Management report

ECONOMIC ENVIRONMENT

In 2020, Covid-19 has triggered the deepest global recession in decades. The pandemic induced crisis, which drastically impacted both advanced and emerging markets, has led to an unprecedented contraction in economic activity as more than 85 percent of the countries around the globe experienced shrinking economies. Policy makers have taken extraordinary measures to protect people and national health systems, the economy, and the financial system. To prevent the virus from spreading uncontrollably, most countries imposed stringent lockdown measures in the first half of the year, and with rising infection rates in autumn and winter further lockdowns followed in the last quarter. To contain the immediate economic damage governments introduced various measures including state guaranteed loans, payment moratoria for private individuals and corporates or subsidies from hardship funds. Central banks have eased monetary policies across the globe, with a balance sheet expansion in the G10 countries of nearly EUR 6.5 trillion[1], and with more than 20 emerging market central banks deploying asset purchases for the first time. In addition, a fiscal policy response of EUR 10.5 trillion[2] globally has provided substantial support to households and corporates.

Most economies faced a substantial slump in economic activity. With its real GDP declining by 3.4%[3], the United States outperformed both Japan and the European Union. Leading European economies like Italy and France recorded a double-digit decline in their GDP. Among emerging and developing regions, China outperformed other major economies. Following a sharp output contraction in the first quarter 2020, China's economic activity rebounded stronger than in most other countries following the relaxation of the initial lockdowns. Overall, China's GDP increased by 2.3%[4]. All other major emerging markets' economies, such as India, Brazil, Russia or Turkey declined substantially. India's economy particularly suffered and fell into its first recession in 40 years. In addition to the Covid-19 crisis, the Russian economy was negatively impacted by lower oil prices. Central and Eastern European economies were similarly hit by the virus induced crisis. Overall, global real GDP declined by 3.5%[5].

The economic development in the United States was mainly characterised by the Covid-19 outbreak, increasing tension between the US and China and the presidential elections in November. The economy plummeted in April and May as a result of the coronavirus induced crisis, and the unemployment rate rose temporarily above 14% in April[6]. The economy, however, recovered quickly mainly due to robust domestic demand, improving labour market, a very accommodative monetary policy and a large fiscal stimulus. Consequently, the unemployment rate stood at 6.7%[7] at the end of the year. Core inflation remained below the Federal Reserve's 2% target. In March 2020, the Fed reduced its benchmark interest rate to zero and launched a new round of quantitative easing. The programme entailed USD 700 billion worth of asset purchases of Treasury's and mortgage-backed securities as a response to the slowing economy. Overall, the US economy contracted by 3.4%[8] in 2020.

The euro area was also significantly impacted. At 7.2%[9], economic decline in the euro zone was deeper than in other advanced regions of the world. Government measures implemented as a response to the Covid-19 pandemic – such as nationwide lockdowns, school closures or border restrictions – significantly disrupted domestic economic activity. Tourism, a sector that was virtually shut down completely for many months during the year, suffered significantly. Italy, France and Spain with their very important tourist industries performed poorly with their real GDP declining by double digit figures. The biggest economy of the euro zone, Germany, on the other hand, posted a markedly better performance mainly due to its prudent crisis management and stronger production output. Unemployment rates rose across countries. Most euro area governments launched large programmes of public loan guarantees to preserve access to bank loans for businesses. The European Central Bank (ECB) introduced a new Pandemic Emergency Purchase Programme (PEPP) to counter the serious risks to the monetary policy transmission mechanism and the outlook for the euro area. The programme amounted to EUR 1.85 trillion[10] and was extended until March 2022. The ECB also increased its targeted longer-term refinancing operations (TLTROs) to provide low interest rate loans to credit institutions. Overall, EUR 1.7 trillion[11] were taken up by 388 banks. The ECB kept its discount rate at zero.

Against this backdrop, Austria's economy was also hit hard. Reflecting the containment measures and the lockdown in spring, a sharp decline in private consumption led to a fall in GDP. Investments also fell significantly. A solid economic rebound began in the third quarter. The easing of travel restrictions, but most importantly a strong domestic Summer tourism led to a partial recovery in the economically important tourism sector, with overnight stays in July and August down 15% from 2019 levels, compared to a decline of 60% to 90% in May and June. The unemployment rate increased visibly in the first half of the year, reaching 6.2% in June. In 2020, it stood on average at 5.3%[12]. Short-time work schemes helped to mitigate the effect of the economic downturn on the labour market. The Covid-19 induced crisis has put an abrupt end to

[1] IMF: https://www.imf.org/-/media/Files/Publications/GFSR/2020/October/English/foreword.ashx
(Download on 19 February 2021, applied exchange rate: 1 EUR=1,147 USD)

[2] IMF: https://www.imf.org/-/media/Files/Publications/GFSR/2020/October/English/foreword.ashx
(Download on 19 February 2021, applied exchange rate: 1 EUR=1,147 USD)

[3] IMF: https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update
(Download on 19 February 2021)

[4] IMF: https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update
(Download on 19. February 2021)

[5] IMF: https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update
(Download on 19. February 2021)

[6] US Labor Statistics: https://www.bls.gov/news.release/pdf/empsit.pdf (Download on 19 February 2021), page 1

[7] US Labor Statistics: https://www.bls.gov/news.release/pdf/empsit.pdf (Download on 19 February 2021), page 9

[8] IMF: https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update
(Download on 19 February 2021)

[9] IMF: https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update
(Download on 19 February 2021)

[10] ECB: https://www.ecb.europa.eu/mopo/implement/pepp/html/index.en.html
(Download am 19 February 2021)

[11] Euromoney: https://www.euromoney.com/article/280nvn47uuu2gasjb5534/banking/european-banks-head-for-a-funding-cliff-thanks-to-tltro-iii (Download on 19 February 2021)

