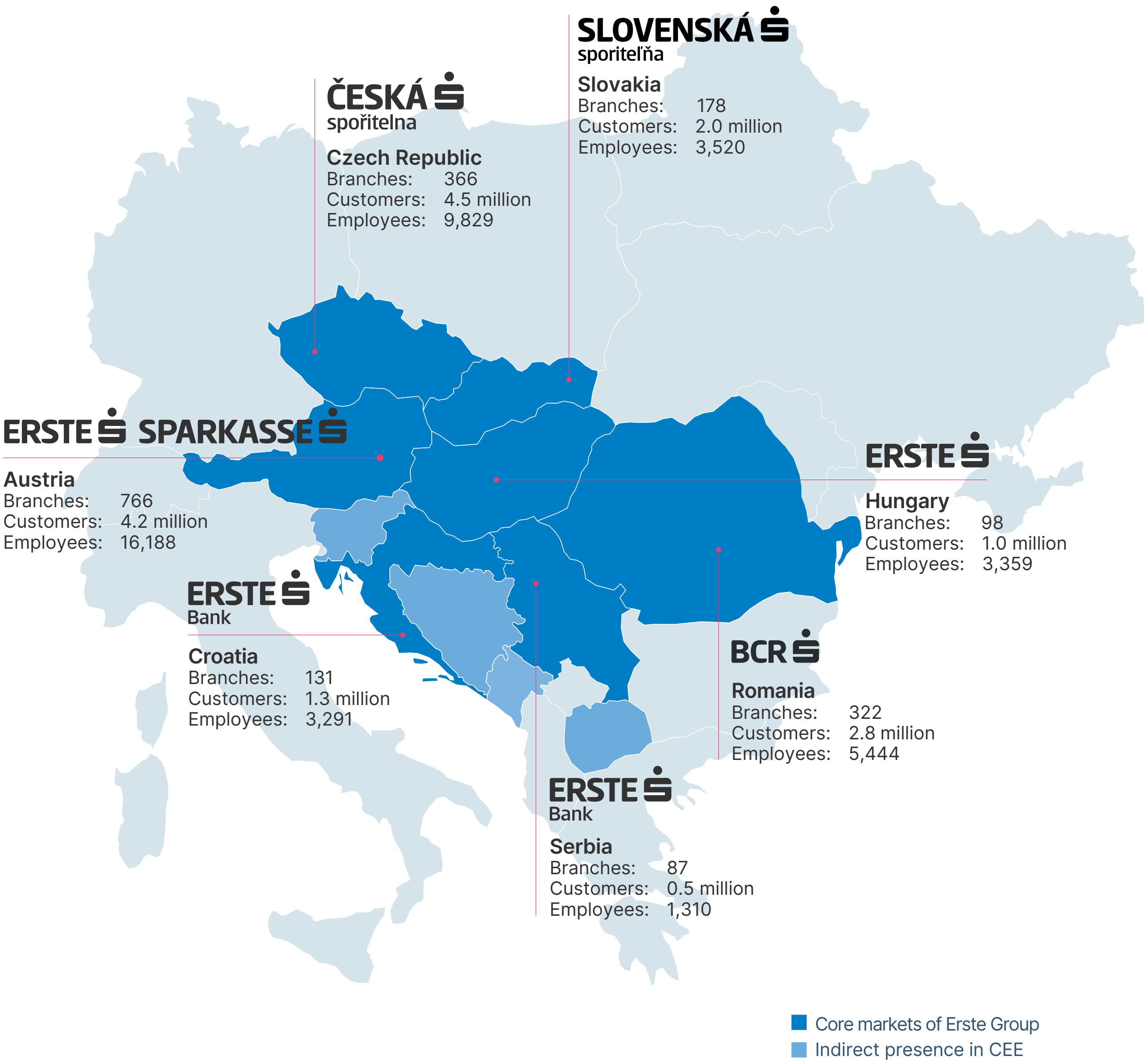
Annual Report 2023

Extensive presence in Central and Eastern Europe



Key financial and operating data

Income statement (in EUR million)	2019	2020	2021	2022	2023
Net interest income	4,746.8	4,774.8	4,975.7	5,950.6	7,227.9
Net fee and commission income	2,000.1	1,976.8	2,303.7	2,452.4	2,639.6
Net trading result and gains/losses from financial instruments at FVPL	293.8	199.5	231.8	-47.3	448.6
Operating income	7,255.9	7,155.1	7,742.0	8,570.6	10,551.6
Operating expenses	-4,283.3	-4,220.5	-4,306.5	-4,574.9	-5,019.6
Operating result	2,972.7	2,934.6	3,435.5	3,995.8	5,532.0
Impairment result from financial instruments	-39.2	-1,294.8	-158.8	-299.5	-127.8
Other operating result	-628.2	-278.3	-310.5	-398.5	-467.9
Pre-tax result from continuing operations	2,329.7	1,368.0	2,933.4	3,222.4	4,794.8
Net result attributable to owners of the parent	**1,470.1**	**783.1**	**1,923.4**	**2,164.7**	**2,997.6**

Net interest margin (on average interest-bearing assets)	2.18%	2.08%	2.05%	2.21%	2.50%
Cost/income ratio	59.0%	59.0%	55.6%	53.4%	47.6%
Provisioning ratio (on average gross customer loans)	0.02%	0.78%	0.09%	0.15%	0.06%
Tax rate	18.0%	25.0%	17.9%	17.3%	18.2%
Return on tangible equity	11.2%	5.1%	12.7%	13.8%	17.2%
Earnings per share (in EUR)	3.23	1.57	4.17	4.83	6.80

