Interim Report

First Quarter 2021

ERSTE Group

Key financial data

Income statement

in EUR million	Q1 20	Q4 20	Q1 21	1-3 20	1-3 21
Net interest income	1,229.0	1,185.6	1,172.1	1,229.0	1,172.1
Net fee and commission income	504.2	528.5	540.0	504.2	540.0
Net trading result and gains/losses from financial instruments at FVPL	-119.9	109.2	66.4	-119.9	66.4
Operating income	1,663.0	1,869.3	1,828.6	1,663.0	1,828.6
Operating expenses	-1,111.2	-1,097.3	-1,103.3	-1,111.2	-1,103.3
Operating result	**551.7**	**771.9**	**725.3**	**551.7**	**725.3**
Impairment result from financial instruments	-61.7	-424.7	-35.7	-61.7	-35.7
Post-provision operating result	**490.0**	**347.3**	**689.6**	**490.0**	**689.6**
Other operating result	-127.6	-64.6	-126.7	-127.6	-126.7
Levies on banking activities	-49.9	-17.4	-33.2	-49.9	-33.2
Pre-tax result from continuing operations	361.3	289.6	565.1	361.3	565.1
Taxes on income	-103.0	-78.3	-124.3	-103.0	-124.3
Net result for the period	**258.3**	**211.3**	**440.8**	**258.3**	**440.8**
Net result attributable to non-controlling interests	23.0	65.2	85.7	23.0	85.7
Net result attributable to owners of the parent	**235.3**	**146.0**	**355.1**	**235.3**	**355.1**
Earnings per share	0.55	0.19	0.83	0.55	0.83
Return on equity	6.6%	2.3%	9.6%	6.6%	9.6%
Net interest margin (on average interest-bearing assets)	2.18%	2.05%	1.99%	2.18%	1.99%
Cost/income ratio	66.8%	58.7%	60.3%	66.8%	60.3%
Provisioning ratio (on average gross customer loans)	0.15%	1.00%	0.08%	0.15%	0.08%
Tax rate	28.5%	27.0%	22.0%	28.5%	22.0%

Balance sheet

in EUR million	Mar 20	Dec 20	Mar 21	Dec 20	Mar 21
Cash and cash balances	23,031	35,839	53,954	35,839	53,954
Trading, financial assets	46,970	46,849	48,381	46,849	48,381
Loans and advances to banks	24,264	21,466	27,477	21,466	27,477
Loans and advances to customers	161,119	166,050	167,839	166,050	167,839
Intangible assets	1,322	1,359	1,332	1,359	1,332
Miscellaneous assets	6,193	5,830	5,985	5,830	5,985
Total assets	**262,898**	**277,394**	**304,969**	**277,394**	**304,969**
Financial liabilities held for trading	3,322	2,625	2,192	2,625	2,192
Deposits from banks	20,703	24,771	35,288	24,771	35,288
Deposits from customers	181,691	191,070	205,374	191,070	205,374
Debt securities issued	29,413	30,676	32,516	30,676	32,516
Miscellaneous liabilities	6,716	5,840	6,827	5,840	6,827
Total equity	21,053	22,410	22,771	22,410	22,771
Total liabilities and equity	**262,898**	**277,394**	**304,969**	**277,394**	**304,969**
Loan/deposit ratio	88.7%	86.9%	81.7%	86.9%	81.7%
NPL ratio	2.4%	2.7%	2.6%	2.7%	2.6%
NPL coverage ratio (based on AC loans, ex collateral)	80.9%	88.6%	89.5%	88.6%	89.5%
CET1 ratio (final)	13.1%	14.2%	14.0%	14.2%	14.0%

Ratings	Mar 20	Dec 20	Mar 21
Fitch			
Long-term	A	A	A
Short-term	F1	F1	F1
Outlook	RWN	Negative	Negative
Moody´s			
Long-term	A2	A2	A2
Short-term	P-1	P-1	P-1
Outlook	Positive	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,

Erste Group had a successful start to the new financial year posting a first-quarter net profit of EUR 355.1 million even though a restrictive environment caused by the Covid 19-pandemic delayed the economic recovery also in our core markets. Operating income was, overall, solid: while net interest income was lower than in the previous year, as expected, due to low interest rates and – compared with pre-Covid 19 periods – still subdued credit demand, the trend in net fee and commission income remained positive on the back of the continuing strong performance of the securities and asset management business. Building on an improved net trading and fair value result and rigorous cost discipline we achieved a significant improvement in the operating result. Another positive contribution to net profit came from moderate risk costs: at 8 basis points of gross loan volume, these were considerably lower than in previous quarters, which had been impacted by Covid-19-induced provisions for potential future developments.

How did the economic environment develop in the first three months of the year? There was nothing close to a return to what used to be normalcy. Economic and social life in the CEE region continued to be curbed by the administrative measures imposed amid the Covid-19 pandemic. A variety of regional or national administrative restrictions was still adversely affecting a large number of industries, most notably the hospitality industry, tourism and trade. At the same time, positive momentum came from the manufacturing sector. As vaccination rollout accelerates, permitting a re-opening of the economy, our core markets are expected to grow at rates of 2.8% to 4.5% in 2021. Unemployment rates are likely to come down with a time lag, from 2022. Lower tax revenues and increased social spending will, however, continue to have a negative impact on national budgets. It is last but not least due to continuing government support for businesses that the Covid-19 crisis has not triggered a wave of insolvencies yet. This is also reflected in the Erste Group's NPL ratio, which stood at 2.6% at the end of March 2021.

The key driver of our strong operating performance is the trust that our clients place in us. In the retail business, demand for mortgage loans remained very strong while interest in consumer loans was still subdued. The inflow of deposits was again robust. Prosperity advice – Erste Group's financial advisory service designed to help our clients achieve and maintain prosperity – has been enjoying increasing popularity in the persistent low-interest-rate environment. Favourable market conditions supported the positive trend in the securities business and in asset management. Our digital platform George is now available in all of our core markets, with the exception of Serbia, and recording a steady rise in the number of digital users and digital transactions. The development of customer satisfaction is gratifying. In the corporate segment, loan growth is seen mainly in the large corporates business as investment activity is picking up again. Deposits were likewise up in this segment. Interest in advisory services has been increasing also in connection with considerations concerning sustainability. These developments have also had an impact on our balance sheet. The strong rise in retail and corporate customers' deposits reduced the loan-to-deposit ratio to 81.7%.

In view of the ECB's continuing recommendation to restrict dividend payments it is important to me to highlight Erste Group's strong capital position. At the end of March 2021, the common equity tier 1 ratio (final) was again at an excellent level at 14.0%. It is thus substantially above our target of 13.5% and far above the regulatory minimum requirement. As always, first-quarter net earnings were not included in the above figures. We thus have a substantial cushion to offset worse-than-expected economic developments. As previously announced, the management board and the supervisory board will propose the distribution of a cash dividend of EUR 0.5 per share for the financial year 2020 at the annual general meeting, which will be held virtually on 19 May 2021. In addition, EUR 1 per share has been set aside for a potential additional dividend to be paid out at a later date.

Overall, our outlook on the future is optimistic as vaccination rates are rising rapidly and the economy is gradually re-opening. With our highly skilled and committed employees and subsidiaries in CEE we are excellently positioned to support people, businesses and the public sector and contribute to the recovery of the economy. The three key pillars of Erste Group's strategy – efficiency, digital transformation and growth – form the sound basis on which we fulfil the purpose of our business as it has been for more than 200 years: to spread and secure prosperity across the region.

We are looking forward to keep pursuing our core business in a socially and environmentally responsible manner while also achieving economic success.

Bernhard Spalt m.p.

Erste Group on the capital markets

EQUITY MARKET REVIEW

In the first quarter, international financial markets continued the rally seen in the final months of the previous year. Economic growth is expected to accelerate in 2021 despite the persistently large number of corona cases and extended lockdowns. This is attributable, on the one hand, to the rollout of vaccinations launched across the globe and, on the other, to the fact that corporate earnings last year were down less sharply than expected and the outlook for revenues and earnings this year and next has been revised upwards. The central banks' continuing expansionary policies with low key interest rates and sovereign bond purchases supported positive stock market sentiment.

Buoyed up by a significantly better-than-expected reporting season in the US and in Europe together with further improvements in the revenues and earnings forecasts for the quarters ahead, the stock markets covered posted gains. The US indices registered new record highs. The Dow Jones Industrials Index rose 7.8% to 32,981.55 points, the Standard & Poor's 500 Index 5.8% to 3,972.90 points. The broader European Stoxx 600 Index closed the first quarter up 7.7% at 429,60 points. Supported by globally upbeat investor sentiment and its strong weighting of financials and cyclicals, the Austrian Traded Index (ATX) surpassed the 3,000-point mark and returned to its pre-corona-crisis levels. At 3,159.77 points and with a gain of 13.6% at the end of the quarter, the index outperformed the other stock markets covered. The Euro Stoxx Banks Index, which is composed of the leading European bank shares, finished the reporting period with a double-digit gain, having moved in tandem with the rebound in the share prices of global banks that are likely to benefit from the expected upturn of the economy. After shedding almost 24% last year, the European banking index ended the quarter up 19.4% at 88.07 points.

In addition to positive news on economic growth and corporate earnings, the market environment is being impacted by the continuing activities of central banks that expand their balance sheets for an extended period of time. The US central bank (Fed) is planning to purchase bonds at a monthly rate of USD 120 billion. The Fed's entire stimulus package is worth USD 1.9 trillion. The European Central Bank (ECB) already increased its flexible Corona pandemic emergency purchase programme (PEPP) for sovereign bonds and corporate bonds) in December 2020 by EUR 500 billion to EUR 1.85 billion and extended the programme until the end of March 2022. As a result, the financial markets will be supplied with vast amounts of liquidity, which will cap the rise in yields.

SHARE PERFORMANCE

The Erste Group share advanced significantly in the first quarter, in lockstep with the upward trend and the recovery of European banking shares. After declining by more than 25% in the year ended, the share closed the reporting period up 16.0% at EUR 28.92. During the reporting period, the Erste Group share marked its low at EUR 24.80 and its high at EUR 29.27. This development was supported by an operating result and a capitalisation rate for the year 2020 that exceeded analysts' expectations. Investors and nalysts also focused on the development and the outlook for 2021, including in particular lending growth, net interest income, net fee and commission income, operating expenses and risk costs. At the annual general meeting to be held in May, it will be proposed to pay a dividend of EUR 0.50 per share. In addition, EUR 1 per share has been set aside for potential payout at a later date.

The Erste Group share is traded on the stock exchanges of Vienna, Prague and Bucharest. In the first quarter of 2021, trading volume on these stock exchanges averaged 875,020 shares per day and accounted for about 58% of total trading volume in Erste Group shares.

FUNDING AND INVESTOR RELATIONS

On the issue side, the current financial year began with the successful placement of a 10-year senior preferred note in the amount of EUR 500 million at MS+55bps, and seamlessly followed on from the issuing activities in November of the previous year, which are to been as prefunding for the current financial year. The total refinancing volume for 2021 is at previous year's level, with a clear focus on senior preferred instruments.

Against the backdrop of the Covid-19 induced restrictions, banking and investor conferences were again held exclusively as virtual events in the first quarter of 2021. Conferences were organised by BoAML, JP Morgan, HSBC, PKO, Unicredit, Morgan Stanley and Wood. In addition, the management and the investor relations team of Erste Group conducted a large number of one-on-one and group meetings as phone and video conferences, in which questions raised by investors and analysts were answered.

Interim management report

In the interim management report, financial results from January- March 2021 are compared with those from January-March 2020 and balance sheet positions as of 31 March 2021 with those as of 31 December 2020.

EARNINGS PERFORMANCE IN BRIEF

Net interest income declined – mainly in the Czech Republic and Austria – to EUR 1,172.1 million (-4.6%; EUR 1,229.0 million). **Net fee and commission income** rose to EUR 540.0 million (+7.1%; EUR 504.2 million) as increases were recorded in all fee and commission income categories, most notably in the securities business and in asset management. **Net trading result** improved significantly to EUR 9.5 million (EUR -157.4 million); **gains/losses from financial instruments measured at fair value through profit or loss** were up at EUR 56.9 million (EUR 37.5 million). Both line items were driven mostly by valuation effects. As a result, **operating income** increased to EUR 1,828.6 million (+10.0%; EUR 1,663.0 million). **General administrative expenses** declined to EUR 1,103.3 million (-0.7%; EUR 1,111.2 million). Personnel expenses were lower at EUR 622.4 million (-1.2%; EUR 630.0 million). Other administrative expenses were nearly unchanged at EUR 345.8 million (+0.3%; EUR 344.8 million) despite a significant rise in payments into deposit insurance schemes to EUR 107.6 million (EUR 88.3 million). Most of the contributions expected for 2021 have already been posted upfront. Amortisation and depreciation amounted to EUR 135.1 million (EUR 136.5 million). Overall, the **operating result** increased to EUR 725.3 million (+31.5%; EUR 551.7 million) and the **cost/income ratio** improved to 60.3% (66.8%).

Due to net allocations, the **impairment result from financial instruments** amounted to EUR -35.7 million or 8 basis points of average gross customers loans (EUR -61.7 million or 15 basis points). Positive contributions came primarily from the release of provisions for loans in Austria and Romania and the recovery of loans already written off in Hungary and Austria. Net allocations to provisions for commitments and guarantees given were likewise lower. The **NPL ratio** based on gross customer loans improved to 2.6% (2.7%). The **NPL coverage ratio** increased to 89.5% (88.6%).

Other operating result amounted to EUR -126.7 million (EUR -127.6 million). Expenses for the annual contributions to resolution funds for the full year 2021 included in this line item rose – most strongly in Austria and Romania – to EUR 100.3 million (EUR 84.0 million). The decline in banking levies to EUR 33.2 million (EUR 49.9 million) is primarily attributable to the abolition of banking tax in Slovakia. At present, banking levies are payable in two core markets: in Hungary, banking tax for the full year amounted to EUR 14.7 million (EUR 14.2 million) and transaction tax for the quarter to another EUR 11.6 million (EUR 12.5 million). In Austria, banking tax equalled EUR 7.0 million (EUR 6.3 million).

Taxes on income increased to EUR 124.3 million (EUR 103.0 million). The minority charge improved to EUR 85.7 million (EUR 23.0 million) due to significantly higher earnings contributions of the savings banks. The **net result attributable to owners of the parent** rose to EUR 355.1 million (+50.9%; EUR 235.3 million).

Total equity not including AT1 instruments rose to EUR 20.0 billion (EUR 19.7 billion). After regulatory deductions and filtering in accordance with the CRR, **common equity tier 1 capital** (CET1, final) was broadly unchanged at EUR 17.0 billion (EUR 17.1 billion), as were total **own funds** (final) at EUR 23.4 billion (EUR 23.6 billion). The above figures do not include interim profit, while risk costs were deducted. Total risk – **risk-weighted assets** including credit, market and operational risk (CRR, final) – increased moderately to EUR 121.0 billion (EUR 120.2 billion). The **common equity tier 1 ratio** (CET1, final) stood at 14.0% (14.2%), the **total capital ratio** at 19.4% (19.7%).

Total assets increased to EUR 305.0 billion (+9.9%; EUR 277.4 billion). On the asset side, cash and cash balances rose, most notably in Austria, to EUR 54.0 billion (EUR 35.8 billion), loans and advances to banks to EUR 27.5 billion (EUR 21.5 billion). **Loans and advances to customers** increased to EUR 167.8 billion (+1.1%; EUR 166.1 billion). On the liability side, deposits from banks grew significantly to EUR 35.3 billion (EUR 24.8 billion) as a result of increased ECB refinancing (TLTRO). **Customer deposits** rose again in all core markets – most strongly in the Czech Republic and Austria – to EUR 205.4 billion (+7.5%; EUR 191.1 billion). The **loan-to-deposit ratio** declined significantly to 81.7% (86.9%).

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 un-quantifiable – 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 2.8% and 4.5% 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 mid single digits with upside potential. 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 strengthening its competitive position, with a focus on progressive IT modernisation, backoffice 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. A review of this guidance will be dependent on vaccination progress, effectiveness of state support measures and magnitude of the economic recovery. 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) and regulatory measures and developments also global health risks and changes to the competitive environment. In addition, given the Covid-19 governmental measures and their impact on the economic development, financial forecasts are still subject to an elevated level of uncertainty. Erste Group is moreover exposed to non-financial and legal risks that may materialise regardless of the economic environment. Worse than expected economic development may put goodwill at risk.

PERFORMANCE IN DETAIL

in EUR million	1-3 20	1-3 21	Change
Net interest income	1,229.0	1,172.1	-4.6%
Net fee and commission income	504.2	540.0	7.1%
Net trading result and gains/losses from financial instruments at FVPL	-119.9	66.4	n/a
Operating income	1,663.0	1,828.6	10.0%
Operating expenses	-1,111.2	-1,103.3	-0.7%
Operating result	**551.7**	**725.3**	**31.5%**
Impairment result from financial instruments	-61.7	-35.7	-42.1%
Other operating result	-127.6	-126.7	-0.7%
Levies on banking activities	-49.9	-33.2	-33.4%
Pre-tax result from continuing operations	**361.3**	**565.1**	**56.4%**
Taxes on income	-103.0	-124.3	20.7%
Net result for the period	**258.3**	**440.8**	**70.6%**
Net result attributable to non-controlling interests	23.0	85.7	>100.0%
Net result attributable to owners of the parent	**235.3**	**355.1**	**50.9%**

Net interest income

Net interest income decreased to EUR 1,172.1 million (EUR 1,229.0 million). Except for an increase in Hungary and Serbia, lower interest rates resulted in a reduction of net interest income in all other core markets, most notably in the Czech Republic and Austria. 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 1.99% (2.18%).

Net fee and commission income

Net fee and commission income increased to EUR 540.0 million (EUR 504.2 million). While the strongest income growth was registered in the securities business and in asset management, particularly in Austria, other net fee and commission income, such as insurance brokerage commissions, also developed positively. All markets – with the exception of Croatia – saw solid growth.

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

Valuation effects have a substantial impact on the net trading result as well as on the line item 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 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 as well as growth in foreign exchange trading, net trading result improved significantly to EUR 9.5 million (EUR -157.4 million). Gains/losses from financial instruments measured at fair value through profit or loss increased to EUR 56.9 million (EUR 37.5 million). With long-term interest rates up, small losses from the valuation of the securities and loan portfolios measured at fair value were offset by significantly higher gains from the valuation of debt securities in issue.

General administrative expenses

in EUR million	1-3 20	1-3 21	Change
Personnel expenses	630.0	622.4	-1.2%
Other administrative expenses	344.8	345.8	0.3%
Depreciation and amortisation	136.5	135.1	-1.0%
General administrative expenses	**1,111.2**	**1,103.3**	**-0.7%**

General administrative expenses decreased to EUR 1,103.3 million (EUR 1,111.2 million). **Personnel expenses** declined to EUR 622.4 million (EUR 630.0 million). On the back of lower average headcounts, cost reductions were achieved primarily in Austria and Romania. **Other administrative expenses** were nearly unchanged at EUR 345.8 million (EUR 344.8 million). Declines were seen in marketing and IT expenses. Contributions to deposit insurance systems – except for Serbia, already for the full year – were substantially higher at EUR 107.6 million (EUR 88.3 million). Contributions were up sharply in Austria, at EUR 75.9 million (EUR 62.2 million) and in Slovakia, at EUR 9.4 million (EUR 1.1 million). No further payments are currently due in Croatia. **Amortisation and depreciation** amounted to EUR 135.1 million (EUR 136.5 million).

Headcount as of end of the period

	Dec 20	Mar 21	Change
Austria	**15,942**	**15,922**	**-0.1%**
Erste Group, EB Oesterreich and subsidiaries	8,866	8,902	0.4%
Haftungsverbund savings banks	7,076	7,020	-0.8%
Outside Austria	**29,748**	**29,489**	**-0.9%**
Česká spořitelna Group	9,820	9,803	-0.2%
Banca Comercială Română Group	5,645	5,567	-1.4%
Slovenská sporiteľňa Group	3,770	3,753	-0.4%
Erste Bank Hungary Group	3,227	3,215	-0.4%
Erste Bank Croatia Group	3,252	3,227	-0.8%
Erste Bank Serbia Group	1,198	1,207	0.8%
Savings banks subsidiaries	1,625	1,495	-8.0%
Other subsidiaries and foreign branch offices	1,213	1,222	0.7%
Total	**45,690**	**45,411**	**-0.6%**

Operating result

Operating income increased to EUR 1,828.6 million (+10.0%; EUR 1,663.0 million) driven by a significant rise in the net trading and fair value result and net fee and commission income. General administrative expenses declined moderately to EUR 1,103.3 million (-0.7%; EUR 1,111.2 million) on the back of lower personnel expenses. The operating result rose to EUR 725.3 million (+31.5%; EUR 551.7 million). The cost/income ratio improved to 60.3% (66.8%).

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 2.2 million (losses of EUR -1.2 million). This line item includes primarily gains/losses from the sale of securities.

Impairment result from financial instruments

Due to net allocations, the impairment result from financial instruments amounted to EUR-35.7 million (EUR -61.7 million). Net allocations to provisions for commitments and guarantees given declined to EUR 9.6 million (EUR 37.9 million). Positive contributions came from the release of provisions for loans in Austria and Romania as well as from income from the recovery of loans already written off – primarily in Hungary and Austria – in the amount of EUR 21.0 million (EUR 65.1 million).

Other operating result

Other operating result came in at EUR -126.7 million (EUR -127.6 million). Levies on banking activities declined to EUR 33.2 million (EUR 49.9 million). This decline is attributable to the abolition of banking levies in Slovakia, which had amounted to EUR 16.9 million in the comparative period. Banking levies payable in Austria were slightly up at EUR 7.0 million (EUR 6.3 million). Hungarian banking tax – already posted upfront for the full year 2021 – rose to EUR 14.7 million (EUR 14.2 million). Together with the financial transaction tax of EUR 11.6 million (EUR 12.5 million), banking levies in Hungary totalled EUR 26.2 million (EUR 26.8 million).

The balance of allocations/releases of other provisions improved to EUR 8.2 million (EUR -22.8 million). Other operating result also reflects the annual contributions to resolution funds in the amount of EUR 100.3 million (EUR 84.0 million). Increases were recorded above all in Austria, to EUR 44.7 million (EUR 34.8 million), and in Romania, to EUR 11.2 million (EUR 7.8 million).

Net result

The pre-tax result from continuing operations amounted to EUR 565,1 million (EUR 361.3 million). Taxes on income rose to EUR 124.3 million (EUR 103.0 million). The minority charge increased to EUR 85.7 million (EUR 23.0 million) due to significantly higher earnings contributions of the savings banks. The net result attributable to owners of the parent rose to EUR 355.1 million (EUR 235.3 million).

FINANCIAL RESULTS – QUARTER-ON-QUARTER COMPARISON

Financial results from the first quarter of 2021 are compared with those from the fourth quarter of 2020.

in EUR million	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
Income statement					
Net interest income	1,229.0	1,167.9	1,192.4	1,185.6	1,172.1
Net fee and commission income	504.2	452.5	491.6	528.5	540.0
Dividend income	1.5	13.3	0.9	4.3	4.8
Net trading result	-157.4	138.2	28.2	128.6	9.5
Gains/losses from financial instruments measured at fair value through profit or loss	37.5	-8.9	52.9	-19.4	56.9
Net result from equity method investments	3.3	2.6	4.0	0.5	1.5
Rental income from investment properties & other operating leases	44.8	43.5	44.0	41.3	43.7
Personnel expenses	-630.0	-635.5	-636.7	-618.5	-622.4
Other administrative expenses	-344.8	-238.6	-235.6	-339.9	-345.8
Depreciation and amortisation	-136.5	-129.4	-136.1	-138.9	-135.1
Gains/losses from derecognition of financial assets at AC	0.4	-0.1	-0.1	6.6	2.5
Other gains/losses from derecognition of financial instruments not at FVPL	-1.7	-0.5	1.4	0.3	-0.3
Impairment result from financial instruments	-61.7	-613.7	-194.7	-424.7	-35.7
Other operating result	-127.6	-42.3	-43.8	-64.6	-126.7
Levies on banking activities	-49.9	-33.1	-17.3	-17.4	-33.2
Pre-tax result from continuing operations	**361.3**	**148.8**	**568.3**	**289.6**	**565.1**
Taxes on income	-103.0	-37.3	-123.9	-78.3	-124.3
Net result for the period	**258.3**	**111.5**	**444.4**	**211.3**	**440.8**
Net result attributable to non-controlling interests	23.0	53.0	101.0	65.2	85.7
Net result attributable to owners of the parent	**235.3**	**58.5**	**343.3**	**146.0**	**355.1**

Net interest income declined to EUR 1,172.1 million (EUR 1,185.6 million). Increases in Hungary as well as in the Czech Republic and in Serbia were offset by declines in Austria and Slovakia. **Net fee and commission income** rose to EUR 540.0 million (+2.2%; EUR 528.5 million). Increases were recorded most notably in Austria and the Czech Republic, primarily in the securities business and in asset management. Dividend income amounted to EUR 4.8 million (EUR 4.3 million). The decline in **net trading result** to EUR 9.5 million (EUR 128.6 million) is attributable to valuation effects in the derivatives and securities business resulting from interest rate developments. Gains/losses from financial instruments measured at fair value through profit or loss rose to EUR 56.9 million (EUR -19.4 million), primarily due to valuation gains of debt securities in issue driven by interest rate developments.

General administrative expenses were nearly unchanged, amounting to EUR 1,103.3 million (+0.5%; EUR 1,097.3 million). Personnel expenses rose to EUR 622.4 million (+0.6%; EUR 618.5 million). Other administrative expenses increased to EUR 345.8 million (+1.7%; EUR 339.9 million). Depreciation and amortisation decreased to EUR 135.1 million (EUR 138.9 million). The **cost/income ratio** stood at 60.3% (58.7%).

Gains/losses from derecognition of financial instruments not measured at fair value through profit or loss amounted to EUR 2.2 million (EUR 7.0 million).

The **impairment result from financial instruments** improved significantly to EUR -35.7 million (EUR -424.7 million). In the previous quarter, the negative balance of allocations/releases of provisions for the lending business was impacted by the deterioration in the macro-economic outlook due to Covid-19.

Other operating result declined to EUR -126.7 million (EUR -64.6 million). Levies on banking activities amounted to EUR 33.2 million (EUR 17.4 million). Thereof, EUR 26.2 million (EUR 10.9 million) were charged in Hungary, including the upfront posting of the total banking tax for 2021 in the amount of EUR 14.7 million and the financial transaction tax of EUR 11.6 million, and EUR 7.0 million (EUR 6.5 million) in Austria. This line item also included all contributions to resolution funds expected to be payable in 2021 in the amount of EUR 100.3 million.

The **pre-tax result** increased to EUR 565.1 million (EUR 289.6 million). Taxes on income amounted to EUR 124.3 million (EUR 78.3 million). The minority charge rose to EUR 85.7 million (EUR 65.2 million). As a result, the **net result attributable to owners of the parent** improved to EUR 355.1 million (EUR 146.0 million).

DEVELOPMENT OF THE BALANCE SHEET

in EUR million	Dec 20	Mar 21	Change
Assets			
Cash and cash balances	35,839	53,954	50.5%
Trading, financial assets	46,849	48,381	3.3%
Loans and advances to banks	21,466	27,477	28.0%
Loans and advances to customers	166,050	167,839	1.1%
Intangible assets	1,359	1,332	-2.0%
Miscellaneous assets	5,830	5,985	2.7%
Total assets	**277,394**	**304,969**	**9.9%**
Liabilities and equity			
Financial liabilities held for trading	2,625	2,192	-16.5%
Deposits from banks	24,771	35,288	42.5%
Deposits from customers	191,070	205,374	7.5%
Debt securities issued	30,676	32,516	6.0%
Miscellaneous liabilities	5,840	6,827	16.9%
Total equity	22,410	22,771	1.6%
Total liabilities and equity	**277,394**	**304,969**	**9.9%**

The rise in **cash and cash balances** to EUR 54.0 billion (EUR 35.8 billion) was primarily due to large cash balances held at central banks, not least due to increased TLTRO funds. **Trading and investment securities** held in various categories of financial assets increased to EUR 48.4 billion (EUR 46.8 billion).

Loans and advances to credit institutions (net), including demand deposits other than overnight deposits, increased primarily in the Czech Republic, to EUR 27.5 billion (EUR 21.5 billion). **Loans and advances to customers (net)** rose – most notably in Austria and the Czech Republic – to EUR 167.8 billion (EUR 166.1 billion) driven by retail and corporate loan growth.

Loan loss allowances for loans to customers were unchanged at EUR 4.0 billion (EUR 4.0 billion). The **NPL ratio** – non–performing loans as a percentage of gross customer loans – improved to 2.6% (2.7%), the **NPL coverage ratio** (based on gross customer loans) to 89.5% (88.6%).

Intangible assets remained nearly unchanged at EUR 1.3 billion (EUR 1.4 billion). **Miscellaneous assets** amounted to EUR 6.0 billion (EUR 5.8 billion).

Financial liabilities – held for trading declined to EUR 2.2 billion (EUR 2.6 billion). **Deposits from banks,** primarily in the form of term deposits, rose to EUR 35.3 billion (EUR 24.8 billion), including EUR 18.1 billion in TLTRO III funds as of the end of March 2021; **deposits from customers** increased to EUR 205.4 billion (EUR 191.1 billion) due to strong growth in overnight deposits as well as in term deposits and repurchase transactions (leasing liabilities of EUR 0.6 billion are not included in this position). The **loan-to-deposit ratio** declined significantly to 81.7% (86.9%). **Debt securities in issue** rose to EUR 32.5 billion (EUR 30.7 billion). **Miscellaneous liabilities** amounted to EUR 6.8 billion (EUR 5.8 billion).

