Erste Group debt investor presentation Q2 2022 results

September 2022

ERSTE Group

Disclaimer –
Cautionary note regarding forward-looking statements

- THE INFORMATION CONTAINED IN THIS DOCUMENT HAS NOT BEEN INDEPENDENTLY VERIFIED AND NO REPRESENTATION OR WARRANTY EXPRESSED OR IMPLIED IS MADE AS TO, AND NO RELIANCE SHOULD BE PLACED ON, THE FAIRNESS, ACCURACY, COMPLETENESS OR CORRECTNESS OF THIS INFORMATION OR OPINIONS CONTAINED HEREIN.

- CERTAIN STATEMENTS CONTAINED IN THIS DOCUMENT MAY BE STATEMENTS OF FUTURE EXPECTATIONS AND OTHER FORWARD-LOOKING STATEMENTS THAT ARE BASED ON MANAGEMENT'S CURRENT VIEWS AND ASSUMPTIONS AND INVOLVE KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS, PERFORMANCE OR EVENTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED IN SUCH STATEMENTS.

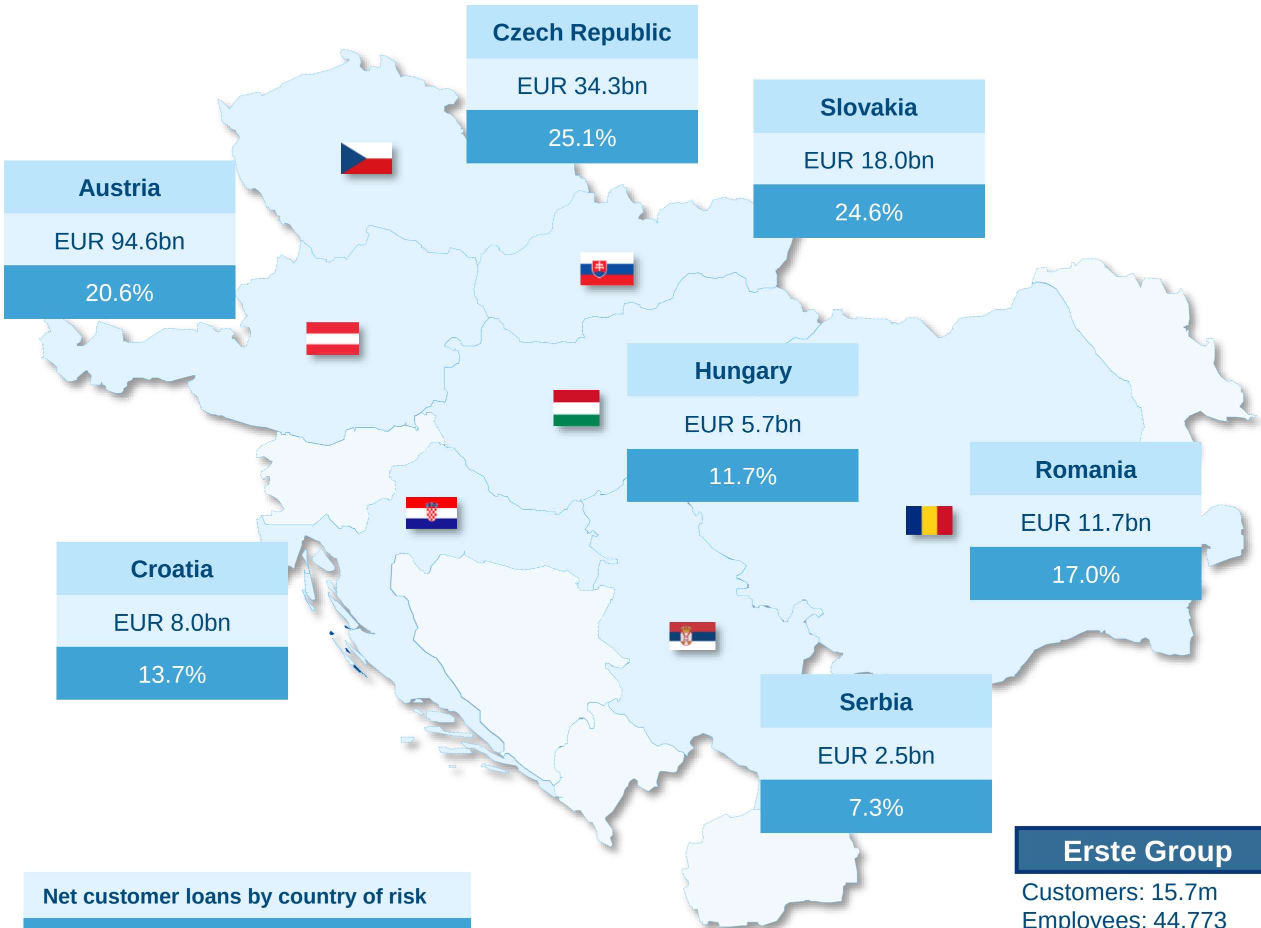
- NONE OF ERSTE GROUP OR ANY OF ITS AFFILIATES, ADVISORS OR REPRESENTATIVES SHALL HAVE ANY LIABILITY WHATSOEVER (IN NEGLIGENCE OR OTHERWISE) FOR ANY LOSS HOWSOEVER ARISING FROM ANY USE OF THIS DOCUMENT OR ITS CONTENT OR OTHERWISE ARISING IN CONNECTION WITH THIS DOCUMENT.

- THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO PURCHASE OR SUBSCRIBE FOR ANY SHARES AND NEITHER IT NOR ANY PART OF IT SHALL FORM THE BASIS OF OR BE RELIED UPON IN CONNECTION WITH ANY CONTRACT OR COMMITMENT WHATSOEVER.

Presentation topics –

1	**Introduction to Erste Group**
2	Summary quarterly update
3	Funding strategy
4	Further information on latest quarterly financials and capital

Erste Group's footprint –
Leading retail & corporate bank in the eastern part of the EU



Net customer loans by country of risk

Retail loans market share

as of June 22

Erste Group

Customers: 15.7m
Employees: 44,773
Branches: 4,044
Net loans: EUR 191.5bn

- Successful purpose driven business strategy: founded to create and safeguard prosperity
- Strong local banks with solid market positions in 7 core markets in CEE
- Favourable mix of mature and emerging markets with low penetration rates and high organic growth potential
- Dedicated omni-channel business model supported by cross-border digital platform George

Strategy –
A real customer need is the reason for all business

Customer banking in Central and Eastern Europe

Eastern part of EU		Focus on CEE, limited exposure to other Europe		
Retail banking	**Corporate banking**	**Capital markets**	**Public sector**	**Interbank business**
Acting as Prosperity Advisor for the people in our region; the result of our advice is the financial health of our customers Support customers to build up and secure wealth Democratising advice via George Active management of customer journeys to increase profitability and customer satisfaction	SME and local corporate banking Advisory services, with focus on providing access to capital markets and corporate finance Transaction banking services (trade finance, factoring, leasing) Commercial real estate business	Focus on customer business, incl. customer-based trading activities In addition to core markets, presences in Poland, Germany, New York and Hong Kong with institutional client focus and selected product mix Building debt and equity capital markets in CEE	Financing sovereigns and municipalities with focus on infrastructure development in core markets Any sovereign holdings are held for market-making, liquidity or balance sheet management reasons	Focus on banks that operate in the core markets Any bank exposure is only held for liquidity or balance sheet management reasons or to support client business

Ratings –
Composition of Erste Group Bank AG's issuer ratings

Moody's

Macro Profile	
Strong	
+	
Financial Profile	
Asset Risk	baa2
Capital	baa1
Profitability	baa3
Funding Structure	a2
Liquid Resources	baa1
+	
Qualitative Factors	
Business Diversification	0
Opacity, Complexity	0
Corporate Behaviour	0
=	
BCA Baseline Credit Assessment	**baa1**
+	
Affiliate Support	0
=	
Adjusted BCA	**baa1**
+	
LGF Loss Given Failure	+ 2
Government Support	0
=	
Senior Unsecured Long-Term Outlook / Short-Term	
A2 / Stable / P-1	

S&P Global Ratings

SACP - Stand-Alone Credit Profile		
a		
▲		
Anchor	bbb+	
Business Position	Strong	+1
Capital & Earnings	Adequate	0
Risk Position	Adequate	0
Funding	Above Average	+1
Liquidity	Strong	
+		
Support	**+1**	
▲		
ALAC Support	+1	
GRE Support	0	
Group Support	0	
Sovereign Support	0	
+		
Additional Factors	0	
=		
Issuer Credit Rating Long-Term Outlook / Short-Term		
A+ / Stable / A-1		

Fitch Ratings

VR - Viability Rating (Individual Rating)
a
SRF - Support Rating Floor
NF (No Floor)
IDR - Issuer Default Rating Long-Term Outlook / Short-Term
A / Stable / F1

Status as of 16 December 2021

ESG update (1) – ESG Compass of Erste Group

Supporting the well-being in our region through socio-environmental objectives

Priority Objectives

Leading Green Transition

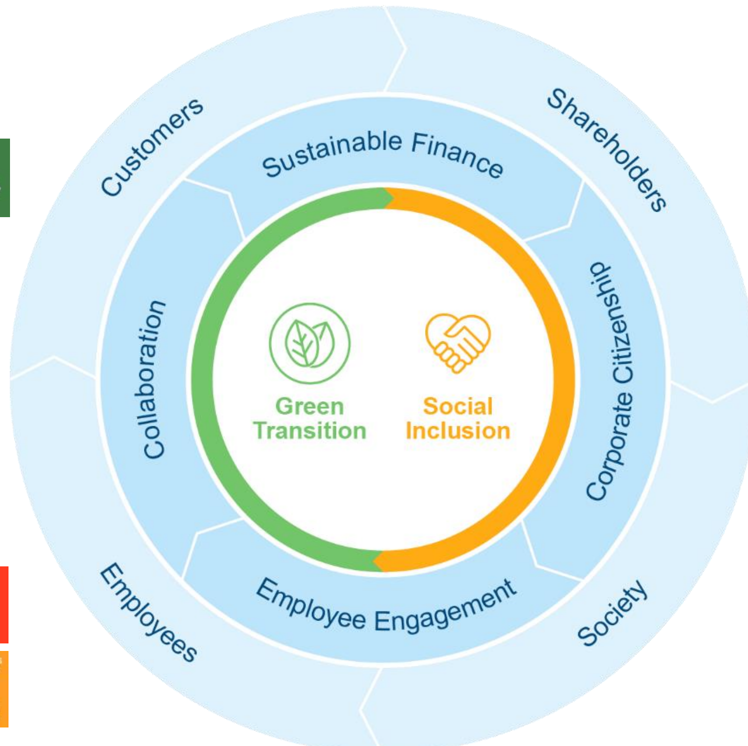
Erste Group strives to be a role model and leading institution to mobilise funds for tackling climate change, clean water preservation and improvement in material efficiency as it is a great chance for the citizens of CEE.

We believe in a just transition for all, and therefore Erste Group helps all its clients to progress.

Nurturing Social Inclusion

Since its foundation, Erste Group has taken an active role in building inclusive societies in the CEE region.

Our efforts in financial inclusion, social banking, financial literacy, affordable housing and gender equality are relevant today, as they were 200 years ago.



Our Promise

Customers
providing prosperity to our clients in an inclusive, secure and sustainable way through our advisory and sustainable finance products.

Employees
shall benefit from our services, disseminating prosperity to all and contributing to the company success through servicing our clients in a sustainable and efficient way.

Shareholders
ensuring adequate and long-term sustainable compensation by an inclusive growth strategy and resilient company values.

Society
increasing well-being of our societies and local communities built on social cohesion and good environmental status.

ESG update (2) – main ESG pillars

Sustainability is embedded into the DNA of the organisation

Sustainable Finance

mobilize financial resources and **customer advice** for **social-ecological goals** and support customers on their way to a **sustainable business model**

Working together

actively participate in public initiatives and thus make a positive contribution in our region

Good corporate citizenship

demonstrate strong **social commitment** by adhering to rules and standards that we also expect from our business partners

Employee engagement and social contribution

support employee awareness and **commitment** through training and volunteering opportunities

ESG update (3)
ESG targets

25%

green investments by 2026 in our corporate book to be reached

Net-zero portfolio

by 2050 (first set of interim targets to be disclosed in 2023)

Climate neutral

operations by 2023

17 Ecolabel funds

offered to our clients by 2023 to promote investment opportunities

Erste Group through its Social Banking continues to be the **leader in offering financial services** to NGOs, start-ups and individuals in difficult situations.

EUR 1bn

Social Finance loans provided by 2030

200,000

jobs to be created or preserved by 2030 by Social Banking activities

500,000

financial education beneficiaries by 2030

37%

women in B/B-1 positions by 2025

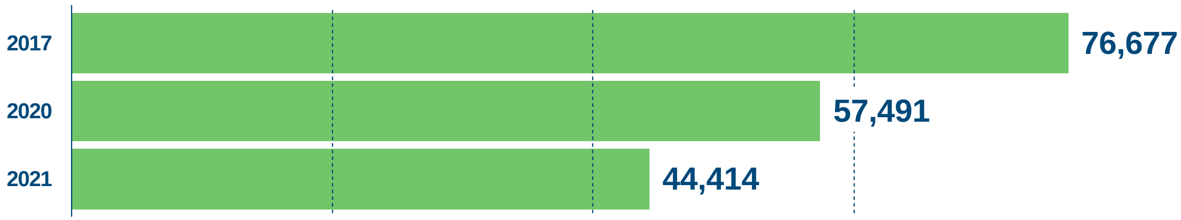
40%

women in B-2/B-3 positions by 2025

ESG update (4)
Environment

NET ZERO JOURNEY

Scope 1+2 decrease of emissions (tonnes of CO_2e)
→ **pathway towards climate neutrality** 2023



Scope 3, financed emissions – low intensity & overall emissions (as of Q2 22)
→ basis for our **journey towards net-zero portfolio** by 2050

90

gCO_2e/€ financing
Low emission intensity

14.2

million tonnes of CO_2e
total financed emissions
behind 81% of loan portfolio

GREEN FINANCING

Green bonds arranged and own emissions

- **Arranged: EUR 4.5 bn** (sovereigns & fin. institutions) **+ EUR 2bn corporate customers**
- **Own issuances: EUR 1.2 bn**

ESG assets under management by Erste Asset Management

EUR 15.5 bn

ESG update (5)
ESG ratings and indices

			2020	2021
RATINGS	MSCI ESG RATINGS AA	In 2019, Erste Group Bank AG received a **rating of 'AA'** in the MSCI ESG Ratings assessment.	**AA**	**AA**
	SUSTAINALYTICS a Morningstar company	In 2022, Sustainalytics improved by 3.2 points its assessment of Erste Group and confirmed in **'low risk'** category.	**LOW RISK** 18.9/100	**LOW RISK** 15.3/100
	Corporate ESG Performance Prime ISS ESG	Erste Group is awarded by the ISS ESG research Prime Status since October 2018, with a transparency level - very high and performance score.	**C „Prime"** 50.23	**C „Prime"** 50.79
	imug	In 2019, imug Investment Research upgraded Erste Group in their assessment from "neutral" to "positive".	**B** (positive) 53.14%	**B** (positive) 53.14%
INDICES	EURONEXT vigeo eiris INDICES	Erste Group is part of the **Euronext Vigeo Index Eurozone 120** since June 2018.	**51/100**	**54/100**
	VÖNIX INDEX MEMBER 22>23	Erste Group is member of Austrian stock market **VÖNIX** sustainability benchmark index since its launch in 2008.	**B**	**B**
	FTSE4Good	Erste Group member since 2016 has been independently rated since 2016 and has met the requirements to become a part of the FTSE4Good Index Series.	–	**3.6**
	Bloomberg Gender-Equality Index 2022	Erste Group Bank AG is the **only Austrian company** that is a **member of the Bloomberg Gender-Equality Index** (member since 2019).	–	–

Presentation topics

1	Introduction to Erste Group
2	**Summary quarterly update**
3	Funding strategy
4	More details to latest quarterly financials and capital

Presentation topics

- Key highlights
- Executive summary income statement and balance sheet data
- Macroeconomic update
- Business update
- Results and outlook at a glance

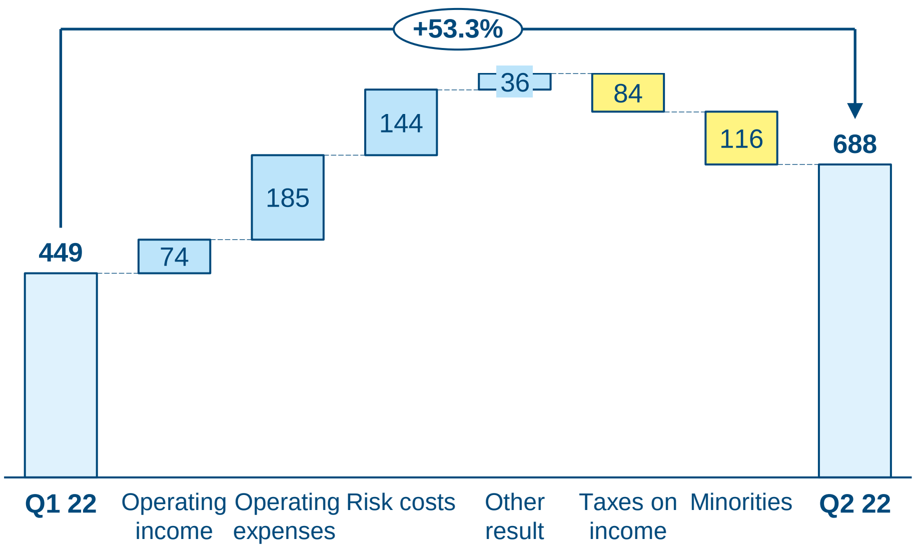
Key highlights –
Setting the frame

- **Continued strong business and financial performance in H1 22**
  - Economic growth robust during H1 22 in CEE & Austria, but outlook clouded by uncertainties
  - Higher than expected loan growth (+6.3% ytd), driven by AT, SK, RO and HR, corporate business
  - NII growth of 15.9% in H1 22 driven primarily by rate hikes in the CZ, RO and HU, volume growth
  - Fees up 10.5% in H1 22, but stagnating at high level in Q2 22 due to less investment activity by clients
  - Operating expenses up 8.7% in H1 22, driven by other administrative expenses
  - Operating result up by 10.3% in H1 22; cost/income ratio at 55.1%
  - Partial release of general provisions for FLI, benign underlying credit risk environment led to net release of risk costs; EUR 500m of crisis-related general provisions available for portfolio and macro deterioration
  - Risk cost guidance of <20 bps for FY2022 (base scenario) confirmed
  - Planned FY2022 dividend per share of EUR 1.9 accrued pro rata in H1 22; CET1-ratio of 14.2%

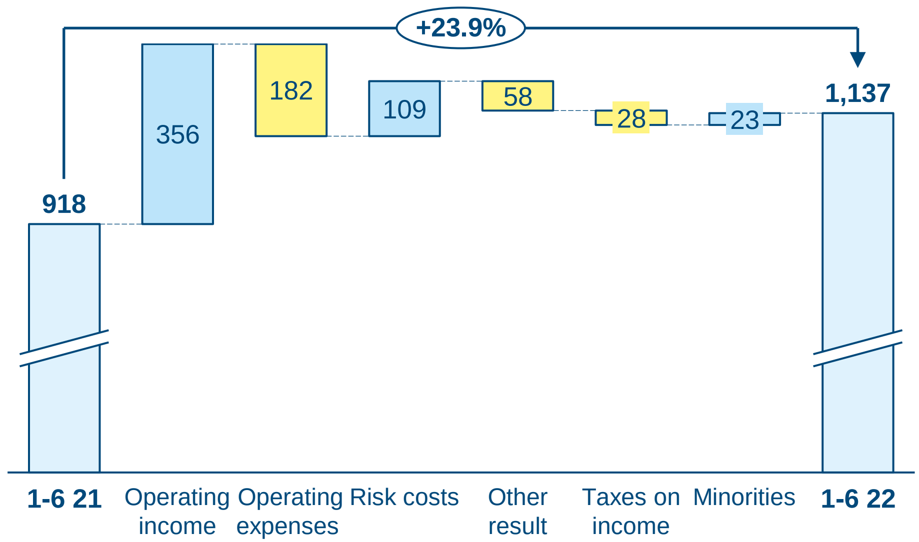
- **No gas from Russia stress scenario disruptive, but manageable for CEE region overall**
  - **Currently Russian gas continues to flow to CEE**, EU gas embargo seems not feasible
  - Specific level of vulnerability depends on gas share in energy mix, Russian import dependency, storage capacity and storage levels
  - Higher prices will lead to declining demand and substitution where possible
  - Governments are reacting, aiming to substitute other forms of energy production for gas
  - Energy prices will continue to drive inflation unless geopolitical conflict is resolved/sanctions unwound

Executive summary –
Group income statement performance

QoQ net profit reconciliation (EUR m)



YoY net profit reconciliation (EUR m)

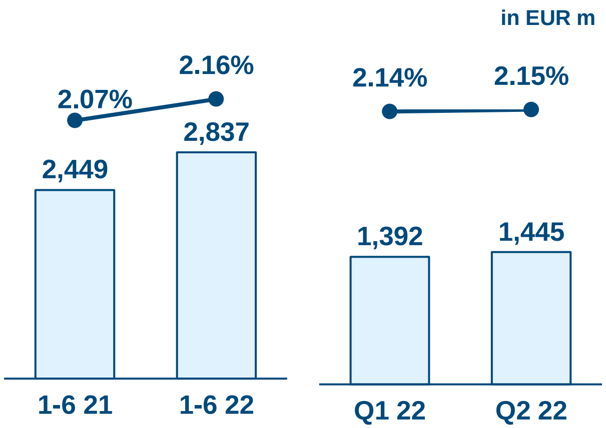


- Qoq net result rises strongly on improved operating performance and lower risk costs (Covid related releases), partially offset by higher tax charge and higher minorities contribution
- Operating income primarily attributable to **strong NII growth**
- Operating expenses improve on up-front booking of deposit insurance contributions in Q1 22 and reversal of Austrian Sberbank-related contributions in Q2 22

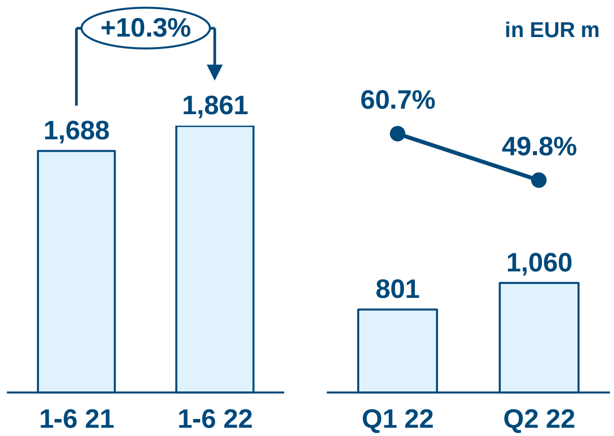
- Yoy net profit growth primarily driven by **substantially higher operating result** and **lower risk costs**
- Operating income up on **rate hikes in CEE – NII up by 15.9%**; strong fee performance (double-digit rise in payment services and asset management)
- Costs primarily up due to higher deposit insurance contributions and IT expenses

