

ERSTE&STEIERMÄRKISCHE GROUP

Croatia

Investor Presentation

HY 2023

November 2023

Cautionary Note Regarding Forward-Looking Statements

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Summary

Republic of Croatia

- Fully integrated EU member - European Union (since 2013), Euro area (since 2023), Schengen zone (since 2023)
- Sovereign ratings at BBB+ (S&P and Fitch) and Baa2 (Moody's), with all three agencies upgrading the outlook to positive
- Economy full recovered from the pandemic shock and is anticipated to deliver healthy looking GDP growth in 2023 as well

Erste Group

- Founded in 1819 as the first Austrian savings bank, Erste Group went public in 1997 with a strategy to expand its retail business into CEE
- Erste Group has grown to one of the largest financial services providers in the Eastern part of EU in terms of clients and total assets
- Number of customers close to 16mn in Austria, Czech Republic, Slovakia, Romania, Hungary, Croatia and Serbia
- Erste Group strives to be the leading retail and corporate bank in the eastern part of the European Union, including Austria

Croatian Banking Market

- Profitability of the sector improved as we head into 2023 – HY23 data signal ROE went into double-digit region (17%), while ROA edged up to 1.9%
- Loans growth dynamics shaped by steady retail segment and still positive momentum in corporate segment despite increasing rate environment
- Deposit sides showing contraction following the buoyant growth ahead of the EURO adoption in 2022, though liquidity remains ample
- Banking sector remains well capitalized with capital adequacy remaining at ample 23.23% at the end of HY23

ERSTE&STEIERMÄRKISCHE BANK d.d. („Erste Bank Croatia”; „EBC”)

- EBC is the third largest bank in Croatia in terms of total assets, retail loans, total deposits as well as distribution network
- Current rating from Fitch stands at A- with stable outlook – highest rated financial institution in Croatia
- Net profit growth compared to 2022, owing to better operating result amid favourable economic environment & increasing market rates
- Positive effects coming from higher income growth - especially net interest income. Cost/income ratio decreasing, as income increase is more substantial than cost growth which is driven by price hikes and inflation pressures

Erste Group | EBC at Glance

Republic of Croatia

Croatian Banking Market

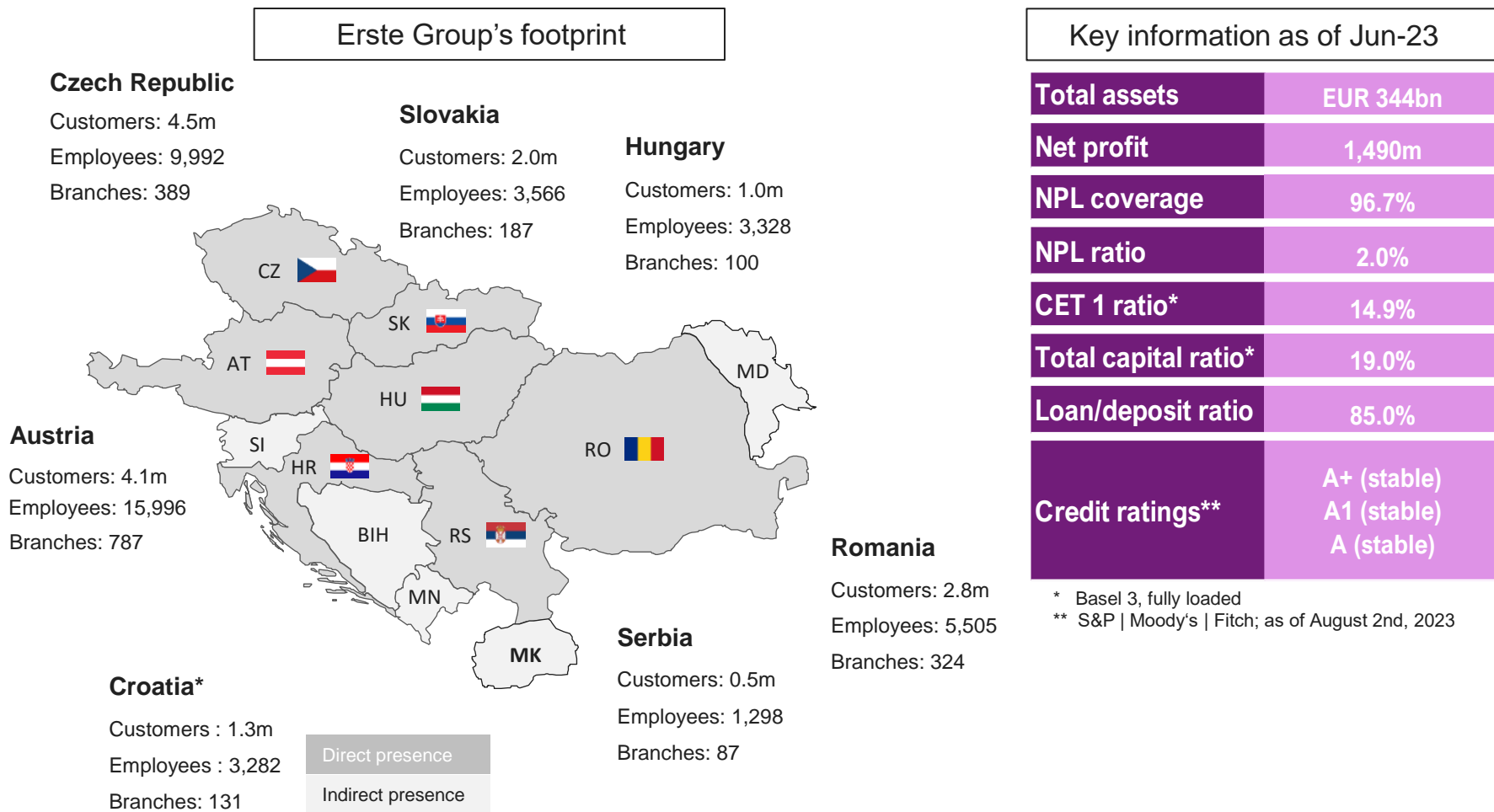
Erste Bank Croatia

Funding

ESG

Additional Information

Erste Group's footprint – leading retail and corporate bank in 7 geographically connected countries



* Includes Montenegro

Third bank in Croatia with best customer experience among peers

About Erste&Steiermarkische Group

- Established as Riječka banka d.d. in 1954; in Erste Group ownership since 2003
- #1 in customer experience *
- Close to 1.3mn customers
- 131 branches and 737 ATM-s

Sustainable Development and Environment

- Focus on 9 Sustainable Development Goals („SDG“):
 - No poverty (SDG 1)
 - Good health and well-being (SDG 3)
 - Quality education (SDG 4)
 - Gender equality (SDG 5)
 - Clean water and sanitation (SDG 6)
 - Affordable and clean energy (SDG 7)
 - Sustainable cities and communities (SDG 11)
 - Responsible consumption and production (SDG 12)
 - Climate Action (SDG 13)

Targeting operational climate neutrality within bank in 2023

Key Information EBC (HY 2023)

EBC

Total assets	EUR 13,9bn
Net profit	EUR 128,5mn
NPL coverage	109,1%
NPL ratio	3,1%
CET 1 ratio	20,2%
Total capital ratio	20,7%
Loan/deposit ratio	83,5%
ROE	17,7%
CIR	47,5%