Balance sheet (in EUR million)	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23
Cash and cash balances	10,693	35,839	45,495	35,685	36,685
Trading, financial assets	44,295	46,849	53,211	59,833	63,690
Loans and advances to banks	23,055	21,466	21,001	18,435	21,432
Loans and advances to customers	160,270	166,050	180,268	202,109	207,828
Intangible assets	1,368	1,359	1,362	1,347	1,313
Miscellaneous assets	6,012	5,830	6,090	6,456	6,206
Total assets	**245,693**	**277,394**	**307,428**	**323,865**	**337,155**
Financial liabilities held for trading	2,421	2,625	2,474	3,264	2,304
Deposits from banks	13,141	24,771	31,886	28,821	22,911
Deposits from customers	173,846	191,070	210,523	223,973	232,815
Debt securities issued	30,371	30,676	32,130	35,904	43,759
Miscellaneous liabilities	5,437	5,840	6,902	6,599	6,864
Total equity	20,477	22,410	23,513	25,305	28,502
Total liabilities and equity	**245,693**	**277,394**	**307,428**	**323,865**	**337,155**

Loan/deposit ratio	92.2%	86.9%	85.6%	90.2%	89.3%
NPL ratio	2.5%	2.7%	2.4%	2.0%	2.3%
NPL coverage ratio (based on AC loans, ex collateral)	77.1%	88.6%	90.9%	94.6%	85.1%
Texas ratio	19.9%	20.3%	18.3%	16.4%	16.6%
Total own funds (CRR final, in EUR million)	21,961	23,643	24,758	26,184	29,094
CET1 capital ratio (CRR final)	13.7%	14.2%	14.5%	14.2%	15.7%
Total capital ratio (CRR final)	18.5%	19.7%	19.1%	18.2%	19.9%

About the share	2019	2020	2021	2022	2023
Shares outstanding at the end of the period	429,800,000	429,800,000	429,800,000	429,800,000	421,662,859
Weighted average number of outstanding shares	426,565,097	426,324,725	426,246,662	427,019,261	425,951,928
Market capitalisation (in EUR billion)	14.4	10.7	17.8	12.9	15.8
High (in EUR)	37.07	35.6	41.95	44.98	37.23
Low (in EUR)	28.23	15.34	24.80	21.66	28.19
Closing price (in EUR)	33.56	24.94	41.35	29.90	36.73
Price/earnings ratio	9.8	13.7	9.2	5.9	5.2
Dividend per share (in EUR)	0.00	1.50	1.60	1.90	2.70
Payout ratio	0.0%	96.4%	38.7%	39.6%	39.3%
Dividend yield	0.0%	6.0%	3.9%	6.4%	7.4%
Book value per share (in EUR)	32.9	34.0	36.7	39.8	45.6
Price/book ratio	1.0	0.7	1.1	0.8	0.8

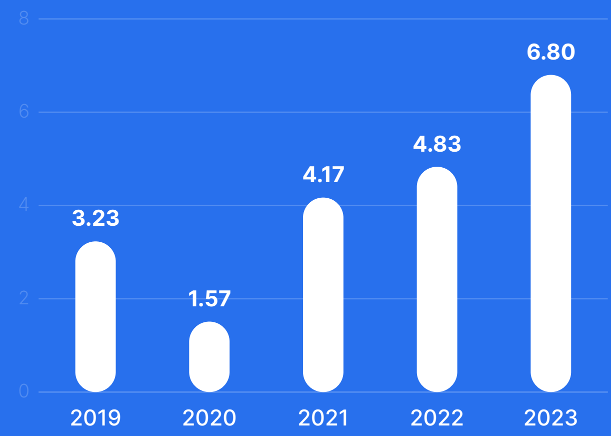
Additional information	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23
Employees (full-time equivalents)	47,284	45,690	44,596	45,485	45,723
Branches	2,373	2,193	2,091	2,029	1,948
Customers (in million)	16.6	16.1	16.1	16.1	16.2

CRR: Capital Requirements Regulation

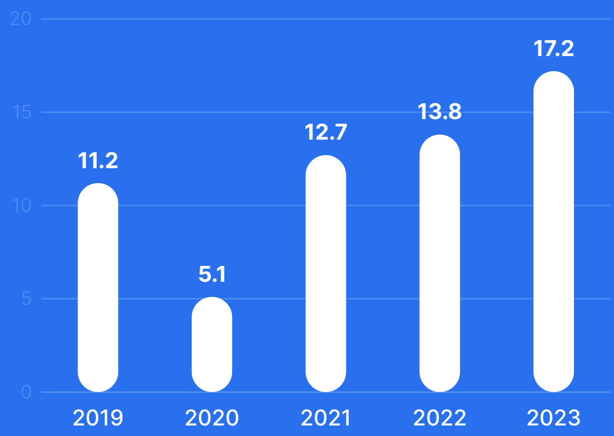
Shares outstanding include Erste Group shares held by savings banks that are members of the Haftungsverbund (cross-guarantee system). At year-end 2023, the shares bought back under the share buyback programme were taken into account.

