

**ERSTE&STEIERMÄRKISCHE GROUP**  
**Croatia**  
**Investor Presentation**  
**FY 2023**

**March 2024**

## 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
- 2023 GDP growth landed at 2.8% – solid economic momentum is anticipated to extend into 2024 with GDP growth seen in 3% region

### 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 in 2023 – ROE went into double-digit region (15.5%), while ROA edged up to 1.8%
- Loans growth dynamics shaped by steady retail segment and still positive momentum in corporate segment despite increasing rate environment
- Deposit side in 1H23 affected by post euro adoption phase and MoF retail targeted issuance, 2H23 brought recovery amid strong seasonal tourism-related pattern
- Banking sector remains well capitalized with capital adequacy remaining at ample 23.61% at the end of 2023

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

- EBC is the third largest bank in Croatia in terms of total assets, total 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 in 2023, owing to better operating result amid favorable economic environment & increasing market rates
- Positive effects coming from stronger income growth - especially net interest income. Cost/income ratio decreasing, as income growth more than offset cost pressures related to inflation environment

Erste Group | EBC at Glance

Republic of Croatia

Croatian Banking Market

Erste Bank Croatia

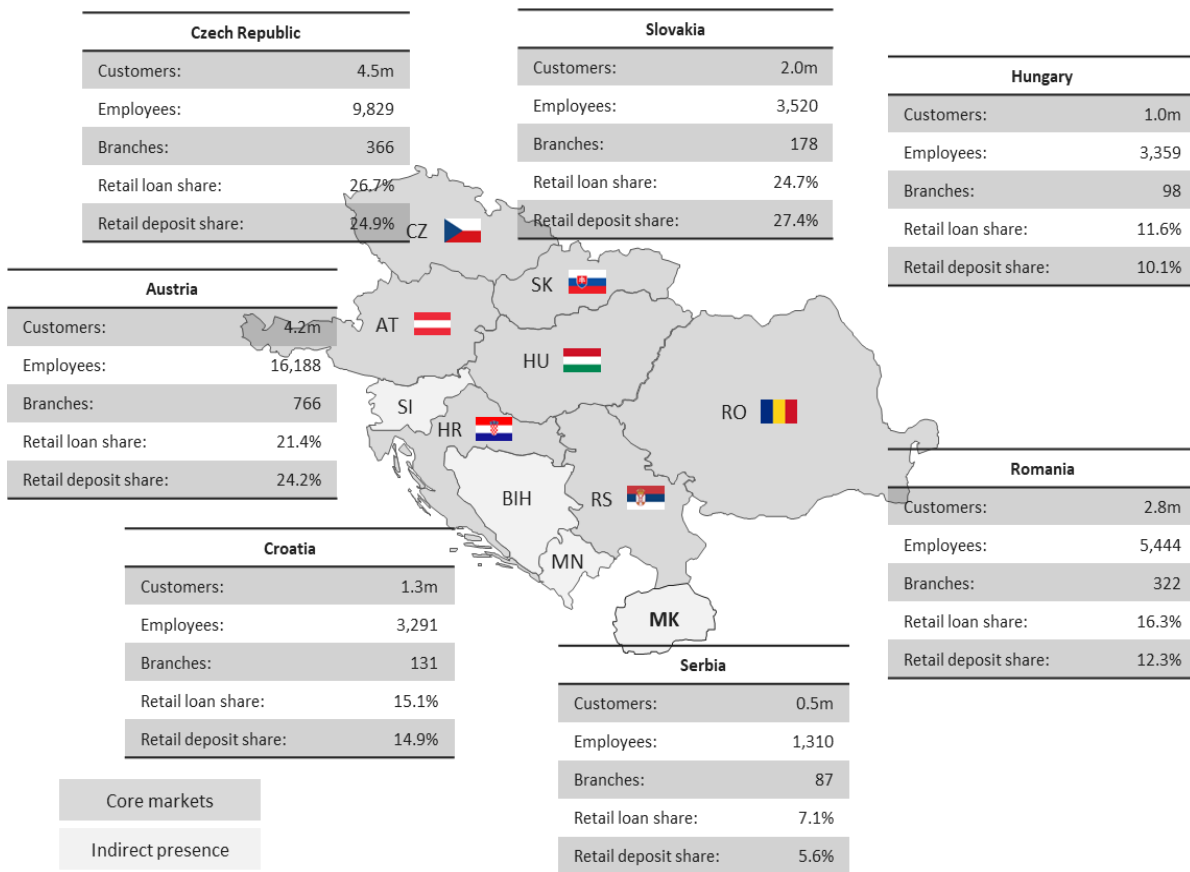
Funding

ESG

Additional Information

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

### Erste Group's footprint



Market shares for Austria are as of Sept 2023

### Preliminary key information as of 2023

<b>Total assets</b>	EUR 337bn
<b>Net profit</b>	2,998m
<b>NPL coverage</b>	85.1%
<b>NPL ratio</b>	2.3%
<b>CET 1 ratio*</b>	15.7%
<b>Total capital ratio*</b>	19.9%
<b>Loan/deposit ratio</b>	89.3%
<b>Credit ratings**</b>	A+ (stable) A1 (stable) A (stable)

\* Basel 3, fully loaded

\*\* S&P | Moody's | Fitch; as of March 25, 2023

## 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
- Universal bank with nation-wide presence and balanced approach towards both retail and corporate business
- Strong market position in retail segment with ambition to further expand, especially in the housing segment
- Significant position in SME segment with ambition to become overall leader in corporate segment via increasing presence in large segment
- Strategic orientation towards keeping the innovator image on the market as digital services are concerned
- #1 bank in customer experience \*
- Best rated entity in 2023 in Croatia with 'A-' rating from Fitch

### Key Information

EBC Group	YE 2019	YE 2023	
Total assets	EUR 9.8bn	EUR 14.8bn	↑
Net profit	EUR 127.7mn	EUR 241.3mn	↑
NPL coverage	79.7%	107.6%	↑
NPL ratio	7.0%	3.0%	↓
CET 1 ratio	17.9%	20.9%	↑
Total capital ratio	19.6%	21.3%	↑
ROE	10.4%	15.7%	↑
CIR	51.8%	47.2%	↓

Source: Audited Consolidated Financial Statements

YE 2023	EBC Group	EBC Bank
# of customers	1.3m	1.0m
Branches	131	112
ATMs	740	676

\* According to Customer Experience Index 2023 FY Croatia

## Strategy to become a Financial Health Company set on three key pillars

1

### Excellent client relationship



**INCREASE** share of wallet aligned with our **Financial Health Indicators**

**MAINTAIN** our position as the **BEST-IN-CLASS** customer experience and the best brand

**BUILD** long term client relationship by providing **PERSONALIZED ADVICE** and right solutions

**GEORGE** as a **UNIQUE** client interface and enable ensuring financial health

2

### Sustainable operational profitability



**INCREASE** market position and be the leader in the **Green transition**

**OUTPERFORM MARKET** development growth in both retail and corporate

**FEE GROWTH** fueled by Bancassurance as well as Asset Mgmt.

Support transition to **ENVIRONMENTALLY** sustainable economies

3

### Operational excellence



**INVEST** in our data & digital capabilities **front to back (F2B)**

**DIGITALIZATION** and automation of core processes, continue with modernization of IT

Become **DATA DRIVEN** bank by improving data utilization and create value added insights from clients