Source: Unaudited Consolidated Financial Statements for HY 2023

Credit Ratings

Rating Agency	Rating
Fitch	A-

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Republic of Croatia

Croatian Banking Market

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Additional Information

Key Figures

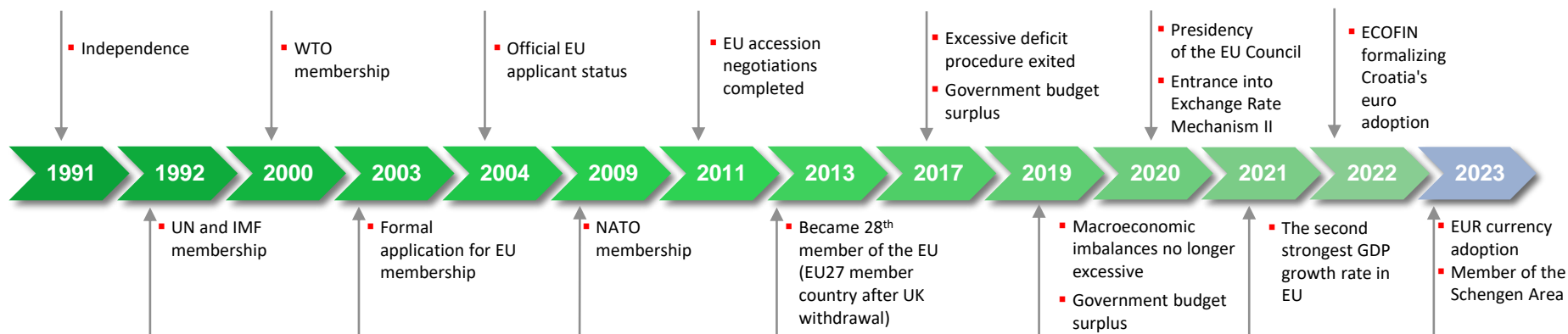
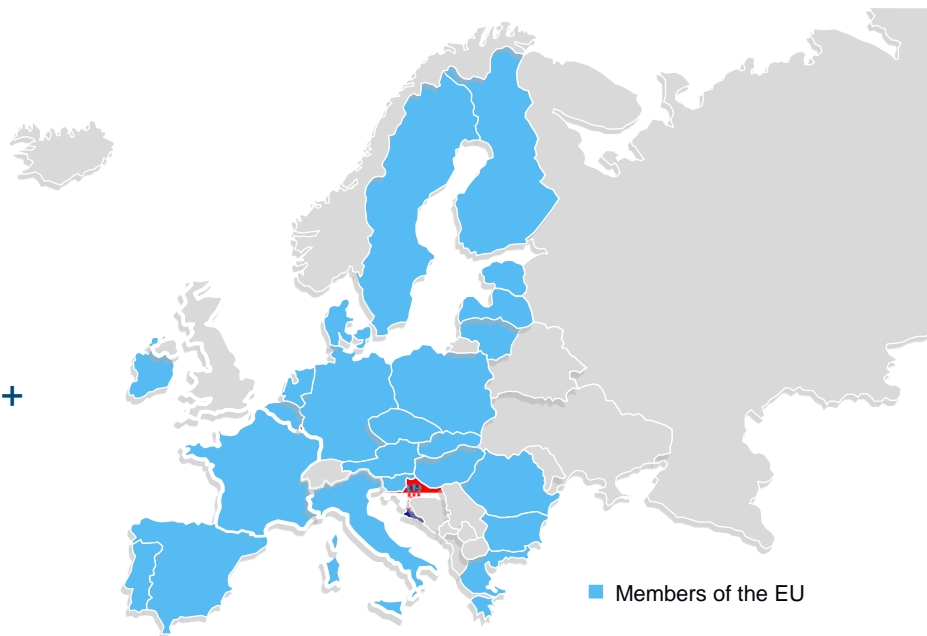
Area: 56,594 km² (land); 31,067 km² (sea)

Population: Approx. 3.9million

GDP per capita: Approx. €17,258 in 2022

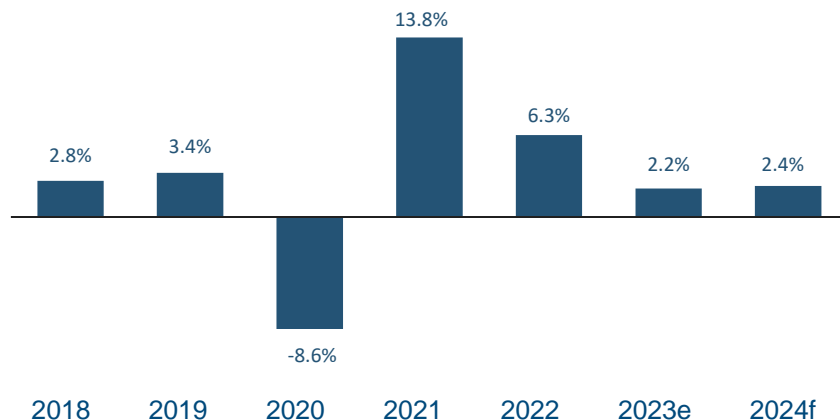
Credit ratings: Moody's: Baa2 (positive) / S&P: BBB+ (positive) / Fitch: BBB+ (positive)

Capital: Zagreb



Macroeconomic Development

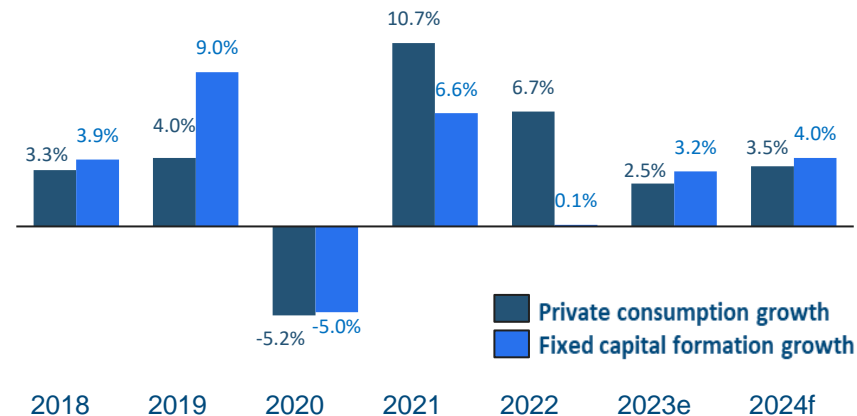
Real GDP growth (%)



Source: Statistical Office, EBC Research

- GDP data saw some revision recently with 2021 and 2022 figures receiving a positive bump to 13.8% and 6.3% (0.7pp and 0.1pp respectively). On the other hand, 1H23 has been brought down with 1Q23 being reported at 1.6% (-1.2pp) and 2Q23 standing at 2.6% (-0.1pp), which translated into 0.4pp negative effect on annual level.
- As structure goes, domestic demand remains supportive factor, more so as private consumption goes, while investments are looking more humble post data revision. Net exports played supportive role as goods volumes went into red, while services remained positive on both exports and import side.

Components of GDP

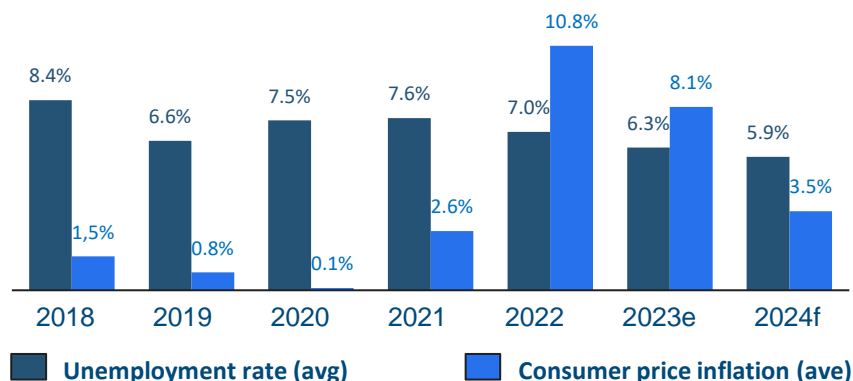


Source: Statistical Office, EBC Research

- Outlook suggests domestic demand support remaining in place. Gradually normalizing inflation trajectory, along with supportive labor market trends, should provide tailwind for private consumption, while investments growth would be backed-up by the EU funds. As external demand goes, the EU outlook continue to weigh on external demand outlook, while tourism will continue to play an important shaping role, though shifting few gears lower following its full recovery to pre-pandemic levels.
- Owing to data revision we adjusted our FY23 GDP growth to 2.2%, while we continue to expect GDP growth close to 2.5% in 2024.

Macroeconomic Development (Cont'd)

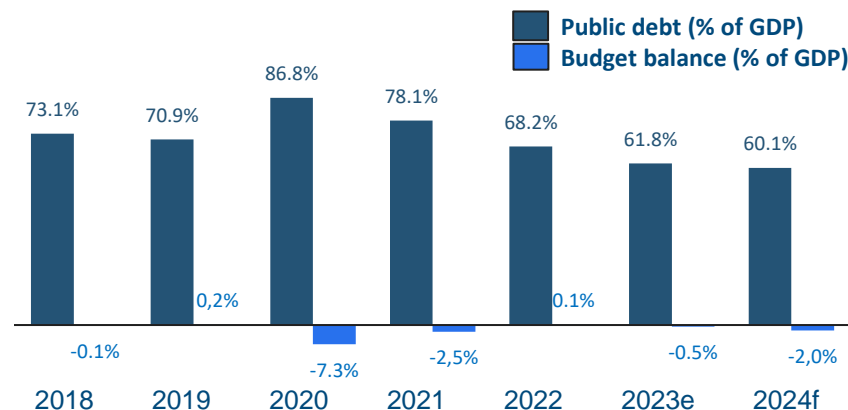
Unemployment and inflation (%)



Source: Statistical Office, EBC Research

- Labor market conditions remain tight, supporting further gradual unemployment rate decline. Consequently, nominal wages growth accelerated to double-digit region, allowing real wages to return well into the positive territory.
- Inflation maintained moderating trend, with the headline figure reversing to the single-digit region from 2Q23 and with most recent figure at beginning of 4Q23 being reported at 5.8% YoY. After dominantly driven by energy prices, moderating inflation is gradually looking broader based as supply-side pressures kept fading. Solid domestic demand component and tourism related inflation suggest Croatia would continue to trend somewhat above the EA average in upcoming period.