Financial data

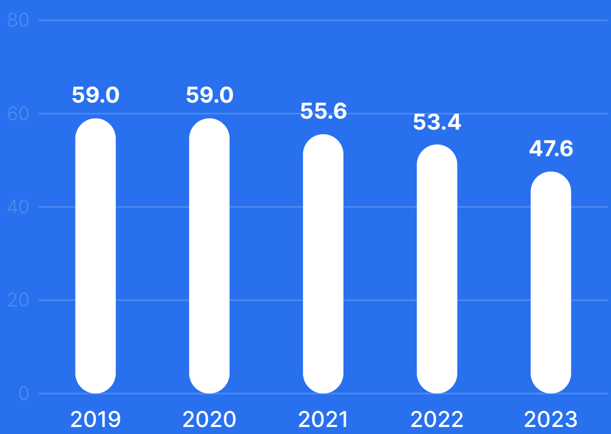
Earnings per share
in €



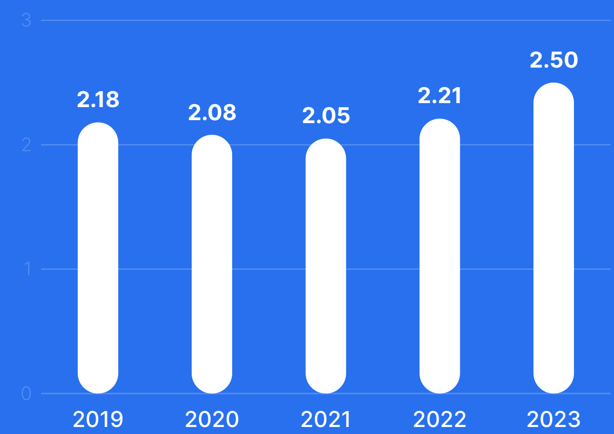
Return on tangible equity, ROTE
in %



Cost/income ratio
in %



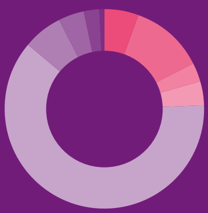
Net interest margin
in %



Shareholder structure

as of 31 December 2023

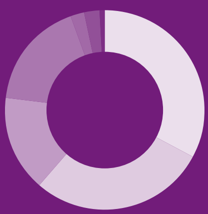
By investors



5.64%	ERSTE Foundation direct
11.90%	Sparkassen Beteiligungs GmbH & Co KG
3.10%	Foundations [1]
4.08%	Wiener Städtische Versicherungsverein

61.41%	Institutional investors
6.60%	Retail investors
4.05%	BlackRock, Inc.
2.65%	Unidentified [2]
0.57%	Identified trading [3]

By region



33.08%	Austria
28.53%	North America
15.39%	UK & Ireland
17.57%	Continental Europe

2.21%	Rest of world
2.65%	Unidentified
0.57%	Identified trading [3]

Financial calendar

30 April	Results for the first quarter 2024
12 May	Record date Annual General Meeting
22 May	Annual General Meeting in Vienna
27 May	Ex-dividend day
28 May	Record date dividend
29 May	Dividend payment
2 August	Half-year financial report 2024
31 October	Results for the first three quarters 2024

The financial calendar is subject to change. The latest updated version is available on Erste Group's website (www.erstegroup.com/investorrelations).

Ratings

as of 31 December 2023

Fitch	
Long-term	A
Short-term	F1
Outlook	Stable

Moody´s	
Long-term	A1
Short-term	P-1
Outlook	Stable

Standard & Poor´s	
Long-term	A+
Short-term	A-1
Outlook	Stable

[1] Erste employees private foundation, syndicated savings banks foundations, own holdings of savings banks
[2] Unidentified institutional and retail investors
[3] Incl. market makers, prime brokerage, proprietary trading, collateral and stock lending positions which are visible through custodian banks.

Non-financial data

Decarbonisation

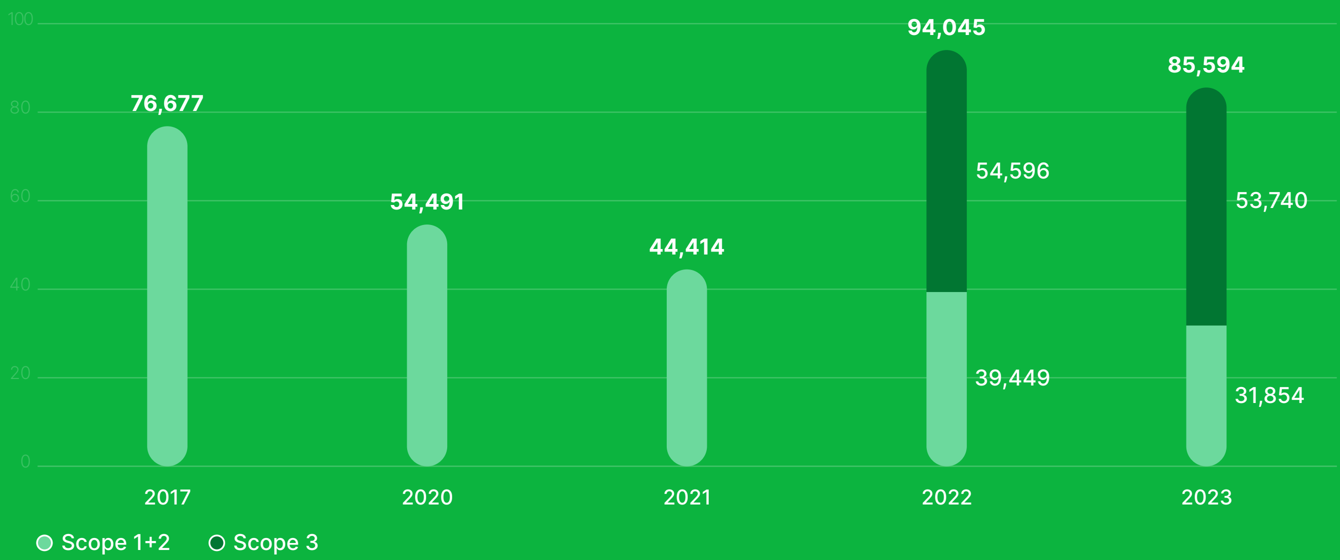
Sector	Objective*
Mortgages	1.75 °C
Commercial real estate	1.75 °C
Electricity production	1.50 °C
Heat & Steam production	1.50 °C
Oil and gas extraction	1.50 °C
Automotive production	1.50 °C
Iron and steel production	1.50 °C
Cement production	1.50 °C
Coal	Exit by 2030

New Sustainable Financing

	in € million
Energy efficient Real Estate	2,096
Renewable Energy	486
Transportation	127
Other Corporate	241
Total	**2,950**

Net-Zero Operations

in tonnes CO_2e



* Emission reduction pathways until 2050 in alignment with the 1.5 or 1.75 °C scenario
CO2e: CO2-equivalents are the sum of all greenhouse gas emissions, e.g. carbon dioxide, methane and nitrogen oxide

Social Banking

€ 585 million
Social Banking financing provided

65,000
Financial education participants

99,000
preserved or created jobs

ESG Ratings

as of 31 December 2023

AA	Low Risk	C "Prime"	B
MSCI	Sustainalytics	ISS ESG	CDP

Your notes

Highlights

Sustainable profitability
_ Net result of EUR 2,997.6 million
_ Local banks in all core markets are profitable
_ Dividend of EUR 2.7 per share proposed to AGM