Executive summary –
Key income statement data

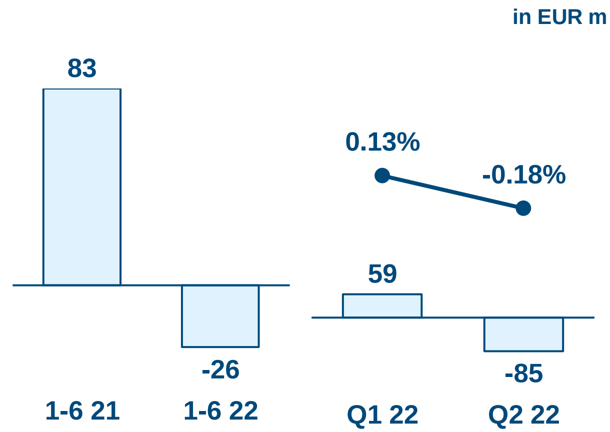
Net interest income & margin



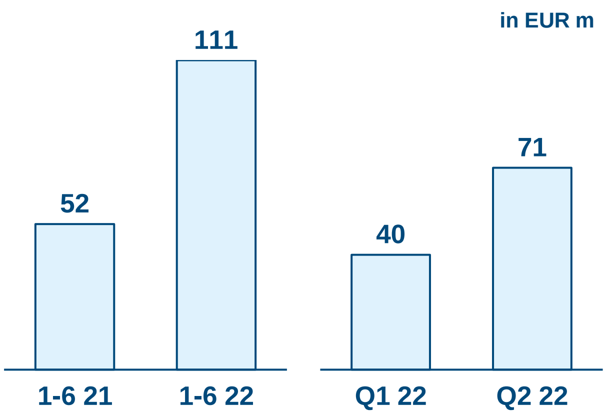
Operating result & cost/income ratio



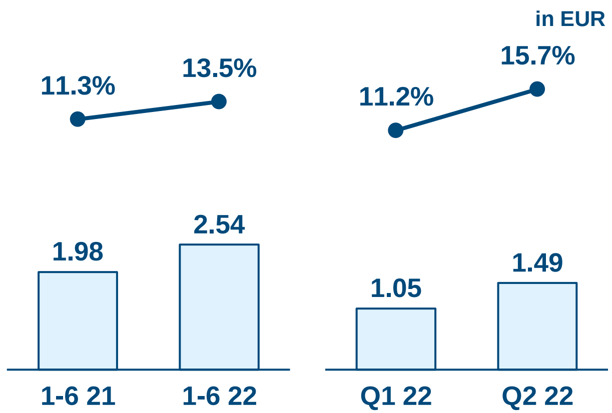
Cost of risk



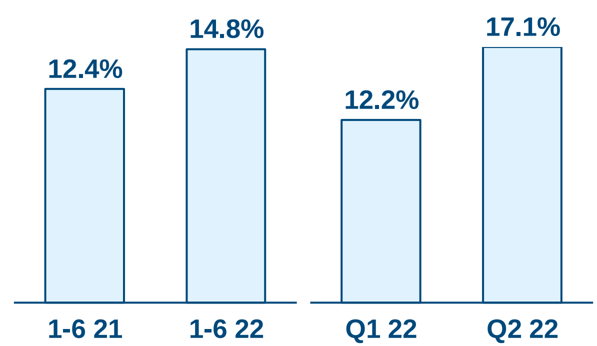
Banking levies



Reported EPS & ROE

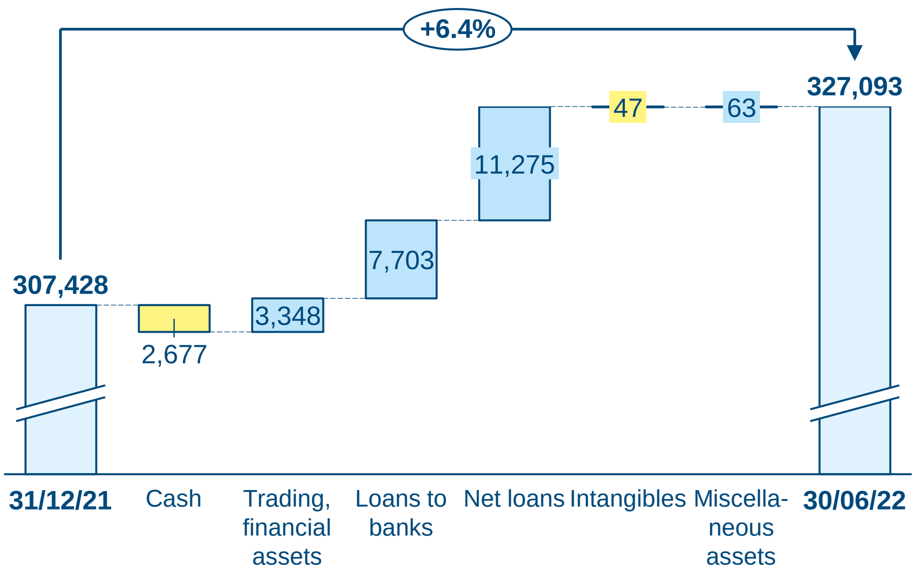


Return on tangible equity

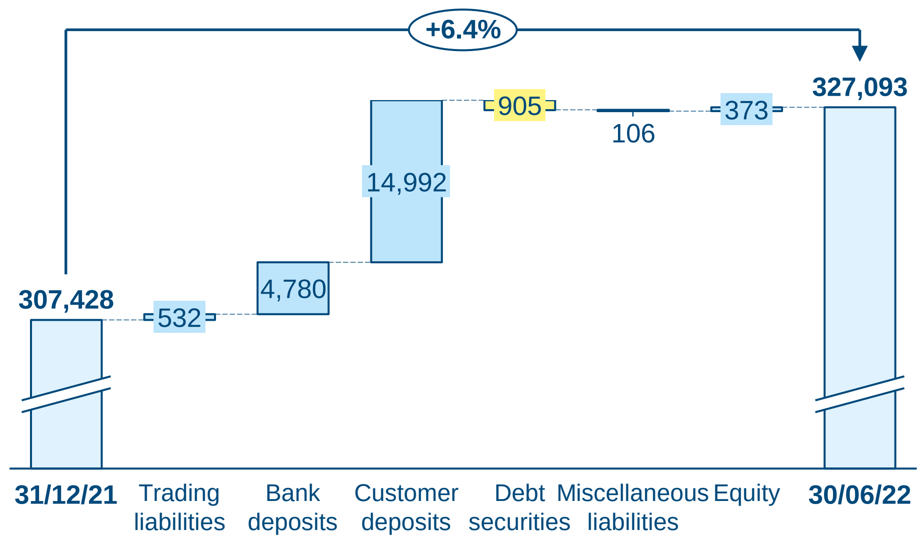


Executive summary – Group balance sheet performance

YTD total asset reconciliation (EUR m)



YTD equity & total liability reconciliation (EUR m)



- Total assets grew on the back of a **strong rise in net customer loans** (+6.3%), **loans to banks** (+36.7%), and **higher volume of trading and financial assets** (+6.3%)
- Net customer loan growth driven by strong demand from large corporates, Q2 22 Retail growth driven by mortgages in AT, SK

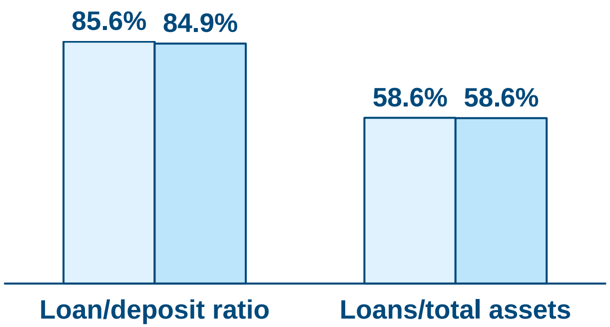
- Total liability growth driven by **rising customer deposits** (+7.1%) and bank deposits (+15.0%)
- Growing customer deposits drive **loan/deposit ratio to 84.9%** (YE 21: 85.6%)
- Increase in equity reflects strong profitability

ERSTE Group

Executive summary –
Key balance sheet data

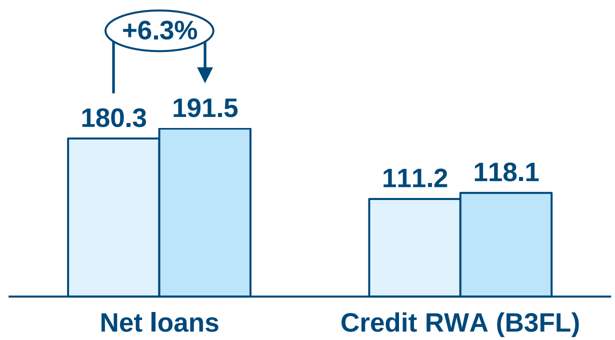
31/12/21
30/06/22

Loan/deposit & loan/TA ratio

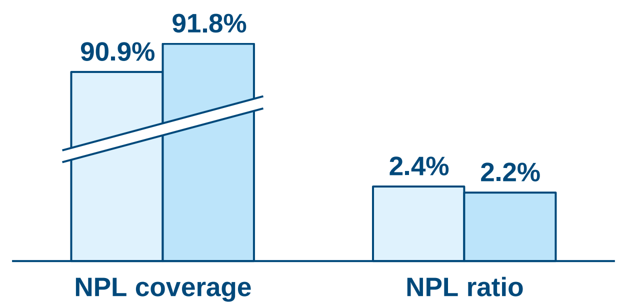


Net loans & credit RWA

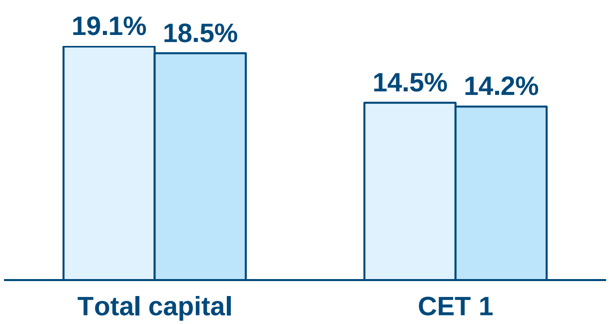
in EUR bn



NPL coverage ratio & NPL ratio

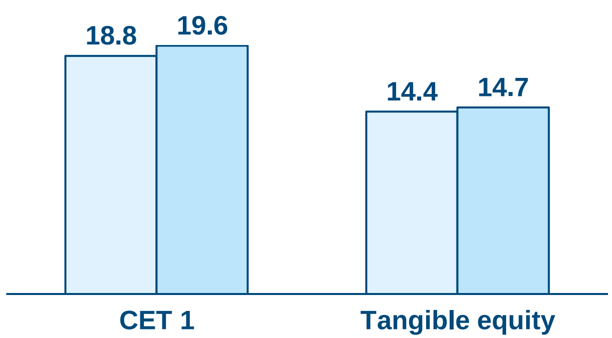


B3FL capital ratios

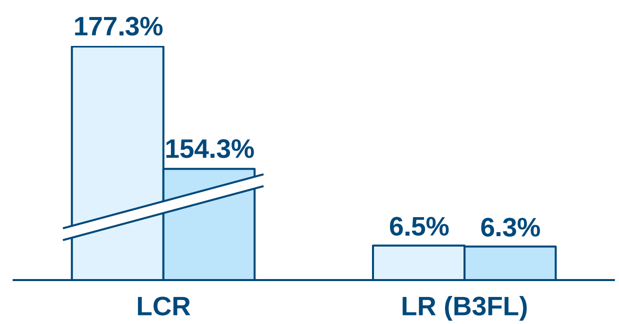


B3FL capital & tangible equity[1]

in EUR bn



Liquidity coverage & leverage ratio[2]



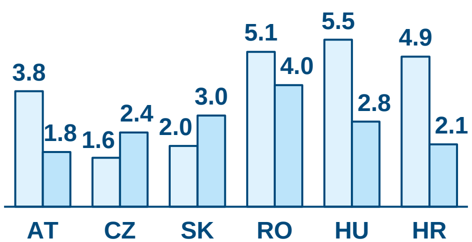
1) Based on shareholders' equity, not total equity

2) Includes central bank exposures

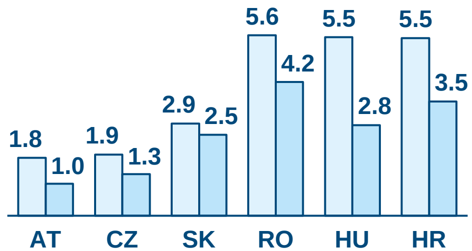
Macroeconomic update –
Lower economic growth accompanied by high inflation in 2022

2022
2023

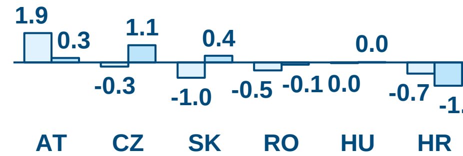
Real GDP growth (in %)



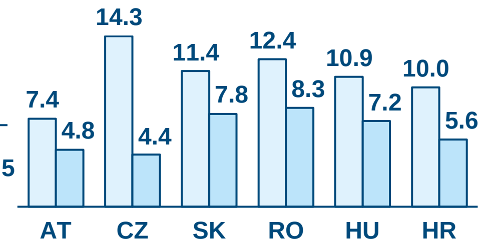
Dom. demand contribution* (in %)



Net export contribution* (in %)

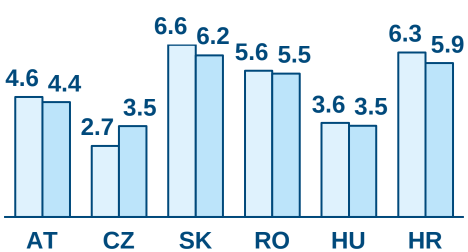


Consumer price inflation (avg, in %)

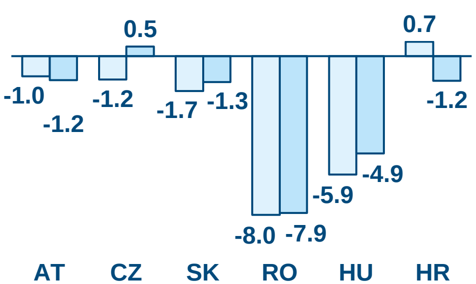


- **Economic slowdown expected in 2022** due to supply side disruptions, lower consumption & investments
  - Based on **better than expected start of the year**, CEE & AT economic growth was revised upwards for 2022
- Household consumption and investment activity will be negatively impacted by high inflation
- **Inflation expected to average around 12%** in CEE driven by surging energy and food prices; expected to peak in Q2-Q3 2022

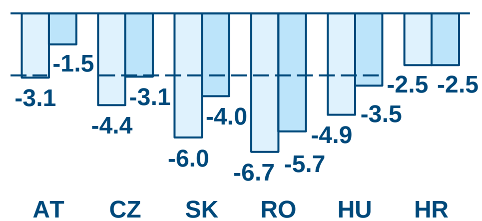
Unemployment rate (avg, in %)



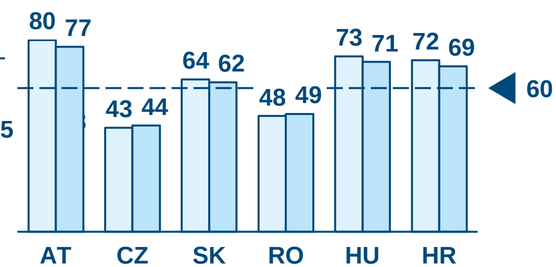
Current account balance (% of GDP)



Gen gov balance (% of GDP)



Public debt (% of GDP)



- **Unemployment rates** expected **to stay low in CEE & AT in 2022**
- **Higher fiscal spending and weaker current account balances expected** due to government measures addressing inflation and higher energy import prices, respectively; investments into energy security & efficiency, partially financed from the Next Generation EU funds

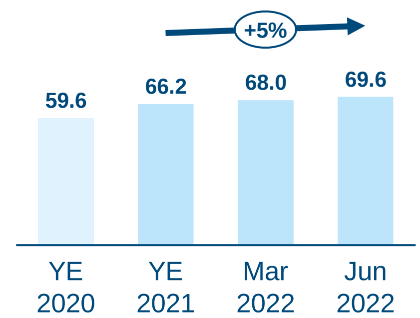
* Contribution to real GDP growth. Domestic demand contribution includes inventory change. Source: Erste Group Research, EU Commission

Business update –
Retail – what‘s happening on the ground? (1)

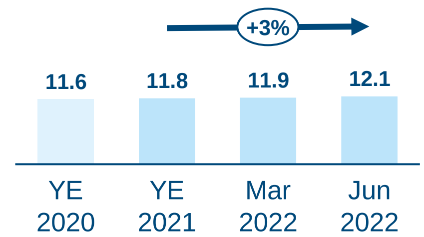
- **Demand for housing loans** continued to be **strong**, especially in Austria, Slovakia and Romania; however significant drop in new business in Czech Republic due to interest rate development; mortgage market in Hungary stable due to government interventions
- Overall, **housing loan volumes rose significantly in Q2 22**
- **Demand for consumer loans increased** to pre-Covid levels, mainly driven by positive labour market development and still positive consumer confidence
- **Client deposits** continue to **increase**, Erste Group perceived as a trusted partner for customers in all markets
- **Securities business influenced by volatile markets**; strategic **focus on regular securities saving plans** remains and **proves to be successful**
- Despite slowdown in opening of new securities saving plans, overall number of saving plans and volumes increasing; consequently, positive fee income development in H1 2022
- Client **demand for payment protection and credit protection insurance increasing**, positively impacting fee income from insurance

Loan portfolio
(incl. savings banks, in EUR billion)

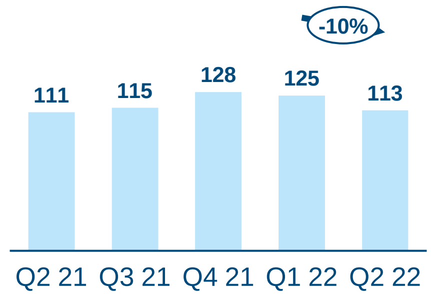
Housing loans



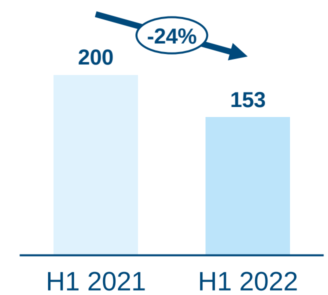
Consumer loans



Development of fee income securities
(excl. savings banks, in EUR million)



Newly opened regular securities savings plans (in thsd pieces)



Business update –
Retail – what‘s happening on the ground? (2)

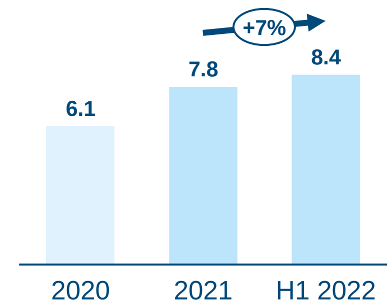
- **Clients going digital**
  - Usage of digital channels continues to increase; **8.4 million users onboarded to George** across 6 markets
  - Digital product offering continuously extended; **digital sales increase**
  - Most popular digital products: current accounts, debit cards, consumer loans

- **“Green products” enjoy high customer interest**
  - “Green lending” products offered in all markets, Erste Group’s banking subsidiaries also assist clients with state subsidies
  - Strong interest from customers especially for financing energy efficiency measures, cooperation with external partners (e.g. for solar panels) started
  - Share of “green lending” in new business increases in local markets (ranging from 8% to 25% depending on local market specifics)

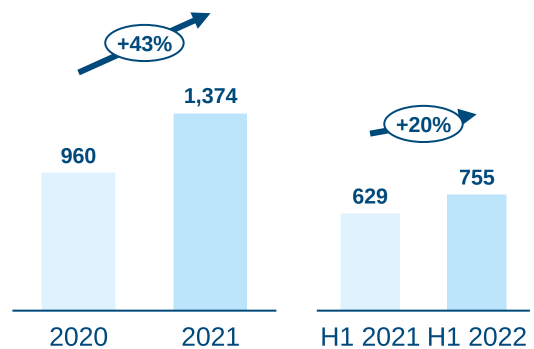
- **Ongoing focus on improving customer experience** results in increasing CXI (Customer experience indicator) values and supports the acquisition of new customers

- **Austrian savings banks** show a **strong sector performance**, particularly driven by **securities business**

Number of George users
(in million)



Development of digital sales
(in thsd pieces)

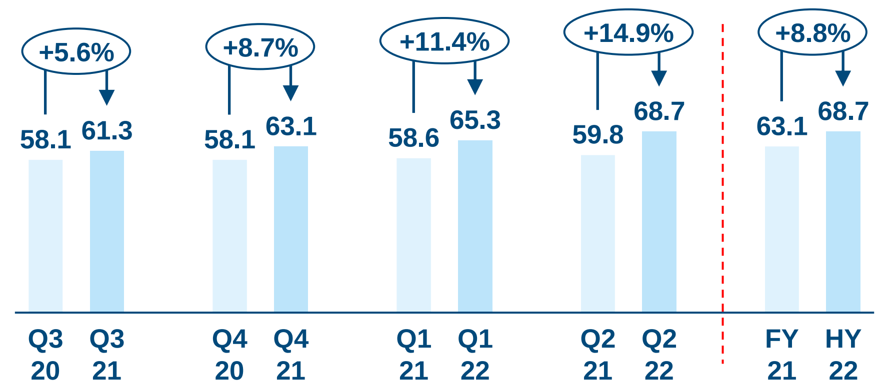


Business update
Corporates & Markets – what's happening on the ground?

