

Registration Document

Erste & Steiermärkische Bank d.d.

(Incorporated as a stock corporation in the Republic of Croatia under registered number 040001037 and personal identification number 23057039320)

This supplement (the "**Supplement**") dated 24 May 2023 constitutes a supplement pursuant to Article 23 (1) of the Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") and is supplemental to, and should be read in conjunction with, the registration document dated 2 December 2022 (the "**Original Registration Document**" or the "**Registration Document**") of Erste & Steiermärkische Bank d.d. (the "**Issuer**" or "**Erste Bank Croatia**"). The Registration Document forms part of any base prospectus of the Issuer consisting of separate documents within the meaning of Article 8(6) of the Prospectus Regulation and as of the date of this Supplement, this Supplement relates to the base prospectuses consisting of separate documents in relation to the following programmes of the Issuer: (i) the multi issuer EMTN programme dated 2 December 2022 and (ii) the preferred senior notes retail programme dated 2 December 2022.

The Original Registration Document has been approved on 2 December 2022 by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*, the "**FMA**").

This Supplement has been filed with and approved by the FMA in its capacity as competent authority, filed with the Vienna Stock Exchange (*Wiener Börse*) and published in electronic form on the Issuer's website under "[www .erstebank.hr/en/about-us/bonds](http://www.erstebank.hr/en/about-us/bonds)".

Terms defined in the Registration Document shall have the same meaning when used in this Supplement.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference in the Registration Document by this Supplement and (b) any other statement in or incorporated by reference in the Registration Document, the statements mentioned in (a) above will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or material inaccuracy relating to the information included in the Registration Document has arisen or been noted, as the case may be, since the publication of the Registration Document.

In accordance with Article 23 (2) of the Prospectus Regulation, investors who have already agreed to purchase or subscribe for securities issued or to be issued by the Issuer before this Supplement was published have the right, exercisable within two working days after the publication of this Supplement, to withdraw their acceptances until, and including 26 May 2023, provided that the significant new factor, material mistake or material inaccuracy arose or was noted before the closing of the offer period and the delivery of the securities issued or to be issued, whichever occurs first. Investors may contact the relevant financial intermediary if they wish to exercise their right of withdrawal.

The accuracy of the information contained in this Supplement does not fall within the scope of examination by the FMA under the Prospectus Regulation. The FMA only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Supplement.

RESPONSIBILITY STATEMENT

The Issuer, with its registered office at Jadranski trg 3/a, 51000 Rijeka, Republic of Croatia, is responsible for the information given in this Supplement.

The Issuer hereby declares that, to the best of the knowledge of the Issuer, the information contained in this Supplement is in accordance with the facts and makes no omission likely to affect its import.

NOTICE

No person has been authorised to give any information or to make any representation other than those contained in this Supplement in connection with the issue or sale of securities issued or to be issued by the Issuer and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any arranger or dealer. Neither the delivery of the Registration Document and/or this Supplement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Issuer and its subsidiaries and participations taken as a whole (the "**Erste Bank Croatia Group**") since the date hereof or the date upon which the Registration Document has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or Erste Bank Croatia Group since the date hereof or the date upon which the Registration Document has been most recently supplemented or that any other information supplied in connection with the Registration Document is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Supplement and the offering or sale of securities issued or to be issued by the Issuer in certain jurisdictions may be restricted by law. Persons into whose possession this Supplement comes are required by the Issuer, any arranger and any dealer to inform themselves about and to observe any such restriction.

This Supplement does not constitute an offer of, or an invitation by or on behalf of any of the Issuer, any arranger or any dealer to subscribe for, or purchase, any securities issued or to be issued by the Issuer.

In case of any arranger or dealer none of them has independently verified the information contained in this Supplement and none of them makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Supplement. Neither this Supplement nor any financial statements supplied in connection with the Registration Document or any securities issued or to be issued by the Issuer are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, any arranger or any dealer that any recipient of this Supplement or any financial statements should purchase securities issued or to be issued by the Issuer. Each potential purchaser of securities issued or to be issued by the Issuer should determine for itself the relevance of the information contained in this Supplement or any financial statements and its purchase of securities issued or to be issued by the Issuer should be based upon any such investigation as it deems necessary. None of any arranger or any dealer undertakes to review the financial condition or affairs of the Issuer or Erste Bank Croatia Group during the life of the arrangements contemplated by this Supplement nor to advise any investor or potential investor in securities issued or to be issued by the Issuer of any information coming to the attention of any arranger or any dealer.

Significant new factors, material mistakes and/or material inaccuracies (as referred to in Article 23 (1) of the Prospectus Regulation) have arisen which in the Issuer's perception are capable of affecting the assessment of securities issued or to be issued by the Issuer, and are thus herewith included in the Registration Document as follows:

- 1.1. In the section entitled "DOCUMENTS INCORPORATED BY REFERENCE" commencing on page 3 of the Original Registration Document, the table with regard to the Croatian language version of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial year ended 31 December 2020 shall be replaced by the following table:

"Croatian language version of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial year ended 31 December 2022 – Annual Report 2022 (*Godišnje izvješće 2022*) (the "Audited Consolidated and Separate Financial Statements 2022")¹

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- 1.2. In the section entitled "DOCUMENTS INCORPORATED BY REFERENCE" commencing on page 3 of the Original Registration Document, the footnote numbered "1" shall be replaced by the following footnote numbered "1":

"¹ The officially signed Croatian language versions of the Issuer's Audited Consolidated and Separate Financial Statements 2021 and 2022 are solely legally binding and definitive."