Operating performance improves substantially
_ Operating revenues increase by 23.1%
_ Inflation drives operating expenses up by 9.7%
_ Cost/income ratio improves to 47.6%

Customer business on continued growth path
_ Net customer loans grow by 2.8% to EUR 207.8 billion
_ Customer deposits grow by 3.9% to EUR 232.8 billion
_ Favourable loan-to-deposit ratio at 89.3%

Sound asset quality
_ NPL ratio at moderate 2.3%
_ NPL provision coverage at strong 85.1%
_ Risk costs of 6 basis points
(on average gross customer loans)

Favourable capitalisation
_ CET1 ratio (CRR final) increases to 15.7%
_ Capital significantly above regulatory requirements and internal target

Excellent funding and liquidity position
_ Strong retail deposit base in all core countries is key trust indicator and competitive advantage
_ All local banks successfully placed MREL-related issuances

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Editorial deadline: 29 February 2024, unless stated otherwise

Management board

Maurizio Poletto   Ingo Bleier   Willi Cernko

Stefan Dörfler Alexandra Habeler-Drabek David O'Mahony

Letter from the CEO

Dear shareholders,

The 2023 fiscal year was again a very successful one for Erste Group. With a net profit of EUR 2,998 million, we posted an excellent result. Dynamic growth of our key income components – net interest income and net fee and commission income – more than offset the inflation-induced rise in costs and resulted in a significant improvement in the cost/income ratio. Major contributions to this development came from the growth in customer loans – up a notable 3.7% in the retail business and 5.6% in the corporate business – as well as from the normalisation of the interest rate environment: after years of negative interest rates, the ECB finally raised its rates to combat inflation. Continued solid asset quality and low risk costs also contributed to Erste Group's profitability. This resulted in a further strong improvement in capitalisation: at year-end, the common equity tier 1 ratio stood at 15.7%. Overall, we significantly exceeded almost all financial goals we had set ourselves at the beginning of 2023.

Before going into the details of our economic performance, let me briefly outline the economic environment.

A year marked by subdued growth

2023 saw a slowdown in global economic growth. In our region of Central and Eastern Europe, economic activity was likewise impacted by subsiding, yet still elevated inflation and, along with it, a restrictive monetary policy environment. Household consumption was muted throughout the year. Exports were adversely affected by the weak growth of the main trading partners of the region, which took a toll on industry output. The decline in foreign demand was most pronounced in countries that are strongly dependent on the German economy such as the Czech Republic and Hungary. In Romania and Hungary, positive momentum came from agricultural production. Croatia benefited again from the excellent development of its tourism industry and recorded the best economic performance in the region. Overall, the 2023 GDP growth rates of CEE countries ranged between -0.9% in Hungary and 2.5% in Serbia.

Despite the weak economy, labour markets remained very robust, with Hungary and the Czech Republic reporting the lowest unemployment rates within the European Union. The Hungarian National Bank and the Czech National Bank started to cut interest rates in the last quarter of the year. In the eurozone, policy rates stood at 4.5% at year-end. While the Czech koruna depreciated against the euro, most CEE currencies were relatively stable throughout the year. On 1 January 2023, Croatia joined the euro zone as its 20th member, as a result of which three out of Erste Group's seven core markets are now part of the eurozone.

Excellent operating result

What was the effect of these fundamentals on our result? In a nutshell: net interest income rose by more than 21% to EUR 7.2 billion driven by tailwinds that came, most importantly, from the rate cycle in the eurozone and customer loan growth in our CEE markets. At the same time, net fee and commission income reached a record high at EUR 2.6 billion. The 7.6% rise is all the more remarkable as the baseline had already been elevated due to strong growth in previous years. Growth was achieved in all core markets and across almost all product categories, with particularly strong performance in payment services and asset management. Overall, we posted EUR 10.6 billion in operating income, an increase by more than 23% year on year. As expected, operating expenses were likewise up, however, – by almost 10% – to EUR 5 billion. Inflationary pressure also had an impact on collective salary negotiations, with personnel expenses rising to nearly EUR 3 billion. Another block of costs – the regulatory costs typical of a bank (payments to resolution funds and deposit insurance systems as well as banking and transaction taxes) – amounted to some EUR 411 million. Overall, the strong operating result enabled us to achieve a cost/income ratio of 47.6% in 2023, which is excellent for our business model.

Risk costs remain at a low level

Asset quality remained very good in 2023. The NPL ratio rose only moderately from its historic low to 2.3% at the end of the year. Overall, (net) allocations to provisions amounted to EUR 128 million in 2023, which equals a provisioning ratio of 6 basis points of average gross customer loans. In addition to solid asset quality, another positive contribution came from the release of provisions for credit risks driven by updated forward looking economic indicators (FLIs) as well as stage overlays for cyclical industries and energy-intensive sectors.

Moderate loan growth

Given the rise in interest rates and stricter regulations for mortgage loans in Austria, it is not surprising that in 2023 loan growth was registered mainly in the CEE core markets. In retail business, growth momentum was seen mainly in the Czech Republic and in Croatia. In 2023, lending to corporate customers did not show the same strong performance as in the previous year, mostly due to the fact that investment sentiment had been adversely affected by the macroeconomic environment. Overall, net loan growth therefore came in lower, with volume up 2.8% to EUR 233 billion.

Solid deposit base, low reliance on money and capital market funding

Deposit inflow continued in 2023, with customer deposits growing by close to 4%. At a time of elevated inflationary pressure and increasing availability of higher-yielding alternative investment options, the stability of deposits from retail customers and SMEs is particularly remarkable. Because of its business model and solid market positions, Erste Group has a large proportion of granular retail customer deposits. At year-end 2023, this group of customers again accounted for more than two-thirds of all customer deposits. The changed interest rate environment resulted in a partial shift from demand deposits to term deposits. At the end of December 2023, the loan-to-deposit ratio stood at 89.3%.

Similarly encouraging were funding activities in the capital markets. Not only the parent company, but also a number of local subsidiaries in CEE countries successfully issued benchmark bonds in a variety of asset classes and placed these issues both locally and internationally.