Public debt and govt. balance (share of GDP)



Source: Statistical Office, ECB Research

- Croatia delivered strong fiscal print in 2022 as budget figure landed at 0.1% of GDP, while public debt level declined below 70% of GDP mark. Fiscal performance is set to remain strong also in 2023 as Government, owing to economic/inflation tailwinds, is eyeing almost balanced budget target. As expected, budget draft for 2024 is envisaging some election-cycle driven loosening and budget gap closer to 2% of GDP.
- Rating agencies are also showing signs of appreciation for economic/fiscal factors with all 3 of them delivering outlook upgrade to 'positive', thus suggesting increasing likelihood of rating upgrade in 2024.

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Republic of Croatia

Croatian Banking Market

Erste Bank Croatia

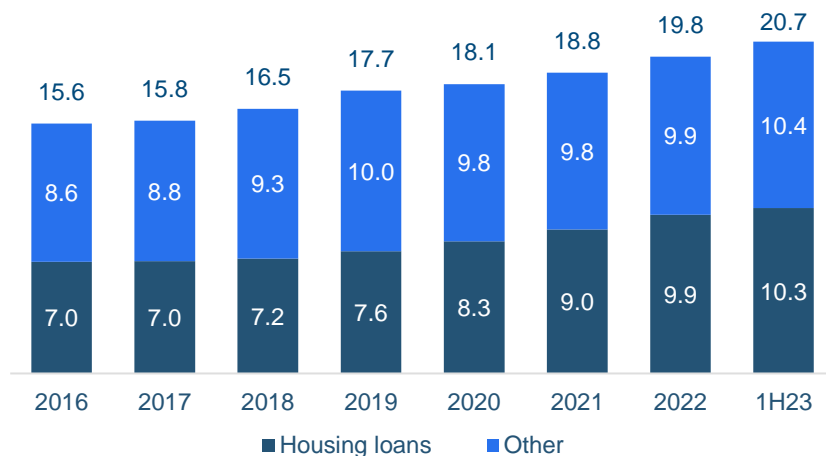
Funding

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Additional Information

Outstanding Retail Loans and Debt of Households

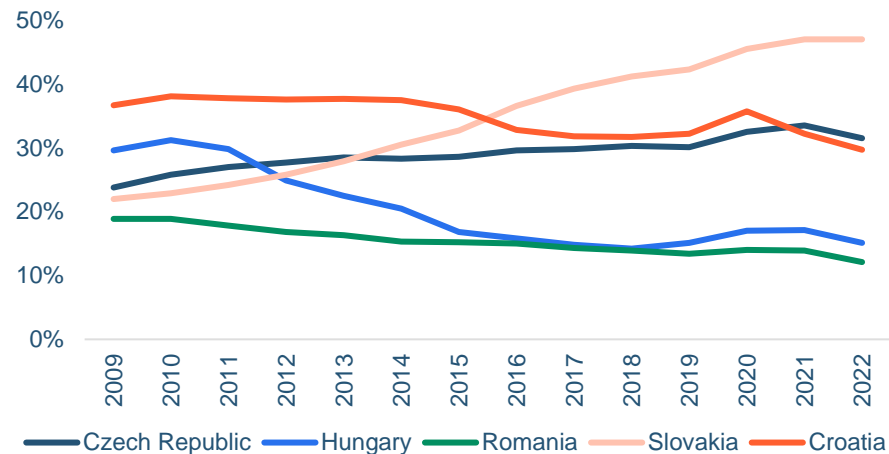
Development of retail loans (EUR bn)



Source: CNB

- While consumer loans were overall still dominating, housing segment was steadily catching-up over the last few years
- Retail loans growth accelerated in post-corona period, with loans to households rising approx. 4% YoY and 5.5% YoY for 2021 and 2022, respectively
 - Housing loans also maintain vivid performance going into 2023, with YTD growth posting 4.1% YoY increase
 - Cash loans showed similar motion, expanding at 5.2% YoY pace thus far in 2023, showing some motion after a period of stagnation

Retail loans to GDP

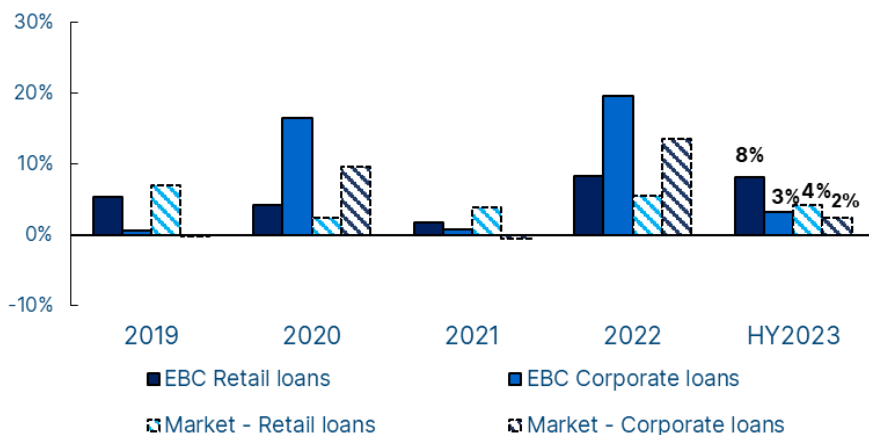


Source: Erste Group Research

- Croatia's households traditionally are showing relatively high penetration rates in the CEE region, though with changing trend as some of the peers caught up
- Overall relative deleveraging in recent year has been driven by the weaker credit activity – increase in 2020 and then reversal in 2021 onwards has been to large extent driven by the GDP developments, to lesser extent by the credit activity itself

Loans and Deposits development

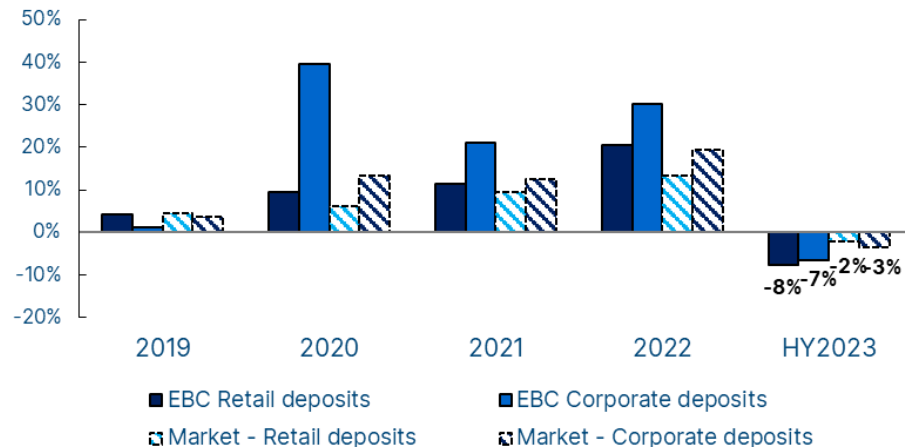
Retail and corporate gross loans (YTD change)



Source: CNB, Parent bank level

- Loan side displayed noticeable volatility of growth rates in corporate segment, while retail trends are more stable
- The significant growth in corporate segment in EBC in 2022 was driven on all business lines, especially in large segment but also in SME and public segment. Growth during 2023 is close to market trends, while it includes repayments in public segment
- EBC Retail has recently been increasing and growing above the market. Market share increased significantly in 2022 and during first part of 2023 – both in housing & cash loans segments

Retail and corporate deposits (YTD change)