[12] Statistik Austria: http://www.statistik.at/wcm/idc/idcplg?IdcService=GET_PDF_FILE&RevisionSelectionMethod=LatestReleased&dDocName=055370 (Download on 19 February 2021)

the favourable development of Austria's public finances. A crisis management fund launched in March has been covering financial support e.g. to strengthen health care services, fixed cost subsidies or short-time work schemes. Tax deferrals and public guarantees for loans also helped companies to avoid liquidity constraints. The general government deficit stood at 8.9%[13] of GDP. Public debt as a percentage of GDP significantly increased to 84.8%[14]. With the sharp economic downturn and the decrease in energy prices, inflation fell from over 2% in the beginning of the year to 1.2%[15] at year end. Overall, average inflation stood at 1.4%[16] in 2020. Real GDP declined by 7.2%[17], with GDP per capita falling to EUR 42,000[18] at year-end.

Central and Eastern European economies struggled as well. Consumption and investments fell visibly, exports and imports posted a double-digit contraction. The large exposure of CEE economies to manufacturing and exports contributed significantly to the economic decline in the spring lockdown. After an unprecedented decline in economic activity, the CEE region saw a very fast economic rebound. The second wave of lockdowns in autumn impacted the regional economies to a much lesser extent, underlying the resilience of CEE industrial production. This time, production was not halted and foreign demand held up well. Serbia proved to be the best performer with its GDP contracting only moderately in 2020. Croatia experienced the deepest GDP decline due to the country's heavy dependency on the tourism sector. Unemployment rates in CEE increased but remained still low compared to many Western European countries. The labour markets benefited from government support programmes and widely used short-time work schemes. As a result of lower revenues and higher expenses, public deficits in the region widened. CEE currencies remained weak during the year with the Hungarian forint testing all-time lows throughout the year. Despite the FX impact, inflation remained relatively moderate. Many of the region's central banks, cut their key rates in the course of the year. The most pronounced were the interest rate cuts of the Czech National Bank. Hungary, Romania, and Serbia also cut their policy rates. Overall, CEE economies shrank between 8.8%[19] in Croatia and 1.1%[20] in Serbia in 2020.

PERFORMANCE IN 2020

P&L data of 2020 is compared with data of 2019, balance sheet data as of 31 December 2020 is compared to data as of 31 December 2019.

Acquisitions and disposals in Erste Group in 2020 did not have any significant impact and therefore had no effect on the rates of change stated below. Details are provided in the notes to the consolidated financial statements.

Overview

Net interest income increased – mainly in Austria, but also in Romania and Hungary – to EUR 4,774.8 million (+0.6%; EUR 4,746.8 million). **Net fee and commission income** decreased to EUR 1,976.8 million (-1.2%; EUR 2,000.1 million). Higher income from the securities business and asset management did not fully compensate for the declines in other fee and commission income categories – most notably in payment services (thereof EUR 19 million attributable to the impact of the SEPA Payment Services Directive). While **net trading result** declined significantly to EUR 137.6 million (EUR 318.3 million), the line item **gains/losses from financial instruments measured at fair value through profit or loss** improved to EUR 62.0 million (EUR -24.5 million). The development of both line items was driven by valuation effects due to market volatility amid the Covid-19 pandemic. **Operating income** decreased to EUR 7,155.1 million (-1.4%; EUR 7,255.9 million). **General administrative expenses** declined to EUR 4,220.5 million (-1.5%; EUR 4,283.3 million), personnel expenses were slightly lower at EUR 2,520.7 million (-0.6%; EUR 2,537.1 million). Other administrative expenses were reduced to EUR 1,158.9 million (-3.8%; EUR 1,205.1 million). Payments into deposit insurance schemes included in other administrative expenses rose to EUR 132.2 million (EUR 104.8 million). Depreciation and amortisation was unchanged at EUR 540.9 million (EUR 541.0 million). Overall, the **operating result** declined to EUR 2,934.6 million (-1.3%; EUR 2,972.7 million). The **cost/income ratio** was unchanged at 59.0% (59.0%).

Due to net allocations, the **impairment result from financial instruments** amounted to EUR -1,294.8 million or 78 basis points of average gross customers loans (EUR -39.2 million or 7 basis points). Allocations to provisions for loans as well as for commitments and guarantees given went up in all core markets. The marked rise in allocations to provisions for loans was primarily driven by the deterioration in the macroeconomic outlook due to Covid-19. A positive contribution came from high income from the recovery of loans already written off, primarily in Romania and Hungary.

The **NPL ratio** based on gross customer loans deteriorated to 2.7% (2.5%), the **NPL coverage ratio** rose to 88.6% (77.1%).

[13] OeNB: https://www.oenb.at/dam/jcr:370f2792-c563-4471-93d7-f6530d6c29e0/facts-on-austria_oct-2020.pdf (Download on 19 February 2021), page 4

[14] OeNB: https://www.oenb.at/dam/jcr:370f2792-c563-4471-93d7-f6530d6c29e0/facts-on-austria_oct-2020.pdf (Download on 19 February 2021), page 4

[15] Statistik Austria: http://www.statistik.at/wcm/idc/idcplg?IdcService=GET_PDF_FILE&RevisionSelectionMethod=LatestReleased&dDocName=022832 (Download on 19 February 2021)

[16] Statistik Austria: http://www.statistik.at/wcm/idc/idcplg?IdcService=GET_PDF_FILE&RevisionSelectionMethod=LatestReleased&dDocName=022832 (Download on 19 February 2021)

[17] OeNB: https://www.oenb.at/dam/jcr:370f2792-c563-4471-93d7-f6530d6c29e0/facts-on-austria_oct-2020.pdf (Download on 19 February 2021), page 4