Digital progress

As this topic is very important to me, a few words on the focal theme of digitalisation: George plays an important role in promoting digital growth and the digital transformation. The number of digital users of our digital platform George and digital transactions have been rising continuously. Across Erste Group, nearly 10 million customers were using George at year-end 2023. By now, almost half of all retail business products are distributed digitally. The roll-out of George Business, our solution for corporate customers, has been continued. In upgrading IT, the focus will remain on the automation of transactions and processes and digital data analysis.

Solid capitalisation and dividend proposal

Erste Group's strong capitalisation is another point that I wish to highlight once again. In addition to sustainable profitability, a strong capital base is essential as it is the precondition for growth and the Bank's ability to pay dividends and secure and/or expand the range of activities it is able to pursue. At 15.7% as of the end of December 2023, the common equity tier 1 ratio (final) was substantially above the regulatory minimum requirement and our target of 14%. For the 2023 fiscal year, the management board will propose a dividend of EUR 2.70 per share at the annual general meeting. In addition, after the successful completion of a share buyback programme with a volume of EUR 300 million in February 2024, Erste Group is seeking to launch another such programme with a volume of EUR 500 million (subject to regulatory approval).

Sustainability and growth are no contradiction

Where sustainability is concerned, our strategic priorities are based on the conviction that the green transition and social inclusion are crucial to the long-term prosperity of our region. We report on our strategy, goals, achievements, opportunities and risks in the field of sustainability annually in conformity with the GRI Standards 2021 and comply with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD). At this point, I should like to name at least two environment-related ESG goals: we are working to achieve net-zero operations by 2030. Achieving a net-zero portfolio will take a little more time, until 2050.

Further information on Erste Group's targets and emission reduction pathways as well as numerous sustainability initiatives and a wide range of ESG performance indicators are provided in our non-financial report.

Outlook for 2024

In the current fiscal year of 2024, we expect loan growth of about 5% on the back of a moderate acceleration of economic growth. Combined with negative impacts (depending on the extent and timing of central bank rate cuts), we expect for 2024 a moderate decline of net interest income, by about 3%, after two years of enormous growth. Net fee and commission income is projected to continue its positive trend and increase by about 5%. Assuming a rise in operating expenses by about 5%, we believe that we will be able to achieve a cost/income ratio of around 50%. In a largely stable environment, we do not expect risk costs to exceed 25 basis points in 2024. In aggregate, this should yield a continued solid return on tangible equity (ROTE) of approximately 15%.

Time-tested business model and strong strategic alignment

Since Erste Group's foundation more than 200 years ago, it has been our stated goal to help our customers achieve financial independence and build up prosperity. As a leading banking group, we continuously develop our offerings in line with our mission: from socially and ecologically responsible financial services to financial health and security. I am convinced of Erste Group's potential, its capacity for innovation and its resilience in the face of challenges of all kinds. You may trust that my designated successor, Peter Bosek, who will take over the helm at the Bank in July, will be working with the well-trained and committed employees of Erste Group to keep driving the customer business forward in our core markets while also pushing ahead with digitalisation and innovation.

It is of special importance to me to thank the employees of Erste Group once again for their personal commitment. Our joint efforts have helped us to further strengthen Erste Group's position in the CEE region. The employee share programme offers the opportunity to participate in the future success of Erste Group like all of our shareholders.

Willi Cernko mp

Supervisory board

Markus Haag, Mariana Kühnel, Jozef Pinter, Christiane Tusek, Martin Grießer, Henrietta Egerth-Stadlhuber, Friedrich Santner, Karin Zeisel, Elisabeth Krainer Senger-Weiss, Barbara Pichler (f.l.t.r.)

Michèle F. Sutter-Rüdisser, Friedrich Rödler, Christine Catasta, Marion Khüny, András Simor, Alois Flatz, Maximilian Hardegg, Regina Haberhauer, Andreas Lachs, Michael Schuster (f.l.t.r.)

Report of the supervisory board

Dear shareholders,

In the 2023 fiscal year, Erste Group achieved an excellent result. Despite the macroeconomic slowdown, Erste Group posted a net profit of nearly three billion euro on the back of solid operating performance and a favourable interest rate and risk environment. This performance was supported by Erste Group's strong market position in its seven core markets in Central and Eastern Europe – Austria, Czech Republic, Slovakia, Romania, Hungary, Croatia and Serbia – as well as the commitment and customer service mindset of its employees. Erste Group's digital services successfully evolved further: almost ten million users value our digital platform George, and customers benefit from ongoing innovative developments, including those relating to financial health. The range of digital services for corporate customers has likewise been expanded with the continued rollout of George Business.

I am particularly pleased that the green transformation and social and societal commitment constitute integral parts of our overall corporate strategy. And we have not only been setting targets, but also ambitiously implementing specific measures. Given the rapid evolution of artificial intelligence, it is also important to include this aspect in strategic planning to be able to make optimal use of the opportunities being offered by new technologies.

Let me also mention another topic – Erste Group's excellent capitalisation, which is not only essential for securing the Bank's future growth but also provides various options. In 2023, the first share buyback programme with a volume of EUR 300 million was adopted (and recently completed). For 2024, another share buy-back programme in the amount of EUR 500 million is being targeted. Paying dividends to our shareholders remains important as well. For the 2023 fiscal year, a dividend of EUR 2.70 per share is being proposed. This will also benefit thousands of employees who in 2023 took part for the first time – or again – in the We-Share by Erste Group employee share programme.

The composition of the management board remained unchanged in 2023, with Willi Cernko as CEO. With the management board mandates of Chief Financial Officer Stefan Dörfler, Chief Risk Officer Alexandra Habeler-Drabek and Chief Platform Officer Maurizio Poletto having been extended until 31 December 2027, Erste Group Bank AG has been able to retain successful managers who have contributed significantly to Erste Group Bank AG's very positive performance in recent years. The supervisory board is looking forward to continuing this successful collaboration in the years ahead.