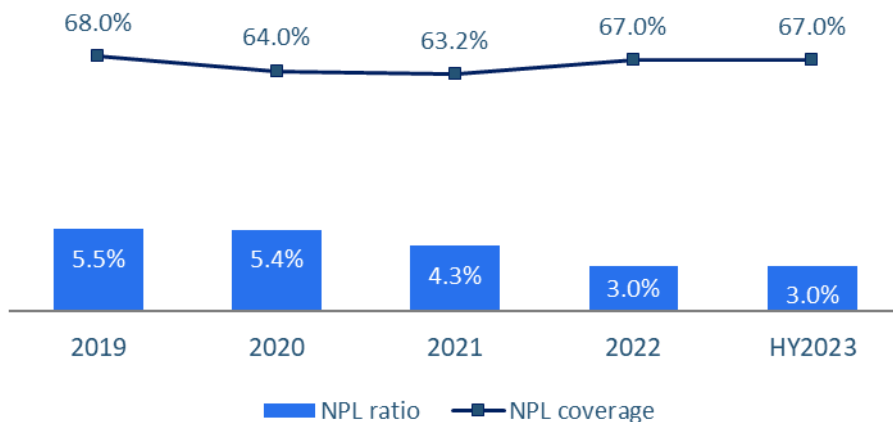


Source: CNB, Parent bank level

- In recent years trend of strong growth of deposits was noticeable in the market as well as EBC
- Both retail and corporate segments were increasing their market shares
- The significant increase of deposits in EBC in 2022 as a result of good tourist season, increased client base and preparation for EURO implementation
- 2023 showing decreasing deposit volumes both on market and EBC – partly due to outflows related to issuance of national bond. Seasonal growth expected in 2H 23

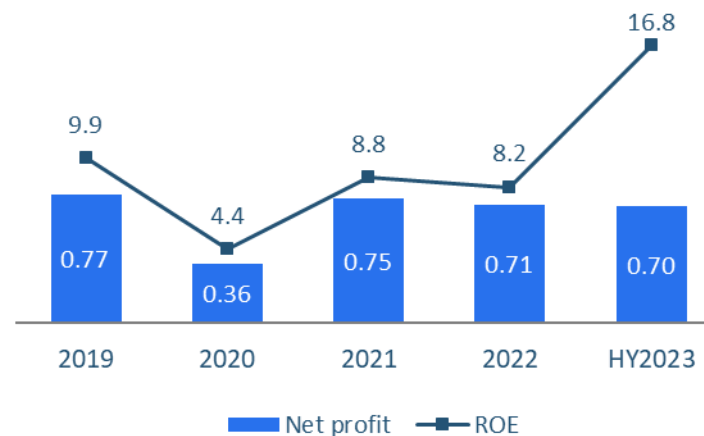
NPL Rates and Profitability of the Banking Sector

NPL ratio and NPL coverage



- In recent years total level of non-performing loans has been on downward trajectory, with NPL ratio stable at 3.0% during 2023 (partially due to decrease of Loans to customers towards central banks compared to YE 2022)
- Non-performing loans decreased further in the household loan portfolio, resulting with NPL share of 4.6% (down from 5.0% at YE 2022)
- The share of NPLs in the non-financial corporate sector maintained decline, falling from 6.4% to 5.6% (2Q 2023 vs FY 2022), a result of NPL stock decline, together with further growth of Loans to customers

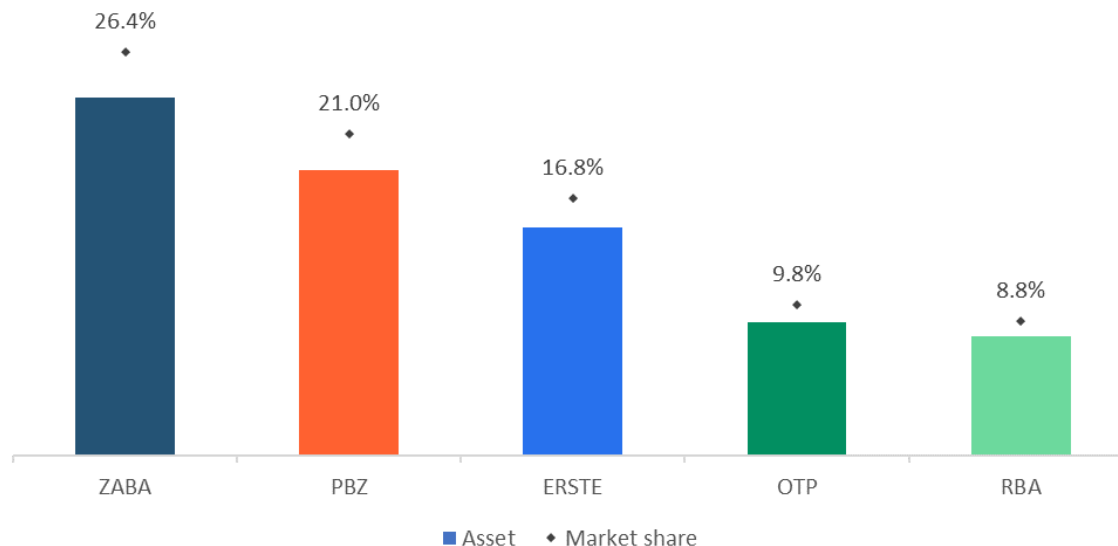
Profitability of the sector (EUR bn / %)



- Net profit recovery in 2021/2022 is mainly result of economic/tourism activity normalization and favorable risk cost developments, while profitability in 2022 was impacted by the one-off windfall tax
- Decline in profitability - ROE jump to 8.8% in 2021, and slightly decreased in 2022 to 8.2%
- Profitability increased in HY 23 with ROE at 16.8%, driven by Net interest income growth (higher loan volume and market rates)
- Stability of the banking sector remained solid with total capital ratio at 23.23% in HY 23

Main Players on Croatian Banking Market

Total assets (EUR bn) and asset market shares HY 2023



Source: CNB, Parent bank level

- As the 3rd bank in terms of assets, and loans to customers, EBC has established a strong market position
- During 2022 the bank has increased its loan volumes and market share and continued in 2023
- The long-term growth has been driven by both retail and corporate segment
- As bank number 3 in terms of customer deposits, EBC has established a strong position in the market in this segment as well
- Retail customer deposits market share dropped in 2023 due to outflow related to issuance of retail targeted bond while corporate customer deposits market share are recording growth coming from public companies

ZABA – Zagrebačka banka – member of UniCredit Group

PBZ – Privredna banka Zagreb - member of Intesa Sanpaolo Group

RBA – Raiffeisen Bank

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Republic of Croatia

Croatian Banking Market

Erste Bank Croatia

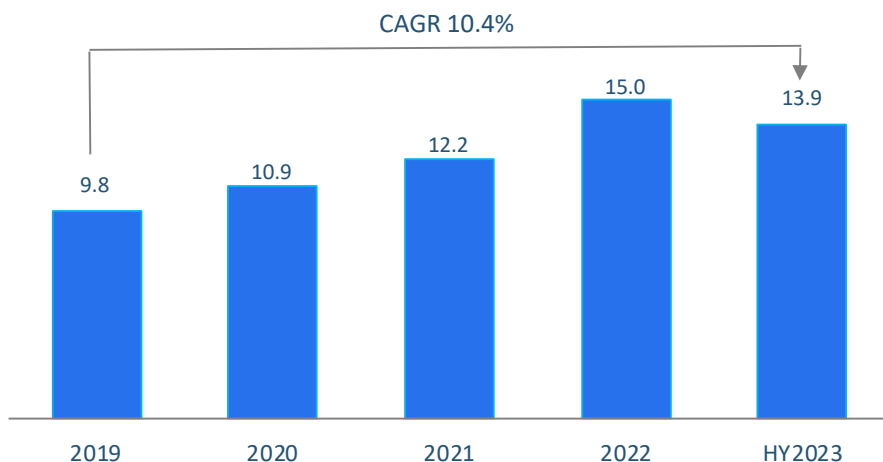
Funding

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Additional Information

Historical Performance of EBC Group

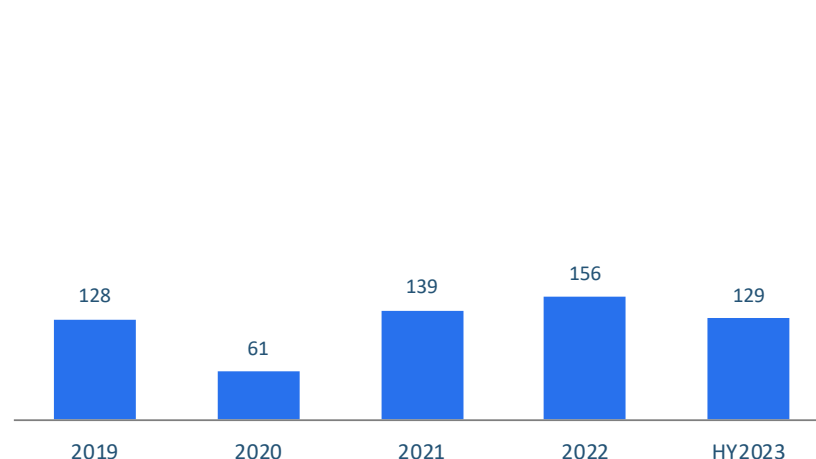
Total assets (EUR bn)