**ENSURE** optimal cost to income structure

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Republic of Croatia

Croatian Banking Market

Erste Bank Croatia

Funding

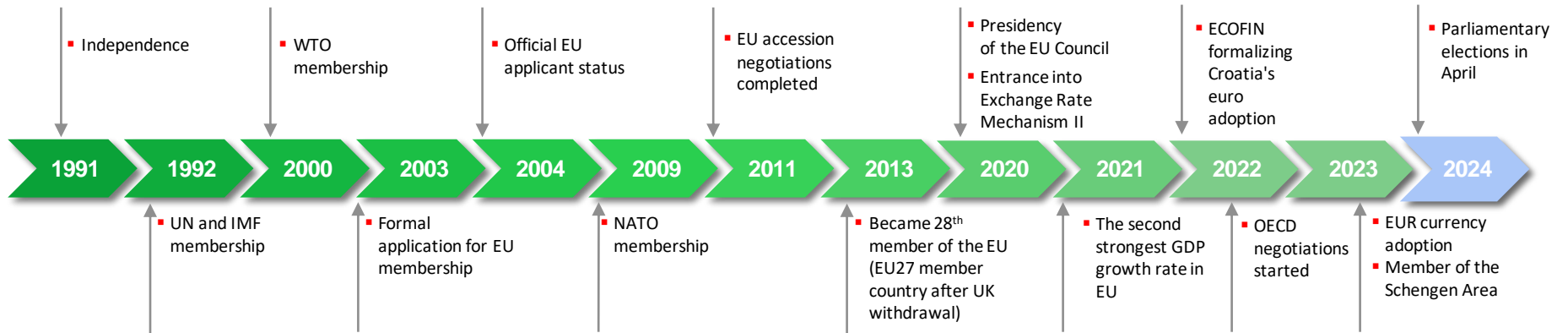
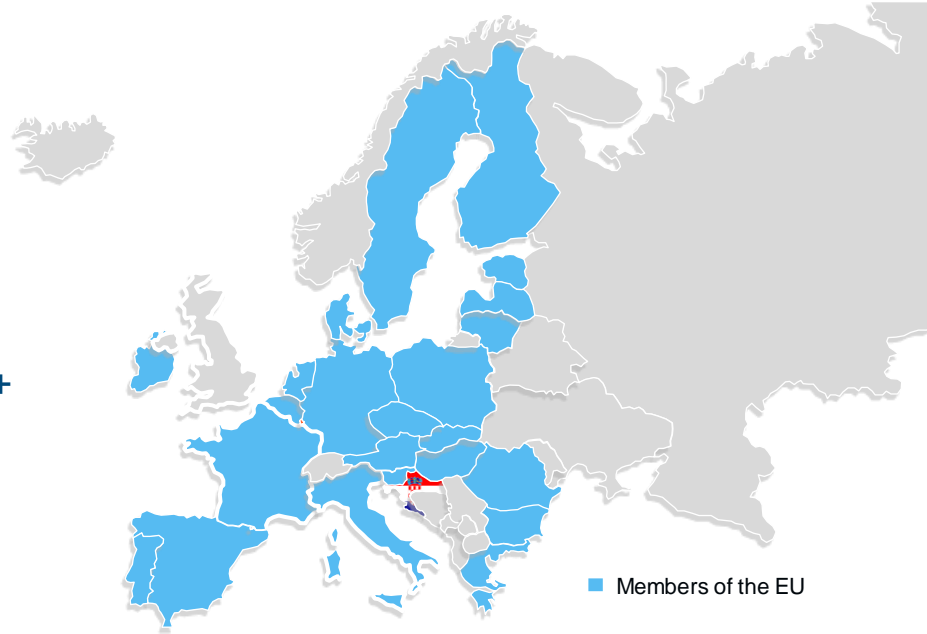
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Additional Information



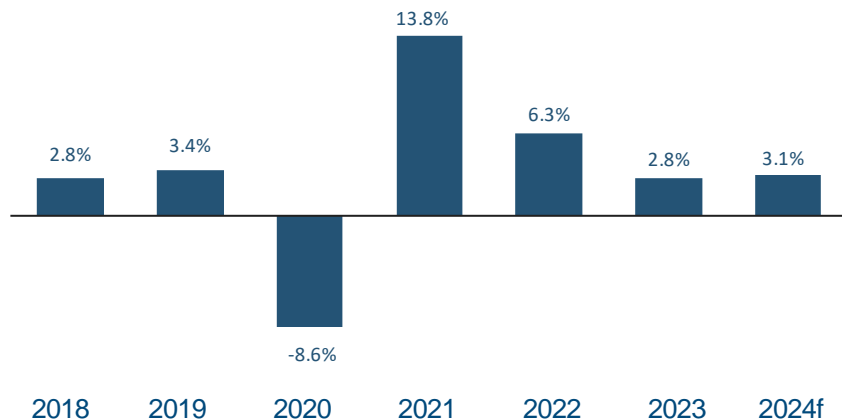
## Key Figures

- Area:** 56,594 km<sup>2</sup> (land); 31,067 km<sup>2</sup> (sea)
- Population:** Approx. 3.9million
- GDP per capita:** Approx. €19,698 in 2023
- Credit ratings:** Moody's: Baa2 (positive) / S&P: BBB+ (positive) / Fitch: BBB+ (positive)
- Capital:** Zagreb



## Macroeconomic Development

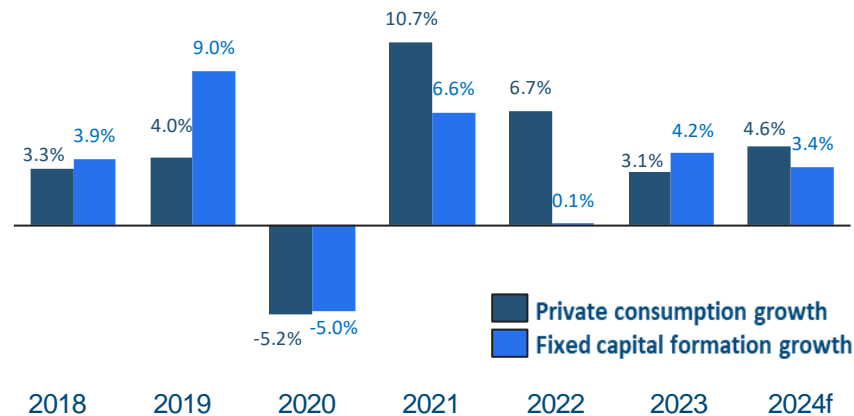
Real GDP growth (%)



Source: Statistical Office, EBC Research

- 2023 growth figure landed at 2.8% y/y, revealing gradual acceleration trend throughout the quarters (1Q at 1.6% y/y; 2Q at 2.6% y/y; 3Q at 2.8% y/y and 4Q at 4.3% y/y).
- Detailed structure revealed such developments were largely supported by the strengthening domestic demand footprint, on both private consumption and investments side. On the other hand, exports showed deteriorated performance amid declining goods trade, but also revealing less support from the tourism in the high season. However, net exports contribution remained overall positive amid declining imports, while destocking trend weighed on the headline figure throughout 2023.

Components of GDP

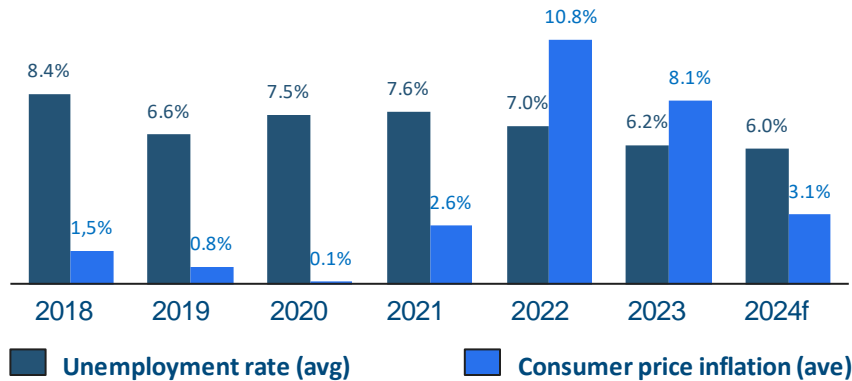


Source: Statistical Office, EBC Research

- Looking ahead, domestic demand should remain the growth backbone, especially on the private consumption side amid real wages growth, employment gains, resilient consumer confidence and solid consumer credit, with investments adding some additional support. External demand keeps shaping the balance of risks, as EU and main trading partners GDP growth outlook remains mediocre, blurring also the tourism outlook for 2024.
- Owing to stronger carry-over effect and improving private consumption outlook, we revised our FY24 GDP forecast towards 3% region, with risks looking overall balanced on both sides.