As CEO Willi Cernko's mandate as chairman of the board is due to expire in 2024, the supervisory board, having conducted an international search and a careful and competitive selection process, resolved in October 2023 to appoint a renowned manager as his successor: as of 1 July 2024, Peter Bosek, a banker with extensive experience, will take over the position of CEO from Willi Cernko. In his professional career to date, Peter Bosek has already held various management positions both at Erste Group's Holding and at Erste Bank Oesterreich. Most recently, he gained international experience serving as CEO of a European credit institution.

Erste Group's supervisory board currently consists of eighteen members (twelve shareholder representatives elected by the shareholders and six employee representatives delegated by the employees' council). The members of the supervisory board contribute extensive experience gained across a variety of industries and come with a wide range of professional knowledge, international experience and practical expertise. I am particularly pleased that at present more women than men are holding mandates (ten versus eight).

2023 saw a number of changes on the supervisory board: Christiane Tusek was newly elected to the supervisory board by the 2023 annual general meeting. In addition, the 2023 annual general meeting resolved to extend the mandate of András Simor until the 2026 annual general meeting and that of Friedrich Santer until the 2027 annual general meeting.

Hikmet Ersek resigned from his supervisory board mandate as of 11 October 2023. András Simor left Erste Group's supervisory board as of 15 January 2024, thus already in the current fiscal year. The delegation of Jozef Pinter as an employees' representative on the supervisory board was therefore revoked by the employees' council as of January 2024. I wish to thank all three former supervisory board members most cordially for their dedicated work. With their experience and their expertise, they have contributed to the development of Erste Group as a leading bank in Central Europe.

For further information about the composition and independence of the supervisory board, the criteria for its independence, its working procedures, the number and type of committees and their decision-making powers, the meetings of the supervisory board and the main focus of its activities, please refer to the (consolidated) corporate governance report drawn up by the management board and reviewed by the supervisory board.

As regards the activities of the audit committee, please also refer to its separate report. In the course of a total of 49 supervisory board and committee meetings, the management board promptly and comprehensively informed the supervisory board. This allowed us to act in accordance with the mandate laid down in the law, the articles of association and the Austrian Code of Corporate Governance, as well as to ascertain the proper conduct of business.

The financial statements (consisting of the balance sheet, income statement and notes) and the management report as well as the consolidated financial statements and the group management report for 2023 were audited by Sparkassen-Prüfungsverband, the legally mandated auditor, and by PwC Wirtschaftsprüfung GmbH, the elected supplementary auditor, and received an unqualified audit opinion. Representatives of both auditors attended the financial statements review meetings of the audit committee and the supervisory board and presented their comments on the audits they had conducted. Based upon its own review, the supervisory board endorsed the findings of these audits and agreed to the proposal for appropriation of the profit of the 2023 fiscal year.

PwC Wirtschaftsprüfung GmbH was also mandated with the voluntary audit of the (consolidated) corporate governance report for 2023 as well as with the audit of the (consolidated) non-financial report for 2023.

The supervisory board has approved the financial statements, and these have thereby been duly endorsed in accordance with section 96 para 4 of the Austrian Stock Corporation Act (Aktiengesetz). The management report, consolidated financial statements, group management report, (consolidated) corporate governance report and the (consolidated) non-financial report have also been reviewed by the supervisory board and accepted on the basis of the audit reports received by the supervisory board.

We thank the management board and all employees of Erste Group for their great dedication and exceptional commitment, which enabled Erste Group to offer our customers the best possible support and to post a very successful result for the year 2023.

For the supervisory board,
Friedrich Rödler mp, Chairman of the supervisory board
Vienna, March 2024

Report of the audit committee

Dear shareholders,

The audit committee is one of seven committees established by the supervisory board. Its mandate is derived from the law, the rules of the Austrian Code of Corporate Governance and its rules of procedure. As of 31 December 2023, the audit committee comprised six shareholder representatives and three members delegated by the employees' council.

In 2023, the audit committee met seven times and, in addition, held one informal meeting to prepare the meeting on the audit of the (consolidated) financial statements. The meetings were attended by those management board members responsible for accounting, controlling and risk management as well as the representatives of Erste Group Bank AG's auditors and, as required, representatives of the auditors of key (foreign) subsidiaries. The appropriate division heads were invited to attend as permanent guests or to attend as guests in discussions on specific agenda items. The chair of the audit committee and the financial expert regularly conducted one-on-one meetings with, amongst others, the auditors (Sparkassen-Prüfungsverband as the legally mandated bank auditor and PwC as additional auditor elected by the annual general meeting), members of the management board, the head of internal audit, the head of group compliance and with other division heads as required. The supervisory board was informed of the committee's activities and the subject matters of its meetings and discussions at the respective subsequent supervisory board meetings.

For Erste Group, 2023 was a highly successful year despite the challenging environment. It was marked by geopolitical conflicts, continuing elevated inflation rates and consequently high interest rates as well as dampened economic growth. All this had an impact on the work of the audit committee and was considered by the audit committee members with the required care and diligence in exercising their duties. Among other things, the supervisory board also tasked the audit committee with reviewing the (consolidated) non-financial report.

In 2023, the audit committee specifically considered the following topics: after receipt of the auditors' report on the (Group) financial statements for 2022, the audit committee held the final discussion, reviewed the (Group) financial statements and the (Group) management report, the (consolidated) non-financial report as well as the (consolidated) corporate governance report and recommended to the supervisory board the approval of the annual financial statements and distribution of a dividend as proposed by the management board. The additional report of the auditors pursuant to Article 11 of Regulation (EU) No 537/2014 was taken note of.

With regard to non-financial reporting, the audit committee prepared a proposal for the engagement of an external auditor and the subjects to be reviewed by such auditor. The audit committee moreover satisfied itself that the measures needed for meeting CSRD requirements had been taken and appropriate procedures had been established.

