.0	128.1	142.7	126.2	140.5	152.3	165.8	78.0	88.1	14.3	17.1	766.6	843.1
Dividend income	6.5	2.7	0.6	0.6	0.7	0.5	0.0	0.1	0.1	0.0	0.0	0.0	7.8	3.9
Net trading result	63.1	115.4	6.7	18.8	53.9	90.2	25.5	-23.8	22.0	32.0	4.2	4.2	175.3	236.7
Gains/losses from financial instruments at FVPL	-5.4	-3.8	-0.2	0.9	0.6	1.6	-0.6	-73.6	-0.4	-0.3	0.0	0.0	-6.1	-75.2
Net result from equity method investments	0.8	2.6	4.6	2.3	0.7	0.4	0.0	0.0	0.9	0.9	0.1	0.2	7.2	6.4
Rental income from investment properties & other operating leases	6.2	6.4	0.2	0.3	17.3	14.6	6.2	5.6	6.7	6.0	0.0	0.1	36.6	32.9
General administrative expenses	-575.6	-642.7	-216.7	-226.5	-244.3	-275.2	-170.3	-200.1	-159.9	-174.1	-44.1	-50.5	-1,411.0	-1,569.1
Gains/losses from derecognition of financial assets at AC	0.2	-45.4	0.0	0.0	0.0	0.0	2.3	-0.4	0.0	0.0	-0.1	-0.2	2.4	-46.0
Other gains/losses from derecognition of financial instruments not at FVPL	0.0	-25.5	-0.3	-0.2	0.0	0.0	0.9	1.4	0.0	0.1	0.0	0.0	0.6	-24.2
Impairment result from financial instruments	-51.6	-4.6	1.6	-45.5	-14.3	-59.1	-5.9	1.7	-0.5	53.7	-6.8	-15.5	-77.6	-69.2
Other operating result	-38.1	-53.2	-9.6	-7.8	-26.9	32.9	-63.1	-114.9	10.2	-2.9	-4.1	-2.5	-131.6	-148.4
Levies on banking activities	0.0	0.0	0.0	0.0	0.0	0.0	-50.6	-108.4	0.0	0.0	0.0	0.0	-50.6	-108.4
Pre-tax result from continuing operations	**495.1**	**707.3**	**242.5**	**217.3**	**235.6**	**325.3**	**140.0**	**54.6**	**160.0**	**210.0**	**17.5**	**12.1**	**1,290.6**	**1,526.6**
Taxes on income	-110.7	-140.3	-57.7	-49.9	-40.3	-52.8	-19.9	-14.7	-28.0	-38.2	-0.7	-0.7	-257.3	-296.4
Net result for the period	**384.4**	**567.1**	**184.7**	**167.4**	**195.3**	**272.5**	**120.0**	**39.9**	**132.0**	**171.9**	**16.8**	**11.5**	**1,033.3**	**1,230.2**
Net result attributable to non-controlling interests	0.0	0.1	0.0	0.0	0.2	0.3	0.0	0.0	41.5	54.8	3.5	2.3	45.3	57.4
Net result attributable to owners of the parent	**384.3**	**567.0**	**184.7**	**167.4**	**195.1**	**272.2**	**120.0**	**39.9**	**90.5**	**117.1**	**13.4**	**9.2**	**988.0**	**1,172.8**
Operating income	1,160.2	1,478.7	467.5	497.4	521.1	626.6	376.2	366.8	310.2	333.2	72.7	80.8	2,907.8	3,383.5
Operating expenses	-575.6	-642.7	-216.7	-226.5	-244.3	-275.2	-170.3	-200.1	-159.9	-174.1	-44.1	-50.5	-1,411.0	-1,569.1
Operating result	**584.5**	**836.0**	**250.8**	**270.9**	**276.7**	**351.5**	**205.9**	**166.7**	**150.3**	**159.1**	**28.6**	**30.3**	**1,496.8**	**1,814.5**
Risk-weighted assets (credit risk, eop)	18,800	21,586	7,632	8,933	7,197	8,485	4,438	4,247	5,966	5,889	1,568	1,824	45,601	50,964
Average allocated capital	3,001	3,774	1,250	1,476	1,723	1,771	1,186	1,202	1,082	1,203	262	291	8,504	9,718
Cost/income ratio	49.6%	43.5%	46.4%	45.5%	46.9%	43.9%	45.3%	54.6%	51.6%	52.2%	60.7%	62.5%	48.5%	46.4%
Return on allocated capital	17.1%	20.1%	19.8%	15.2%	15.2%	20.6%	13.5%	4.4%	16.3%	19.1%	8.6%	5.3%	16.2%	16.9%
Total assets (eop)	70,034	74,766	22,936	24,804	16,981	19,106	11,461	12,007	12,182	14,291	2,736	3,007	136,328	147,981
Total liabilities excluding equity (eop)	64,140	69,401	21,014	22,695	14,889	16,943	10,170	11,041	10,696	12,840	2,412	2,676	123,320	135,596
Impairments	**-53.7**	**-19.9**	**1.7**	**-45.3**	**-28.8**	**-61.4**	**-5.8**	**2.0**	**-1.5**	**54.6**	**-6.9**	**-15.5**	**-95.0**	**-85.4**
Net impairment loss on financial assets AC/FVOCI and finance lease receivables	-46.9	-8.4	16.3	-43.0	-7.7	-56.8	-6.1	1.9	8.2	72.2	-6.5	-14.4	-42.7	-48.4
Net impairment loss on commitments and guarantees given	-4.7	3.8	-14.7	-2.6	-6.6	-2.4	0.1	-0.1	-8.7	-18.5	-0.3	-1.0	-34.9	-20.8
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	-2.1	-15.4	0.1	0.2	-14.5	-2.3	0.1	0.3	-1.0	0.9	0.0	0.0	-17.4	-16.2

Business segments (1)

in EUR million	Retail		Corporates		Group Markets		ALM&LCC	
	1-9 21	1-9 22	1-9 21	1-9 22	1-9 21	1-9 22	1-9 21	1-9 22
Net interest income	1,552.5	1,891.8	868.9	1,104.0	139.0	354.4	181.8	-30.7
Net fee and commission income	892.2	951.6	238.1	270.7	215.4	219.5	-65.0	-62.5
Dividend income	0.4	0.0	0.5	0.0	0.5	2.1	13.5	10.8
Net trading result	88.4	114.2	74.9	119.7	89.3	70.1	-131.4	-946.3
Gains/losses from financial instruments at FVPL	-3.6	-77.9	-2.3	0.8	-5.0	-34.4	118.8	856.6
Net result from equity method investments	5.5	3.1	0.0	2.7	0.0	0.0	0.5	2.7
Rental income from investment properties & other operating leases	17.8	4.1	82.1	82.5	0.3	0.3	18.5	19.4
General administrative expenses	-1,550.1	-1,648.1	-397.0	-431.9	-174.1	-181.4	-80.1	-101.3
Gains/losses from derecognition of financial assets at AC	-2.1	-1.6	0.1	0.0	-0.1	0.0	2.8	-45.6
Other gains/losses from derecognition of financial instruments not at FVPL	0.0	0.0	0.6	1.9	-0.1	-0.2	-19.2	-25.3
Impairment result from financial instruments	-53.8	-113.3	-59.4	22.5	-5.8	-2.5	9.9	-9.0
Other operating result	-49.4	-37.8	-14.1	-52.9	-23.7	-27.2	-63.6	-77.6
Levies on banking activities	-30.8	-66.6	-16.7	-30.4	-3.6	-7.7	-2.8	-7.9
Pre-tax result from continuing operations	**897.7**	**1,086.0**	**792.4**	**1,119.8**	**235.7**	**400.8**	**-13.7**	**-408.9**
Taxes on income	-165.2	-211.4	-159.0	-219.6	-50.1	-81.9	-42.6	52.7
Net result for the period	**732.5**	**874.6**	**633.4**	**900.3**	**185.6**	**318.9**	**-56.2**	**-356.2**
Net result attributable to non-controlling interests	26.9	27.5	37.7	52.5	3.7	3.6	-4.6	5.8
Net result attributable to owners of the parent	**705.7**	**847.1**	**595.7**	**847.8**	**181.9**	**315.3**	**-51.6**	**-361.9**
Operating income	2,553.2	2,886.8	1,262.2	1,580.3	439.4	612.1	136.6	-150.1
Operating expenses	-1,550.1	-1,648.1	-397.0	-431.9	-174.1	-181.4	-80.1	-101.3
Operating result	**1,003.1**	**1,238.6**	**865.2**	**1,148.4**	**265.4**	**430.7**	**56.5**	**-251.4**
Risk-weighted assets (credit risk, eop)	21,073	22,405	46,708	53,254	3,426	3,854	6,157	7,053
Average allocated capital	3,627	3,774	5,294	5,721	1,082	1,124	4,311	5,733
Cost/income ratio	60.7%	57.1%	31.5%	27.3%	39.6%	29.6%	58.6%	-67.5%
Return on allocated capital	27.0%	31.0%	16.0%	21.0%	22.9%	37.9%	-1.7%	-8.3%
Total assets (eop)	69,619	75,219	62,894	75,232	52,654	58,813	87,398	93,970
Total liabilities excluding equity (eop)	108,372	113,482	36,411	45,385	49,233	54,360	61,131	70,972
Impairments	**-54.2**	**-113.4**	**-74.9**	**5.9**	**-5.8**	**-2.5**	**7.3**	**-8.6**
Net impairment loss on financial assets AC/FVOCI and finance lease receivables	-60.8	-107.1	-22.9	43.6	-0.4	-1.9	8.8	-10.1
Net impairment loss on commitments and guarantees given	6.9	-6.2	-36.5	-21.2	-5.4	-0.7	1.1	1.1
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	-0.4	-0.1	-15.6	-16.5	0.0	0.0	-2.5	0.4