- **Loan demand is growing constantly**
  - Loan volume grew by more than EUR 5bn yoy; highest growth in Austria, Romania and Slovakia; increase in all segments (LC, SME, CRE and PS) in particular in Real Estate, Telecommunications, Media & Technology and Energy; increase in working capital facilities and investment loans as main drivers
  - Operating result driven by significant NII increases mainly from deposits due to interest rate environment in Czech Republic, Romania and Hungary, additionally supported by loan volume growth
- **Again outperformance in Group Markets business**
  - Operating income of almost EUR 414m and an operating result of almost EUR 300m (segment view) attributable to significant increase of interest income and fee result related to securities and derivatives business in the context of rising interest rates in the region
  - A total issuance volume of more than EUR 82bn (+33% yoy) was achieved through 131 mandated transactions (for all C&M segments) despite very challenging capital market conditions
- **Asset management result subdued by market environment**
  - Lower valuations led to reduction in assets under management, but net sales are still positive year-to-date, despite some institutional outflows

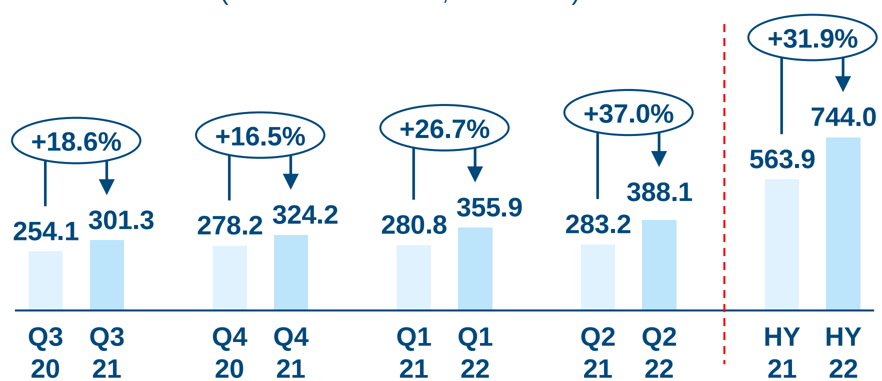
Corporate loan stock development

(gross, business line view, in EUR bn)



Corporate segment operating results development

(business line view, in EUR m)

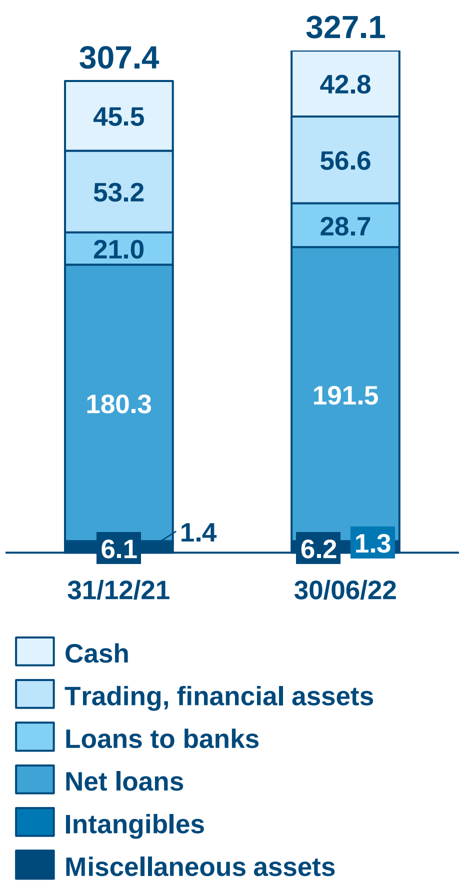


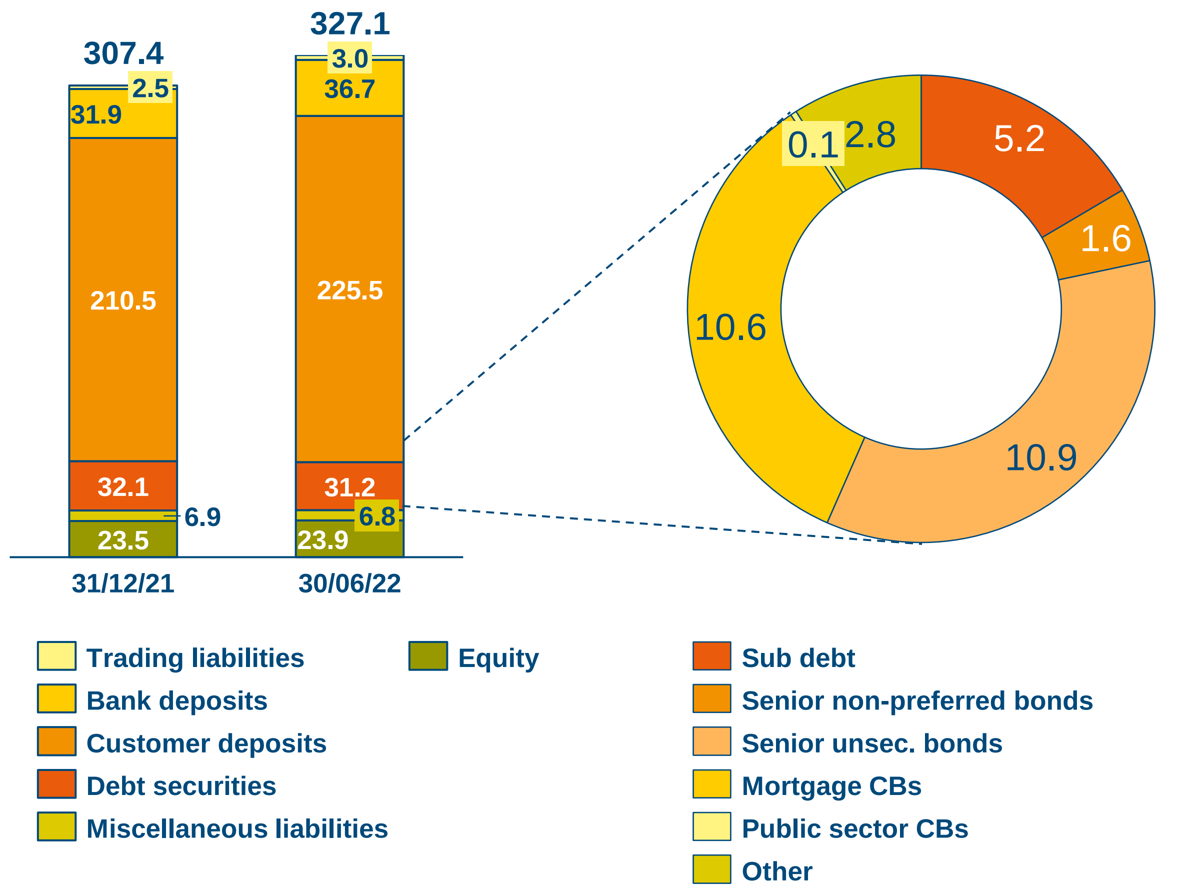
At a glance –
Results and outlook

	H1 22 key takeaways	2022 outlook
Operating environment	• **Continued strong business performance** • Loan growth at +6.3% ytd • Deposit growth at +7.1% ytd	• Real GDP to rise ~2-5% in 2022, inflation between ~7-14% in Erste Group's core CEE markets and Austria • **High-single digit loan growth** expected
Business performance	• Operating income grew by 9.4% on the back of strong **NII (+15.9%) and fee (+10.5%) growth** • Operating costs up by 8.7% • Operating result: +10.3%, CIR at 55.1%	• Low, double-digit NII growth expected • Mid-single digit fee growth targeted • **Positive jaws**, as operating income expected to grow faster than costs; <55% CIR likely already in 2022
Credit risk	• Partial release of Covid general provisions resulted in net release of credit risk provisions • Strong asset quality indicators: NPL ratio at 2.2%, NPL coverage at 91.8%	• **2022e risk charge expected to be <20 bps of gross customer loans** • YE22e NPL ratio expected below 3.0%
Capital position & capital return	• Fully loaded CET 1 ratio at 14.2% • Planned FY2022 DPS accrued pro rata in H1 22	• **FY2022 dividend per share planned at EUR 1.9** • Excess capital buffer earmarked for bolt-on M&A and potential share buybacks
Profitability	• ROTE at 14.8% despite booking of expected FY deposit insurance and resolution fund contributions • Improved operating performance and low risk costs were key net profit drivers	• **Double-digit ROTE expected for 2022**
Risk factors to guidance	• Political, regulatory, geopolitical, economic, health and competition risks, also non-financial and legal risks • Indirect effects from Russia-Ukraine conflict and/or Covid-19 pandemic, such as prolonged supply chain disruptions, additional shock on energy prices and/or supply, deterioration of investment and consumption appetite • Economic downturn may put goodwill at risk	

Presentation topics

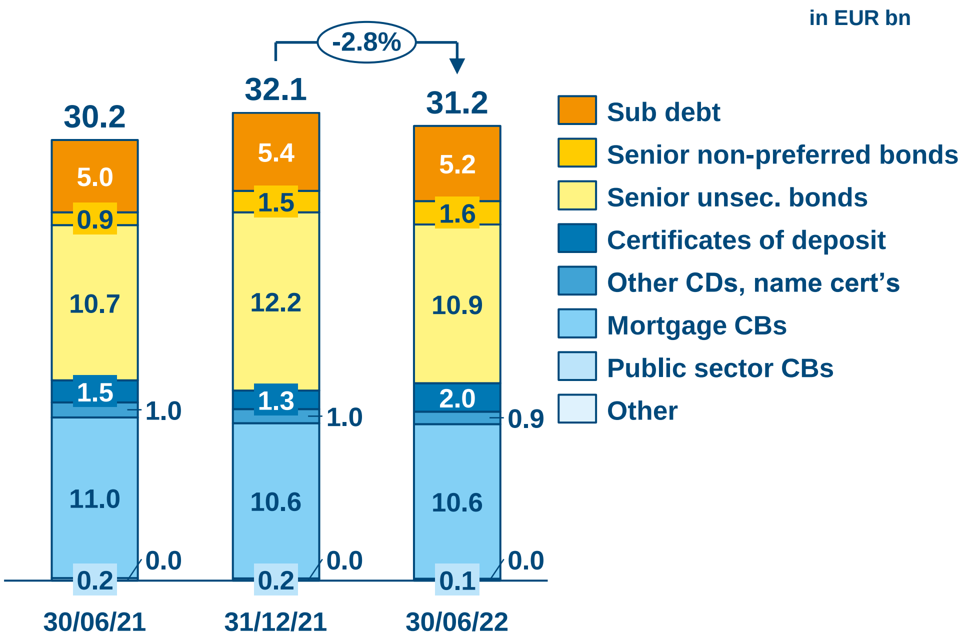
Erste Group's balance sheet structure –
Favourable loan/deposit ratio of 84.9% at Jun 22 (Dec 21: 85.6%)



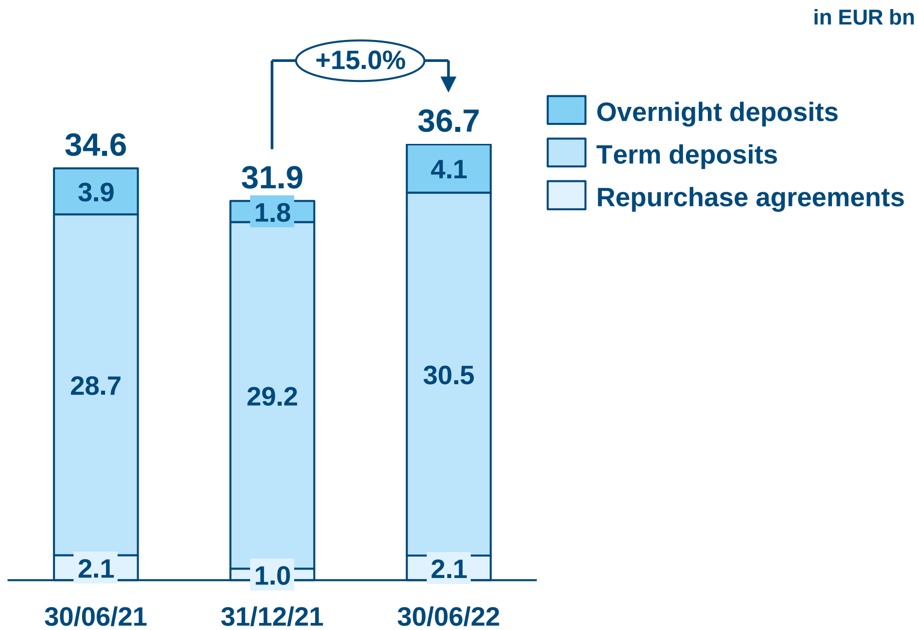


Wholesale funding and capital: debt vs interbank funding –
Stable wholesale funding reliance, as customer deposits grow strongly

Debt securities issued



Interbank deposits

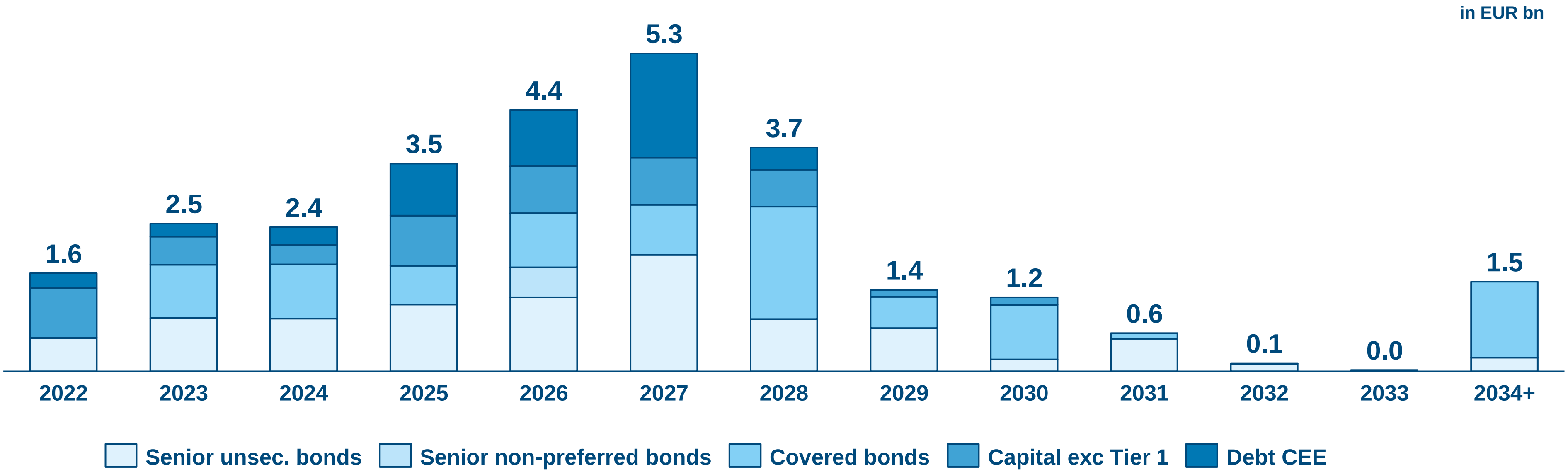


- MREL-related issuance leads yoy to rise in stock of senior unsecured bonds
- Increase in CDs attributable to increased business activity in Group Markets business

- Temporary decline at YE in interbank deposits predominantly driven by balance sheet management

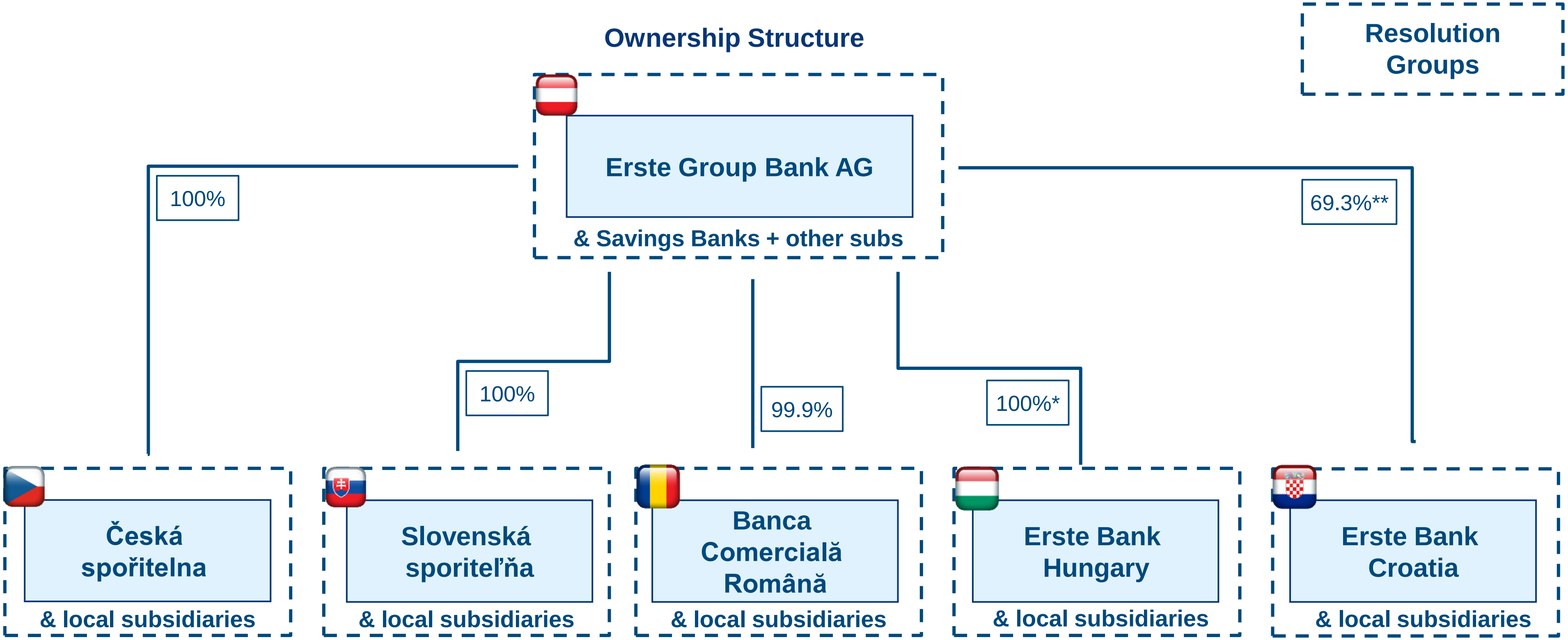
Wholesale funding and capital: LT funding –
Weathering volatile markets with successful Tier 2 issuance

Maturity profile of debt



- In Q1 22, Erste Group used favourable market windows to successfully issue a dual tranche of covered bonds in January (6.5 and 15 year, EUR 750m each) and a EUR 500m 4y senior preferred bond in March
- In Q2 22, a EUR 500m Tier 2 bond was issued backed by a constructive market on the issuance day in an otherwise very volatile environment and priced at MS+255bps with a 11NC6 maturity
- 2022 funding volume of Erste Group Bank AG comparable to 2021 levels
- 2027 maturity peak attributable to MREL issuances
- TLTRO III outstanding as of 30 June 2022: EUR 21.2bn

Multiple point of entry resolution strategy –
MREL compliance at Point of Entry Levels (bail-in)

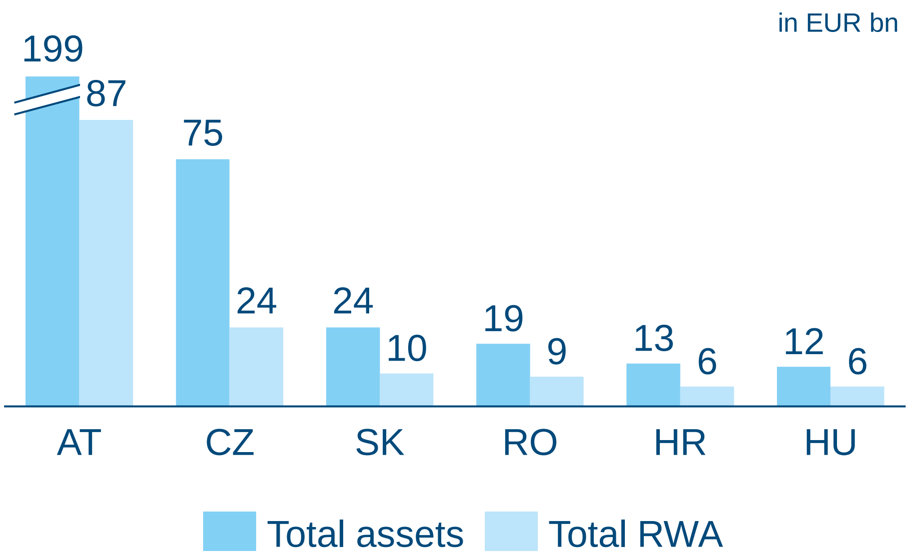


Erste Group follows an MPE resolution strategy with each resolution group issuing its external MREL debt

*Erste Bank Hungary: 30% held by Corvinus/Hungarian State and EBRD (15% each) with option agreement to sell stakes to Erste Group Bank AG
**Erste Bank Croatia: direct stake of 59%; indirect stake through Steiermärkische Sparkasse

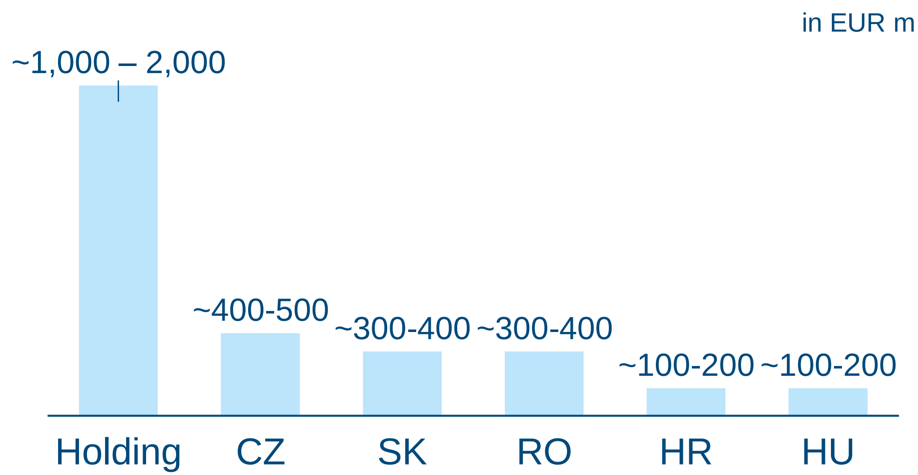
Wholesale funding and capital: MREL update –
All resolution groups successfully completed their inaugural MREL issuances

MREL resolution groups (June 2022)



- Under MREL there are 6 MPE resolution groups: 3 (AT, SK, HR) covered by the Single Resolution Board and 3 (CZ, RO, HU) covered by the respective National Resolution Authority
- The Austrian resolution group (parent company, EBOe and savings banks) is not considered a legal entity or reporting unit, hence there is neither a statutory reporting nor a capital requirement for the Austrian resolution group

Preliminary 3year MREL issuance plan (avg. p.a.)