Source: Audited Consolidated Financial Statements for full year and Unaudited Consolidated Financial Statements for HY 2023

- The EBC Group total assets have been continuously growing in the last 3 years, with the decrease in first half of 2023
- Compound growth is mostly driven by increasing loan portfolio in retail and corporate segments
- In 2022 the loan demand was mostly driven by households (especially housing loans), SME and large corporate segment (including government) and additionally supported by significant increase of liquid assets
- Surplus liquidity grew as a result of high deposit growth in 2022 (due to EURO adoption and client base growth), while in 2023 decreasing deposit volume resulted in lower liquidity surplus and assets in total

Net profit (EUR mn)



Source: Audited Consolidated Financial Statements for full year and Unaudited Consolidated Financial Statements for HY 2023

- Net profit was lower in 2020 caused by the COVID-19 pandemic, which resulted with high levels of risk cost
- In 2021 strong recovery with lower risk cost supported by good tourist season and positive one-off impact on other operating result
- In 2022 result is better than 2021, under the influence of lower risk cost reflecting better portfolio performance, lower NPL inflow and strong collection. Income increased and costs also followed the same trend. One-off windfall tax weighted on the profitability in 2022
- HY 2023 YoY growth is driven by higher income (NII due to volumes and market rates, while FX sales volume declined after EURO introduction) and costs are also increasing due to inflation pressures

Balance Sheet Performance of EBC Group

Total assets development in HY2023 (EUR bn)



Source: Audited Consolidated Financial Statements for full year and Unaudited Consolidated Financial Statements for HY 2023

- Total assets decreased by 7.5% during 1H 2023
- Loan volumes grew above the market especially in retail, while corporate growth is close to market including repayments in public segment
- Decrease of liquid assets (cash) is mainly driven by lower customer deposits

Total liabilities development in HY2023 (EUR bn)

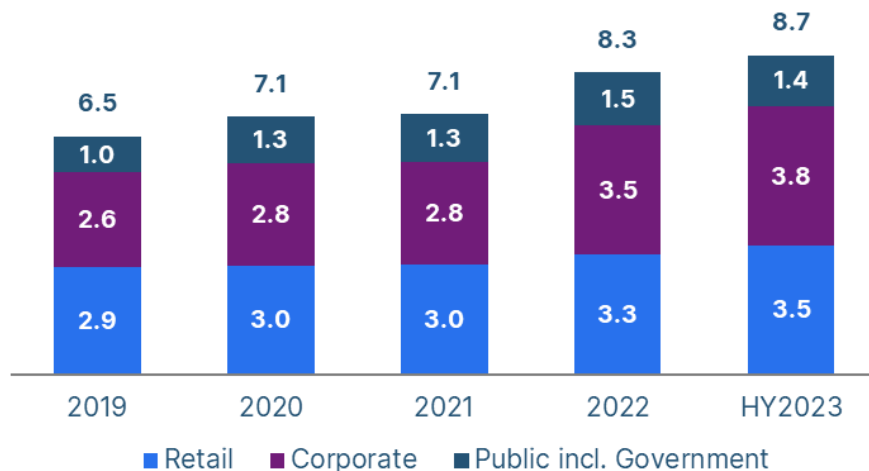


Source: Audited Consolidated Financial Statements for full year and Unaudited Consolidated Financial Statements for HY 2023

- While customer deposits market is decreasing during 2023, the deposits decrease in EBC is more pronounced mostly due to outflows in large corporate & private banking segments

Balance Sheet Performance of EBC Group

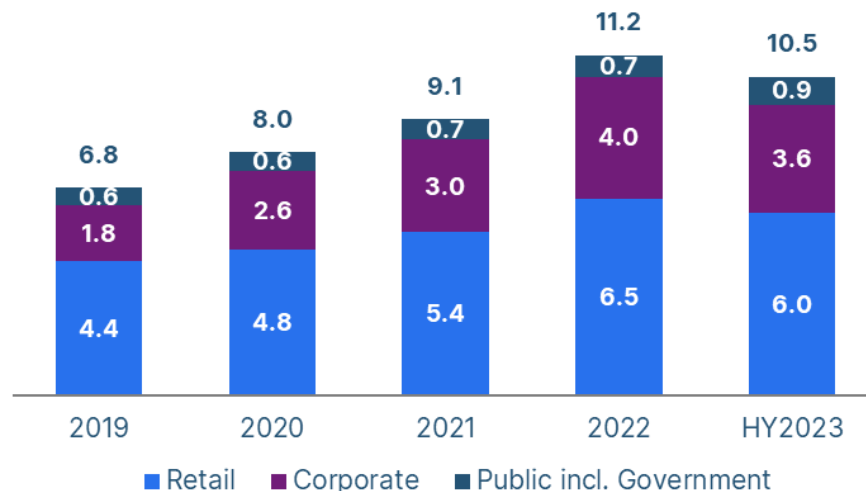
Net customer loans* (EUR bn)



Source: Audited Consolidated Financial Statements for full year December statements and Unaudited Consolidated Financial Statements for HY statements

- Customer loans grew by 5.7% at the end of HY 2023 vs YE 2022
- Retail growth is under the influence of higher cash loan growth, while consumer loan portfolio also increased – both segments with growing market share
- Corporate & public loans increased as a result of growth in the SME and large corporate segments, while public segment saw some repayments

Customer deposits (EUR bn)



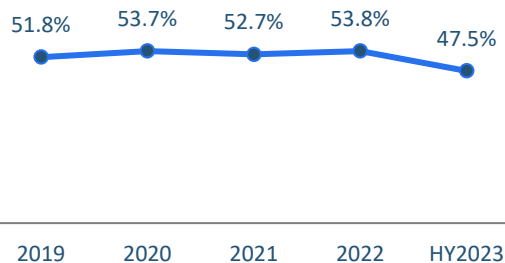
Source: Audited Consolidated Financial Statements for full year December statements and Unaudited Consolidated Financial Statements for HY statements

- Customer deposits decreased by 6.3% by the end of HY 2023 vs YE 2022
- EBC decrease has been slightly stronger than the market mostly due to some one-offs related to outflows in large corporate & private banking segments

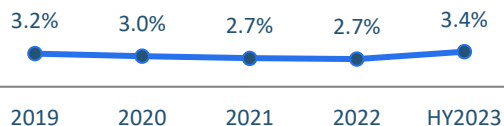
Net Customer Loans* - Loans and advances to customers at amortized cost, Trade and other receivables, Finance lease receivables to customers
Business Line allocation is based on IFRS sectorization

Key Financial Ratios of EBC Group

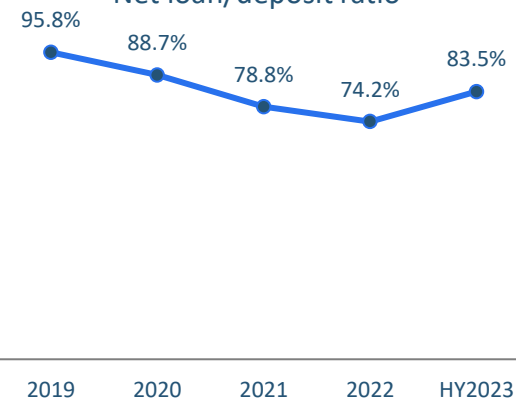
Cost income ratio



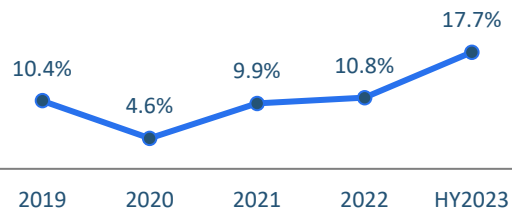
Net interest margin (NIM)



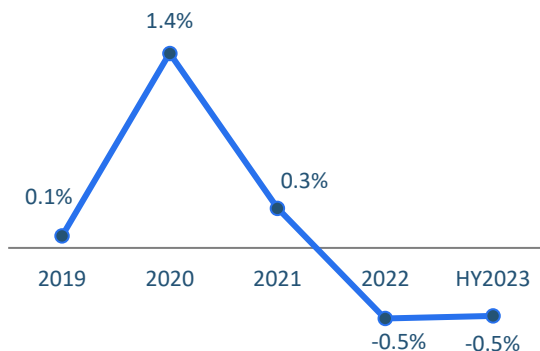
Net loan/deposit ratio



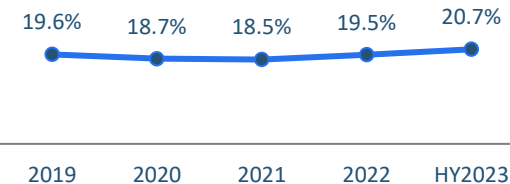
Return On Equity (ROE)