The head of the internal audit department reported on the audit subjects and material audit findings for the year 2022 and, on an ongoing basis, about audit-relevant matters in the Group. The effectiveness of the Anti Money Laundering compliance function was acknowledged by the audit committee for the first time and the first BCBS 239 (data quality management) report was issued. The audit committee continuously reviewed and monitored the independence of the auditors of the (consolidated) financial statements with a particular focus on non-audit services rendered for Erste Group. The audit committee gave pre-approval to permissible non-audit services provided by the (Group) auditor and received reports on their current status.

Key audit matters relating to subsidiaries were likewise discussed in depth and commented on with regard to their impact on the Group financial statements. In its additional function as audit committee of Erste Digital GmbH pursuant to Section 30g para 4a(3) GmbHG (Austrian Act on Limited Liability Companies), it recommended that the supervisory board of Erste Digital GmbH advise the shareholders' meeting of Erste Digital GmbH to approve the annual financial statements, give its consent to the management board's proposal for the appropriation of profit and take note of the management report of the shareholders' meeting of Erste Digital GmbH.

After on-site inspections conducted by supervisory authorities, the audit committee took note of the respective audit reports and the plan to address the supervisory authorities' findings and, where necessary, requested to be briefed on the current status of implementation. The joint supervisory team of the regulatory authorities was informed about the audit committee's work in a meeting with the chair of the audit committee and the chair of the supervisory board.

Further information on the activities of the audit committee and its composition is contained in the (consolidated) corporate governance report prepared by the management board and reviewed by the supervisory board.

For the audit committee,
Christine Catasta mp

Erste Group on the capital markets

International equity markets closed the year 2023 with significant gains. The previous year had seen high inflation rates driven by rising price levels and supply bottlenecks in commodities as well as continued rate hikes by central banks. In 2023, the financial markets were again affected by geopolitical events, interest rate policies, inflation and economic development. The major central banks (US Federal Reserve, Fed, and the European Central Bank, ECB) continued their rate hikes well into the third quarter. Slowly but steadily subsiding inflation rates and expectations of moderate global growth had a positive impact on equity markets while geopolitical conflicts (most notably the war in Ukraine and the conflict in the Middle East) and soaring government bond yields in the US and in Europe had an adverse effect. Expectations that a recession would not materialise and declining inflation rates raised hopes for an imminent end to the central banks' rate hike cycles, triggering a year-end rally in the equity markets that pushed a number of indices to new highs.

EQUITY MARKET REVIEW

Equity markets solidly up

After the setbacks in the previous year, the equity markets covered posted double-digit gains, with just a few exceptions. Indices rose significantly, most notably in the fourth quarter, as the rate-hike cycle had peaked, rate cuts were being anticipated in the near future and companies released solid revenues and earnings forecasts for 2024. In the US, the Dow Jones Industrial Average Index was boosted by the year-end rally, hitting a new all-time high and ending the reporting period at 37,689.54 points, up 13.7% versus year-end 2022. The broader Standard & Poor's 500 Index advanced 24.2% to 4,769.83 points year-on-year. In Europe, the Euro Stoxx 600 Index increased by 12.7% in the course of 2023, closing the year at 479.02 points. The German DAX equity market index likewise marked an all-time high at year-end, having risen by 20.3% to 16,751.64 points. Over the past year, it was primarily technology shares that recorded significant gains. The US technology index Nasdaq was up 43.4% to 15,011.35. In Asia, the picture was mixed. While the Japanese Nikkei Index advanced by approximately 28%, the Chinese Shanghai Shenzen CSI300 Index declined by about 11%.

Tight monetary policies expected to end

In response to inflationary pressure, the central banks had phased out their zero-rate policies already before 2023 and taken resolute action to contain historically strong increases of price levels, which were fuelled primarily by the high cost of energy and food. Leading central banks kept hiking their rates well into the third quarter of the 2023 reporting year. In its last rate hike to date in late July, the eleventh within 16 months, the US Fed set the range for its effective policy rate at 5.25% to 5.50% and has since left it unchanged. The ECB raised its policy rate in a total of ten rate hikes – the final one in September – to 4.50%. As inflationary pressure subsided, the Fed signalled an end to its rate hike cycle and hinted at first rate cuts in 2024. The ECB will wait and see how inflation is going to develop before announcing any future moves.

Global economy growing moderately

The global economy proved more resilient than expected in the first half of 2023, but slowed down later in the year amid tighter funding conditions, lacklustre trade growth and lower business and consumer confidence. Risks to short-term forecasts include increased geopolitical tensions and stronger-than-expected impacts of monetary tightening. Global growth furthermore still depends heavily on the development of Asian economies (most importantly China). The International Monetary Fund (IMF) has forecast worldwide economic growth of 3.1% in 2023 and in 2024. With inflation continuing to subside and real incomes going up, the IMF expects global growth of 3.2% in 2025. For the eurozone countries, the IMF projected a growth rate of 0.5% for 2023 (2024: 0.9%, 2025: 1.7%); for the US, growth of 2.5% for 2023 (2024: 2.1%, 2025: 1.7%). The German economy, whose performance continues to be a major factor for the economies of Central and Eastern Europe, slightly contracted in 2023, and is expected to grow by 0.5% in 2024 and 1.6% in 2025.

2023 was a good year for bank shares

After the losses sustained in the markets in the previous year, banks were among the preferred industries in 2023. Despite a slowing economy and tighter financing conditions, banks benefited from higher interest rates. Rising rates supported the deposit and lending business, leading to wider margins and improved profitability. Uncertainty in the banking sector stemming from the insolvencies of three US credit institutions and turmoil surrounding Credit Suisse in the first quarter of 2023 were only short-lived due to quick intervention by the supervisory authorities. In the year ended, the Dow Jones Euro Stoxx Bank Index, which is composed of the leading European bank shares, rose by 23.5% to 118.38 points.