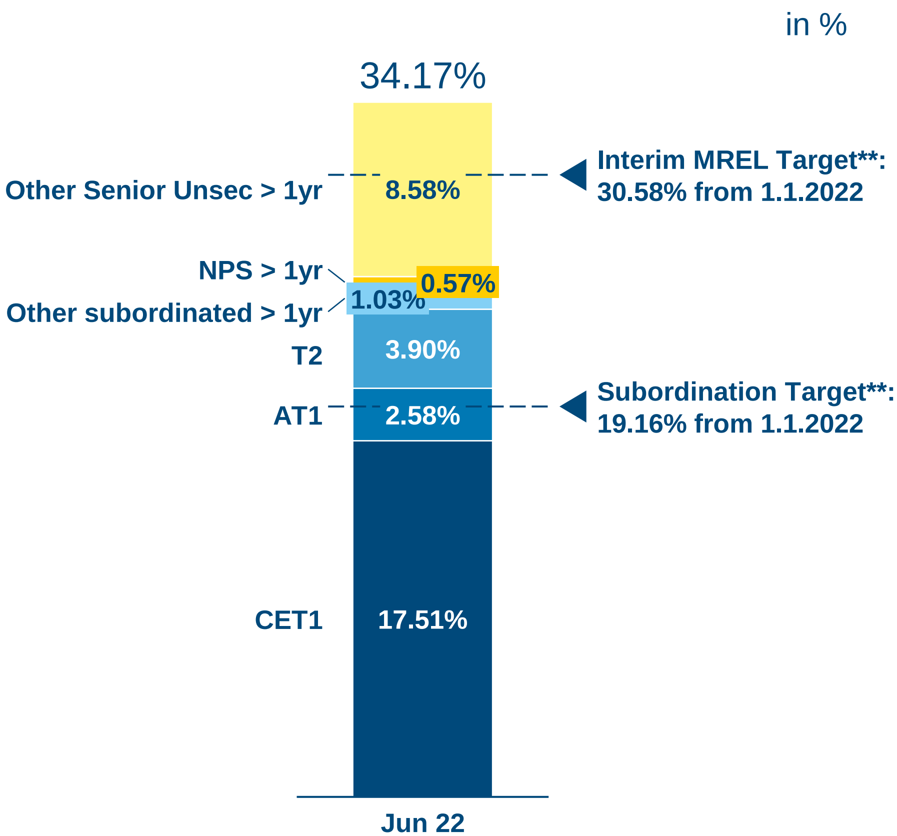


- CEE issuances will mainly be placed in domestic market and Euro markets
- MREL-related issuances in 2022:
  - HU: EUR 350m PS (international)
  - RO: RON 351.5m NPS (domestic)
  - Holding ~EUR 800m PS (thereof one EUR 500m PS benchmark) & EUR 500m Tier 2 bond
  - CZ: CZK 6bn NPS (domestic)
  - SK: EUR 120m (domestic & international)

MREL details

Austrian resolution group: MREL requirement based on RWA fulfilled

MREL capacity based on TREA (RWA)*



* TREA… total risk exposure amount

** Target including the Combined Buffer Requirement (CBR)

Key take-aways

- Erste Group's setup is based on a multiple point of entry (MPE) resolution approach
- In Q2 2022, Erste Group Bank AG received its MREL requirement calibrated on balance sheet data as of 31 Dec 2020 and based on BRRD2
- Erste Group Bank AG, as the Point of Entry of the Austrian resolution group, must comply with a MREL requirement of 30.58% of TREA (incl. CBR) and 9.34% of Leverage Ratio Exposure (LRE). In addition, the subordination requirement is set at 19.16% (incl. CBR) of TREA and 8.43% of LRE respectively.
- Based on the Austrian resolution group's RWAs as of June 2022 of approx. EUR 87bn, the current MREL ratio stands at 34.17%, thereof 25.59% being subordinated eligible liabilities.
- As of Q2 2022 the AT resolution group is compliant with both the interim and final MREL and subordination requirements (TREA and LRE-based) to be fulfilled from 1 Jan 2022 and 1 Jan 2024, respectively.
- Potential changes in the MREL requirement will be reflected in Erste Group Bank AG's funding plan as to ensure compliance with MREL & subordination targets

Erste Group's long-term issuance track record ytd –
Tapping 3 seniorities (Covered, Senior & Tier2)

September 2022	June 2022	April 2022	January 2022
Erste Group Bank	Erste Group Bank	Erste Group Bank	Erste Group Bank
EUR 750,000,000 8y Mortgage Covered Bond	EUR 500,000,000 11NC6 T2	EUR 500,000,000 4y Senior Preferred	EUR 750,000,000 6.5y & EUR 750,000,000 15y Mortgage Covered Bond
Joint Bookrunner	Joint Bookrunner	Joint Bookrunner	Joint Bookrunner

- **Q1 22**

After a 2-year absence from the syndicated covered bond market Erste Group started into 2022 with a EUR 1.5bn 6.5y & 15y dual-tranche **mortgage covered bond** (printed at MS-3bp and +5bp)

- **Q2 22**

After FY 2021 results, Erste Group issued a **senior preferred note**:
the EUR 500mn 4y transaction was priced at MS+55bps

End of April Erste Group Bank AG took advantage of an attractive market window and placed a EUR 500mn 11NC6 **Tier2 note** issued at MS+255bp

- **Q3 22**

The week after the September ECB meeting Erste Group issued a EUR 750mn mortgage covered bond. Given the dual tranche at the beginning of the year and the prevailing investor appetite, the 8y segment was a natural fit and resulted in a final landing at MS+16bps

Erste Group Bank AG as issuer

Summary of benchmark issues

Seniority	ISIN	Coupon	Reset	Maturity / First Call	Term	Currency	Volume in mn
Mortgage Covered Bond	XS1346557637	0.625%		19/01/2023	7	EUR	750
Mortgage Covered Bond	XS1845161790	0.250%		26/06/2024	6	EUR	750
Mortgage Covered Bond	XS1181448561	0.750%		05/02/2025	10	EUR	500
Mortgage Covered Bond	XS1807495608	0.625%		17/04/2026	8	EUR	750
Mortgage Covered Bond	XS1550203183	0.625%		18/01/2027	10	EUR	750
Mortgage Covered Bond	XS1750974658	0.750%		17/01/2028	10	EUR	1,000
Mortgage Covered Bond	AT0000A2UXM1	0.100%		12/07/2028	6.5	EUR	750
Mortgage Covered Bond	AT0000A2A6W3	0.010%		11/09/2029	10	EUR	500
Mortgage Covered Bond	AT0000A2CDT6	0.100%		15/01/2030	10	EUR	750
Mortgage Covered Bond	AT0000A306J4	2.500%		19/09/2030	8	EUR	750
Mortgage Covered Bond	AT0000A286W1	0.875%		15/05/2034	15	EUR	500
Mortgage Covered Bond	AT0000A2UXN9	0.500%		12/01/2037	15	EUR	750
Senior Preferred	XS1982725159	0.375%		16/04/2024	5	EUR	500
Senior Preferred	AT0000A2JAF6	0.050%		16/09/2025	5	EUR	500
Senior Preferred	AT0000A2WVQ2	1.500%		07/04/2026	6	EUR	500
Senior Preferred	AT0000A2GH08	0.875%		13/05/2027	7	EUR	750
Senior Preferred	AT0000A2KW37	0.100%	3m Euribor +52bps	16/11/2027	8NC7	EUR	750
Sustainable Senior Preferred	AT0000A2RAA0	0.125%		17/05/2028	7	EUR	500
Senior Preferred	AT0000A2SUH1	0.250%		14/09/2029	8	EUR	500
Senior Preferred	AT0000A2N837	0.250%		27/01/2031	10	EUR	500
Senior Preferred	CH1135555584	0.250%		02/10/2028	7	CHF	500
Senior Non-Pref.	XS2000538343	0.875%		22/05/2026	7	EUR	500
Tier 2	XS0840062979	7.125%		08/10/2022	10	EUR	302
Tier 2	XS2083210729	1.000%	5y ms+130.0bps	10/06/2025	10.5NC5.5	EUR	500
Tier 2	AT0000A2J645	1.625%	5y ms+210.0bps	08/09/2026	11NC6	EUR	500
Tier 2	AT0000A2U543	0.875%	5y ms+110.0bps	15/11/2027	11NC6	EUR	500
Tier 2	AT0000A2YA29	4.000%	5y ms+255.0bps	07/06/2028	11NC6	EUR	500
AT1	XS1597324950	6.500%	5y ms+620.4bps	15/04/2024	perpNC7	EUR	500
AT1	XS1961057780	5.125%	5y ms+485.1bps	15/10/2025	perpNC6.5	EUR	500
AT1	XS2108494837	3.375%	5y ms+343.3bps	15/04/2027	perpNC7.2	EUR	500
AT1	AT0000A2L583	4.250%	5y ms+464.6bps	15/04/2028	perpNC7.4	EUR	750

Cover pools: overview mortgage cover pool
Key characteristics

- Aaa Rating from Moody's
- First-ranking mortgage loans of mostly Austrian properties
  - 98% Austria and 2% Germany
- Solid mortgage origination via own savings bank network
- Recourse to borrower in default
- No NPLs in the cover pool (NPL is 90 days overdue payment)
- Fix/floating mix: 45% fix and 55% floating rate loans
- Moody‘s performance overview as of 31/03/2022
  - Collateral score: 13.7%
  - OC consistent with current rating: 12.0% (current OC nominal/stressed: 41%/ 54%)
- Quarterly updates on our homepage
  - **www.erstegroup.com** – Investor Relations – Debt Investors
  - **www.pfandbriefforum.at** – Market Players and Reports – Erste Group Bank AG

Overview of mortgage cover pool
Structure as of 30/06/2022

Cover pool	
Cover pool	**in EUR (mn)**
Total value of cover pool in EUR equivalent	**25,561**
thereof loans in EUR	24,167
thereof loans in CHF	1,007
thereof substitute collateral in EUR equivalent	387
thereof swaps in EUR equivalent	

Pfandbrief	
Issues	**in EUR (mn)**
Total outstanding issues in EUR equivalent	**18,110**
thereof issues in EUR	17,910
thereof issues in CHF	200
Nominal over-collaterisation in %	**41.2%**
Present value over-collaterisation in %	**53.9%**

Overview of mortgage cover pool
Structure as of 30/06/2022

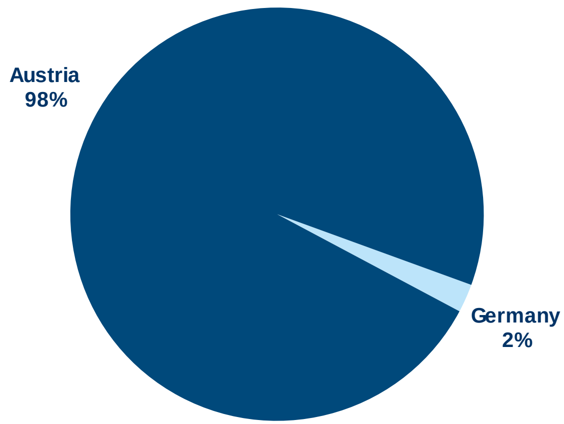
Cover pool	
LTV of cover pool	
Weighted average LTV total (unindexed)	68%
Weighted average LTV total (indexed)	65%

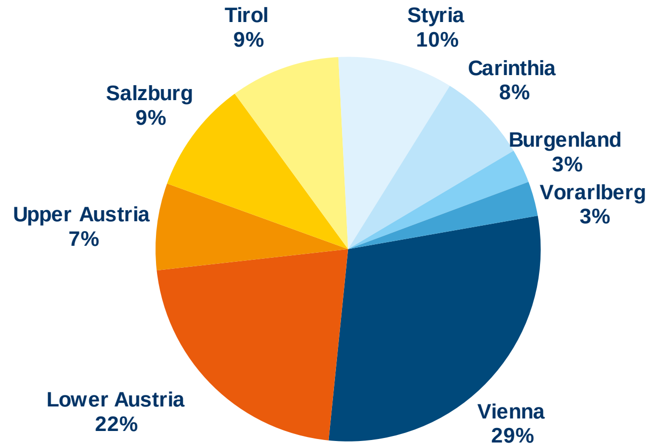
Other cover pool (loans) characteristics	
Residual maturity (in years)	9.8
Number of loans	107,152
Average size of loans (in EUR mn)	0.2
Percentage of 10 largest loans	2.4%
Percentage of bullet loans	12.8%
Percentage of fixed rate loans	45.2%

Pfandbrief	
Other issues characteristics:	
Number of issues	107
Average remaining life of issues	5.4
Average size of issues (in EUR mn)	169.3

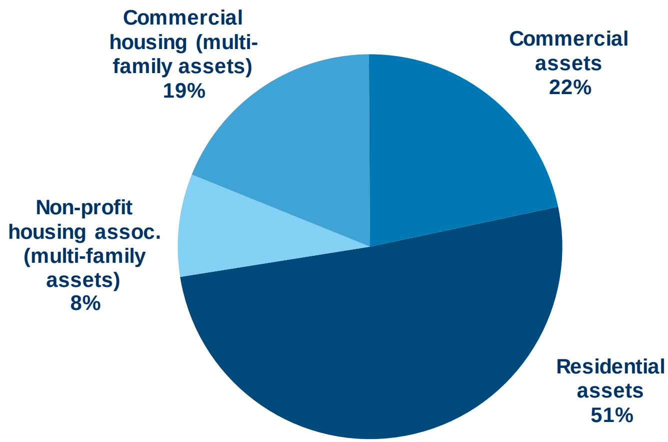
Overview of mortgage cover pool
Structure as of 30/06/2022

Break-down by region in %



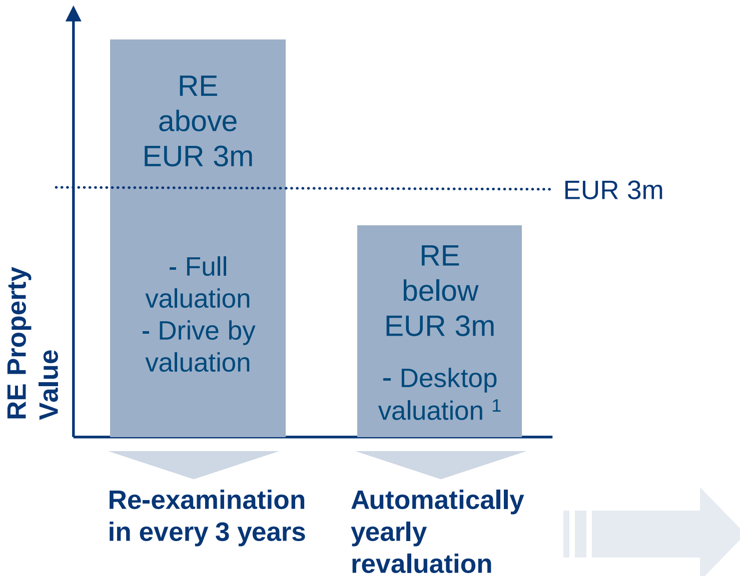


Break-down by property type in %

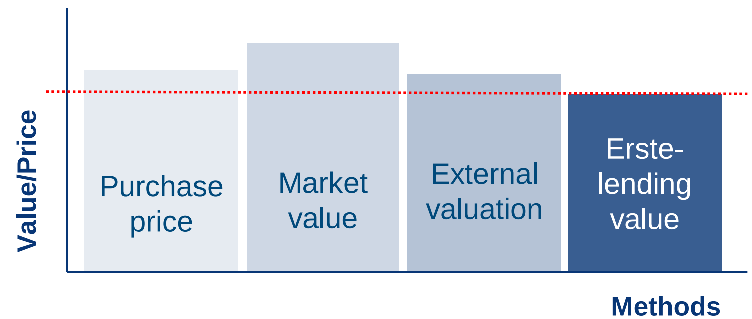


Cover pools: real estate valuation and monitoring

- **Erste Group valuation types**
  - Full valuation, drive by valuation and desktop valuation
- **Valuation methods**
  - For residential and commercial RE properties
  - Valuations only by authorised appraisers



- **Monitoring**
  - Annual review process of residential and commercial real estate property
  - Process is part of the internal risk assessment
  - **Erste Group-lending value approach**
    - **Methodology of a basis of risk point of view**
    - **Lower lending value compared with purchase price or market value**



Both based on Austrian Real Estate Price Index:

published annually by the Austrian National Bank

[1] Valuation made by a specially developed RE valuation-programme for Erste Group taking into consideration the property location, property size, type and characteristics of property, normal and local market conditions, …)

[2] For illustration purposes only; does not reflect real proportions

Cover pools: overview mortgage cover pool –
Multi-family assets – non-profit vs. commercial housing

Non-profit housing

- Non-profit property developer (Gemeinnützige Bauvereinigung)
- Subject to specific law (Wohnungsgemeinnützigkeitsgesetz – WGG)
- Subsidised housing projects
- Commonly known as „Genossenschaftswohnungen“ (cooperative flats – regardless of its corporate structure which can be a cooperative, public or private limited company)
- Profits and usage of profits is restricted (reinvestment in further projects)

Commercial housing

- Private property developer
- Limited access to subsidies
- No guidelines regarding profits

Comparable characteristics for tenants of both forms of housing

- **Not to be mistaken for social housing** (target group: middle income families)
- Generally combines a down-payment (~20% of development costs) with lower rent
- Typically the tenants are granted a buyout option for their flat after a certain period (normally 10-15 years)
- If the purchase of such a flat is financed by a mortgage loan such loan would be included in residential assets in the „distribution by property type“- pie chart as the property developer is no longer involved

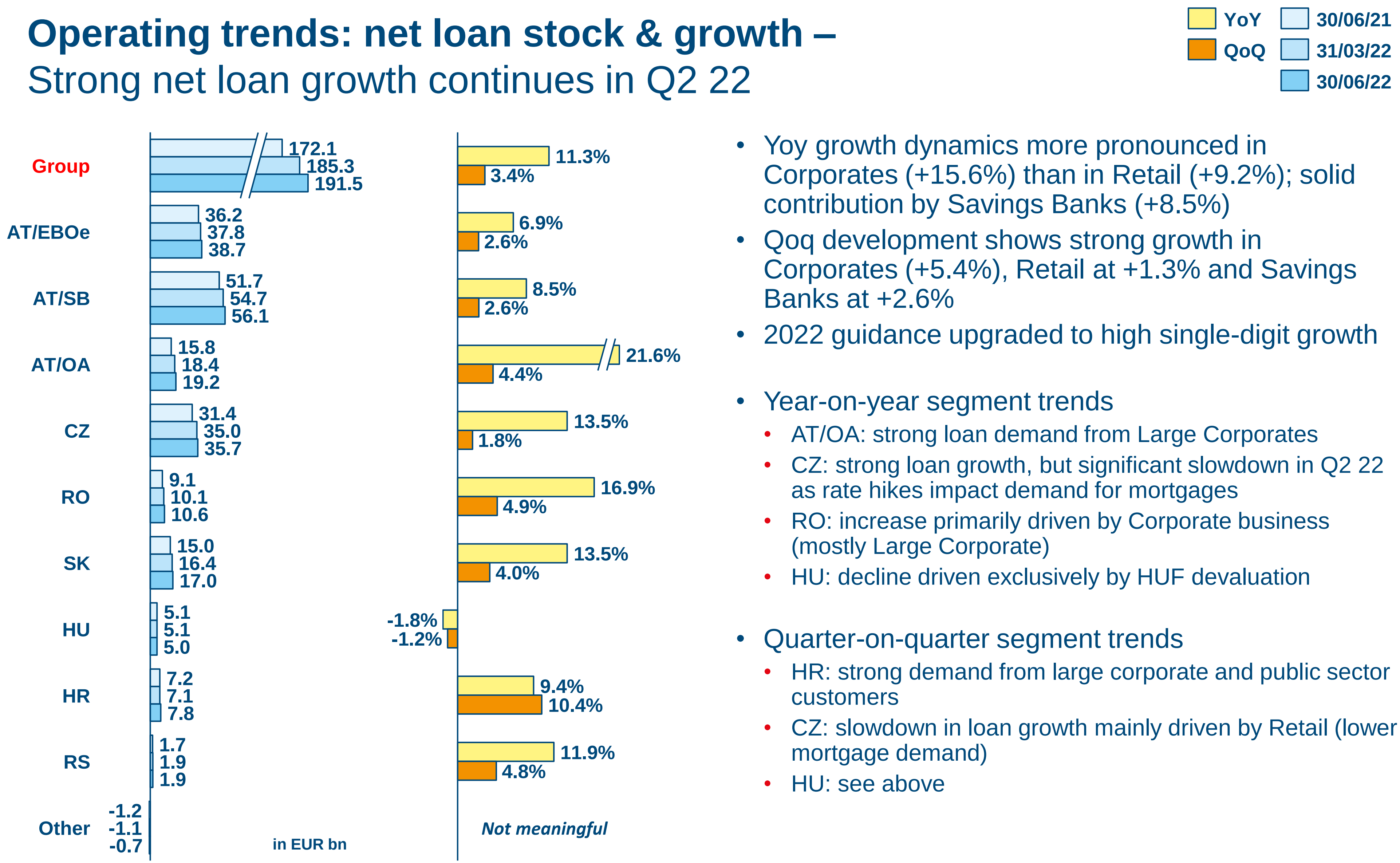
Presentation topics

Presentation topics

- Operating trends
  - Volumes
  - Revenues and costs
  - Impairments and asset quality
- Capital
- Additional information

Operating trends: net loan stock & growth –

Strong net loan growth continues in Q2 22

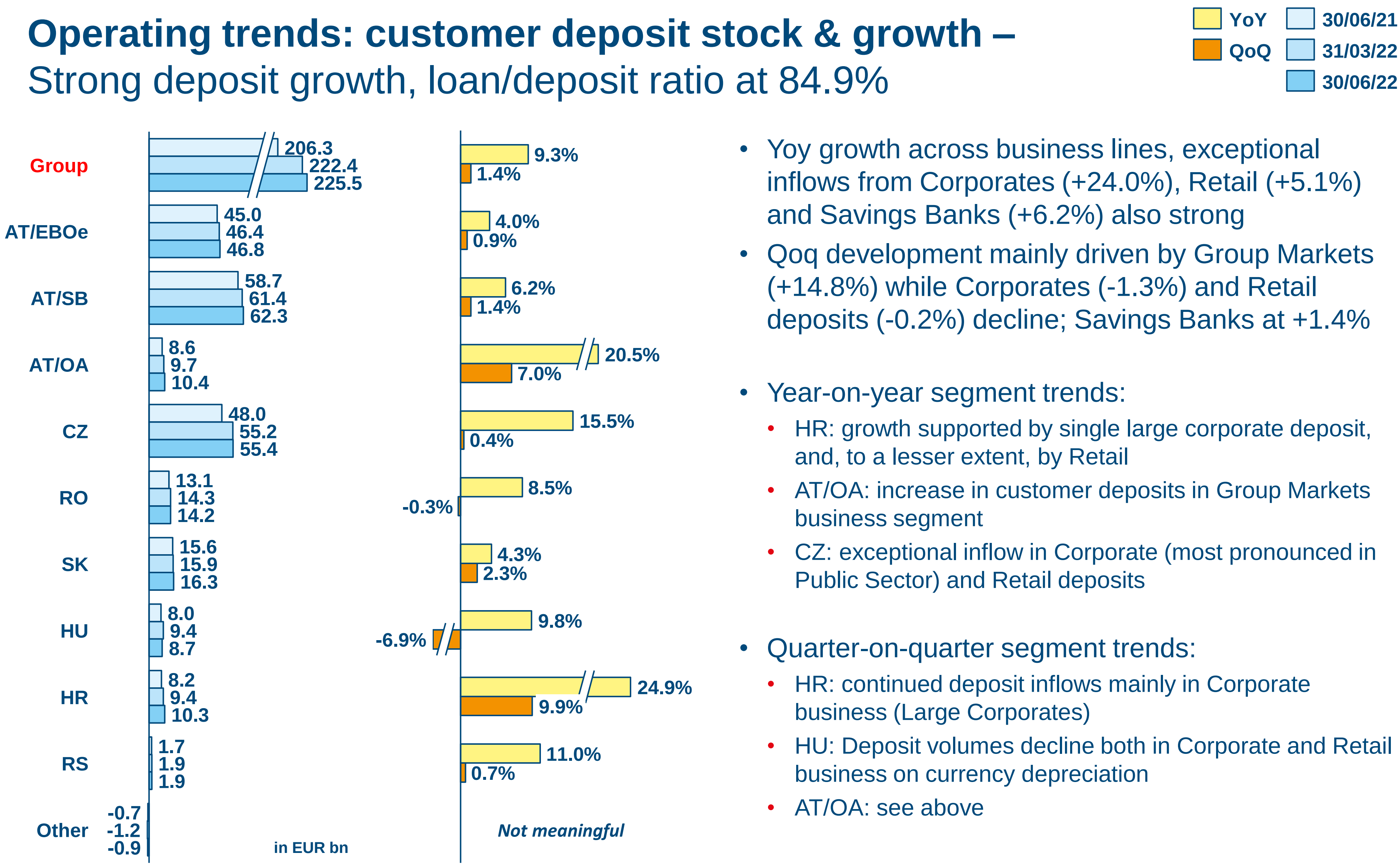


- Yoy growth dynamics more pronounced in Corporates (+15.6%) than in Retail (+9.2%); solid contribution by Savings Banks (+8.5%)
- Qoq development shows strong growth in Corporates (+5.4%), Retail at +1.3% and Savings Banks at +2.6%
- 2022 guidance upgraded to high single-digit growth