Risk cost



Solvency ratio

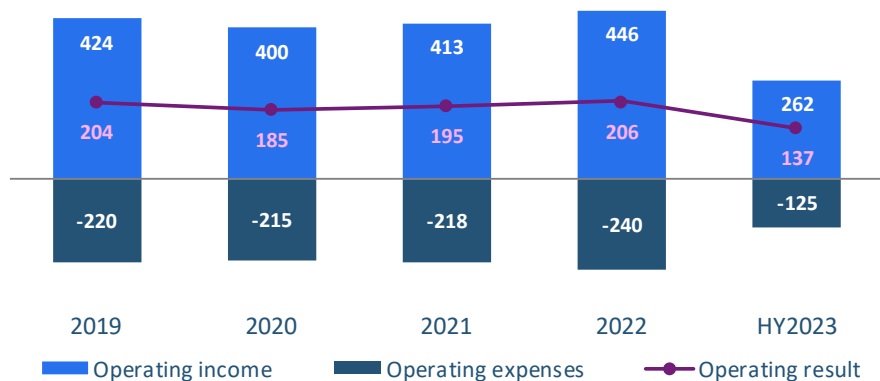


Source: Internal calculation based on Audited Consolidated Financial Statements for full year and Unaudited Consolidated Financial Statements for HY 2023

NIM, ROE and Risk cost are calculated based on simple average of two period balance sheet positions. Ratios are annualized in case if not calculated on full year level

Operating result and Risk cost

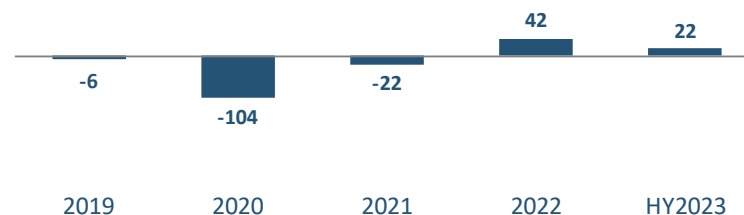
Operating result development (EUR mn)



Source: Audited Consolidated Financial Statements for full year and Unaudited Consolidated Financial Statements for HY 2023

- Operating result reached EUR 137mn in the HY2023 (+42%, YoY)
- Operating income is significantly better than in 2022, boosted especially by NII growth, while FX sales volumes decreased after EURO introduction
- Operating expense also increased during 2023, mostly driven by inflationary environment

Risk cost development (EUR mn)



Source: Audited Consolidated Financial Statements for full year and Unaudited Consolidated Financial Statements for HY 2023

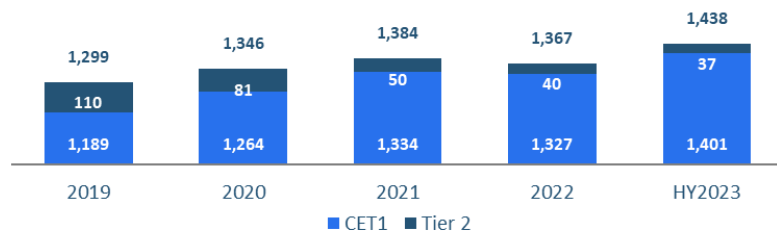
- Continued trend of overall better portfolio performance recorded in both retail and corporate segments
- Majority of risk cost for HY23 is under the influence of certain rating upgrades and collections, while new defaults are on lower level compared to previous year. Additionally, risk cost was driven by methodological changes

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

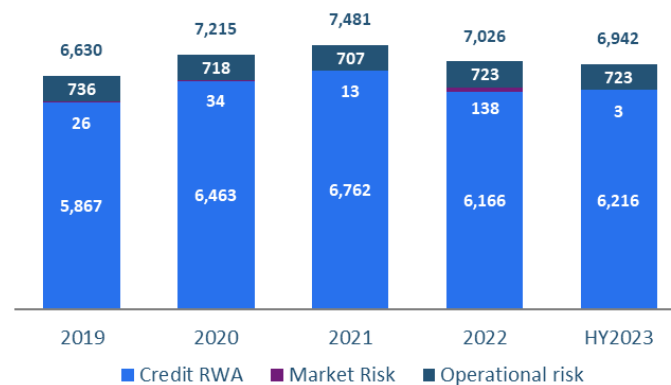
Operating expenses: Personnel expenses, Other administrative expenses, Depreciation and amortisation

Capital Position

Basel 3 Capital (fully loaded, EUR mn)

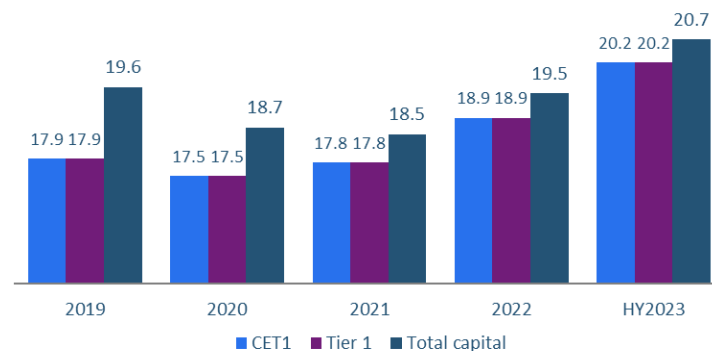


Risk-weighted Assets (fully loaded, EUR mn)



- Capital position has remained strong and well above minimum requirements with CET1 of 20.2% in June 2023 and total capital ratio of 20.7%
- Own funds include positive effects from inclusion of HY2023 profit
- While exposure towards retail and corporate clients increased, total risk exposure amount increased at a lower rate (consequence of the new corporate rating model implementation and positive economic effects) and market RWA decreased

Basel 3 Capital Ratios in % (fully loaded)



Source: Disclosure requirements for the EBC Group

*Credit RWA includes risk exposure for credit valuation adjustment

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Republic of Croatia

Croatian Banking Market

Erste Bank Croatia

Funding

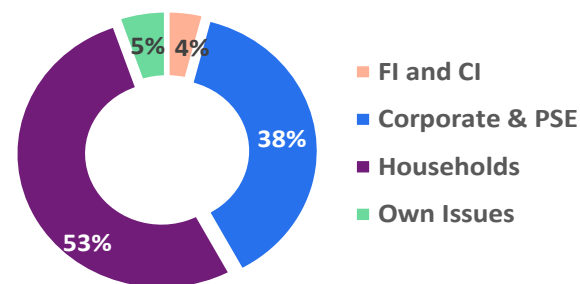
ESG

Additional Information

Funding structure & issuance plans

- EBC's most significant source of funding are customer deposits
- EBC's funding also includes issued unsecured bonds and funding from supranational banks, owners and other financial institutions
- In 2021, Erste Bank Croatia issued EUR 400mn of 'senior preferred' bonds in the international market and EUR 45mn in the domestic market, while in 2022 there were no issuances
- In June 2023, EBC issued EUR 90.1mn of 'senior preferred' bonds in the domestic market, targeting retail investors, maturing in 2026, with a fixed interest rate of 4.5%

Total Funding Structure - EBC 30.6.2023.

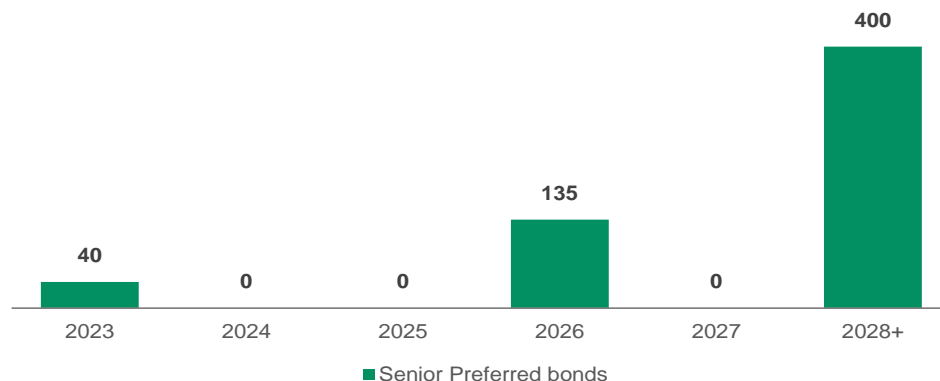


Source: Internal data

Issuance plans for 'Senior preferred' bonds

- MREL issuance plan by YE 2024 is ~ EUR 350 mn to EUR 500 mn.
- Planned issuance will be done out of the **Erste Group's Multi Issuer Programme**
 - Governing Law: German (status clause Croatian law)
 - Listing: Vienna Stock Exchange
- Green bond issue under Erste Group's Sustainable Finance Framework is planned.