- 1.3. In the section entitled "DOCUMENTS INCORPORATED BY REFERENCE" commencing on page 3 of the Original Registration Document, the table with regard to the English language translation of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial year ended 31 December 2020 shall be replaced by the following table:

"English language translation of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial year ended 31 December 2022 – Annual Report 2022²

Statement of Comprehensive Income	80 - 81
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Statement of Financial Position	82
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Appendix 1 to the Annual report 2022 – Forms according to local requirements	239 - 248
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1.4. In the section entitled "DOCUMENTS INCORPORATED BY REFERENCE" commencing on page 3 of the Original Registration Document, the footnote numbered "2" shall be replaced by the following footnote numbered "2":	
" ² The English language translations of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial years ended 31 December 2021 and 31 December 2022 are not legally binding and are incorporated into this Registration Document by reference for convenience purposes only."	
1.5. In the section entitled "DOCUMENTS INCORPORATED BY REFERENCE" commencing on page 3 of the Original Registration Document, the table with regard to the English language translation of the Unaudited Interim Consolidated Financial Statements of the Issuer for the half year ended 30 June 2022 shall be deleted.	
1.6. In the section entitled "DOCUMENTS INCORPORATED BY REFERENCE" commencing on page 3 of the Original Registration Document, the first paragraph after the table with regard to the English language translation of the Unaudited Interim Consolidated Financial Statements of the Issuer for the half year ended 30 June 2022 shall be replaced by the following paragraph:	
"For the avoidance of doubt, such parts of the annual reports 2021 and 2022 respectively which are not explicitly listed in the tables above, are not incorporated by reference into this Registration Document as these parts are either not relevant for the investor or covered elsewhere in this Registration Document."	
1.7. In the section entitled "DOCUMENTS AVAILABLE FOR INSPECTION" commencing on page 5 of the Original Registration Document, the list paragraphs numbered "(iii)" and "(iv)" shall be replaced by the following list paragraphs numbered "(iii)" and "(iv)":	
"(iii) the Audited Consolidated and Separate Financial Statements 2022 incorporated by reference into this Registration Document	
("https://cdn0.erstegroup.com/content/dam/hr/ebc/www_erstebank_hr/misc/o-nama/financijska-izvjesca/2023/financijska-izvjesca/godisnje-izvjesce-2022-erste-bank-croatia-nesluzbeni-format.pdf?forceDownload=1");	
(iv) the English language translation of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial year ended 31 December 2022 incorporated by reference into this Registration Document	
("https://cdn0.erstegroup.com/content/dam/hr/ebc/www_erstebank_hr/eng/downloads/ab-out-us/financial-reports/2023/financial-statements/annual-report-erstesteiermarkische-bank-dd-for-2022-unofficial-format.pdf?forceDownload=1");"	
1.8. In the section entitled "DOCUMENTS AVAILABLE FOR INSPECTION" commencing on page 5 of the Original Registration Document, the list paragraph numbered "(v)" shall be deleted.	

- 1.9. In the section entitled "SOURCES OF INFORMATION" on page 6 of the Original Registration Document, the first sentence of the paragraph shall be replaced by the following sentence:

"Statistical and other data provided in this Registration Document has been extracted from the website of Fitch Ratings Ireland Limited ("**Fitch**"), from the Croatian Central Bank's website, from the Audited Consolidated and Separate Financial Statements 2022 and from the English language translation of the annual report thereon."

- 1.10. In the section entitled "1. RISK FACTORS", subsection "1.1 CREDIT RISKS" commencing on page 8 of the Original Registration Document, at the end of the sixth paragraph of the risk factor "Erste Bank Croatia may in the future experience deterioration in credit quality of their clients, particularly as a result of financial crises or economic downturns.", the following sentence shall be inserted:

"Secondary sanctions against countries or corporates could have negative economic consequences or directly affect the risk costs of the Issuer."

- 1.11. In the section entitled "1. RISK FACTORS", subsection "1.1 CREDIT RISKS" commencing on page 8 of the Original Registration Document, the risk factor entitled "Erste Bank Croatia may experience severe economic disruptions, as those for instance are induced by the worldwide corona virus (COVID-19) pandemic, which may have significant negative effects on Erste Bank Croatia and its clients." shall be deleted.

- 1.12. In the section entitled "1. RISK FACTORS", subsection "1.2 BUSINESS RISKS" commencing on page 10 of the Original Registration Document, the risk factor entitled "The Euro introduction may give rise to certain operational risks which are higher than those for the usual business of Erste Bank Croatia." and the related paragraph shall be deleted.