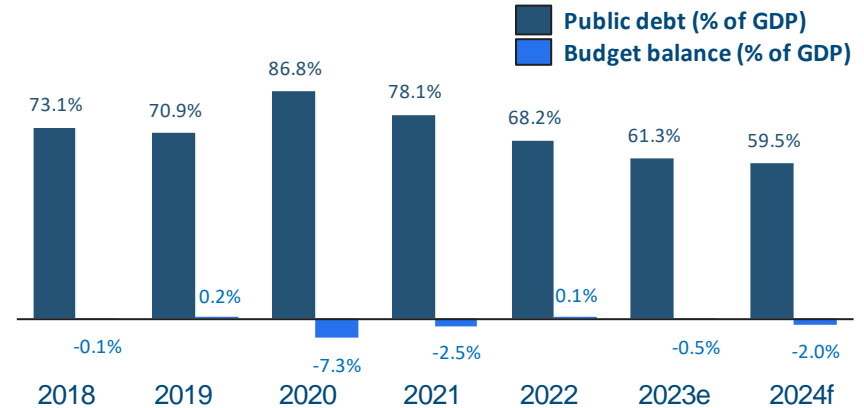
## Macroeconomic Development (Cont'd)

Unemployment and inflation (%)



Source: Statistical Office, EBC Research

Public debt and govt. balance (share of GDP)



Source: Statistical Office, ECB 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.
- Following average FY23 performance of 8%, inflation maintained decelerating trend as headline figure landed at 4.1% y/y both in January and February, where detailed structure suggests that easing is predominantly due to deflating energy/industrial goods prices. We continue to see inflation footprint further toning down, mostly owing to more supportive supply-side outlook, while demand side amid strong labor market and wage dynamics is likely to continue to put some pressures. Average 2024 CPI is seen landing close to 3.0%.

- While fiscal performance is set to remain strong also in 2023, with practically balanced budget balance owing to economic/inflation tailwinds, budget draft for 2024 is envisaging some election-cycle drive loosening and budget gap around 2% of GDP, yet adequate to aim for public debt in 60% of GDP region in 2024.
- Following 2 notch hikes from all 3 major rating agencies ahead of the Euro adoption, rating agencies further upgraded the outlook to 'positive' throughout 2023. Comparing to CEE peers, investors continued to price in further positive news flow from rating agencies heading into 2024.

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Republic of Croatia

**Croatian Banking Market**

Erste Bank Croatia

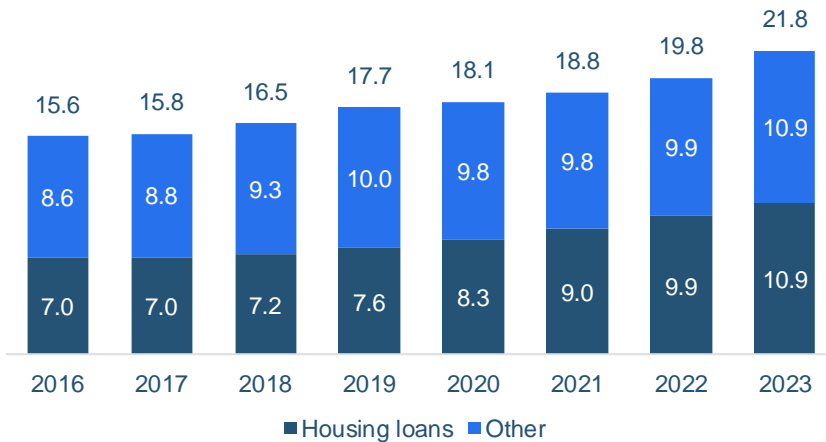
Funding

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Additional Information

## Outstanding Retail Loans and Debt of Households

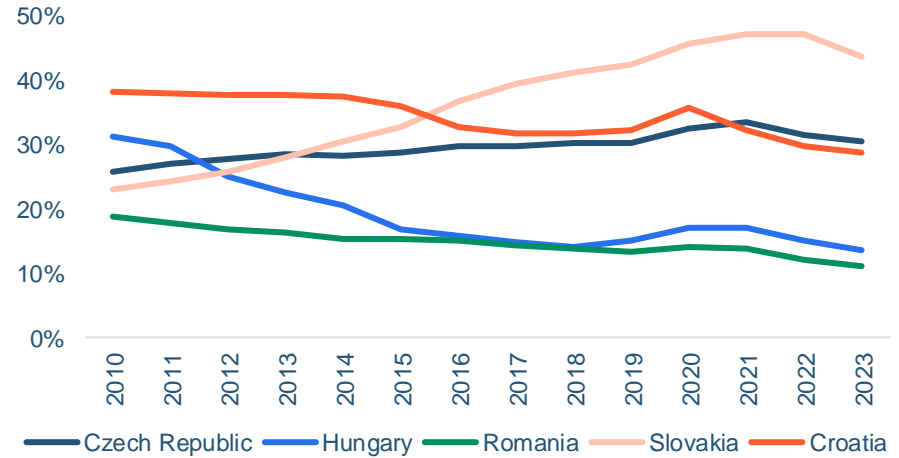
Development of retail loans (EUR bn)



Source: CNB

- Retail loans dynamics picked-up in post-corona period, with loans to households' growth accelerating to 9.9% y/y in 2023 (vs. 5.4% y/y increase in 2022). While consumer loans were dominant in the structure, housing segment was steadily catching-up over the last few years, practically equalizing with the consumer segment in 2022-2023 period.
- Housing loans maintained vivid growth momentum also in 2023, posting 9.8% y/y increase
- Cash loans, after period of stagnation, gained some traction throughout 2023, expanding at double-digit pace of 10% y/y

Retail loans to GDP

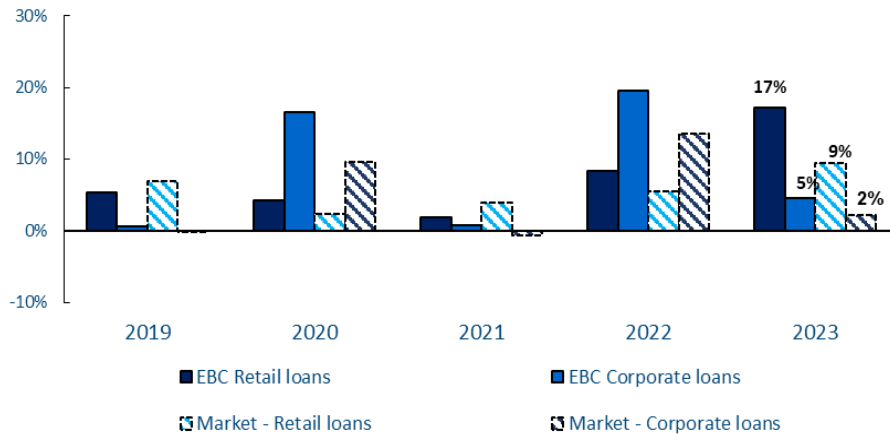


Source: Erste Group Research

- 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. Despite solid credit growth rates in 2022 and 2023, deleveraging trend continued as nominal GDP remained in higher gear