Bond maturity profile (EUR mn)



Source: Internal data

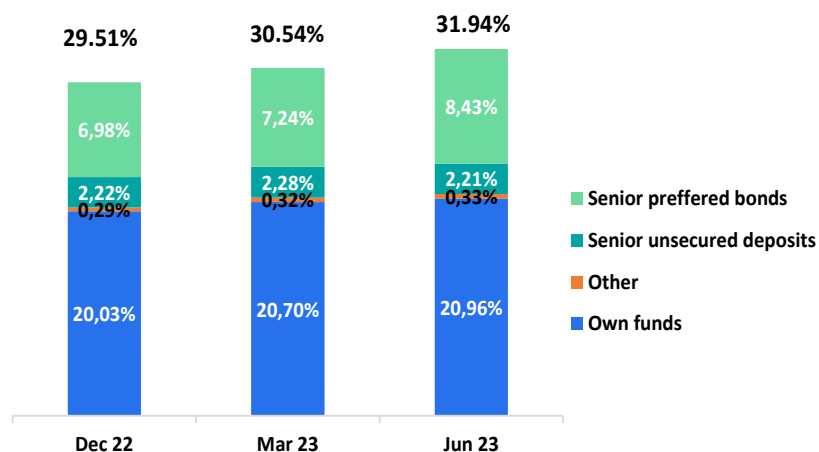
MREL requirements fulfilled in 2023

Croatian Resolution Group

Entities within the Croatian resolution group:

- ERSTE&STEIERMÄRKISCHE BANK (EBC)
- ERSTE&STEIERMÄRKISCHE S-LEASING
- ERSTE CARD CLUB

MREL capacity based on TREA (RWA)



Key take-aways

- Multiple point of entry (MPE) resolution approach
- Based on the Croatian resolution group's RWAs as of 30 June 2023 of EUR 6.38 bn, the MREL ratio was 31.94% of TREA and 14.57% of LRE
- MREL requirements as of 1 January 2024 from joint decision received from the Single Resolution Board in Q2 2023 which is calibrated on balance sheet data as of December 2021 are:
 - 23.71% of TREA excluding Combined Buffer Requirement (CBR) or 30.71% including CBR
 - 6.01% of LRE
- As at 30 June 2023, the CBR amounted to 6.50% of TREA. The CBR will increase to 7.0% from 31 December 2023 and to 7.5% from 30 June 2024 due to an increase of the countercyclical buffer rate
- Any potential changes in the MREL requirement will be reflected in EBC's funding plan as to ensure regulatory compliance
- No subordination requirement has been set for Croatian resolution group

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Additional Information

Why is ESG important to us?


- Prosperity can not be secured without sound environment, inclusive society and strong institutions.
- Environmental and social responsibility is important to our clients.
- It is a source of inspiration to our employees.
- It is key in the value-set of our shareholders and institutional investors.

It is a very natural fit to our inclusive driven strategy.




What are our main strategic pillars




- We want to **reduce inequalities** by providing equal opportunities to everybody
- Creating diversity:
 - gender
 - age
 - disability



- New ways of working, creating the **work life balance**
- Offering different **fringe benefits** to our employees
- As we care about our employees' **well-being** we introduced **employee engagement**



- EBC actively supports various initiatives and projects that contribute to the development and improvement of the **society**
- Provide **financial literacy**
- **Sustainability report**



We trust in sustainability!

- **Net zero emissions by 2050** at the latest - EGB joined the UN-convened Net-Zero Banking Alliance
- **Decarbonization** of the portfolio and operations





- One of the **leading banks in financing green investments**
- Support clients **ESG transformation**
- **Social partner** in ESG community activities (focus on municipalities)





- One of the **leading banks in green mortgage** lending
- Implementation of products and services which raise awareness and reduce **CO2 emissions**
- **Social banking** service and proactive care for **vulnerable clients**

Operational footprint - Status

Excerpt

Buildings



85% of green electricity consumption in 2022



Heating and electricity are at 75% from renewable energy



We installed PV and produce 70 MWh/Year and by the end of 2030 we plan to produce 400 MWh/Year

Mobility



e-Car sharing offered to all employees for business trips



Public Transport ticket supported by the company



Low carbon travel policy implementation (flights, accommodation)

Enhancements related to the buildings mainly contributed to the **decrease** of the **Co2 emissions Scope 1&2** from 2.054 tCo2e (2021) to 1.732 tCO2e (2022)

Sustainability policies

Policies provide a comprehensive ESG coverage



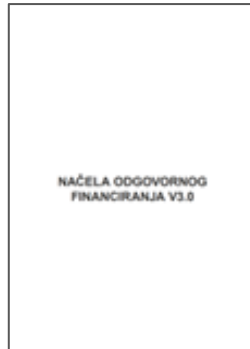
Erste Group's Sustainable Finance Framework

Designed as an umbrella framework that will allow Erste Group to issue sustainable finance instruments



Code of Conduct

Outline principles for human rights, workers' rights and rules governing the behavior for daily business activities



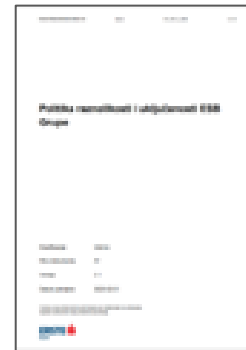
Responsible Financing Policy

Define exclusion rules for critically harmful activities to social or environmental wellbeing



Remuneration Policy

Outline remuneration structure, principles and main KPIs for management and supervisory board members



Diversity and Inclusion Policy

Internal framework to promote principles of equal opportunities including internal target setting



ESG Risk Definition Policy

The policy includes ESG into the process and business landscape

Erste Group's Sustainable Finance Framework - Overview

EBC follows the 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:



Erste Group's Sustainable Finance Framework – Use of proceed

EBC follows the Group's Sustainable Finance Framework



Green Category	Definition	Eligibility Criteria	UN SDG	EU Environmental Objective
Green Buildings (Residential)	Loans and/or investments to finance new or existing residential buildings	<ul style="list-style-type: none"> Buildings that are within the top 15% energy efficient buildings in the respective country Buildings that have undergone refurbishments resulting in an increase in energy of efficiency of at least 30% against a baseline performance of the building before renovation (When using EPC labels, at least two label steps increase in energy performance certificate compared to original built quality) New Buildings that comply with Nearly Zero Energy Buildings requirements defined in relevant country building legislation* 	  	Environmental Objective (1): Climate Change Mitigation
Green Buildings (Commercial)	Loans and/or investments to finance new or existing commercial buildings	<ul style="list-style-type: none"> Buildings that are within the top 15% energy efficient buildings in the respective country Buildings that have undergone refurbishments resulting in an increase in energy of efficiency of at least 30% against a baseline performance of the building before the renovation Where applicable, minimum certification of BREEAM 'Very Good', LEED 'Gold' or any other equivalent certification 	  	Environmental Objective (1): Climate Change Mitigation
Renewable Energy	Loans and/or investments to finance or refinance generation and transmission of energy from renewable sources and manufacturing of the related equipment	<ul style="list-style-type: none"> Onshore and offshore wind energy Solar (Photovoltaic) Small scale hydro power (<20 MW) and refurbishment (or refinancing) of existing large-scale hydro (>20 MW) Geothermal energy with life cycle assessment emissions ≤ 100g CO₂e/kWh 	 	Environmental Objective (1): Climate Change Mitigation

*Within its Sustainable Finance Reporting, Erste Group intends to report on the % of New Buildings complying with the EU Taxonomy NZEB – 20% criteria, where applicable (for assets located in geographies where NZEB has been defined in terms correspondent Building Regulation)

Erste Group enjoys top notch ESG rating credentials

		2021	2022	
RATINGS		In 2019, Erste Group Bank AG received a 'AA' rating in the MSCI ESG Ratings assessment	AA	AA
		In 2022, Sustainalytics improved by 3.2 points its Erste Group assessment and confirmed it in the 'low risk' category	LOW RISK 15.3/100	LOW RISK 15.1/100
		Erste Group is awarded by the ISS ESG research Prime Status since October 2018	C „Prime“ 50.79	C „Prime“ 50
		In 2019, imug Investment Research upgraded Erste Group in their assessment from "neutral" to "positive"	B (positive) 53.14%	B (positive) 53.14%
INDICES		Erste Group is part of the Euronext Vigeo Index Eurozone 120 since June 2018	54/100	54/100
		Erste Group is a member of Austrian stock market VÖNIX sustainability benchmark index since its launch in 2008.	B	B
		Erste Group has been independently rated since 2016 and has met the requirements to become a part of the FTSE4Good Index Series	3.6	3.6
		Erste Group took part in CDP Rating assessment in 2022	-	B