- 1.13. In the section entitled "1. RISK FACTORS", subsection "1.3 LEGAL AND REGULATORY RISKS" commencing on page 15 of the Original Registration Document, in the risk factor entitled "New governmental or regulatory requirements and changes in perceived levels of adequate capitalization and leverage could subject Erste Bank Croatia to increased regulatory requirements or standards and require it to obtain additional capital, liabilities eligible for MREL purposes or liquidity in the future." the first sentence of the bullet point "SREP Requirements" shall be replaced by the following sentence:

"Erste Bank Croatia Group is subject to SREP requirements stipulated in the following regulations applicable in Croatia, the Croatian Credit Institutions Act (Official Gazette ("**OG**") 159/2013, 19/2015, 102/2015, 15/2018, 70/2019, 47/2020, 146/2020 and 151/2022) (the "**Credit Institutions Act**") implementing Articles 97, 98, 104 (1) and 113 of the Directive 2013/36/EU, as amended ("**CRD**"), the Croatian decision on the method of exercising supervision of credit institutions and imposing supervisory measures (OG 23/2014 and 55/2014) and Article 16 of the Council Regulation (EU) No 1024/2013 as amended (*Single Supervisory Mechanism Regulation*) determined by the annual Supervisory Review and Evaluation Process ("**SREP**") based on the competent authorities' (i.e. the CNB and the ECB) joint decision."

- 1.14. In the section entitled "1. RISK FACTORS", subsection "1.3 LEGAL AND REGULATORY RISKS" commencing on page 15 of the Original Registration Document, in the risk factor entitled "New governmental or regulatory requirements and changes in perceived levels of adequate capitalization and leverage could subject Erste Bank Croatia to increased regulatory requirements or standards and require it to obtain additional capital, liabilities eligible for MREL purposes or liquidity in the future." in the bullet point "Capital buffers" (i) the second list item and (ii) the last list item shall be replaced by the following information:

(i):

"

- Countercyclical capital buffer: as at 31 December 2022, the countercyclical buffer rate for exposures situated in the Republic of Croatia was 0.0%. In 2022, the CNB adopted the decisions on the increase of the countercyclical buffer rate for the Republic of Croatia: increase to 0.5% to be applied as of 31 March 2023 and increase to 1.0% to be applied as of 31 December 2023. The countercyclical buffer at Erste Bank Croatia Group level will vary from period to period depending on the composition of underlying risk relevant exposures"

(ii):

"

- In total, the combined capital buffer as at 31 December 2022 amounted to 6.0% of the total risk exposure and is covered by CET 1 capital. The combined capital buffer increased by 0.5% from 31 March 2023 and will increase by additional 0.5% from 31 December 2023 in line with the above mentioned increase of the countercyclical buffer rate."

- 1.15. In the section entitled "1. RISK FACTORS", subsection "1.3 LEGAL AND REGULATORY RISKS" commencing on page 15 of the Original Registration Document, in the risk factor entitled "New governmental or regulatory requirements and changes in perceived levels of adequate capitalization and leverage could subject Erste Bank Croatia to increased regulatory requirements or standards and require it to obtain additional capital, liabilities eligible for MREL purposes or liquidity in the future." in the bullet point "EU Banking Reform Package" the information after the sentence "Furthermore, the EU Banking Package contains more than 100 new mandates for the European Banking Authority (EBA) to specify and further refine selected legal requirements." shall be replaced by the following information:

"The EU Banking Package, *inter alia*, implements "Resolution Group" levels which are relevant for determining the level of application of the rules on loss absorbing and recapitalization capacity that financial institutions should comply with and defines the desired resolution strategy. The application of resolution tools depends on the preferred resolution strategy a multiple-point-of-entry ("MPE") or a single-point-of-entry ("SPE"). The minimum requirement for own funds and eligible liabilities ("MREL") should reflect the resolution strategy which is appropriate to a group in accordance with the resolution plan. Under the MPE strategy different resolution groups with resolution entities are defined and more than one group entity may be resolved. Under the SPE strategy, only one group entity, usually the parent company is the point of entry with the aim to apply resolution actions and tools on this entry level whereas other group entities, usually operating subsidiaries upstream their losses and recapitalisation needs (downstream of capital) to the point of entry.

Based on the joint decision of the competent resolution authorities, Erste Group follows the MPE approach forming separate resolution groups with Erste Group's core CEE subsidiaries, but with SPE approaches on country level (on resolution group level). At the current stage, no impediments on resolvability have been communicated.

Under the MPE resolution strategy the resolution entity is Erste Bank Croatia which means that the losses are recognised at Erste Bank Croatia Group level and the bail-in takes place at Erste Bank Croatia level. In this case Erste Bank Croatia can issue external (extra group) MREL eligible liabilities. The resolution plans (including resolution strategy and MREL decisions) are drawn up, assessed and approved in the resolution college on a regular basis and pose a potential regulatory risk to Erste Bank Croatia Group.