[18] OeNB: https://www.oenb.at/dam/jcr:370f2792-c563-4471-93d7-f6530d6c29e0/facts-on-austria_oct-2020.pdf (Download on 19 February 2021) and Statistik Austria: https://statcube.at/statistik.at/ext/statcube/jsf/tableView/tableView.xhtml (Download on 19 February 2021)

[19] European Commission: https://ec.europa.eu/eurostat/databrowser/view/NAMQ_10_GDP__custom_589433/default/table?lang=en (Download on 19. February 2019), calculation based on Q1-Q3 2020 data

[20] Statistical Office of the Republic of Serbia: https://www.stat.gov.rs/en-US/vesti/20201230-ekonomska-kretanja-2020 (Download on 19. February 2021)

Other operating result improved to EUR -278.3 million (EUR -628.2 million). The expenses for the annual contributions to resolution funds included in this line item rose – in particular in Austria – to EUR 93.5 million (EUR 75.3 million). The decline in banking and transaction taxes to EUR 117.7 million (EUR 128.0 million) is primarily attributable to the abolition of banking tax in Romania. In the previous year, other operating result included allocations to a provision in the amount of EUR 153.3 million set aside for losses expected from a supreme court decision concerning the business activities of a Romanian subsidiary as well as the write-off of goodwill in Slovakia in the amount of EUR 165.0 million.

Taxes on income declined to EUR 342.5 million (EUR 418.7 million). The minority charge fell to EUR 242.3 million (EUR 440.9 million) due to significantly lower earnings contribution of the savings banks. The **net result attributable to owners of the parent** declined to EUR 783.1 million (-46.7%; EUR 1,470.1 million).

Cash earnings per share (see glossary for definition) amounted to EUR 1.59 (reported EPS: EUR 1.57) versus EUR 3.25 (reported EPS: 3.23) in the previous year.

Cash return on equity (see glossary for definition), i.e. return on equity adjusted for non-cash expenses such as goodwill impairment and straight-line amortisation of customer relationships, stood at 4.7% (reported ROE: 4.7%) versus 10.1% (reported ROE: 10.1%) in the previous year.

Total assets rose to EUR 277.4 billion (EUR 245.7 billion). On the asset side, cash and cash balances increased, primarily in Austria, to EUR 35.8 billion (EUR 10.7 billion), loans and advances to banks decreased to EUR 21.5 billion (EUR 23.1 billion). **Loans and advances to customers** increased to EUR 166.1 billion (+3.6%; EUR 160.3 billion). On the liability side, deposits from banks grew significantly to EUR 24.8 billion (EUR 13.1 billion) on the back of increased ECB refinancing (TLTROs). **Customer deposits** rose again – in all core markets, primarily in Austria and the Czech Republic – to EUR 191.1 billion (+9.9%; EUR 173.8 billion). **The loan-to-deposit ratio** stood at 86.9% (92.2%).

The **common equity tier 1 ratio** (CET 1, CRR final, see glossary for definition) stood at 14.2% (13.7%), the **total capital ratio** (see glossary for definition) at 19.7% (18.5%).

Dividend

In the reporting period, Erste Group Bank AG posted a post-tax loss of EUR 118.4 million under the Austrian accounting regulations, which increased its distributable capital accordingly (2019 post-tax profit: EUR 1,327.1 million). The equity decreased (2019: increased) accordingly.

On 15 December 2020 the European Central Bank (ECB) has issued a recommendation in respect of dividend payouts. The management board of Erste Group will propose a 2020 dividend, in line with the ECB recommendation, of EUR 0.5 per share to the 2021 AGM for payment in May 2021. Furthermore, an additional reserve of EUR 1.0 per share was created, for payment once the ECB recommendation is withdrawn and subject to profitability and capital performance.

On 10 November 2020 the annual general meeting resolved to pay a dividend of EUR 0.75 per share for the business year of 2019 (appropriation of net profit), conditional upon no regulatory ECB recommendation to refrain from such payments or no other legal restrictions being in force prohibiting such distributions on 8 February 2021. Based on the ECB recommendations conditions to pay dividend ofd EUR 0.75 per share have not been met as of 8 February 2021 and no dividend was distributed. As a pay out is not possible, the dividend is allocated to retained earnings according to the resolution taken on the annual general meeting on 10 November 2020.

Outlook

Erste Group's goal for 2021 is to increase net profit. Among the factors that will support achievement of this goal are a recovery of the economies of all core markets – the Czech Republic, Slovakia, Hungary, Romania, Croatia, Serbia and Austria – and, on this basis, a reduction of risk costs and an improvement in the operating result. A continuation or further escalation of Covid-19 measures by governments as well as potential – and as yet unquantifiable – political, regulatory or economic risks may render meeting this goal more challenging. In 2021, the positive development of the economy should be reflected in growth rates (real GDP growth) of between 3% and close to 6% in Erste Group's CEE core markets. The development of other economic indicators should vary depending on Covid-19 policy measures imposed by authorities and/or the phasing out of state support. Unemployment rates are expected to rise but, in the Czech Republic and Hungary, should remain among the lowest in the EU. Inflation rates are forecast to decline in the Czech Republic and Slovakia while the other core markets are likely to see a slight acceleration. In most countries, sustained competitiveness should again result in solid and, in Slovakia and Romania, stronger current account balances. The fiscal situation should likewise improve again after the significant budget deficits posted in the year 2020. Public debt is projected to remain largely stable, albeit at a significantly elevated level.