Business segments (2)

in EUR million	Savings Banks		Group Corporate Center		Intragroup Elimination		Total Group	
	1-9 21	1-9 22	1-9 21	1-9 22	1-9 21	1-9 22	1-9 21	1-9 22
Net interest income	808.2	847.4	73.2	89.0	45.9	129.4	3,669.5	4,385.2
Net fee and commission income	425.5	465.5	3.4	6.5	-19.0	-21.4	1,690.4	1,829.9
Dividend income	2.9	3.2	10.4	6.7	0.0	0.0	28.1	22.9
Net trading result	-5.5	-75.4	-11.0	-20.3	-37.2	-110.4	67.5	-848.5
Gains/losses from financial instruments at FVPL	36.7	13.7	-11.1	-15.5	0.0	0.0	133.5	743.3
Net result from equity method investments	0.0	0.0	3.9	5.7	0.0	0.0	10.0	14.3
Rental income from investment properties & other operating leases	31.5	31.6	-13.8	-13.9	-0.3	-0.3	136.1	123.6
General administrative expenses	-814.8	-839.3	-663.2	-708.8	538.2	529.5	-3,141.0	-3,381.3
Gains/losses from derecognition of financial assets at AC	1.2	0.2	0.9	-0.1	-0.9	-0.1	1.8	-47.3
Other gains/losses from derecognition of financial instruments not at FVPL	-0.8	0.0	0.0	0.3	0.8	0.1	-18.8	-23.2
Impairment result from financial instruments	52.1	-54.0	5.4	-2.0	0.0	0.0	-51.6	-158.3
Other operating result	-11.2	-18.8	445.9	494.5	-527.3	-526.8	-243.3	-246.5
Levies on banking activities	-3.8	-4.2	-13.9	-16.5	0.0	0.0	-71.6	-133.2
Pre-tax result from continuing operations	**525.9**	**374.2**	**-155.9**	**-157.7**	**0.0**	**0.0**	**2,282.1**	**2,414.1**
Taxes on income	-126.2	-95.0	109.4	120.6	0.0	0.0	-433.6	-434.5
Net result for the period	**399.7**	**279.2**	**-46.5**	**-37.2**	**0.0**	**0.0**	**1,848.5**	**1,979.6**
Net result attributable to non-controlling interests	331.0	242.5	2.4	0.7	0.0	0.0	397.2	332.6
Net result attributable to owners of the parent	**68.6**	**36.7**	**-48.9**	**-37.9**	**0.0**	**0.0**	**1,451.4**	**1,647.0**
Operating income	1,299.3	1,286.1	55.0	58.3	-10.7	-2.7	5,735.0	6,270.7
Operating expenses	-814.8	-839.3	-663.2	-708.8	538.2	529.5	-3,141.0	-3,381.3
Operating result	**484.6**	**446.8**	**-608.2**	**-650.4**	**527.5**	**526.8**	**2,594.0**	**2,889.4**
Risk-weighted assets (credit risk, eop)	27,518	28,576	2,671	2,420	0	0	107,554	117,561
Average allocated capital	3,725	4,668	5,141	3,008	0	0	23,181	24,027
Cost/income ratio	62.7%	65.3%	>100%	>100%	>100%	>100%	54.8%	53.9%
Return on allocated capital	14.3%	8.0%	-1.2%	-1.7%			10.7%	11.0%
Total assets (eop)	76,324	81,216	3,418	3,424	-43,067	-52,577	309,240	335,297
Total liabilities excluding equity (eop)	70,701	75,335	2,553	3,811	-43,115	-52,633	285,287	310,713
Impairments	**52.1**	**-54.0**	**4.8**	**-2.0**	**0.0**	**0.0**	**-70.7**	**-174.6**
Net impairment loss on financial assets AC/FVOCI and finance lease receivables	50.9	-46.9	18.5	-2.0	0.0	0.0	-5.8	-124.4
Net impairment loss on commitments and guarantees given	1.1	-7.1	-13.1	0.0	0.0	0.0	-45.9	-33.9
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	-0.6	0.0	0.0	0.0	-19.1	-16.3

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 by EUR 38.9 billion (+12.4%).

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

in EUR million	Credit risk exposure	Allowances	Adjustments	Carrying amount
Sep 22				
Cash and cash balances - demand deposits to credit institutions	1,992	-1	0	1,991
Instruments HfT	5,287	0	0	5,287
Non-trading debt instruments at FVPL	2,423	0	0	2,423
Debt securities	1,660	0	0	1,660
Loans and advances to banks	0	0	0	0
Loans and advances to customers	764	0	0	764
Debt instruments at FVOCI	9,624	-22	-476	9,126
Debt securities	9,624	-22	-476	9,126
Loans and advances to banks	0	0	0	0
Loans and advances to customers	0	0	0	0
Debt instruments at AC	263,060	-3,749	0	259,311
Debt securities	41,275	-22	0	41,253
Loans and advances to banks	26,730	-8	0	26,721
Loans and advances to customers	195,056	-3,719	0	191,337
Trade and other receivables	2,424	-76	0	2,349
Finance lease receivables	4,430	-85	0	4,345
Debt instruments held for sale in disposal groups	0	0	0	0
Positive fair value of hedge accounting derivatives	99	0	0	99
Off balance-sheet exposures	61,993	-534	0	0
Total	**351,333**	**-4,468**	**-476**	**284,930**
Dec 21				
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
Total	**312,439**	**-4,527**	**94**	**255,044**

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 credit risk exposure increase of EUR 38,9 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

					At amortised cost							
in EUR million	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	Total
Sep 22												
Central banks	0	62	0	0	29	20,159	0	0	0	1	0	20,251
General governments	0	2,035	124	7,085	33,782	0	8,551	278	0	75	3,284	55,213
Credit institutions	1,992	2,498	448	1,310	6,388	6,571	0	0	97	39	1,330	20,672
Other financial corporations	0	410	1,022	293	297	0	5,233	76	1	61	3,711	11,104
Non-financial corporations	0	264	150	937	779	0	87,973	3,203	1	2,114	39,865	135,285
Households	0	20	679	0	0	0	93,299	873	0	134	13,804	108,808
Total	**1,992**	**5,287**	**2,423**	**9,624**	**41,275**	**26,730**	**195,056**	**4,430**	**99**	**2,424**	**61,993**	**351,333**
Dec 21												
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	88,589	859	0	126	13,848	104,165
Total	**1,033**	**6,389**	**2,793**	**8,655**	**35,565**	**20,998**	**176,839**	**4,319**	**79**	**2,239**	**53,529**	**312,439**

Credit risk exposure by industry and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total
Sep 22					
Natural Resources & Commodities	11,034	2,228	464	310	14,035
Energy	11,685	1,001	327	52	13,064
Construction and building materials	12,546	2,486	505	315	15,853
Automotive	6,131	831	153	251	7,366
Cyclical Consumer Products	7,153	1,521	309	283	9,266
Non-Cyclical Consumer Products	7,852	1,354	312	144	9,662
Machinery	4,830	791	176	180	5,978
Transportation	5,164	1,662	239	121	7,187
TMT and Paper & Packaging	6,063	666	210	100	7,039
Healthcare & Services	8,202	2,075	237	145	10,658
Hotels, Gaming & Leisure Industry	6,060	2,408	453	429	9,349
Real Estate	33,107	7,580	1,479	436	42,602
Public Sector	72,801	601	130	10	73,541
Financial Institutions	26,664	1,351	165	31	28,211
Private Households	86,385	6,501	2,443	1,474	96,803
Other	591	29	98	2	719
Total	**306,268**	**33,084**	**7,698**	**4,283**	**351,333**
Dec 21					
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
Total	**273,833**	**27,781**	**6,199**	**4,626**	**312,439**
Dec 21					
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
Total	**273,833**	**27,781**	**6,199**	**4,626**	**312,439**

From the first quarter of 2022, 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 both regulatory and internal industry segmentation are shown 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
Sep 22					
Core markets	**263,304**	**29,933**	**6,936**	**3,764**	**303,937**
Austria	119,926	13,277	1,767	1,831	136,800
Czech Republic	72,960	6,069	1,213	723	80,965
Romania	19,654	2,417	490	341	22,902
Slovakia	25,845	2,999	2,375	316	31,536
Hungary	12,622	1,140	486	163	14,411
Croatia	8,871	3,566	501	339	13,277
Serbia	3,426	466	103	51	4,045
Other EU	**27,295**	**1,513**	**374**	**304**	**29,486**
Other industrialised countries	**9,965**	**256**	**61**	**54**	**10,337**
Emerging markets	**5,704**	**1,382**	**327**	**161**	**7,573**
Southeastern Europe/CIS	3,103	982	211	135	4,431
Asia	2,085	87	20	17	2,209
Latin America	194	4	5	8	211
Middle East/Africa	321	309	91	2	722
Total	**306,268**	**33,084**	**7,698**	**4,283**	**351,333**
Dec 21					
Core markets	**238,499**	**24,809**	**5,538**	**4,049**	**272,894**
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
Other EU	**22,884**	**1,444**	**305**	**329**	**24,962**
Other industrialised countries	**6,973**	**394**	**42**	**68**	**7,477**
Emerging markets	**5,477**	**1,134**	**314**	**180**	**7,105**
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
Total	**273,833**	**27,781**	**6,199**	**4,626**	**312,439**