## Loans and Deposits development

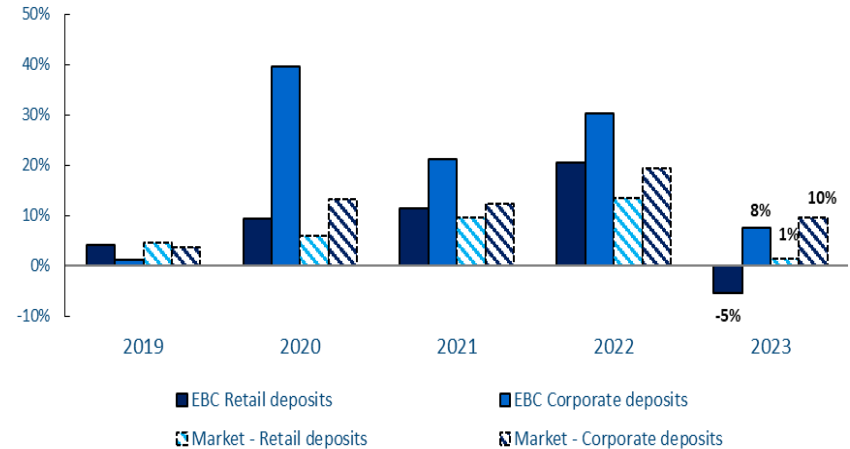
### Retail and corporate gross loans (YTD change)



Source: CNB , Parent bank level

- Loan side displayed divergent trends as retail segment delivered additional acceleration mostly owing to improving consumer credit dynamics. Corporate segment, after strong 2022, showed some moderation reflecting increasing interest rate environment
- EBC continued to outperform the market in both segments, especially so in retail segment with both consumer and housing credit delivering support

### Retail and corporate deposits (YTD change)

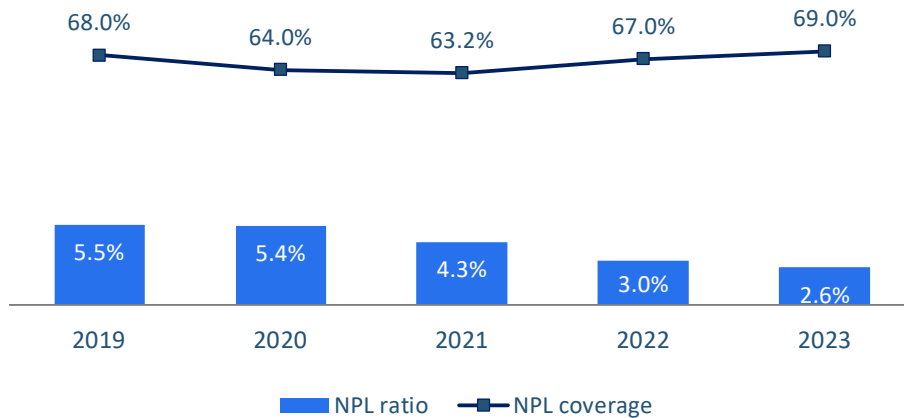


Source: CNB , Parent bank level

- In recent years trend of strong growth of deposits was noticeable both on market and EBC level. Furthermore, strong growth in 2022 has been influenced by the EURO adoption process and strong influx of deposits. Both retail and corporate segments were increasing their market shares in that period
- Trend somewhat reversed in 2023 as deposit growth, especially in retail segment, decelerated considerably. Apart from seasonal trajectory, growth momentum has been also influenced by retail targeted MoF public debt issuance that weighed on the deposit base. EBC slightly underperformed the market during 2023 owing to some one-offs in large corporate and private banking segment and own senior preferred bond issuance

## NPL Rates and Profitability of the Banking Sector

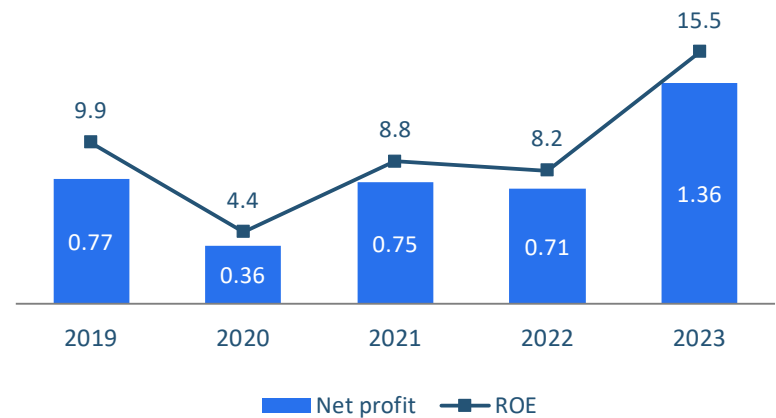
### NPL ratio and NPL coverage



Source: CNB

- In recent years total level of non-performing loans has been on downward trajectory, with NPL ratio stable at 2.6% during 2023
- Non-performing loans decreased further in the household loan portfolio, resulting with NPL share of 4.2% (down from 5.0% at YE 2022)
- The share of NPLs in the non-financial corporate sector kept declining, falling from 6.4% to 5.1% (FY 2023 vs FY 2022), a result of NPL stock decline, but also additional growth of loans to customers

### Profitability of the sector (EUR bn / %)

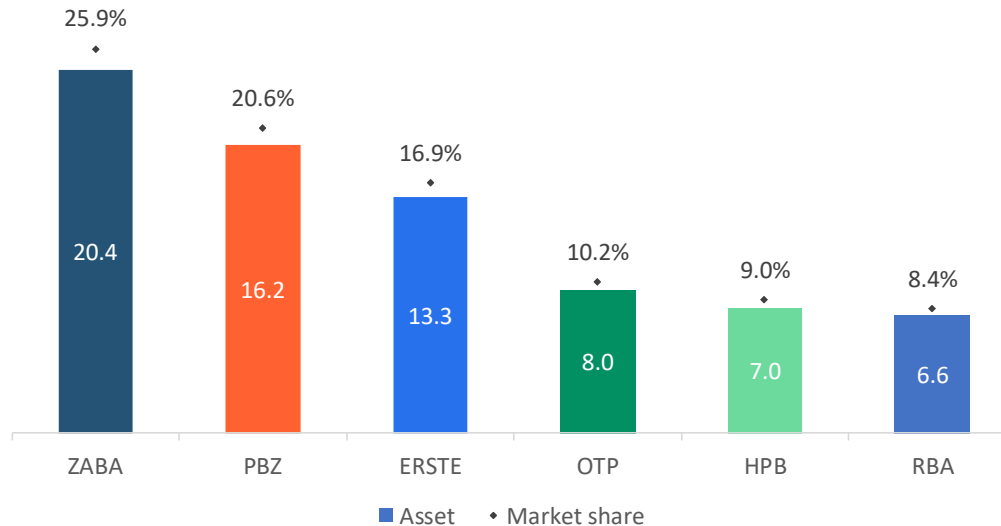


Source: CNB

- Following post-pandemic normalization in 2021/2022, profitability of the banking sector further improved in 2023 with both profits and ROE almost doubling. ROE increased to 15.5% reflecting growing net interest income (supported by growing loan portfolio and rate environment) and ongoing benevolent risk cost developments
- Capitalization levels remained robust with overall sector reporting total capital ratio at 23.61% in 2023
- Profitability in 2022 was influenced by one-off windfall profit tax

## Main Players on Croatian Banking Market

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



Source: CNB, Parent bank level

- As the 3<sup>rd</sup> bank in terms of assets, and loans to customers, EBC has established a strong market position
- During 2023 the bank has increased its loan volumes and market share
- The long-term growth has been driven by both retail and corporate segment
- On the deposit side, EBC hold equally strong position firmly holding 3<sup>rd</sup> position on the market
- Retail customer deposits market share declined during 2023 reflecting stronger outflows related to retail targeted bond issuance compared to market