Against this backdrop, Erste Group expects net loan growth in the low to mid-single digit range. This performance should keep net interest income stable despite negative interest rates in the euro zone. The second most important income component – net fee and commission income – is expected to rise in low single digits. As in 2020, positive momentum should again come from fund management, the securities business and insurance brokerage. Given the average result seen in 2020, the net trading and fair value result is expected to come in higher. This, however, will depend substantially on the financial market environment. The remaining income components are forecast to remain, by and large, stable. Overall, operating income should increase again in 2021. Operating expenses are expected to rise slightly in 2021, partly due to re-emerging wage pressure across all Erste Group markets. In addition, Erste Group will continue to invest in IT in 2021, and thus strengthen its competitive position, with a focus on progressive IT modernisation, back-office digitalisation and expansion of the digital platform George. The rollout of George in Hungary and Croatia should be completed in 2021, as a result of which customers will be able to access George in the six largest core markets. Though faced with more challenges in a largely unpredictable environment, Erste Group is striving to make operating income grow faster than costs. This leads Erste Group to project a rise in the operating result in 2021.

Based on the scenario described above, risks costs should decline again in 2021. While precise forecasting is hard in the current Covid-19 environment, Erste Group believes that in 2021 risk costs will not exceed 65 basis points of average gross customer loans. Due to the expected expiry of state support schemes a rise of the NPL ratio to 3-4% is expected though.

Other operating result is expected to remain unchanged in the absence of significant one-off effects. Assuming a tax rate of below 25% and a similar level of minority charges as in the previous year, Erste Group aims to achieve an improvement in net profit. Erste Group's CET1 ratio is expected to remain strong. The management board proposes to the annual general meeting in May – in line with ECB recommendation – a dividend for 2020 of EUR 0.5 per share. An additional EUR 1/share has been reserved for a potential later payment.

Potential risks to the guidance are besides other than expected (geo)political, economic (monetary and fiscal policies) und regulatory measures and developments also global health risks or changes to the competitive environment. In addition, given the Covid-19 governmental measures and their impact on the economic development, financial forecasts are still subject to an elevated level of uncertainty. Erste Group is moreover exposed to non-financial and legal risks that may materialise regardless of the economic environment. Worse than expected economic development may put goodwill at risk.

ANALYSIS OF PERFORMANCE

Net interest income

Net interest income increased to EUR 4,774.8 million (EUR 4,746.8 million). While in Austria (Holding) positive impacts came from more favourable ECB refinancing and lower negative interest on deposits with the ECB, net interest income in the Czech Republic declined significantly due to lower interest rates. Included in net interest income are modification losses in the amount of EUR 49.5 million mainly resulting from moratoria on loan re-payments due to Covid-19. 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) stood at 2.08% (2.18%).

Net fee and commission income

Net fee and commission income decreased to EUR 1,976.8 million (EUR 2,000.1 million). Declines were recorded in payment services (thereof EUR 19 million attributable to SEPA, the payment-integration initiative of the European Union) but also in the lending business and insurance brokerage commission income. Significant growth was recorded, however –primarily in Austria –in the securities business and in asset management.

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

Valuation effects have a substantial impact on both positions – net trading result & gains/losses from financial instruments measured at fair value through profit or loss. Debt securities issued measured at FV through profit or loss are particularly impacted – related valuation results are shown in the line gains/losses from financial instruments measured at fair value through profit or loss while 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, net trading result decreased significantly to EUR 137.6 million (EUR 318.3 million), despite strong income from the foreign exchange business. Conversely, gains/losses from financial instruments measured at fair value through profit or loss improved to EUR 62.0 million (EUR -24.5 million). In addition to gains from the valuation of debt securities in issue due to the development of interest rates, the valuation result of financial assets in the fair value portfolio was, overall, likewise positive. Gains from the valuation of the securities portfolio were significantly higher than the valuation losses in the loan portfolio measured at fair value.

General administrative expenses

General administrative expenses decreased to EUR 4,220.5 million (EUR 4,283.3 million). **Personnel expenses** declined to EUR 2,520.7 million (EUR 2,537.1 million). While personnel expenses were up in Slovakia as a result of a one-off payment agreed through collective bargaining, they declined in all other core markets, in the Czech Republic and Hungary also due to positive currency effects. **Other administrative expenses** decreased to EUR 1,158.9 million (EUR 1,205.1 million) on the back of a marked reduction of marketing and consulting costs. Contributions to deposit insurance systems rose to EUR 132.2 million (EUR 104.8 million). In Austria, contributions increased substantially to EUR 95.0 million (EUR 58.4 million), driven by a one-off effect as well as continuing strong deposit growth, but declined in Romania to EUR 4.4 million (EUR 12.7 million). IT expenditure was likewise up. **Amortisation and depreciation** amounted to EUR 540.9 million (EUR 541.0 million).

Operating result

Due to the significant decline of the net trading and fair value result, operating income decreased to EUR 7,155.1 million (-1.4%; EUR 7,255.9 million). General administrative expenses were reduced to EUR 4,220.5 million (-1.5%; EUR 4,283.3 million). The operating result declined to EUR 2,934.6 million (-1.3%; EUR 2,972.7 million). The cost/income ratio was unchanged at 59.0% (59.0%).

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

Gains from derecognition of financial instruments not measured at fair value through profit or loss amounted to EUR 6.5 million (EUR 23.5 million). This line item includes primarily gains/losses from the derecognition of loans and the sale of securities.

Impairment result from financial instruments

Due to net allocations, the impairment result from financial instruments amounted to EUR -1,294.8 million (EUR -39.2 million). Net allocations to provisions for commitments and guarantees given amounted to EUR -159.2 million (net releases of EUR 70.0 million). The significant rise in allocations to provisions was primarily driven by updated risk parameters with forward-looking information as well as experts' estimates on the impacts of the Covid-19 pandemic. Positive contributions came from continued high income from the recovery of loans already written off – primarily in Romania and Hungary – in the amount of EUR 140.4 million (EUR 154.0 million).