Total assets rose to EUR 305.0 billion (EUR 277.4 billion). **Total equity** increased to EUR 22.8 billion (EUR 22.4 billion). This includes 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) was broadly unchanged at EUR 17.0 billion (EUR 17.1 billion) as were total **own funds** (CRR final) at EUR 23.4 billion (EUR 23.6 billion). The above figures do not include interim profit, while risk costs are deducted. Total risk – **risk-weighted assets** including credit, market and operational risk (CRR final) – increased moderately to EUR 121.0 billion (EUR 120.2 billion). The **total capital ratio**, total eligible qualifying capital in relation to total risk (CRR final), stood at 19.4% (19.7%), well above the legal minimum requirement. The **tier 1 ratio** stood at 16.3% (16.5%), the **common equity tier 1 ratio** at 14.0% (14.2%) (both ratios CRR final).

SEGMENT REPORTING

January-March 2021 compared with January-March 2020

Erste Group's segment reporting is based on a matrix organisation. It provides comprehensive information to assess the performance of geographical (operating) segments as well as business segments. The tables and information below provide a brief overview and focus on selected and summarised 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 disclosed 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 summarises 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 (OPERATING) SEGMENTS

Erste Bank Oesterreich & Subsidiaries

in EUR million	1-3 20	1-3 21	Change
Net interest income	161.1	149.3	-7.3%
Net fee and commission income	106.1	110.8	4.4%
Net trading result and gains/losses from financial instruments at FVPL	-0.2	4.4	n/a
Operating income	281.4	280.0	-0.5%
Operating expenses	-188.8	-191.5	1.4%
Operating result	92.6	88.5	-4.4%
Cost/income ratio	67.1%	68.4%	
Impairment result from financial instruments	-21.7	5.1	n/a
Other result	-17.0	-16.3	-3.8%
Net result attributable to owners of the parent	36.1	49.1	35.8%
Return on allocated capital	9.0%	12.5%	

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 decreased due to lower margins for customer loans and higher interest expense from placement of excess liquidity, which could not be compensated by higher loan volumes. Net fee and commission income rose on the back of higher income from securities fees. The improvement in net trading result and gains/losses from financial instruments at FVPL was driven by valuation effects. Operating expenses went up mainly due an increase of the deposit insurance contribution to EUR 32.3 million (EUR 27.7 million) due to higher deposit volumes only partially compensated by lower marketing costs. Consequently, operating result decreased and the cost/income ratio worsened. The improvement of impairment result from financial instruments was driven by improvement of credit ratings in retail business and reduction of exposure in corporate business. Other result remained largely stable, since the higher payments into the resolution fund in the amount of EUR 11.2 million (EUR 8.2 million) were offset by higher selling gains for real estate and lower provisions for legal expenses. Banking tax amounted to EUR 1.1 million (EUR 0.9 million). Overall, the net result attributable to owners of the parent improved.

Savings Banks

in EUR million	1-3 20	1-3 21	Change
Net interest income	266.7	262.4	-1.6%
Net fee and commission income	133.6	140.3	5.0%
Net trading result and gains/losses from financial instruments at FVPL	-58.1	7.4	n/a
Operating income	352.9	420.5	19.2%
Operating expenses	-293.4	-297.4	1.3%
Operating result	59.5	123.2	>100.0%
Cost/income ratio	83.1%	70.7%	
Impairment result from financial instruments	-14.9	2.1	n/a
Other result	-12.2	-6.4	-47.3%
Net result attributable to owners of the parent	5.5	19.9	>100.0%
Return on allocated capital	2.1%	10.3%	

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.

The decrease in net interest income was primarily driven by lower margins for customer loans and higher interest expenses related to excess liquidity. Net fee and commission income increased on the back of higher securities fees. The notable improvement of net trading result and gains/losses from financial instruments at FVPL was primarily driven by valuation effects. Operating expenses rose slightly due to higher payments into deposit insurance fund of EUR 43.6 million (EUR 34.5 million). This increase was partially offset by lower personnel and marketing costs. Overall, operating result as well as the cost/income ratio improved. Impairment result from financial instruments improved significantly. Other result improved mainly due to higher securities' selling gains and releases of provisions for commitments. The resolution fund contribution amounted to EUR 9.8 million (EUR 9.0 million). Banking tax remained almost unchanged at EUR 1.2 million (EUR 1.1 million). Overall, the net result attributable to the owners of the parent increased.

Other Austria

in EUR million	1-3 20	1-3 21	Change
Net interest income	112.4	98.5	-12.4%
Net fee and commission income	67.7	74.8	10.5%
Net trading result and gains/losses from financial instruments at FVPL	-107.8	21.5	n/a
Operating income	85.6	206.4	>100.0%
Operating expenses	-90.2	-82.4	-8.7%
Operating result	-4.7	124.0	n/a
Cost/income ratio	>100%	39.9%	
Impairment result from financial instruments	-26.6	5.7	n/a
Other result	-1.5	13.7	n/a
Net result attributable to owners of the parent	-22.6	108.3	n/a
Return on allocated capital	-4.1%	19.0%	

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

Net interest income went down primarily in Holding markets business on the back of market interest rate developments, partially compensated by Holding corporate lending business growth. Net fee and commission income increased mostly due to the higher asset under management volumes and positive contribution of corporate lending in Holding. Net trading result and gains/losses from financial instruments at FVPL increased significantly due to valuation results of interest rate derivatives, FX derivatives and bonds as well as the recovery in market prices of fair value securities. Overall operating income improved notably, while operating expenses decreased, mostly on lower costs in foreign branches, for IT and projects. Thus, operating result and cost/income improved. The impairment result from financial instruments improved as the previous year was negatively affected by a higher provisioning level in corporate portfolio. Other result improved due to real estate selling gains. Other result included the resolution fund contribution of EUR 1.7 million (EUR 1.8 million). Overall, the net result attributable to owners of the parent improved significantly.

Czech Republic

in EUR million	1-3 20	1-3 21	Change
Net interest income	291.9	267.4	-8.4%
Net fee and commission income	82.2	87.6	6.5%
Net trading result and gains/losses from financial instruments at FVPL	13.9	19.7	42.3%
Operating income	390.7	375.9	-3.8%
Operating expenses	-195.3	-197.3	1.1%
Operating result	195.5	178.6	-8.7%
Cost/income ratio	50.0%	52.5%	
Impairment result from financial instruments	-24.3	-26.5	9.3%
Other result	-28.5	-34.0	19.4%
Net result attributable to owners of the parent	113.9	94.0	-17.5%
Return on allocated capital	18.1%	13.1%	

The segment analysis is done on a constant currency basis. The CZK depreciated by 1.7% against the EUR in the reporting period. Net interest income in the Czech Republic segment (comprising Česká spořitelna Group) decreased on the back of significantly lower interest rates not compensated by volume growth in retail deposits and housing loans. Net fee and commission income increased due to higher security and insurance brokerage fees. The higher net trading result and gains/losses from financial instruments at FVPL was attributable to an improved contribution of money market business and bond trading as well as positive valuation effects. Operating expenses increased due to higher personnel costs and a higher contribution into the deposit insurance fund EUR 11.3 million (EUR 10.6 million). Consequently, the operating result declined and the cost/income ratio worsened. Impairment result from financial instruments deteriorated slightly because of higher defaults in retail business which were partially compensated by releases in corporate business. Other result deteriorated mainly due to higher contributions to the resolution fund of EUR 31.3 million (EUR 29.3 million) and lower income after the sale of a subsidiary. Altogether, these developments led to a decrease in the net result attributable to the owners of the parent.

Slovakia

in EUR million	1-3 20	1-3 21	Change
Net interest income	110.7	105.0	-5.1%
Net fee and commission income	34.5	37.0	7.3%
Net trading result and gains/losses from financial instruments at FVPL	-4.5	3.1	n/a
Operating income	142.1	147.1	3.5%
Operating expenses	-73.0	-78.4	7.4%
Operating result	69.1	68.6	-0.7%
Cost/income ratio	51.4%	53.3%	
Impairment result from financial instruments	-11.3	-17.7	57.0%
Other result	-22.5	-7.7	-65.9%
Net result attributable to owners of the parent	28.0	33.8	20.9%
Return on allocated capital	10.2%	11.2%	

Net interest income in the Slovakia segment (comprising Slovenská sporitel'ňa Group) decreased mainly due to lower volume of consumer loans and lower margins for housing loans in the retail business. Net fee and commission income increased on the back of higher income from securities. Net trading result and gains/losses from financial instruments at FVPL improved due to valuation effects. Operating expenses increased due to a higher deposit insurance contribution of EUR 9.4 million (EUR 1.1 million) on the back of a methodology change. This increase was partially compensated by lower depreciation. Consequently, operating result decreased slightly and the cost/income ratio worsened. Impairment result from financial instruments deteriorated as higher defaults in corporate business were only partially compensated by releases in retail business. Other result improved due to the abolition of the banking tax in the second half of last year (EUR 16.9 million in the first quarter of 2020). Payment into the resolution fund remained unchanged at EUR 5.0 million (EUR 5.0 million). Overall, the net result attributable to the owners of the parent increased.

Romania

in EUR million	1-3 20	1-3 21	Change
Net interest income	111.7	107.6	-3.7%
Net fee and commission income	34.1	37.4	9.7%
Net trading result and gains/losses from financial instruments at FVPL	13.4	16.4	22.0%
Operating income	164.7	166.9	1.3%
Operating expenses	-85.9	-81.1	-5.5%
Operating result	78.8	85.8	8.8%
Cost/income ratio	52.1%	48.6%	
Impairment result from financial instruments	44.2	7.1	-83.9%
Other result	-13.1	-2.3	-82.5%
Net result attributable to owners of the parent	78.3	75.1	-4.1%
Return on allocated capital	22.8%	17.8%	

The segment analysis is done on a constant currency basis. The RON depreciated by 1.7% against the EUR in the reporting period. The decline in net interest income in the Romania segment (comprising Banca Comercială Română Group) was primarily driven by the lower interest rate environment. Net fee and commission income improved mainly due to higher payment fees in retail and corporate business. Insurance brokerage and lending fees went up as well. Net trading result and gains/losses from financial instruments at FVPL was attributable to improved contribution of money market business and bond trading. Operating expenses decreased mainly due to lower personnel expenses driven by deconsolidation of a subsidiary as well as a lower deposit insurance contribution of EUR 3.4 million (EUR 4.4 million). Overall, operating result increased and the cost/income ratio improved. Impairment result from financial instruments showed lower net releases after last year's sale of a non-performing loan portfolio in the corporate business. Real estate selling gains led to an improvement of the other result. The resolution fund contribution increased to EUR 11.2 million (EUR 7.8 million). The net result attributable to the owners of the parent decreased.

Hungary

in EUR million	1-3 20	1-3 21	Change
Net interest income	55.1	66.1	20.0%
Net fee and commission income	45.5	49.2	8.0%
Net trading result and gains/losses from financial instruments at FVPL	5.7	9.6	68.8%
Operating income	108.4	126.8	17.0%
Operating expenses	-58.7	-58.6	-0.2%
Operating result	49.6	68.2	37.5%
Cost/income ratio	54.2%	46.2%	
Impairment result from financial instruments	3.9	-2.3	n/a
Other result	-41.2	-21.2	-48.5%
Net result attributable to owners of the parent	9.1	40.1	>100.0%
Return on allocated capital	3.9%	14.3%	

The segment analysis is done on a constant currency basis. The HUF depreciated by 6.5% against the EUR in the reporting period. Net interest income in the Hungary segment (comprising Erste Bank Hungary Group) increased driven by higher customer loan and deposit volumes as well as a positive contribution from securities and money market placements. Net fee and commission income rose predominantly due to higher income from securities fees. Net trading result and gains/losses from financial instruments at FVPL increased on a higher result from derivatives. Operating expenses went up in local currency terms on the back of higher marketing and personnel costs as well as depreciation . Deposit insurance contributions remained unchanged at EUR 6.3 million. Overall, operating result and the cost/income ratio improved. Impairment result reflected allocations in the retail business compared to last year's net releases. Other result improved significantly on the non-recurrence of the last year's modification losses related to moratoria on loan repayments which were transferred to the net interest income and impairment line in the subsequent quarters of 2020. This line item also included the banking tax of EUR 14.7 million (EUR 14.2 million), transaction tax of EUR 11.6 million (EUR 12.5 million) and the contribution to the resolution fund of EUR 4.0 million (EUR 3.1 million). Consequently, the net result attributable to the owners of the parent increased notably.

Croatia

in EUR million	1-3 20	1-3 21	Change
Net interest income	68.5	67.3	-1.8%
Net fee and commission income	23.4	21.0	-10.6%
Net trading result and gains/losses from financial instruments at FVPL	2.3	4.1	75.1%
Operating income	97.7	95.0	-2.7%
Operating expenses	-56.7	-51.7	-8.8%
Operating result	40.9	43.3	5.7%
Cost/income ratio	58.1%	54.5%	
Impairment result from financial instruments	-12.1	-1.5	-88.0%
Other result	-6.4	-5.5	-14.4%
Net result attributable to owners of the parent	12.5	20.6	65.0%
Return on allocated capital	8.8%	13.0%	

The segment analysis is done on a constant currency basis. The HRK depreciated by 1.1% against the EUR in the reporting period. Net interest income in the Croatia segment (comprising Erste Bank Croatia Group) decreased primarily due to lower interest rates. Net fee and commission income decreased on the back of lower income from securities fees. Net trading result and gains/losses from financial instruments at FVPL improved due to valuation effects. Operating expenses decreased on the back of a lower deposit insurance contribution of EUR 0.3 million (EUR 3.0 million) as well as lower marketing and personnel costs. Overall, operating result and the cost/income ratio improved. The improvement of impairment result from financial instruments was driven by releases due to upgrades. Other result improved mainly due to lower provisions for legal expenses. This line item included the unchanged resolution fund contribution of EUR 4.0 million (EUR 4.0 million). Consequently, the net result attributable to the owners of the parent increased.

Serbia

in EUR million	1-3 20	1-3 21	Change
Net interest income	15.3	17.1	11.9%
Net fee and commission income	3.8	4.2	8.9%
Net trading result and gains/losses from financial instruments at FVPL	0.8	1.3	59.6%
Operating income	20.0	22.7	13.3%
Operating expenses	-12.8	-14.0	8.8%
Operating result	7.2	8.7	21.4%
Cost/income ratio	64.1%	61.5%	
Impairment result from financial instruments	-1.8	-2.0	14.6%
Other result	-0.1	-0.2	>100.0%
Net result attributable to owners of the parent	4.2	5.2	21.6%
Return on allocated capital	9.7%	10.3%	

The segment analysis is done on a constant currency basis. The Serbian Dinar (RSD) remained stable against the EUR in the reporting period. Net interest income in the Serbia segment (comprising Erste Bank Serbia Group) increased mainly due to higher loan and deposit volumes in retail and corporate business. Net fee and commission income went up moderately due to higher payment fee income. Net trading result and gains/losses from financial instruments at FVPL increased driven by a higher result from foreign currency transactions. Operating expenses rose due to higher IT costs and deposit insurance contribution of EUR 1.0 million (EUR 0.8 million). Personnel costs went up as well due to an increase in full time employees. Operating result increased and the cost/income ratio improved. Impairment result from financial instruments deteriorated slightly due to additional provisions in corporate business. Other result remained stable. Overall, the net result attributable to owners of the parent increased.

Other

in EUR million	1-3 20	1-3 21	Change
Net interest income	35.4	31.3	-11.6%
Net fee and commission income	-26.8	-22.2	-17.1%
Net trading result and gains/losses from financial instruments at FVPL	14.5	-21.3	n/a
Operating income	19.4	-12.7	n/a
Operating expenses	-56.3	-50.9	-9.6%
Operating result	-36.9	-63.6	72.5%
Cost/income ratio	>100.0%	>100.0%	
Impairment result from financial instruments	2.8	-5.7	n/a
Other result	13.7	-44.6	n/a
Net result attributable to owners of the parent	-29.8	-90.9	>100.0%
Return on allocated capital	-1.7%	-5.3%	

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 decreased on lower net trading result and gains/losses from financial instruments at FVPL due to valuation effects. As operating expenses decreased only slightly, operating result went down. Other result deteriorated on the back of negative valuation effects. Consequently, Net result attributable to owners of the parent deteriorated.

BUSINESS SEGMENTS

Retail

in EUR million	1-3 20	1-3 21	Change
Net interest income	558.8	509.4	-8.8%
Net fee and commission income	265.6	281.0	5.8%
Net trading result and gains/losses from financial instruments at FVPL	26.0	22.5	-13.5%
Operating income	857.8	820.9	-4.3%
Operating expenses	-521.9	-524.0	0.4%
Operating result	335.9	296.9	-11.6%
Cost/income ratio	60.8%	63.8%	
Impairment result from financial instruments	-40.4	-39.6	-1.8%
Other result	-24.6	-14.7	-40.2%
Net result attributable to owners of the parent	221.6	182.7	-17.5%
Return on allocated capital	28.1%	21.6%	

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 decrease in net interest income was driven by a change of transfer prices in deposit business as a response to the lower interest rate environment leading to a negative impact in the retail segment and a corresponding positive effect in ALM & Local Corporate Center. Contributions from the lending business in Slovakia and Austria declined primarily due to lower market rates. These negative effects were partially mitigated by the growth of customer loan volumes across all markets. Net fee and commission income increased due to higher fees from securities business in Austria, the Czech Republic, Hungary and Slovakia and improved fees from insurance brokerage mostly in the Czech Republic and Hungary, which were partially offset by lower fees from payments mainly in the Czech Republic and lower lending fees in the Czech Republic, Austria and Hungary. Net trading result and gains/losses from financial instruments FVPL decreased due to lower foreign currency transactions in the Czech Republic. Operating expenses increased slightly mainly in Slovakia due to a higher deposit insurance contribution and personnel expenses as well as higher IT expenses in Romania. Consequently, operating result declined and the cost/income ratio worsened. The impairment result from financial instruments improved slightly primarily due to rating upgrades in Austria, partially offset by higher provisions in the Czech Republic. The abolition of the banking tax in Slovakia in second half of last year led to an improvement in other result. Overall, the net result attributable to the owners of the parent decreased.

Corporates

in EUR million	1-3 20	1-3 21	Change
Net interest income	281.4	280.0	-0.5%
Net fee and commission income	69.4	75.2	8.4%
Net trading result and gains/losses from financial instruments at FVPL	-9.5	25.1	n/a
Operating income	368.8	407.2	10.4%
Operating expenses	-135.7	-126.4	-6.9%
Operating result	233.1	280.8	20.5%
Cost/income ratio	36.8%	31.1%	
Impairment result from financial instruments	-3.1	7.6	n/a
Other result	-15.1	2.6	n/a
Net result attributable to owners of the parent	168.8	223.1	32.2%
Return on allocated capital	15.0%	18.3%	

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 declined moderately as higher customer loan volumes almost fully compensated significantly lower deposit margins in a worsening interest rates environment mainly in Czech Republic and Romania. Net fee and commission income increased as a result of higher lending and securities fees. Net trading result and gains/losses from financial instruments at FVPL improved significantly due to positive valuation effects mainly in the Holding, the Czech Republic, Erste Bank Oesterreich and Slovakia. Overall, operating income improved. Operating expenses decreased in several core markets. Consequently, operating result went up and the cost/income ratio improved. Impairment result from financial instruments improved as a result of provisions releases in Austria and the Czech Republic. Other result improved mainly due to the real estate selling gains. Consequently, the net result attributable to the owners of the parent improved significantly.

Group Markets

in EUR million	1-3 20	1-3 21	Change
Net interest income	67.7	48.1	-29.0%
Net fee and commission income	68.1	71.9	5.6%
Net trading result and gains/losses from financial instruments at FVPL	-94.3	38.6	n/a
Operating income	41.6	159.5	>100.0%
Operating expenses	-57.2	-54.4	-4.8%
Operating result	-15.5	105.0	n/a
Cost/income ratio	>100%	34.1%	
Impairment result from financial instruments	-5.2	-2.0	-62.2%
Other result	-7.6	-8.0	4.9%
Net result attributable to owners of the parent	-19.3	73.6	n/a
Return on allocated capital	-8.8%	29.6%	

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

Net interest income decreased on the back of lower market interest rates. Net fee and commission income increased mostly due to the higher contribution of asset under management with institutional clients in Austria. Net trading result and gains/losses from financial instruments at FVPL improved significantly due to valuation results of interest rate derivatives, FX derivatives and bonds as well as the recovery in market prices of fair value securities. Overall, operating income increased notably. As operating expenses decreased, operating result increased significantly, and the cost/income ratio improved. Impairment result from financial instruments improved due to lower provisioning requirements in Czech Republic and Croatia. Other result remained largely stable. Overall, the net result attributable to the owners of the parent increased.

Asset/Liability Management & Local Corporate Center

in EUR million	1-3 20	1-3 21	Change
Net interest income	2.7	32.1	>100.0%
Net fee and commission income	-21.2	-20.4	-3.8%
Net trading result and gains/losses from financial instruments at FVPL	3.3	3.4	4.6%
Operating income	-7.0	20.3	n/a
Operating expenses	-52.5	-55.4	5.6%
Operating result	-59.5	-35.2	-40.9%
Cost/income ratio	>100%	>100%	
Impairment result from financial instruments	-0.7	1.2	n/a
Other result	-85.7	-57.5	-32.9%
Net result attributable to owners of the parent	-139.7	-70.8	-49.3%
Return on allocated capital	-19.0%	-7.4%	

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

Net interest income improved primarily due to lower transfer prices that led to a negative impact in the retail segment and a corresponding positive effect in ALM & LCC as well as lower refinancing costs in the Holding and higher income from investments in Hungary. These effects were partially offset by higher interest expense from the placement of excess liquidity. Net fee and commission income as well as net trading result and gains/losses from financial instruments at FVPL remained largely stable. Operating expenses increased mainly due to higher deposit insurance contributions in Erste Bank Oesterreich and Slovakia which were partially compensated by methodological changes resulting in cost allocations to other business segments in Slovakia and Romania. Overall, operating result improved. Other result improved primarily due to real estate selling gains in Romania and the non-recurrence of modification losses related to moratoria on loan repayments in Hungary. Consequently, the net result attributable to the owners of the parent improved substantially.

Savings Banks

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

Group Corporate Center

in EUR million	1-3 20	1-3 21	Change
Net interest income	22.0	21.8	-1.1%
Net fee and commission income	-1.5	1.5	n/a
Net trading result and gains/losses from financial instruments at FVPL	37.2	-18.3	n/a
Operating income	53.4	3.9	-92.7%
Operating expenses	-248.8	-241.9	-2.8%
Operating result	-195.5	-238.0	21.8%
Cost/income ratio	>100.0%	>100.0%	
Impairment result from financial instruments	2.5	-5.0	n/a
Other result	210.1	152.1	-27.6%
Net result attributable to owners of the parent	-1.7	-73.5	>100.0%
Return on allocated capital	0.0%	-5.4%	

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

Operating income decreased on lower net trading result and gains/losses from financial instruments at FVPL due to valuation effects. As operating expenses decreased only slightly, operating result went down. Other result deteriorated on the back of negative valuation effects. Net result attributable to owners of the parent deteriorated.

Condensed interim consolidated financial statements

Interim report – 1 January to 31 March 2021

Consolidated statement of income

in EUR thousand	Notes	1-3 20	1-3 21
Net interest income	1	1,229,004	1,172,127
Interest income	1	1,391,687	1,207,991
Other similar income	1	395,095	339,048
Interest expenses	1	-230,968	-104,353
Other similar expenses	1	-326,811	-270,558
Net fee and commission income	2	504,243	539,989
Fee and commission income	2	604,610	638,214
Fee and commission expenses	2	-100,367	-98,225
Dividend income	3	1,524	4,833
Net trading result	4	-157,356	9,476
Gains/losses from financial instruments measured at fair value through profit or loss	5	37,459	56,933
Net result from equity method investments		3,289	1,481
Rental income from investment properties & other operating leases	6	44,793	43,748
Personnel expenses	7	-629,960	-622,393
Other administrative expenses	7	-344,795	-345,816
Depreciation and amortisation	7	-136,472	-135,073
Gains/losses from derecognition of financial assets measured at amortised cost	8	429	2,485
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	9	-1,652	-287
Impairment result from financial instruments	10	-61,682	-35,685
Other operating result	11	-127,561	-126,731
Levies on banking activities	11	-49,906	-33,214
Pre-tax result from continuing operations		**361,263**	**565,088**
Taxes on income	12	-102,960	-124,319
Net result for the period		**258,303**	**440,769**
Net result attributable to non-controlling interests		23,039	85,663
Net result attributable to owners of the parent		**235,264**	**355,106**

Earnings per share

		1-3 20	1-3 21
Net result attributable to owners of the parent	in EUR thousand	235,264	355,106
Dividend on AT1 capital	in EUR thousand	0	0
Net result for the period attributable to owners of the parent after deduction of AT1 capital dividend	in EUR thousand	235,264	355,106
Weighted average number of outstanding shares		426,499,141	426,246,662
Earnings per share	**in EUR**	**0.55**	**0.83**
Weighted average diluted number of outstanding shares		426,499,141	426,246,662
Diluted earnings per share	**in EUR**	**0.55**	**0.83**

Development of the number of shares

	1-3 20	1-3 21
Shares outstanding at the beginning of the period	408,127,137	405,470,710
Acquisition of treasury shares	-1,733,352	-1,379,806
Disposal of treasury shares	827,852	1,379,806
Shares outstanding at the end of the period	407,221,637	405,470,710
Treasury shares	22,578,363	24,329,290
Number of shares issued at the end of the period	**429,800,000**	**429,800,000**
Weighted average number of outstanding shares	426,499,141	426,246,662
Weighted average diluted number of outstanding shares	426,499,141	426,246,662

Consolidated statement of comprehensive income

in EUR thousand	1-3 20	1-3 21
Net result for the period	**258,303**	**440,769**
Other comprehensive income		
Items that may not be reclassified to profit or loss	**308,523**	**41,204**
Remeasurement of defined benefit plans	60,191	51,083
Fair value reserve of equity instruments	7,350	-2,790
Own credit risk reserve	278,383	7,477
Deferred taxes relating to items that may not be reclassified	-37,401	-14,566
Items that may be reclassified to profit or loss	**-463,448**	**-103,455**
Fair value reserve of debt instruments	-72,438	-62,277
Gain/loss during the period	-73,830	-61,932
Reclassification adjustments	1,046	-77
Credit loss allowances	346	-268
Cash flow hedge reserve	164,365	-66,408
Gain/loss during the period	168,961	-63,847
Reclassification adjustments	-4,596	-2,561
Currency reserve	-539,582	-1,840
Gain/loss during the period	-539,582	-1,840
Deferred taxes relating to items that may be reclassified	-15,740	27,071
Gain/loss during the period	-16,606	26,443
Reclassification adjustments	866	628
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	-52	-1
Total other comprehensive income	**-154,925**	**-62,251**
Total comprehensive income	**103,378**	**378,518**
Total comprehensive income attributable to non-controlling interests	20,295	93,475
Total comprehensive income attributable to owners of the parent	**83,083**	**285,043**

Quarterly results

in EUR million	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
Income statement					
Net interest income	1,229.0	1,167.9	1,192.4	1,185.6	1,172.1
Interest income	1,391.7	1,253.5	1,237.7	1,225.0	1,208.0
Other similar income	395.1	364.2	344.6	357.9	339.0
Interest expenses	-231.0	-147.9	-122.1	-120.3	-104.4
Other similar expenses	-326.8	-302.0	-267.8	-277.0	-270.6
Net fee and commission income	504.2	452.5	491.6	528.5	540.0
Fee and commission income	604.6	541.4	587.3	621.2	638.2
Fee and commission expenses	-100.4	-88.9	-95.7	-92.7	-98.2
Dividend income	1.5	13.3	0.9	4.3	4.8
Net trading result	-157.4	138.2	28.2	128.6	9.5
Gains/losses from financial instruments measured at fair value through profit or loss	37.5	-8.9	52.9	-19.4	56.9
Net result from equity method investments	3.3	2.6	4.0	0.5	1.5
Rental income from investment properties & other operating leases	44.8	43.5	44.0	41.3	43.7
Personnel expenses	-630.0	-635.5	-636.7	-618.5	-622.4
Other administrative expenses	-344.8	-238.6	-235.6	-339.9	-345.8
Depreciation and amortisation	-136.5	-129.4	-136.1	-138.9	-135.1
Gains/losses from derecognition of financial assets at AC	0.4	-0.1	-0.1	6.6	2.5
Other gains/losses from derecognition of financial instruments not at FVPL	-1.7	-0.5	1.4	0.3	-0.3
Impairment result from financial instruments	-61.7	-613.7	-194.7	-424.7	-35.7
Other operating result	-127.6	-42.3	-43.8	-64.6	-126.7
Levies on banking activities	-49.9	-33.1	-17.3	-17.4	-33.2
Pre-tax result from continuing operations	**361.3**	**148.8**	**568.3**	**289.6**	**565.1**
Taxes on income	-103.0	-37.3	-123.9	-78.3	-124.3
Net result for the period	**258.3**	**111.5**	**444.4**	**211.3**	**440.8**
Net result attributable to non-controlling interests	23.0	53.0	101.0	65.2	85.7
Net result attributable to owners of the parent	**235.3**	**58.5**	**343.3**	**146.0**	**355.1**
Statement of comprehensive income					
Net result for the period	**258.3**	**111.5**	**444.4**	**211.3**	**440.8**
Other comprehensive income					
Items that may not be reclassified to profit or loss	**308.5**	**-90.7**	**-56.7**	**-99.2**	**41.2**
Remeasurement of defined benefit plans	60.2	-55.7	-0.7	-64.8	51.1
Fair value reserve of equity instruments	7.3	-8.9	0.9	6.5	-2.8
Own credit risk reserve	278.4	-44.3	-57.1	-49.4	7.5
Deferred taxes relating to items that may not be reclassified	-37.4	18.3	0.3	8.6	-14.6
Items that may be reclassified to profit or loss	**-463.4**	**199.7**	**-147.6**	**188.0**	**-103.5**
Fair value reserve of debt instruments	-72.4	65.4	20.6	30.7	-62.3
Gain/loss during the period	-73.8	58.9	23.9	25.8	-61.9
Reclassification adjustments	1.0	-0.2	-1.6	-0.5	-0.1
Credit loss allowances	0.3	6.7	-1.7	5.5	-0.3
Cash flow hedge reserve	164.4	20.3	-26.4	-59.1	-66.4
Gain/loss during the period	169.0	24.3	-23.3	-56.5	-63.8
Reclassification adjustments	-4.6	-4.0	-3.0	-2.6	-2.6
Currency reserve	-539.6	132.9	-141.4	209.7	-1.8
Gain/loss during the period	-539.6	132.9	-141.4	209.7	-1.8
Deferred taxes relating to items that may be reclassified	-15.7	-18.9	-0.5	6.6	27.1
Gain/loss during the period	-16.6	-19.9	-1.5	5.8	26.4
Reclassification adjustments	0.9	1.0	1.1	0.7	0.6
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	-0.1	0.0	0.0	0.0	0.0
Total	**-154.9**	**109.0**	**-204.2**	**88.8**	**-62.3**
Total comprehensive income	**103.4**	**220.5**	**240.1**	**300.1**	**378.5**
Total comprehensive income attributable to non-controlling interests	20.3	42.9	102.0	49.8	93.5
Total comprehensive income attributable to owners of the parent	**83.1**	**177.6**	**138.1**	**250.3**	**285.0**