On 27 October 2021, the European Commission adopted a further package of a review of the CRR and the CRD. These new rules are aimed to ensure that EU banks become more resilient to potential future economic shocks, while contributing to Europe's recovery from the COVID-19 pandemic and the transition to climate neutrality. This package which is

discussed by the European Parliament and Council is comprised of the following legislative elements:

- implementing the Basel III framework;
- sustainability; and
- stronger enforcement tools."

1.16. In the section entitled "1. RISK FACTORS", subsection "1.3 LEGAL AND REGULATORY RISKS" commencing on page 15 of the Original Registration Document, in the risk factor entitled "New governmental or regulatory requirements and changes in perceived levels of adequate capitalization and leverage could subject Erste Bank Croatia to increased regulatory requirements or standards and require it to obtain additional capital, liabilities eligible for MREL purposes or liquidity in the future." the information in the fifth bullet point shall be replaced by the following information:

"In order to ensure the effectiveness of the bail-in and other resolution tools, as regulated in the Act on the Resolution of Credit Institutions and Investment Firms, all institutions (including the Issuer) have to meet, at all times, an individual MREL requirement, internal or external, depending on the applying resolution strategy (MPE or SPE). MREL shall be calculated as amount of own funds and eligible liabilities expressed as a percentage of:

- a) the total risk exposure (TREA) amount calculated in accordance with Article 92(3) CRR; and
- b) the leverage exposure (LRE) calculated in accordance with Articles 429 and 429a CRR.

The MREL decision communicated in 2023 to the Issuer is expressed as percentage of Total Risk Exposure Amount ("**TREA**") and as percentage of Leverage Ratio Exposure ("**LRE**") and have to be met simultaneously. A transitional period until 1 January 2024 with two intermediate targets on 1 January 2022 (binding) and 1 January 2023 (informative) has been provided to credit institutions for the compliance with MREL targets.

MREL requirements do not apply to the Issuer's consolidated balance sheet, but to the Croatian resolution group comprising mainly of Erste Bank Croatia and its direct Croatian subsidiaries with business in Croatia and EU. If the Issuer is unable to increase its MREL ratio sufficiently, its credit ratings may drop and its cost of funding may increase, and/or the competent authorities may impose fines, penalties or other regulatory measures."

1.17. In the section entitled "2. ERSTE & STEIERMÄRKISCHE BANK D.D.", subsection entitled "2.7 BUSINESS OVERVIEW" commencing on page 23 of the Original Registration Document, the information under the sub-heading "Capital Requirements" shall be replaced by the following information:

"Erste Bank Croatia received the joint decision on the additional capital requirements that need to be fulfilled on a consolidated basis and on an individual basis since 1 January 2023 as set by the CNB, following the SREP results in 2022.

The additional regulatory capital demands comprise a Pillar 2 requirement to be composed of at least 56.25% of CET 1 capital and 75% of Tier 1 capital.

As a result, the overall capital requirements encompass a Pillar 1 CRR minimum requirement, a Pillar 2 requirement and a combined buffer requirement.

In addition, through the SREP the competent authorities set a Pillar 2 guidance. The Pillar 2 guidance is a bank-specific recommendation that serves as a buffer to withstand stress and it is not legally binding.

On 17 May 2023, the CNB notified the Issuer about its MREL requirement set by the SRB and calibrated on balance sheet data as of 31 December 2021 and the BRRD II.

The Issuer, as the resolution entity of the Croatian resolution group, had to comply with binding interim MREL requirements equivalent to 20.95% (excluding the combined buffer requirement ("CBR")) of TREA and 5.91% of LRE of the Croatian resolution group starting from 1 January 2022.

The MREL requirements on fully loaded basis, effective from 1 January 2024, are equivalent to 23.71% (excluding CBR) of TREA and 6.01% of LRE of the Croatian resolution group, respectively. No subordination requirement has been set at the level of the Croatian resolution group. The TREA of the Croatian resolution group as of 31 December 2021 (as applied by the SRB for the MREL calibration) amounted to EUR 6,99 billion and LRE to EUR 12,16 billion.

The table below summarises the Issuer's current MREL requirements:

Requirements for Croatian resolution group based on December 2021 data	binding since 1 January 2022		binding from 1 January 2024	
	in % of TREA (excl. CBR)	in % of LRE	in % of TREA (excl. CBR)	in % of LRE
Total MREL	20.95%	5.91%	23.71%	6.01%

As of 24 May 2023, and based on balance sheet data for the Croatian resolution group as of 31 December 2022, the Issuer complied with the above-mentioned interim binding MREL requirements valid since 1 January 2022.

The MREL requirements do not apply to the Issuer's consolidated balance sheet, but to the Croatian resolution group comprising mainly of the Erste Bank Croatia and its direct Croatian subsidiaries with business in Croatia and EU. As the Croatian resolution group is not a legal entity or reporting unit, there is neither a statutory reporting nor a capital requirement at the consolidation level of the Croatian resolution group."