Other operating result

Other operating result improved to EUR -278.3 million (EUR -628.2 million). Levies on banking activities declined to EUR 117.7 million (EUR 128.0 million). Banking tax payable in Austria increased moderately to EUR 25.5 million (EUR 24.3 million). Levies in Slovakia, where they were charged for the last time in the first half of the year, rose to EUR 33.8 million (EUR 32.5 million). Hungarian banking tax increased to EUR 14.5 million (EUR 12.6 million). Together with the financial transaction tax of EUR 44.0 million (EUR 47.6 million), banking levies in Hungary were slightly down, totalling EUR 58.5 million (EUR 60.2 million).

The negative balance of allocations/releases of other provisions decreased markedly to EUR -18.4 million (EUR -207.0 million). The comparative period was negatively impacted by extraordinary effects – a provision in the amount of EUR 153.3 million had been set aside for losses expected from a supreme court decision concerning the business activities of a Romanian subsidiary. Furthermore, goodwill in Slovakia in the amount of EUR 165.0 million had been written down. Other operating result also reflects the annual contributions to resolution funds in the amount of EUR 93.5 million (EUR 75.3 million). Increases were recorded across all core markets, but above all in Austria, to EUR 43.6 million (EUR 33.4 million).

Profit/loss for the year

The pre-tax result from continuing operations amounted to EUR 1,368.0 million (EUR 2,329.7 million). Taxes on income declined to EUR 342.5 million (EUR 418.7 million). The minority charge decreased to EUR 242.3 million (EUR 440.9 million) due to substantially lower earnings contributions of savings banks. The net result attributable to owners of the parent amounted to EUR 783.1 million (EUR 1,470.1 million).

Tax situation

Pursuant to section 9 of the Austrian Corporate Tax Act (KStG), Erste Group Bank AG and its main domestic subsidiaries constitute a tax group. Due to the high proportion of tax-exempt income – particularly income from participating interests – and tax payments for the permanent establishments abroad, no Austrian corporate income tax was payable for the financial year 2020. The current tax loss carried forward increased in 2020.

Taxes on income are made up of current taxes on income calculated in each of the Group companies based on the results reported for tax purposes, corrections to taxes on income for previous years, and the change in deferred taxes. The reported total income tax expense amounted to EUR 342.5 million (EUR 418.7 million).

Balance sheet development

The rise in **cash and cash balances** to EUR 35.8 billion (EUR 10.7 billion) was primarily due to large cash balances held at central banks, not least due to increased TLTRO III funds.

Trading and investment securities held in various categories of financial assets increased to EUR 46.8 billion (EUR 44.3 billion).

Loans and advances to banks (net), including demand deposits other than overnight deposits, declined primarily in Austria to EUR 21.5 billion (EUR 23.1 billion).

Loans and advances to customers (net) rose –most notably in Austria –to EUR 166.1 billion (EUR 160,3 billion) driven by loan growth in the corporate and retail segments. In subsidiaries outside the euro zone, the effect of growth in local currency was offset by the depreciation of the local currencies.

Loan loss allowances for loans to customers rose to EUR 4.0 billion (EUR 3.2 billion). The increase reflected the deterioration in the macroeconomic outlook due to Covid-19. The **NPL ratio** (non–performing loans as a percentage of gross customer loans) deteriorated to 2.7% (2.5%). The **NPL coverage ratio** (based on gross customer loans) rose to 88.6% (77.1%).

Intangible assets remained unchanged at EUR 1.4 billion (EUR 1.4 billion). **Miscellaneous assets** amounted to EUR 5.8 billion (EUR 6.0 billion).

Financial liabilities –held for trading increased to EUR 2.6 billion (EUR 2.4 billion).

Deposits from banks, primarily in the form of term deposits, rose to EUR 24.8 billion (EUR 13.1 billion), including EUR 14.1 billion in TLTRO III funds as of the end of December 2020. **Deposits from customers** increased to EUR 191.1 billion (EUR 173.8 billion) due to strong growth in overnight deposits (the leasing liabilities of EUR 0.6 billion were not included in this position). The **loan-to-deposit ratio** stood at 86.9% (92.2%).

Debt securities in issue increased slightly to EUR 30.7 billion (EUR 30.4 billion).

Miscellaneous liabilities amounted to EUR 5.8 billion (EUR 5.4 billion).

Total assets grew to EUR 277.4 billion (+12.9%; EUR 245.7 billion). **Total equity** increased to EUR 22.4 billion (+9.4%; EUR 20.5 billion) including additional tier 1 (AT1) instruments in the amount of EUR 2,733.0 million from five issuances (June 2016, April 2017, March 2019, January 2020 and November 2020). After regulatory deductions and filtering according to the Capital Requirements Regulation (CRR) **common equity tier 1 capital** (CET1, CRR final) rose to EUR 17.1 billion (EUR 16.3 billion). Total **own funds** (CRR final) went up to EUR 23.6 billion (EUR 22.0 billion) supported by AT 1 issuances. **Total risk (risk-weighted assets** including credit, market and operational risk, CRR final) rose to EUR 120.2 billion (+1.3%; EUR 118.6 billion) benefitting from a positive impact of the application of the SME support factor in an amount of EUR 4.5 billion.

Consolidated regulatory capital is calculated in accordance with CRR taking into consideration transitional provisions as defined in the Austrian CRR Supplementary Regulation and the Regulation (EU) 2016/445 of the European Central Bank on the exercise of options and discretions available in Union law. These transitional provisions define the percentages applicable to eligible capital instruments and regulatory deduction items as well as filters. The **total capital ratio**, total eligible qualifying capital in relation to total risk pursuant to CRR (final), was 19.7% (18.5%), well above the legal minimum requirement. The **tier 1 ratio** (CRR final) stood at 16.5% (15.0%), the **common equity tier 1 ratio** (CRR final) at 14.2% (13.7%).