Consolidated balance sheet

in EUR thousand	Notes	Dec 20	Mar 21
Assets			
Cash and cash balances	13	35,838,532	53,954,317
Financial assets held for trading		6,356,017	6,463,565
Derivatives	14	2,954,359	2,551,287
Other financial assets held for trading	15	3,401,658	3,912,278
Pledged as collateral		67,952	142,748
Non-trading financial assets at fair value through profit and loss	16	3,082,818	3,095,904
Pledged as collateral		7,950	4,009
Equity instruments		347,312	325,171
Debt securities		2,048,457	2,035,864
Loans and advances to customers		687,049	734,869
Financial assets at fair value through other comprehensive income	17	8,518,771	8,547,179
Pledged as collateral		49,995	1,101,442
Equity instruments		129,756	127,055
Debt securities		8,389,015	8,420,124
Financial assets at amortised cost	18	210,940,419	219,900,703
Pledged as collateral		1,898,545	3,082,639
Debt securities		29,578,919	31,008,992
Loans and advances to banks		21,466,188	27,477,334
Loans and advances to customers		159,895,312	161,414,377
Finance lease receivables	19	4,127,083	4,093,843
Hedge accounting derivatives	20	205,174	149,442
Fair value changes of hedged items in portfolio hedge of interest rate risk		5,271	937
Property and equipment		2,552,076	2,526,088
Investment properties		1,280,412	1,311,591
Intangible assets		1,358,911	1,332,245
Investments in associates and joint ventures		190,073	191,949
Current tax assets		174,657	183,225
Deferred tax assets		460,128	445,984
Assets held for sale		211,815	165,211
Trade and other receivables	21	1,340,979	1,595,995
Other assets	22	750,572	1,010,397
Total assets		**277,393,709**	**304,968,574**
Liabilities and equity			
Financial liabilities held for trading		2,625,045	2,191,809
Derivatives	14	2,037,466	1,630,675
Other financial liabilities held for trading	23	587,578	561,133
Financial liabilities at fair value through profit or loss		12,091,012	11,383,388
Deposits from customers		254,005	229,632
Debt securities issued	24	11,656,648	10,981,584
Other financial liabilities		180,360	172,173
Financial liabilities at amortised cost		235,125,299	262,669,264
Deposits from banks	25	24,771,349	35,287,940
Deposits from customers	25	190,816,425	205,144,388
Debt securities issued	25	19,019,787	21,534,834
Other financial liabilities		517,738	702,101
Lease liabilities		559,720	557,423
Hedge accounting derivatives	20	188,662	191,292
Fair value changes of hedged items in portfolio hedge of interest rate risk		57	40
Provisions	26	2,081,947	2,195,915
Current tax liabilities		58,485	67,779
Deferred tax liabilities		20,044	25,262
Liabilities associated with assets held for sale		1,403	1,428
Other liabilities	27	2,231,756	2,913,538
Total equity		**22,410,280**	**22,771,437**
Equity attributable to non-controlling interests		5,073,100	5,162,880
Additional equity instruments		2,732,965	2,732,966
Equity attributable to owners of the parent		14,604,214	14,875,591
Subscribed capital		859,600	859,600
Additional paid-in capital		1,477,719	1,477,719
Retained earnings and other reserves		12,266,895	12,538,272
Total liabilities and equity		**277,393,709**	**304,968,574**

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 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	-4	0	0	0	0	0	-4	0	0	-4
Dividends paid	0	0	0	0	0	0	0	0	0	0	-14	-14
capital increase/decrease	0	0	0	0	0	0	0	0	0	0	0	0
Changes in scope of consolidation and ownership interest	0	0	0	0	0	0	0	0	0	0	0	0
Reclassification from other comprehensive income to retained earnings	0	0	-2	0	0	2	0	0	0	0	0	0
Other changes	0	0	-10	0	0	0	0	0	-10	0	10	0
Total comprehensive income	0	0	355	-54	-42	-1	-1	28	285	0	93	379
Net result for the period	0	0	355	0	0	0	0	0	355	0	86	441
Other comprehensive income	0	0	0	-54	-42	-1	-1	28	-70	0	8	-62
Change from remeasurement of defined benefit plans	0	0	0	0	0	0	0	28	28	0	17	45
Change in fair value reserve	0	0	0	0	-42	0	0	0	-42	0	-8	-50
Change in cash flow hedge reserve	0	0	0	-54	0	0	0	0	-54	0	0	-54
Change in currency reserve	0	0	0	0	0	0	-1	0	-1	0	-1	-2
Change in own credit risk reserve	0	0	0	0	0	-1	0	0	-1	0	0	-2
As of 31 March 2021	**860**	**1,478**	**14,113**	**-18**	**197**	**-290**	**-942**	**-521**	**14,876**	**2,733**	**5,163**	**22,771**
As of 1 January 2020	**860**	**1,478**	**13,095**	**-45**	**260**	**-399**	**-610**	**-509**	**14,129**	**1,490**	**4,857**	**20,477**
Changes in treasury shares	0	0	-22	0	0	0	0	0	-22	0	0	-22
Dividends paid	0	0	0	0	0	0	0	0	0	0	-3	-3
capital increase/decrease	0	0	0	0	0	0	0	0	0	497	0	497
Changes in scope of consolidation and ownership interest	0	0	0	0	0	0	0	0	0	0	0	0
Reclassification from other comprehensive income to retained earnings	0	0	61	0	-62	2	0	0	0	0	0	0
Total comprehensive income	0	0	235	133	-32	243	-529	33	83	0	20	103
Net result for the period	0	0	235	0	0	0	0	0	235	0	23	258
Other comprehensive income	0	0	0	133	-32	243	-529	33	-152	0	-3	-155
Change from remeasurement of defined benefit plans	0	0	0	0	0	0	0	33	33	0	20	53
Change in fair value reserve	0	0	0	0	-32	0	0	0	-32	0	-19	-51
Change in cash flow hedge reserve	0	0	0	133	0	0	0	0	133	0	0	133
Change in currency reserve	0	0	0	0	0	0	-529	0	-529	0	-10	-540
Change in own credit risk reserve	0	0	0	0	0	243	0	0	243	0	7	250
As of 31 March 2020	**860**	**1,478**	**13,368**	**88**	**166**	**-154**	**-1,139**	**-477**	**14,190**	**1,987**	**4,875**	**21,053**

Consolidated statement of cash flows

in EUR million	1-3 20	1-3 21
Net result for the period	**258**	**441**
Non-cash adjustments for items in net profit/loss for the year		
Depreciation, amortisation and net impairment of non-financial assets	140	137
Net allocation to credit loss allowances and other provisions	151	43
Gains/losses from measurement and derecognition of financial assets and financial liabilities	-319	-115
Other adjustments	-305	86
Changes in assets and liabilities from operating activities after adjustment for non-cash components		
Financial assets held for trading	-1,981	-124
Non-trading financial assets at fair value through profit and loss		
Equity instruments	29	22
Debt securities	7	6
Loans and advances to customers	-36	-51
Financial assets at fair value through other comprehensive income: debt securities	-12	-72
Financial assets at amortised cost		
Debt securities	-937	-1,428
Loans and advances to banks	-1,209	-6,015
Loans and advances to customers	-910	-1,560
Finance lease receivables	-10	32
Hedge accounting derivatives	38	2
Other assets from operating activities	-134	-453
Financial liabilities held for trading	1,195	-370
Financial liabilities at fair value through profit or loss	-531	-642
Financial liabilities at amortised cost		
Deposits from banks	7,563	10,517
Deposits from customers	8,373	14,328
Debt securities issued	-75	2,515
Other financial liabilities	-17	184
Hedge accounting derivatives	-62	3
Other liabilities from operating activities	798	747
Cash flow from operating activities	**12,013**	**18,233**
Proceeds of disposal		
Financial assets at fair value through other comprehensive income: equity instruments	53	0
Investments in associates and joint ventures	1	0
Property and equipment and intangible assets	10	13
Investment properties	2	1
Acquisition of		
Financial assets at fair value through other comprehensive income: equity instruments	0	0
Investments in associates and joint ventures	0	0
Property and equipment and intangible assets	-59	-93
Investment properties	-5	-6
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	0	0
Disposal of subsidiaries	0	0
Cash flow from investing activities	**2**	**-86**
Capital increases	497	0
Capital decrease	0	0
Acquisition of non-controlling interest	0	0
Dividends paid to equity holders of the parent	0	0
Dividends paid to non-controlling interests	-3	-14
Cash flow from financing activities	**494**	**-14**
Cash and cash equivalents at the beginning of the period	**10,693**	**35,839**
Cash flow from operating activities	12,013	18,233
Cash flow from investing activities	2	-86
Cash flow from financing activities	494	-14
Effect of currency translation	-172	-17
Cash and cash equivalents at the end of period	**23,031**	**53,954**
Cash flows related to taxes, interest and dividends (included in cash flow from operating activities)	**1,128**	**1,129**
Payments for taxes on income	-100	-100
Interest received	2,010	1,868
Dividends received	2	5
Interest paid	-783	-644

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

Condensed notes to the interim consolidated financial statements 1 January to 31 March 2021

BASIS OF PREPARATION

The condensed consolidated interim financial statements (”interim financial statements”) of the group of Erste Group Bank AG (“Erste Group”) for the period from 1 January to 31 March 2021 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 2020	**353**
Additions	
Entities newly added to the scope of consolidation	0
Disposals	
Companies sold or liquidated	-2
Mergers	0
As of 31 March 2021	**351**

COVID-19 DISCLOSURES

In the condensed interim consolidated financial statements of Erste Group, considerations and significant impacts of the Covid-19 outbreak are presented in those chapters to which they can be assigned thematically. An overview about these disclosures is presented in the following:

- The chapter “Accounting treatment of issues related to Covid-19” discusses the accounting and measurement methods used for public moratoria and payment holidays, public guarantees and non-financial assets impairment testing.
- Note 29 Risk Management contains a separate sub-chapter “Covid-19” which explains the considerations of the pandemic on the ECL measurement, sensitivity analyses and information on credit exposures subject to certain Covid-19 measures.
- Note 34 Own funds and capital requirements discusses the adjustments to the regulatory framework due to the current Covid-19 crisis.

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 2020.

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 2020, 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. Regarding the Covid-19 pandemic uncertainties, all negative effects that could be reasonable estimated were recognised in the first quarter of 2021. Erste Group will continue to follow the developments closely and will recognise any effects as the situation further unfolds.

ACCOUNTING TREATMENT OF ISSUES RELATED TO COVID-19

Accounting and measurement methods

Public moratoria and payment holidays

In light of the spread of Covid-19, a variety of measures have been taken by governments in Erste Group's region aimed at addressing the economic consequences of the outbreak on individuals, households and businesses. Such measures include public moratoria on repayment of loans, overdraft facilities and mortgages. Further, Erste Group banks are offering renegotiations of repayment schedules and payment holidays on a voluntary basis to customers facing liquidity shortages.

The public moratoria in general relate to customers which were performing and to their exposures existing before the outbreak of Covid-19 pandemic. None of the existing public moratoria extends beyond the 2021 end. In most cases interest continues to accrue on the outstanding balance during the moratorium period. Nevertheless, in many cases an economic loss is incurred and modification losses are recognised from accounting perspective. This results from the fact that the interest accrued, instead of being repaid or capitalised at the end of the moratorium, is repaid over the period after the moratorium. Regarding accounting policies for recognition of modification gain or loss, derecognition and the assessment of significant increases in credit risk in relation to public moratoria and payment holidays please refer to the group's last annual financial statements for the year ended 31 December 2020.

Despite the fact that some new public moratoria and extensions of the existing ones occurred in the first quarter of 2021 no material modification losses were recognised in this period.

Public guarantees

Regarding accounting policy for recognition of Covid-19 related public guarantees on Erste Group's exposures please refer to the group's last annual financial statements for the year ended 31 December 2020.

Impairment of non-financial assets

Following the thorough analysis of potential impairment of Erste Group's non-financial assets, including goodwill, performed for the 2020 year end no additional impairment indicators which would lead to impairment testing have been identified. As a result, no Covid-19 related impairments on non-financial assets were recognised in the first quarter of 2021.

1. Net interest income

in EUR million	1-3 20	1-3 21
Financial assets at AC	1,342.5	1,165.3
Financial assets at FVOCI	49.2	42.7
Interest income	1,391.7	1,208.0
Non-trading financial assets at FVPL	16.6	13.6
Financial assets HfT	342.0	255.9
Derivatives - hedge accounting, interest rate risk	-14.5	-1.8
Other assets	32.4	28.6
Negative interest from financial liabilities	18.5	42.7
Other similar income	395.1	339.0
Interest and other similar income	**1,786.8**	**1,547.0**
Financial liabilities at AC	-231.0	-104.4
Interest expenses	-231.0	-104.4
Financial liabilities at FVPL	-92.9	-75.4
Financial liabilities HfT	-249.7	-182.0
Derivatives - hedge accounting, interest rate risk	36.0	30.9
Other liabilities	-6.6	-5.0
Negative Interest from financial assets	-13.6	-39.0
Other similar expenses	-326.8	-270.6
Interest and other similar expenses	**-557.8**	**-374.9**
Net interest income	**1,229.0**	**1,172.1**

In the reporting period an amount of EUR 19.5 million (EUR 20.3 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 -1.2 million (EUR -2.2 million).

2. Net fee and commission income

	1-3 20		1-3 21	
in EUR million	Income	Expenses	Income	Expenses
Securities	73.1	-11.3	85.2	-12.0
Issues	11.4	-0.2	12.5	-0.2
Transfer orders	58.3	-10.7	66.5	-11.4
Other	3.5	-0.4	6.2	-0.4
Clearing and settlement	0.8	-0.7	0.2	-0.8
Asset management	102.3	-9.9	117.9	-12.4
Custody	24.2	-5.3	26.5	-4.9
Fiduciary transactions	0.4	0.0	0.4	0.0
Payment services	272.0	-52.9	271.7	-51.7
Card business	84.8	-43.2	80.2	-41.6
Other	187.2	-9.7	191.5	-10.1
Customer resources distributed but not managed	60.0	-3.4	61.5	-1.8
Collective investment	2.2	-0.5	4.0	-0.4
Insurance products	47.1	-0.6	50.3	-0.4
Building society brokerage	4.1	-1.5	0.2	-0.2
Foreign exchange transactions	6.4	-0.4	6.3	-0.4
Other	0.2	-0.4	0.7	-0.3
Structured finance	0.0	0.0	0.1	0.0
Servicing fees from securitization activities	0.0	-0.5	0.0	-0.4
Lending business	47.1	-9.3	48.7	-9.7
Guarantees given, guarantees received	18.9	-0.8	18.8	-0.8
Loan commitments given, loan commitments received	5.5	-0.2	8.6	-0.3
Other lending business	22.8	-8.3	21.2	-8.6
Other	24.6	-7.1	26.0	-4.6
Total fee and commission income and expenses	**604.6**	**-100.4**	**638.2**	**-98.2**
Net fee and commission income	**504.2**		**540.0**	

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

3. Dividend income

in EUR million	1-3 20	1-3 21
Financial assets HfT	0.2	0.1
Non-trading financial assets at FVPL	1.2	4.7
Financial assets at FVOCI	0.1	0.0
Dividend income	**1.5**	**4.8**

4. Net trading result

in EUR million	1-3 20	1-3 21
Securities and derivatives trading	-142.0	-29.5
Foreign exchange transactions	-13.5	43.3
Result from hedge accounting	-1.9	-4.3
Net trading result	**-157.4**	**9.5**

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

in EUR million	1-3 20	1-3 21
Result from measurement/sale of financial assets designated at FVPL	-4.6	-2.8
Result from measurement/repurchase of financial liabilities designated at FVPL	129.5	66.7
Result from financial assets and liabilities designated at FVPL	**124.9**	**63.9**
Result from measurement/sale of financial assets mandatorily at FVPL	-87.4	-7.0
Gains/losses from financial instruments measured at fair value through profit or loss	**37.5**	**56.9**

6. Rental income from investment properties & other operating leases

in EUR million	1-3 20	1-3 21
Investment properties	24.6	24.1
Other operating leases	20.2	19.6
Rental income from investment properties & other operating leases	**44.8**	**43.7**

7. General administrative expenses

in EUR million	1-3 20	1-3 21
Personnel expenses	**-630.0**	**-622.4**
Wages and salaries	-481.0	-476.9
Compulsory social security	-119.7	-119.6
Long-term employee provisions	-2.9	-2.4
Other personnel expenses	-26.3	-23.4
Other administrative expenses	**-344.8**	**-345.8**
Deposit insurance contribution	-88.3	-107.6
IT expenses	-105.9	-103.3
Expenses for office space	-41.5	-40.6
Office operating expenses	-28.9	-28.0
Advertising/marketing	-36.2	-30.3
Legal and consulting costs	-25.1	-24.2
Sundry administrative expenses	-18.8	-11.7
Depreciation and amortisation	**-136.5**	**-135.1**
Software and other intangible assets	-46.4	-48.0
Owner occupied real estate	-38.6	-37.3
Investment properties	-7.1	-6.8
Customer relationships	-2.0	-1.9
Office furniture and equipment and sundry property and equipment	-42.5	-41.1
General administrative expenses	**-1,111.2**	**-1,103.3**

Employee Share Program and Erste Mitarbeiterbeteiligung Privatstiftung. In 2021, Erste Mitarbeiterbeteiligung Privatstiftung has received 6,452 treasury shares under an escrow agreement for employees of a subsidiary. It was agreed that employees shall not have access to the shares for a certain period. The majority of the shares have been purchased with a payment of EUR 0.2 million made by the subsidiary to settle an obligation under a defined benefit plan. The settlement did not result in a gain or loss.

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

in EUR million	1-3 20	1-3 21
Gains from sale of financial assets at AC	0.6	2.5
Losses from sale of financial assets at AC	-0.1	0.0
Gains/losses from derecognition of financial assets measured at amortised cost	**0.4**	**2.5**

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

in EUR million	1-3 20	1-3 21
Sale of financial assets at FVOCI	-1.0	0.1
Sale of financial lease receivables	0.0	0.0
Derecognition of financial liabilities at AC	-0.6	-0.4
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	**-1.7**	**-0.3**

10. Impairment result from financial instruments

in EUR million	1-3 20	1-3 21
Financial assets at FVOCI	-0.3	0.3
Financial assets at AC	-21.1	-25.9
Net allocation to credit loss allowances	-83.8	-37.9
Direct write-offs	-3.4	-5.0
Recoveries recorded directly to the income statement	65.1	21.0
Modification gains or losses	0.9	-4.0
Lease receivables	-2.4	-0.5
Net allocation of provisions for commitments and guarantees given	-37.9	-9.6
Impairment result from financial instruments	**-61.7**	**-35.7**

11. Other operating result

in EUR million	1-3 20	1-3 21
Other operating expenses	**-178.4**	**-160.0**
Allocation to other provisions	-40.6	-22.8
Levies on banking activities	-49.9	-33.2
Banking tax	-37.3	-21.6
Financial transaction tax	-12.6	-11.6
Other taxes	-3.9	-3.8
Recovery and resolution fund contributions	-84.0	-100.3
Other operating income	**17.8**	**31.0**
Release of other provisions	17.8	31.0
Result from properties/movables/other intangible assets other than goodwill	-4.1	1.2
Result from other operating expenses/income	37.1	1.2
Other operating result	**-127.6**	**-126.7**

12. Taxes on income

The consolidated net tax expense for the reporting period amounted to EUR 124.3 million (EUR 103.0 million), thereof EUR 32.0 million deferred tax expense (EUR 6.5 million deferred tax income).

13. Cash and cash balances

in EUR million	Dec 20	Mar 21
Cash on hand	7,694	7,641
Cash balances at central banks	27,006	44,683
Other demand deposits at credit institutions	1,139	1,630
Cash and cash balances	**35,839**	**53,954**

14. Derivatives held for trading

	Dec 20			Mar 21		
in EUR million	Notional value	Positive fair value	Negative fair value	Notional value	Positive fair value	Negative fair value
Derivatives held in the trading book	**206,411**	**3,524**	**3,606**	**210,910**	**3,138**	**3,004**
Interest rate	139,393	2,742	2,829	138,087	2,351	2,375
Equity	435	4	3	430	7	7
Foreign exchange	65,541	740	748	71,601	749	601
Credit	820	15	25	566	9	21
Commodity	16	0	0	22	0	0
Other	205	23	0	205	22	0
Derivatives held in the banking book	**27,229**	**1,330**	**409**	**26,010**	**1,121**	**328**
Interest rate	16,836	1,233	246	16,175	1,020	197
Equity	5,202	41	64	4,801	50	32
Foreign exchange	4,742	52	98	4,599	48	98
Credit	305	4	1	292	4	1
Commodity	0	0	0	0	0	0
Other	144	0	0	144	0	0
Total gross amounts	**233,640**	**4,854**	**4,015**	**236,920**	**4,259**	**3,331**
Offset		-1,900	-1,977		-1,708	-1,701
Total		**2,954**	**2,037**		**2,551**	**1,631**

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 20	Mar 21
Equity instruments	34	77
Debt securities	3,368	3,835
General governments	2,628	2,967
Credit institutions	606	686
Other financial corporations	57	94
Non-financial corporations	76	88
Other financial assets held for trading	**3,402**	**3,912**

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

	Dec 20		Mar 21	
in EUR million	Designated	Mandatorily	Designated	Mandatorily
Equity instruments	0	347	0	325
Debt securities	603	1,446	582	1,454
General governments	63	214	63	185
Credit institutions	524	101	503	97
Other financial corporations	16	983	16	1,030
Non-financial corporations	0	148	0	141
Loans and advances to customers	0	687	0	735
General governments	0	1	0	1
Other financial corporations	0	0	0	0
Non-financial corporations	0	107	0	103
Households	0	579	0	631
Financial assets designated and mandatorily at FVPL	603	2,480	582	2,514
Non-trading financial assets at fair value through profit and loss		**3,083**		**3,096**

17. Financial assets at fair value through other comprehensive income

Equity Instruments

The carrying amount of Erste Group's equity instruments FVOCI as of 31 March 2021amounted to EUR 127.1 million (EUR 138.6 million), the cumulative fair value change for equity instruments FVOCI before taxes recognized in other comprehensive income amounted to EUR 83.1 million (EUR 94.6 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
Mar 21											
Central banks	6	0	0	6	0	0	0	0	6	0	6
General governments	5,786	191	0	5,976	-3	-7	0	-10	5,966	178	6,154
Credit institutions	982	1	0	982	-3	0	0	-3	980	17	999
Other financial corporations	148	70	0	218	0	-2	0	-3	215	8	226
Non-financial corporations	669	350	0	1,019	-3	-6	0	-9	1,010	39	1,058
Total	**7,590**	**612**	**0**	**8,202**	**-9**	**-15**	**0**	**-25**	**8,177**	**243**	**8,445**
Dec 20											
Central banks	5	0	0	5	0	0	0	0	5	0	5
General governments	5,757	241	0	5,998	-3	-5	0	-9	5,989	212	6,210
Credit institutions	944	0	0	944	-3	0	0	-3	941	43	987
Other financial corporations	122	83	0	205	0	-4	0	-4	201	10	216
Non-financial corporations	655	301	0	957	-3	-7	0	-9	947	39	996
Total	**7,483**	**626**	**0**	**8,109**	**-9**	**-16**	**0**	**-25**	**8,084**	**305**	**8,414**

As defined in IFRS 9, the gross carrying amount of debt instruments at FVOCI equals the amortised cost before deducting any credit loss allowances. As of 31 March 2021, 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 21						**Mar 21**
Stage 1	-9	-1	1	2	-2	0	-9
Stage 2	-16	0	0	-3	4	0	-15
Stage 3	0	0	0	0	0	0	0
Total	**-25**	**-1**	**1**	**-1**	**1**	**0**	**-25**
	Jan 20						**Mar 20**
Stage 1	-6	-1	0	0	1	0	-6
Stage 2	-8	0	0	0	0	0	-8
Stage 3	0	0	0	0	0	0	0
Total	**-14**	**-1**	**0**	**0**	**1**	**0**	**-14**

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
Mar 21									
Central banks	14	0	0	14	0	0	0	0	14
General governments	26,425	11	0	26,436	-7	0	0	-8	26,429
Credit institutions	3,720	0	0	3,720	-2	0	0	-2	3,718
Other financial corporations	159	8	0	168	0	0	0	-1	167
Non-financial corporations	650	34	2	686	-1	-3	-1	-5	681
Total	**30,968**	**53**	**3**	**31,024**	**-10**	**-3**	**-1**	**-15**	**31,009**
Dec 20									
Central banks	14	0	0	14	0	0	0	0	14
General governments	25,215	11	0	25,227	-7	0	0	-7	25,220
Credit institutions	3,490	19	0	3,510	-2	0	0	-2	3,508
Other financial corporations	135	11	0	146	0	-1	0	-1	145
Non-financial corporations	667	28	3	698	-1	-2	-1	-5	693
Total	**29,521**	**70**	**3**	**29,594**	**-10**	**-3**	**-2**	**-15**	**29,579**

There were no purchased or originated credit-impaired (POCI) debt securities at amortised cost as of 31 March 2021.

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 21						**Mar 21**
Stage 1	-11	-2	1	0	0	0	-10
Stage 2	-3	0	0	-1	1	0	-3
Stage 3	-2	0	0	0	0	0	-1
Total	**-15**	**-2**	**1**	**-1**	**1**	**0**	**-15**
	Jan 20						**Mar 20**
Stage 1	-7	-1	0	0	1	0	-7
Stage 2	-2	0	0	0	1	0	-2
Stage 3	-2	0	0	0	0	0	-2
Total	**-11**	**-1**	**0**	**0**	**2**	**0**	**-10**

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	
Mar 21									
Central banks	21,869	0	0	21,869	-1	0	0	-1	21,868
Credit institutions	5,308	309	0	5,618	-5	-4	0	-9	5,609
Total	**27,178**	**309**	**0**	**27,487**	**-6**	**-4**	**0**	**-9**	**27,477**
Dec 20									
Central banks	16,763	0	0	16,763	-1	0	0	-1	16,762
Credit institutions	4,669	38	0	4,707	-2	0	0	-3	4,704
Total	**21,432**	**38**	**0**	**21,469**	**-3**	**0**	**0**	**-3**	**21,466**

There were no purchased or originated credit-impaired (POCI) AC loans and advances to banks as of 31 March 2021.

