

# Glossary

## Book value per share

Shareholders' equity (equity attributable to owners of the parent) divided by the number of shares issued at the end of the period.

## Cash return on equity (cash ROE)

Net result for the year attributable to owners of the parent adjusted for dividends on additional tier 1 capital, goodwill impairments and amortisation of customer relationships, as a percentage of average equity attributable to owners of the parents. The average is calculated on a quarterly basis.

## Cash earnings per share

Net result for the year attributable to owners of the parent adjusted for dividends on additional tier 1 capital, goodwill impairments and amortisation of customer relationships, divided by the weighted average number of shares outstanding.

## CEE (Central and Eastern Europe)

Encompasses the new member states of the EU that joined in 2004 and 2007, the CIS countries, states that evolved from the former Yugoslavia, as well as Albania.

## Common equity ratio (CET1 ratio)

Common equity tier 1 capital (CET1) as a percentage of the total risk amount (according to CRR).

## Cost/income ratio

Operating expenses as a percentage of operating income.

## Dividend yield

Dividend payment of the financial year as a percentage of the year-end closing price or in general of the most recent share price.

## Earnings per share

Net result for the year attributable to owners of the parent adjusted for dividends of additional tier 1 capital, divided by the weighted average number of shares outstanding.

## Interest-bearing assets

Total assets less cash and balances, derivatives, property and equipment, investment properties, intangible assets, tax assets, assets held for sale and other assets.

## Loan-to-deposit ratio

Loans and receivables to customers (net) in relation to deposits to customers.

## Market capitalisation

Overall value of a company calculated by multiplying the share price by the number of shares outstanding.

## Miscellaneous assets

The total of the balance sheet items derivatives-hedge accounting, property and equipment, investment properties, investments in associates and joint ventures associates, current and deferred tax assets, assets held for sale and other assets.

## Miscellaneous liabilities

The total of the balance sheet items other financial liabilities, derivatives – hedge accounting, changes in fair value of portfolio hedged items, provisions, current and deferred tax liabilities, liabilities associated with assets held for sale and other liabilities.

## Net interest margin

Net interest income as a percentage of average interest-bearing assets, calculated on a quarterly basis.

## Non financial risk

Non financial risks contain reputational and operational risks. Operational risks are losses that occur as a result from failure of internal processes, human failure or system failure. This can also include external events including legal risks.

## NPE coverage ratio

### (non-performing exposure coverage ratio)

Risk provisions for the credit risk exposure (specific and collective allowances plus provisions for guarantees) as a percentage of the non-performing credit risk exposure.

## NPE ratio (non-performing exposure ratio)

Non-performing credit risk exposure as a percentage of total credit risk exposure.

## NPL coverage ratio (non-performing loans coverage ratio)

Specific and collective allowances for customer loans as a percentage of non-performing loans and advances to customers.

## NPL ratio (non-performing loans ratio)

Non-performing loans and advances to customers as a percentage of total loans and advances to customers.

## NPL total coverage ratio

### (non-performing loans total coverage ratio)

Specific and collective allowances for customer loans and collateral for non-performing loans as a percentage of non-performing loans and advances to customers.

## Operating expenses (general administrative expenses)

The total of personnel expenses, other administrative expenses as well as depreciation and amortisation.

### Operating income

Consists of net interest income, net fee and commission income, dividend income, net trading result, result from financial assets and liabilities designated at fair value through profit or loss, net result from equity method investments and rental income from investment properties & other operating leases.

### Operating result

Operating income less operating expenses.

### Own funds

Own funds according to CRR consist of common equity tier 1 capital (CET1), additional tier 1 capital (AT1) and tier 2 capital (T2).

### Price/earnings ratio

Closing share price of the financial year divided by earnings per share.

### Return on equity (ROE)

Net result for the year attributable to owners of the parent minus dividends on additional tier 1 capital, as a percentage of average equity attributable to owners of the parents. The average is calculated on a quarterly basis.

### Return on equity excluding intangible assets (ROTE)

Net result for the year attributable to owners of the parent minus dividends on additional tier 1 capital, as a percentage of average equity attributable to owners of the parents excluding intangible assets. The average is calculated on a quarterly basis.

### Risk Appetite Statement (RAS)

The RAS is a strategic document, which concludes the maximum level of risk an organization is willing to accept in order to reach its business objectives.

### Risk categories

The classification of credit assets into risk grades is based on Erste Group's internal ratings. Defaulted customers are classified into a separate risk grade.

### Risk category – 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 done with clients in this risk category.

### Risk category – management attention

Vulnerable non-retail clients that 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.

### Risk category – 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.

### Risk category – 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 forbore transactions even in cases where the client has not defaulted.

### Share capital

Total equity attributable to owners of the parent of a company, subscribed to by the shareholders at par.

### Tax rate

Taxes on income as a percentage of pre-tax result from continuing operations.

### Texas ratio

Total equity pursuant to IFRS minus additional tier 1 capital instruments and intangible assets plus allowances for loans and receivables to customers as a percentage of non-performing loans.

### Tier 1 capital ratio (T1 ratio)

Tier 1 capital as a percentage of the total risk amount (according to CRR).

### Total capital ratio

Total own funds as a percentage of the total risk amount (according to CRR).

### Total risk amount (risk-weighted assets, RWA)

Includes credit, market and operational risk (according to CRR).

### Total shareholder return

Annual performance of an investment in Erste Group Bank AG-shares including all income streams (e.g. dividend for the year) in a given year as a percentage of the share price at the end of the prior period.