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
Sep 22					
Austria	**157,704**	**15,988**	**2,301**	**2,307**	**178,300**
EBOe & Subsidiaries	45,839	4,531	572	542	51,485
Savings Banks	66,990	9,989	1,264	1,385	79,628
Other Austria	44,875	1,468	464	380	47,187
Central and Eastern Europe	**136,888**	**16,967**	**5,362**	**1,959**	**161,176**
Czech Republic	73,550	6,214	1,431	766	81,961
Romania	17,837	2,333	489	350	21,008
Slovakia	22,763	2,984	2,338	308	28,393
Hungary	10,311	1,069	457	160	11,996
Croatia	9,532	3,928	548	326	14,334
Serbia	2,896	440	99	50	3,484
Other	**11,675**	**129**	**35**	**18**	**11,857**
Total	**306,268**	**33,084**	**7,698**	**4,283**	**351,333**
Dec 21					
Austria	**145,492**	**14,367**	**2,142**	**2,426**	**164,428**
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
Central and Eastern Europe	**120,294**	**13,369**	**4,056**	**2,183**	**139,901**
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
Other	**8,048**	**45**	**0**	**17**	**8,110**
Total	**273,833**	**27,781**	**6,199**	**4,626**	**312,439**

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
Sep 22						
Austria	**136,165**	**30,869**	**2,205**	**67**	**8,993**	**178,300**
EBOe & Subsidiaries	43,444	7,026	528	12	475	51,485
Savings Banks	62,549	13,662	1,325	55	2,036	79,628
Other Austria	30,171	10,182	352	0	6,482	47,187
Central and Eastern Europe	**132,230**	**17,708**	**1,774**	**317**	**9,147**	**161,176**
Czech Republic	69,941	6,669	698	50	4,603	81,961
Romania	15,176	3,997	302	61	1,473	21,008
Slovakia	23,899	3,446	295	128	626	28,393
Hungary	9,671	1,012	132	48	1,133	11,996
Croatia	11,241	2,172	301	28	592	14,334
Serbia	2,303	412	47	2	721	3,484
Other	**11,512**	**152**	**18**	**0**	**175**	**11,857**
Total	**279,906**	**48,729**	**3,998**	**385**	**18,316**	**351,333**
Dec 21						
Austria	**127,109**	**24,314**	**2,360**	**55**	**10,590**	**164,428**
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
Central and Eastern Europe	**120,208**	**12,699**	**1,975**	**318**	**4,700**	**139,901**
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
Other	**7,966**	**16**	**17**	**0**	**111**	**8,110**
Total	**255,284**	**37,029**	**4,352**	**373**	**15,400**	**312,439**

Credit risk exposure by business segment and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total
Sep 22					
Retail	67,737	7,783	2,883	1,390	79,793
Corporates	90,970	14,328	3,340	1,464	110,102
Group Markets	19,549	584	93	1	20,227
ALM & LCC	60,903	277	82	26	61,288
Savings Banks	66,990	9,989	1,264	1,385	79,628
GCC	119	123	35	18	295
Total	**306,268**	**33,084**	**7,698**	**4,283**	**351,333**
Dec 21					
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
Total	**273,833**	**27,781**	**6,199**	**4,626**	**312,439**

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
Sep 22						
Retail	68,023	9,514	1,347	92	817	79,793
Corporates	75,116	24,868	1,281	237	8,600	110,102
Group Markets	13,496	219	0	0	6,512	20,227
ALM & LCC	60,615	464	26	0	182	61,288
Savings Banks	62,549	13,662	1,325	55	2,036	79,628
GCC	106	3	18	0	168	295
Total	**279,906**	**48,729**	**3,998**	**385**	**18,316**	**351,333**
Dec 21						
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
Total	**255,284**	**37,029**	**4,352**	**373**	**15,400**	**312,439**

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 174 million (EUR 167 million), the non-defaulted part to EUR 211 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
Sep 22		
Austria	**1.13**	**2.37**
EBOe & Subs.	1.13	2.37
Savings Banks	1.13	2.37
Other Austria	1.13	2.37
CEE	**1.03**	**4.08**
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
Total	**1.03**	**4.08**
Dec 21		
Austria	**1.13**	**2.37**
EBOe & Subs.	1.13	2.37
Savings Banks	1.13	2.37
Other Austria	1.13	2.37
CEE	**1.03**	**4.08**
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
Total	**1.03**	**4.08**

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 the Covid-19 pandemic (implemented in 2020) and the war in Ukraine (implemented in 2022) and related economic impacts. For more details refer to "Collective assessment" in the next chapter.

Considering the war in Ukraine, Erste Group started with a 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 the affected region). In combination with an early warning classification, 'Watch' and 'Intensified', these customers are transferred into Stage 2 and lifetime ECL are calculated. As of 30 September 2022, the corresponding groupwide exposure to these customers amounted to EUR 196 million, with EUR 12 million of allocated credit loss allowances (a significant part is overlapping with stage overlays defined in the Collective assessment chapter).

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 several 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. The main indicator of the estimated economic development is the GDP. In addition, economic effects of the war in Ukraine led to increases of the inflation and/or the interest rates. Erste Group adjusted macro-shift models to reflect expected effects of those into credit risk parameters. In the table below we are disclosing expected development of inflation or interest rates in our region. Disclosures are based on the relevancy in the macro-shift model.

Erste Group reviewed the FLI in the second quarter of 2022 according to the disclosed forecasts for baseline, downside and upside scenarios. Erste Group decided to keep 40% probability of occurrence assigned to baseline forecast due to the unstable development of the geopolitical situation – war in Ukraine. The FLI was unchanged in the third quarter, except for Banca Comercială Română, as the macro assumptions did not deviate significantly. The next review is planned for the fourth quarter.

In December 2021, the specific situation of the Covid-19 pandemic was addressed in FLI via the lagging of the macroeconomic variables in credit risk parameters, i.e. variables of 2020 and 2021 were included as additional predictors for future values of credit risk parameters. Considering the improvement of the situation (it is expected that new variants, including omicron, are more contagious, but with lower hospitalisation rate), Erste Group decided to update FLI based on the forecasts for years 2022-2024, i.e., no lagging is applied; however macro-variables' historical development was adjusted for the Covid period (2020-2021) in order to reflect compensatory effect of the state support measures.

The bank is disclosing sensitivity of the staging and ECL on macro scenarios in the Collective assessment section below.

Baseline, upside and downside scenarios of GDP growth

		Probability weights	GDP growth in %			
	Scenario	2022-2024	-	2022	2023	2024
Sep 22						
Austria	Upside	1%	-	5.2	4.3	3.3
	Baseline	40%	-	3.5	2.6	1.6
	Downside	59%	-	-1.0	-2.0	-0.7
Czech Republic	Upside	1%	-	4.1	4.9	6.3
	Baseline	40%	-	1.6	2.4	3.9
	Downside	59%	-	-2.6	-2.5	0.5
Slovakia	Upside	1%	-	4.1	6.1	5.1
	Baseline	40%	-	2.0	4.0	3.0
	Downside	59%	-	-2.0	-1.7	0.6
Romania	Upside	1%	-	8.8	5.5	8.1
	Baseline	40%	-	6.0	2.7	5.3
	Downside	59%	-	0.3	-1.8	2.1
Hungary	Upside	1%	-	6.2	5.7	5.4
	Baseline	40%	-	4.3	3.8	3.5
	Downside	59%	-	-0.9	-1.7	0.7
Croatia	Upside	1%	-	5.8	6.7	6.7
	Baseline	40%	-	2.7	3.5	3.2
	Downside	59%	-	-1.6	-1.0	-0.5
Serbia	Upside	1%	-	4.5	5.4	6.0
	Baseline	40%	-	2.5	3.4	4.0
	Downside	59%	-	-0.6	-1.0	2.3
Dec 21		**2021-2023**	**2020**	**2021**	**2022**	**2023**
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

Baseline, upside and downside scenarios of the inflation or interest rates development

	Scenario	Macro variable	Probability weights 2022-2024	Inflation / Interest rate in % 2022	2023	2024
Sep 22						
Austria	Upside	Inflation	1%	3.7	1.9	1.2
	Baseline	Inflation	40%	5.7	2.6	1.8
	Downside	Inflation	59%	6.4	3.3	2.5
Czech Republic	Upside	Inflation	1%	19.5	2.5	2.0
	Baseline	Inflation	40%	22.7	2.5	2.0
	Downside	Inflation	59%	25.7	0.0	0.0
Slovakia	Upside	Inflation	1%	6.9	3.4	1.3
	Baseline	Inflation	40%	8.1	4.6	2.5
	Downside	Inflation	59%	9.4	5.9	3.8
Romania	Upside	Inflation	1%	11.5	7.9	4.1
	Baseline	Inflation	40%	12.9	9.3	5.5
	Downside	Inflation	59%	14.3	10.7	6.9
Hungary	Upside	Interest Rate BUBOR_3M	1%	5.9	4.9	2.7
	Baseline	Interest Rate BUBOR_3M	40%	7.4	6.4	4.2
	Downside	Interest Rate BUBOR_3M	59%	8.8	7.8	5.7
Croatia	Upside	Inflation	1%	7.0	2.8	0.7
	Baseline	Inflation	40%	7.5	3.5	2.5
	Downside	Inflation	59%	8.0	4.2	4.3
Serbia	Upside	Interest Rate BELIBOR_3M	1%	0.0	0.3	0.8
	Baseline	Interest Rate BELIBOR_3M	40%	2.1	2.3	2.8
	Downside	Interest Rate BELIBOR_3M	59%	4.0	4.3	4.8

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 into ECL calculation as of 30 September 2022.