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 21						**Mar 21**
Stage 1	-3	-4	4	0	-3	0	-6
Stage 2	0	0	0	-2	-2	0	-4
Stage 3	0	0	0	0	0	0	0
Total	**-3**	**-4**	**4**	**-1**	**-5**	**0**	**-9**
	Jan 20						**Mar 20**
Stage 1	-7	-8	5	0	3	0	-8
Stage 2	0	0	0	0	-1	0	-1
Stage 3	-2	-1	0	0	1	0	-2
Total	**-9**	**-10**	**5**	**0**	**3**	**0**	**-11**

Loans and advances to customers

in EUR million	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCIt	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
Mar 21											
General governments	6,308	376	2	3	6,688	-4	-10	-2	0	-16	6,672
Other financial corporations	2,890	752	16	11	3,670	-10	-35	-6	0	-50	3,620
Non-financial corporations	51,317	18,849	2,019	235	72,419	-189	-676	-1,123	-90	-2,077	70,342
Households	69,569	10,822	1,932	124	82,447	-136	-473	-1,029	-30	-1,667	80,780
Total	**130,084**	**30,799**	**3,970**	**373**	**165,225**	**-339**	**-1,193**	**-2,159**	**-120**	**-3,811**	**161,414**
Dec 20											
General governments	6,455	330	3	3	6,791	-4	-4	-2	-1	-11	6,779
Other financial corporations	2,860	836	19	11	3,727	-8	-38	-6	0	-51	3,676
Non-financial corporations	50,673	18,379	2,075	227	71,354	-186	-657	-1,172	-92	-2,107	69,247
Households	69,241	10,554	1,935	125	81,855	-136	-472	-1,021	-33	-1,662	80,193
Total	**129,229**	**30,100**	**4,031**	**367**	**163,727**	**-335**	**-1,171**	**-2,201**	**-125**	**-3,831**	**159,895**

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 21								**Mar 21**
Stage 1	**-335**	**-63**	**18**	**119**	**-77**	**0**	**0**	**-1**	**-339**
General governments	-4	0	0	0	0	0	0	0	-4
Other financial corporations	-8	-2	1	2	-2	0	0	0	-10
Non-financial corporations	-186	-39	12	36	-11	0	0	0	-189
Households	-136	-22	5	80	-63	0	0	0	-136
Stage 2	**-1,171**	**-32**	**36**	**-193**	**167**	**0**	**0**	**-1**	**-1,193**
General governments	-4	0	0	-3	-3	0	0	0	-10
Other financial corporations	-38	0	1	-9	12	0	0	-1	-35
Non-financial corporations	-657	-24	20	-68	54	0	0	-1	-676
Households	-472	-7	15	-113	103	1	0	1	-473
Stage 3	**-2,201**	**-19**	**43**	**-20**	**-32**	**2**	**70**	**-3**	**-2,159**
General governments	-2	0	0	0	0	0	0	0	-2
Other financial corporations	-6	0	0	0	-1	0	1	0	-6
Non-financial corporations	-1,172	-9	20	-8	24	1	25	-3	-1,123
Households	-1,021	-10	23	-11	-55	1	44	0	-1,029
POCI	**-125**	**0**	**3**	**0**	**2**	**0**	**1**	**0**	**-120**
General governments	-1	0	0	0	1	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0	0	0
Non-financial corporations	-92	0	2	0	0	0	0	0	-90
Households	-33	0	1	0	1	0	0	0	-30
Total	**-3,831**	**-114**	**99**	**-94**	**59**	**2**	**71**	**-4**	**-3,811**
	Jan 20								**Mar 20**
Stage 1	**-320**	**-54**	**16**	**94**	**-42**	**0**	**0**	**5**	**-299**
General governments	-17	-1	0	0	0	0	0	0	-17
Other financial corporations	-5	-2	0	2	-2	0	0	0	-6
Non-financial corporations	-176	-35	11	38	-8	0	0	2	-167
Households	-122	-16	5	54	-32	0	0	2	-109
Stage 2	**-506**	**-16**	**20**	**-191**	**92**	**0**	**0**	**9**	**-591**
General governments	-3	0	0	0	0	0	0	0	-4
Other financial corporations	-9	-1	0	-4	3	0	0	0	-10
Non-financial corporations	-243	-6	11	-82	20	0	0	3	-296
Households	-251	-9	9	-105	69	0	0	6	-281
Stage 3	**-2,003**	**-21**	**72**	**-22**	**-67**	**-1**	**58**	**26**	**-1,958**
General governments	-2	0	0	0	0	0	0	0	-2
Other financial corporations	-8	0	0	0	0	0	1	0	-8
Non-financial corporations	-965	-10	29	-8	-26	-1	31	10	-940
Households	-1,029	-10	42	-14	-41	0	27	16	-1,009
POCI	**-139**	**0**	**7**	**0**	**5**	**0**	**1**	**2**	**-124**
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	-96	0	6	0	3	0	0	1	-85
Households	-43	0	1	0	2	0	1	2	-38
Total	**-2,969**	**-90**	**115**	**-119**	**-11**	**0**	**60**	**42**	**-2,973**

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
Mar 21											
General governments	351	2	13	0	365	-2	0	-2	0	-4	361
Credit institutions	4	0	0	0	4	0	0	0	0	0	4
Other financial corporations	70	1	0	0	71	0	0	0	0	0	70
Non-financial corporations	2,296	483	168	0	2,947	-11	-12	-70	0	-93	2,854
Households	750	52	14	0	816	-3	-2	-6	0	-11	805
Total	**3,470**	**537**	**195**	**0**	**4,202**	**-16**	**-14**	**-78**	**0**	**-108**	**4,094**
Dec 20											
General governments	358	1	16	0	374	-3	0	-2	0	-4	370
Credit institutions	4	0	0	0	4	0	0	0	0	0	4
Other financial corporations	66	7	0	0	73	0	0	0	0	0	73
Non-financial corporations	2,319	484	171	0	2,974	-11	-10	-70	0	-91	2,883
Households	739	56	15	0	810	-3	-2	-7	0	-12	798
Total	**3,485**	**548**	**201**	**0**	**4,235**	**-17**	**-12**	**-78**	**0**	**-108**	**4,127**

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 21								**Mar 21**
Stage 1	-17	-1	0	3	0	0	0	0	-16
Stage 2	-12	0	0	-2	0	0	0	0	-14
Stage 3	-78	0	0	-1	1	0	1	0	-78
POCI	0	0	0	0	0	0	0	0	0
Total	**-108**	**-2**	**0**	**-1**	**0**	**0**	**1**	**0**	**-108**
	Jan 20								**Mar 20**
Stage 1	-15	-1	0	2	0	0	0	0	-14
Stage 2	-5	0	0	-2	-4	0	0	0	-10
Stage 3	-114	0	0	-3	4	0	2	6	-105
POCI	0	0	0	0	0	0	0	0	0
Total	**-134**	**-1**	**0**	**-2**	**-1**	**0**	**2**	**6**	**-130**

20. Hedge accounting derivatives

in EUR million	Dec 20 Notional value	Dec 20 Positive fair value	Dec 20 Negative fair value	Mar 21 Notional value	Mar 21 Positive fair value	Mar 21 Negative fair value
Fair value hedges	**13,540**	**537**	**291**	**12,937**	**397**	**286**
Interest rate	13,540	537	291	12,937	397	286
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	**3,300**	**86**	**15**	**3,441**	**50**	**38**
Interest rate	2,704	83	8	2,656	48	11
Equity	0	0	0	0	0	0
Foreign exchange	596	2	7	784	2	26
Credit	0	0	0	0	0	0
Commodity	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total gross amounts	**16,840**	**623**	**306**	**16,378**	**446**	**324**
Offset	0	-418	-117		-297	-133
Total		**205**	**189**		**149**	**191**

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	
Mar 21											
Central banks	0	0	0	0	0	0	0	0	0	0	0
General governments	112	25	0	0	137	0	0	0	0	0	136
Credit institutions	25	4	0	0	29	0	-1	0	0	-1	28
Other financial corporations	13	3	0	0	16	0	0	0	0	0	16
Non-financial corporations	623	696	61	0	1,380	-5	-4	-52	0	-60	1,320
Households	84	14	22	0	120	-2	-4	-18	0	-25	95
Total	**857**	**742**	**83**	**0**	**1,682**	**-7**	**-9**	**-70**	**0**	**-86**	**1,596**
Dec 20											
Central banks	1	0	0	0	1	0	0	0	0	0	1
General governments	35	20	0	0	55	0	0	0	0	0	55
Credit institutions	27	2	0	0	29	0	0	0	0	-1	29
Other financial corporations	25	2	0	0	28	0	0	0	0	0	27
Non-financial corporations	484	639	39	0	1,162	-4	-5	-29	0	-38	1,124
Households	88	21	21	0	130	-2	-5	-18	0	-24	106
Total	**660**	**684**	**61**	**0**	**1,405**	**-6**	**-10**	**-47**	**0**	**-64**	**1,341**

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 21								**Mar 21**
Stage 1	-6	-3	1	2	-1	0	0	0	-7
Stage 2	-10	0	0	-2	3	0	0	0	-9
Stage 3	-47	0	1	-2	-23	0	0	0	-70
POCI	0	0	0	0	0	0	0	0	0
Total	**-64**	**-3**	**3**	**-2**	**-21**	**0**	**1**	**0**	**-86**
	Jan 20								**Mar 20**
Stage 1	-6	-1	0	0	2	0	0	0	-5
Stage 2	-10	0	1	-1	0	0	0	0	-10
Stage 3	-55	0	0	0	-2	0	2	1	-54
POCI	-1	0	1	0	0	0	0	0	0
Total	**-72**	**-1**	**2**	**-1**	**-1**	**0**	**2**	**2**	**-69**

22. Other assets

in EUR million	Dec 20	Mar 21
Prepayments	124	161
Inventories	171	157
Sundry assets	456	693
Other assets	**751**	**1,010**

23. Other financial liabilities held for trading

in EUR million	Dec 20	Mar 21
Short positions	521	496
Equity instruments	135	41
Debt securities	386	455
Debt securities issued	66	65
Other financial liabilities held for trading	**588**	**561**

24. Financial liabilities at fair value through profit and loss

Debt securities issued

in EUR million	Dec 20	Mar 21
Subordinated debt securities issued	3,944	3,788
Other debt securities issued	7,713	7,194
Bonds	4,784	4,590
Other certificates of deposits/name certificates	854	858
Mortgage covered bonds	1,858	1,532
Public sector covered bonds	216	213
Debt securities issued	**11,657**	**10,982**

25. Financial liabilities at amortised costs

Deposits from banks

in EUR million	Dec 20	Mar 21
Overnight deposits	2,115	4,474
Term deposits	21,728	28,119
Repurchase agreements	927	2,696
Deposits from banks	**24,771**	**35,288**

Deposits from customers

in EUR million	Dec 20	Mar 21
Overnight deposits	**144,864**	**153,773**
Savings deposits	37,265	38,986
Other financial corporations	185	214
Non-financial corporations	2,457	2,285
Households	34,623	36,486
Non-savings deposits	107,599	114,787
General governments	5,806	8,030
Other financial corporations	6,936	7,752
Non-financial corporations	33,312	35,144
Households	61,544	63,861
Term deposits	**44,684**	**47,449**
Deposits with agreed maturity	38,142	41,460
Savings deposits	25,996	25,135
Other financial corporations	1,050	729
Non-financial corporations	1,331	1,551
Households	23,615	22,854
Non-savings deposits	12,146	16,326
General governments	2,832	3,117
Other financial corporations	1,890	5,140
Non-financial corporations	2,285	2,533
Households	5,140	5,536
Deposits redeemable at notice	6,543	5,989
General governments	1	12
Other financial corporations	110	101
Non-financial corporations	256	282
Households	6,175	5,594
Repurchase agreements	**1,269**	**3,922**
General governments	2	1,917
Other financial corporations	1,260	2,006
Non-financial corporations	6	0
Deposits from customers	**190,816**	**205,144**
General governments	**8,642**	**13,075**
Other financial corporations	**11,431**	**15,943**
Non-financial corporations	**39,648**	**41,795**
Households	**131,097**	**134,331**

The carrying amount of the TLTRO III liabilities as of 31 March 2021 was EUR 18.1 billion (EUR 14.1 billion). No catch-up adjustments were recognised in the first quarter of 2021 since the expectations of reaching the given credit lending thresholds remained unchanged.

Debt securities issued

in EUR million	Dec 20	Mar 21
Subordinated debt securities issued	1,477	1,467
Senior non-preferred bonds	669	667
Other debt securities issued	16,874	19,401
Bonds	4,680	5,025
Certificates of deposit	520	639
Other certificates of deposits/name certificates	178	175
Mortgage covered bonds	10,977	9,719
Public sector covered bonds	0	0
Other	519	3,844
Debt securities issued	**19,020**	**21,535**

26. Provisions

in EUR million	Dec 20	Mar 21
Long-term employee provisions	1,042	978
Pending legal issues and tax litigation	359	352
Commitments and guarantees given	399	384
Provisions for commitments and financial guarantees in Stage 1	83	83
Provisions for commitments and financial guarantees in Stage 2	211	207
Provisions for commitments and financial guarantees - Defaulted	104	94
Other provisions	282	482
Provisions for onerous contracts	3	3
Other	279	480
Provisions	**2,082**	**2,196**

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 0.94% p.a. as of 31 March 2021 (31 December 2020: 0.50% p.a.) to reflect the actual interest rate levels. Furthermore, the collective agreement trend remained unchanged at 1.90% p.a. (31 December 2020: 1.90% p.a.) as well as the ASVG trend at 1.70% p.a. (31 December 2020: 1.70% p.a.). According to IAS 19 the resulting measurement adjustment for pension and severance payment provisions amounting to EUR 51.1 million (before tax) has been recognised in other comprehensive income those for jubilee provisions, an amount of EUR 6.0 million has been considered in the income statement.

27. Other liabilities

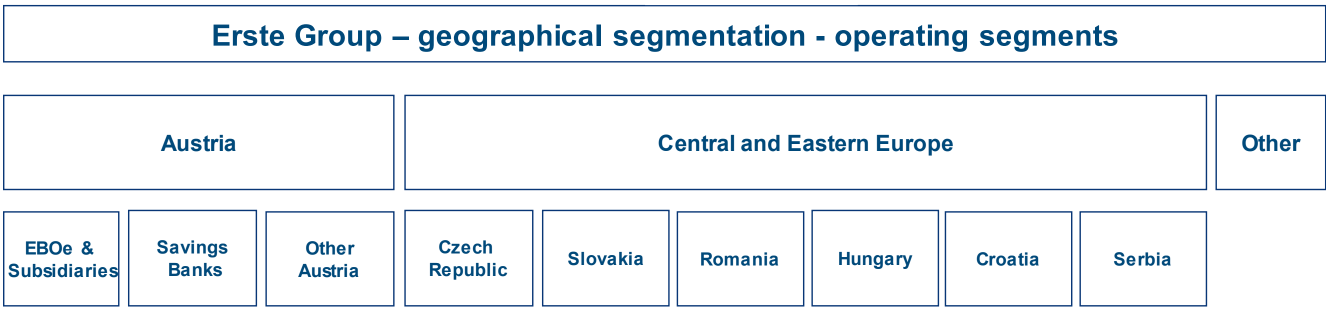
in EUR million	Dec 20	Mar 21
Deferred income	117	120
Sundry liabilities	2,115	2,794
Other liabilities	**2,232**	**2,914**

28. Segment reporting

Erste Group's segment reporting is based on IFRS 8 Operating Segments, which adopts the management approach. Accordingly, segment information is prepared on the basis of internal management reporting that is regularly reviewed by the chief operating decision maker to assess the performance of the segments and make decisions regarding the allocation of resources. Within Erste Group the function of the chief operating decision maker is exercised by the management board. Erste Group uses a matrix organisational structure with geographical segmentation and business segments. Since the chief operating decision maker performs the steering primarily based on geographical segments, those are defined as operating segments according to IFRS 8. In order to provide more comprehensive information, the performance of the business segments is reported additionally.

Geographical segmentation (operating segments)

For the purpose of segment reporting geographical segments are defined as operating segments, for which the information is presented on the basis of the booking entity's location (not the country of risk). In case of information regarding a partial group, the allocation is based on the location of the respective parent entity according to the local management responsibility. Geographical areas are defined according to the core markets in which Erste Group operates. Based on the locations of the banking and other financial institution participations, the geographical areas consist of two core markets, Austria and Central and Eastern Europe and a residual segment Other that comprises the remaining business activities of Erste Group outside its core markets as well as the reconciliation to the consolidated accounting result.



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

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

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

_ **Czech Republic** (comprising Česká spořitelna Group)
_ **Slovakia** (comprising Slovenská 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. intercompany eliminations, dividend eliminations) are also part of the segment Other.

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

	Austria		Central and Eastern Europe		Other		Total Group	
in EUR million	1-3 20	1-3 21	1-3 20	1-3 21	1-3 20	1-3 21	1-3 20	1-3 21
Net interest income	540.3	510.1	653.3	630.6	35.4	31.3	1,229.0	1,172.1
Net fee and commission income	307.4	325.9	223.7	236.3	-26.8	-22.2	504.2	540.0
Dividend income	1.3	1.5	0.1	0.0	0.0	3.3	1.5	4.8
Net trading result	-79.7	11.3	34.3	56.2	-111.9	-58.1	-157.4	9.5
Gains/losses from financial instruments at FVPL	-86.3	22.1	-2.6	-1.9	126.4	36.8	37.5	56.9
Net result from equity method investments	0.3	0.1	1.9	1.0	1.0	0.4	3.3	1.5
Rental income from investment properties & other operating leases	36.6	35.9	12.9	12.0	-4.7	-4.2	44.8	43.7
General administrative expenses	-572.5	-571.2	-482.4	-481.2	-56.3	-50.9	-1,111.2	-1,103.3
Gains/losses from derecognition of financial assets at AC	0.0	1.2	0.4	1.3	0.0	0.0	0.4	2.5
Other gains/losses from derecognition of financial instruments not at FVPL	-1.5	-0.4	0.1	-0.1	-0.3	0.2	-1.7	-0.3
Impairment result from financial instruments	-63.2	13.0	-1.3	-43.0	2.8	-5.7	-61.7	-35.7
Other operating result	-29.3	-9.9	-112.2	-72.0	14.0	-44.9	-127.6	-126.7
Levies on banking activities	-2.0	-2.3	-43.6	-26.2	-4.3	-4.6	-49.9	-33.2
Pre-tax result from continuing operations	**53.5**	**339.6**	**328.2**	**339.4**	**-20.4**	**-113.9**	**361.3**	**565.1**
Taxes on income	-19.6	-88.7	-75.1	-59.8	-8.3	24.2	-103.0	-124.3
Net result for the period	**33.9**	**250.9**	**253.1**	**279.6**	**-28.7**	**-89.7**	**258.3**	**440.8**
Net result attributable to non-controlling interests	14.9	73.6	7.1	10.9	1.0	1.2	23.0	85.7
Net result attributable to owners of the parent	**19.0**	**177.3**	**246.0**	**268.7**	**-29.8**	**-90.9**	**235.3**	**355.1**
Operating income	719.9	906.9	923.6	934.4	19.4	-12.7	1,663.0	1,828.6
Operating expenses	-572.5	-571.2	-482.4	-481.2	-56.3	-50.9	-1,111.2	-1,103.3
Operating result	**147.4**	**335.7**	**441.2**	**453.2**	**-36.9**	**-63.6**	**551.7**	**725.3**
Risk-weighted assets (credit risk, eop)	53,396	53,033	43,320	43,834	2,198	2,888	98,914	99,755
Average allocated capital	6,983	7,508	7,029	8,168	6,987	6,893	20,998	22,570
Cost/income ratio	79.5%	63.0%	52.2%	51.5%	>100%	>100%	66.8%	60.3%
Return on allocated capital	2.0%	13.6%	14.5%	13.9%	-1.7%	-5.3%	4.9%	7.9%
Total assets (eop)	171,607	202,104	118,882	130,144	-27,591	-27,279	262,898	304,969
Total liabilities excluding equity (eop)	137,963	165,565	107,359	117,737	-3,477	-1,105	241,846	282,197
Impairments	**-63.2**	**13.0**	**-5.1**	**-44.8**	**0.7**	**-5.7**	**-67.7**	**-37.5**
Net impairment loss on financial assets AC/FVOCI and finance lease receivables	-55.6	13.4	27.1	-37.0	4.7	-2.5	-23.8	-26.1
Net impairment loss on commitments and guarantees given	-7.6	-0.5	-28.4	-6.0	-1.9	-3.1	-37.9	-9.6
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	-2.1	0.0	-2.1	0.0
Net impairment on other non-financial assets	0.0	0.0	-3.9	-1.8	0.0	0.0	-3.9	-1.8

Operating segments: Geographical area – Austria

in EUR million	EBOe & Subsidiaries 1-3 20	EBOe & Subsidiaries 1-3 21	Savings Banks 1-3 20	Savings Banks 1-3 21	Other Austria 1-3 20	Other Austria 1-3 21	Austria 1-3 20	Austria 1-3 21
Net interest income	161.1	149.3	266.7	262.4	112.4	98.5	540.3	510.1
Net fee and commission income	106.1	110.8	133.6	140.3	67.7	74.8	307.4	325.9
Dividend income	0.0	0.0	0.6	0.2	0.7	1.2	1.3	1.5
Net trading result	5.2	-6.8	-4.7	-6.6	-80.2	24.7	-79.7	11.3
Gains/losses from financial instruments at FVPL	-5.3	11.2	-53.4	14.0	-27.6	-3.1	-86.3	22.1
Net result from equity method investments	0.2	0.4	0.0	0.0	0.2	-0.3	0.3	0.1
Rental income from investment properties & other operating leases	14.1	15.1	10.1	10.2	12.4	10.6	36.6	35.9
General administrative expenses	-188.8	-191.5	-293.4	-297.4	-90.2	-82.4	-572.5	-571.2
Gains/losses from derecognition of financial assets at AC	0.0	0.0	0.0	1.2	0.1	0.0	0.0	1.2
Other gains/losses from derecognition of financial instruments not at FVPL	-0.1	0.0	-1.4	-0.3	0.0	-0.1	-1.5	-0.4
Impairment result from financial instruments	-21.7	5.1	-14.9	2.1	-26.6	5.7	-63.2	13.0
Other operating result	-16.9	-16.3	-10.9	-7.3	-1.6	13.8	-29.3	-9.9
Levies on banking activities	-0.9	-1.1	-1.1	-1.2	0.0	0.0	-2.0	-2.3
Pre-tax result from continuing operations	**53.9**	**77.3**	**32.4**	**118.8**	**-32.8**	**143.4**	**53.5**	**339.6**
Taxes on income	-15.2	-21.8	-16.1	-34.0	11.7	-33.0	-19.6	-88.7
Net result for the period	**38.7**	**55.6**	**16.3**	**84.9**	**-21.1**	**110.5**	**33.9**	**250.9**
Net result attributable to non-controlling interests	2.6	6.5	10.8	65.0	1.6	2.2	14.9	73.6
Net result attributable to owners of the parent	**36.1**	**49.1**	**5.5**	**19.9**	**-22.6**	**108.3**	**19.0**	**177.3**
Operating income	281.4	280.0	352.9	420.5	85.6	206.4	719.9	906.9
Operating expenses	-188.8	-191.5	-293.4	-297.4	-90.2	-82.4	-572.5	-571.2
Operating result	**92.6**	**88.5**	**59.5**	**123.2**	**-4.7**	**124.0**	**147.4**	**335.7**
Risk-weighted assets (credit risk, eop)	12,991	13,120	25,109	24,474	15,295	15,439	53,396	53,033
Average allocated capital	1,728	1,797	3,198	3,352	2,058	2,359	6,983	7,508
Cost/income ratio	67.1%	68.4%	83.1%	70.7%	>100%	39.9%	79.5%	63.0%
Return on allocated capital	9.0%	12.5%	2.1%	10.3%	-4.1%	19.0%	2.0%	13.6%
Total assets (eop)	48,131	55,614	67,771	73,547	55,705	72,943	171,607	202,104
Total liabilities excluding equity (eop)	45,893	53,333	62,676	68,215	29,394	44,017	137,963	165,565
Impairments	**-21.7**	**5.1**	**-14.9**	**2.1**	**-26.6**	**5.7**	**-63.2**	**13.0**
Net impairment loss on financial assets AC/FVOCI and finance lease receivables	-19.6	-0.1	-17.1	3.7	-18.9	9.8	-55.6	13.4
Net impairment loss on commitments and guarantees given	-2.1	5.2	2.2	-1.6	-7.7	-4.1	-7.6	-0.5
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment on investments in subsidiaries, joint ventures and associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment on other non-financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Operating segments: Geographical area – Central and Eastern Europe

in EUR million	Czech Republic 1-3 20	Czech Republic 1-3 21	Slovakia 1-3 20	Slovakia 1-3 21	Romania 1-3 20	Romania 1-3 21	Hungary 1-3 20	Hungary 1-3 21	Croatia 1-3 20	Croatia 1-3 21	Serbia 1-3 20	Serbia 1-3 21	Central and Eastern Europe 1-3 20	Central and Eastern Europe 1-3 21
Net interest income	291.9	267.4	110.7	105.0	111.7	107.6	55.1	66.1	68.5	67.3	15.3	17.1	653.3	630.6
Net fee and commission income	82.2	87.6	34.5	37.0	34.1	37.4	45.5	49.2	23.4	21.0	3.8	4.2	223.7	236.3
Dividend income	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Net trading result	9.3	19.4	-0.4	3.3	14.2	16.8	6.0	10.7	4.3	4.7	0.8	1.3	34.3	56.2
Gains/losses from financial instruments at FVPL	4.6	0.3	-4.1	-0.2	-0.8	-0.4	-0.3	-1.1	-2.0	-0.6	0.0	0.0	-2.6	-1.9
Net result from equity method investments	0.7	-0.9	1.2	1.8	-0.2	-0.2	0.0	0.0	0.2	0.3	0.0	0.0	1.9	1.0
Rental income from investment properties & other operating leases	2.1	2.0	0.1	0.1	5.6	5.7	2.0	1.9	3.1	2.3	0.0	0.0	12.9	12.0
General administrative expenses	-195.3	-197.3	-73.0	-78.4	-85.9	-81.1	-58.7	-58.6	-56.7	-51.7	-12.8	-14.0	-482.4	-481.2
Gains/losses from derecognition of financial assets at AC	0.0	0.0	0.0	0.0	0.0	0.0	0.4	1.3	0.0	0.0	0.0	0.0	0.4	1.3
Other gains/losses from derecognition of financial instruments not at FVPL	0.0	0.0	0.0	-0.3	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.0	0.1	-0.1
Impairment result from financial instruments	-24.3	-26.5	-11.3	-17.7	44.2	7.1	3.9	-2.3	-12.1	-1.5	-1.8	-2.0	-1.3	-43.0
Other operating result	-28.5	-34.0	-22.5	-7.4	-13.1	-2.3	-41.6	-22.7	-6.4	-5.5	-0.1	-0.1	-112.2	-72.0
Levies on banking activities	0.0	0.0	-16.9	0.0	0.0	0.0	-26.8	-26.2	0.0	0.0	0.0	0.0	-43.6	-26.2
Pre-tax result from continuing operations	**142.7**	**118.0**	**35.3**	**43.2**	**110.0**	**90.6**	**12.4**	**44.7**	**22.5**	**36.4**	**5.3**	**6.5**	**328.2**	**339.4**
Taxes on income	-28.8	-24.1	-7.3	-9.4	-31.5	-15.4	-3.3	-4.6	-4.1	-6.3	0.0	0.0	-75.1	-59.8
Net result for the period	**113.9**	**93.9**	**28.0**	**33.8**	**78.4**	**75.2**	**9.1**	**40.1**	**18.4**	**30.1**	**5.3**	**6.5**	**253.1**	**279.6**
Net result attributable to non-controlling interests	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	5.9	9.5	1.1	1.4	7.1	10.9
Net result attributable to owners of the parent	**113.9**	**94.0**	**28.0**	**33.8**	**78.3**	**75.1**	**9.1**	**40.1**	**12.5**	**20.6**	**4.2**	**5.2**	**246.0**	**268.7**
Operating income	390.7	375.9	142.1	147.1	164.7	166.9	108.4	126.8	97.7	95.0	20.0	22.7	923.6	934.4
Operating expenses	-195.3	-197.3	-73.0	-78.4	-85.9	-81.1	-58.7	-58.6	-56.7	-51.7	-12.8	-14.0	-482.4	-481.2
Operating result	**195.5**	**178.6**	**69.1**	**68.6**	**78.8**	**85.8**	**49.6**	**68.2**	**40.9**	**43.3**	**7.2**	**8.7**	**441.2**	**453.2**
Risk-weighted assets (credit risk, eop)	17,834	18,193	7,056	7,549	7,190	6,816	4,203	3,961	5,611	5,818	1,427	1,497	43,320	43,834
Average allocated capital	2,538	2,904	1,107	1,219	1,384	1,712	936	1,137	843	939	221	257	7,029	8,168
Cost/income ratio	50.0%	52.5%	51.4%	53.3%	52.1%	48.6%	54.2%	46.2%	58.1%	54.5%	64.1%	61.5%	52.2%	51.5%
Return on allocated capital	18.1%	13.1%	10.2%	11.2%	22.8%	17.8%	3.9%	14.3%	8.8%	13.0%	9.7%	10.3%	14.5%	13.9%
Total assets (eop)	61,814	65,643	18,721	22,360	16,236	16,952	9,426	10,860	10,401	11,675	2,284	2,654	118,882	130,144
Total liabilities excluding equity (eop)	56,523	59,895	16,999	20,580	14,402	14,964	8,307	9,656	9,124	10,301	2,004	2,341	107,359	117,737
Impairments	**-24.3**	**-26.1**	**-11.0**	**-17.7**	**40.2**	**4.8**	**4.0**	**-2.3**	**-12.3**	**-1.5**	**-1.8**	**-2.0**	**-5.1**	**-44.8**
Net impairment loss on financial assets AC/FVOCI and finance lease receivables	-22.8	-21.8	-11.2	-17.7	70.2	7.9	3.3	-2.3	-10.4	-1.0	-2.0	-2.0	27.1	-37.0
Net impairment loss on commitments and guarantees given	-1.5	-4.7	-0.1	0.0	-25.9	-0.8	0.7	0.0	-1.7	-0.4	0.2	0.0	-28.4	-6.0
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment on investments in subsidiaries, joint ventures and associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment on other non-financial assets	0.0	0.4	0.3	0.1	-4.0	-2.3	0.0	0.0	-0.2	0.0	0.0	0.0	-3.9	-1.8