- Year-on-year segment trends
  - AT/OA: strong loan demand from Large Corporates
  - CZ: strong loan growth, but significant slowdown in Q2 22 as rate hikes impact demand for mortgages
  - RO: increase primarily driven by Corporate business (mostly Large Corporate)
  - HU: decline driven exclusively by HUF devaluation

- Quarter-on-quarter segment trends
  - HR: strong demand from large corporate and public sector customers
  - CZ: slowdown in loan growth mainly driven by Retail (lower mortgage demand)
  - HU: see above

Operating trends: customer deposit stock & growth –
Strong deposit growth, loan/deposit ratio at 84.9%



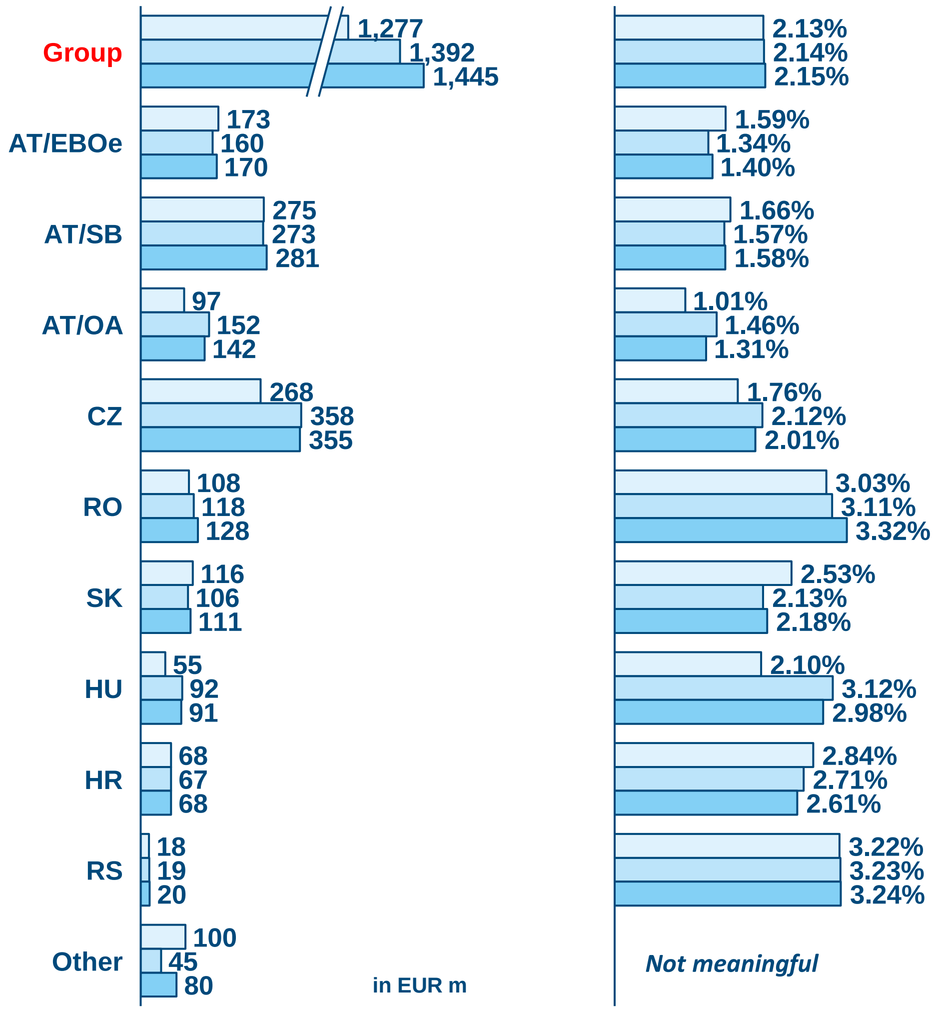
- Yoy growth across business lines, exceptional inflows from Corporates (+24.0%), Retail (+5.1%) and Savings Banks (+6.2%) also strong
- Qoq development mainly driven by Group Markets (+14.8%) while Corporates (-1.3%) and Retail deposits (-0.2%) decline; Savings Banks at +1.4%

- Year-on-year segment trends:
  - HR: growth supported by single large corporate deposit, and, to a lesser extent, by Retail
  - AT/OA: increase in customer deposits in Group Markets business segment
  - CZ: exceptional inflow in Corporate (most pronounced in Public Sector) and Retail deposits

- Quarter-on-quarter segment trends:
  - HR: continued deposit inflows mainly in Corporate business (Large Corporates)
  - HU: Deposit volumes decline both in Corporate and Retail business on currency depreciation
  - AT/OA: see above

Operating trends: NII and NIM –
Volume growth and rate hikes drive NII up

Q2 21
Q1 22
Q2 22



- NII up yoy and qoq on solid volume growth and improved rate environment in CZ, HU and RO
- 2022 outlook upgraded to **low double-digit growth**, due to higher loan growth and higher interest rates

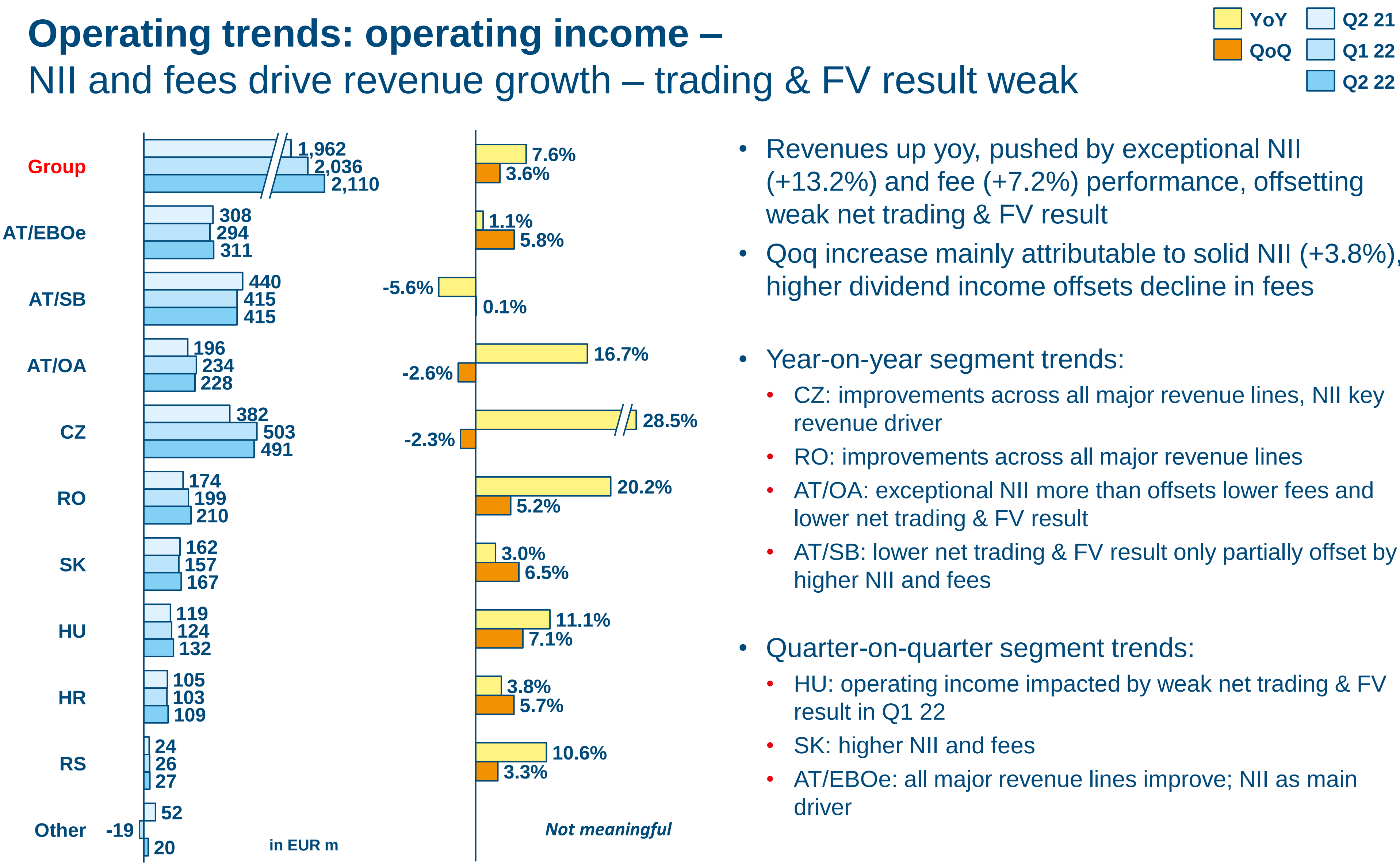
- Year-on-year segment trends:
  - AT/EBOe, AT/SB, SK: Q2 21 includes pos. TLTRO III related one-off effect
  - AT/OA: Group Markets business in the Holding improves on money market and repo business benefitting from rate hikes in CEE
  - CZ: rate hikes and volume growth push NII up; FX effect EUR +11.1m
  - HU: higher volumes and improved rate environment result in rising NII; FX effect EUR -4.5m

- Quarter-on-quarter segment trends:
  - AT/EBOe, AT/SB: NII benefits from higher volumes and improved market rates
  - AT/OA: decline driven by lower income from derivatives in Group Markets business
  - RO: increase mainly attributable to higher market rates and higher volumes

ERSTE Group

Operating trends: operating income –

NII and fees drive revenue growth – trading & FV result weak

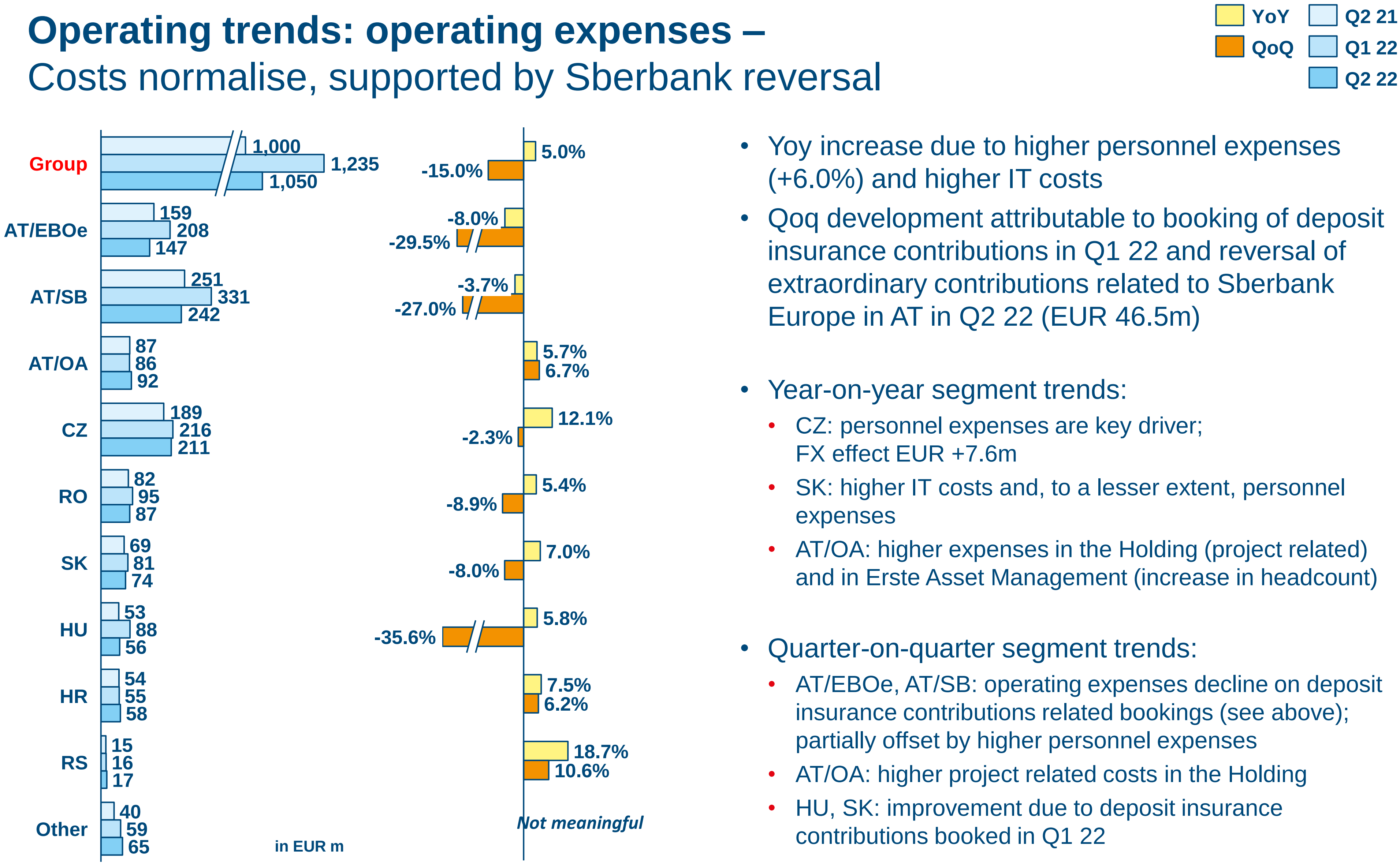


- Revenues up yoy, pushed by exceptional NII (+13.2%) and fee (+7.2%) performance, offsetting weak net trading & FV result
- Qoq increase mainly attributable to solid NII (+3.8%), higher dividend income offsets decline in fees

- Year-on-year segment trends:
  - CZ: improvements across all major revenue lines, NII key revenue driver
  - RO: improvements across all major revenue lines
  - AT/OA: exceptional NII more than offsets lower fees and lower net trading & FV result
  - AT/SB: lower net trading & FV result only partially offset by higher NII and fees

- Quarter-on-quarter segment trends:
  - HU: operating income impacted by weak net trading & FV result in Q1 22
  - SK: higher NII and fees
  - AT/EBOe: all major revenue lines improve; NII as main driver

Operating trends: operating expenses –
Costs normalise, supported by Sberbank reversal



- Yoy increase due to higher personnel expenses (+6.0%) and higher IT costs
- Qoq development attributable to booking of deposit insurance contributions in Q1 22 and reversal of extraordinary contributions related to Sberbank Europe in AT in Q2 22 (EUR 46.5m)

- Year-on-year segment trends:
  - CZ: personnel expenses are key driver;
    FX effect EUR +7.6m
  - SK: higher IT costs and, to a lesser extent, personnel expenses
  - AT/OA: higher expenses in the Holding (project related) and in Erste Asset Management (increase in headcount)

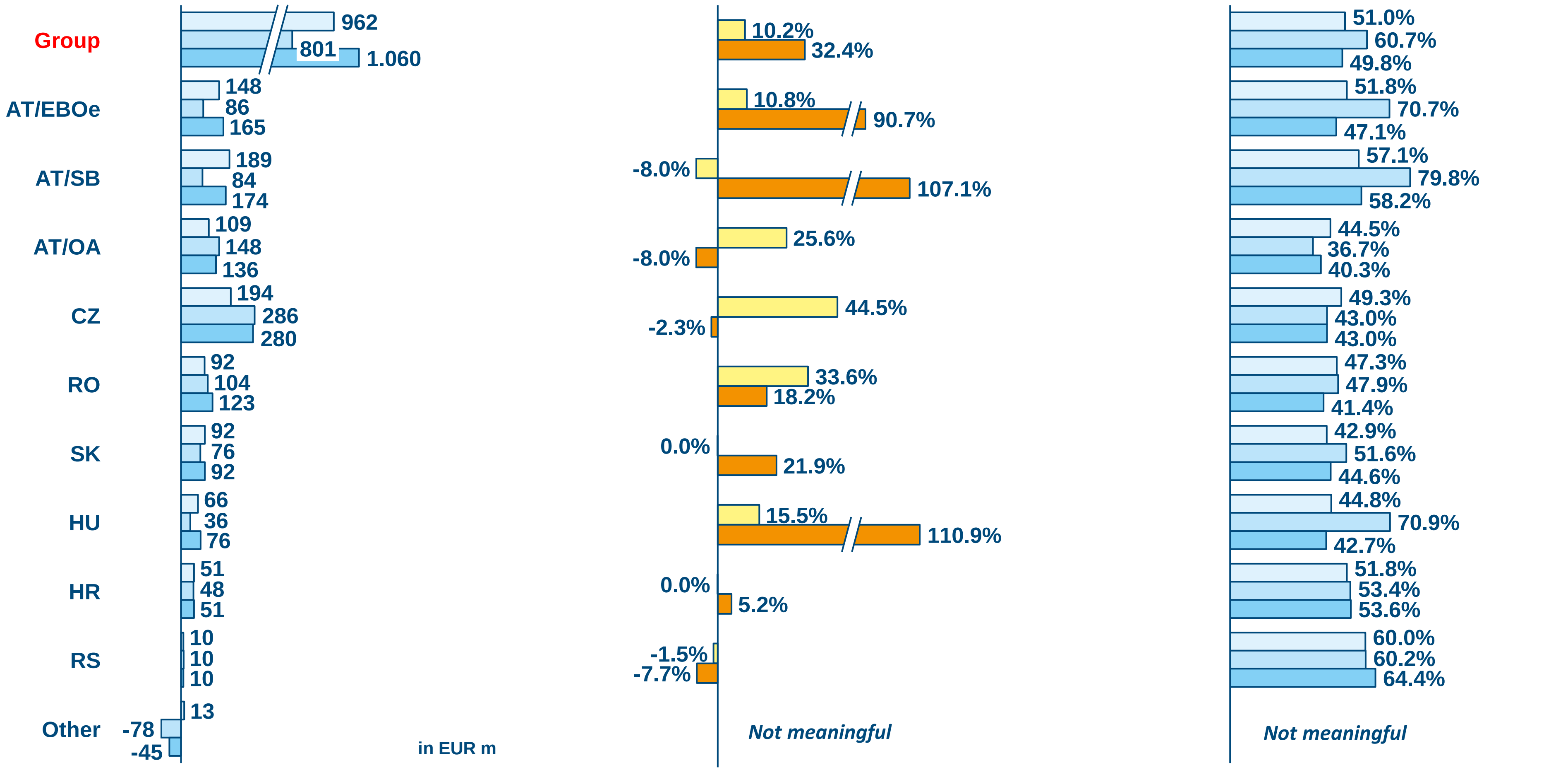
- Quarter-on-quarter segment trends:
  - AT/EBOe, AT/SB: operating expenses decline on deposit insurance contributions related bookings (see above); partially offset by higher personnel expenses
  - AT/OA: higher project related costs in the Holding
  - HU, SK: improvement due to deposit insurance contributions booked in Q1 22

ERSTE Group

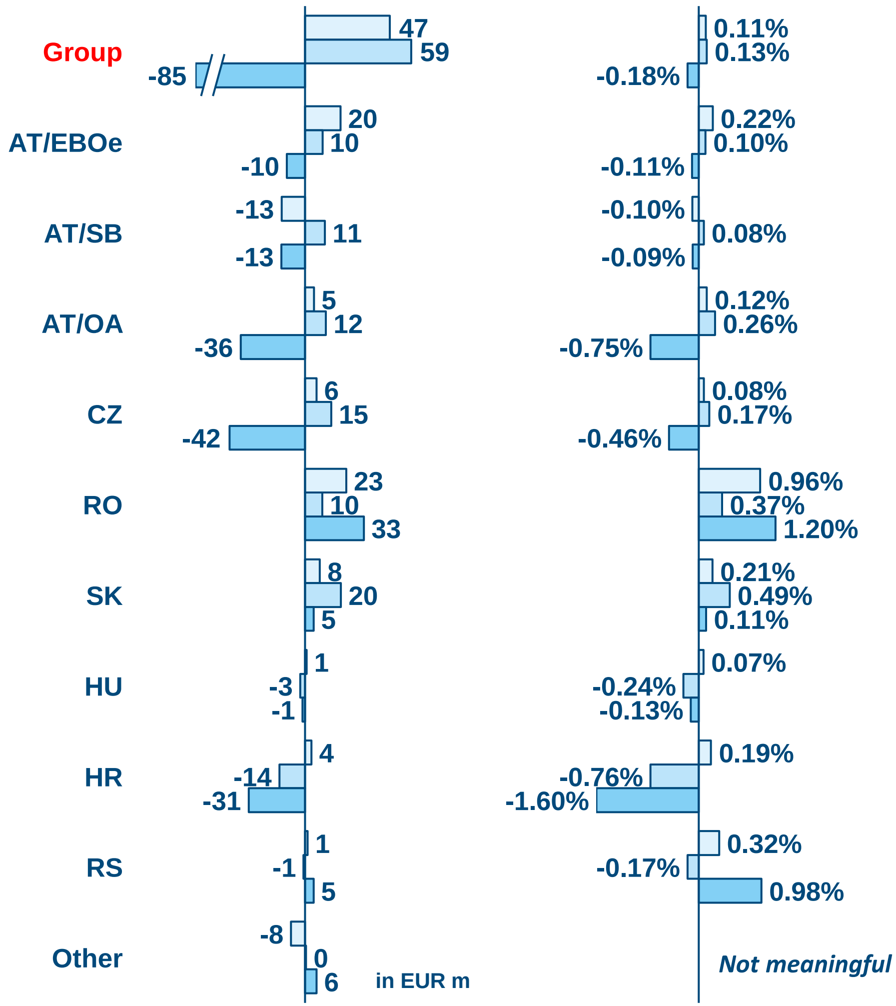
Operating trends: operating result and CIR –
Operating result up 10.2% yoy, CIR at 49.8%

YoY QoQ Q2 21 Q1 22 Q2 22

Operating result	YoY & QoQ change	Cost/income ratio



Operating trends: risk costs (abs/rel*) –
Partial release of general provisions led to net release



- Underlying credit risk performance of retail and corporate customers remained strong in Q2 22 despite an uncertain business environment
- Q2 22 review of crisis-related performing expected credit losses (ECL) led to release of EUR 132.2m
  - Covid overlay and heat-map mostly phased-out (-EUR 155m)
  - FLI updated (-EUR 125m)
  - Cyclical industries overlay introduced (+EUR 148m)
- Release partially offset by isolated defaults and rating deterioration of clients resulting in net release of EUR 85m in Q2 22
- EUR 500m of performing crisis ECL available for portfolio and macro deterioration

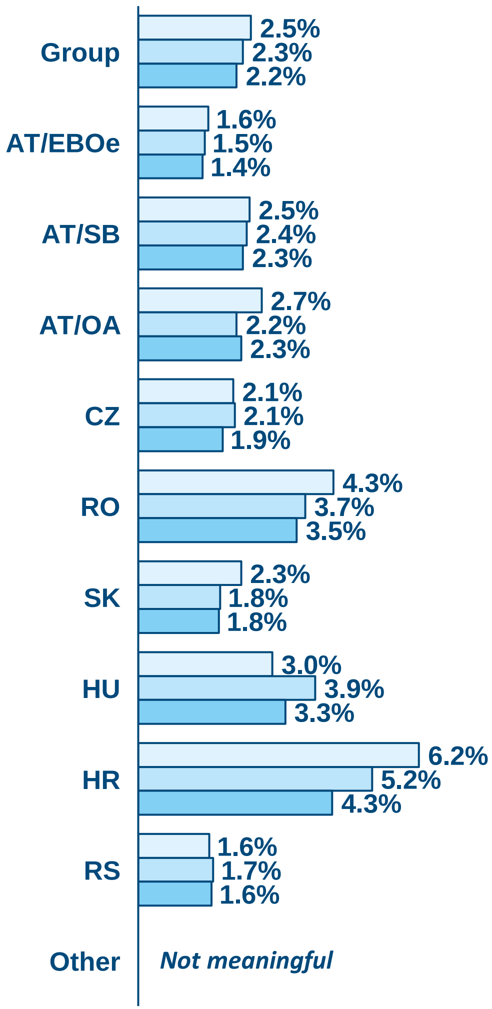
- Quarter-on-quarter segment trends:
  - SK: large corporate single client downgrade overcompensated FLI and heat-map release
  - RO: expected impact of new “energy moratoria”

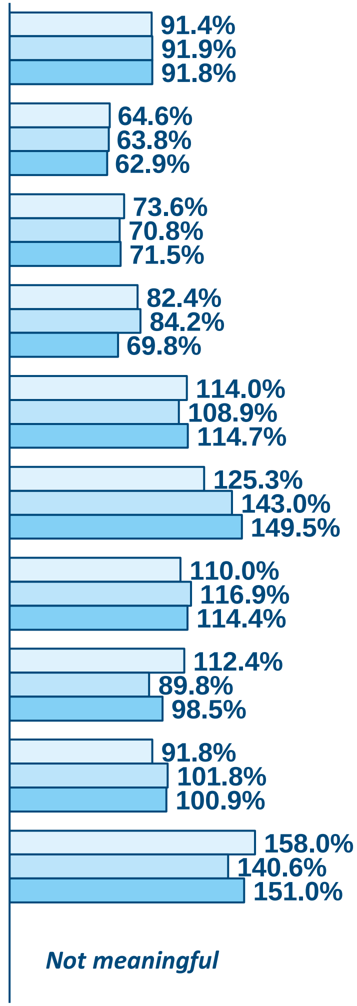
*) A positive (absolute) figure denotes risk costs, a negative figure denotes net releases. Relative risk costs are calculated as annualised quarterly impairment result of financial instruments over average gross customer loans.