- 1.18. In the section entitled "2. ERSTE & STEIERMÄRKISCHE BANK D.D.", subsection entitled "2.7 BUSINESS OVERVIEW" commencing on page 23 of the Original Registration Document, the sub-heading "COVID-19 Pandemic" and the related information shall be deleted.**
- 1.19. In the section entitled "2. ERSTE & STEIERMÄRKISCHE BANK D.D.", the information under the subsection entitled "2.9 RECENT EVENTS" on page 27 of the Original Registration Document shall be replaced by the following information:**

"Erste Card Club potential merger"

On 7 October 2020, the Issuer announced that its competent bodies (i.e. its management board and supervisory board) have adopted decisions on initiating activities for the potential merger of Erste Card Club d.o.o. to the Issuer and further activities related to potential merger are currently ongoing.

Due to the EUR introduction and considering the size and effort of the project, the initiation of the project Erste Card Club d.o.o. integration was put on hold during 2022. In the first quarter of 2023, the decision for project re-start was made with the integration target date set for the fourth quarter of 2024.

Dividend

The Erste Bank Croatia's management board proposed to the annual general meeting, which will be held on 26 May 2023, the distribution of a cash dividend of HRK 34,62 (EUR 4.59) per share for the 2022 financial year.

Conversion of share capital

The Issuer is planning to comply with the Croatian companies act in part related to the share capital and convert amount of share capital form HRK to EUR by the end of 2023, as prescribed by Croatian companies act.

Tax on extra profit in 2022

In 2022, the Croatian Government introduced the extra profit tax for all companies that had revenues in excess of EUR 40 million in 2022. The tax base was the positive difference between the tax base in 2022 and the average tax base in the period 2018-2021 increased by 20%. The extra profit tax rate was 33% and the financial impact on the Erste Bank Croatia was approximately EUR 12 million of additional tax cost in 2022. The law on extra profit tax applied only for 2022 so no effects are expected in 2023 and beyond.

Other than that, there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency."

- 1.20. In the section entitled "2. ERSTE & STEIERMÄRKISCHE BANK D.D.", the information in the subsection entitled "2.10 TREND INFORMATION" on page 27 of the Original Registration Document shall be replaced by the following information:**

"After strong economic expansion in 2021-22, Erste Bank Croatia's home market is expected to post modest growth of the real gross domestic product also in 2023 and avoid recession. Trends affecting the Issuer and the industries in which it operates are the uncertainties regarding the macroeconomic environment linked to energy shortage and elevated geopolitical risks which may have a negative impact on the Issuer's business activity and results of operations, as well as on the Issuer's refinancing costs. Inflation will remain a key theme amid strong surge from 2022 and uncertainties related to the inflation path going forward, all being affected by the Ukraine war, sanctions against Russia and numerous spill-over effects. Unemployment rate and labor market is expected to remain relatively tight in 2023. Inflation and economic uncertainty would continue to drive monetary policy decision, hence not excluding additional increase of short- and long-term rates."

- 1.21. In the section entitled "2. ERSTE & STEIERMÄRKISCHE BANK D.D." the information in the subsection entitled "2.11 SIGNIFICANT CHANGES AND MATERIAL ADVERSE CHANGES" on page 28 of the Original Registration Document shall be replaced by the following information:**

"There has been no material adverse change in the prospects of the Issuer since 31 December 2022 and no significant change in the financial performance and in the financial position of Erste Bank Croatia Group since 31 December 2022."

- 1.22. In the section entitled "2. ERSTE & STEIERMÄRKISCHE BANK D.D." the information in the subsection entitled "2.12 SELECTED FINANCIAL INFORMATION" commencing on page 28 of the Original Registration Document shall be replaced by the following information:**

"Capital position

Basel 3 capital, in HRK million	31 December 2020	31 December 2021	31 December 2022
CET 1	9,527	10,054	9,999
Tier 2	614	374	301
Total capital	10,141	10,428	10,300

Source: Information of the Issuer

Risk-weighted assets (RWA), in	31 December 2020	31 December 2021	31 December 2022
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HRK million

Market risk	256	97	1,037
Operational risk	5,408	5,324	5,447
Credit risk*	48,697	50,947	46,220
Total RWA	54,361	56,368	52,704

*Credit RWA includes risk exposure for credit valuation adjustment

Source: Information of the Issuer

Basel 3 capital ratios

	31 December 2020	31 December 2021	31 December 2022
CET 1 ratio	17.53%	17.84%	18.97%
Tier 1 ratio	17.53%	17.84%	18.97%
Total capital ratio	18.66%	18.50%	19.54%

Source: Information of the Issuer

Key profitability and efficiency indicators

Erste Bank Croatia Group	31 December 2020	31 December 2021	31 December 2022
Return on Equity (ROE) ratio, %	4.6%	9.9%	10.8%
Net Interest Margin (NIM) ratio, %	3.0%	2.7%	2.7%
Cost/Income (C/I) ratio, %	53.7%	52.7%	53.8%
Loan/deposit ratio net, %	88.7%	78.8%	74.2%
Solvency ratio, %	18.7%	18.5%	19.5%