Business segments (1)

in EUR million	Retail		Corporates		Group Markets		ALM&LCC	
	1-3 20	1-3 21	1-3 20	1-3 21	1-3 20	1-3 21	1-3 20	1-3 21
Net interest income	558.8	509.4	281.4	280.0	67.7	48.1	2.7	32.1
Net fee and commission income	265.6	281.0	69.4	75.2	68.1	71.9	-21.2	-20.4
Dividend income	0.0	0.0	0.5	0.4	0.2	0.8	0.1	0.1
Net trading result	27.8	24.2	-5.5	25.0	-69.7	42.0	-117.6	-50.0
Gains/losses from financial instruments at FVPL	-1.8	-1.7	-4.0	0.1	-24.6	-3.4	120.9	53.4
Net result from equity method investments	1.4	2.1	0.0	0.0	0.0	0.0	0.8	-1.0
Rental income from investment properties & other operating leases	6.0	5.9	27.1	26.4	0.0	0.1	7.2	6.0
General administrative expenses	-521.9	-524.0	-135.7	-126.4	-57.2	-54.4	-52.5	-55.4
Gains/losses from derecognition of financial assets at AC	0.0	0.0	0.1	0.0	0.0	0.0	0.1	1.3
Other gains/losses from derecognition of financial instruments not at FVPL	0.0	0.0	0.1	0.0	0.0	-0.1	-0.1	-0.1
Impairment result from financial instruments	-40.4	-39.6	-3.1	7.6	-5.2	-2.0	-0.7	1.2
Other operating result	-24.6	-14.7	-15.3	2.6	-7.6	-7.9	-85.8	-58.7
Levies on banking activities	-22.0	-9.3	-6.5	-5.1	-1.4	-1.2	-14.7	-11.7
Pre-tax result from continuing operations	**271.0**	**242.6**	**214.9**	**291.0**	**-28.3**	**95.1**	**-145.9**	**-91.4**
Taxes on income	-44.2	-51.9	-38.0	-56.4	9.1	-20.2	4.1	19.4
Net result for the period	**226.8**	**190.6**	**177.0**	**234.6**	**-19.3**	**74.9**	**-141.8**	**-72.0**
Net result attributable to non-controlling interests	5.1	7.9	8.2	11.6	0.0	1.3	-2.2	-1.2
Net result attributable to owners of the parent	**221.6**	**182.7**	**168.8**	**223.1**	**-19.3**	**73.6**	**-139.7**	**-70.8**
Operating income	857.8	820.9	368.8	407.2	41.6	159.5	-7.0	20.3
Operating expenses	-521.9	-524.0	-135.7	-126.4	-57.2	-54.4	-52.5	-55.4
Operating result	**335.9**	**296.9**	**233.1**	**280.8**	**-15.5**	**105.0**	**-59.5**	**-35.2**
Risk-weighted assets (credit risk, eop)	17,741	18,693	44,004	43,530	4,315	2,940	6,266	7,512
Average allocated capital	3,240	3,583	4,751	5,209	881	1,025	2,996	3,963
Cost/income ratio	60.8%	63.8%	36.8%	31.1%	>100%	34.1%	>100%	>100%
Return on allocated capital	28.1%	21.6%	15.0%	18.3%	-8.8%	29.6%	-19.0%	-7.4%
Total assets (eop)	62,977	65,835	58,819	60,108	43,089	66,356	68,626	77,575
Total liabilities excluding equity (eop)	90,448	103,036	32,129	36,951	42,763	55,400	53,769	58,138
Impairments	**-40.5**	**-39.6**	**-6.7**	**5.9**	**-5.2**	**-2.0**	**-0.8**	**1.1**
Net impairment loss on financial assets AC/FVOCI and finance lease receivables	-41.2	-39.1	36.5	14.4	-4.6	-1.8	-1.8	-1.3
Net impairment loss on commitments and guarantees given	0.8	-0.5	-39.6	-6.8	-0.6	-0.2	1.1	2.5
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment on investments in subsidiaries, joint ventures and associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment on other non-financial assets	-0.1	0.1	-3.6	-1.8	0.0	0.0	-0.1	-0.2

Business segments (2)

in EUR million	Savings Banks 1-3 20	Savings Banks 1-3 21	Group Corporate Center 1-3 20	Group Corporate Center 1-3 21	Intragroup Elimination 1-3 20	Intragroup Elimination 1-3 21	Total Group 1-3 20	Total Group 1-3 21
Net interest income	266.7	262.4	22.0	21.8	29.7	18.4	1,229.0	1,172.1
Net fee and commission income	133.6	140.3	-1.5	1.5	-9.8	-9.6	504.2	540.0
Dividend income	0.6	0.2	0.0	3.3	0.0	0.0	1.5	4.8
Net trading result	-4.7	-6.6	36.9	-12.9	-24.4	-12.3	-157.4	9.5
Gains/losses from financial instruments at FVPL	-53.4	14.0	0.3	-5.4	0.0	0.0	37.5	56.9
Net result from equity method investments	0.0	0.0	1.0	0.4	0.0	0.0	3.3	1.5
Rental income from investment properties & other operating leases	10.1	10.2	-5.5	-4.8	-0.1	-0.1	44.8	43.7
General administrative expenses	-293.4	-297.4	-248.8	-241.9	198.4	196.3	-1,111.2	-1,103.3
Gains/losses from derecognition of financial assets at AC	0.0	1.2	0.3	0.1	0.0	-0.1	0.4	2.5
Other gains/losses from derecognition of financial instruments not at FVPL	-1.4	-0.3	-0.3	0.1	0.0	0.1	-1.7	-0.3
Impairment result from financial instruments	-14.9	2.1	2.5	-5.0	0.0	0.0	-61.7	-35.7
Other operating result	-10.9	-7.3	210.2	151.8	-193.7	-192.6	-127.6	-126.7
Levies on banking activities	-1.1	-1.2	-4.3	-4.6	0.0	0.0	-49.9	-33.2
Pre-tax result from continuing operations	**32.4**	**118.8**	**17.2**	**-91.0**	**0.0**	**0.0**	**361.3**	**565.1**
Taxes on income	-16.1	-34.0	-17.8	18.7	0.0	0.0	-103.0	-124.3
Net result for the period	**16.3**	**84.9**	**-0.6**	**-72.3**	**0.0**	**0.0**	**258.3**	**440.8**
Net result attributable to non-controlling interests	10.8	65.0	1.0	1.2	0.0	0.0	23.0	85.7
Net result attributable to owners of the parent	**5.5**	**19.9**	**-1.7**	**-73.5**	**0.0**	**0.0**	**235.3**	**355.1**
Operating income	352.9	420.5	53.4	3.9	-4.7	-3.6	1,663.0	1,828.6
Operating expenses	-293.4	-297.4	-248.8	-241.9	198.4	196.3	-1,111.2	-1,103.3
Operating result	**59.5**	**123.2**	**-195.5**	**-238.0**	**193.7**	**192.6**	**551.7**	**725.3**
Risk-weighted assets (credit risk, eop)	25,109	24,474	1,479	2,607	0	0	98,914	99,755
Average allocated capital	3,198	3,352	5,931	5,438	0	0	20,998	22,570
Cost/income ratio	83.1%	70.7%	>100%	>100%	>100%	>100%	66.8%	60.3%
Return on allocated capital	2.1%	10.3%	0.0%	-5.4%			4.9%	7.9%
Total assets (eop)	67,771	73,547	3,627	6,426	-42,011	-44,878	262,898	304,969
Total liabilities excluding equity (eop)	62,676	68,215	2,105	5,370	-42,044	-44,914	241,846	282,197
Impairments	**-14.9**	**2.1**	**0.4**	**-5.0**	**0.0**	**0.0**	**-67.7**	**-37.5**
Net impairment loss on financial assets AC/FVOCI and finance lease receivables	-17.1	3.7	4.4	-2.0	0.0	0.0	-23.8	-26.1
Net impairment loss on commitments and guarantees given	2.2	-1.6	-1.9	-3.0	0.0	0.0	-37.9	-9.6
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	-2.1	0.0	0.0	0.0	-2.1	0.0
Net impairment on other non-financial assets	0.0	0.0	0.0	0.0	0.0	0.0	-3.9	-1.8

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 2020.

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. Furthermore, non-performing exposures also comprise non-performing forborne transactions even in cases where the client has not defaulted.

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

The credit risk exposure equates the gross carrying amount (or nominal value in the case of off-balance sheet positions) excluding:
- credit loss allowances for financial assets;
- credit loss allowances for loan commitments and financial guarantees;
- provisions for other commitments;
- any collateral held (including risk transfer to guarantors);
- netting effects;
- other credit enhancements;
- credit risk mitigating transactions.

The credit risk exposure increased in the reporting period to EUR 299.1 billion (+4.3%; EUR 286.7 billion).

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

in EUR million	Credit risk exposure	Allowances	Adjustments	Carrying amount
Mar 21				
Cash and cash balances - demand deposits to credit institutions	1,632	-1	0	1,630
Debt instruments HfT	6,387	0	0	6,387
Non-trading debt instruments at FVPL	2,771	0	0	2,771
Debt securities	2,036	0	0	2,036
Loans and advances to banks	0	0	0	0
Loans and advances to customers	735	0	0	735
Debt instruments at FVOCI	8,202	-25	218	8,420
Debt securities	8,202	-25	218	8,420
Loans and advances to banks	0	0	0	0
Loans and advances to customers	0	0	0	0
Debt instruments at AC	223,736	-3,835	0	219,901
Debt securities	31,024	-15	0	31,009
Loans and advances to banks	27,487	-9	0	27,477
Loans and advances to customers	165,225	-3,811	0	161,414
Trade and other receivables	1,682	-86	0	1,596
Finance lease receivables	4,202	-108	0	4,094
Debt instruments held for sale in disposal groups	0	0	0	0
Positive fair value of hedge accounting derivatives	149	0	0	149
Off balance-sheet exposures	50,389	-472	0	-
Total	**299,149**	**-4,528**	**218**	**244,948**
Dec 20				
Cash and cash balances - demand deposits to credit institutions	1,140	-1	0	1,139
Debt instruments HfT	6,322	0	0	6,322
Non-trading debt instruments at FVPL	2,736	0	0	2,736
Debt securities	2,048	0	0	2,048
Loans and advances to banks	0	0	0	0
Loans and advances to customers	687	0	0	687
Debt instruments at FVOCI	8,109	-25	280	8,389
Debt securities	8,109	-25	280	8,389
Loans and advances to banks	0	0	0	0
Loans and advances to customers	0	0	0	0
Debt instruments at AC	214,790	-3,850	0	210,940
Debt securities	29,594	-15	0	29,579
Loans and advances to banks	21,469	-3	0	21,466
Loans and advances to customers	163,727	-3,831	0	159,895
Trade and other receivables	1,405	-64	0	1,341
Finance lease receivables	4,235	-108	0	4,127
Debt instruments held for sale in disposal groups	0	0	0	0
Positive fair value of hedge accounting derivatives	205	0	0	205
Off balance-sheet exposures	47,758	-474	0	-
Total	**286,699**	**-4,522**	**280**	**235,199**

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.

Credit risk volume is presented by:
- counterparty sector and financial instrument;
- industry and risk category;
- region and risk category;
- business segment and risk category;
- business segment and IFRS 9 treatment;
- geographical segment and risk category;
- geographical segment and IFRS 9 treatment.

Credit risk exposure by counterparty sector and financial instrument

					At amortised cost							
in EUR million	Cash and cash balances - demand deposits to credit institutions	Debt 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
Mar 21												
Central banks	0	36	0	38	35	21,869	0	0	0	0	0	21,980
General governments	0	3,082	250	5,944	26,415	0	6,688	365	0	137	3,322	46,203
Credit institutions	1,632	2,579	600	982	3,720	5,618	0	4	146	29	884	16,192
Other financial corporations	0	314	1,047	218	168	0	3,670	71	3	16	2,372	7,879
Non-financial corporations	0	373	244	1,019	686	0	72,419	2,947	0	1,380	31,006	110,074
Households	0	1	631	0	0	0	82,447	816	0	120	12,806	96,821
Total	**1,632**	**6,387**	**2,771**	**8,202**	**31,024**	**27,487**	**165,225**	**4,202**	**149**	**1,682**	**50,389**	**299,149**
Dec 20												
Central banks	0	38	0	42	35	16,763	0	0	0	1	0	16,878
General governments	0	2,806	278	5,961	25,206	0	6,791	374	0	55	3,154	44,625
Credit institutions	1,140	2,914	625	944	3,510	4,707	0	4	204	29	852	14,928
Other financial corporations	0	146	999	205	146	0	3,727	73	1	28	2,235	7,560
Non-financial corporations	0	418	254	957	698	0	71,324	2,974	0	1,162	29,595	107,381
Households	0	1	579	0	0	0	81,885	810	0	130	11,922	95,327
Total	**1,140**	**6,322**	**2,736**	**8,109**	**29,594**	**21,469**	**163,727**	**4,235**	**205**	**1,405**	**47,758**	**286,699**

Credit risk exposure by industry and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total
Mar 21					
Agriculture and forestry	2,042	922	272	128	3,363
Mining	695	88	5	24	811
Manufacturing	16,681	3,041	742	679	21,144
Energy and water supply	3,759	751	232	64	4,806
Construction	9,606	2,795	496	326	13,223
Trade	10,859	2,983	640	493	14,976
Transport and communication	6,505	1,318	251	194	8,268
Hotels and restaurants	3,453	1,674	404	341	5,871
Financial and insurance services	44,320	1,722	354	37	46,432
Real estate and housing	26,492	5,053	1,507	368	33,419
Services	12,094	1,870	442	472	14,877
Public administration	43,385	504	148	1	44,038
Education, health and art	2,911	615	150	98	3,773
Households	75,641	4,740	1,768	1,594	83,742
Other	312	1	92	0	405
Total	**258,752**	**28,077**	**7,503**	**4,818**	**299,149**
Dec 20					
Agriculture and forestry	2,080	830	253	125	3,289
Mining	742	63	4	23	832
Manufacturing	15,950	2,966	676	634	20,226
Energy and water supply	3,940	655	233	64	4,893
Construction	9,594	2,284	435	331	12,645
Trade	10,754	2,702	575	513	14,544
Transport and communication	6,555	1,368	189	202	8,313
Hotels and restaurants	3,618	1,442	294	343	5,697
Financial and insurance services	37,653	1,557	364	37	39,611
Real estate and housing	26,262	4,982	1,344	377	32,965
Services	12,086	1,719	375	495	14,675
Public administration	41,937	387	46	1	42,370
Education, health and art	2,877	620	77	103	3,677
Households	74,640	4,507	1,662	1,593	82,403
Other	352	3	203	0	558
Total	**249,041**	**26,086**	**6,731**	**4,841**	**286,699**

Credit risk exposure by region and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total
Mar 21					
Core markets	**224,513**	**25,099**	**6,651**	**4,247**	**260,511**
Austria	107,049	11,372	1,774	1,872	122,067
Czech Republic	59,355	5,945	1,482	687	67,469
Romania	16,837	1,815	380	445	19,477
Slovakia	20,707	1,371	1,775	444	24,297
Hungary	11,216	1,114	619	181	13,130
Croatia	6,665	3,116	511	589	10,880
Serbia	2,684	367	110	30	3,191
Other EU	**22,283**	**1,258**	**368**	**339**	**24,249**
Other industrialised countries	**7,105**	**441**	**130**	**67**	**7,743**
Emerging markets	**4,850**	**1,278**	**353**	**164**	**6,646**
Southeastern Europe/CIS	2,603	738	216	125	3,683
Asia	1,869	129	30	29	2,057
Latin America	119	11	7	9	146
Middle East/Africa	259	400	100	2	761
Total	**258,752**	**28,077**	**7,503**	**4,818**	**299,149**
Dec 20					
Core markets	**216,858**	**23,219**	**5,981**	**4,163**	**250,221**
Austria	104,551	10,786	1,839	1,826	119,002
Czech Republic	52,874	6,075	1,194	642	60,784
Romania	17,217	1,837	397	455	19,905
Slovakia	20,738	1,487	1,594	409	24,229
Hungary	10,394	1,147	539	181	12,262
Croatia	8,446	1,513	305	622	10,885
Serbia	2,637	376	114	27	3,154
Other EU	**20,704**	**1,153**	**311**	**463**	**22,631**
Other industrialised countries	**6,855**	**662**	**89**	**66**	**7,671**
Emerging markets	**4,624**	**1,053**	**350**	**149**	**6,175**
Southeastern Europe/CIS	2,771	650	119	120	3,660
Asia	1,450	124	26	27	1,626
Latin America	138	12	8	1	159
Middle East/Africa	265	268	197	1	730
Total	**249,041**	**26,086**	**6,731**	**4,841**	**286,699**

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.

Credit risk exposure by reporting segment and risk category

The segment reporting of Erste Group is based on the matrix organisation by business segment as well as by geographical segment. The geographical segmentation follows the country markets in which Erste Group operates and the locations of the banking and other financial institutions participations.

Credit risk exposure by business segment and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total
Mar 21					
Retail	60,964	5,767	2,324	1,538	70,593
Corporates	66,356	12,908	3,581	1,800	84,645
Group Markets	19,172	740	105	1	20,017
ALM & LCC	49,966	284	161	19	50,430
Savings Banks	61,978	8,342	1,268	1,429	73,017
GCC	316	37	63	31	446
Total	**258,752**	**28,077**	**7,503**	**4,818**	**299,149**
Dec 20					
Retail	60,580	5,596	2,143	1,514	69,833
Corporates	66,644	11,727	2,747	1,819	82,936
Group Markets	16,522	384	224	1	17,131
ALM & LCC	44,527	223	155	20	44,925
Savings Banks	60,446	8,111	1,221	1,470	71,249
GCC	320	46	242	17	625
Total	**249,041**	**26,086**	**6,731**	**4,841**	**286,699**

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
Mar 21						
Retail	59,256	8,821	1,488	117	910	70,593
Corporates	61,016	17,020	1,502	264	4,844	84,645
Group Markets	12,748	372	0	0	6,897	20,017
ALM & LCC	49,922	230	19	0	259	50,430
Savings Banks	55,364	12,975	1,392	49	3,238	73,017
GCC	268	4	31	0	143	446
Total	**238,574**	**39,422**	**4,431**	**430**	**16,292**	**299,149**
Dec 20						
Retail	59,028	8,461	1,461	118	763	69,833
Corporates	60,296	16,931	1,551	251	3,907	82,936
Group Markets	10,273	116	1	0	6,741	17,131
ALM & LCC	44,273	308	19	0	326	44,925
Savings Banks	53,972	12,669	1,431	50	3,126	71,249
GCC	357	169	17	0	82	625
Total	**228,200**	**38,655**	**4,480**	**419**	**14,945**	**286,699**

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 282 million (EUR 274 million), the non-defaulted part to EUR 148 million (EUR 145 million).

Credit risk exposure by geographical segment and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total
Mar 21					
Austria	**140,270**	**14,254**	**2,242**	**2,450**	**159,215**
EBOe & Subsidiaries	42,679	3,686	611	603	47,579
Savings Banks	61,978	8,342	1,268	1,429	73,017
Other Austria	35,612	2,226	363	418	38,619
Central and Eastern Europe	**111,590**	**13,773**	**5,177**	**2,338**	**132,878**
Czech Republic	59,766	5,999	1,849	722	68,337
Romania	15,375	1,688	379	472	17,915
Slovakia	17,715	1,332	1,639	446	21,132
Hungary	9,675	1,045	563	162	11,445
Croatia	6,937	3,345	637	506	11,426
Serbia	2,122	363	110	29	2,624
Other	**6,892**	**50**	**84**	**31**	**7,056**
Total	**258,752**	**28,077**	**7,503**	**4,818**	**299,149**
Dec 20					
Austria	**135,415**	**13,923**	**2,200**	**2,533**	**154,072**
EBOe & Subsidiaries	41,761	3,512	566	615	46,455
Savings Banks	60,446	8,111	1,221	1,470	71,249
Other Austria	33,208	2,299	413	448	36,368
Central and Eastern Europe	**106,783**	**12,115**	**4,289**	**2,291**	**125,478**
Czech Republic	53,910	6,034	1,405	684	62,033
Romania	15,361	1,737	396	481	17,975
Slovakia	17,707	1,439	1,455	411	21,012
Hungary	8,834	1,007	539	160	10,539
Croatia	8,907	1,535	380	529	11,351
Serbia	2,064	364	114	26	2,568
Other	**6,842**	**48**	**242**	**17**	**7,149**
Total	**249,041**	**26,086**	**6,731**	**4,841**	**286,699**

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
Mar 21						
Austria	**118,202**	**26,584**	**2,374**	**72**	**11,982**	**159,215**
EBOe & Subsidiaries	38,304	7,633	592	7	1,044	47,579
Savings Banks	55,364	12,975	1,392	49	3,238	73,017
Other Austria	24,535	5,977	391	17	7,700	38,619
Central and Eastern Europe	**113,628**	**12,726**	**2,026**	**358**	**4,140**	**132,878**
Czech Republic	61,503	5,046	660	54	1,074	68,337
Romania	13,811	2,395	398	67	1,243	17,915
Slovakia	17,410	2,796	324	133	469	21,132
Hungary	9,128	1,046	129	81	1,061	11,445
Croatia	9,642	1,248	488	21	27	11,426
Serbia	2,134	196	26	2	266	2,624
Other	**6,744**	**111**	**31**	**0**	**170**	**7,056**
Total	**238,574**	**39,422**	**4,431**	**430**	**16,292**	**299,149**
Dec 20						
Austria	**114,235**	**26,033**	**2,452**	**72**	**11,278**	**154,072**
EBOe & Subsidiaries	37,174	7,633	603	6	1,038	46,455
Savings Banks	53,972	12,669	1,431	50	3,126	71,249
Other Austria	23,089	5,731	418	17	7,114	36,368
Central and Eastern Europe	**107,204**	**12,351**	**2,011**	**347**	**3,565**	**125,478**
Czech Republic	56,144	4,793	642	47	408	62,033
Romania	13,775	2,430	403	69	1,298	17,975
Slovakia	17,413	2,709	302	130	459	21,012
Hungary	8,307	919	130	77	1,106	10,539
Croatia	9,468	1,317	511	22	33	11,351
Serbia	2,098	183	24	2	262	2,568
Other	**6,760**	**271**	**17**	**0**	**101**	**7,149**
Total	**228,200**	**38,655**	**4,480**	**419**	**14,945**	**286,699**

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. 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).

Quantitative criteria. Quantitative SICR indicators include adverse changes in annualised lifetime probability of default and in lifetime probability of default with significance being assessed by reference to a mix of relative and absolute change 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. In order for the SICR to occur for a particular financial instrument, both the relative and absolute thresholds need to be breached.

The relative measure is calculated as a ratio between current annualised PD and annualised PD value on initial recognition. 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
Mar 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**
Dec 20		
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. The main rule in those cases is that downgrading of the ratings would lead to a positive conclusion on SICR. 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 estimate in ECL measurement, therefore can be changed as a result of validation or after significant change of PD models. There were reestimations for individual entities and portfolios.

For migration back to Stage 1 there are no additional cure periods established for quantitative criteria other than those already established in general credit risk practice (e.g. for rating improvement).

The absolute threshold refers to difference of LT PD on initial recognition and current LT PD. It is set to a maximum of 50 bps and serves as a back-stop 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 positively concluded.

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. We have introduced additional portfolio level SICR assessment criteria due to COVID-19 pandemic and related economic impacts. Please see Covid-19 disclosures starting on page 57.

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).

For migration back to Stage 1 there are no additional cure periods established for qualitative criteria other than those already established in general credit risk practice for the above-mentioned flags (forbearance, watch lists).

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 only occasionally to some 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 life-time of the loans. It is assumed to be the same across all assets in the same portfolio and rating band.

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

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

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

Incorporation of forward-looking information

Parameters are determined to reflect the risk as a 'point-in-time' measure and with consideration of forward-looking information (FLI). This results in using a baseline forecast and a number of alternative scenarios for selected macroeconomic variables. The alternative scenarios are derived, together with their probabilities of occurrence, as a deviation from baseline forecasts, where 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 back to through-the-cycle observations immediately in year four.

Specific situation of the Covid-19 pandemic and extensive supporting measures, mainly moratoria, lead to the lagging of the macroeconomic reflection in credit risk parameters. Therefore, macroeconomic variables of 2020 were included as additional predictors for future values of credit risk parameters. Variables in year 2020 have same values across all three scenarios.

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

Although mildly positive signs in development of macroeconomic variables were observed in 2021, for parameter estimation the FLI shifts calculated based on the December 2020 scenarios, weights and GDP values as well, are applied also in March 2021.

Baseline, upside and downside scenarios of GDP growth by geographical segment

	Scenario	Probability weights 2021-2023	GDP growth in % 2020	2021	2022	2023
Dec 20						
Austria	Upside	1%	-7.6	5.0	3.9	3.3
	Baseline	40%	-7.6	3.4	2.3	1.7
	Downside	59%	-7.6	-2.1	1.0	-0.1
Czech Republic	Upside	4%	-7.7	5.5	7.3	6.4
	Baseline	40%	-7.7	3.9	5.7	4.8
	Downside	56%	-7.7	-1.7	1.2	1.7
Slovakia	Upside	25%	-7.1	8.2	6.7	6.4
	Baseline	35%	-7.1	6.0	4.5	4.2
	Downside	40%	-7.1	-1.2	-0.0	0.9
Romania	Upside	18%	-5.9	5.3	7.1	7.3
	Baseline	40%	-5.9	2.7	4.5	4.7
	Downside	42%	-5.9	-3.6	-0.2	1.9
Hungary	Upside	6%	-6.4	5.1	6.6	5.2
	Baseline	40%	-6.4	3.9	5.4	4.0
	Downside	54%	-6.4	-1.3	1.6	2.0
Croatia	Upside	8%	-9.9	8.2	9.0	9.1
	Baseline	40%	-9.9	5.2	3.6	4.0
	Downside	52%	-9.9	-2.5	-1.4	0.9
Serbia	Upside	15%	-1.3	6.3	5.3	5.8
	Baseline	40%	-1.3	5.0	4.0	4.5
	Downside	45%	-1.3	-0.5	0.9	2.6

The growth rates for the year 2020 correspond to estimated values.

In order to reflect on the higher volatility of macro-economic variables estimates and significantly higher downward risk of macro-economic recovery due to current developments of the Covid-19 pandemics we have introduced a conservative downside scenario with relatively high probability of occurrence as shown in the GDP overview table above.

Covid-19

The Covid-19 pandemic has been causing high uncertainty in the global economy and on the global markets. Social distancing rules and lockdown restrictions imposed by governments led to economic slow-down and a significant drop of revenues across industries. Unprecedented state aid packages (e.g. state guarantees, bridge financing, the state temporarily paying workers' salaries to avoid redundancies, hardship funds for one-person and micro businesses) and moratoria programs were introduced in all of Erste Group's core markets to support citizens and companies. While such measures mitigate the negative economic effects, they complicate a timely reflection of a potential deterioration of the loan portfolios.

Effect on customers

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

The measures differed from country to country as they had to be based on the legislative steps taken by the respective governments. Nevertheless, Erste Group gave a guidance to the entities in respect of underwriting, reporting and classification processes. Whereas overall valid state-moratoria were applied only in some countries, as e.g. in Hungary and Serbia, other measures like short-term deferrals or financial support schemes with public or state guarantees were offered in all countries. In addition to programmes with standard parameters that were defined at a very early stage of the crisis and should support an efficient processing, also individual solutions were agreed with clients that did not meet all predefined requirements.

Credit risk exposure of non-financial corporations by industry – measures applied in response to the Covid-19 crisis

in EUR million	Loans and advances subject to EBA-compliant moratoria	Other loans and advances subject to Covid-19-related forbearance measures	Newly originated loans and advances subject to public guarantee schemes in the context of Covid-19
Mar 21			
Agriculture and forestry	7	3	41
Mining	5	-	7
Manufacturing	37	10	634
Energy and water supply	7	-	19
Construction	11	9	143
Trade	53	9	499
Transport and communication	64	6	297
Hotels and restaurants	370	43	187
Financial and insurance services	4	-	0
Real estate and housing	179	38	16
Services	53	4	190
Public administration	0	-	-
Education, health and art	8	0	44
Total	**797**	**122**	**2,079**
Dec 20			
Agriculture and forestry	54	1	31
Mining	0	-	5
Manufacturing	274	15	514
Energy and water supply	9	-	19
Construction	45	12	125
Trade	116	22	416
Transport and communication	96	4	235
Hotels and restaurants	497	17	164
Financial and insurance services	17	-	0
Real estate and housing	369	63	14
Services	90	1	181
Public administration	0	-	-
Education, health and art	17	18	35
Total	**1,583**	**155**	**1,739**

Loans and advances of non-financial corporations to which measures applied in the response to Covid-19 were granted and are currently valid (have not expired) amounted to EUR 2,998 million (31 December 2020: EUR 3,477 million). The manufacturing and the hotels and restaurants industries, followed by trade and real estate and housing, accounted for the highest volumes.

Loans and advances of households to which the measures applied in the response to Covid-19 were granted and are currently valid (have not expired), amounted to EUR 916 million (EUR 3,270 million).

Besides the measures disclosed in the table above, additional measures that do not meet the forbearance criteria amounting to EUR 5,491 million (EUR 3,582 million) were approved as a direct response to the Covid-19 crisis.

Effect on business

In March 2020, risk management and business divisions started a joint initiative aiming to quickly provide a harmonised guidance for a focused industry approach within Erste Group, reflecting the changed economic environment. 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.

Main driver for assigning an industry classification was the assessment of impacts of the crisis on the specific (sub)industry. The classifications are regularly reviewed on a 12-month rolling forecast basis to take current developments into account. A respective business and risk strategy for the (sub)industries was formulated based on the assessment. The assessed risk for the specific (sub)industry can lead to strategic recommendations (e.g. to temporarily limit financing for specific categories to existing clients only) and/or the revision of underwriting standards. This approach was aligned with all affected entities and business lines and approved by the respective governance bodies of Erste Group.

Exposures in particular industries that belong to critical or high risk sub-industries are referred to as significant risk in the following tables.