RISK MANAGEMENT

Comments on the risk profile of Erste Group

In light of the business strategy of Erste Group Bank AG, besides participation risk, the main risks included credit risk, market risk, interest-change risk in the banking book, liquidity risk and non-financial risks. In addition, a risk materiality assessment is undertaken on an annual basis. It is ensured that all relevant material risks are covered by Erste Group Bank AG's control and risk management framework. This entails a set of different tools and governance to ensure adequate oversight of the overall risk profile and sound execution of the risk strategy, including appropriate monitoring and escalation of issues that could materially impact the risk profile of the group. The main types of risk can be summarised as follows:

- Credit risk: is the risk of loss from the potential collapse of counterparties, particularly of borrowers in the conventional lending business, and any related credit losses.
- Market risk: describes the risk of loss from unfavourable price changes in marketable and traded products, such as shares, fixed-income securities and derivatives, as well as from interest and foreign exchange volatility and fluctuations in raw material prices.
- Liquidity risk: describes the risk of the bank's insufficient liquidity or inability to make funds available in a timely manner to service its debts.
- Non financial risk: includes operational risks and other business risks. Operational risks are losses as a result of error or malfunction of internal procedures, humans and systems or external events. Major sub-categories of other business risks are strategic risks, reputational risks and compliance risks.

With respect to the explanations on substantial financial and non-financial risks at Erste Group as well as the goals and methods of risk management, we would like to draw the reader's attention to the information in Notes 27, 32, 34, 35, 36, 37 and 43 to the consolidated financial statements.

RESEARCH AND DEVELOPMENT

Erste Group does not engage in any research activities pursuant to section 243 (3) no. 3 UGB, but in 2020 development costs in the amount of EUR 70 million (EUR 76 million) were capitalised in connection with software developed in-house.

In order to drive improvements for retail customers and in the ongoing services, Erste Group launched the Innovation Hub. Its purpose is to initiate and coordinate across-the-board initiatives with a strong focus on customer experiences. As a multi-disciplinary team consisting of marketing, product and IT as well as design experts, the Innovation Hub is tasked with creating innovations and managing new programme initiatives.

BRANCHES

Erste Group Bank AG maintains branches in London, New York, Hong Kong and Germany (Berlin and Stuttgart) that provide commercial lending to foreign banks, leasing companies and sovereign debtors as well as institutional sales. The London branch is expected to be closed in the financial year 2021.

CAPITAL, SHARE, VOTING AND CONTROL RIGHTS

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

With regard to the statutory disclosure requirements related to the composition of the capital as well as the class of shares, special reference is made to Note 44 in the consolidated financial statements.

The interests disclosed in the paragraph below relate to shares in capital. This is different to the ones presented in the Consolidated Financial Statements 2019, in which shares in voting rights have been presented. Therefore comparative figures are slightly different.

As of 31 December 2020, together with its syndicate partners, DIE ERSTE oesterreichische Spar-Casse Privatstiftung (ERSTE Stiftung), a foundation, controls approx. 31.17% (prior year: 30.39%) of the shares in Erste Group Bank AG and with 16.50% (prior year: 15.96%) is the main shareholder. The ERSTE Stiftung holds 5.90% (prior year: 6.37%) of the shares directly; the indirect participation of the ERSTE Stiftung amounts to around 10.60% (prior year: 9.59%) of the shares held by Sparkassen Beteiligungs GmbH & Co KG, which is an affiliated undertaking of the ERSTE Stiftung. 1.67% (prior year: 1.43%) are held directly by savings bank foundations (Sparkassenstiftungen) respectively saving banks foundations acting together with the ERSTE Stiftung and affiliated with Erste Group Bank AG through the joint liability scheme/IPS fund. 9.92% (prior year: 9.92%) of the subscribed capital is controlled by the ERSTE Stiftung on the basis of a shareholder agreement with Caixabank S.A. 3.08% (prior year: 3.08%) are held by other partners to the shareholder agreement.

It should also be noted that in addition to the joint liability scheme in place since 2001, from 1.1.2014 onwards Erste Group Bank AG has formed a recognised institutional protection scheme (IPS) in accordance with article 113 (7) CRR together with the Austrian savings banks. The joint liability scheme complies with the requirements of article 4 (1) Z 127 CRR, whereby the required individual services of the individual members of the scheme are subject to an individual and general ceiling. Furthermore, starting in 2014 an IPS ex-ante fund was established and endowed for the following 10 years. The payments of the individual members are recognised in the balance sheet as a share in IPS GesbR, which manages the ex-ante fund and are accounted for as revenue reserve. Due to the contractual terms, this revenue reserve represents a blocked reserve. The writing off of this blocked reserve may only take place as a result of the mobilisation of the ex-ante fund due to a claim. This reserve can therefore not be utilised internally to cover losses and on member level does not qualify as capital according to the CRR; on a consolidated level, the ex-ante fund does qualify, however.

Additional disclosures pursuant to section 243a (1) UGB

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

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

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

Pursuant to section 243a (1) no. 6 UGB not directly prescribed by the law regarding the appointment and dismissal of members of management and supervisory boards as well as on the amendment of the Articles of Association:
This concerns:
_ Art. 15.1 of the Articles of Association, which provides that ERSTE Stiftung will be granted the right to nominate up to one third of the members of the Supervisory Board to be elected by the shareholders' meeting, as long as ERSTE Stiftung is liable or all present and future liabilities of the company in the case of its insolvency pursuant to Section 92 (9) Banking Act and
_ Art. 15.4 of the Articles of Association, which provides that a three-quarter majority of valid votes cast and a three-quarter majority of the subscribed capital represented at the meeting considering the proposal are required to pass a motion for removal of Supervisory Board members
_ Art. 19.9 of the Articles of Association, which provides that the Articles of Association, in so far as they do not alter the business purpose, may be passed by simple majority of votes cast and simple majority of the subscribed capital represented at the meeting considering the amendment. Where higher majority votes are required by individual provisions of the Articles of Association, these provisions can only be amended with the same higher majority vote. Moreover, amendments to Art. 19.9 require a three-quarter majority of the votes cast and a three-quarter majority of the subscribed capital represented at the meeting considering the proposal.