Collective assessment

As of September 2022, in addition to standard SICR assessment, Erste Group applied stage overlays rules, i.e. transfer into Stage 2 based on pre-defined portfolio characteristics, due to the uncertainty caused by Covid-19 pandemic, the war in Ukraine and the energy crisis. This approach was aligned with all affected entities and business lines and approved by the respective governance bodies of Erste Group.

Covid-19

The Covid-19 pandemic caused 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.

Since March 2020, risk management and business divisions run a joint initiative aiming to 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 crisis, 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 categorizations are regularly reviewed on a 12-month rolling forecast basis to take current developments into account. The last review was done in May 2022 and led to an improved categorization for travel and hotels. However, Erste Group still keeps its cautious view on the several, mostly affected industries (mainly City/Business hotels depending on international travelers). This categorization, together with information about state support measures applied, was the basis of stage overlays rules due to Covid-19. However, in the meantime, significant majority of the (governmental) support measures expired without resulting in a severe negative effect on the portfolio quality. Therefore, Erste Group ceased the application of the state support measures in the additional SICR consideration. The majority of the Covid overlays for the private-individuals' portfolio was released.

War in Ukraine

The Ukraine-Russia war, intensified challenges for both risk and business divisions: 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.

In June 2022, Erste Group implemented rules for stage overlays due to the war in Ukraine (UA war overlays) as a combination of industries with correlation to economic downturn (cyclical industries) and one-year IFRS PD. These rules were defined on top of existing criteria mentioned in the section 'Significant increase in credit risk determination – Qualitative criteria' (Stage 2 identification based on the early warning signal and negative information about geopolitical risk in March 2022). The table below shows volumes for the cyclical industries category.

In addition to cyclical industries, from September 2022 Erste Group has introduced additional Energy stage overlay due to the current distortions in the energy market with implications on gas/energy availability and price. Two-folds effects were identified. Effects of gas rationing/shortage on clients either due to energy intensive production processes or relying on gas as a primary input in their business processes. Vulnerability is driven by gas dependency, (limited) substitution possibilities and implications of a substitution on financials, hedging and price mechanisms. Within the industry Natural Resources and Commodities, Metals and Chemical subindustries were identified as being most affected. All companies belonging to the Energy sector as the whole industry can potentially be affected by the massive shortages and distortions in the current energy market: price volatility, margin calls, price caps, adverse weather environment for hydro power, fixed off-take contracts (putting off-takers at risk when stopped and / or limiting producers of renewable energy profiting from the higher prices), exceptional taxes, etc. All customers belonging to these industries / sub-industries were migrated to Stage 2. Exemptions to these migrations are allowed based on the individual review and documentation.

Credit risk exposure and credit loss allowances by industry and IFRS 9 treatment - cyclical industries

in EUR million	Stage 1	Stage 2	Stage 3	POCI	Credit risk exposure (AC and FVOCI)	Not subject to IFRS 9 impairment	Total	Credit loss allowances
Sep 22								
Natural Resources & Commodities	5,837	6,893	268	21	13,020	1,016	14,035	314
of which cyclical	843	3,788	110	14	4,755	290	5,046	132
Energy	1,948	9,720	39	10	11,718	1,346	13,064	223
Construction and building materials	10,610	1,903	272	26	12,812	3,041	15,853	322
of which cyclical	9,104	1,523	204	22	10,853	2,167	13,020	252
Automotive	5,661	1,071	244	7	6,982	384	7,366	187
of which cyclical	5,511	962	229	7	6,710	199	6,909	175
Cyclical Consumer Products	6,942	1,500	261	24	8,727	540	9,266	227
Non-Cyclical Consumer Products	8,088	935	130	17	9,170	492	9,662	142
Machinery	4,113	774	150	11	5,049	929	5,978	156
of which cyclical	4,096	744	145	10	4,995	724	5,719	146
Transportation	5,389	1,144	116	5	6,655	532	7,187	129
of which cyclical	651	440	43	3	1,138	42	1,180	32
TMT and paper & packaging	5,942	658	95	1	6,695	344	7,039	93
of which cyclical	720	244	48	0	1,013	8	1,021	33
Healthcare & Services	7,738	2,454	141	2	10,335	323	10,658	159
of which cyclical	2,526	1,226	46	2	3,799	67	3,866	56
Hotels & Leisure	5,453	3,350	396	39	9,238	112	9,349	344
of which cyclical	5,453	3,349	396	39	9,237	100	9,337	340
Real Estate	35,289	6,506	415	114	42,324	277	42,602	481
of which cyclical	31,328	6,078	398	113	37,916	177	38,093	450
Public Sector	69,932	1,069	10	2	71,012	2,529	73,541	78
Financial Institutions	21,270	1,225	27	14	22,536	5,675	28,211	58
Private Households	85,062	9,514	1,433	91	96,100	703	96,803	1,550
Other	632	12	2	0	645	74	719	5
Total	**279,906**	**48,729**	**3,998**	**385**	**333,018**	**18,316**	**351,333**	**4,468**
of which cyclical (including Cyclical Consumer Products)	**67,175**	**19,855**	**1,880**	**234**	**89,143**	**4,314**	**93,457**	**1,841**

Effect on Expected Credit Loss

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

ECL allocated due to Covid-19 overlays decreased from EUR 184 million at year-end 2021 to EUR 31 million in September 2022 due to review of the heat-map (categorization to critical, high, medium, and low risk industries), the retraction of the information about moratoria from the overlays rules and partly due to overlapping with Ukraine war overlays. At the same time, the exposure in Stage 2 due to Covid-19 overlays decreased from EUR 10,726 million in December 2021 to EUR 1,377 million in September 2022.

Exposure in Stage 2 due to the application of the rules for Ukraine war overlays stood at for cyclical industries EUR 4,961 million in September 2022 (EUR 4,955 million in June 2022) and EUR 16.577 million for energy overlays in September 2022, with additional ECL allocated in the amount of EUR 146 million (EUR 148 million in June 2022) for cyclical industries and EUR 147 million for energy overlays.

As described above, FLI were re-assessed based on the latest macro-scenarios in the second quarter of 2022. Effects of the inflation and/or increased interest rates partially compensated for the Covid-19 crisis year lagging. Therefore, Stage 2 exposure due to FLI dropped to EUR 3,530 million as of September 2022 (EUR 5,203 million in December 2021). The decrease of the Stage 2 exposure affected the level of ECL allocated in Stage 2 due to FLI: EUR 469 million as of September 2022 versus EUR 550 million as of December 2021.

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 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.

The incorporation of 100% baseline scenario instead of the currently applied probability weighted scenario, would lead to a decrease of Stage 2 exposure by EUR 2,199 million (2021: EUR 4,239 million), resulting in an ECL drop by EUR 240 million (2021: EUR 334 million).

The downside scenario would lead to additional EUR 2,665 million of exposure migration to Stage 2 in comparison with probability weighted FLI (2021: EUR 4,612 million), resulting in ECL increase of EUR 197 million (2021: EUR 315 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

Impact on credit risk exposure by geographical segments

in EUR million	Current status - parameters (FLI shifted)						Simulations - difference to FLI shifts effect		
				Stage 2 affected by					
	Stage 1	Stage 2	Total	Stage overlays due to C-19	Stage overlays due to UA war	FLI shifts	Upside scenario	Baseline scenario	Downside scenario
Sep 22									
Austria	**136,165**	**30,869**	**167,034**	**+681**	**+13,965**	**+2,102**	**-1,985**	**-1,246**	**+1,729**
EBOe & Subs.	43,444	7,026	50,470	+239	+1,784	+613	-562	-371	+395
Savings Banks	62,549	13,662	76,211	+239	+5,125	+960	-963	-602	+967
Other Austria	30,171	10,182	40,352	+202	+7,055	+529	-459	-273	+367
CEE	**132,230**	**17,708**	**149,938**	**+696**	**+7,574**	**+1,428**	**-1,780**	**-953**	**+936**
Czech Republic	69,941	6,669	76,610	+73	+2,842	+304	-347	-145	+167
Slovakia	23,899	3,446	27,345	+203	+1,451	+9	-465	-358	+306
Romania	15,176	3,997	19,173	+75	+1,673	+964	-864	-382	+279
Hungary	9,671	1,012	10,683	+281	+320	+130	-70	-48	+145
Croatia	11,241	2,172	13,412	+64	+1,027	+5	-5	-3	+3
Serbia	2,303	412	2,714	+0	+261	+17	-30	-17	+35
Other	**11,512**	**152**	**11,664**	**+0**	**+0**	**+0**	**+0**	**+0**	**+0**
Total	**279,906**	**48,729**	**328,635**	**+1,377**	**+21,538**	**+3,530**	**-3,764**	**-2,199**	**+2,665**
Dec 21									
Austria	**127,109**	**24,314**	**151,423**	**+8,179**	**+0**	**+3,291**	**-4,734**	**-3,486**	**+3,382**
EBOe & Subs.	40,962	7,070	48,032	+2,405	+0	+654	-1,076	-712	+826
Savings Banks	59,909	11,496	71,405	+4,197	+0	+1,333	-2,086	-1,467	+1,694
Other Austria	26,238	5,748	31,986	+1,577	+0	+1,304	-1,572	-1,306	+862
CEE	**120,208**	**12,699**	**132,908**	**+2,548**	**+0**	**+1,912**	**-1,226**	**-753**	**+1,230**
Czech Republic	63,519	5,610	69,129	+716	+0	+872	-416	-323	+354
Slovakia	19,402	2,130	21,532	+823	+0	+57	-277	-151	+414
Romania	14,675	2,337	17,012	+241	+0	+851	-442	-214	+364
Hungary	10,069	928	10,997	+245	+0	+76	-30	-16	+19
Croatia	10,156	1,535	11,691	+439	+0	+29	-41	-33	+63
Serbia	2,387	159	2,546	+82	+0	+26	-20	-16	+16
Other	**7,966**	**16**	**7,982**	**+0**	**+0**	**+0**	**+0**	**+0**	**+0**
Total	**255,284**	**37,029**	**292,313**	**+10,726**	**+0**	**+5,203**	**-5,960**	**-4,239**	**+4,612**