Credit risk exposure and credit loss allowances by industry and IFRS9 treatment – industry heatmap

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
Mar 21								
Agriculture and forestry	2,601	588	123	5	3,318	45	3,363	-100
of which significant risk	6	7	0	-	13	0	13	-0
Mining	569	43	14	5	631	180	811	-19
of which significant risk	55	1	0	-	57	2	58	-0
Manufacturing	13,849	5,215	614	47	19,726	1,418	21,144	-593
of which significant risk	3,236	3,547	295	30	7,109	479	7,588	-291
Energy and water supply	3,975	577	57	6	4,615	191	4,806	-98
of which significant risk	18	4	0	-	22	0	23	-0
Construction	9,466	1,764	278	15	11,523	1,700	13,223	-316
of which significant risk	31	18	3	0	52	4	56	-3
Trade	9,576	3,815	454	44	13,888	1,087	14,976	-432
of which significant risk	1,910	2,204	199	10	4,323	174	4,497	-176
Transport and communication	5,681	2,131	178	16	8,006	261	8,268	-174
of which significant risk	567	1,162	25	8	1,762	17	1,779	-46
Hotels and restaurants	1,282	4,158	329	29	5,798	73	5,871	-287
of which significant risk	1,217	4,103	314	29	5,663	73	5,736	-275
Financial and insurance services	39,906	1,428	29	11	41,374	5,058	46,432	-105
Real estate and housing	26,539	5,652	254	129	32,573	846	33,419	-385
of which significant risk	229	437	22	0	688	13	701	-26
Services	9,445	4,174	462	6	14,087	790	14,877	-413
of which significant risk	1,854	2,809	337	6	5,006	185	5,191	-254
Public administration	39,934	624	1	2	40,562	3,476	44,038	-45
Education, health and art	2,648	934	94	1	3,677	96	3,773	-97
of which significant risk	281	473	55	0	810	43	853	-59
Private households	72,766	8,313	1,544	113	82,737	1,006	83,742	-1,461
Other	338	4	0	0	342	63	405	-1
Total	**238,574**	**39,422**	**4,431**	**430**	**282,857**	**16,292**	**299,149**	**-4,528**
Dec 20								
Agriculture and forestry	2,550	593	122	5	3,270	19	3,289	-101
of which significant risk	6	8	0	-	14	0	14	-0
Mining	544	64	16	2	626	207	832	-20
of which significant risk	382	10	8	2	401	199	601	-13
Manufacturing	13,658	4,914	585	46	19,202	1,023	20,226	-587
of which significant risk	3,838	3,264	268	22	7,392	434	7,826	-278
Energy and water supply	4,054	577	56	8	4,695	198	4,893	-97
of which significant risk	0	3	-	-	3	0	3	-0
Construction	9,330	1,789	279	16	11,414	1,231	12,645	-320
of which significant risk	23	13	4	0	40	2	43	-3
Trade	9,251	3,758	472	44	13,525	1,019	14,544	-441
of which significant risk	2,169	2,244	193	10	4,617	213	4,830	-172
Transport and communication	5,759	1,993	196	4	7,952	361	8,313	-182
of which significant risk	977	1,192	29	1	2,199	60	2,259	-48
Hotels and restaurants	1,281	3,977	331	29	5,618	79	5,697	-271
of which significant risk	1,225	3,933	312	29	5,500	73	5,573	-255
Financial and insurance services	32,797	1,714	30	12	34,551	5,060	39,611	-110
Real estate and housing	25,893	5,824	262	129	32,108	857	32,965	-390
of which significant risk	242	340	17	0	599	4	603	-21
Services	9,461	3,976	488	5	13,930	745	14,675	-426
of which significant risk	2,395	2,688	341	5	5,430	173	5,603	-263
Public administration	38,571	560	1	3	39,135	3,235	42,370	-25
Education, health and art	2,604	932	102	1	3,638	38	3,677	-99
of which significant risk	280	465	60	0	806	8	814	-58
Private households	71,994	7,967	1,541	116	81,619	784	82,403	-1,452
Other	452	19	0	0	471	88	558	-1
Total	**228,200**	**38,655**	**4,480**	**419**	**271,754**	**14,945**	**286,699**	**-4,522**

Effect on Expected Credit Loss

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

We have concluded so far that the majority of moratoria introduced in our core markets due to the Covid-19 pandemic fulfil the conditions as defined in the EBA guidelines published during the year 2020. Relief offered to credit owners thus did not result in an automatic transfers from Stage 1 to Stage 2. However, Erste Group continues to perform individual assessments whether there are other circumstances that would lead to forbearance or default classification.

We have re-assessed credit risk parameters based on the new macro-scenarios FLI overlay in December 2020. We continued in monitoring of the macro and macro-prediction development in order to reflect up-to-date information in our credit risk parameters. GDP scenarios and weights are shown in the table displayed within Incorporation of forward looking information section above. The effect of the FLI in the ECL calculation as of 31 March 2021 amounted to EUR 536 million. The increase of EUR 419 million (thereof EUR 9 million in the first quarter of 2021) in comparison with EUR 117 million as of 31 December 2019 can be directly attributed to the Covid-19 situation.

Erste Group has addressed expected SICR by introducing Covid-19 portfolio overlays. We divided the portfolio in private individuals (PIs) and non-private individuals (non-PIs) and assessed the customers by taking into account any Covid-19 related relief measure granted as well as the internal industry heat-map and corresponding customer-specific one-year IFRS PD levels. Based on this assessment and individual reviews, customers were migrated to stage 2, i.e. lifetime ECL measure. The industry heat map and the portfolio overlays are subject to regular reviews. The effect of Covid-19 portfolio overlays in the ECL calculation as of 31 March 2021 amounted to EUR 241 million.

Erste Group will assess releases of Covid-19 portfolio overlays for PI portfolios once the moratoria are lifted. When moratoria do no longer distort DPD information, behavioural scoring will allow an unbiased SICR assessment. In case of non-PI portfolios, release of the overlays will be assessed after expiration of the measures enables a proper re-rating. Release will follow in combination with a consistent improvement of the macro indicators.

Erste Group expects an increase in defaults especially after state aid measures, in particular moratoria, are lifted.

The analysis tables below present staging splits of the current performing exposure and ECL. Movements of exposures between performing stages and resulting changes in ECL triggered by effect of Covid-19 SICR overlays and FLI macro overlays is shown.

Effects on industry segments, high risk industry subsegments and geographical segment are disclosed. Analysis shows that out of a EUR 39,422 million exposure in Stage 2 EUR 14,557 million were migrated due to Covid-19 overlays, resulting in an increase of ECL of 241 million. Further EUR 5,414 million were migrated to Stage 2 due to FLI overlay, resulting in an ECL increase of EUR 419 million (the difference between the FLI effect of EUR 536 million as of 31 March 2021 and EUR 117 million as of 31 December 2019).

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

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

Impact on credit risk exposure by geographical segment

	Current status - parameters (FLI shifted)		Effect of stage overlays due to Covid-19		Effect of FLI shifts	
in EUR million	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**
Mar 21						
Austria	**118,202**	**26,584**	**+9,509.2**	**-9,509.2**	**+4,087.8**	**-4,087.8**
EBOe & Subs.	38,304	7,633	+2,605.6	-2,605.6	+1,134.6	-1,134.6
Savings Banks	55,364	12,975	+5,006.1	-5,006.1	+1,920.2	-1,920.2
Other Austria	24,535	5,977	+1,897.5	-1,897.5	+1,032.9	-1,032.9
CEE	**113,628**	**12,726**	**+5,047.9**	**-5,047.9**	**+1,325.9**	**-1,325.9**
Czech Republic	61,503	5,046	+1,595.4	-1,595.4	+557.2	-557.2
Slovakia	17,410	2,796	+1,698.7	-1,698.7	+106.1	-106.1
Romania	13,811	2,395	+820.0	-820.0	+451.1	-451.1
Hungary	9,128	1,046	+379.0	-379.0	+148.9	-148.9
Croatia	9,642	1,248	+439.6	-439.6	+49.0	-49.0
Serbia	2,134	196	+115.2	-115.2	+13.6	-13.6
Other	**6,744**	**111**	**+0.0**	**+0.0**	**+0.0**	**+0.0**
Total	**238,574**	**39,422**	**+14,557.1**	**-14,557.1**	**+5,413.7**	**-5,413.7**
Dec 20						
Austria	114,235	26,033	+9,496.9	-9,496.9	+4,519.9	-4,519.9
EBOe & Subs.	37,174	7,633	+2,635.1	-2,635.1	+1,305.2	-1,305.2
Savings Banks	53,972	12,669	+5,007.5	-5,007.5	+2,042.6	-2,042.6
Other Austria	**23,089**	**5,731**	**+1,854.4**	**-1,854.4**	**+1,172.1**	**-1,172.1**
CEE	107,204	12,351	+4,922.6	-4,922.6	+1,363.7	-1,363.7
Czech Republic	56,144	4,793	+1,576.0	-1,576.0	+534.2	-534.2
Slovakia	17,413	2,709	+1,535.5	-1,535.5	+103.1	-103.1
Romania	13,775	2,430	+793.4	-793.4	+480.2	-480.2
Hungary	8,307	919	+468.0	-468.0	+162.2	-162.2
Croatia	9,468	1,317	+455.8	-455.8	+66.7	-66.7
Serbia	2,098	183	+93.9	-93.9	+17.3	-17.3
Other	**6,760**	**271**	**+0.0**	**+0.0**	**+0.0**	**+0.0**
Total	**228,200**	**38,655**	**+14,419.5**	**-14,419.5**	**+5,883.6**	**-5,883.6**

Impact on credit loss allowances by geographical segment

	Current status - parameters (FLI shifted)		Effect of stage overlays due to Covid-19		Effect of FLI shifts	
in EUR million	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**
Mar 21						
Austria	**-190**	**-696**	**-43.5**	**+157.3**	**+72.1**	**+199.5**
EBOe & Subs.	-42	-154	-9.7	+39.4	+18.1	+38.4
Savings Banks	-118	-382	-28.0	+92.7	+43.7	+98.0
Other Austria	-30	-160	-5.9	+25.3	+10.3	+63.2
CEE	**-281**	**-748**	**-64.7**	**+191.6**	**+100.0**	**+164.4**
Czech Republic	-101	-261	-20.3	+48.1	+42.5	+57.9
Slovakia	-34	-139	-15.0	+52.9	+13.6	+7.6
Romania	-53	-178	-13.0	+41.3	+6.5	+57.2
Hungary	-23	-70	-4.4	+14.1	+12.2	+31.1
Croatia	-59	-86	-9.8	+29.6	+21.6	+8.5
Serbia	-12	-13	-2.2	+5.6	+3.5	+2.1
Other	**-1**	**-2**	**+0.0**	**+0.0**	**+0.0**	**+0.0**
Total	**-472**	**-1,445**	**-108.2**	**+349.0**	**+172.1**	**+363.9**
Dec 20						
Austria	**-183**	**-685**	**-43.6**	**+158.4**	**+68.6**	**+202.3**
EBOe & Subs.	-41	-152	-10.2	+39.8	+17.8	+39.1
Savings Banks	-119	-371	-28.6	+95.2	+42.9	+94.2
Other Austria	-23	-162	-4.8	+23.4	+7.8	+69.0
CEE	**-280**	**-737**	**-66.0**	**+196.2**	**+97.6**	**+159.1**
Czech Republic	-100	-252	-20.6	+50.4	+40.9	+56.3
Slovakia	-35	-140	-13.7	+51.4	+12.7	+3.1
Romania	-53	-183	-12.9	+39.7	+6.2	+62.1
Hungary	-22	-64	-6.5	+19.1	+14.3	+25.6
Croatia	-57	-86	-10.2	+30.5	+20.2	+9.6
Serbia	-12	-13	-2.1	+5.2	+3.3	+2.5
Other	**-1**	**-1**	**+0.0**	**+0.0**	**+0.0**	**+0.0**
Total	**-464**	**-1,424**	**-109.5**	**+354.6**	**+166.2**	**+361.4**

Impact on credit risk exposure by industry

in EUR million	Current status - parameters (FLI shifted)		Effect of stage overlays due to Covid-19		Effect of FLI shifts	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
Mar 21						
Agriculture and forestry	2,601	588	+142.0	-142.0	+84.8	-84.8
of which significant risk	6	7	+1.0	-1.0	+0.0	-0.0
Mining	569	43	+17.9	-17.9	+7.2	-7.2
of which significant risk	55	1	+5.1	-5.1	+0.0	+0.0
Manufacturing	13,849	5,215	+3,253.6	-3,253.6	+605.4	-605.4
of which significant risk	3,236	3,547	+2,756.6	-2,756.6	+232.1	-232.1
Energy and water supply	3,975	577	+18.5	-18.5	+90.7	-90.7
of which significant risk	18	4	+0.0	+0.0	+0.0	+0.0
Construction	9,466	1,764	+197.1	-197.1	+845.5	-845.5
of which significant risk	31	18	+11.2	-11.2	+0.6	-0.6
Trade	9,576	3,815	+1,934.8	-1,934.8	+340.6	-340.6
of which significant risk	1,910	2,204	+1,671.5	-1,671.5	+65.0	-65.0
Transport and communication	5,681	2,131	+1,022.9	-1,022.9	+189.3	-189.3
of which significant risk	567	1,162	+827.7	-827.7	+6.2	-6.2
Hotels and restaurants	1,282	4,158	+2,974.6	-2,974.6	+38.0	-38.0
of which significant risk	1,217	4,103	+2,937.9	-2,937.9	+37.6	-37.6
Financial and insurance services	39,906	1,428	+54.4	-54.4	+72.9	-72.9
Real estate and housing	26,539	5,652	+1,397.0	-1,397.0	+1,792.7	-1,792.7
of which significant risk	229	437	+333.5	-333.5	+15.0	-15.0
Services	9,445	4,174	+1,980.0	-1,980.0	+171.1	-171.1
of which significant risk	1,854	2,809	+1,947.0	-1,947.0	+86.3	-86.3
Public administration	39,934	624	+5.9	-5.9	+212.2	-212.2
Education, health and art	2,648	934	+579.7	-579.7	+147.8	-147.8
of which significant risk	281	473	+332.9	-332.9	+56.8	-56.8
Households	72,766	8,313	+978.8	-978.8	+814.2	-814.2
Other	338	4	+0.0	+0.0	+1.3	-1.3
Total	**238,574**	**39,422**	**+14,557.1**	**-14,557.1**	**+5,413.7**	**-5,413.7**
Dec 20						
Agriculture and forestry	2,550	593	+145.9	-145.9	+88.3	-88.3
of which significant risk	6	8	+0.4	-0.4	+0.0	-0.0
Mining	544	64	+16.4	-16.4	+8.7	-8.7
of which significant risk	382	10	+5.9	-5.9	+0.1	-0.1
Manufacturing	13,658	4,914	+3,199.3	-3,199.3	+1,020.0	-1,020.0
of which significant risk	3,838	3,264	+2,737.2	-2,737.2	+236.2	-236.2
Energy and water supply	4,054	577	+6.5	-6.5	+84.7	-84.7
of which significant risk	0	3	+0.0	+0.0	+0.0	+0.0
Construction	9,330	1,789	+186.3	-186.3	+848.6	-848.6
of which significant risk	23	13	+103.6	-103.6	+0.0	+0.0
Trade	9,251	3,758	+1,861.1	-1,861.1	+386.5	-386.5
of which significant risk	2,169	2,244	+1,600.7	-1,600.7	+72.0	-72.0
Transport and communication	5,759	1,993	+1,178.8	-1,178.8	+201.2	-201.2
of which significant risk	977	1,192	+989.0	-989.0	+10.8	-10.8
Hotels and restaurants	1,281	3,977	+2,935.3	-2,935.3	+100.9	-100.9
of which significant risk	1,225	3,933	+2,898.5	-2,898.5	+100.9	-100.9
Financial and insurance services	32,797	1,714	+13.0	-13.0	+137.3	-137.3
Real estate and housing	25,893	5,824	+1,415.7	-1,415.7	+1,715.3	-1,715.3
of which significant risk	242	340	+240.3	-240.3	+6.1	-6.1
Services	9,461	3,976	+1,916.4	-1,916.4	+173.4	-173.4
of which significant risk	2,395	2,688	+1,891.4	-1,891.4	+92.6	-92.6
Public administration	38,571	560	+1.3	-1.3	+253.8	-253.8
Education, health and art	2,604	932	+572.5	-572.5	+117.7	-117.7
of which significant risk	280	465	+336.0	-336.0	+7.6	-7.6
Households	71,994	7,967	+971.0	-971.0	+745.7	-745.7
Other	452	19	+0.0	-0.0	+1.4	-1.4
Total	**228,200**	**38,655**	**+14,419.5**	**-14,419.5**	**+5,883.6**	**-5,883.6**

Impact on credit loss allowances by industry

in EUR million	Current status - parameters (FLI shifted)	Effect of stage overlays due to Covid-19		Effect of FLI shifts	
	All stages	Stage 1	Stage 2	Stage 1	Stage 2
Mar 21					
Agriculture and forestry	-100	-2.3	+5.5	+4.6	+15.4
of which significant risk	-0	-0.0	+0.0	+0.1	+0.2
Mining	-19	-0.1	+0.3	+0.2	+0.3
of which significant risk	-0	-0.0	+0.1	+0.1	+0.0
Manufacturing	-593	-25.3	+62.8	+23.1	+60.0
of which significant risk	-291	-19.2	+47.8	+11.1	+29.3
Energy and water supply	-98	-0.2	+0.7	+7.5	+7.9
of which significant risk	-0	+0.0	+0.0	+0.0	+0.0
Construction	-316	-1.5	+4.1	+14.0	+29.2
of which significant risk	-3	-0.1	+0.2	+0.3	+0.3
Trade	-432	-15.5	+36.2	+17.7	+29.1
of which significant risk	-176	-11.5	+26.6	+7.3	+10.1
Transport and communication	-174	-7.3	+26.8	+9.1	+16.8
of which significant risk	-46	-4.8	+20.0	+3.0	+3.9
Hotels and restaurants	-287	-20.1	+77.8	+10.4	+17.1
of which significant risk	-275	-20.0	+77.0	+10.3	+17.0
Financial and insurance services	-105	-0.2	+0.5	+6.8	+6.1
Real estate and housing	-385	-10.8	+44.7	+24.0	+45.9
of which significant risk	-26	-2.6	+10.7	+1.3	+1.2
Services	-413	-8.7	+32.9	+7.1	+16.8
of which significant risk	-254	-8.3	+31.9	+4.0	+9.0
Public administration	-45	-0.0	+0.0	+0.3	+0.3
Education, health and art	-97	-3.4	+10.5	+4.2	+10.2
of which significant risk	-59	-1.9	+6.0	+1.9	+4.8
Households	-1,461	-12.8	+46.1	+42.9	+107.9
Other	-1	+0.0	+0.0	+0.2	+0.8
Total	**-4,528**	**-108.2**	**+349.0**	**+172.1**	**+363.9**
Dec 20					
Agriculture and forestry	-101	-2.4	+5.3	+4.4	+15.9
of which significant risk	0	-0.0	+0.0	+0.1	+0.0
Mining	-20	-0.1	+0.3	+0.3	+0.4
of which significant risk	-13	-0.0	+0.1	+0.2	+0.1
Manufacturing	-587	-26.2	+64.8	+20.9	+65.2
of which significant risk	-278	-20.6	+51.4	+11.7	+22.4
Energy and water supply	-97	-0.1	+0.2	+5.4	+8.2
of which significant risk	0	+0.0	+0.0	+0.0	+0.0
Construction	-320	-1.7	+4.5	+12.6	+29.4
of which significant risk	-3	-0.7	+1.1	+0.4	+0.2
Trade	-441	-14.0	+35.1	+16.3	+29.7
of which significant risk	-172	-9.6	+25.3	+6.2	+10.3
Transport and communication	-182	-6.9	+26.9	+8.3	+15.8
of which significant risk	-48	-4.5	+20.0	+2.8	+3.4
Hotels and restaurants	-271	-19.1	+72.5	+9.7	+15.7
of which significant risk	-255	-18.9	+71.7	+9.6	+15.7
Financial and insurance services	-110	-0.1	+0.4	+5.8	+8.5
Real estate and housing	-390	-10.8	+44.5	+24.1	+46.0
of which significant risk	-21	-1.8	+7.6	+0.1	+0.2
Services	-426	-8.7	+32.0	+7.2	+15.0
of which significant risk	-263	-8.5	+31.4	+4.1	+8.2
Public administration	-25	-0.0	+0.0	+2.7	+0.3
Education, health and art	-99	-7.5	+18.8	+18.8	+22.2
of which significant risk	-58	-1.9	+6.1	+2.2	+2.4
Households	-1,452	-11.9	+49.2	+29.5	+88.1
Other	-1	-0.0	+0.0	+0.2	+0.9
Total	**-4,522**	**-109.5**	**+354.6**	**+166.2**	**+361.4**

The following tables present sensitivity analyses taking into consideration only changes due to the different values of PDs according to the baseline, upside and downside FLI scenarios. Covid-19 SICR overlays are ignored. Sensitivities of these particular scenarios are calculated in comparison to current production - weighted scenarios FLI shifted - PDs (weights and scenarios are disclosed in the "Incorporation of forward-looking information" section above). The staging and ECL results if each baseline, upside or downside scenario were of 100% weight are shown in industry and geographical segmentation.

The analyses confirm that the FLI macro shift due to the Covid-19 induced macro situation is comparable in both exposure and ECL as of 31 December 2020 and as of 31 March 2021. Credit risk exposure in an amount of EUR 5,414 million was in Stage 2 due to the FLI shift as of 31 March 2021 compared to EUR 5,884 million as of 31 December 2020. The ECL increased by EUR 9 million to EUR 536 million as of 31 March 2021 from EUR 527 million as of 31 December 2020. Our conservative probability weighted scenario results in higher Stage 2 migrations than the pure baseline scenario. That would lead to a decrease of Stage 2 exposure by EUR 1,710 million resulting in an ECL drop by EUR 98 million (EUR 104 million release from stage 2 and EUR 6 million allocation in Stage 1). The downside scenario would lead to additional EUR 1,783 million of exposure migration to Stage 2, resulting in ECL increase of EUR 104 million. Differences between the scenarios are rather mild. The biggest effect is caused by the incorporation of the 2020 macroeconomic variables relating to the Covid-19 induced crisis into the scenarios. These variables are however taken into account in each scenario with the same value. The differences among the scenarios are therefore caused by differences in the recovery estimates for the years 2021-2023.

Scenario analysis – Different probabilities of default (PD)

Impact of different scenarios on credit risk exposure by geographical segment

	Point in time (effect of FLI shifts)		Upside scenario		Baseline scenario		Downside scenario	
in EUR million	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
Mar 21								
Austria	**+4,087.8**	**-4,087.8**	**+2,096.5**	**-2,096.5**	**+1,318.1**	**-1,318.1**	**-1,284.5**	**+1,284.5**
EBOe & Subs.	+1,134.6	-1,134.6	+582.3	-582.3	+437.1	-437.1	-293.8	+293.8
Savings Banks	+1,920.2	-1,920.2	+847.4	-847.4	+575.6	-575.6	-474.7	+474.7
Other Austria	+1,032.9	-1,032.9	+666.7	-666.7	+305.5	-305.5	-515.9	+515.9
CEE	**+1,325.9**	**-1,325.9**	**+762.0**	**-762.0**	**+391.3**	**-391.3**	**-498.2**	**+498.2**
Czech Republic	+557.2	-557.2	+398.8	-398.8	+229.2	-229.2	-177.4	+177.4
Slovakia	+106.1	-106.1	+7.4	-7.4	+3.4	-3.4	-5.3	+5.3
Romania	+451.1	-451.1	+305.9	-305.9	+127.3	-127.3	-227.3	+227.3
Hungary	+148.9	-148.9	+22.5	-22.5	+11.7	-11.7	-44.6	+44.6
Croatia	+49.0	-49.0	+22.1	-22.1	+15.9	-15.9	-20.5	+20.5
Serbia	+13.6	-13.6	+5.3	-5.3	+3.9	-3.9	-23.2	+23.2
Other	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**
Total	**+5,413.7**	**-5,413.7**	**+2,858.5**	**-2,858.5**	**+1,709.5**	**-1,709.5**	**-1,782.7**	**+1,782.7**
Dec 20								
Austria	**+4,519.9**	**-4,519.9**	**+2,187.5**	**-2,187.5**	**+1,537.0**	**-1,537.0**	**-1,131.9**	**+1,131.9**
EBOe & Subs.	+1,305.2	-1,305.2	+730.6	-730.6	+569.4	-569.4	-269.3	+269.3
Savings Banks	+2,042.6	-2,042.6	+911.6	-911.6	+597.5	-597.5	-509.4	+509.4
Other Austria	+1,172.1	-1,172.1	+545.4	-545.4	+370.1	-370.1	-353.2	+353.2
CEE	**+1,363.7**	**-1,363.7**	**+688.1**	**-688.1**	**+330.0**	**-330.0**	**-458.1**	**+458.1**
Czech Republic	+534.2	-534.2	+305.0	-305.0	+164.1	-164.1	-164.1	+164.1
Slovakia	+103.1	-103.1	+8.5	-8.5	+4.8	-4.8	-5.3	+5.3
Romania	+480.2	-480.2	+315.0	-315.0	+129.2	-129.2	-247.6	+247.6
Hungary	+162.2	-162.2	+20.6	-20.6	+9.2	-9.2	-8.0	+8.0
Croatia	+66.7	-66.7	+30.5	-30.5	+15.9	-15.9	-15.0	+15.0
Serbia	+17.3	-17.3	+8.5	-8.5	+6.8	-6.8	-18.1	+18.1
Other	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**
Total	**+5,883.6**	**-5,883.6**	**+2,875.7**	**-2,875.7**	**+1,867.1**	**-1,867.1**	**-1,590.0**	**+1,590.0**

Impact of different scenarios on credit loss allowances by geographical segment

in EUR million	Point in time (effect of FLI shifts)		Upside scenario		Baseline scenario		Downside scenario	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
Mar 21								
Austria	**+72.1**	**+199.5**	**-11.3**	**+99.5**	**-7.3**	**+66.0**	**+6.5**	**-55.3**
EBOe & Subs.	+18.1	+38.4	-2.3	+19.2	-1.4	+12.6	+1.3	-9.4
Savings Banks	+43.7	+98.0	-5.5	+43.6	-3.3	+27.6	+3.3	-23.9
Other Austria	+10.3	+63.2	-3.5	+36.7	-2.5	+25.9	+2.0	-22.0
CEE	**+100.0**	**+164.4**	**+1.5**	**+66.3**	**+1.6**	**+37.6**	**-2.6**	**-52.4**
Czech Republic	+42.5	+57.9	+0.1	+29.1	+0.5	+19.5	-0.9	-15.4
Slovakia	+13.6	+7.6	+2.6	+1.9	+1.5	+1.0	-2.9	-1.9
Romania	+6.5	+57.2	-2.9	+28.8	-1.2	+13.3	+1.7	-27.1
Hungary	+12.2	+31.1	-0.4	+2.8	-0.2	+1.4	+0.6	-4.3
Croatia	+21.6	+8.5	-0.7	+3.1	-0.5	+2.1	+0.6	-2.5
Serbia	+3.5	+2.1	+2.8	+0.6	+1.7	+0.3	-1.7	-1.2
Other	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**
Total	**+172.1**	**+363.9**	**-9.8**	**+165.8**	**-5.6**	**+103.7**	**+4.0**	**-107.7**
Dec 20								
Austria	**+68.6**	**+202.3**	**-11.8**	**+100.8**	**-7.5**	**+66.2**	**+6.2**	**-52.6**
EBOe & Subs.	+17.8	+39.1	-2.8	+20.6	-2.0	+14.2	+1.7	-10.1
Savings Banks	+42.9	+94.2	-6.2	+43.6	-3.4	+26.7	+3.4	-24.5
Other Austria	+7.8	+69.0	-2.9	+36.7	-2.1	+25.3	+1.1	-18.1
CEE	**+97.6**	**+159.1**	**+2.4**	**+64.8**	**+1.9**	**+36.3**	**-2.6**	**-51.3**
Czech Republic	+40.9	+56.3	+1.5	+25.4	+1.0	+17.4	-0.2	-16.3
Slovakia	+12.7	+3.1	+2.8	+1.8	+1.6	+1.0	-3.2	-1.7
Romania	+6.2	+62.1	-3.2	+30.7	-1.5	+14.3	+1.8	-29.3
Hungary	+14.3	+25.6	-0.4	+2.3	-0.2	+1.2	+0.2	-0.9
Croatia	+20.2	+9.6	-1.0	+3.9	-0.5	+2.1	+0.4	-1.8
Serbia	+3.3	+2.5	+2.6	+0.6	+1.5	+0.4	-1.6	-1.2
Other	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**	**+0.0**
Total	**+166.2**	**+361.4**	**-9.4**	**+165.6**	**-5.6**	**+102.5**	**+3.6**	**-103.9**