Pursuant to section 243a (1) no. 7 UGB, members of the Management Board have the right to issue or repurchase shares, where such a right is not prescribed by statutory law:
As per decision of the Annual General Meeting of 15 May 2019:
_ the Management Board is entitled to purchase up to 10% of the subscribed capital in treasury shares for trading purposes according to section 65 (1) no. 7 Austrian Stock Corporation Act (AktG). However, the trading portfolio of these shares may not exceed 5% of the subscribed capital at the end of any calendar day. The consideration for the shares to be purchased must not be less than 50% of the closing price at the Vienna Stock Exchange on the last trading day prior to the purchase and must not exceed 20% of the closing price at the Vienna Stock Exchange on the last trading day prior to the purchase. This authorisation is valid for a period of 30 months, i.e. until 14 November 2021.
_ the Management Board is entitled, pursuant to section 65 (1) no. 8 as well as (1a) and (1b) Stock Exchange Act and for a period of 30 months from the date of the resolution, i.e. until 14 November 2021, to acquire own shares of up to 10% of the subscribed capital, subject to approval by the Supervisory Board, with the option of making repeated use of the 10% limit, either at the stock exchange or over the counter, likewise to the exclusion of the shareholders' right to tender proportional payment. The authorization may be exercised in whole or in part or in several instalments and in pursuit of one or several purposes. The market price per share must not be below EUR 2.00 or above EUR 120.00. Pursuant to section 65 (1b) in conjunction with sec. 171 Stock Corporation Act, the Management Board is authorised, from the date of the resolution, i.e. until 14 May 2024, on approval by the Supervisory Board, to sell or use the company's own shares, also by means other than the stock exchange or a public offering for any purpose allowed by the law, particularly as consideration for the acquisition and financing of the acquisition of companies, businesses, business divisions or shares in one or several businesses in Austria or abroad to the exclusion of the shareholders' proportional purchase option.
_ The Management Board is authorised to redeem shares without further resolution at the Annual General Meeting with the approval of the Supervisory Board.
_ According to section 65 (1) Z 4 as well as (1a) and (1b) Stock Exchange Act, the Management Board is authorised for the duration of 30 months following the date of resolution, hence until 14 November 2021, and with the approval of the Supervisory Board to purchase own shares at an amount equalling up to 10% of share capital of the company also under repeated utilisation of the 10% limit both via the stock market as well as off-market under exclusion of the pro rata tender rights of shareholders for the purpose of granting shares for free or at concessionary terms to Erste Mitarbeiterbeteiligung Privatstiftung, their beneficiaries, employees, executive employees and members of the board at Erste Group Bank AG as well as affiliated group companies or other companies according to section 4d (5) Z 1 Income Tax Act. The authorisation may be exercised in whole or in part or in several installments and in pursuit of one or several purposes. The value per share may neither be lower than the floor value of two Euros nor higher than the ceiling of EUR 120.

All sales and purchases were carried out as authorised at the Annual General Meeting.

According to section 8.3 of the Articles of Association, the Management Board is authorized, until 24 May 2023 and with the approval of the Supervisory Board, to issue convertible bonds (including conditional compulsory convertible bonds according to section 26 Austrian Banking Act (BWG)), which grant subscription or conversion rights to the acquisition of company shares, while paying due consideration or excluding the subscription right of shareholders. The terms of issue can also set out a conversion obligation at the end of the term or at another point in time in addition or instead of subscription or conversion rights. The issue of convertible bonds may only take place to the extent that guarantees the fulfilment of agreed conversion or subscription rights and, in the case of a conversion obligation set out in the conditions of issue, the fulfilment of the corresponding conversion obligations from the conditional capital increase. The issue amount, conditions or issue and the exclusion of shareholders' subscription rights are to be determined by the Management Board with consent of the Supervisory Board.

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

Agreement in principle of the joint liability scheme

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

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

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

Directors and Officers Insurance

Changes in control

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

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

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

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

Cooperation between Erste Group Bank AG and Vienna Insurance Group (VIG)

Erste Group Bank and VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG) are parties to a general distribution agreement (the 'Agreement') concerning the framework of the cooperation of Erste Group and VIG in Austria and CEE with respect to bank and insurance products. Originally concluded in 2008 (between Erste Group Oesterreich and WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group), the Agreement was renewed and extended in 2018 until the end of 2033. The objective for the renewal and extension was in particular to adapt the Agreement to the corporate restructuring of the original parties, to amend some commercial parameters and to align the Agreement with recent developments in the legal framework. Already in the original Agreement the parties stipulated that both parties have the right to terminate the Agreement in case of a change of control of one of the parties. A change of control is defined, with respect to Erste Group Bank, as the acquisition of Erste Group Bank by any person/entity other than DIE ERSTE österreichische Spar-Casse Privatstiftung or Austrian savings banks of 50% plus one share of Erste Group Bank's voting shares, and with respect to VIG, as the acquisition of VIG by any person/entity other than Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group of 50% plus one share of VIG's voting shares. Apart from this regulation on the termination of the Agreement, the parties agreed in the renewal and extension of the Agreement for an additional termination for cause if based on new legal or regulatory provisions, the continuation of the Agreement is unreasonable for each or both of the parties.