Operating trends: asset quality – NPL ratio and coverage

NPL ratio at historic low, coverage ratio at comfortable level

30/06/21
31/03/22
30/06/22





- **NPL ratio** improves to **2.2%** and **NPL coverage** remains on **91.8%** on slight reduction of NPL volume and accelerating loan growth
- Update of crisis overlay (Covid overlay phase out and cyclical industry overlay implementation) decreases **stage 2 ratio to 13.9%** while significantly improving **stage 2 coverage to 4.7%**
- No significant increase in hard defaults observed yet, neither from Covid-19 nor from the geopolitical situation

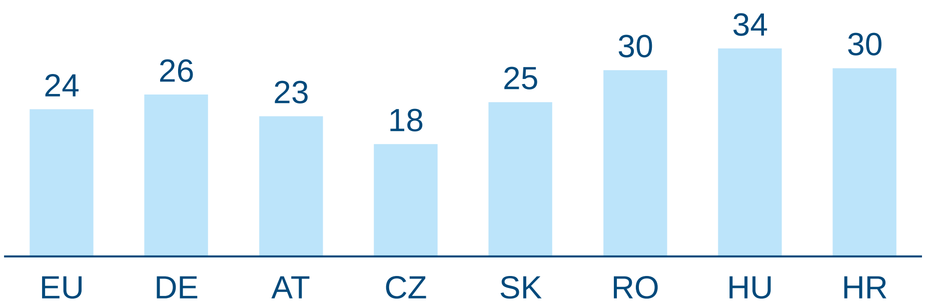
Risk provisions by IFRS9 stages

in EUR million	Jun 21	Sep 21	Dec 21	Mar 22	Jun 22	CLA Jun 22	Coverage Jun 22
Stage 1	78.9%	79.2%	80.4%	80.6%	83.5%	373	**0.2%**
Stage 2	18.1%	17.9%	16.7%	16.6%	13.9%	1,260	**4.7%**
Stage 3	2.4%	2.3%	2.3%	2.2%	2.1%	2,151	**53.0%**
POCI	0.2%	0.2%	0.2%	0.2%	0.2%	95	**27.8%**
Subject to IFRS9	99.5%	99.5%	99.6%	99.6%	99.6%	3,879	**2.0%**
Not subject to IFRS 9	0.5%	0.5%	0.4%	0.4%	0.4%	0	**0.0%**
Gross customer loans	**176,094**	**179,848**	**184,177**	**189,292**	**195,422**	**3,879**	**2.0%**

ERSTE Group

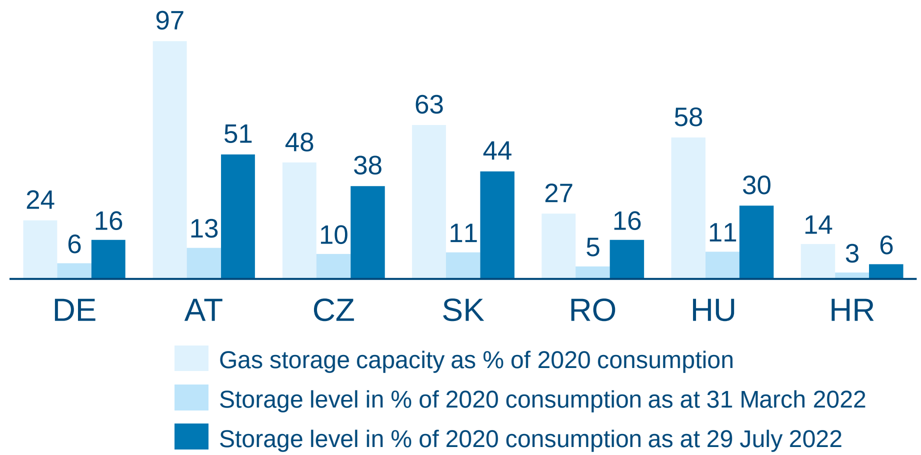
Stress scenario: stop of Russian gas imports (1) –
Analysis of natural gas situation in the CEE region

Natural gas share in overall energy mix

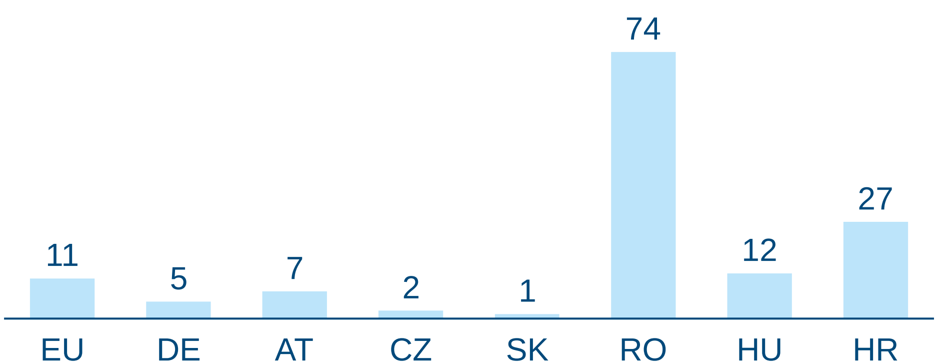


Source: Eurostat

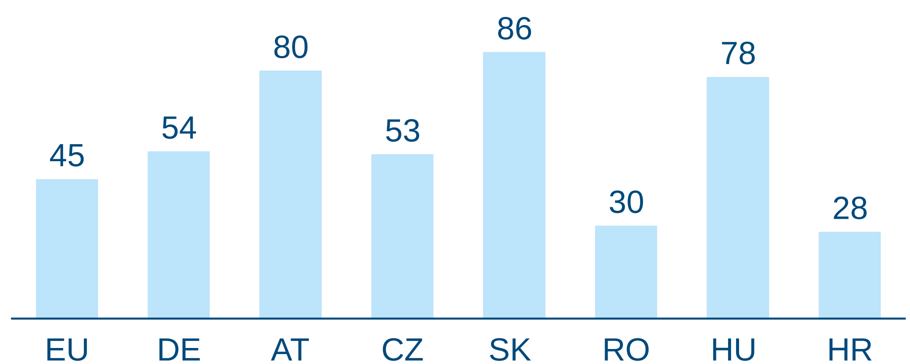
Gas storage vs annual consumption



Natural gas self-sufficiency



Dependency on Russian gas imports



Sources: Eurostat - primary production vs inland demand in 2021; Bruegel; https://agsi.gie.eu/

ERSTE Group

Stress scenario: stop of Russian gas imports (2) –
Macro forecasts and impact on risk costs

- **No gas from Russia scenario disruptive, but manageable for CEE region overall**
  - Risk costs of approx. 90bps in 2022, approx. 85bps in 2023
  - NPL ratio to stay below 4% even in 2023
  - Small RWA increase in 2023: rating and parameter deterioration is partly offset by lower business growth and higher number of defaults
  - All capital ratios well above limits

- **Main assumptions**
  - Stop of Russian gas supplies to EU (except HU, RS) on 1 July 2022
  - Significant capital destruction and plunge in investments
  - Inflation reaches a peak in H2 2022 and decline in 2023/24
  - Monetary policy tightens until end-2022 before easing by H1 2023
  - Expansive fiscal policies to soften impact to lead to sovereign rating downgrades in the EU given increasing public debt
  - An EU common debt issuance is in place for energy diversification/security
  - EU unemployment rate rises but stays way below historical peaks
  - EU experiences zero growth in 2022 and recession in 2023/24
  - More severe economic contraction in parts of CEE due to higher Russian gas dependence and limited substitution possibilities

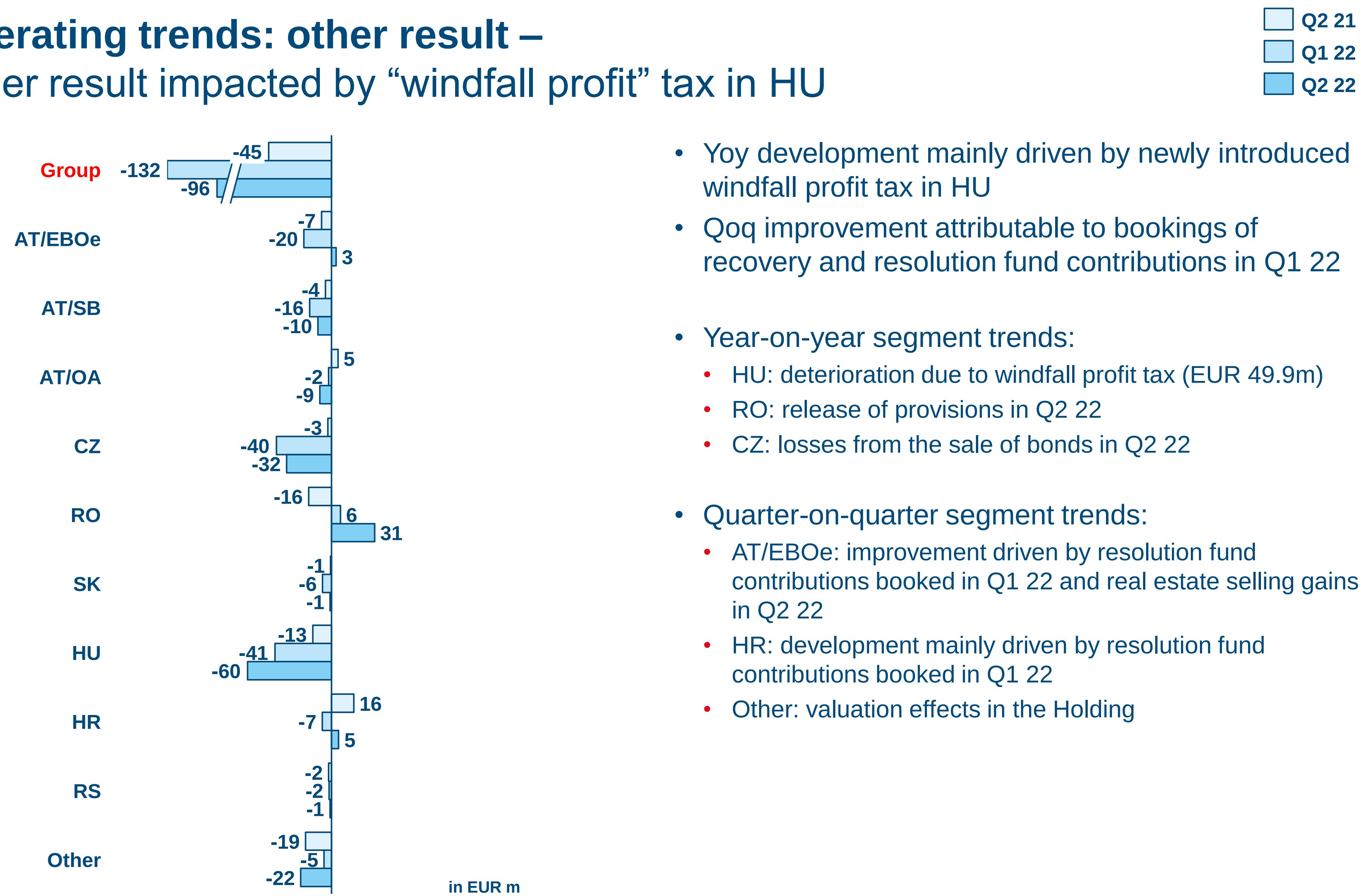
	YE2022	YE2023
Eurozone		
Real GDP growth, in %	1	-3
Inflation rate (HICP)	8	3
Unemployment rate	8	9
Austria		
Real GDP growth, in %	0	-6.5
Inflation rate (HICP)	8	4
Unemployment rate	5.8	7.5
Czech Republic		
Real GDP growth, in %	0	-6
Inflation rate (HICP)	14	5
Unemployment rate	3	4
Slovakia		
Real GDP growth, in %	1	-5
Inflation rate (HICP)	12	6
Unemployment rate	7	9
Romania		
Real GDP growth, in %	2	0
Inflation rate (HICP)	13	7
Unemployment rate	6.5	7
Croatia		
Real GDP growth, in %	2	-2
Inflation rate (HICP)	10	5
Unemployment rate	6.5	7.5
Hungary		
Real GDP growth, in %	2.5	-1
Inflation rate (HICP)	11	6
Unemployment rate	4.5	5
Serbia		
Real GDP growth, in %	2	1
Inflation rate (HICP)	11	6.5
Unemployment rate	11	12

Cyclical industries analysis –

Cyclical industries most exposed to UA geopolitical conflict

Industry	Exposure	Risk	Mitigation
Metals	EUR 4.5bn	• One of the most energy-intensive industries (eg. in steel-making, gas is used to reach the needed temperature in the process) • Without any gas supply the production would come to a stand-still • Gas can be substituted for oil only in limited applications / technology in the process	• 2021 was a very profitable year for the metals industry • Tight European metals market enabled companies to pass on increased prices to customers • Margins remain robust as contracts were re-negotiated for shorter periods and/or containing energy price surcharges
Pulp & Paper	EUR 0.5bn	• Paper industry heavily dependent on gas, despite 60% share of renewable energy sources • Energy-intensive companies pay currently up to ten times more for electricity and gas than they did last year	• Projects are underway to become less dependent on fossil fuels • Companies with integrated pulp production can use the resulting residual materials for energy • Most of our customers pass on costs through price increases; however, the resulting time lag can cause a negative impact on operating margins
Construction building materials	EUR 2.9bn	• Currently unavoidable to use fossil fuels due to the high temperatures and energy intensity required to produce bricks, cement, tiles or lime	• Companies with strong product diversity can serve different segments and seem to be more resistant • Price increases are passed on to clients
Automotive (OEM & OES)	EUR 4.1bn	• Rising raw material & energy prices and increasing labor costs will temporarily dilute profitability margins; high(er) tier and small(er) OES are more vulnerable to such inflationary pressure	• OES are expected to cope well with uneven call-offs in volumes based on overall healthy demand and the OEMs' filled order books
Airlines	EUR 0.3bn	• Massive increase in fuel costs & OPEX (high inflation), uncertainties with respect to labour (staff shortages in passenger, cargo and airports) can have negative effects on profitability • Ongoing high inflation can have negative effects on travel behaviour due to decreasing household disposable income	• Higher fuel prices will be passed on to the customers (with time delays) • Air cargo business expected to be still growing esp. considering the Covid-related closure of Chinese harbors
Road freight carriers	EUR 1.4bn	• As inflation continues to hold, the overall demand may decrease, relieving upward pressure on rates	• Rising fuel costs and the ongoing driver shortage have helped push up road freight costs and rates across Europe • Freight rates are expected to remain elevated as volatility from inflation and the fallout from the war in Ukraine continue to increase costs

Operating trends: other result –
Other result impacted by "windfall profit" tax in HU

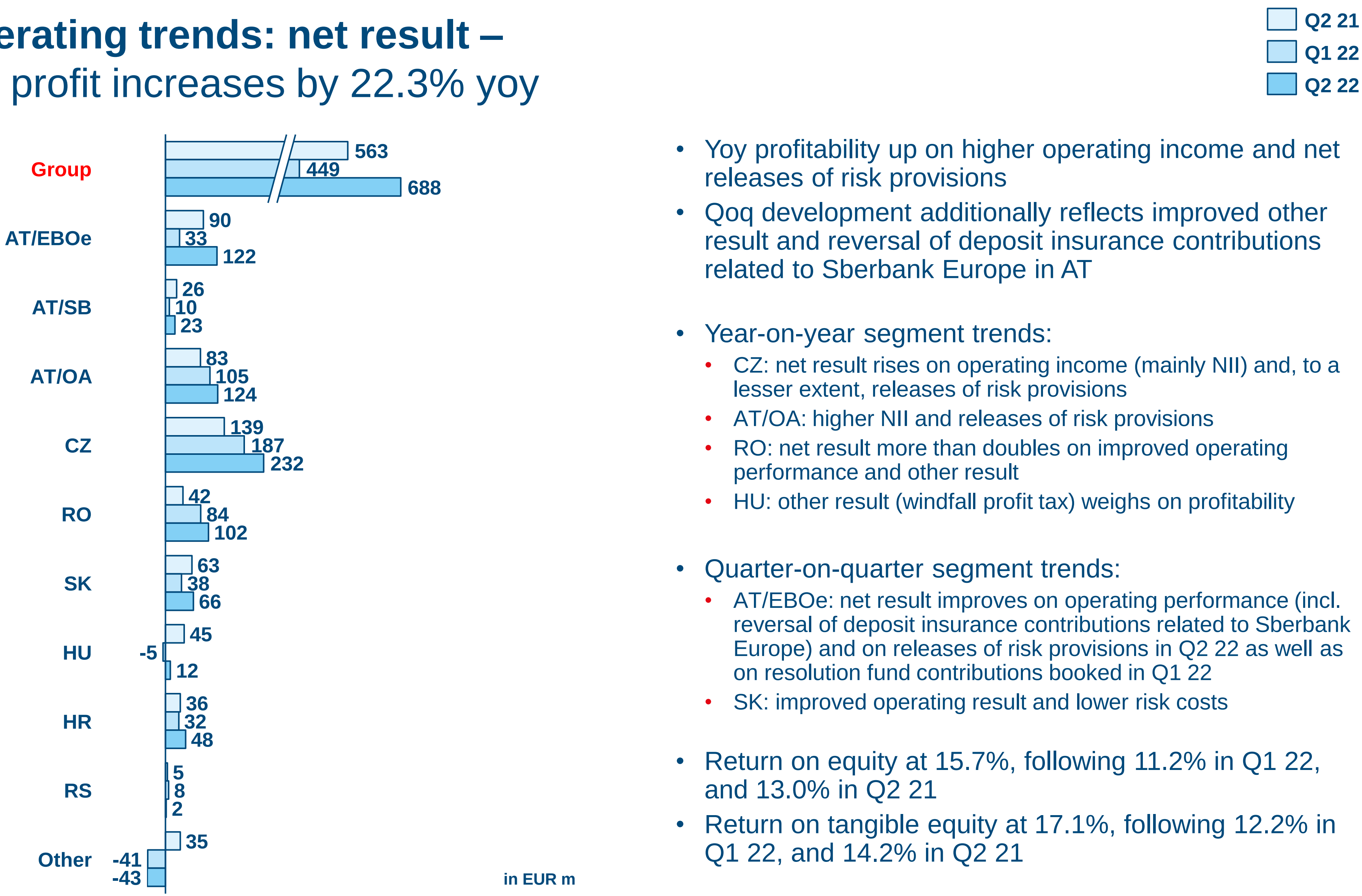


- Yoy development mainly driven by newly introduced windfall profit tax in HU
- Qoq improvement attributable to bookings of recovery and resolution fund contributions in Q1 22

- Year-on-year segment trends:
  - HU: deterioration due to windfall profit tax (EUR 49.9m)
  - RO: release of provisions in Q2 22
  - CZ: losses from the sale of bonds in Q2 22

- Quarter-on-quarter segment trends:
  - AT/EBOe: improvement driven by resolution fund contributions booked in Q1 22 and real estate selling gains in Q2 22
  - HR: development mainly driven by resolution fund contributions booked in Q1 22
  - Other: valuation effects in the Holding

Operating trends: net result –
Net profit increases by 22.3% yoy



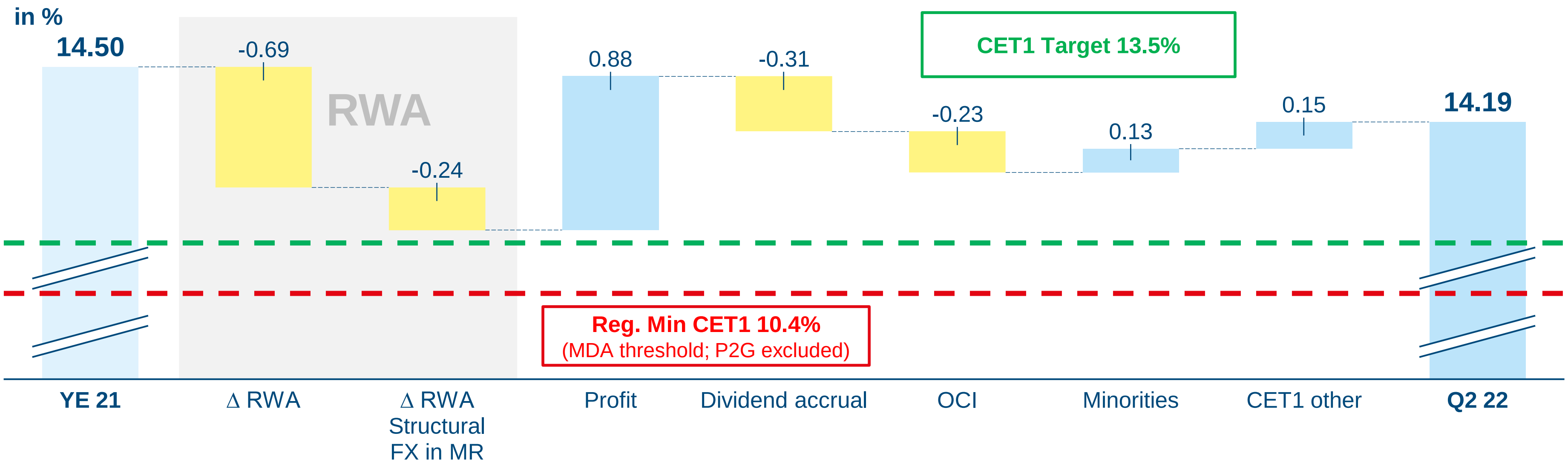
- Yoy profitability up on higher operating income and net releases of risk provisions
- Qoq development additionally reflects improved other result and reversal of deposit insurance contributions related to Sberbank Europe in AT