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

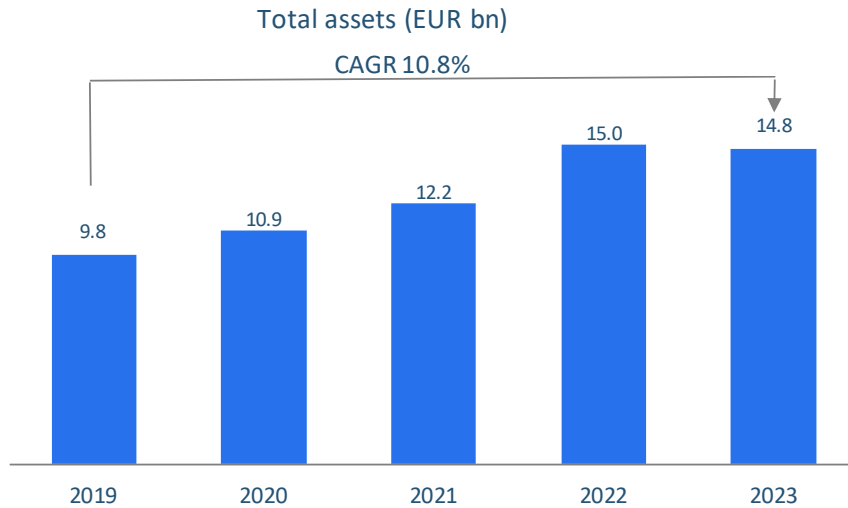
**Erste Bank Croatia**

Funding

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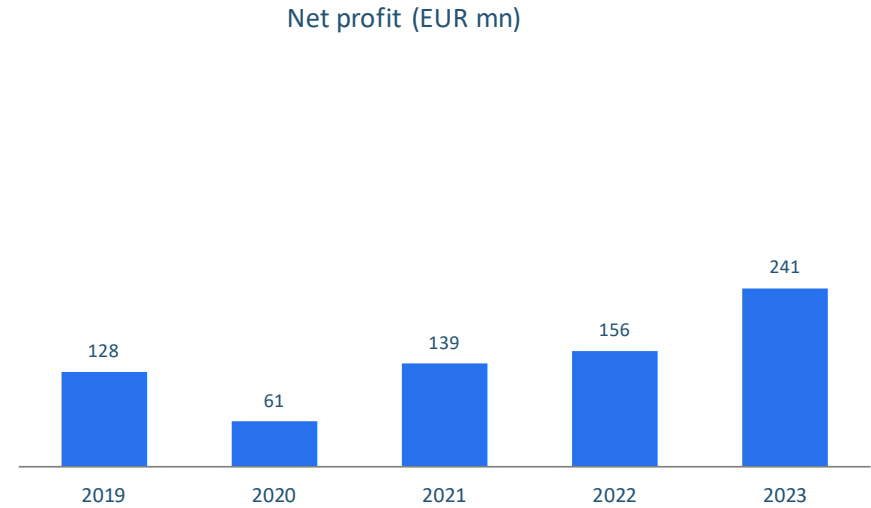
Additional Information

## Historical Performance of EBC Group



Source: Audited Consolidated Financial Statements

- The EBC Group total assets have been continuously growing in the last 3 years, with only slight decrease in 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 strong deposit growth in 2022 (due to EURO adoption and client base growth), while in 2023 excess liquidity showed decrease owing to loan growth outpacing deposit performance



Source: Audited Consolidated Financial Statements

- 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 weighed on the profitability in 2022
- In 2023 growth is driven by higher income (NII due to volumes and market rates and NCI due to increased fees, while FX related income declined after EURO introduction), while costs are also reflecting inflation pressures

## Balance Sheet Performance of EBC Group

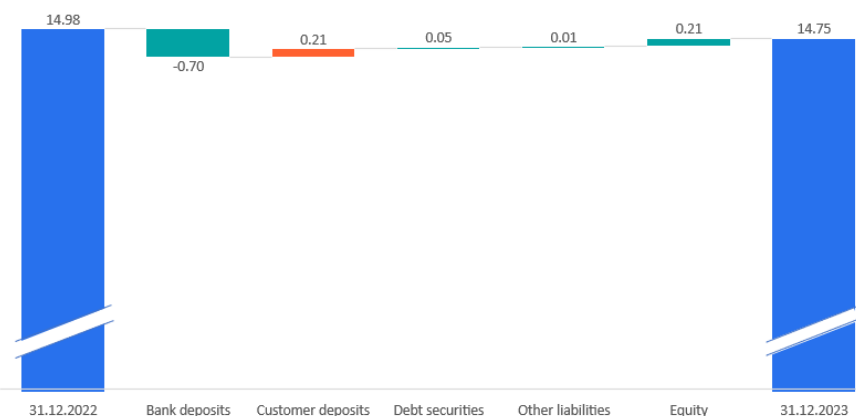
Total assets development in YE 2023 (EUR bn)



Source: Audited Consolidated Financial Statements

- Total assets decreased slightly in 2023 compared to 2022
- Healthy customer loan growth of almost 8% on yearly level has been to significant extent driven by solid growth of housing & consumer loans, while corporate volume growth is affected also by repayments in the public sector
- Excess liquidity decreased due to lower growth of customer deposits compared to loans

Total liabilities development in YE 2023 (EUR bn)

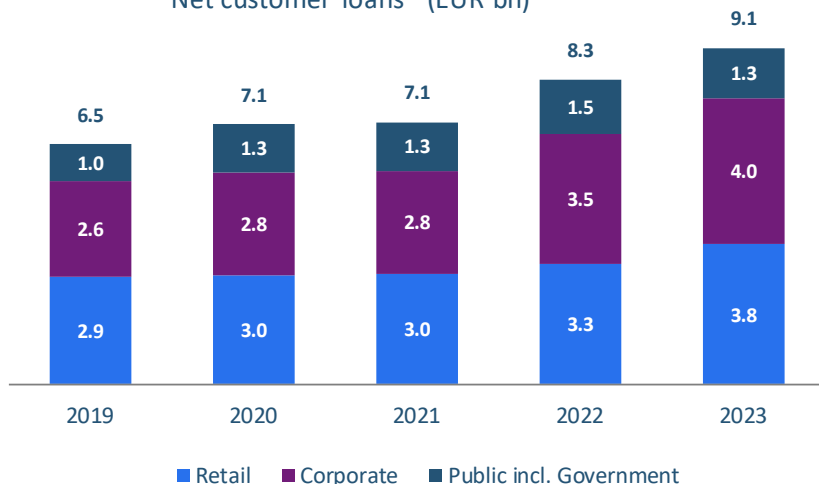


Source: Audited Consolidated Financial Statements

- After strong pre-EURO adoption growth of deposits in 2022, trend moderated significantly in 2023 allowing for 2% growth of customer deposit base
- Decrease of bank deposits reflecting dominantly maturing short-term REPO deals
- Equity influenced by retained earnings and net profit

## Balance Sheet Performance of EBC Group

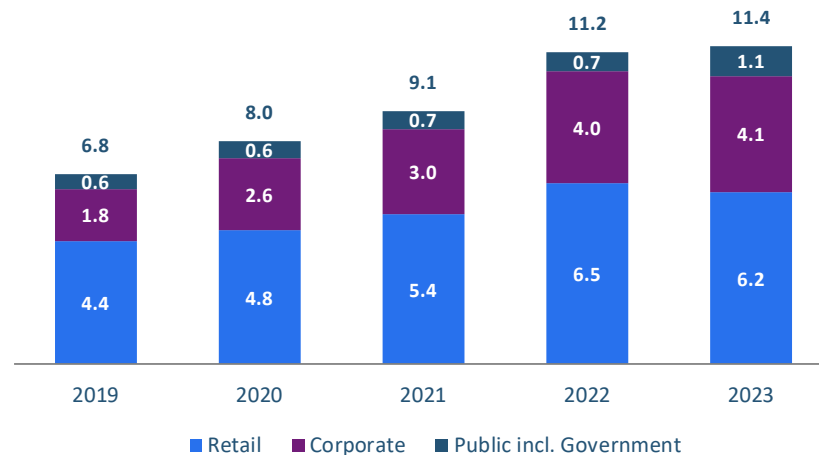
Net customer loans\* (EUR bn)