Source: Information of the Issuer

Key risk indicators

Erste Bank Croatia Group	31 December 2020	31 December 2021	31 December 2022
Non-Performing Loan (NPL) ratio, %	7%	6%	4%
Non-Performing Loan (NPL) coverage ratio, %	90%	103%	106%
Risk cost ratio, %	1.4%	0.3%	-0.5%

Source: Information of the Issuer

Alternative Performance Measure	Calculation
Return On Equity (ROE) ratio	<p>ROE ratio is expressed as:</p> <p>Profit or loss for the year attributable to the owners of the parent / simple average of two year ends of shareholder's equity attributable to the owners of the parent (Total Equity - Minority interests [non-controlling interests])</p> <p>ROE ratio is a profitability ratio which assesses how well equity is used to generate profit.</p> <p>Example for ROE ratio calculation as of 31 December 2022:</p> $ROE\ ratio = \frac{1,176\ (profit\ or\ loss\ for\ YE\ 2022\ attributable\ to\ the\ owners\ of\ the\ parent\ in\ HRK\ M)}{Average\ (10,954;\ 10,798)\ (simple\ average\ of\ volume\ of\ shareholders\ equity\ for\ YE\ 2021\ and\ YE\ 2022\ in\ HRK\ M)} = 10,8\%$
Net Interest Margin (NIM) ratio	<p>NIM ratio is expressed as:</p> <p>Net interest bearing income (Net interest income + Dividend income + Net result from equity method investments / simple average of two year ends of interest bearing assets (Financial assets held for trading + Non-trading financial assets mandatorily at fair value through profit or loss + Financial assets at fair value through other comprehensive income + Financial assets at amortized cost + Investments in subsidiaries, joint ventures and associates)</p> <p>NIM ratio is a profitability ratio which assesses how profitable investment (asset) is when compared to expenses used to fund it.</p> <p>Example for NIM ratio calculation as of 31 December 2022:</p> $Net\ interest\ bearing\ income = Net\ interest\ income\ (HRK\ 2.121\ M) + Dividends\ received\ (HRK\ 0\ M) + Share\ of\ the\ profit\ or\ (-)loss\ of\ investments\ in\ subsidiaries\ accounted\ for\ using\ the\ equity\ method\ (HRK\ 2.129)$ <p><i>Net interest bearing assets</i></p> $= Financial\ assets\ held\ for\ trading\ (simple\ average\ of\ YE\ 2021\ and\ YE\ 2022\ (HRK\ 145\ M;\ HRK\ 196\ M)) + Non\ trading\ financial\ assets\ mandatorily\ at\ FVTPL\ (simple\ average\ of\ YE\ 2021\ and\ YE\ 2022\ (HRK\ 75\ M;\ HRK\ 11,947\ M;\ HRK\ 9,167\ M)) + Financial\ assets\ at\ FVTOCI\ (simple\ average\ of\ YE\ 2021\ and\ YE\ 2022\ (HRK\ 11,947\ M;\ HRK\ 9,167\ M)) + Financial\ assets\ at\ AC\ (simple\ average\ of\ YE\ 2021\ and\ YE\ 2022\ (HRK\ 63,073\ M;\ HRK\ 75,172\ M)) + Investments\ in\ subsidiaries,\ joint\ ventures\ and\ associates\ (simple\ average\ of\ YE\ 2021\ and\ YE\ 2022\ (HRK\ 63,073\ M;\ HRK\ 75,172\ M))$ $NIM\ ratio = \frac{2,129\ (Net\ interest\ bearing\ income\ for\ YE\ 2022\ in\ HRK\ M)}{Average\ (75,303;\ 84,660)\ (simple\ average\ of\ volume\ of\ interest\ bearing\ assets\ for\ YE\ 2021\ and\ YE\ 2022\ in\ HRK\ M)} = 2.7\%$
Cost Income (C/I) ratio	<p>C/I ratio is expressed as:</p> <p>Operating expense (Personnel expenses, Other administrative expenses, Depreciation and amortization) / Operating income (Net interest income, Net fee and commission income, Dividend income, Net trading and fair value 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 & other operating leases)</p> <p>C/I ratio is an efficiency ratio which assesses how many units of cost must be invested to generate one unit of revenue.</p> <p>Example for C/I ratio calculation as of 31 December 2022:</p> $C/I\ ratio = \frac{1,805\ (Operating\ expense\ for\ YE\ 2022\ in\ HRK\ M)}{3,357\ (Operating\ income\ for\ YE\ 2022\ in\ HRK\ M)} = 53.8\%$