- Year-on-year segment trends:
  - CZ: net result rises on operating income (mainly NII) and, to a lesser extent, releases of risk provisions
  - AT/OA: higher NII and releases of risk provisions
  - RO: net result more than doubles on improved operating performance and other result
  - HU: other result (windfall profit tax) weighs on profitability

- Quarter-on-quarter segment trends:
  - AT/EBOe: net result improves on operating performance (incl. reversal of deposit insurance contributions related to Sberbank Europe) and on releases of risk provisions in Q2 22 as well as on resolution fund contributions booked in Q1 22
  - SK: improved operating result and lower risk costs

- Return on equity at 15.7%, following 11.2% in Q1 22, and 13.0% in Q2 21
- Return on tangible equity at 17.1%, following 12.2% in Q1 22, and 14.2% in Q2 21

Capital: CET1 ratio waterfall –
Fully loaded CET1 at 14.2%

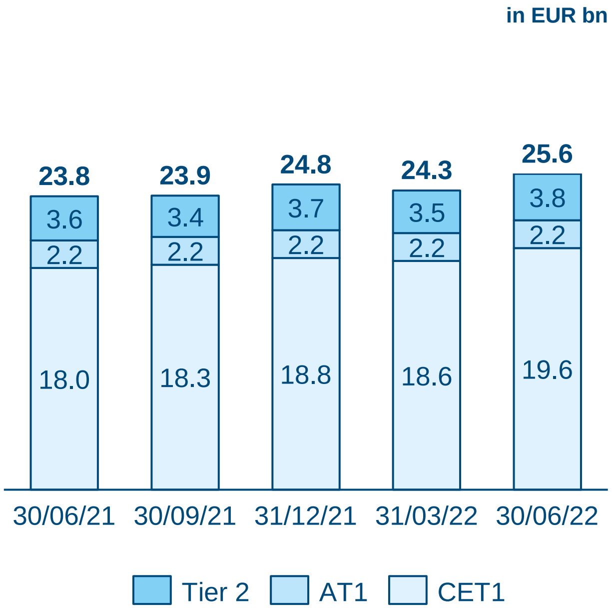


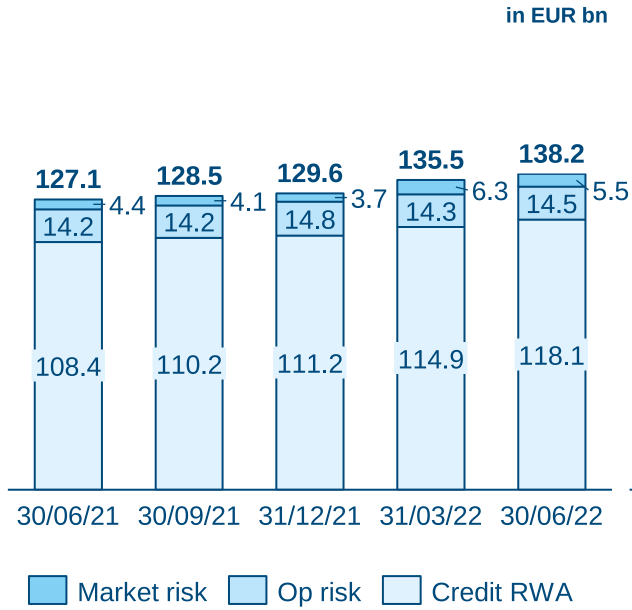
CET1 ratio at 14.2% as profits offset increase in RWAs:

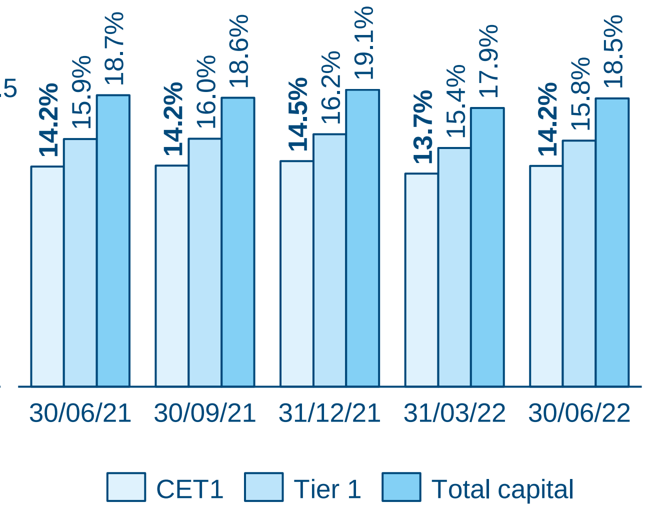
- Increase in **RWAs** from EUR 129.6bn to EUR 138.2bn driven by business growth in credit risk and consideration of s**tructural FX** in **market risk** (EUR 2.3bn) since Q1 22
- Half-year **profit** included, dividend accrual of EUR 0.95 per share in H1 22
- **OCI** development driven by negative impact from FV changes of debt instruments (-EUR 384m) given rising interest rates and deterioration in FX translations (-EUR 51m) partly counterbalanced by improvement in DBOs (+EUR 139m)
- Increase in **Minorities** (+EUR 175m) resulting from profit inclusion of remaining savings banks not subject to YE 21 profit inclusion and half-year profit inclusion of Steiermärkische Sparkasse
- **Other** items encompass: Lower deduction of own CET1 instruments (+EUR 126m) and higher retained earnings (+EUR 58m)

Capital & RWA –
Risk-weighted assets increase on business effects and market risk

Basel 3 capital	Risk-weighted assets	Basel 3 capital ratios







- **CET1 capital increases by 4.0% ytd**
  - Inclusion of H1 22 interim profit: + EUR 731m
  - OCI impact and prudential filters: - EUR 345m
  - Minority interest: + EUR 175m

- **RWAs up by 6.6%** in H1 22
  - Credit RWA up mainly on business growth (+ EUR 8.4bn), partially offset by portfolio effects (- EUR 2.3bn)
  - Market risk increases on structural FX effect (+ EUR 2.3bn)

- CET1 ratio at solid 14.2%
- Planned dividend for H1 22 included in capital ratios
- Medium target remains unchanged at 13.5%

ERSTE Group

Regulatory capital position/requirement (SREP) –
Capital requirements (SREP) for 2022 slightly up on higher CCyB

		Erste Group Consolidated					Erste Group Unconsolidated			
					ECB Capital Relief					
		Fully loaded		Fully loaded	Measures 1)	Fully loaded		Fully loaded		
		2020	2021	Q2 2022	Q2 2022	YE 2022	2020	2021	Q2 2022	YE 2022
Pillar 1 CET1 requirement		**4.50%**	**4.50%**	**4.50%**	**4.50%**	**4.50%**	**4.50%**	**4.50%**	**4.50%**	**4.50%**
Combined buffer requirement 5)		**4.68%**	**4.68%**	**4.68%**	**2.18%**	**4.90%**	**4.63%**	**4.62%**	**4.61%**	**4.80%**
Capital conservation buffer		2.50%	2.50%	2.50%	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Countercyclical capital buffer 2)		0.18%	0.18%	0.18%	0.18%	0.40%	0.13%	0.12%	0.11%	0.30%
OSII buffer		2.00%	1.00%	1.00%	1.00%	1.00%	2.00%	1.00%	1.00%	1.00%
Systemic risk buffer		2.00%	1.00%	1.00%	1.00%	1.00%	2.00%	1.00%	1.00%	1.00%
Pillar 2 CET1 requirement 3)		**0.98%**	**0.98%**	**0.98%**	**0.98%**	**0.98%**	**0.98%**	**0.98%**	**0.98%**	**0.98%**
Pillar 2 CET1 guidance		**1.00%**	**1.00%**	**1.00%**	**0.00%**	**1.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Regulatory minimum ratios excluding P2G										
	CET1 requirement	10.16%	10.16%	10.16%	7.66%	10.39%	10.11%	10.10%	10.10%	10.29%
1.50% AT1	Tier 1 requirement	11.99%	11.99%	11.99%	9.49%	12.22%	11.94%	11.93%	11.93%	12.12%
2.00% T2	Own funds requirement	14.43%	14.43%	14.43%	11.93%	14.65%	14.38%	14.37%	14.36%	14.55%
Regulatory minimum ratios including P2G										
	CET1 requirement	11.16%	11.16%	11.16%	n.a.	11.39%	10.11%	10.10%	10.10%	10.29%
1.50% AT1	Tier 1 requirement	12.99%	12.99%	12.99%	n.a.	13.22%	11.94%	11.93%	11.93%	12.12%
2.00% T2	Own funds requirement	15.43%	15.43%	15.43%	n.a.	15.65%	14.38%	14.37%	14.36%	14.55%
Reported CET1 ratio as of June 2022				**14.45%**	**4)**				**23.10% 4)**	

- Buffer to MDA restriction as of 30 June 2022: 411bps
- Available distributable items (ADI) as of 30 June 2022: EUR 4.4bn (post expected dividend);
  based on CRR II, which allows additional own funds components to be included, ADIs are at EUR 7.1bn

1. Following ECB's announcement related to measures in reaction to COVID-19 on 12 March 2020 and 1 July 2021, the ECB allows banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance (P2G) and the Capital Conservation Buffer (CCB). However, MDA restrictions still apply in case of a combined buffer requirement breach.
2. Planned values based on Q2 2022 exposure.
3. As of end of May 2021 Art. 70b (7) ABA applies using the Pillar 2 Requirement (P2R) according to the capital stack which results in the following application: 56.25% for CET1 capital and 75% for Tier 1 capital. The overall P2R remained at 1.75% for Erste Group. Since 2020 the temporary capital relief actions from ECB apply.
4. Consolidated capital ratios pursuant to IFRS on phased-in (PhI) basis. Unconsolidated capital ratios pursuant to Austrian Commercial Code (UGB) as per Q1 2022. ADIs pursuant to UGB.
5. Combined buffer requirement: until Q1 2021 higher of OSII and Systemic risk buffer is considered; YE 2021 OSII and Systemic risk buffer are cumulative

Additional information: footprint –
Customer banking in Austria and the eastern part of the EU

Erste Group footprint

Czech Republic	Slovakia
Customers: 4.5m	Customers: 2.0m
Employees: 9,818	Employees: 3,633
Branches: 398	Branches: 195

Hungary
Customers: 0.9m
Employees: 3,241
Branches: 103

Romania
Customers: 2.8m
Employees: 5,253
Branches: 323

Core markets

Indirect presence

Austria	Croatia	Serbia
Customers: 3.9m	Customers : 1.2m	Customers: 0.4m
Employees: 15,661	Employees : 3,307	Employees: 1,207
Branches: 804 (EBOe: 168)	Branches: 133	Branches: 88

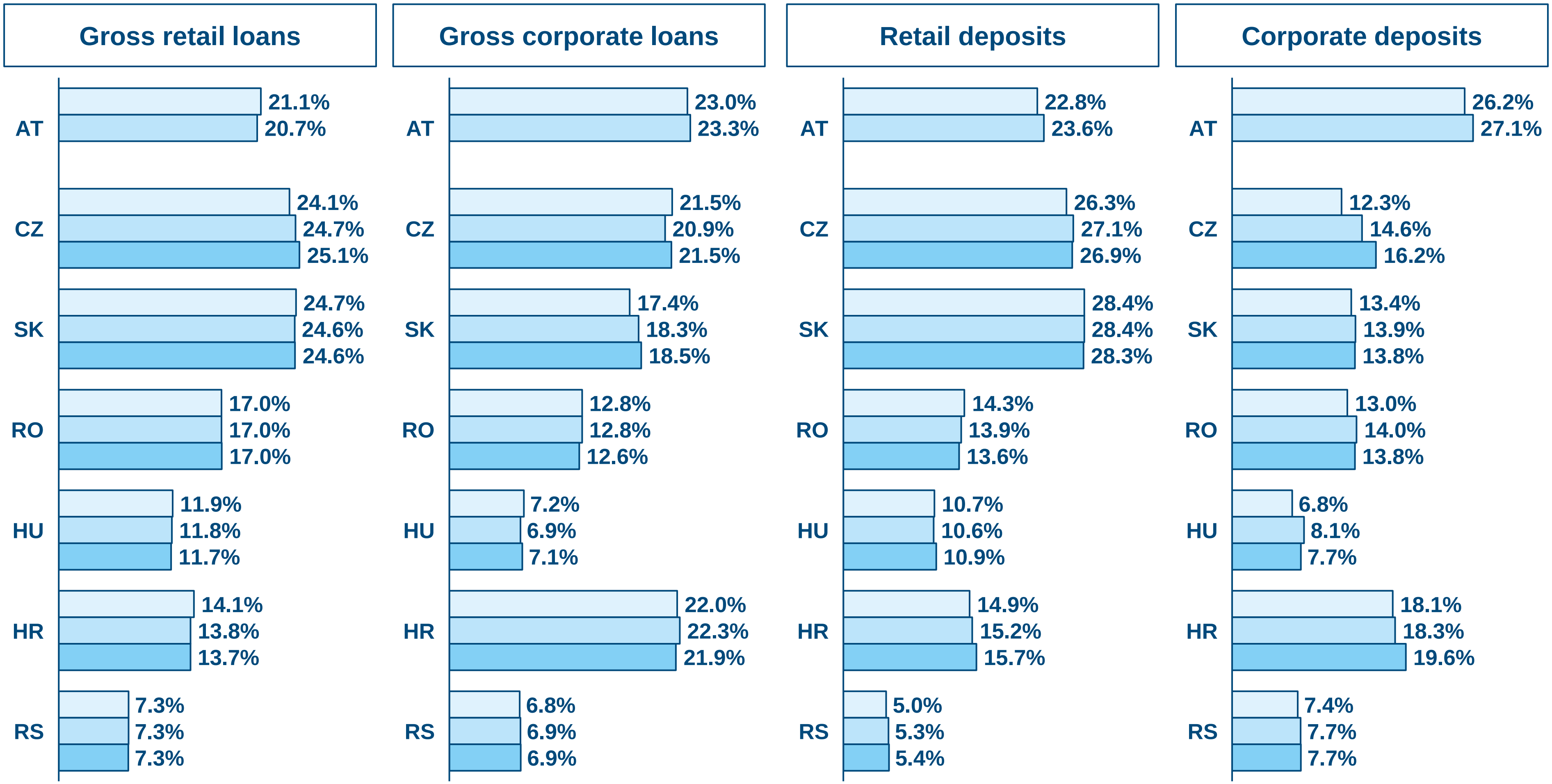
Highlights

- Leading retail and corporate bank in 7 geographically connected countries
- Favourable mix of mature & emerging markets with low penetration rates
- Potential for cross selling and organic growth in CEE
- Number of customers: 15.7 million
- Number of employees: 44,773
- Number of branches: 2,044

Employees: FTEs as of end of reporting period
(The presented FTE data exclude FTEs outside Erste Group's core markets in Austria and CEE as well as FTEs of specific services entities not located in Austria)

Additional information: market shares –
Commanding market shares across the CEE region

30/06/21
31/03/22
30/06/22



Market shares for Austria are not yet available as of 30/06/22

Additional information: income statement –
Year-to-date and quarterly view

in EUR million	1-6 21	1-6 22	YOY-Δ	Q2 21	Q1 22	Q2 22	YOY-Δ	QOQ-Δ
	Year-to-date view			Quarterly view				
Net interest income	2,448.7	2,837.0	15.9%	1,276.5	1,392.1	1,444.9	13.2%	3.8%
Interest income	2,434.1	3,508.1	44.1%	1,226.1	1,623.2	1,884.9	53.7%	16.1%
Other similar income	777.8	1,013.5	30.3%	438.8	460.9	552.6	25.9%	19.9%
Interest expenses	-213.4	-653.9	>100.0%	-109.0	-240.2	-413.7	>100.0%	72.3%
Other similar expenses	-549.9	-1,030.7	87.4%	-279.3	-451.9	-578.9	>100.0%	28.1%
Net fee and commission income	1,099.0	1,214.9	10.5%	559.0	615.3	599.5	7.2%	-2.6%
Fee and commission income	1,294.1	1,432.8	10.7%	655.9	724.0	708.8	8.1%	-2.1%
Fee and commission expenses	-195.1	-217.9	11.7%	-96.9	-108.6	-109.3	12.8%	0.6%
Dividend income	20.5	20.1	-1.7%	15.6	2.4	17.7	13.1%	>100.0%
Net trading result	43.1	-532.5	n/a	33.6	-256.6	-275.9	n/a	7.5%
Gains/losses from financial instruments measured at fair value through profit or loss	83.6	516.8	>100.0%	26.7	239.7	277.1	>100.0%	15.6%
Net result from equity method investments	6.2	8.1	31.2%	4.7	3.0	5.1	8.5%	69.3%
Rental income from investment properties & other operating leases	89.6	82.3	-8.2%	45.9	40.2	42.1	-8.4%	4.5%
Personnel expenses	-1,248.9	-1,294.7	3.7%	-626.5	-630.7	-663.9	6.0%	5.3%
Other administrative expenses	-581.3	-717.7	23.5%	-235.5	-468.1	-249.6	6.0%	-46.7%
Depreciation and amortisation	-272.8	-273.0	0.1%	-137.8	-136.4	-136.6	-0.9%	0.1%
Gains/losses from derecognition of financial assets measured at amortised cost	3.3	-30.8	n/a	0.8	-0.9	-29.9	n/a	>100.0%
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	-0.6	2.0	n/a	-0.3	1.9	0.1	n/a	-92.7%
Impairment result from financial instruments	-82.9	26.0	n/a	-47.2	-59.1	85.1	n/a	n/a
Other operating result	-172.4	-199.2	15.6%	-45.6	-132.7	-66.5	45.7%	-49.9%
Levies on banking activities	-52.2	-110.9	>100.0%	-19.0	-40.2	-70.7	>100.0%	75.8%
Pre-tax result from continuing operations	**1,435.1**	**1,659.2**	**15.6%**	**870.1**	**610.1**	**1,049.2**	**20.6%**	**72.0%**
Taxes on income	-287.3	-315.2	9.7%	-163.0	-115.6	-199.7	22.5%	72.8%
Net result for the period	**1,147.8**	**1,344.0**	**17.1%**	**707.0**	**494.5**	**849.5**	**20.1%**	**71.8%**
Net result attributable to non-controlling interests	229.8	207.0	-9.9%	144.2	45.7	161.3	11.9%	>100.0%
Net result attributable to owners of the parent	**918.0**	**1,137.0**	**23.9%**	**562.9**	**448.8**	**688.2**	**22.3%**	**53.3%**
Operating income	3,790.7	4,146.7	9.4%	1,962.1	2,036.2	2,110.4	7.6%	3.6%
Operating expenses	-2,103.0	-2,285.4	8.7%	-999.7	-1,235.2	-1,050.1	5.0%	-15.0%
Operating result	**1,687.7**	**1,861.3**	**10.3%**	**962.4**	**801.0**	**1,060.3**	**10.2%**	**32.4%**

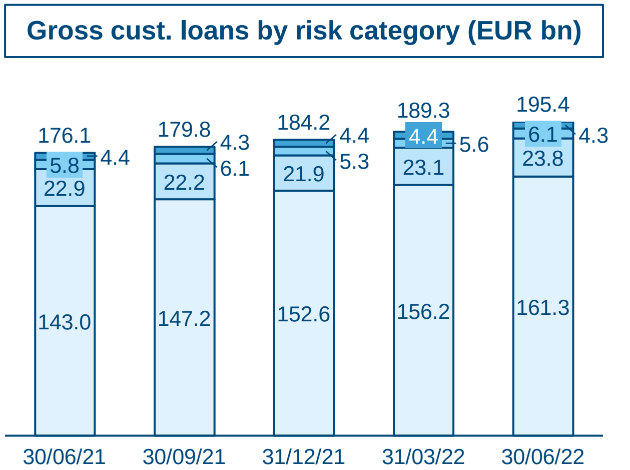
Additional information: group balance sheet –
Assets

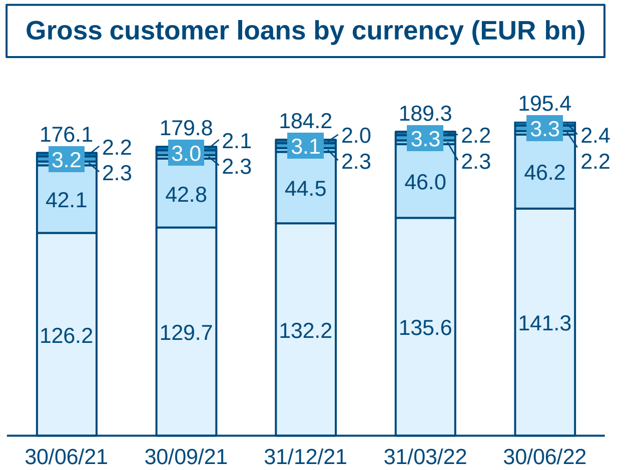
in EUR million	Jun 21	Sep 21	Dec 21	Mar 22	Jun 22	YOY-Δ	YTD-Δ	QOQ-Δ
	Quarterly data					Change		
Cash and cash balances	48,421	47,125	45,495	46,225	42,818	-11.6%	-5.9%	-7.4%
Financial assets held for trading	6,088	6,244	6,473	6,823	6,110	0.4%	-5.6%	-10.4%
Derivatives	2,146	2,269	2,263	2,172	1,934	-9.9%	-14.6%	-11.0%
Other financial assets held for trading	3,942	3,975	4,210	4,651	4,177	5.9%	-0.8%	-10.2%
Non-trading financial assets at fair value through profit and loss	3,154	3,105	3,124	3,079	2,916	-7.6%	-6.7%	-5.3%
Equity instruments	309	316	332	359	349	12.8%	5.0%	-3.0%
Debt securities	1,999	1,953	1,975	1,910	1,778	-11.1%	-10.0%	-7.0%
Loans and advances to banks	19	21	10	0	0	-100.0%	-100.0%	n/a
Loans and advances to customers	**827**	**815**	**808**	**809**	**790**	**-4.5%**	**-2.2%**	**-2.4%**
Financial assets at fair value through other comprehensive income	9,181	9,074	8,881	9,226	9,104	-0.8%	2.5%	-1.3%
Equity instruments	109	114	132	127	120	9.9%	-9.2%	-5.0%
Debt securities	9,072	8,960	8,749	9,100	8,984	-1.0%	2.7%	-1.3%
Financial assets at amortised cost	223,072	230,488	229,641	246,276	251,855	12.9%	9.7%	2.3%
Debt securities	33,272	33,651	35,551	37,506	39,219	17.9%	10.3%	4.6%
Loans and advances to banks	24,522	27,728	20,991	30,825	28,704	17.1%	36.7%	-6.9%
Loans and advances to customers	**165,279**	**169,109**	**173,099**	**177,945**	**183,932**	**11.3%**	**6.3%**	**3.4%**
Finance lease receivables	4,167	4,208	4,209	4,196	4,274	2.6%	1.6%	1.9%
Hedge accounting derivatives	131	94	79	62	59	-54.9%	-24.8%	-4.2%
Fair value changes of hedged items in portfolio hedge of interest rate risk	0	-2	-4	-15	-26	>100.0%	>100.0%	74.5%
Property and equipment	2,545	2,539	2,645	2,549	2,578	1.3%	-2.5%	1.1%
Investment properties	1,370	1,367	1,344	1,341	1,350	-1.4%	0.4%	0.6%
Intangible assets	1,342	1,326	1,362	1,337	1,315	-2.0%	-3.5%	-1.6%
Investments in associates and joint ventures	195	196	211	215	219	12.2%	3.9%	1.7%
Current tax assets	171	147	135	133	118	-30.7%	-12.4%	-10.8%
Deferred tax assets	427	439	562	573	544	27.5%	-3.2%	-5.1%
Assets held for sale	141	129	73	65	63	-55.8%	-14.4%	-4.4%
Trade and other receivables	1,841	1,797	2,152	2,342	2,547	38.3%	18.3%	8.7%
Other assets	1,188	962	1,045	1,183	1,248	5.1%	19.5%	5.5%
Total assets	**303,435**	**309,240**	**307,428**	**325,610**	**327,093**	**7.8%**	**6.4%**	**0.5%**