Impact on credit loss allowances by geographical segments

in EUR million	Current status - parameters (FLI shifted)						Simulations - difference to FLI shifts effect		
				out of which the effect of:					
	Stage 1	Stage 2	Total	Stage overlays due to C-19	Stage overlays due to UA war	FLI shifts	Upside scenario	Baseline scenario	Downside scenario
Sep 22									
Austria	**-166**	**-783**	**-950**	**-9.4**	**-153.7**	**-171.8**	**+160.8**	**+99.0**	**-89.5**
EBOe & Subs.	-41	-177	-219	-4.4	-21.5	-46.4	+43.9	+27.3	-23.4
Savings Banks	-96	-431	-527	-3.8	-89.0	-90.5	+86.8	+54.4	-49.1
Other Austria	-29	-175	-204	-1.2	-43.2	-34.9	+30.0	+17.3	-17.0
CEE	**-279**	**-963**	**-1,242**	**-21.3**	**-139.3**	**-297.6**	**+275.4**	**+141.0**	**-107.3**
Czech Republic	-100	-316	-416	-1.6	-46.5	-70.0	+58.4	+22.6	-18.6
Slovakia	-42	-152	-194	-5.7	-19.6	-5.5	+43.2	+31.2	-18.2
Romania	-65	-305	-370	-6.5	-28.0	-169.6	+143.0	+67.1	-51.0
Hungary	-21	-51	-72	-5.8	-5.6	-37.5	+21.9	+14.8	-15.4
Croatia	-39	-117	-156	-1.7	-32.1	-11.7	+4.7	+2.6	-1.9
Serbia	-11	-21	-32	+0.0	-7.4	-3.3	+4.2	+2.7	-2.3
Other	**-3**	**-4**	**-7**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**
Total	**-449**	**-1,750**	**-2,199**	**-30.6**	**-293.0**	**-469.5**	**+436.3**	**+240.0**	**-196.8**
Dec 21									
Austria	**-221**	**-663**	**-883**	**-97.1**	**+0.0**	**-233.4**	**+361.2**	**+234.1**	**-189.0**
EBOe & Subs.	-48	-157	-204	-29.7	+0.0	-45.2	+76.3	+48.1	-39.0
Savings Banks	-135	-349	-484	-57.9	+0.0	-112.2	+177.6	+114.0	-95.6
Other Austria	-38	-157	-195	-9.6	+0.0	-75.9	+107.3	+71.9	-54.4
CEE	**-327**	**-823**	**-1,151**	**-86.4**	**+0.0**	**-316.7**	**+158.4**	**+99.4**	**-126.3**
Czech Republic	-118	-288	-406	-18.0	+0.0	-108.4	+22.3	+15.9	-19.3
Slovakia	-49	-119	-168	-16.2	+0.0	-20.3	+35.5	+21.5	-30.3
Romania	-69	-220	-289	-11.1	+0.0	-127.5	+55.7	+26.9	-47.7
Hungary	-24	-65	-88	-5.7	+0.0	-30.1	+9.3	+4.9	-4.6
Croatia	-55	-118	-173	-31.8	+0.0	-24.2	+31.3	+27.7	-21.7
Serbia	-13	-13	-26	-3.7	+0.0	-6.1	+4.3	+2.5	-2.7
Other	**-2**	**0**	**-2**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**
Total	**-550**	**-1,486**	**-2,036**	**-183.5**	**+0.0**	**-550.1**	**+519.6**	**+333.5**	**-315.3**

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
Sep 22					
Austria	**101,130**	**12,962**	**1,958**	**2,167**	**118,217**
EBOe & Subsidiaries	34,773	3,783	519	510	39,584
Savings Banks	46,565	8,227	1,117	1,291	57,200
Other Austria	19,792	952	322	367	21,433
Central and Eastern Europe	**64,081**	**12,680**	**4,491**	**1,859**	**83,112**
Czech Republic	31,559	4,435	1,247	716	37,958
Romania	9,101	1,672	387	325	11,484
Slovakia	13,213	2,623	1,927	296	18,060
Hungary	3,883	804	398	155	5,240
Croatia	4,807	2,779	444	318	8,347
Serbia	1,518	367	88	49	2,022
Other	**1,314**	**7**	**6**	**18**	**1,344**
Total	**166,525**	**25,650**	**6,456**	**4,044**	**202,674**
Dec 21					
Austria	**92,988**	**11,371**	**1,826**	**2,286**	**108,472**
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
Central and Eastern Europe	**59,613**	**10,456**	**3,487**	**2,065**	**75,621**
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
Other	**43**	**23**	**0**	**17**	**84**
Total	**152,645**	**21,851**	**5,313**	**4,368**	**184,178**

Loans and advances to customers by business segment and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total
Sep 22					
Retail	58,966	7,020	2,692	1,371	70,049
Corporates	58,817	10,353	2,553	1,340	73,063
Group Markets	659	15	42	0	716
ALM & LCC	1,482	31	46	24	1,582
Savings Banks	46,565	8,227	1,117	1,291	57,200
GCC	36	4	6	18	64
Total	**166,525**	**25,650**	**6,456**	**4,044**	**202,674**
Dec 21					
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
Total	**152,645**	**21,851**	**5,313**	**4,368**	**184,178**

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

	Non-performing		Customer loans		Allowances	Collateral for NPL		NPL ratio		NPL coverage ratio (exc collateral)	NPL collateralisation ratio	
in EUR million	**Total**	**AC**	**Total**	**AC**	**AC**	**Total**	**AC**	**Total**	**AC**	**AC**	**Total**	**AC**
Sep 22												
Austria	**2,167**	**2,139**	**118,217**	**118,131**	**-1,567**	**1,133**	**1,132**	**1.8%**	**1.8%**	**73.3%**	**52.3%**	**52.9%**
EBOe & Subs	510	510	39,584	39,569	-345	311	311	1.3%	1.3%	67.7%	61.0%	61.0%
Savings Banks	1,291	1,290	57,200	57,195	-968	699	699	2.3%	2.3%	75.0%	54.2%	54.2%
Other Austria	367	339	21,433	21,367	-254	123	123	1.7%	1.6%	75.0%	33.6%	36.2%
CEE	**1,859**	**1,856**	**83,112**	**82,435**	**-2,298**	**704**	**702**	**2.2%**	**2.3%**	**123.8%**	**37.9%**	**37.8%**
Czech Republic	716	716	37,958	37,957	-831	211	211	1.9%	1.9%	116.1%	29.4%	29.4%
Romania	325	325	11,484	11,484	-559	111	111	2.8%	2.8%	172.0%	34.2%	34.2%
Slovakia	296	296	18,060	18,060	-368	150	150	1.6%	1.6%	124.1%	50.5%	50.5%
Hungary	155	152	5,240	4,564	-153	75	72	3.0%	3.3%	100.6%	48.4%	47.6%
Croatia	318	318	8,347	8,347	-330	146	146	3.8%	3.8%	104.1%	45.8%	45.8%
Serbia	49	49	2,022	2,022	-57	12	12	2.4%	2.4%	115.1%	25.1%	25.1%
Other	**18**	**15**	**1,344**	**1,344**	**-15**	**9**	**6**	**1.3%**	**1.1%**	**100.3%**	**50.0%**	**40.2%**
Total	**4,044**	**4,010**	**202,674**	**201,910**	**-3,880**	**1,846**	**1,840**	**2.0%**	**2.0%**	**96.8%**	**45.7%**	**45.9%**
Dec 21												
Austria	**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%
CEE	**2,065**	**2,059**	**75,621**	**74,888**	**-2,352**	**802**	**796**	**2.7%**	**2.7%**	**114.2%**	**38.8%**	**38.7%**
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%**
Total	**4,368**	**4,330**	**184,178**	**183,369**	**-3,936**	**2,043**	**2,034**	**2.4%**	**2.4%**	**90.9%**	**46.8%**	**47.0%**

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

in EUR million	Non-performing Total	Non-performing AC	Customer loans Total	Customer loans AC	Allowances AC	Collateral for NPL Total	Collateral for NPL AC	NPL ratio Total	NPL ratio AC	NPL coverage ratio (exc collateral) AC	NPL collateralisation ratio Total	NPL collateralisation ratio AC
Sep 22												
Retail	1,371	1,368	70,049	69,371	-1,549	550	547	2.0%	2.0%	113.2%	40.1%	40.0%
Corporates	1,340	1,313	73,063	72,983	-1,331	583	583	1.8%	1.8%	101.4%	43.5%	44.4%
Group Markets	0	0	716	716	-1	0	0	0.0%	0.0%	2635.9%	34.1%	34.1%
ALM & LCC	24	24	1,582	1,582	-16	6	6	1.5%	1.5%	68.5%	23.4%	23.4%
Savings Banks	1,291	1,290	57,200	57,195	-968	699	699	2.3%	2.3%	75.0%	54.2%	54.2%
GCC	18	15	64	63	-15	9	6	27.7%	23.4%	99.5%	50.0%	40.2%
Total	**4,044**	**4,010**	**202,674**	**201,910**	**-3,880**	**1,846**	**1,840**	**2.0%**	**2.0%**	**96.8%**	**45.7%**	**45.9%**
Dec 21												
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%
Total	**4,368**	**4,330**	**184,178**	**183,369**	**-3,936**	**2,043**	**2,034**	**2.4%**	**2.4%**	**90.9%**	**46.8%**	**47.0%**