Solvency ratio, %	<p>Solvency ratio is expressed as:</p> <p>Own funds / Total risk exposure amount</p> <p>Solvency ratio represents bank's ability to absorb losses in going concern situation.</p> <p>Example for Solvency ratio calculation as of 31 December 2022:</p> $\text{Solvency ratio} = \frac{10,300 \text{ (Own funds for YE 2022 in HRK M)}}{52,704 \text{ (Total risk exposure amount for YE 2022 in HRK M)}} = 19.5\%$
Loan/Deposit net, ratio	<p>Loan/Deposit net ratio is expressed as:</p> <p>Net loans and advances to customers (Loans and advances to customers at amortized cost, Trade and other receivables, Finance lease receivables to customers) / Deposits from customers</p> <p>The loan-to-deposit net ratio is used to assess a bank's liquidity by comparing a bank's customer loans, net to its customer deposits for the same period.</p> <p>Example for Loan/Deposit net, ratio calculation as of 31 December 2022:</p> $\text{Loan/Deposit ratio} = \frac{62,451 \text{ (Customer loans, net for YE 2022 in HRK M)}}{84,198 \text{ (Customer deposits for YE 2022 in HRK M)}} = 74.2\%$
Risk cost ratio	<p>Risk cost ratio is expressed as:</p> <p>Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss / simple average of two year ends of volume of gross Loans to customers (LTC) (incl. Trade and other receivables and Finance Lease Receivables)</p> <p>Risk cost ratio assesses loss over a period related to credit risk as a percentage of an average gross loan volume.</p> <p>Example for risk cost ratio calculation as of 31 December 2022:</p> $\text{Risk cost ratio} = \frac{-318 \text{ (Impairment result from financial instruments YE 2022 in HRK M)}}{\text{Average}(56,909; 64,900) \text{ (gross LTC for YE 2021 and YE 2022 in HRK M)}} = -0.5\%$
Non-Performing Loan (NPL) ratio	<p>NPL ratio is expressed as:</p> <p>Volume of Non-Performing Loans to customers (incl. Trade and other receivables and Finance Lease Receivables) / Volume of gross loans to customers (incl. Trade and other receivables and Finance Lease Receivables)</p> <p>NPL ratio is a risk ratio which assesses the quality of a portfolio by showing the percentage of loans which are unlikely to be paid over the gross loan volume.</p> <p>Example for NPL ratio calculation as of 31 December 2022:</p> $\text{NPL ratio} = \frac{2,314 \text{ (Volume of Non – performing Loans for 2022 in HRK M)}}{64,900 \text{ (Volume of gross loans to customers for 2022 in HRK M)}} = 3.6\%$
Non-Performing Loan (NPL) coverage ratio	<p>NPL coverage ratio is expressed as:</p> <p>Volume of provisions for loans to customers (incl. Trade and other receivables and Finance Lease Receivables) / Volume of Non-Performing Loans to customers (incl. Trade and other receivables and Finance Lease Receivables)</p> <p>NPL coverage ratio is a risk ratio which assesses how well is the NPL volume covered with balance sheet provisions.</p> <p>Example for NPL coverage ratio calculation as of 31 December 2022:</p> $\text{NPL coverage ratio} = \frac{2,449 \text{ (Volume of Loan loss allowances for 2022 in HRK M)}}{2,314 \text{ (Volume of Non – Performing Loans to customers for 2022 in HRK M)}} = 105.8\%$

Source: Information and calculation of the Issuer on the basis of the financial statements 2022 of Erste Bank Croatia prepared pursuant to the Decision of the CNB on structure and content of bank's annual financial statements (Official Gazette 42/18), respectively.

1.23. In the section entitled "3. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES" commencing on page 32 of the Original Registration Document, the last paragraph in the subsection entitled "3.1 MANAGEMENT BOARD" shall be deleted.

1.24. In the section entitled "3. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES", subsection "3.2 SUPERVISORY BOARD" commencing on page 33 of the Original Registration Document, (i) the first paragraph, (ii) the table and (iii) the information after the table shall be replaced by the following information:

(i):

"The supervision of Erste Bank Croatia's management board's activities is performed by Erste Bank Croatia's supervisory board. Its supervisory board currently consists of 6 members who are elected by Erste Bank Croatia's general meeting with three years term of office, and they can be reappointed."

(ii):

"NAME AND POSITION	COMPANY	FUNCTION
Willibald Cernko Chairman of the Supervisory Board	SOS-Kinderdorf, Innsbruck, nonprofit organisation	Member of the Supervisory Board
	Ceska sporitelna a.s.	Chairman of the Supervisory Board
	Tiroler Sparkasse Bankaktiengesellschaft Innsbruck	Chairman of the Supervisory Board
	Erste Group Bank AG	Chairman of the Management Board
Walburga Seidl Member	Steiermärkische Bank und Sparkassen AG	Member of the Management Board
	Sparkasse Bank a.d. Skopje	Member of the Supervisory Board
Judit Agnes Havasi Independent member	DONAU Versicherung AG Vienna Insurance Group	Chairwoman of the Management Board
	Die Zweite Wiener Vereins Sparkasse	Member of the Supervisory Board
	Vienna-Life Lebensversicherung AG, Vienna Insurance Group	Member of the Supervisory Board
Ingo Bleier Member	Erste Group Bank AG	Member of the Management Board
	Erste Bank der oesterreichischen Sparkassen AG	Member of the Supervisory Board
	Erste Bank a.d. Novi Sad	Chairman of the Board of Directors
Georg Bucher Deputy Chairman of the Supervisory Board	Kärntner Sparkasse AG	Member of the Supervisory Board
	Sparkassen IT Holding AG	Member of the Supervisory Board
	Erste Bank a.d. Novi Sad	Member of the Board of Directors