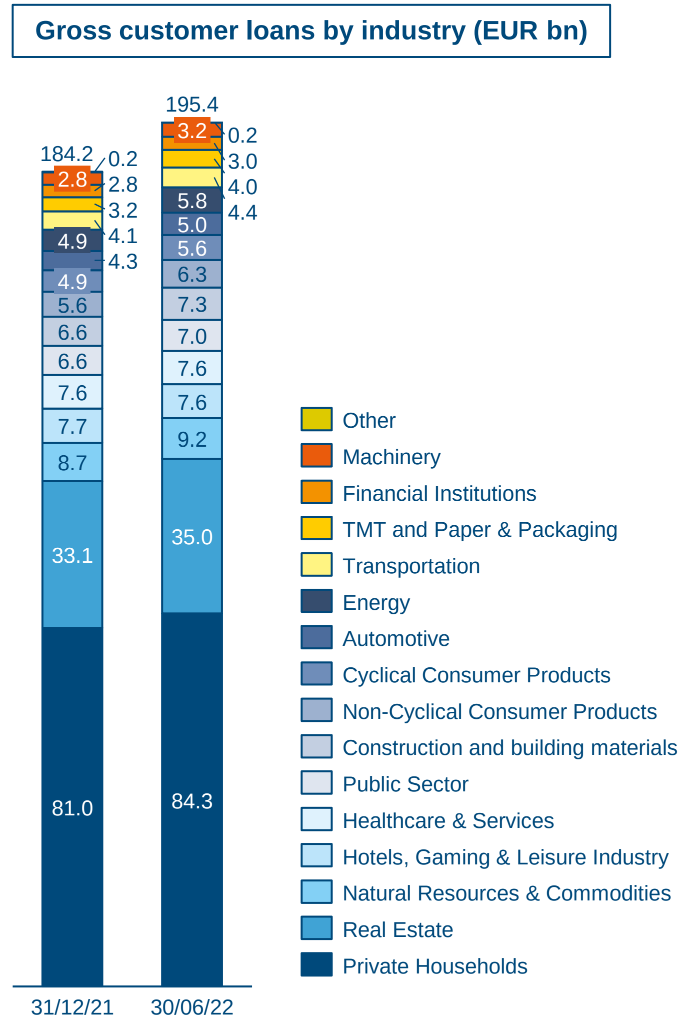
Additional information: group balance sheet –
Liabilities and equity

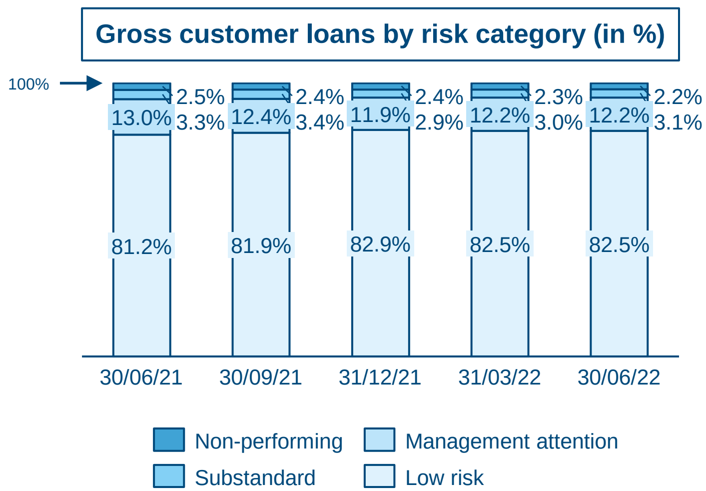
in EUR million	Jun 21	Sep 21	Dec 21	Mar 22	Jun 22	YOY-Δ	YTD-Δ	QOQ-Δ
	Quarterly data					Change		
Financial liabilities held for trading	2,412	2,193	2,474	2,917	3,005	24.6%	21.5%	3.0%
Derivatives	1,392	1,364	1,624	1,988	1,989	42.9%	22.5%	0.0%
Other financial liabilities held for trading	1,021	829	850	928	1,017	-0.4%	19.6%	9.5%
Financial liabilities at fair value through profit or loss	10,448	10,281	10,464	10,153	9,832	-5.9%	-6.0%	-3.2%
Deposits from customers	**136**	**130**	**495**	**940**	**1,159**	**>100.0%**	**>100.0%**	**23.3%**
Debt securities issued	10,136	9,971	9,778	9,013	8,478	-16.4%	-13.3%	-5.9%
Other financial liabilities	176	180	191	201	195	10.8%	2.4%	-2.7%
Financial liabilities at amortised cost	261,691	267,069	265,415	282,065	284,730	8.8%	7.3%	0.9%
Deposits from banks	34,643	35,387	31,886	34,781	36,665	5.8%	15.0%	5.4%
Deposits from customers	**206,120**	**207,376**	**210,029**	**221,443**	**224,356**	**8.8%**	**6.8%**	**1.3%**
Debt securities issued	20,107	23,534	22,352	24,971	22,748	13.1%	1.8%	-8.9%
Other financial liabilities	820	772	1,149	870	960	17.1%	-16.4%	10.4%
Lease liabilities	594	582	588	606	653	10.1%	11.1%	7.8%
Hedge accounting derivatives	170	230	309	319	358	>100.0%	15.7%	12.1%
Fair value changes of hedged items in portfolio hedge of interest rate risk	0	0	0	0	0	-100.0%	0.0%	0.0%
Provisions	2,055	2,053	1,986	2,087	1,741	-15.3%	-12.3%	-16.5%
Current tax liabilities	65	87	144	153	92	42.0%	-36.1%	-40.0%
Deferred tax liabilities	28	26	19	29	23	-16.3%	23.1%	-21.0%
Liabilities associated with assets held for sale	1	1	0	0	0	-100.0%	n/a	n/a
Other liabilities	2,602	2,765	2,516	3,213	2,772	6.5%	10.2%	-13.7%
Total equity	**23,371**	**23,954**	**23,513**	**24,068**	**23,886**	**2.2%**	**1.6%**	**-0.8%**
Equity attributable to non-controlling interests	5,282	5,453	5,516	5,546	5,610	6.2%	1.7%	1.1%
Additional equity instruments	2,733	2,732	2,236	2,236	2,236	-18.2%	0.0%	0.0%
Equity attributable to owners of the parent	15,355	15,769	15,761	16,286	16,041	4.5%	1.8%	-1.5%
Subscribed capital	860	860	860	860	860	0.0%	0.0%	0.0%
Additional paid-in capital	1,478	1,478	1,478	1,478	1,478	0.0%	0.0%	0.0%
Retained earnings and other reserves	13,018	13,432	13,424	13,948	13,703	5.3%	2.1%	-1.8%
Total liabilities and equity	**303,435**	**309,240**	**307,428**	**325,610**	**327,093**	**7.8%**	**6.4%**	**0.5%**

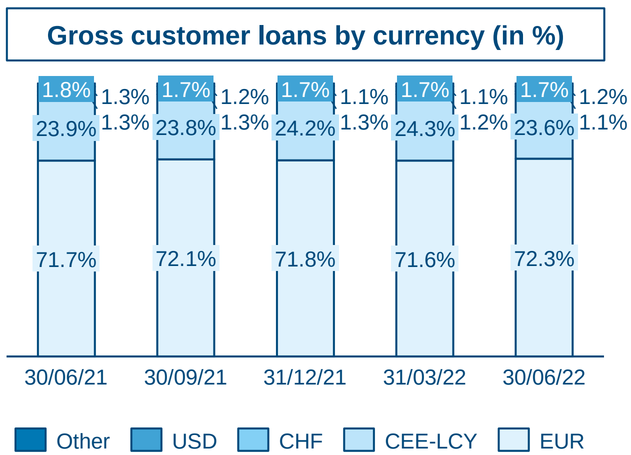
Additional information: gross customer loans –
By risk category, by currency, by industry





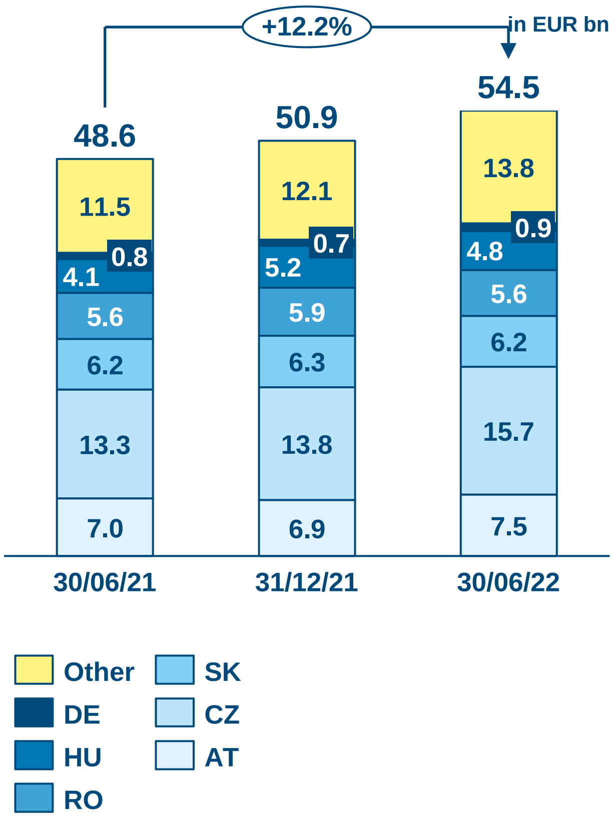




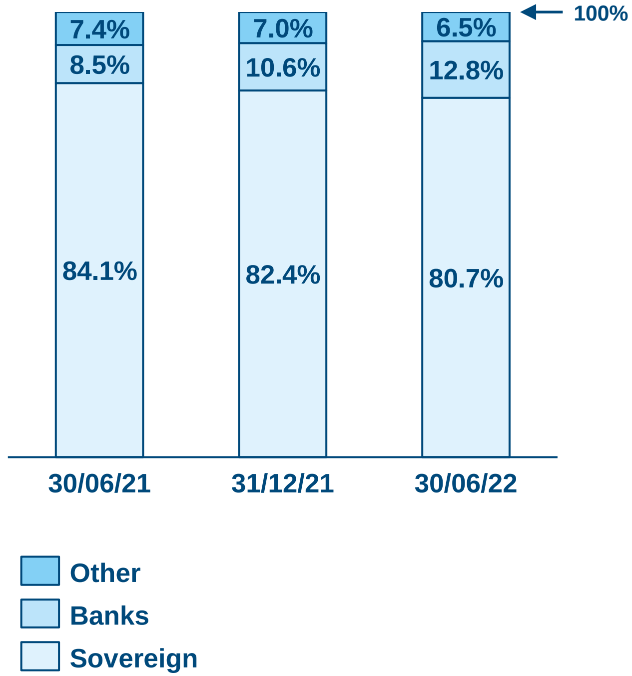


Additional information: financial and trading assets* –
LCR at excellent 154.3%

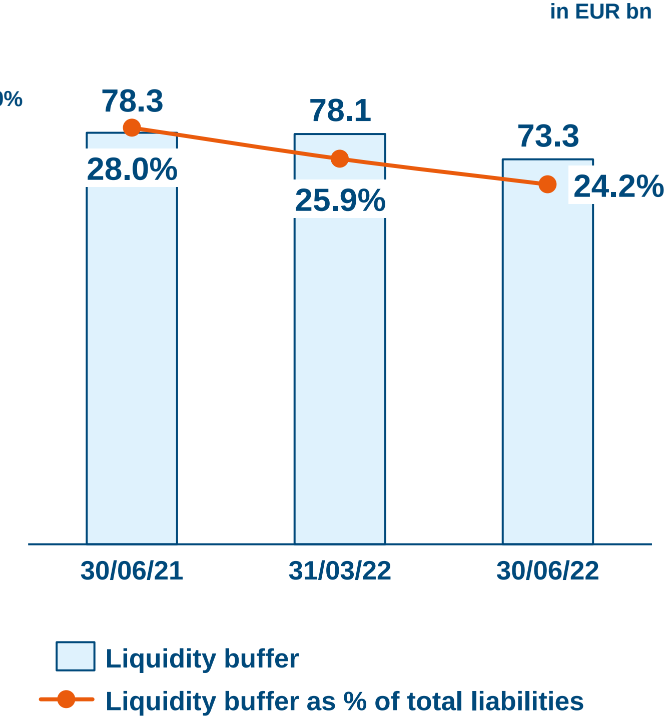
By geography



By debtor type



Liquidity buffer

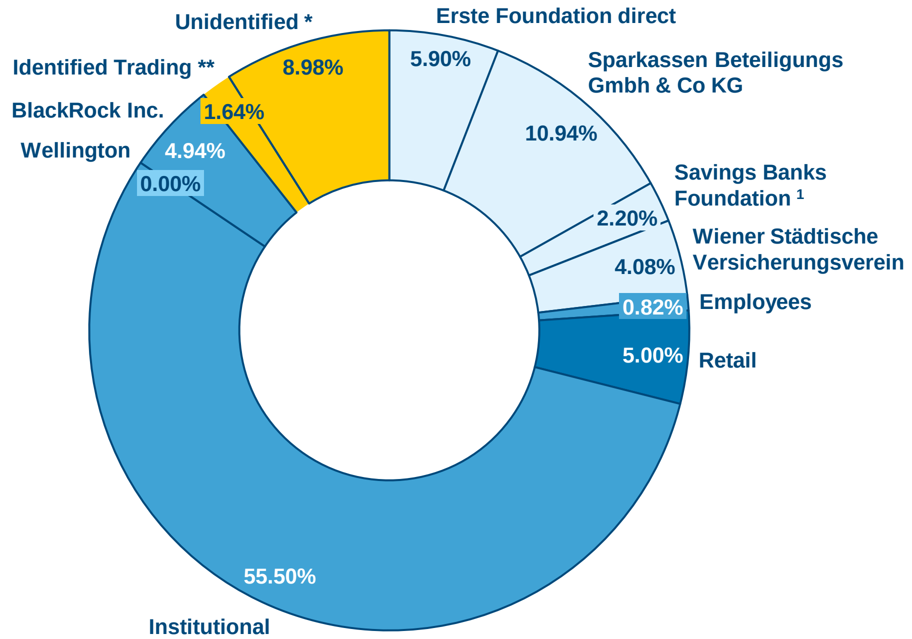


- Liquidity buffer is defined as unencumbered collateral plus cash
- Total liabilities are defined as total on balance sheet liabilities excluding total equity

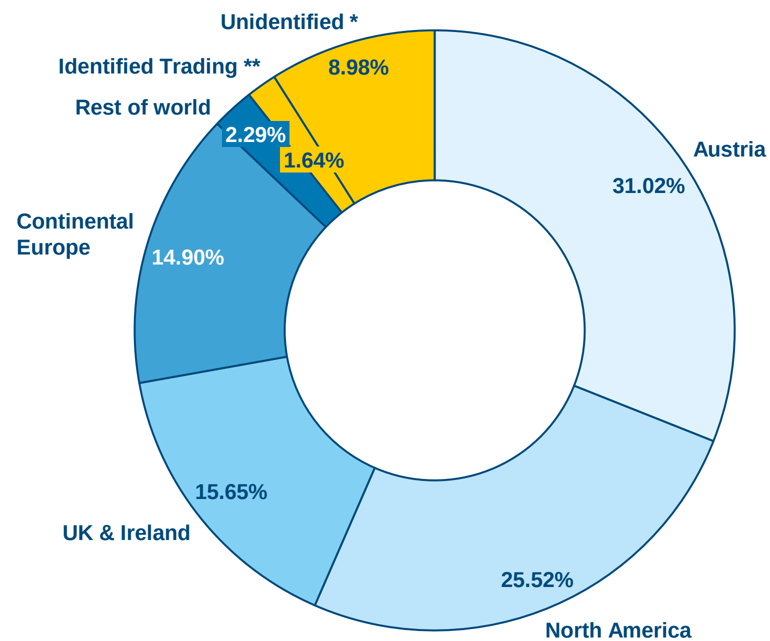
* Excludes derivatives held for trading

Additional information: shareholder structure –
Total number of shares: 429,800,000

By investor



By region



[1] Syndicated Savings Banks Foundations, own holdings of Savings Banks, Erste Employees Private Foundation
* Unidentified institutional and retail investors
** Including Market Makers, Prime Brokerage, Proprietary Trading, Collateral and Stock Lending positions which are visible through custodian banklists
The shareholder structure may contain rounding differences.

Status as of 25 July 2022

ERSTE Group

Additional information: segment structure –
Geographical/operating and business segment view

Erste Group – Geographical/operating segments

Austria
- EBOe & Subsidiaries (AT/EBOe)
- Savings Banks (AT/SB)
- Other Austria (AT/OA)
  - Holding Business
  - Erste Group Immorent
  - Erste Asset Management
  - Intermarket Bank AG

Central and Eastern Europe
- Czech Republic (CZ)
- Slovakia (SK)
- Romania (RO
- Hungary (HU)
- Croatia (HR)
- Serbia (RS)

Other
- Holding ALM
- Holding CC
- Other Subsidiaries
- Group bookings and IC elimination
- Free Capital

Erste Group – Business segments

- Retail
- Corporates
  - SME
  - Large Corporate
  - Commercial Real Estate
  - Public Sector
- Group Markets
- ALM & Local CC (ALM&LCC)
  - Asset/Liability Management
  - Local Corporate Center
- Savings Banks
- Group Corporate Center
  - Other Subsidiaries
  - Group bookings
  - Holding Corporate Center
  - Free Capital
- Intragroup Elimination

Additional information: Rationale for sustainable finance framework (SFF) under which green, social and sustainable finance instruments can be issued

Sustainable finance framework is the right choice for Erste Group to ...

Enhance Erste Group's sustainability commitment	Strengthen customer awareness and satisfaction	Strengthen Erste Group's financial position
• **highlights its social commitment** • underlines its commitment towards **climate and environmental objectives** • recognize the **importance of financial institutions** to promote sustainable investments	• contributes to **sustainability awareness** of our **customers** • helps to **increase investor dialogue and engagement on ESG topics** • contributes to **the credibility of sustainability in the CEE** region	• **Fosters long-term investor relationships** • enhances our competence in **important future market** • **diversifies our funding profile** with new instruments

Additional information:
Overview of Erste Group's sustainable finance framework

1 Use of proceeds

Eligible Green portfolios include

- Residential buildings
- Commercial buildings
- Renewable energy (wind, solar / PV, small scale hydro, geothermal)

Eligible Social portfolios include

- Subsidized housing program ('gemeinnütziger Wohnbau')
- Affordable housing ('Die Zweite Sparkasse')
- Financial & social inclusion financing
- Financing access to essential services (hospitals, schools)

2 Project evaluation and selection

- A dedicated Sustainable Finance Committee (the 'SFC') manages any future update of the Sustainable Finance Framework
- The loans selection is based on the Eligibility Criteria defined in respective section of Sustainable Finance Framework.
- EG has relied on the support of an external consultant to set up detailed Eligibility Criteria for Green Buildings
- EG refrains from ethically, social and environmentally harmful transactions. Risk perspective and exclusion rules are outlined in the publicly available 'Responsible Finance Policy'

3 Management of proceeds

- Net Proceeds of the Sustainable Finance Instruments will be allocated based on a portfolio approach.
- EG entities will strive, within 24 months after issuance, to reach full-allocation of the Net Proceeds to the Loan Portfolio
- Additional Green and / or Social Loans will be added to the Loan Portfolio to the extent required

4 Reporting

- EG will issue annual reports on the allocation of the Use of Proceeds and on the environmental and social impacts of the funded projects
- EG will not double count the financing of any Green or Social Loans
- EG intends to obtain verification of the Allocation Report, on a limited assurance basis, by an auditor or any other qualified party

Erste Group's SFF is aligned with:

The Social Bond Principles

EU TAXONOMY FINAL REPORT

The Green Bond Principles

SUSTAINABLE DEVELOPMENT GOALS

The Sustainability Bond Guidelines

Additional information: Second party opinion

ISS ESG verified sustainable finance framework

Summary of Second Party Opinion

PRINCIPLES ALIGNMENT	ASSET CATEGORIES	SUSTAINABILITY PERFORMANCE	CONTRIBUTION
POSITIVE	POSITIVE	Status PRIME Decile Rank: 2 (score 14.4**)**	

TRANSPARENCY LEVEL

VERY HIGH

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainable Finance Framework

Erste Group
3 May 2021

ISS ESG

- *The issuer shows a **good sustainability performance** against industry peer group on key ESG issues and **has been rated 'PRIME'.***
- *The issuer's **formal concept** of Green, Social and Sustainability Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting **is in line with the ICMA GBPs, SBPs and SBGs** and based on robust selection processes, the green eligible projects are considered to be aligned with the EU Taxonomy.*
- *For the **social project categories, the overall sustainability quality is good**.*

Investor relations details

- **Erste Group Bank AG, Am Belvedere 1, 1100 Vienna**

  E-mail: **investor.relations@erstegroup.com**

  Internet: **http://www.erstegroup.com/investorrelations**
  http://twitter.com/ErsteGroupIR http://www.slideshare.net/Erste_Group

  Erste Group IR App for iPad, iPhone and Android http://www.erstegroup.com/de/Investoren/IR_App

  Reuters: **ERST.VI** Bloomberg: **EBS AV**

  Datastream: **O:ERS** ISIN: **AT0000652011**

- **Contacts**

  Thomas Sommerauer
  Tel: +43 (0)5 0100 17326 e-mail: thomas.sommerauer@erstegroup.com

  Peter Makray
  Tel: +43 (0)5 0100 16878 e-mail: peter.makray@erstegroup.com

  Simone Pilz
  Tel: +43 (0)5 0100 13036 e-mail: simone.pilz@erstegroup.com

  Gerald Krames
  Tel: +43 (0)5 0100 12751 e-mail: gerald.krames@erstegroup.com