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 Stage 1	Loans to customers Stage 2	Loans to customers Stage 3	Loans to customers POCI	Allowances Stage 1	Allowances Stage 2	Allowances Stage 3	Allowances POCI	Coverage ratio Stage 2	Coverage ratio Stage 3	Coverage ratio POCI
Sep 22											
Austria	**92,456**	**23,513**	**2,095**	**67**	**-117**	**-577**	**-873**	**0**	**2.5%**	**41.7%**	**0.2%**
EBOe & Subs	33,250	5,807	501	12	-30	-136	-178	0	2.3%	35.6%	0.0%
Savings Banks	44,565	11,320	1,255	55	-74	-347	-547	0	3.1%	43.6%	0.2%
Other AT	14,641	6,387	339	0	-14	-93	-148	0	1.5%	43.6%	0.0%
CEE	**66,460**	**13,966**	**1,726**	**282**	**-223**	**-847**	**-1,138**	**-89**	**6.1%**	**65.9%**	**31.6%**
Czech Republic	31,627	5,607	674	50	-83	-290	-440	-18	5.2%	65.4%	36.0%
Romania	8,152	2,977	295	59	-51	-266	-230	-12	8.9%	77.8%	19.8%
Slovakia	15,033	2,646	286	95	-36	-137	-165	-29	5.2%	57.8%	30.8%
Hungary	3,511	875	130	48	-15	-46	-81	-12	5.2%	62.2%	25.4%
Croatia	6,537	1,487	295	28	-29	-88	-195	-18	5.9%	66.3%	62.7%
Serbia	1,599	374	47	2	-9	-20	-27	0	5.4%	56.9%	18.8%
Other	**1,322**	**5**	**18**	**0**	**-1**	**0**	**-14**	**0**	**1.3%**	**76.9%**	**0.0%**
Total	**160,238**	**37,484**	**3,839**	**348**	**-342**	**-1,423**	**-2,025**	**-89**	**3.8%**	**52.8%**	**25.6%**
Dec 21											
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%
CEE	**62,150**	**10,541**	**1,923**	**274**	**-259**	**-750**	**-1,256**	**-87**	**7.1%**	**65.3%**	**31.8%**
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%
Other	**49**	**15**	**17**	**0**	**-1**	**0**	**-16**	**0**	**0.3%**	**91.9%**	**0.0%**
Total	**148,033**	**30,842**	**4,167**	**327**	**-412**	**-1,238**	**-2,198**	**-88**	**4.0%**	**52.8%**	**26.9%**

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 172 million (EUR 165 million), the non-defaulted part to EUR 176 million (EUR 162 million).

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

	Loans to customers				Allowances				Coverage ratio		
in EUR million	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI	Stage 2	Stage 3	POCI
Sep 22											
Retail	59,332	8,620	1,329	89	-143	-582	-800	-24	6.8%	60.2%	26.5%
Corporates	54,135	17,430	1,213	204	-122	-493	-650	-65	2.8%	53.6%	32.0%
Group Markets	618	98	0	0	-1	0	0	0	0.1%	40.4%	64.0%
ALM & LCC	1,544	15	24	0	-1	-1	-14	0	6.1%	59.7%	0.5%
Savings Banks	44,565	11,320	1,255	55	-74	-347	-547	0	3.1%	43.6%	0.2%
GCC	44	2	18	0	-1	0	-14	0	3.7%	76.9%	0.0%
Total	**160,238**	**37,484**	**3,839**	**348**	**-342**	**-1,423**	**-2,025**	**-89**	**3.8%**	**52.8%**	**25.6%**
Dec 21											
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%
Total	**148,033**	**30,842**	**4,167**	**327**	**-412**	**-1,238**	**-2,198**	**-88**	**4.0%**	**52.8%**	**26.9%**

Loans and advances to customers by geographical segment and currency

in EUR million	EUR	CEE-LCY	CHF	USD	Other	Total
Sep 22						
Austria	**110,485**	**0**	**2,160**	**3,241**	**2,332**	**118,217**
Erste Bank Oesterreich & Subsidiaries	38,536	0	940	73	36	39,584
Savings Banks	54,804	0	1,177	66	1,154	57,200
Other Austria	17,146	0	43	3,102	1,142	21,433
Central and Eastern Europe	**36,198**	**46,560**	**17**	**253**	**84**	**83,112**
Czech Republic	6,326	31,443	3	121	66	37,958
Romania	3,296	8,082	0	107	0	11,484
Slovakia	18,033	0	0	8	18	18,060
Hungary	1,618	3,620	1	1	0	5,240
Croatia	5,429	2,892	13	12	0	8,347
Serbia	1,496	524	0	3	0	2,022
Other	**1,270**	**61**	**4**	**9**	**0**	**1,344**
Total	**147,953**	**46,621**	**2,181**	**3,502**	**2,417**	**202,674**
Dec 21						
Austria	**101,287**	**0**	**2,300**	**2,913**	**1,972**	**108,472**
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
Central and Eastern Europe	**30,885**	**44,491**	**18**	**153**	**75**	**75,621**
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
Other	**33**	**42**	**4**	**5**	**0**	**84**
Total	**132,205**	**44,533**	**2,322**	**3,071**	**2,048**	**184,178**

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	Sep 22
Interest	3.8	3.2
Currency	1.1	1.0
Shares	2.2	1.7
Commodity	0.2	0.2
Volatility	1.0	1.0
Total	**5.2**	**3.4**

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 nine months of the year, Erste Group issued about EUR 4.7 billion (net of EUR 91 million buybacks), including a senior preferred and a Tier 2 EUR benchmark transaction. The liquidity situation remained stable also in the CEE entities and did not show any significant negative impacts due to the Covid-19 situation or to the war in Ukraine. On group level, Erste Group's total TLTRO participation amounted to EUR 21.2 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 30 September 2022, the leverage ratio for Erste Group Bank AG at consolidated level amounted to 6.1%, comfortably above the 3.0% minimum requirement defined in Article 92 Capital Requirements Regulation (CRR). Tier 1 capital amounted to EUR 21.7 billion at the reference date, while total leverage exposure stood at EUR 353.4 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 23.88% 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 1.0 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 0.0 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 investments 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 derivates 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 16.2 million (2021: EUR 14.5 million) and the total DVA-adjustment amounted to EUR 30.8 million (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, participationsand 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 Level 1	Dec 21 Level 2	Dec 21 Level 3	Dec 21 Total	Sep 22 Level 1	Sep 22 Level 2	Sep 22 Level 3	Sep 22 Total
Assets								
Financial assets HfT	1,984	4,443	46	6,473	2,268	2,991	116	5,375
Derivatives	5	2,231	27	2,263	18	1,931	33	1,982
Other financial assets held for trading	1,979	2,212	18	4,210	2,250	1,060	84	3,394
Non-trading financial assets - FVPL	1,670	281	1,173	3,124	1,335	199	1,256	2,791
Equity instruments	40	9	283	332	76	7	283	367
Debt securities	1,630	272	72	1,975	1,259	191	209	1,660
Loans and advances	0	0	818	818	0	0	764	764
Financial assets FVOCI	7,604	807	470	8,881	7,580	1,259	408	9,247
Hedge accounting derivatives	0	79	0	79	0	98	1	99
Total assets	**11,258**	**5,610**	**1,689**	**18,557**	**11,183**	**4,547**	**1,782**	**17,511**
Liabilities								
Financial liabilities HfT	774	1,690	9	2,474	583	2,560	33	3,175
Derivatives	5	1,609	9	1,624	19	2,491	31	2,540
Other financial liabilities held for trading	769	81	0	850	563	69	2	634
Financial liabilities - FVPL	325	9,894	245	10,464	323	9,545	163	10,031
Deposits from customers	0	495	0	495	0	1,323	0	1,323
Debt securities issued	325	9,399	54	9,778	323	8,222	1	8,547
Other financial liabilities	0	0	191	191	0	0	162	162
Hedge accounting derivatives	0	307	2	309	0	380	0	380
Total liabilities	**1,100**	**11,891**	**256**	**13,247**	**906**	**12,484**	**196**	**13,586**

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 Level 1 to Level 2	Dec 21 Level 2 to Level 1	Sep 22 Level 1 to Level 2	Sep 22 Level 2 to Level 1
Financial assets HfT	**131**	**15**	**51**	**10**
Bonds	131	15	50	9
Funds	0	0	0	0
Shares	0	0	1	1
Non-trading financial assets at FVPL	**22**	**2**	**24**	**9**
Bonds	21	2	23	7
Funds	1	0	0	1
Shares	0	0	1	1
Financial assets at FVOCI	**105**	**91**	**291**	**39**
Bonds	105	91	291	39
Total	**258**	**108**	**366**	**58**