Impact of different scenarios on credit risk exposure by industry

in EUR million	Point in time (effect of FLI shifts)		Upside scenario		Baseline scenario		Downside scenario	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
Mar 21								
Agriculture and forestry	+84.8	-84.8	+26.0	-26.0	+11.2	-11.2	-8.4	+8.4
of which significant risk	+0.0	-0.0	+0.0	-0.0	+0.0	-0.0	-0.0	+0.0
Mining	+7.2	-7.2	+4.9	-4.9	+4.7	-4.7	-12.6	+12.6
of which significant risk	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	-2.5	+2.5
Manufacturing	+605.4	-605.4	+305.6	-305.6	+224.2	-224.2	-317.0	+317.0
of which significant risk	+232.1	-232.1	+139.9	-139.9	+115.6	-115.6	-143.8	+143.8
Energy and water supply	+90.7	-90.7	+57.7	-57.7	+48.4	-48.4	-9.4	+9.4
of which significant risk	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0
Construction	+845.5	-845.5	+279.6	-279.6	+177.0	-177.0	-131.3	+131.3
of which significant risk	+0.6	-0.6	+0.6	-0.6	+0.5	-0.5	-0.1	+0.1
Trade	+340.6	-340.6	+94.2	-94.2	+53.4	-53.4	-101.6	+101.6
of which significant risk	+65.0	-65.0	+21.4	-21.4	+8.6	-8.6	-45.6	+45.6
Transport, communication	+189.3	-189.3	+114.8	-114.8	+100.4	-100.4	-85.2	+85.2
of which significant risk	+6.2	-6.2	+1.7	-1.7	+0.3	-0.3	-22.8	+22.8
Hotels and restaurants	+38.0	-38.0	+25.2	-25.2	+10.9	-10.9	-86.0	+86.0
of which significant risk	+37.6	-37.6	+24.9	-24.9	+10.6	-10.6	-86.0	+86.0
Financial and insurance services	+72.9	-72.9	+34.4	-34.4	+25.8	-25.8	-44.8	+44.8
Real estate and housing	+1,792.7	-1,792.7	+1,037.5	-1,037.5	+557.5	-557.5	-454.3	+454.3
of which significant risk	+15.0	-15.0	+0.0	-0.0	+0.0	-0.0	-8.6	+8.6
Services	+171.1	-171.1	+31.9	-31.9	+8.9	-8.9	-96.1	+96.1
of which significant risk	+86.3	-86.3	+12.1	-12.1	+1.4	-1.4	-90.1	+90.1
Public administration	+212.2	-212.2	+131.0	-131.0	+130.8	-130.8	-41.3	+41.3
Education, health and art	+147.8	-147.8	+101.6	-101.6	+58.7	-58.7	-76.3	+76.3
of which significant risk	+56.8	-56.8	+49.3	-49.3	+48.7	-48.7	-67.2	+67.2
Households	+814.2	-814.2	+613.1	-613.1	+297.3	-297.3	-318.3	+318.3
Other	+1.3	-1.3	+0.8	-0.8	+0.3	-0.3	-0.3	+0.3
Total	**+5,413.7**	**-5,413.7**	**+2,858.5**	**-2,858.5**	**+1,709.5**	**-1,709.5**	**-1,782.7**	**+1,782.7**
Dec 20								
Agriculture and forestry	+88.3	-88.3	+20.5	-20.5	+13.7	-13.7	-12.6	+12.6
of which significant risk	+0.0	-0.0	+0.0	-0.0	+0.0	-0.0	-0.0	+0.0
Mining	+8.7	-8.7	+6.5	-6.5	+3.6	-3.6	-37.1	+37.1
of which significant risk	+0.1	-0.1	+0.0	+0.0	+0.0	+0.0	-27.0	+27.0
Manufacturing	+1,020.0	-1,020.0	+367.1	-367.1	+265.3	-265.3	-281.0	+281.0
of which significant risk	+236.2	-236.2	+147.4	-147.4	+116.4	-116.4	-164.7	+164.7
Energy and water supply	+84.7	-84.7	+50.6	-50.6	+43.1	-43.1	-16.3	+16.3
of which significant risk	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0
Construction	+848.6	-848.6	+320.9	-320.9	+228.0	-228.0	-104.4	+104.4
of which significant risk	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0
Trade	+386.5	-386.5	+110.1	-110.1	+60.4	-60.4	-125.9	+125.9
of which significant risk	+72.0	-72.0	+17.2	-17.2	+9.7	-9.7	-66.0	+66.0
Transport, communication	+201.2	-201.2	+127.5	-127.5	+110.5	-110.5	-74.8	+74.8
of which significant risk	+10.8	-10.8	+6.2	-6.2	+5.4	-5.4	-17.5	+17.5
Hotels and restaurants	+100.9	-100.9	+79.8	-79.8	+29.3	-29.3	-78.6	+78.6
of which significant risk	+100.9	-100.9	+79.8	-79.8	+29.3	-29.3	-78.6	+78.6
Financial and insurance services	+137.3	-137.3	+64.3	-64.3	+56.3	-56.3	-25.3	+25.3
Real estate and housing	+1,715.3	-1,715.3	+959.7	-959.7	+624.1	-624.1	-425.2	+425.2
of which significant risk	+6.1	-6.1	+0.3	-0.3	+0.2	-0.2	-6.9	+6.9
Services	+173.4	-173.4	+34.3	-34.3	+10.8	-10.8	-42.7	+42.7
of which significant risk	+92.6	-92.6	+13.7	-13.7	+1.5	-1.5	-35.9	+35.9
Public administration	+253.8	-253.8	+172.7	-172.7	+171.8	-171.8	-3.0	+3.0
Education, health and art	+117.7	-117.7	+110.4	-110.4	+58.0	-58.0	-65.6	+65.6
of which significant risk	+7.6	-7.6	+6.3	-6.3	+6.2	-6.2	-4.6	+4.6
Households	+745.7	-745.7	+450.4	-450.4	+191.9	-191.9	-289.8	+289.8
Other	+1.4	-1.4	+0.7	-0.7	+0.2	-0.2	-7.7	+7.7
Total	**+5,883.6**	**-5,883.6**	**+2,875.7**	**-2,875.7**	**+1,867.1**	**-1,867.1**	**-1,590.0**	**+1,590.0**

Impact of different scenarios on credit loss allowances by industry

in EUR million	Point in time (effect of FLI shifts)		Upside scenario		Baseline scenario		Downside scenario	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
Mar 21								
Agriculture and forestry	+4.6	+15.4	-0.0	+3.4	+0.0	+2.0	-0.1	-1.7
of which significant risk	+0.1	+0.2	+0.1	+0.1	+0.1	+0.1	-0.1	-0.1
Mining	+0.2	+0.3	+0.0	+0.2	+0.0	+0.1	+0.0	-0.2
of which significant risk	+0.1	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	-0.1
Manufacturing	+23.1	+60.0	-1.1	+28.4	-1.0	+19.9	+1.2	-17.7
of which significant risk	+11.1	+29.3	-0.5	+14.9	-0.6	+11.0	+0.5	-8.7
Energy and water supply	+7.5	+7.9	-0.3	+4.0	-0.2	+2.7	-0.1	-1.7
of which significant risk	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0
Construction	+14.0	+29.2	-1.5	+11.5	-1.1	+7.8	+0.6	-5.7
of which significant risk	+0.3	+0.3	+0.0	+0.1	+0.0	+0.0	-0.0	-0.0
Trade	+17.7	+29.1	+0.4	+9.4	+0.4	+5.7	+0.5	-6.9
of which significant risk	+7.3	+10.1	+0.5	+3.4	+0.3	+2.1	+0.2	-2.9
Transport, communication	+9.1	+16.8	-0.3	+9.7	-0.4	+7.2	+0.2	-7.2
of which significant risk	+3.0	+3.9	+0.3	+2.1	+0.2	+1.3	-0.0	-1.9
Hotels and restaurants	+10.4	+17.1	-0.2	+7.8	-0.0	+4.8	+0.6	-5.9
of which significant risk	+10.3	+17.0	-0.2	+7.8	-0.0	+4.7	+0.6	-5.9
Financial and insurance services	+6.8	+6.1	-0.1	+3.3	-0.1	+2.3	+0.2	-2.0
Real estate and housing	+24.0	+45.9	-4.1	+24.2	-2.6	+16.9	+1.6	-12.0
of which significant risk	+1.3	+1.2	+0.0	+0.2	+0.0	+0.1	+0.1	-0.4
Services	+7.1	+16.8	-0.0	+5.3	+0.1	+2.9	+0.8	-6.9
of which significant risk	+4.0	+9.0	-0.0	+2.9	+0.0	+1.6	+0.8	-5.8
Public administration	+0.3	+0.3	-0.0	+0.3	-0.0	+0.3	+0.0	-0.1
Education, health and art	+4.2	+10.2	-1.0	+6.6	-0.6	+4.2	+0.3	-3.8
of which significant risk	+1.9	+4.8	-0.5	+3.6	-0.6	+3.1	+0.2	-2.8
Households	+42.9	+107.9	-1.6	+51.4	-0.1	+26.6	-2.0	-35.6
Other	+0.2	+0.8	-0.0	+0.3	-0.0	+0.1	+0.0	-0.2
Total	**+172.1**	**+363.9**	**-9.8**	**+165.8**	**-5.6**	**+103.7**	**+4.0**	**-107.7**
Dec 20								
Agriculture and forestry	+4.4	+15.9	+0.1	+4.3	+0.0	+2.7	-0.1	-2.1
of which significant risk	+0.1	+0.0	+0.1	+0.0	+0.1	+0.0	-0.1	-0.0
Mining	+0.3	+0.4	-0.0	+0.2	-0.0	+0.1	+0.1	-0.9
of which significant risk	+0.2	+0.1	+0.0	+0.0	+0.0	+0.0	+0.1	-0.7
Manufacturing	+20.9	+65.2	-1.4	+28.7	-1.1	+19.5	+0.9	-16.8
of which significant risk	+11.7	+22.4	-0.5	+11.3	-0.6	+8.5	+0.4	-7.3
Energy and water supply	+5.4	+8.2	-0.3	+4.2	-0.3	+3.1	-0.1	-2.0
of which significant risk	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0
Construction	+12.6	+29.4	-2.0	+12.2	-1.3	+8.0	+0.7	-5.5
of which significant risk	+0.4	+0.2	+0.0	+0.0	+0.0	+0.0	+0.0	-0.0
Trade	+16.3	+29.7	+0.0	+10.4	+0.1	+6.3	+0.5	-6.9
of which significant risk	+6.2	+10.3	+0.4	+3.5	+0.2	+2.2	+0.5	-3.5
Transport, communication	+8.3	+15.8	-0.3	+9.4	-0.4	+7.2	-0.1	-4.8
of which significant risk	+2.8	+3.4	+0.2	+1.8	+0.1	+1.2	-0.1	-1.2
Hotels and restaurants	+9.7	+15.7	-0.4	+7.6	-0.0	+4.3	+0.8	-6.2
of which significant risk	+9.6	+15.7	-0.4	+7.6	-0.0	+4.3	+0.8	-6.2
Financial and insurance services	+5.8	+8.5	-0.2	+4.8	-0.2	+3.3	+0.1	-2.3
Real estate and housing	+24.1	+46.0	-4.3	+25.0	-2.8	+17.3	+2.0	-12.3
of which significant risk	+0.1	+0.2	+0.0	+0.2	+0.0	+0.1	+0.1	-0.3
Services	+7.2	+15.0	-0.0	+5.0	+0.1	+2.8	+0.2	-3.2
of which significant risk	+4.1	+8.2	-0.0	+3.0	+0.0	+1.7	+0.3	-2.2
Public administration	+2.7	+0.3	-0.0	+0.3	-0.0	+0.3	+0.0	-0.1
Education, health and art	+18.8	+22.2	+0.4	+12.9	+0.4	+8.2	-0.4	-6.9
of which significant risk	+2.2	+2.4	+0.0	+1.3	-0.0	+1.0	+0.0	-0.6
Households	+29.5	+88.1	-1.1	+40.4	-0.1	+19.2	-1.1	-33.4
Other	+0.2	+0.9	+0.0	+0.3	+0.0	+0.1	+0.0	-0.5
Total	**+166.2**	**+361.4**	**-9.4**	**+165.6**	**-5.6**	**+102.5**	**+3.6**	**-103.9**

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.

On the next pages loans and advances to customers are presented by:

_ business segment and risk category;
_ business segment and IFRS 9 treatment;
_ geographical segment and risk category;
_ geographical segment and IFRS 9 treatment;
_ business segment and coverage of non-performing loans and advances to customers by loan loss allowances and collateral;
_ business segment and coverage by loan loss allowances and IFRS 9 treatment;
_ geographical segment and coverage of non-performing loans and advances to customers by loan loss allowances and collateral;
_ geographical segment and coverage by loan loss allowances and IFRS 9 treatment;
_ geographical segment and currency.

Loans and advances to customers by business segment and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total
Mar 21					
Retail	52,732	5,153	2,166	1,519	61,569
Corporates	44,158	9,878	2,881	1,592	58,510
Group Markets	360	136	23	0	519
ALM & LCC	56	30	101	4	191
Savings Banks	42,026	6,493	1,053	1,343	50,914
GCC	25	8	43	31	108
Total	**139,357**	**21,699**	**6,267**	**4,489**	**171,811**
Dec 20					
Retail	52,511	5,013	2,007	1,495	61,025
Corporates	44,961	8,735	2,247	1,624	57,567
Group Markets	565	10	1	1	577
ALM & LCC	65	50	124	4	243
Savings Banks	41,535	6,449	1,016	1,394	50,393
GCC	23	17	158	17	215
Total	**139,660**	**20,275**	**5,552**	**4,533**	**170,021**

Loans and advances to customers by business segment and IFRS 9 treatment

in EUR million	Stage 1	Stage 2	Stage 3	POCI	Customer loans (AC)	Not subject to IFRS 9 impairment	Total
Mar 21							
Retail	51,395	7,964	1,470	114	60,943	626	61,569
Corporates	43,129	13,643	1,430	210	58,413	97	58,510
Group Markets	487	32	0	0	519	0	519
ALM & LCC	166	21	4	0	190	0	192
Savings Banks	39,135	10,410	1,312	48	50,906	9	50,914
GCC	70	4	31	0	104	4	108
Total	**134,382**	**32,074**	**4,247**	**373**	**171,076**	**735**	**171,811**
Dec 20							
Retail	51,256	7,638	1,443	115	60,452	573	61,025
Corporates	42,700	13,097	1,466	203	57,466	100	57,567
Group Markets	532	44	1	0	577	0	577
ALM & LCC	213	26	4	0	243	0	243
Savings Banks	38,616	10,355	1,363	49	50,383	10	50,393
GCC	26	169	17	0	211	4	215
Total	**133,343**	**31,329**	**4,293**	**368**	**169,333**	**687**	**170,021**

Loans and advances to customers by geographical segment and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total
Mar 21					
Austria	**87,353**	**10,784**	**1,832**	**2,301**	**102,271**
EBOe & Subsidiaries	31,875	3,041	528	566	36,010
Savings Banks	42,026	6,493	1,053	1,343	50,914
Other Austria	13,452	1,250	251	392	15,346
Central and Eastern Europe	**51,958**	**10,894**	**4,391**	**2,157**	**69,400**
Czech Republic	23,389	4,692	1,590	691	30,362
Romania	7,479	1,201	338	413	9,430
Slovakia	12,416	1,135	1,342	386	15,279
Hungary	3,498	892	449	147	4,985
Croatia	3,874	2,651	564	492	7,581
Serbia	1,302	325	108	28	1,763
Other	**46**	**20**	**43**	**31**	**141**
Total	**139,357**	**21,699**	**6,267**	**4,489**	**171,811**
Dec 20					
Austria	**86,658**	**10,610**	**1,708**	**2,401**	**101,376**
Erste Bank Oesterreich & Subsidiaries	31,623	2,928	504	578	35,634
Savings Banks	41,535	6,449	1,016	1,394	50,393
Other Austria	13,500	1,233	188	428	15,349
Central and Eastern Europe	**52,956**	**9,645**	**3,687**	**2,116**	**68,404**
Czech Republic	22,899	4,771	1,275	651	29,597
Romania	7,317	1,231	349	419	9,316
Slovakia	12,481	1,227	1,216	364	15,289
Hungary	3,512	851	433	151	4,947
Croatia	5,465	1,237	303	506	7,511
Serbia	1,281	327	110	25	1,744
Other	**46**	**20**	**158**	**17**	**240**
Total	**139,660**	**20,275**	**5,552**	**4,533**	**170,021**

Loans and advances to customers by geographical segment and IFRS 9 treatment

in EUR million	Stage 1	Stage 2	Stage 3	POCI	Customer loans (AC)	Not subject to IFRS 9 impairment	Total
Mar 21							
Austria	**78,735**	**21,118**	**2,241**	**71**	**102,166**	**105**	**102,271**
EBOe & Subsidiaries	29,176	6,254	563	7	36,000	11	36,010
Savings Banks	39,135	10,410	1,312	48	50,906	9	50,914
Other Austria	10,424	4,454	366	16	15,260	86	15,346
Central and Eastern Europe	**55,555**	**10,941**	**1,976**	**302**	**68,774**	**626**	**69,400**
Czech Republic	25,407	4,257	645	53	30,362	0	30,362
Romania	6,938	2,045	382	64	9,430	0	9,430
Slovakia	12,387	2,483	323	87	15,279	0	15,279
Hungary	3,211	950	123	74	4,359	626	4,985
Croatia	6,064	1,020	476	21	7,581	0	7,581
Serbia	1,548	186	26	2	1,763	0	1,763
Other	**91**	**16**	**31**	**0**	**137**	**4**	**141**
Total	**134,382**	**32,074**	**4,247**	**373**	**171,076**	**735**	**171,811**
Dec 20							
Austria	**78,106**	**20,748**	**2,341**	**71**	**101,267**	**109**	**101,376**
EBOe & Subsidiaries	28,688	6,352	575	6	35,622	12	35,634
Savings Banks	38,616	10,355	1,363	49	50,383	10	50,393
Other Austria	10,803	4,041	403	16	15,262	87	15,349
Central and Eastern Europe	**55,187**	**10,410**	**1,935**	**296**	**67,829**	**575**	**68,404**
Czech Republic	24,980	3,958	611	47	29,596	2	29,597
Romania	6,818	2,044	387	66	9,316	0	9,316
Slovakia	12,514	2,390	301	84	15,289	0	15,289
Hungary	3,354	820	124	76	4,374	573	4,947
Croatia	5,973	1,028	489	22	7,511	0	7,511
Serbia	1,548	171	23	2	1,744	0	1,744
Other	**49**	**171**	**17**	**0**	**237**	**4**	**240**
Total	**133,343**	**31,329**	**4,293**	**368**	**169,333**	**687**	**170,021**

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 227 million (EUR 226 million), the non-defaulted part to EUR 145 million (EUR 142 million).

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.

Customer loans, non-performing loans and collateral include both AC and FVPL portfolios.

Non-performing loans and advances to customers by business 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**
Mar 21												
Retail	1,519	1,518	61,569	60,943	-1,489	578	577	2.5%	2.5%	98.1%	38.1%	38.0%
Corporates	1,592	1,582	58,510	58,414	-1,516	622	622	2.7%	2.7%	95.8%	39.1%	39.3%
Group Markets	0	0	519	519	-1	0	0	0.1%	0.1%	491.8%	0.0%	0.0%
ALM & LCC	4	4	192	190	-11	0	0	2.1%	2.1%	266.7%	1.7%	1.7%
Savings Banks	1,343	1,341	50,914	50,906	-967	717	715	2.6%	2.6%	72.1%	53.4%	53.3%
GCC	31	28	108	104	-21	17	15	28.4%	27.1%	72.8%	55.8%	52.2%
Total	**4,489**	**4,473**	**171,811**	**171,076**	**-4,004**	**1,934**	**1,928**	**2.6%**	**2.6%**	**89.5%**	**43.1%**	**43.1%**
Dec 20												
Retail	1,495	1,494	61,025	60,452	-1,466	599	599	2.4%	2.5%	98.2%	40.1%	40.1%
Corporates	1,624	1,614	57,567	57,466	-1,530	631	630	2.8%	2.8%	94.8%	38.9%	39.1%
Group Markets	1	1	577	577	-3	0	0	0.1%	0.1%	378.4%	0.0%	0.0%
ALM & LCC	4	4	243	243	-11	0	0	1.6%	1.6%	278.6%	1.8%	1.8%
Savings Banks	1,394	1,391	50,393	50,383	-976	732	729	2.8%	2.8%	70.2%	52.5%	52.4%
GCC	17	15	215	211	-16	8	6	7.8%	6.9%	111.4%	47.3%	39.4%
Total	**4,533**	**4,518**	**170,021**	**169,333**	**-4,002**	**1,970**	**1,964**	**2.7%**	**2.7%**	**88.6%**	**43.5%**	**43.5%**

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**
Mar 21											
Retail	51,395	7,964	1,470	114	-129	-458	-870	-32	5.8%	59.2%	27.6%
Corporates	43,129	13,643	1,430	210	-138	-455	-839	-85	3.3%	58.6%	40.3%
Group Markets	487	32	0	0	-1	0	0	0	1.4%	16.1%	0.0%
ALM & LCC	166	21	4	0	-2	-5	-4	0	23.3%	103.1%	0.0%
Savings Banks	39,135	10,410	1,312	48	-92	-297	-574	-4	2.9%	43.7%	7.7%
GCC	70	4	31	0	0	0	-20	0	2.0%	65.5%	0.0%
Total	**134,382**	**32,074**	**4,247**	**373**	**-362**	**-1,216**	**-2,307**	**-120**	**3.8%**	**54.3%**	**32.2%**
Dec 20											
Retail	51,256	7,638	1,443	115	-129	-455	-849	-34	6.0%	58.8%	29.4%
Corporates	42,700	13,097	1,466	203	-135	-443	-865	-88	3.4%	59.0%	43.2%
Group Markets	532	44	1	0	-1	-2	0	0	4.5%	5.3%	100.0%
ALM & LCC	213	26	4	0	-1	-6	-4	0	21.7%	115.2%	
Savings Banks	38,616	10,355	1,363	49	-93	-287	-592	-4	2.8%	43.5%	7.6%
GCC	26	169	17	0	0	0	-16	0	0.1%	93.7%	0.0%
Total	**133,343**	**31,329**	**4,293**	**368**	**-358**	**-1,193**	**-2,326**	**-125**	**3.8%**	**54.2%**	**34.1%**

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
Mar 21												
Austria	**2,301**	**2,290**	**102,271**	**102,166**	**-1,642**	**1,170**	**1,168**	**2.3%**	**2.2%**	**71.7%**	**50.9%**	**51.0%**
EBOe & Subs	566	566	36,010	36,000	-364	308	308	1.6%	1.6%	64.3%	54.4%	54.4%
Savings Banks	1,343	1,341	50,914	50,906	-967	717	715	2.6%	2.6%	72.1%	53.4%	53.3%
Other Austria	392	382	15,346	15,260	-311	146	145	2.6%	2.5%	81.3%	37.2%	38.0%
CEE	**2,157**	**2,156**	**69,400**	**68,774**	**-2,342**	**747**	**746**	**3.1%**	**3.1%**	**108.6%**	**34.6%**	**34.6%**
Czech Republic	691	691	30,362	30,362	-774	159	159	2.3%	2.3%	112.1%	23.0%	23.0%
Romania	413	412	9,430	9,430	-504	148	147	4.4%	4.4%	122.3%	35.7%	35.7%
Slovakia	386	386	15,279	15,279	-394	153	153	2.5%	2.5%	102.1%	39.6%	39.6%
Hungary	147	146	4,985	4,359	-171	86	85	2.9%	3.3%	117.2%	58.3%	58.1%
Croatia	492	492	7,581	7,581	-454	198	198	6.5%	6.5%	92.3%	40.2%	40.2%
Serbia	28	28	1,763	1,763	-44	4	4	1.6%	1.6%	156.5%	12.8%	12.8%
Other	**31**	**28**	**141**	**137**	**-21**	**17**	**15**	**21.7%**	**20.6%**	**72.8%**	**55.8%**	**52.2%**
Total	**4,489**	**4,473**	**171,811**	**171,076**	**-4,004**	**1,934**	**1,928**	**2.6%**	**2.6%**	**89.5%**	**43.1%**	**43.1%**
Dec 20												
Austria	**2,401**	**2,388**	**101,376**	**101,267**	**-1,670**	**1,182**	**1,179**	**2.4%**	**2.4%**	**69.9%**	**49.2%**	**49.4%**
EBOe & Subs	578	578	35,634	35,622	-367	318	318	1.6%	1.6%	63.4%	54.9%	54.9%
Savings Banks	1,394	1,391	50,393	50,383	-976	732	729	2.8%	2.8%	70.2%	52.5%	52.4%
Other Austria	428	419	15,349	15,262	-327	132	132	2.8%	2.7%	78.1%	30.9%	31.5%
CEE	**2,116**	**2,115**	**68,404**	**67,829**	**-2,317**	**780**	**779**	**3.1%**	**3.1%**	**109.5%**	**36.9%**	**36.8%**
Czech Republic	651	651	29,597	29,596	-750	178	178	2.2%	2.2%	115.1%	27.3%	27.3%
Romania	419	418	9,316	9,316	-512	154	154	4.5%	4.5%	122.5%	36.7%	36.7%
Slovakia	364	364	15,289	15,289	-391	145	145	2.4%	2.4%	107.4%	39.8%	39.8%
Hungary	151	150	4,947	4,374	-167	90	89	3.0%	3.4%	111.4%	59.8%	59.6%
Croatia	506	506	7,511	7,511	-454	210	210	6.7%	6.7%	89.7%	41.5%	41.5%
Serbia	25	25	1,744	1,744	-43	4	4	1.5%	1.5%	168.2%	14.1%	14.1%
Other	**17**	**15**	**240**	**237**	**-16**	**8**	**6**	**7.0%**	**6.1%**	**111.4%**	**47.3%**	**39.4%**
Total	**4,533**	**4,518**	**170,021**	**169,333**	**-4,002**	**1,970**	**1,964**	**2.7%**	**2.7%**	**88.6%**	**43.5%**	**43.5%**

Loans and advances to customers at AC and coverage by loan loss allowances by geographical 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
Mar 21											
Austria	**78,735**	**21,118**	**2,241**	**71**	**-139**	**-526**	**-973**	**-4**	**2.5%**	**43.4%**	**5.2%**
EBOe & Subs	29,176	6,254	563	7	-32	-122	-211	0	1.9%	37.5%	0.1%
Savings Banks	39,135	10,410	1,312	48	-92	-297	-574	-4	2.9%	43.7%	7.7%
Other AT	10,424	4,454	366	16	-15	-107	-189	0	2.4%	51.6%	0.0%
CEE	**55,555**	**10,941**	**1,976**	**302**	**-223**	**-690**	**-1,313**	**-116**	**6.3%**	**66.5%**	**38.5%**
Czech Republic	25,407	4,257	645	53	-86	-242	-426	-20	5.7%	66.0%	36.7%
Romania	6,938	2,045	382	64	-39	-165	-286	-15	8.0%	74.9%	22.9%
Slovakia	12,387	2,483	323	87	-30	-128	-179	-57	5.2%	55.4%	66.1%
Hungary	3,211	950	123	74	-16	-65	-75	-15	6.8%	61.4%	19.9%
Croatia	6,064	1,020	476	21	-42	-77	-326	-9	7.6%	68.6%	43.5%
Serbia	1,548	186	26	2	-10	-13	-20	-1	7.2%	76.2%	32.0%
Other	**91**	**16**	**31**	**0**	**0**	**0**	**-20**	**0**	**0.5%**	**65.5%**	**0.0%**
Total	**134,382**	**32,074**	**4,247**	**373**	**-362**	**-1,216**	**-2,307**	**-120**	**3.8%**	**54.3%**	**32.2%**
Dec 20											
Austria	**78,106**	**20,748**	**2,341**	**71**	**-139**	**-514**	**-1,014**	**-4**	**2.5%**	**43.3%**	**5.3%**
EBOe & Subs	28,688	6,352	575	6	-31	-119	-217	0	1.9%	37.6%	0.1%
Savings Banks	38,616	10,355	1,363	49	-93	-287	-592	-4	2.8%	43.5%	7.6%
Other AT	10,803	4,041	403	16	-15	-107	-205	0	2.7%	50.8%	0.0%
CEE	**55,187**	**10,410**	**1,935**	**296**	**-219**	**-679**	**-1,297**	**-122**	**6.5%**	**67.0%**	**41.1%**
Czech Republic	24,980	3,958	611	47	-83	-232	-413	-22	5.9%	67.6%	46.1%
Romania	6,818	2,044	387	66	-38	-170	-287	-17	8.3%	74.3%	25.1%
Slovakia	12,514	2,390	301	84	-31	-128	-175	-57	5.4%	58.1%	68.5%
Hungary	3,354	820	124	76	-16	-59	-76	-16	7.2%	61.5%	21.2%
Croatia	5,973	1,028	489	22	-41	-76	-327	-9	7.4%	66.8%	43.5%
Serbia	1,548	171	23	2	-10	-13	-18	-1	7.8%	78.6%	35.5%
Other	**49**	**171**	**17**	**0**	**0**	**0**	**-16**	**0**	**0.1%**	**93.7%**	**0.0%**
Total	**133,343**	**31,329**	**4,293**	**368**	**-358**	**-1,193**	**-2,326**	**-125**	**3.8%**	**54.2%**	**34.1%**

Loans and advances to customers by geographical segment and currency

in EUR million	EUR	CEE-LCY	CHF	USD	Other	Total
Mar 21						
Austria	**95,026**	**0**	**2,354**	**2,886**	**2,005**	**102,271**
Erste Bank Oesterreich & Subsidiaries	34,894	0	983	58	76	36,010
Savings Banks	48,490	0	1,332	71	1,022	50,914
Other Austria	11,642	0	39	2,758	908	15,346
Central and Eastern Europe	**29,641**	**39,497**	**21**	**183**	**57**	**69,400**
Czech Republic	4,082	26,186	0	64	30	30,362
Romania	3,075	6,273	0	82	0	9,430
Slovakia	15,247	0	0	5	27	15,279
Hungary	1,226	3,730	3	26	0	4,985
Croatia	4,690	2,870	18	2	0	7,581
Serbia	1,320	439	0	3	0	1,763
Other	**75**	**45**	**4**	**17**	**0**	**141**
Total	**124,742**	**39,542**	**2,379**	**3,085**	**2,063**	**171,811**
Dec 20						
Austria	**93,915**	**0**	**2,672**	**2,518**	**2,272**	**101,376**
Erste Bank Oesterreich & Subsidiaries	34,395	0	1,124	41	73	35,634
Savings Banks	47,503	0	1,505	57	1,329	50,393
Other Austria	12,017	0	43	2,420	869	15,349
Central and Eastern Europe	**29,657**	**38,515**	**22**	**154**	**56**	**68,404**
Czech Republic	4,069	25,446	0	41	40	29,597
Romania	3,108	6,130	0	78	0	9,316
Slovakia	15,269	0	0	3	16	15,289
Hungary	1,277	3,643	3	23	0	4,947
Croatia	4,624	2,864	19	4	0	7,511
Serbia	1,310	431	0	3	0	1,744
Other	**175**	**45**	**4**	**16**	**0**	**240**
Total	**123,747**	**38,560**	**2,698**	**2,687**	**2,328**	**170,021**

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 20	Mar 21
Interest	3.4	3.2
Currency	1.6	3.1
Shares	1.4	0.9
Commodity	0.5	0.3
Volatility	0.5	1.0
Total	**3.5**	**3.3**

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 II and III programmes (Targeted Longer-Term Refinancing Operations) of the European Central Bank, Erste Group Bank AG has budgeted long term issuance for 2021 in the amount of EUR 2.8 billion. In the first three months of the year, Erste Group issued about EUR 700 million (net of EUR 3 million buybacks), including a senior preferred EUR benchmark transaction. The liquidity situation remained stable also in the CEE entities and did not show any negative impacts due to the Covid-19 situation in the first quarter of 2021. On group level, Erste Group's total TLTRO participation amounted to EUR 18.1 billion.

Leverage ratio

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

As of 31 March 2021, the leverage ratio for Erste Group Bank AG at consolidated level amounted to 6.2%, comfortably above the 3.0% minimum requirement defined in Article 92 Capital Requirements Regulation (CRR). Tier 1 capital amounted to EUR 19.7 billion at the reference date, while total leverage exposure stood at EUR 320.8 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), which was published in the Official Journal of the European Union on 17 January 2015.