Erste Group Bank and VIG are furthermore parties to an asset management agreement, pursuant to which Erste Group undertakes to manage certain parts of VIG's and its group companies' securities assets. In case of a change of control (as described above), each party has the termination right. The asset management agreement has been renewed and extended until 2033 concurrently with the renewal and extension of the Agreement outlined above.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM FOR THE GROUP FINANCIAL REPORTING PROCEDURES

Control environment

The management board is responsible for the establishment, structure and application of an appropriate internal control and risk management system that meets the company's needs in its group accounting procedures.

The management in each group unit is responsible for implementing group-wide instructions. Compliance with group rules is monitored as part of the audits performed by internal and local auditors.

Consolidated financial statements are prepared by the Group Consolidation department. The assignment of powers, the process description and the necessary control procedure are defined in the operating instructions.

Risks relating to the financial reporting procedures

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

Furthermore, especially estimates for the determination of the fair value of financial instruments for which no reliable market value is available, estimates for the accounting of risk provisions for loans and advances and for provisions, complex measurement requirements for accounting as well as a difficult business environment bear the risk of significant financial reporting errors.

Controls

Group Accounting and Group Performance Management are responsible for group reporting and report to Erste Group's CFO. Erste Group issues group policies used for preparation of consolidated financial statements in accordance with IFRS. A summary description of the accounting process is provided in Erste Group's IFRS Accounting Manual. All transactions have to be recorded, posted and accounted for in accordance with the accounting and measurement methods set out in this manual. The management of each subsidiary is responsible for the implementation of group policies.

The basic components of the internal control system (ICS) at Erste Group are:

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

Group Consolidation

The data provided by the group entities is checked for plausibility by the Group Consolidation department. The subsequent consolidation steps are then performed using the consolidation system (TAGETIK). These include consolidation of capital, expense and income consolidation, and debt consolidation. Lastly, possible intragroup gains are eliminated. At the end of the consolidation process, the notes to the financial statements are prepared in accordance with IFRS, BWG and UGB.

The consolidated financial statements and the group management report are reviewed by the audit committee of the supervisory board and are also presented to the supervisory board for approval. They are published as part of the annual report, on Erste Group's website and in the Official Journal of Wiener Zeitung and finally filed with the Commercial Register.

Information and communication

Each year, the annual report shows the consolidated results in the form of a complete set of consolidated financial statements. In addition, the management summary provides verbal comments on the consolidated results in accordance with the statutory requirements.

Throughout the year, the group produces consolidated monthly reports for group management. Statutory interim reports are produced that conform to the provisions of IAS 34 and are also published quarterly in accordance with the Austrian Stock Corporation Act. Before publication, the consolidated financial statements are presented to senior managers and the Chief Financial Officer for final approval and then submitted to the supervisory board's audit committee.

Reporting is almost fully automated, based on source systems and automated interfaces, and guarantees up-to-date data for controlling, segment reporting and other analyses. Accounting information is derived from the same data source and is reconciled monthly for reporting purposes. Close collaboration between accounting and controlling permits continual target/actual comparisons for control and reconciliation purposes. Monthly and quarterly reports to the management board and the supervisory board ensure a regular flow of financial information and monitoring of the internal control system.

Responsibilities of Internal Audit

Internal Audit is in charge of auditing and evaluating all areas of the bank based on risk-oriented audit areas (according to the annual audit plan as approved by the management board and reported to the audit committee). The main focus of audit reviews is to monitor the completeness and functionality of the internal control system. Internal Audit has the duty of reporting its findings to the group's management board, supervisory board and audit committee several times within one year.

According to section 42 BWG, Internal Audit is a control body that is directly subordinate to the management board. Its sole purpose is to comprehensively verify the lawfulness, propriety and expediency of the banking business and banking operation on an on-going basis. The mandate of Internal Audit is therefore to support the management board in its efforts to secure the bank's assets and promote economic and operational performance and thus in the management board's pursuit of its business and operating policy. The activities of Internal Audit are governed in particular by the currently applicable Rules of Procedure, which were drawn up under the authority of all management board members and approved as well as implemented by them. The Rules of Procedure are reviewed on a regular basis and whenever required and adapted should the need arise.

Audit activities of Internal Audit

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

- operating and business areas of the bank;
- operating and business processes of the bank;
- internal bank standards (policies, guidelines, operating instructions), also with regard to their compliance and up-todateness;

- audit areas stipulated by the law as they inter alia result from the rules of the Austrian Banking Act (BWG) and the Capital Requirements Regulation (CRR).

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

CORPORATE GOVERNANCE

The (consolidated) corporate governance report is part of the annual report of Erste Group
(www.erstegroup.com/investor-relations).

(CONSOLIDATED) NON-FINANCIAL DECLARATION

Erste Group decided to prepare and publish a separate non-financial report – integrated in the annual report– in line with an option provided for in the Austrian Sustainability and Diversity Improvement Act (NaDiVeG).

With regard to non-financial risks related to the topics environment, social and employee matters, respect for human rights and measures against corruption and bribery, reference is made to the respective sections in the non-financial report; these are summarised under opportunities and risks arising from material topics.
Upcoming new regulations on sustainability disclosures and risk management obligations: the EU Taxonomy Regulation (EC 2020/852), Sustainability Disclosure Regulation (EC 2019/2088), EBA Guideline on Loan Origination and Monitoring, ECB Guide on climate-related and Environmental Risks are properly taken into account and will be integrated with due care into the business model of Erste Group.

Management Board	
Bernhard Spalt mp, Chairman	
Ingo Bleier mp, Member	Stefan Dörfler mp, Member
Alexandra Habeler-Drabek mp, Member	David O'Mahony mp, Member
Maurizio Poletto mp, Member	Thomas Schaufler mp, Member

Vienna, 26 February 2021