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 profit or loss	Gain/loss in other compre-hensive income	Purchases	Sales	Settle-ments	Additions to Group	Disposal out of Group	Transfer into Level 3	Transfer out of Level 3	Currency translation	
	Jan 22											Sep 22
Assets												
Financial assets HfT	46	-24	0	74	-1	0	0	0	40	-18	0	116
Derivatives	27	-19	0	2	0	0	0	0	40	-17	0	33
Other financial assets held for trading	18	-5	0	72	-1	0	0	0	0	-1	0	84
Non-trading financial assets at FVPL	1,173	-81	0	297	-23	-66	0	0	61	-10	-95	1,256
Equity instruments	283	-9	0	20	-9	0	0	0	0	-2	0	283
Debt securities	72	-1	0	110	-4	-15	0	0	56	-8	0	209
Loans and advances	818	-70	0	167	-10	-51	0	0	5	0	-95	764
Financial assets FVOCI	470	1	-32	6	-3	-13	0	0	66	-87	0	408
Hedge accounting derivatives	0	1	0	0	0	0	0	0	0	0	0	1
Total assets	**1,689**	**-102**	**-32**	**376**	**-26**	**-79**	**0**	**0**	**167**	**-115**	**-95**	**1,782**
Liabilities												
Financial liabilities HfT	9	4	0	6	0	0	0	0	13	0	0	33
Derivatives	9	4	0	4	0	0	0	0	13	0	0	31
Financial liabilities at FVPL	245	-23	0	57	-60	-1	0	0	0	-54	0	163
Debt securities issued	54	0	0	1	0	0	0	0	0	-54	0	1
Other financial liabilities	191	-23	0	56	-60	-1	0	0	0	0	0	162
Hedge accounting derivatives	2	-2	0	0	0	0	0	0	0	0	0	0
Total liabilities	**256**	**-21**	**0**	**64**	**-60**	**-1**	**0**	**0**	**13**	**-54**	**0**	**196**
	Jan 21											Sep 21
Assets												
Financial assets HfT	85	-16	0	225	-1	0	0	0	52	-24	0	320
Derivatives	75	-16	0	0	0	0	0	0	0	-24	0	36
Other financial assets held for trading	10	0	0	225	-1	0	0	0	52	0	0	284
Non-trading financial assets at FVPL	1,046	-10	0	237	-60	-41	0	0	9	-14	7	1,174
Equity instruments	282	-9	0	14	-14	0	0	0	5	-6	1	273
Debt securities	77	5	0	2	-15	-4	0	0	4	-6	1	64
Loans and advances	687	-6	0	221	-31	-37	0	0	0	-2	5	836
Financial assets at FVOCI	376	-1	0	43	-20	-18	0	0	355	-2	4	737
Hedge accounting derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Total assets	**1,508**	**-27**	**0**	**504**	**-81**	**-59**	**0**	**0**	**416**	**-39**	**10**	**2,231**
Liabilities												
Financial liabilities HfT	2	1	0	0	0	0	0	0	0	-2	0	2
Derivatives	2	1	0	0	0	0	0	0	0	-2	0	2
Financial liabilities at FVPL	336	1	1	41	-41	-1	0	0	11	-113	0	234
Debt securities issued	155	0	1	0	0	0	0	0	11	-113	0	55
Other financial liabilities	180	1	0	41	-41	-1	0	0	0	0	0	180
Hedge accounting derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Total liabilities	**338**	**2**	**1**	**41**	**-41**	**-1**	**0**	**0**	**11**	**-114**	**0**	**236**

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	1-9 21	1-9 22
Assets		
Financial assets HfT	-15.9	-23.8
Derivatives	-15.5	-19.3
Other financial assets held for trading	-0.4	-4.5
Non-trading financial assets at FVPL	-11.4	-80.1
Equity instruments	-8.8	-10.3
Debt securities	3.3	0.3
Loans and advances	-5.9	-70.1
Financial assets at FVOCI	-2.6	0.2
Hedge accounting derivatives	0.0	1.0
Total	**-29.9**	**-102.7**
Liabilities		
Financial liabilities HfT	-1.2	-3.4
Derivatives	-1.2	-4.4
Other financial liabilities held for trading	0.0	1.0
Financial liabilities at FVPL	-0.4	22.9
Deposits from customers	0.0	0.0
Debt securities issued	0.5	0.0
Other financial liabilities	-0.9	22.9
Hedge accounting derivatives	0.0	2.4
Total	**-1.6**	**21.9**

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)
Sep 22					
Positive fair value of derivatives	Forwards, swaps, options	0.67	Discounted cash flow and option models with CVA adjustment based on potential future exposure	PD	1.15%-100% (10.94%)
				LGD	60%
Financial assets at FVPL	Fixed and variable coupon bonds	10.9	Discounted cash flow	Credit Spread	0.11%-2.43% (0.66%)
	Loans	763.6	Discounted cash flow	PD	0.05%-4.32% (1.89%)
				LGD	0%-28.35% (4.73%)
Financial assets at FVOCI	Fixed and variable coupon bonds	272.9	Discounted cash flow	Credit Spread	0.01%-6.50% (1.47%)
Financial assets at FVOCI / at FVPL	Non-trading equity instruments (participations)	227.2	Dividend Discount Model; Simplified Income Approach	Beta relevered	Industries: Insurance (General) 1.07-1.10 Recreation 1.07-1.08 Real Estate (General/Diversified) 0.86-0.87 Real Estate (Development) 0.81 Financial Svcs. (Non-bank & Insurance) 0.91-1.05 Transportation 0.93-0.94 Health Resort & Gesundheitszentrum GmbH 0.76 Business & Consumer services 1.09
				Country risk premium	Austria 0.34%-0.48%, Croatia 2.13%, Czech Republic 0.51%-0.72% Romania 1.87% Slovakia 0.72% Hungary 1.62%, North Macedonia 3.06% Resulting cost of equity based on above inputs: 7.23% -13.23%
		153.8	Adjusted Net Asset Value	Adjusted Equity	Depending on accounting equity of investment.
		33	Market comparable companies	EV / SALES EV / EBITDA EV / EBIT P/E P/E (implicit) P/B	Depending on industry classification according to Damodaran.
Dec 21					
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%)
				LGD	0%-46.22% (13.62%)
Financial assets at FVOCI	Fixed and variable coupon bonds	443.7	Discounted cash flow	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: Insurance (General) 1.04-1.10, Recreation 0.96, Real Estate (General/Diversified) 0.78 Real Estate (Operations & Services) 0.63 Financial Svcs. (Non-bank & Insurance) 0.91-1.06, Banks (Regional) 0.57, Health Resort & Gesundheitszentrum GmbH 0.66
				Country risk premium	Croatia 2.21%, Austria 0.33%-0.35% Czech Republic 0.53%, Romania 1.95%, Russia 1.82%, Slovakia 0.75%, Hungary 1.95%, North Macedonia 2.97% Resulting cost of equity based on above inputs: 5.48%-13.03%
		147.9	Adjusted Net Asset Value	Adjusted Equity	Depending on accounting equity of investment.
		33.0	Market comparable companies	EV / SALES EV / EBITDA EV / EBIT P/E P/E (implicit) P/B	Depending on industry classification according to Damodaran.

In addition to the information above, equity instruments with a fair value in amount of EUR 43.4 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 38.9 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

	Dec 21		Sep 22	
in EUR million	Positive	Negative	Positive	Negative
Derivatives	3.1	-5.3	3.4	-3.2
Income statement	3.1	-5.3	3.4	-3.2
Debt securities	21.6	-28.8	12.7	-16.9
Income statement	3.3	-4.4	2.3	-3.0
Other comprehensive income	18.3	-24.4	10.4	-13.9
Equity instruments	106.6	-70.4	92.9	-63.1
Income statement	58.0	-43.8	51.2	-39.7
Other comprehensive income	48.6	-26.6	41.8	-23.4
Loans	17.9	-45.7	16.7	-41.5
Income statement	17.9	-45.7	16.7	-41.5
Total	**149.2**	**-150.2**	**125.7**	**-124.7**
Income statement	**82.3**	**-99.2**	**73.6**	**-87.4**
Other comprehensive income	**66.9**	**-51.0**	**52.2**	**-37.3**

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 (balance sheet)	Fair value	Level 1	Level 2	Level 3
Sep 22					
Assets					
Cash and cash balances	44,552	44,552	0	0	0
Financial assets at AC	259,311	247,009	29,913	5,998	211,098
Loans and advances to banks	26,721	26,640	0	0	26,640
Loans and advances to customers	191,337	184,271	0	0	184,271
Debt securities	41,253	36,098	29,913	5,998	187
Finance lease receivables	4,345	4,309	0	0	4,309
Assets held for sale	0	0	0	0	0
Trade and other receivables	2,349	2,339	0	0	2,339
Liabilities					
Financial liabilities at AC	291,880	289,905	13,161	9,761	266,984
Deposits from banks	36,158	35,842	0	0	35,842
Deposits from customers	231,128	229,857	0	0	229,857
Debt securities issued	23,785	23,397	13,161	9,761	475
Other financial liabilities	810	809	0	0	809
Financial guarantees and commitments					
Financial guarantees	n/a	22	0	0	22
Irrevocable commitments	n/a	705	0	0	705
Dec 21					
Assets					
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
Liabilities					
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
Financial guarantees and commitments					
Financial guarantees	n/a	4	0	0	4
Irrevocable commitments	n/a	998	0	0	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)

	1-9 21	1-9 22
Austria	**15,903**	**15,742**
Erste Group, EB Oesterreich and subsidiaries	8,814	8,625
Haftungsverbund savings banks	7,089	7,117
Outside Austria	**29,345**	**29,162**
Česká spořitelna Group	9,740	9,794
Banca Comercială Română Group	5,517	5,280
Slovenská sporiteľňa Group	3,719	3,628
Erste Bank Hungary Group	3,209	3,253
Erste Bank Croatia Group	3,291	3,278
Erste Bank Serbia Group	1,205	1,207
Savings banks subsidiaries	1,459	1,465
Other subsidiaries and foreign branch offices	1,204	1,257
Total	**45,248**	**44,904**

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 Regulation (CRR, Regulation (EU) No. 575/2013) and the Capital Requirements Directive (CRD IV, Directive (EU) 2013/36/EU) [1]. Both the CRD IV and CRD V[2] 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 30 September 2022 amount to

- 9.27% for CET1(4.5% CET1, +2.5% capital conservation buffer, +1.0% systemic risk buffer, +1.0% O-SII buffer and +0.27% countercyclical capital buffer),
- 10.77% for tier 1 capital (sum of CET1 and AT1) and
- 12.77% 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 30 September 2022, considering the requirement under article 70b (7) ABA which allocates the P2R to CET1, AT1 and T2 in

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[1] 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).