30. Related party transactions

The foundation DIE ERSTE oesterreichische Spar-Casse Privatstiftung (Privatstiftung) controls a total of 31.17% 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 2.5 million (EUR 10.7 million) and no accounts receivable. At the end of the reporting period, Privatstiftung held bonds issued by Erste Group Bank AG of EUR 7.2 million (EUR 7.2 million). In the reporting period interest expenses amounted to EUR 0.1 million (EUR 0.2 million), resulting from the above mentioned accounts payable.

31. Contingent liabilities – legal proceedings

There have not been any material changes since year-end 2020 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

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. 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.

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

Financial instruments carried at fair value

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 derivatives as well as liquid OTC bonds.

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 2015, as a consequence of the negative interest environment, valuation models of interest rate options for the respective currencies were adjusted. Log-normal valuation models were replaced by standard market models which are based on a shifted log-normal distribution or a standard distribution. For such models negative interest rates are no restriction.

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 where expected cash flows of assets are discounted by the full rate including risk premium required for non-market risk based part of the interest rate to be compliant with fair value definition. 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 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 relevered beta and the country risk premium. The relevered 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 models based on multiples. The comparable company multiple method is a valuation technique within the market approach that uses 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. Moreover optionality is taken into account 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 ESTER (Euro Short-Term Rate) with a transition phase until 31 December 2021. In Erste Group all contracts with CCP's (Central Counter Parties), LCH (London Clearing House) and EUREX have been converted in 2020 and for the respective collaterals ESTER is used as interest rate. Furthermore, the conversion for a significant part of unsecured derivatives was done in November 2020. The fair value of these derivatives is already determined using ESTER as discount rate. Furthermore, the conversion for the most part of unsecured derivatives was done in November 2020. The valuation difference resulting from the conversion has been offset by a compensation payment. The change for all bilateral contracts and CSA's (Credit Support Annex) is in process and will take place the same way as for CCP's contracts.

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 17.5 million (2020: EUR 17.6 million) and the total DVA-adjustment amounted to EUR 4.8 million (2020: EUR 3.1 million).

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. More particular, the evaluated fair value can qualify as Level 1 if transactions occur with sufficient frequency, volume and pricing consistency on an ongoing basis.

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

Leve 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.

These 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. For Level 3 valuations besides observable parameters 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.

These include shares, participations and funds not quoted, illiquid bonds as well as collateralized mortgage obligations (CMO) as well as loans. In addition, fund units issued by investment funds fully consolidated by Erste Group as well as own issues are reported in this category.

A reclassification from Level 1 into Level 2 or Level 3 as well as vice versa will be done 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

	Dec 20				Mar 21			
in EUR million	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Financial assets HfT	2,390	3,881	85	6,356	3,058	3,330	76	6,464
Derivatives	4	2,875	75	2,954	7	2,501	44	2,551
Other financial assets held for trading	2,385	1,007	10	3,402	3,051	829	32	3,912
Non-trading financial assets - FVPL	1,805	232	1,046	3,083	1,766	239	1,092	3,096
Equity instruments	59	7	282	347	42	6	276	325
Debt securities	1,747	225	77	2,048	1,723	233	80	2,036
Loans and advances	0	0	687	687	0	0	735	735
Financial assets FVOCI	7,347	795	376	8,519	7,341	780	426	8,547
Hedge accounting derivatives	0	205	0	205	0	141	9	149
Total assets	**11,542**	**5,113**	**1,508**	**18,163**	**12,164**	**4,490**	**1,602**	**18,256**
Liabilities								
Financial liabilities HfT	500	2,123	2	2,625	502	1,687	4	2,192
Derivatives	3	2,032	2	2,037	6	1,621	4	1,631
Other financial liabilities held for trading	496	91	0	588	495	66	0	561
Financial liabilities - FVPL	347	11,408	336	12,091	347	10,794	242	11,383
Deposits from customers	0	254	0	254	0	230	0	230
Debt securities issued	347	11,154	155	11,657	347	10,564	70	10,982
Other financial liabilities	0	0	180	180	0	0	172	172
Hedge accounting derivatives	0	189	0	189	0	191	0	191
Total liabilities	**846**	**13,720**	**338**	**14,905**	**849**	**12,672**	**246**	**13,766**

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

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

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

Changes in Level 1 and Level 2 volumes of financial instruments carried at fair value in the balance sheet

	Dec 20		Mar 21	
in EUR million	Level 1	Level 2	Level 1	Level 2
Securities				
Net transfer from Level 1		-5		113
Net transfer from Level 2	5		-113	
Net transfer from Level 3	0	-7	0	3
Purchases/sales/expiries	-400	163	733	-301
Changes in derivatives	-2	230	2	-439
Total year-to-date change	**-397**	**381**	**622**	**-624**

Level 1-Movements. The total amount of Level 1 financial assets increased by EUR 622 million compared to last year. The volume of Level 1 securities increased by EUR 620 million. The main changes are caused by matured or sold assets in the amount of EUR 1,710 million and by new investments in the amount of EUR 722 million. Furthermore, the increase in volume for securities that were allocated to Level 1 at both reporting dates (2021 and 2020) amounted to EUR 1,580 million (due to partial purchases and sales and fair value changes caused by market movements). Due to improved market liquidity, assets in the amount of EUR 137 million have been reclassified from Level 2 to Level 1. This applied mainly to securities issued by governments (EUR 129 million), but also to securities issued by other corporates (EUR 5 million) and financial institutions (EUR 3 million). Due to lower market activity and changes to modelled fair value, securities in total of EUR 250 million have been moved from Level 1 to Level 2. This applies mainly to securities issued by governments (EUR 232 million), as well as securities issued by financial institutions (EUR 18 million). The remaining positive change in the amount of EUR 91 million was due to partial sales and fair value changes of reclassified instruments. The volume of derivatives increased by EUR 2 million.

Level 2-Movements: Financial Assets. The total value of Level 2 financial assets decreased between 2021 and 2020 by EUR 623 million. The Level 2 fair value change of securities and other receivables (in total down by EUR 185 million) can be explained for the most part by matured or sold positions in the amount of EUR 594 million and new investments in the amount of EUR 264 million. The increase in volume for securities that have been allocated to Level 2 at both reporting dates 2021 and 2020 amounted to EUR 17 million due to purchases or sales in volumes and changes in market values. Due to reduced market depth a total volume of EUR 250 million was reclassified from Level 1 to Level 2 in 2020. This applies mainly to securities issued by governments (EUR 232 million) and securities issued by financial institutions (EUR 18 million). Securities in the amount of EUR 137 million were reclassified from Level 2 to Level 1 for the reporting date. Due to the use of significant non-observable valuation parameters a total volume of EUR 7 million was reclassified from Level 2 to Level 3. Due to a change to valuation models with significant observable parameters a total volume of EUR 10 million was reclassified from Level 3 to Level 2. The remaining positive change in the amount of EUR 12 million was due to partial sales and fair value changes of reclassified instruments. The decrease on the asset side derivatives in Level 2 by EUR 439 million are caused by changes in market values and by netting effects.

Level 2-Movements: Financial Liabilities. The total Level 2 financial liabilities decreased by EUR 1,048 million. Whereas the fair value of derivatives decreased by EUR 409 million, the portfolio of securities decreased by EUR 615 million. The fair value of client deposits decreased by EUR 24 million.

Movements in Level 3 of financial instruments carried at fair value

Development of fair value of financial instruments in Level 3

in EUR million		Gain/loss in profit or loss	Gain/loss in OC	Purch-ases	Sales	Settle-ments	Additions to Group	Disposal out of Group	Transfer into Level 3	Transfer out of Level 3	Currency translation	
	Jan 21											**Mar 21**
Assets												
Financial assets HfT	85	-9	0	22	-1	0	0	0	1	-23	0	76
Derivatives	75	-9	0	0	0	0	0	0	1	-23	0	44
Other financial assets held for trading	10	0	0	22	-1	0	0	0	1	0	0	32
Non-trading financial assets at FVPL	1,046	-6	0	60	-3	-7	0	0	1	-1	1	1,092
Equity instruments	282	-4	0	1	-3	0	0	0	0	0	0	276
Debt securities	77	1	0	1	0	0	0	0	1	0	0	80
Loans and advances	687	-3	0	58	0	-7	0	0	0	-1	1	735
Financial assets FVOCI	376	0	-3	8	-6	-10	0	0	69	-9	0	426
Hedge accounting derivatives	0	0	0	0	0	0	0	0	9	0	0	9
Total assets	**1,508**	**-15**	**-3**	**91**	**-10**	**-17**	**0**	**0**	**80**	**-33**	**1**	**1,602**
Liabilities												
Financial liabilities HfT	2	2	0	0	0	0	0	0	1	-2	0	4
Derivatives	2	2	0	0	0	0	0	0	1	-2	0	4
Other financial liabilities held for trading	0	0	0	0	0	0	0	0	0	0	0	0
Financial liabilities at FVPL	336	0	0	5	-13	0	0	0	11	-96	0	242
Deposits from customers	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued	155	0	0	0	0	0	0	0	11	-96	0	70
Other financial liabilities	180	0	0	5	-13	0	0	0	0	0	0	172
Total liabilities	**338**	**2**	**0**	**5**	**-13**	**0**	**0**	**0**	**12**	**-98**	**0**	**246**
	Jan 20											**Mar 20**
Assets												
Financial assets HfT	93	16	0	5	0	-1	0	0	75	-1	-3	185
Derivatives	79	17	0	2	0	-1	0	0	72	-1	-2	165
Other financial assets held for trading	14	-1	0	3	0	0	0	0	3	0	0	20
Non-trading financial assets at FVPL	922	-9	0	82	-4	-6	0	0	1	-6	-38	942
Financial assets at FVOCI	457	1	-4	13	-76	-3	0	0	9	-7	-4	385
Total assets	**1,473**	**7**	**-4**	**100**	**-80**	**-10**	**0**	**0**	**85**	**-13**	**-44**	**1,512**
Liabilities												
Financial liabilities HfT	5	3	0	0	0	0	0	0	4	0	0	11
Derivatives	5	3	0	0	0	0	0	0	4	0	0	11
Other financial liabilities held for trading	0	0	0	0	0	0	0	0	0	0	0	0
Financial liabilities at FVPL	308	-10	-2	48	-45	-1	0	0	0	0	0	297
Deposits from customers	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities issued	89	0	-2	0	0	-1	0	0	0	0	0	86
Other financial liabilities	219	-10	0	48	-45	0	0	0	0	0	0	211
Total liabilities	**313**	**-8**	**-2**	**48**	**-45**	**-1**	**0**	**0**	**4**	**0**	**0**	**309**

Level 3-Movements. The reclassification of securities to Level 3 was caused by a decrease in market liquidity and was based on an in-depth analysis of broker quotes. Based on the described analysis securities in the amount of EUR 7 million were reclassified from Level 2 to Level 3. The change is coming from securities issued by other corporates (EUR 7 million). On the other hand, securities that were on the balance at both reporting dates (2021 and 2020) were reclassified from Level 3 to Level 2 in the amount of EUR 10 million. Thereof, EUR 10 million are securities issued by other corporates. Loans and advances which are measured at fair value under IFRS 9 increased by EUR 48 million, mainly by purchases. The additional change in Level 3 positions was on the one hand caused by a decrease in derivative exposure of EUR 22 million and on the other hand by an increase caused by the purchase, sale and market value change of securities in the amount of EUR 72 million.

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

in EUR million	1-3 20	1-3 21
Assets		
Financial assets HfT	16.6	-8.4
Derivatives	17.2	-8.1
Other financial assets held for trading	-0.6	-0.2
Non-trading financial assets at FVPL	-9.7	-5.9
Equity instruments	-7.7	-3.5
Debt securities	-1.8	0.7
Loans and advances	-0.2	-3.1
Financial assets at FVOCI	1.0	-0.9
Hedge accounting derivatives	-0.2	0.0
Total	**7.7**	**-15.1**

For financial liabilities designated at FVPL in Level 3 a valuation of EUR -3.0 million was posted via income statement for the end of the reporting period (2020: EUR -5.6 million).

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

_ Market values of 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 and funds not quoted in an active market where either valuation models with non-observable parameters have been used (e.g. credit spreads) or broker quotes have been used that cannot be allocated to Level 1 or Level 2.
_ Loans which do not comply with the contractual cash flow criteria.

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 where 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)
Mar 21					
Positive fair value of derivatives	Forwards, swaps, options	86.9	Discounted cash flow and option models with CVA adjustment based on potential future exposure	PD	0.48%-100% (5.95%)
				LGD	60%
Financial assets at FVPL	Fixed and variable coupon bonds	6.1	Discounted cash flow	Credit Spread	0.81%-4.55% (2.60%)
	Loans	734.9	Discounted cash flow	PD	1.16%-6.10% (2.21%)
				LGD	0%-68.22% (27.75%)
Financial assets at FVOCI	Fixed and variable coupon bonds	83.1	Discounted cash flow	Credit Spread	0.59%-5.31% (1.19%)
Financial assets at FVOCI / at FVPL	Non-trading equity instruments (participations)	234,4	Dividend Discount Model; Simplified Income Approach	Beta relevered	Industries: Insurance (General) 0.90-0.95 Recreation 0.96 Real Estate (General/Diversified) 0.78 ; Real Estate (Operations, Services) 0.49 Financial Svcs. (Non-bank & Insurance) 0.91-1.10 Banks (Regional) 0.51 Health Resort & Gesundheitszentrum GmbH 0.74
				Country risk premium	Croatia 4.45%, Austria 0.35%-0.50% Czech Republic 0.90% Romania 3.26%, Russia 2.58%, Slovakia 1.26%, Hungary 3.26% Resulting cost of equity based on above inputs: 4.19%-12.83%
		178.0	Adjusted Net Asset Value	Adjusted Equity	Depending on accounting equity of investment.
		32.0	Market comparable companies	EV / SALES EV / EBITDA EV / EBIT P/E P/E (implicit) P/B	Depending on industry classification according to Damodaran.
Dez 20					
Positive fair value of derivatives	Forwards, swaps, options	75.5	Discounted cash flow and option models with CVA adjustment based on potential future exposure	PD	0.60%-100% (4.12%)
				LGD	60%
Financial assets at FVPL	Fixed and variable coupon bonds	6.1	Discounted cash flow	Credit Spread	0.81%-6.10% (4.51%)
	Loans	687.0	Discounted cash flow	PD	1,16%-6,10% (2,38%)
				LGD	0%-68,22% (27,94%)
Financial assets at FVOCI	Fixed and variable coupon bonds	132.3	Discounted cash flow	Credit Spread	0.86%-6.52% (2.18%)
Financial assets at FVOCI / at FVPL	Non-trading equity instruments (participations)	236.0	Dividend Discount Model; Simplified Income Approach	Beta relevered	Industries: Insurance (General) 0.90-0.95; Recreation 0.96 Real Estate (General/Diversified) 0.78; Real Estate (Operations & Services) 0.49; Financial Svcs. (Non-bank & Insurance) 0.91-1.10 Banks (Regional) 0.51; Health Resort & Gesundheitszentrum GmbH 0.74
				Country risk premium	Croatia 4.45%, Austria 0.35%-0.5% Czech Republic 0.90% Romania 3.26%, Russia 2.58%, Slovakia 1.26%, Hungary 3.26% Resulting cost of equity based on above inputs: 4.19%-12.83%
		183.6	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 21.9 million (2020: EUR 21.6 million) are assessed on the basis of expert opinions.

Furthermore, for equity instruments other than participations classified as Level 3, the amount of EUR 50.1 million (2020: EUR 49.9 million) is presented in the statement of financial position using the criteria of availability and quality of broker quotes.

Fair value changes per product type using reasonably possible alternatives

	Dec 20		Mar 21	
in EUR million	Positive	Negative	Positive	Negative
Derivatives	2.4	-2.3	3.4	-4.4
Income statement	2.4	-2.3	3.4	-4.4
Debt securities	11.7	-15.6	17.2	-22.9
Income statement	2.1	-2.8	4.1	-5.4
Other comprehensive income	9.6	-12.8	13.1	-17.5
Equity instruments	113.0	-73.4	109.9	-69.8
Income statement	73.1	-49.9	73.7	-47.8
Other comprehensive income	39.9	-23.5	36.2	-22.0
Loans	16.7	-35.4	11.8	-28.0
Income statement	16.7	-35.4	11.8	-28.0
Total	**143.8**	**-126.7**	**142.3**	**-125.1**
Income statement	**94.3**	**-90.4**	**93.0**	**-85.6**
Other comprehensive income	**49.5**	**-36.3**	**49.3**	**-39.5**

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 beween -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	Dec 20 Carrying amount (balance sheet)	Dec 20 Fair value	Mar 21 Carrying amount (balance sheet)	Mar 21 Fair value
Assets				
Cash and cash balances	35,839	35,839	53,954	53,954
Financial assets at AC	210,940	218,023	219,901	226,184
Loans and advances to banks	21,466	21,502	27,477	27,507
Loans and advances to customers	159,895	165,257	161,414	166,613
Debt securities	29,579	31,264	31,009	32,064
Finance lease receivables	4,127	4,124	4,094	4,099
Assets held for sale	4	4	4	4
Trade and other receivables	1,341	1,338	1,596	1,599
Liabilities				
Financial liabilities at AC	235,125	235,688	262,669	262,672
Deposits from banks	24,771	24,763	35,288	35,133
Deposits from customers	190,816	191,098	205,144	205,070
Debt securities issued	19,020	19,309	21,535	21,768
Other financial liabilities	518	518	702	702
Financial guarantees and commitments				
Financial guarantees	n/a	5	n/a	-19
Irrevocable commitments	n/a	895	n/a	539

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

The fair value of loans and advances to customers and credit institutions has been calculated by discounting future cash flows while taking into consideration interest and credit spread effects. The interest rate impact is based on the movements of market rates, while credit spread changes are derived from PDs and LGDs used for internal risk calculations. For the calculation of fair value loans and advances were grouped into homogeneous portfolios based on rating method, rating grade, maturity and the country where they were granted.

The fair values of debt securities at amortised cost are either taken directly from the market or they are determined by directly observable input parameters (i.e. yield curves).

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

The fair value of issued securities and subordinated liabilities measured at amortized cost is determined based on quoted prices in active markets, if available. For issued securities where the fair value cannot be retrieved from quoted market prices, the fair value is calculated by discounting the future cash flows. Significant input factors for the spread adjustment of Erste Group's own credit risk for the respective seniority class are credit spreads derived from liquid benchmark bonds and additional indications from external investments banks, which are provided on a regular basis. The applied spreads are validated on a regular basis from an independent Risk Management unit. Moreover optionality is taken into account when calculating the fair value. For off-balance sheet liabilities (i.e. financial guarantees and unused loan commitments) the following fair value approaches are applied: the fair value of unused loan commitments is estimated using regulatory credit conversion factors. The resulting loan equivalents are treated like other on-balance sheet assets. The difference between the calculated total fair value and the notional amount of the hypothetical loan equivalents represents the fair value of the unused loan commitments. In case of the total fair value being higher than the notional amount of the hypothetical loan equivalents the unused loan commitments have a positive fair value. The fair value of financial guarantees is estimated in analogy to credit default swaps. The fair value of the guarantee is the sum of the present value of the protection leg and the present value of the premium leg. The value of the protection leg is estimated using the PDs and LGDs of the respective customers, whereas the value of the premium leg is estimated by the present value of the future fee payments to be received. If the protection leg is higher than the premium leg, financial guarantees have a negative fair value.

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

	1-3 20	1-3 21
Austria	**16,334**	**15,939**
Erste Group, EB Oesterreich and subsidiaries	9,198	8,895
Haftungsverbund savings banks	7,136	7,044
Outside Austria	**31,141**	**29,687**
Česká spořitelna Group	9,842	9,908
Banca Comercială Română Group	6,775	5,597
Slovenská sporiteľňa Group	4,067	3,755
Erste Bank Hungary Group	3,198	3,222
Erste Bank Croatia Group	3,306	3,285
Erste Bank Serbia Group	1,150	1,205
Savings banks subsidiaries	1,618	1,499
Other subsidiaries and foreign branch offices	1,185	1,216
Total	**47,475**	**45,626**

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) and the Capital Requirement Directive (CRD IV). The CRD IV was enacted in national law in the Austrian Banking Act (ABA).

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, investment firms, financial institutions and ancillary service undertakings. 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.

The Austrian savings banks are included as subsidiaries in Erste Group's regulatory scope of consolidation based on the cross-guarantee contract of the Haftungsverbund. Furthermore, Erste Group Bank AG together with the savings banks forms 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.

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

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

The regulatory minimum capital ratios including the capital buffers as of 31 March 2021 amount to
- 9.18% for CET1(4.5% CET1, +2.5% capital conservation buffer, +2.0% buffer for systemic vulnerability and for systemic concentration risk and +0.18% countercyclical capital buffer),
- 10.68% for tier 1 capital (sum of CET1 and AT1) and
- 12.68% for total own funds.

Capital buffer requirements are set out in sections 23 (capital conservation buffer), 23a (countercyclical buffer), 23b (Global Systemic Important Institution (G-SII) buffer), 23c (Other Systemic Important Institution (O-SII) buffer) and 23d (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 23d para 3 ABA as well as on the detailed definition of the bases of calculation in accordance with section 23a para 3 clause 1 ABA and section 24 para 2 ABA (capital buffers regulation). 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). The ECB Banking Supervision adjusted the SREP approach for 2020 in light of the Covid-19 crisis. Therefore the ECB has not issued a SREP decision 2020, but rather chose a pragmatic SREP 2020 approach keeping the SREP 2019 decision in place and confirming a Pillar 2 requirement (P2R) of 1.75%.

The adjustments made to the regulatory framework on 12 March 2020 to stabilize the financial markets remain in place. The originally envisaged relief for 2021 regarding the composition of capital for the Pillar 2 requirement under article 104a (4) CRD V can be applied directly by credit institutions under the supervision of the ECB. Therefore, the minimum CET1 ratio of 5.48% encompasses the Pillar 1 minimum requirement of 4.5% and the Pillar 2 requirement of 0.98% (56.25% of 1.75%) as of 31 March 2021.

The regulatory minimum capital ratios including the capital buffers and SREP requirements as of 31 March 2021 amount to

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

Following the SREP 2019, Erste Group is expected to meet a Pillar 2 Guidance (P2G) of 1.0% valid as of 1 January 2020 onwards. The ECB press release of 12 March 2020 also indicated that the Pillar 2 Guidance need not be fully complied with temporarily by credit institutions during the current Covid-19 crisis. The Pillar 2 Guidance is not MDA (maximum distributable amount) relevant.

Overview of capital requirements and capital buffers (not taking into account temporary adjustments)

	Dec 20	Mar 21
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%**	**4.68%**
Capital conservation buffer	2.50%	2.50%
Institution-specific countercyclical capital buffer	0.18%	0.18%
Systemic risk buffer (SRB)	2.00%	2.00%
O-SII capital buffer	2.00%	2.00%
Minimum CET 1 requirement (incl. CBR)	9.18%	9.18%
Minimum Tier 1 requirement (incl. CBR)	10.68%	10.68%
Minimum Own Funds requirement (incl. CBR)	12.68%	12.68%
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%**	**10.16%**
Total Tier 1 requirement for Pillar 1 and Pillar 2	**11.99%**	**11.99%**
Total Own Funds requirement for Pillar 1 and Pillar 2	**14.43%**	**14.43%**

The combined buffer requirement is the sum of the capital conservation buffer, the countercyclical capital buffer and the maximum of the O-SII capital buffer or the systemic risk buffer.

As announced by the European Central Bank (ECB) in its press release on 12 March 2020[1], Erste Group is not obliged to fully comply with the capital conservation buffer of 2.5% during the current Covid-19 crisis. In the "Frequently Asked Questions - FAQs"[2] published on 20 March 2020, however, the ECB states that the incomplete fulfillment of the combined buffer requirement leads to restrictions on distributions and banks are only allowed to make distributions within the limits of the maximum distributable amount (MDA).

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

[1] https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200312~43351ac3ac.en.html

[2] https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200320_FAQs~a4ac38e3ef.en.html

Capital structure

in EUR million	Dec 20 Phased-in	Dec 20 Final	Mar 21 Phased-in	Mar 21 Final
Common equity tier 1 capital (CET1)				
Capital instruments eligible as CET1	2,337	2,337	2,337	2,337
Retained earnings	13,002	13,002	12,987	12,987
Accumulated other comprehensive income	-1,690	-1,690	-1,796	-1,796
Minority interest recognised in CET1	4,891	4,891	4,884	4,884
Common equity tier 1 capital (CET1) before regulatory adjustments	**18,540**	**18,540**	**18,411**	**18,411**
Own CET1 instruments	-63	-63	-54	-54
Prudential filter: cash flow hedge reserve	-36	-36	18	18
Prudential filter: cumulative gains and losses due to changes in own credit risk on fair valued liabilities	289	289	289	289
Prudential filter: fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-3	-3	-5	-5
Value adjustments due to the requirements for prudent valuation	-58	-58	-65	-65
Securitisations with a risk weight of 1,250%	-29	-29	-10	-10
Goodwill	-544	-544	-544	-544
Other intangible assets	-720	-720	-693	-693
Deferred tax assets dependent upon future profitability and not temporary differences net of associated tax liabilities	-48	-48	-48	-48
IRB shortfall of credit risk adjustments to expected losses	0	0	0	0
CET1 capital elements or deductions – other	-270	-270	-300	-300
Common equity tier 1 capital (CET1)	**17,057**	**17,057**	**16,997**	**16,997**
Additional tier 1 capital (AT1)				
Capital instruments eligible as AT1	2,733	2,733	2,733	2,733
Instruments issued by subsidiaries that are given recognition in AT1	7	7	6	6
Additional tier 1 capital (AT1) before regulatory adjustments	**2,740**	**2,740**	**2,739**	**2,739**
Own AT1 instruments	-2	-2	-2	-2
Additional tier 1 capital (AT1)	**2,738**	**2,738**	**2,738**	**2,738**
Tier 1 capital - total of common equity tier 1 (CET1) and additional tier 1 (AT1)	**19,795**	**19,795**	**19,735**	**19,735**
Tier 2 capital (T2)				
Capital instruments and subordinated loans eligible as T2	3,222	3,222	3,069	3,069
Instruments issued by subsidiaries recognised in T2	209	209	209	209
IRB excess of provisions over expected losses eligible	467	467	478	478
Tier 2 capital (T2) before regulatory adjustments	**3,899**	**3,899**	**3,756**	**3,756**
Own T2 instruments	-50	-50	-51	-51
Tier 2 capital (T2)	**3,848**	**3,848**	**3,704**	**3,704**
Total own funds	**23,643**	**23,643**	**23,439**	**23,439**
Capital requirement	**9,440**	**9,612**	**9,523**	**9,680**
CET1 capital ratio	**14.5%**	**14.2%**	**14.3%**	**14.0%**
Tier 1 capital ratio	**16.8%**	**16.5%**	**16.6%**	**16.3%**
Total capital ratio	**20.0%**	**19.7%**	**19.7%**	**19.4%**

The position CET1 elements or deduction – Others include development of unaudited risk provisions during the year (EU No 183/2014) and starting with year end 2020 also 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) 1423/2013 with regard to disclosure of own funds requirements, enlarged by the EBA GL 2014/14. Positions, which are not relevant for Erste Group are not disclosed. Figures shown under full implementation of Basel 3 considered the current CRR.

On 15 March 2021, the ECB granted permission to revert to the use of the Standardised Approach for the exposures of Erste Group Bank AG classified as Specialised Lending Object Finance. The implementation of this change is planned for the second quarter of 2021 and will lead to an insignificant increase in the RWA.

Following the application from February 2019, Erste Group Bank AG received on 3 March 2021, the ECB's draft decision on the material model change related to the LGD model. The draft decision foresees the implementation of specific RWA add-ons with the go-live of the new model. The final impact on the credit risk related RWAs will be defined, once the ECB decision has been finalized (expected in the second quarter of 2021).

Following the finalization of the horizontal analysis of ECB, a new decision complementing the initial TRIM (Targeted Review of Internal Models) Market risk decision from October 2018 has been issued in February 2021. This new, follow-up decision requires the implementation of multiplicator factors, which led to an immaterial increase of the RWAs for market risk as of 31 March 2021.

The AMA-model related add-on, which was implemented in the fourth quarter of 2018, has been removed after the respective confirmation from the regulator. This led to a reduction of approximately EUR 700 million RWA on Erste Group's consolidated level as of 31 March 2021.

Risk structure

	Dec 20		Mar 21	
in EUR million	Total risk (phased-in)	Capital requirement (phased-in)	Total risk (phased-in)	Capital requirement (phased-in)
Total risk exposure amount	118,005	9,440	119,038	9,523
Risk-weighted assets (credit risk)	95,923	7,674	97,317	7,785
Standardised approach	18,056	1,444	17,694	1,416
IRB approach	77,852	6,228	79,622	6,370
Contribution to the default fund of a CCP	15	0	1	0
Settlement risk	1	0	0	0
Trading book, foreign FX risk and commodity risk	3,630	290	3,759	301
Operational risk	14,813	1,185	14,240	1,139
Exposure for CVA	397	32	473	38
Other exposure amounts (including Basel 1 floor)	3,241	259	3,249	260

	Dec 20		Mar 21	
in EUR million	Total risk (final)	Capital requirement (final)	Total risk (final)	Capital requirement (final)
Total risk exposure amount	120,151	9,612	121,003	9,680
Risk-weighted assets (credit risk)	98,069	7,846	99,282	7,943
Standardised approach	18,065	1,445	17,703	1,416
IRB approach	79,988	6,399	81,578	6,526
Contribution to the default fund of a CCP	15	0	1	0
Settlement risk	1	0	0	0
Trading book, foreign FX risk and commodity risk	3,630	290	3,759	301
Operational risk	14,813	1,185	14,240	1,139
Exposure for CVA	397	32	473	38
Other exposure amounts (including Basel 1 floor)	3,241	259	3,249	260

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 Românlă 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

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.

Shareholder Events

19 May 2021	Annual General Meeting
30 July 2021	Half-year financial report 2021
2 November 2021	Results for the first three quarters of 2021

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
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