	Banka Sparkasse d.d. Ljubljana	Member of the Supervisory Board
	Sparkasse Bank a.d. Skopje	Member of the Supervisory Board
	Erste Digital GMBH	Member of the Supervisory Board
	SKW-Privatstiftung	Member of the Management Board
	SKB Industrieholding GmbH	Member of the Supervisory Board
	Steiermärkische Bank und Sparkassen AG	Member of the Management Board
	Christine Kunz Gesellschaft m.b.H.	Managing director
Roland Klimesch Member	-	-

Source: Internal information of the Issuer"

(iii):

"The members of Erste Bank Croatia's supervisory board perform their respective function at the following business addresses:

- Willibald Cernko – Erste Group Bank AG, Am Belvedere 1, 1100 Vienna, Austria
- Ingo Bleier - Erste Group Bank AG, Am Belvedere 1, 1100 Vienna, Austria
- Roland Klimesch - Erste Group Bank AG, Am Belvedere 1, 1100 Vienna, Austria
- Walburga Seidl - Steiermärkische Bank und Sparkassen AG, Sparkassenplatz 4, 8010 Graz, Austria
- Georg Bucher - Steiermärkische Bank und Sparkassen AG, Sparkassenplatz 4, 8010 Graz, Austria
- Judit Agnes Havasi - Vienna Insurance Group, Schottenring 30, 1010 Vienna, Austria

On 3 April 2023, the Issuer submitted to CNB application for obtaining prior approval for new independent member of the Erste Bank Croatia's supervisory board. After the approval, the Issuer will have sufficient number of independent members of the supervisory board, as well as sufficient number of supervisory board members in general."

1.25. In the section entitled "3. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES" the first paragraph of the subsection entitled "3.4 AUDIT AND AUDITORS' REPORT" on page 35 of the Original Registration Document shall be replaced by the following paragraph:

"PricewaterhouseCoopers d.o.o., with registered seat at Heinzelova ulica 70, 10000 Zagreb, Republic of Croatia, have audited the Croatian language consolidated and separate financial statements of Erste Bank Croatia prepared in accordance with IFRS as of and for the years ended 31 December 2021 and 31 December 2022 and issued unqualified auditor's reports for the Audited Consolidated and Separate Financial Statements 2021 (dated 25 March 2022) and the Audited Consolidated and Separate Financial Statements 2022 (dated 24 March 2023). PricewaterhouseCoopers d.o.o. is member of the Croatian Chamber of Auditors of the Republic of Croatia."


1.26. In the section entitled "4. LEGAL PROCEEDINGS" commencing on page 37 of the Original Registration Document, the last sentence of the first paragraph shall be replaced by the following sentence:

"Issuer had been subjected to the following ongoing proceedings, some of which, if adversely adjudicated, may have a significant impact on the financial position or profitability of Erste Bank Croatia Group and/or the Issuer:"

1.27. In the section entitled "4. LEGAL PROCEEDINGS", before the sub-heading "Other Court Proceedings" commencing on page 37 of the Original Registration Document, the following paragraphs shall be inserted:

"Despite most of the loans granted to consumers were converted in line with the aforementioned legislation, certain number of loan beneficiaries still hold that they should be entitled to restitution on the account of nullity of the currency clause or/and unilateral variability of the interest rate in consumer loans denominated in Swiss francs.

In December 2022, session of the civil department of the Croatian Supreme Court was held where a legal standing was reached with the prevailing number of votes (the "**Legal standing**") according to which it arises that consumers who undertook conversion in accordance with the aforementioned legislation would be entitled to a restitution in terms of default interests for the overpaid amounts taken into account by the bank when performing loan conversion. However, a number of substantive and procedural legal issues have arisen after the Legal standing was made public and according to the information available to the Issuer as of 24 May 2023 individual verdicts in particular cases that should represent relevant case law of the Croatian Supreme Court have not passed the court's service for recording of jurisprudence yet, which is an obligatory procedural requirement."

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	Unterzeichner	Österreichische Finanzmarktaufsichtsbehörde
	Datum/Zeit-UTC	2023-05-24T12:51:52Z
	Aussteller-Zertifikat	CN=a-sign-corporate-light-02,OU=a-sign-corporate-light-02,O=A-Trust Ges. f. Sicherheitssysteme im elektr. Datenverkehr GmbH,C=AT
	Serien-Nr.	532114608
	Methode	urn:pdfsigfilter:bka.gv.at:binaer:v1.1.0
Prüfinformation	Informationen zur Prüfung des elektronischen Siegels bzw. der elektronischen Signatur finden Sie unter: https://www.signaturpruefung.gv.at Informationen zur Prüfung des Ausdrucks finden Sie unter: https://www.fma.gv.at/amtssignatur	
Hinweis	Dieses Dokument wurde amtssigniert. Auch ein Ausdruck dieses Dokuments hat gemäß § 20 E-Government-Gesetz die Beweiskraft einer öffentlichen Urkunde.	