[2] CRDV has been transposed by an amendment of the BWG (BGBl I 2021/98; BWG-Novelle) which entered into force on 31 May 2021.

line with the Pillar 1 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 30 September 2022.

The regulatory minimum capital ratios including the capital buffers and SREP requirements as of 30 September 2022 amount to

- a CET1 requirement of 10.26%,
  (Pillar 1 requirement of 4.5%, combined capital buffers of 4.77% and 56.25% of 1.75% Pillar 2 requirement)
- a T1 requirement of 12.09%
  (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 14.52%
  (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[3] and 1 July, 2021[4] also indicated that the Pillar 2 Guidance temporarily need not be fully complied with by credit institutions during the Covid-19 crisis. The Pillar 2 Guidance is not MDA (maximum distributable amount) relevant.

Overview of capital requirements and capital buffers

	Dec 21	Sep 22
Pillar 1		
Minimum CET1 requirement	4.50%	4.50%
Minimum Tier 1 requirement	6.00%	6.00%
Minimum Own Funds requirements	8.00%	8.00%
Combined buffer requirement (CBR)	**4.68%**	**4.77%**
Capital conservation buffer	2.50%	2.50%
Institution-specific countercyclical capital buffer	0.18%	0.27%
Systemic risk buffer (SRB)	1.00%	1.00%
O-SII capital buffer	1.00%	1.00%
Minimum CET 1 requirement (incl. CBR)	9.18%	9.27%
Minimum Tier 1 requirement (incl. CBR)	10.68%	10.77%
Minimum Own Funds requirement (incl. CBR)	12.68%	12.77%
Pillar2		
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%
Total CET1 requirement for Pillar 1 and Pillar 2	**10.16%**	**10.26%**
Total Tier 1 requirement for Pillar 1 and Pillar 2	**11.99%**	**12.09%**
Total Own Funds requirement for Pillar 1 and Pillar 2	**14.43%**	**14.52%**

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 Covid-19 crisis. In the 'Frequently Asked Questions - FAQs'[5] 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 7.76%, its T1 requirement amounts to 9.59% and its total own funds requirement amounts to 12.02%.

3 https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200312~43351ac3ac.en.html
4 https://www.bankingsupervision.europa.eu/press/speeches/date/2021/html/ssm.sp210701~3f0230c51f.en.html
5 ECB Banking Supervision: FAQs on ECB supervisory measures in reaction to the coronavirus (europa.eu)

Capital structure

in EUR million	Dec 21 Phased-in	Dec 21 Final	Sep 22 Phased-in	Sep 22 Final
Common equity tier 1 capital (CET1)				
Capital instruments eligible as CET1	2,337	2,337	2,337	2,337
Retained earnings	14,156	14,156	14,230	14,230
Interim profit	0	0	731	731
Accumulated other comprehensive income	-1,706	-1,706	-1,932	-1,932
Minority interest recognised in CET1	5,219	5,219	5,501	5,501
Common equity tier 1 capital (CET1) before regulatory adjustments	**20,006**	**20,006**	**20,866**	**20,866**
Own CET1 instruments	-263	-263	-85	-85
Prudential filter: cash flow hedge reserve	206	206	237	237
Prudential filter: cumulative gains and losses due to changes in own credit risk on fair valued liabilities	207	207	-16	-16
Prudential filter: fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-4	-4	-31	-31
Value adjustments due to the requirements for prudent valuation	-86	-86	-104	-104
Securitisations with a risk weight of 1,250%	-33	-33	-31	-31
Goodwill	-550	-550	-550	-550
Other intangible assets	-392	-392	-382	-382
Deferred tax assets dependent upon future profitability and not temporary differences net of associated tax liabilities	-178	-178	-169	-169
CET1 capital elements or deductions – other	-109	-109	-307	-307
Common equity tier 1 capital (CET1)	**18,804**	**18,804**	**19,428**	**19,428**
Additional tier 1 capital (AT1)				
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
Additional tier 1 capital (AT1) before regulatory adjustments	**2,243**	**2,243**	**2,243**	**2,243**
Own AT1 instruments	-1	-1	-1	-1
Additional tier 1 capital (AT1)	**2,241**	**2,241**	**2,242**	**2,242**
Tier 1 capital - total of common equity tier 1 (CET1) and additional tier 1 (AT1)	**21,045**	**21,045**	**21,670**	**21,670**
Tier 2 capital (T2)				
Capital instruments and subordinated loans eligible as T2	3,065	3,065	2,861	2,861
Instruments issued by subsidiaries recognised in T2	173	173	201	201
Transitional adjustments due to grandfathered T2 instruments and subordinated loans	50	0	2	0
IRB excess of provisions over expected losses eligible	522	522	568	568
Tier 2 capital (T2) before regulatory adjustments	**3,811**	**3,760**	**3,631**	**3,630**
Own T2 instruments	-47	-47	-51	-51
Tier 2 capital (T2)	**3,763**	**3,713**	**3,581**	**3,579**
Total own funds	**24,808**	**24,758**	**25,250**	**25,249**
Capital requirement	**10,196**	**10,372**	**11,090**	**11,262**
CET1 capital ratio	**14.8%**	**14.5%**	**14.0%**	**13.8%**
Tier 1 capital ratio	**16.5%**	**16.2%**	**15.6%**	**15.4%**
Total capital ratio	**19.5%**	**19.1%**	**18.2%**	**17.9%**

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 multiplicator 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 3 billion.

The final decisions related to the applications for material model changes related to the Specialised Lending (Česká spořitelna, a.s.) and Corporate (group-wide) portfolios, submitted in the years 2019 and 2020 have been communicated to Erste Group on 24 August 2022 and 19 September 2022 respectively. These new decisions imply certain RWA add-ons. In case of Specialised Lending of Česká spořitelna, a.s., an additional condition has been defined, until its remediation the new model cannot be implemented. In case of the Corporate (group-wide) portfolios, the implementation throughout the countries, as well as the RWA add-on, will be sequential, with implementation in Austria, Czech Republic and Slovakia in the fourth quarter of 2022 and Hungary and Croatia in the first quarter of 2023.

Based on the successful remediation of the related obligations and after the respective regulatory assessment, the ECB informed Erste Group on 21 October 2022 of its final decision to lift the existing RWA add-on applied to the Specialised Lending portfolio in Austria and Slovakia. The implementation and the resulting RWA reduction of approximately EUR 1.3 billion is planned for the next quarter, i.e. should take effect already end of 2022.

Risk structure

	Dec 21		Sep 22	
in EUR million	Total risk (phased-in)	Capital requirement (phased-in)	Total risk (phased-in)	Capital requirement (phased-in)
Total risk exposure amount	127,448	10,196	138,623	11,090
Risk-weighted assets (credit risk)	105,869	8,470	114,964	9,197
Standardised approach	18,869	1,510	20,375	1,630
IRB approach	86,994	6,959	94,584	7,567
Contribution to the default fund of a CCP	7	0	5	0
Settlement risk	0	0	71	6
Trading book, foreign FX risk and commodity risk	3,671	294	5,816	465
Operational risk	14,786	1,183	14,567	1,165
Exposure for CVA	390	31	444	36
Other exposure amounts (including Basel 1 floor)	2,730	218	2,761	221

	Dec 21		Sep 22	
in EUR million	Total risk (final)	Capital requirement (final)	Total risk (final)	Capital requirement (final)
Total risk exposure amount	129,647	10,372	140,776	11,262
Risk-weighted assets (credit risk)	108,068	8,645	117,117	9,369
Standardised approach	19,809	1,585	21,381	1,710
IRB approach	88,252	7,060	95,731	7,658
Contribution to the default fund of a CCP	7	0	5	0
Settlement risk	0	0	71	6
Trading book, foreign FX risk and commodity risk	3,671	294	5,816	465
Operational risk	14,786	1,183	14,567	1,165
Exposure for CVA	390	31	444	36
Other exposure amounts (including Basel 1 floor)	2,730	218	2,761	221

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/LiabiltyManagement & 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

28 February 2023	Full-year preliminary results 2022
31 March 2023	Annual financial report 2022
28 April 2023	Results for the first quarter of 2023
12 May 2023	Annual general meeting
31 July 2023	Half year financial report 2023
30 October 2023	Results for the first three quarters of 2023

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

www.erstegroup.com/investorrelations

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Ticker Symbols

Reuters:	ERST.VI
Bloomberg:	EBS AV
Datastream:	O:ERS
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