Erste Group | EBC at Glance

Republic of Croatia

Croatian Banking Market

Erste Bank Croatia

Funding

ESG

Additional Information

EBC Group Balance sheet

in EUR mn	As at 31 Dec 2022	As at 30 Jun 2023	Change	in EUR mn	As at 31 Dec 2022	As at 30 Jun 2023	Change
Cash and cash balances	3,448	1,775	-1,673	Financial liabilities – held for trading	23	25	2
Financial assets held for trading - Derivatives	26	27	1	Financial liabilities measured at amortised cost	13,266	12,085	-1,181
Non-trading financial assets at fair value through profit or loss	8	7	-1	Deposits from banks	1,489	907	-582
Financial assets at fair value through other comprehensive income	1,217	1,228	11	Deposits from customers	11,175	10,476	-699
Financial assets at amortised cost	9,430	9,946	516	Debt securities issued	484	576	92
Loans and advances to banks	384	76	-308	Other financial liabilities	118	126	8
Loans and advances to customers	7,716	8,157	441	Finance lease liabilities	12	12	0
Debt securities	1,330	1,713	383	Provisions	90	87	-3
Finance lease receivables	400	436	36	Current tax liabilities	33	14	-19
Property and equipment	155	155	0	Deferred tax liabilities	0	0	0
Investment properties	1	1	0	Liabilities associated with assets held for sale	0	0	0
Intangible assets	23	19	-4	Other liabilities	95	111	16
Investments in associates	9	9	0	Equity attributable to owners of the parent	1,433	1,492	59
Current tax assets	1	0	-1	Equity attributable to non-controlling interests	28	30	2
Deferred tax assets	54	51	-3	Total Liabilities & Equity	14,980	13,856	-1,124
Assets held for sale	0	0	0				
Trade and other receivables	172	157	-15				
Other assets	36	45	9				
Total Assets	14,980	13,856	-1,124				

EBC Group Profit and Loss Statement

in EUR mn	6 months period ended 30 Jun 2022	6 months period ended 30 Jun 2023	Change	Key ratios	12 months period ended 31 Dec 2022	6 months period ended 30 Jun 2023
Net interest income	133.0	191.7	58.7	Return on Equity (ROE) ratio, %	10.8%	17.7%
Interest income	146.9	230.8	83.9	Net Interest Margin (NIM) ratio, %	2.7%	3.4%
Interest expense	-13.8	-39.1	-25.3	Cost/Income (C/I) ratio, %	53.8%	47.5%
Net fee and commission income	52.6	57.3	4.7	Loan/deposit ratio net, %	74.2%	83.5%
Fee and commission income	71.1	77.8	6.7	Non-Performing Loan (NPL) ratio, %	4%	3%
Fee and commission expenses	-18.5	-20.5	-2.0	Non-Performing Loan (NPL) coverage ratio, %	106%	109%
Dividend income	0.0	0.0	0.0	Annualized risk cost ratio, %	-0.5%	-0.5%
Net trading and fair value result	20.6	8.2	-12.4			
Gains/losses from financial instruments measured at fair value through profit or loss	-0.8	0.5	1.3			
Net result from equity method investments	0.6	0.7	0.1			
Rental income from investment properties & other operating leases	4.0	3.6	-0.4			
Personnel expenses	-52.7	-61.0	-8.3			
Other administrative expenses	-44.5	-47.9	-3.4			
Depreciation and amortisation	-16.2	-15.6	0.6			
Impairment result from financial instruments	45.6	22.1	-23.5			
Other operating result	-1.6	-0.7	1.0			
Pre-tax profit from continuing operations	140.6	158.9	18.4			
Income tax	-25.6	-28.3	-2.7			
Net result for the period	115.0	130.6	15.7			
Net result attributable to non-controlling interests	-1.9	-2.1	-0.2			
Net result attributable to owners of the parent	113.1	128.5	15.4			
Operating income	209.9	262.0	52.0			
Operating expense	-113.4	-124.5	-11.2			
Operating result	96.6	137.5	40.9			

EBC Group Balance sheet

in EUR mn	As at 31 Dec 2022	As at 30 Sep 2023	Change	in EUR mn	As at 31 Dec 2022	As at 30 Sep 2023	Change
Cash and cash balances	3,448	3,010	-438	Financial liabilities – held for trading	23	26	3
Financial assets held for trading - Derivatives	26	29	3	Financial liabilities measured at amortised cost	13,266	13,627	361
Non-trading financial assets at fair value through profit or loss	8	6	-2	Deposits from banks	1,489	972	-517
Financial assets at fair value through other comprehensive income	1,217	1,326	109	Deposits from customers	11,175	11,937	763
Financial assets at amortised cost	9,430	10,211	781	Debt securities issued	484	575	91
Loans and advances to banks	384	86	-298	Other financial liabilities	118	143	25
Loans and advances to customers	7,716	8,360	644	Finance lease liabilities	12	13	0
Debt securities	1,330	1,766	435	Provisions	90	80	-9
Finance lease receivables	401	458	58	Current tax liabilities	33	20	-14
Property and equipment	155	155	1	Deferred tax liabilities	0	0	0
Investment properties	1	2	1	Liabilities associated with assets held for sale	0	0	0
Intangible assets	23	18	-4	Other liabilities	95	117	22
Investments in associates	9	10	1	Equity attributable to owners of the parent	1,433	1,569	136
Current tax assets	1	1	0	Equity attributable to non-controlling interests	28	30	2
Deferred tax assets	54	49	-4	Total Liabilities & Equity	14,980	15,483	503
Assets held for sale	0	0	0				
Trade and other receivables	172	173	1				
Other assets	36	33	-3				
Total Assets	14,980	15,483	503				

EBC Group Profit and Loss Statement

in EUR mn	9 months period ended 30 Sep 2022	9 months period ended 30 Sep 2023	Change	Key ratios	12 months period ended 31 Dec 2022	9 months period ended 30 Sep 2023
Net interest income	203.6	300.0	96.5			
Interest income	224.4	369.1	144.7	Return on Equity (ROE) ratio, %	10.8%	17.8%
Interest expense	-20.8	-69.0	-48.2	Net Interest Margin (NIM) ratio, %	2.7%	3.4%
Net fee and commission income	88.1	91.3	3.2	Cost/Income (C/I) ratio, %	53.8%	46.9%
Fee and commission income	119.6	127.0	7.4	Loan/deposit ratio net, %	74.2%	75.3%
Fee and commission expenses	-31.5	-35.7	-4.2	Non-Performing Loan (NPL) ratio, %	4%	3%
Dividend income	0.0	0.0	0.0	Non-Performing Loan (NPL) coverage ratio, %	106%	111%
Net trading and fair value result	31.9	12.1	-19.8	Annualized risk cost ratio, %	-0.5%	-0.5%
Gains/losses from financial instruments measured at fair value through profit or loss	-0.3	0.1	0.4			
Net result from equity method investments	0.9	1.1	0.2			
Rental income from investment properties & other operating leases	6.0	5.4	-0.6			
Personnel expenses	-80.7	-94.3	-13.6			
Other administrative expenses	-69.0	-75.0	-6.0			
Depreciation and amortisation	-24.4	-23.2	1.2			
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	0.1	-4.8	-4.9			
Impairment result from financial instruments	53.7	35.6	-18.1			
Other operating result	-2.9	-1.8	1.1			
Pre-tax profit from continuing operations	207.0	246.6	39.7			
Income tax	-37.6	-43.9	-6.3			
Net result for the period	169.3	202.7	33.4			
Net result attributable to non-controlling interests	-3.2	-2.8	0.4			
Net result attributable to owners of the parent	166.2	199.9	33.7			
Operating income	330.1	410.0	79.9			
Operating expense	-174.1	-192.4	-18.3			
Operating result	156.1	217.6	61.6			

Contact details

Erste&Steiermärkische Bank d.d.	
Alen Kovac, Head of Economic Research Division	akovac2@erstebank.hr +385 99 2371 383
Erste Group	
Thomas Sommerauer, Head of Group Investor Relations	thomas.sommerauer@erstegroup.com +43 50100 17326
Peter Makray, Investor Relations Manager	peter.makray@erstegroup.com +43 50100 16878

Further contact details

Postal address	Erste Group Bank AG, Am Belvedere 1, 1100 Vienna
General email	investor.relations@erstegroup.com
Web address	http://www.erstegroup.com/investorrelations
Twitter	http://twitter.com/ErsteGroupIR
Erste Group IR App for iPad, iPhone and Android	http://www.erstegroup.com/de/Investoren/IR_App
ISIN, Bloomberg and Reuters codes	AT0000652011, EBS AV, ERST.VI