Source: Audited Consolidated Financial Statements

- Growth of corporate loans continued in 2023 although, in line with expectations, at a somewhat slower pace than in 2022. Large segment contributed more to the **growth**, moderate trends were present in the SME segment while the public sector was marked with certain repayments
- Retail in 2023 grew substantially above-market in both housing & consumer loan segments

Customer deposits (EUR bn)



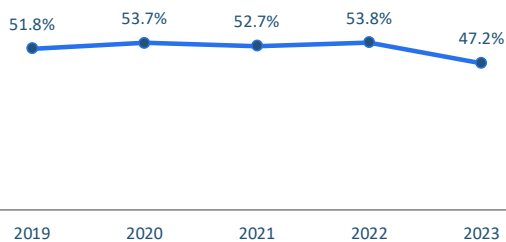
Source: Audited Consolidated Financial Statements

- Decrease in 1H23 due to government issuance of retail-targeted bond, few big-ticket outflows in large corporate and private banking segment and own issuance of senior preferred bond. 2H23 brought reversal reflecting seasonal deposit trajectory and strong tourism performance.

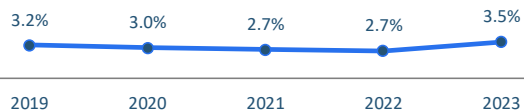
Net Customer Loans\* - Loans and advances to customers at amortized cost, Trade and other receivables, Finance lease receivables to customers  
Business Line allocation is based on IFRS sectorization

## Key Financial Ratios of EBC Group

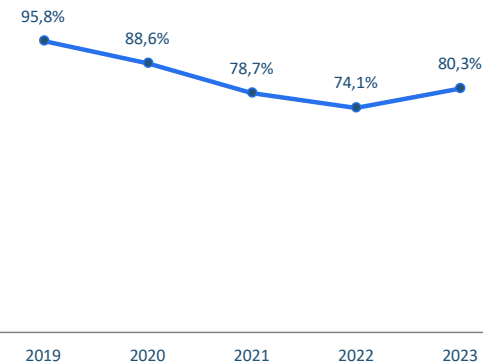
Cost income ratio



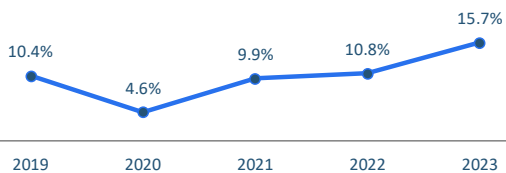
Net interest margin (NIM)



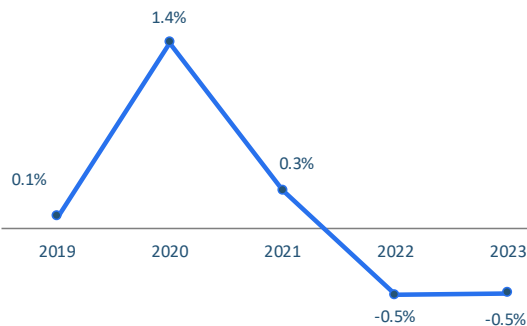
Net loan/deposit ratio



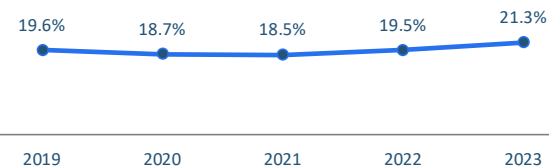
Return On Equity (ROE)



Risk cost ratio



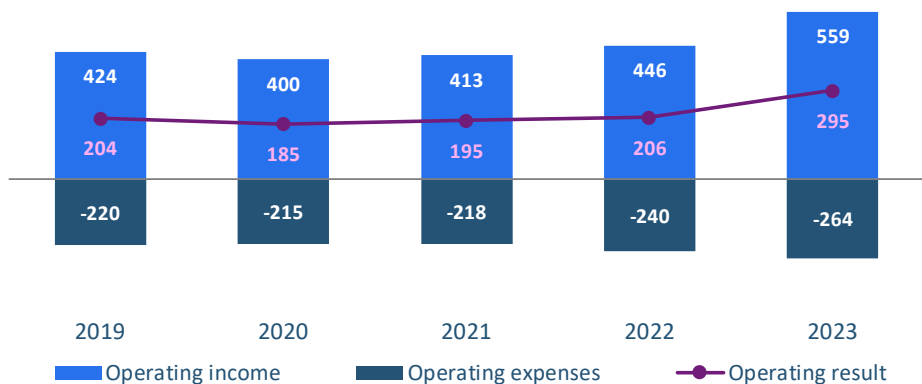
Total capital ratio



Source: Internal calculation based on Audited Consolidated Financial Statements  
 NIM, ROE and Risk cost ratio are calculated based on simple average of two period balance sheet positions.

## Operating result and Risk cost

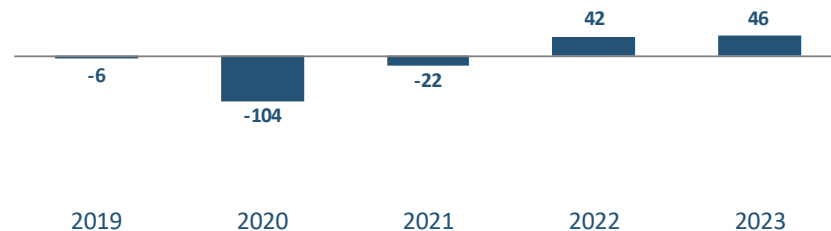
Operating result development (EUR mn)



Source: Audited Consolidated Financial Statements

- Operating result increasing y/y – boosted especially by strong NII growth. Expenses were moving in the similar direction, though at lower pace driven by increased wage-inflation and overall inflation pressures

Risk cost development (EUR mn)



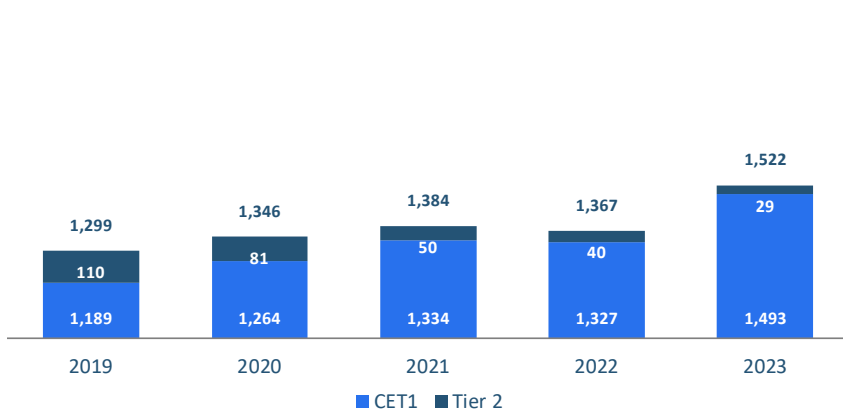
Source: Audited Consolidated Financial Statements

- Continued trend of overall better portfolio performance recorded in both retail and corporate segments.
- Majority of risk cost for 2023 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.

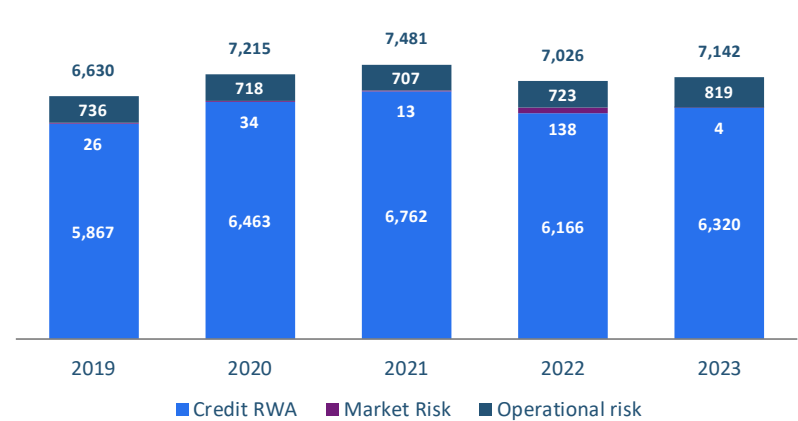
Operating income: Net interest income, Net fee and commission income, Dividend income, Net trading and fair value result, Gains/losses from financial instruments measured at fair value through profit or loss, Net result from equity method investments, Rental income from investment properties & other operating leases  
 Operating expenses: Personnel expenses, Other administrative expenses, Depreciation and amortisation

## Capital Position

Basel 3 Capital (fully loaded, EUR mn)

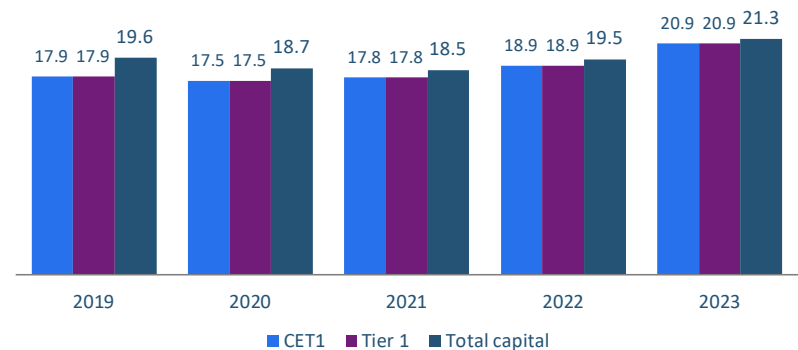


Risk-weighted Assets (fully loaded, EUR mn)



- Capital position has remained strong and well above minimum requirements with CET1 of 20.9% at YE 2023 and total capital ratio of 21.3%
- Own funds improved by positive development of net profit.
- Total risk exposure amount increase is driven mainly by increase in asset size at Bank level as well as increase in asset size of subsidiaries Erste Leasing and EB Podgorica

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

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**Funding**

ESG

Additional Information



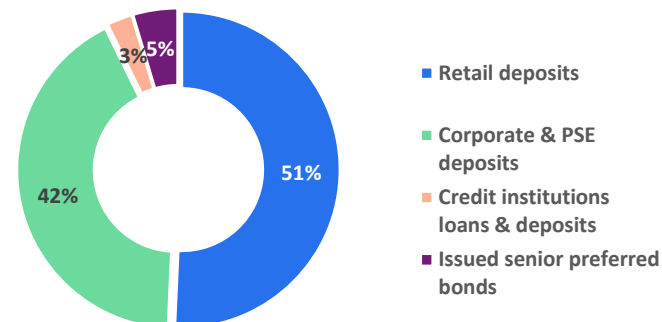
## Funding structure & issuance plans

- EBC's most significant source of funding are customer deposits, amounting to 93% in total
- 78% of Retail deposits relate to demand deposits (22% term deposits), while 67% of Corporate deposits are demand deposits (33% term deposits)
- EBC's funding also includes issued senior preferred bonds and funding from supranational banks, owners and other financial institutions
- 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%
- Outstanding amount of senior preferred bonds as at 31 December 2023 is EUR 535 mn

## Issuance plans for Senior preferred bonds in 2024

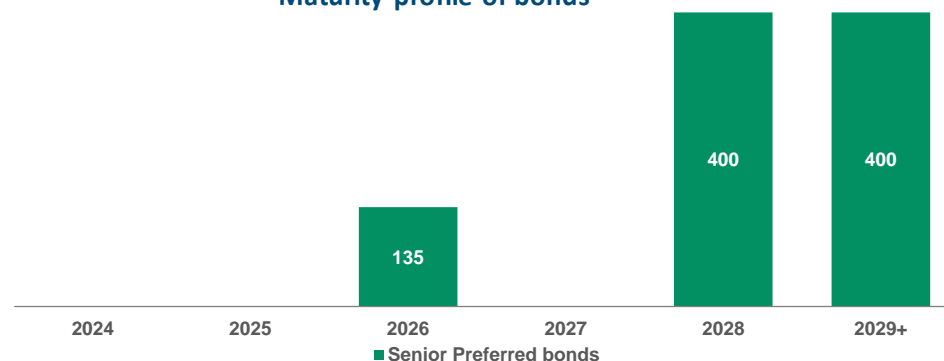
- In January 2024 EBC successfully issued its first green senior preferred bond in amount EUR 400 mn in the international market, with 5NC4 tenor and a fixed interest rate of 4.9%
- EBC fulfilled its entire annual MREL issuance plan in January 2024 and another MREL issuance is not envisaged in 2024

## EBC funding structure - 31 December 2023



Source: Internal data

## Maturity profile of bonds\*



\*Includes bond issued in January 2024

Source: Internal data

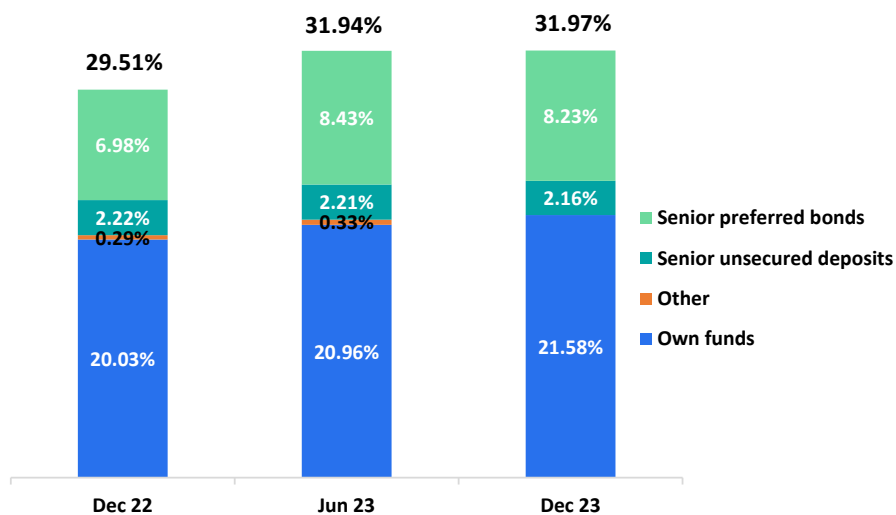
## MREL requirements fulfilled in 2023

### 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



### Key take-aways

- Multiple point of entry (MPE) resolution approach
- On 31 December 2023, EBC as the Point of entry of the Croatian resolution group had to comply with informative MREL target of 22.33% of TREA plus Combined Buffer Requirement (CBR) of 6.97%, in total 29.30% of TREA
- Based on the Croatian resolution group's TREA as of 31 December 2023 of EUR 6.54 bn, the MREL ratio was 31.97% of TREA and 14.20% of LRE
- Increase in MREL capacity in 2023 is due to issuance of senior preferred bond (EUR 90,1 mn) in June 2023 and increase in own funds
- MREL requirements as of 1 January 2024 from joint decision received from the Single Resolution Board in May 2023 which is calibrated on balance sheet data as of December 2021 are:
  - 23.71% of TREA excluding CBR or 30.68 % including CBR of 6.97%
  - 6.01% of LRE
- CBR will increase up to 7.5% from 30 June 2024 due to an increase of the countercyclical buffer rate
- No subordination requirement has been set for Croatian resolution group

MREL - Minimum Requirements for own funds and Eligible Liabilities

TREA - Total Risk Exposure Amount

LRE - Leverage Ratio Exposure

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Republic of Croatia

Croatian Banking Market

Erste Bank Croatia

Funding

ESG

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** 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

### 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 700 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)

In 2023 the **Co2 emissions Scope 1&2** was **1.586 tCo2e**. In addition to the emission reduction measures already taken, all remaining operational emissions including Scope 3 were **compensated by purchasing CO<sub>2</sub> Gold Standard certificates** with a maximum vintage of 4 years on the Voluntary Carbon Market. The project supported by our investment includes low-emission drinking water treatment. The projects were carefully selected with the involvement of both external experts in this field and the relevant internal stakeholders.

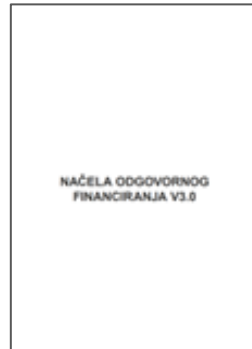
## Sustainability policies

Policies provide a comprehensive ESG coverage



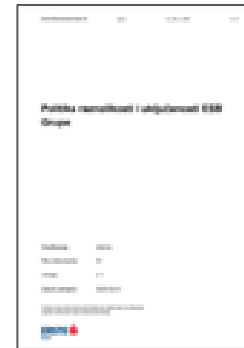
### Erste Group's Sustainable Finance Framework

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



### Responsible Financing Policy

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



### Diversity and Inclusion Policy

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



### Code of Conduct

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



### Remuneration Policy

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



### 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)

## 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

## 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'

## 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
<b>Green Buildings (Residential)</b>	Loans and/or investments to finance new or existing residential buildings	<ul style="list-style-type: none"> <li>Buildings that are within the top 15% energy efficient buildings in the respective country</li> <li>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)</li> <li>New Buildings that comply with Nearly Zero Energy Buildings requirements defined in relevant country building legislation*</li> </ul>	  	Environmental Objective (1): Climate Change Mitigation
<b>Green Buildings (Commercial)</b>	Loans and/or investments to finance new or existing commercial buildings	<ul style="list-style-type: none"> <li>Buildings that are within the top 15% energy efficient buildings in the respective country</li> <li>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</li> <li>Where applicable, minimum certification of BREEAM 'Very Good', LEED 'Gold' or any other equivalent certification</li> </ul>	  	Environmental Objective (1): Climate Change Mitigation
<b>Renewable Energy</b>	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"> <li>Onshore and offshore wind energy</li> <li>Solar (Photovoltaic)</li> <li>Small scale hydro power (&lt;20 MW) and refurbishment (or refinancing) of existing large-scale hydro (&gt;20 MW)</li> <li>Geothermal energy with life cycle assessment emissions <math>\leq 100\text{g CO}_2\text{e/kWh}</math></li> </ul>	 	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

		2022	2023
	Erste Group maintains <b>rating of AA</b> in the MSCI ESG Ratings assessment.	<b>AA</b> (5.9)	<b>AA</b> (5.5)
	Erste Group's assessment by Sustainalytics in the <b>low risk</b> category was confirmed.	<b>Low Risk</b> 15.3 / 100	<b>Low Risk</b> 16.4 / 100
	Erste Group kept the Prime Status by ISS ESG, with a <b>"very high" transparency level</b> awarded.	<b>C "Prime"</b> 50.00	<b>C "Prime"</b> 52.25
	Second time reporting resulted in good <b>B rating</b> .	<b>B</b>	<b>B</b>

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**Additional Information**

## EBC Group Balance sheet

in EUR mn	As at 31 Dec 2022	As at 31 Dec 2023	Change
Cash and cash balances	3,448	2,354	-1,094
Financial assets held for trading - Derivatives	26	23	-3
Non-trading financial assets at fair value through profit or loss	8	7	-1
Financial assets at fair value through other comprehensive income	1,217	1,093	-124
Financial assets at amortised cost	9,430	10,357	927
Loans and advances to banks	384	68	-316
Loans and advances to customers	7,716	8,486	770
Debt securities	1,330	1,803	473
Finance lease receivables	401	483	82
Property and equipment	155	161	6
Investment properties	1	2	1
Intangible assets	23	19	-3
Investments in associates	9	9	1
Current tax assets	1	2	1
Deferred tax assets	54	40	-13
Assets held for sale	0	0	0
Trade and other receivables	172	170	-2
Other assets	36	30	-6
<b>Total Assets</b>	<b>14,980</b>	<b>14,752</b>	<b>-228</b>

in EUR mn	As at 31 Dec 2022	As at 31 Dec 2023	Change
Financial liabilities – held for trading	23	21	-3
Financial liabilities measured at amortised cost	13,266	12,841	-425
Deposits from banks	1,489	784	-705
Deposits from customers	11,175	11,382	207
Debt securities issued	484	537	53
Other financial liabilities	118	138	21
Finance lease liabilities	12	14	2
Provisions	90	75	-14
Current tax liabilities	33	19	-15
Deferred tax liabilities	0	0	0
Liabilities associated with assets held for sale	0	0	0
Other liabilities	95	108	13
Equity attributable to owners of the parent	1,433	1,643	210
Equity attributable to non-controlling interests	28	31	3
<b>Total Liabilities &amp; Equity</b>	<b>14,980</b>	<b>14,752</b>	<b>-228</b>

## EBC Group Profit and Loss Statement

in EUR mn	12 months	12 months	Change	Key ratios	12 months	12 months
	period ended	period ended			period ended 31	period ended 31
	31 Dec 2022	31 Dec 2023			Dec 2022	Dec 2023
Net interest income	281.6	409.8	128.2	Return on Equity (ROE) ratio, %	10.8%	15.7%
Interest income	313.1	512.7	199.5	Net Interest Margin (NIM) ratio, %	2.7%	3.5%
Interest expense	-31.6	-102.9	-71.3	Cost/Income (C/I) ratio, %	53.8%	47.2%
Net fee and commission income	117.3	124.1	6.9	Loan/deposit ratio net, %	74.2%	80.3%
Fee and commission income	159.1	170.5	11.4	Non-Performing Loan (NPL) ratio, %	4.0%	3.0%
Fee and commission expenses	-41.8	-46.4	-4.6	Non-Performing Loan (NPL) coverage ratio, %	106.0%	107.6%
Dividend income	0.0	0.0	0.0	Annualized risk cost ratio, %	-0.5%	-0.5%
Net trading and fair value result	39.5	15.3	-24.2			
Gains/losses from financial instruments measured at fair value through profit or loss	-1.6	0.9	2.5			
Net result from equity method investments	1.0	1.4	0.4			
Rental income from investment properties & other operating leases	7.9	7.2	-0.7			
Personnel expenses	-114.2	-127.9	-13.7			
Other administrative expenses	-92.7	-105.0	-12.2			
Depreciation and amortisation	-32.6	-30.7	2.0			
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	0.1	-21.2	-21.4			
Impairment result from financial instruments	42.2	45.9	3.7			
Other operating result	-43.6	-21.6	21.9			
<b>Pre-tax profit from continuing operations</b>	<b>204.7</b>	<b>298.2</b>	<b>93.5</b>			
Income tax	-49.1	-53.2	-4.0			
<b>Net result for the period</b>	<b>155.6</b>	<b>245.1</b>	<b>89.5</b>			
Net result attributable to non-controlling interests	0.5	-3.8	-4.3			
<b>Net result attributable to owners of the parent</b>	<b>156.1</b>	<b>241.3</b>	<b>85.2</b>			
Operating income	445.6	558.8	113.2			
Operating expense	-239.6	-263.5	-23.9			
<b>Operating result</b>	<b>206.0</b>	<b>295.3</b>	<b>89.3</b>			

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ISIN, Bloomberg and Reuters codes	<b>AT0000652011, EBS AV, ERST.VI</b>