Vienna Stock Exchange lagging behind global equity markets

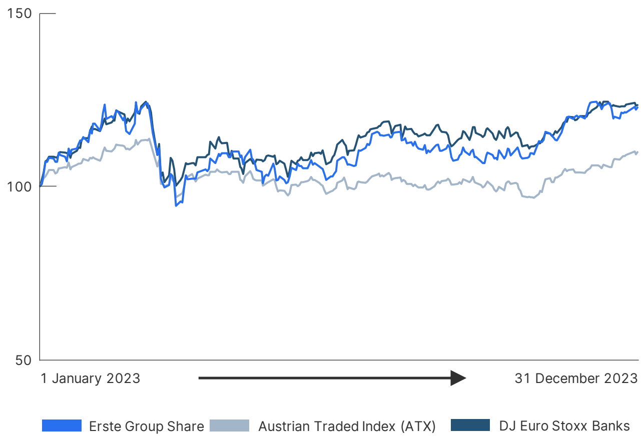
After the Austrian equity market had lost around 19% in the previous year, the Austrian Traded Index (ATX) gained 9.9% in the course of 2023 and ended the trading year at 3,434.97 points, thus underperforming international indices. Geopolitical tensions, most notably the ongoing war in Ukraine, led to more caution among international investors and hence a more subdued development of share prices.

ERSTE GROUP SHARE

Double-digit gains

After the setbacks suffered in the previous year, the Erste Group share posted significant gains in the year ended and closed the reporting period at EUR 36.73, up 22.8%. The Erste Group share marked its 2023 high at EUR 37.23 on 4 December and its low at EUR 28.19 on 24 March. The key factors driving the share price were a positive view of the industry, results beating analysts' expectations as well as an upward revision of targets for the year 2023. The focus of market participants was also on forecasts for 2024, including the return on tangible equity (ROTE), future banking taxes and, last but not least, expectations about capital distributions.

Performance of the Erste Group share and major indices (indexed)



Employee share programme

After the successful implementation of the employee share programme in the previous year, Erste Group employees again had the opportunity to buy Erste Group shares under the employee share programme in 2023. In 2023, approximately 35,000 employees participated in this programme (previous year: 30,000). The successful continuation of the programme resulted in a further strengthening of Erste Mitarbeiterbeteiligung Privatstiftung (Erste Employee Foundation), in which the voting rights of the shares acquired under the employee share programme are combined and exercised in a uniform manner.

Performance of the Erste Group share versus indices

	Erste Group share	ATX	DJ Euro Stoxx Banks Index
Since IPO (Dec 1997)	231.4%	169.2%	-
Since SPO (Sep 2000)	212.6%	194.0%	-66.3%
Since SPO (Jul 2002)	110.8%	181.6%	-52.9%
Since SPO (Jan 2006)	-18.4%	-11.8%	-68.8%
Since SPO (Nov 2009)	26.7%	31.8%	-48.0%
2023	22.8%	9.9%	23.5%

IPO … initial public offering, SPO … secondary public offering.

Share buyback programme

On 12 May 2023, the annual general meeting of Erste Group decided on a share buyback programme with a volume of up to EUR 300 million. After the ECB had given its approval in early August, the buyback of own shares started on 16 August 2023 and was completed on 16 February 2024. A total of 8,887,092 own shares were repurchased. The cancellation of the repurchased own shares in the companies register took effect on 24 February 2024. The number of own shares decreased accordingly.

Number of shares, market capitalisation and trading volume

In the year ended, the number of shares of Erste Group Bank AG remained unchanged at 429,800,000. At year-end 2023, Erste Group's market capitalisation stood at EUR 15.8 billion, up 22.5% on year-end 2022 (EUR 12.9 billion). In February 2024, the number of shares following the completed share buyback programme changed to 420,912,908.

Erste Group is listed on the stock exchanges of Vienna, Prague and Bucharest. Its main stock exchange is Vienna, where in the year ended its trading volume averaged 1,169,113 shares per day.

Sustainability indices and ratings

The Erste Group share has been part of VÖNIX, the Vienna Stock Exchange's sustainability index, since its launch in 2005. Since 2011, the Erste Group share has been included in the STOXX Global ESG Leaders Index, which represents the best sustainable companies worldwide on the basis of the STOXX Global 1800. Since 2016, the Erste Group share has been included in the FTSE4Good Index Series, since 2017 in the Euronext Vigeo Index (since 2023: Moody's Analytics) Eurozone 120. In addition, Erste Group has held prime status in the ISS ESG corporate ratings since 2018. MSCI has rated Erste Group with AA. Sustainalytics has assessed Erste Group to be at low risk of experiencing material financial impacts from ESG factors. In 2023, Erste Group participated in the CDP (Carbon Disclosure Project) rating for the second time; its sustainability measures were affirmed at B.

Dividend

Erste Group's dividend policy is guided by the Bank's profitability, growth outlook and capital requirements. We target a payout ratio in the range of 40-50% based on reported net profit, net of AT1 coupons. The 30th annual general meeting that took place on 12 May 2023 was held with in-person attendance. The annual general meeting resolved to distribute a dividend of EUR 1.90 per share for the 2022 fiscal year, which was paid out on 19 May 2023. For the 2023 fiscal year, the management is planning a dividend of EUR 2.70 per share.

RATINGS OF ERSTE GROUP BANK AG

Moody's upgraded Erste Group's rating to A1/P-1 in 2023, confirming a stable outlook. Standard & Poor's (A+/A-1) and Fitch (A/F1) left their ratings unchanged in 2023, each with a stable outlook.

FUNDING ACTIVITIES

As it had done in the previous year, Erste Group opened up the capital markets for financial institutions by issuing a covered bond. The EUR 1 billion mortgage covered bond with a 6-year tenor priced at MS+20bps was followed, just one week later, by a EUR 750 million 8NC7 callable Green Senior Preferred note (MS+125bps).

After the capital markets' turmoil of March 2023, Erste Group issued a EUR 1 billion mortgage-covered bond with a 4.5-year tenor priced at MS+20bps, thereby proving its solid access to the capital markets. In May, Erste Group returned to the capital markets with a EUR 750 million Senior Preferred note. The 7NC6 transaction was priced at MS+125bps.

The peak of the funding year was the new issuance of a EUR 500 million perpNC5.6 8.5% transaction, which was announced at the same time as a buyback offer for an existing AT1 issue. The buyback offer was taken up by 66% of investors and contributed significantly to the optimisation of the debt structure.

The funding year 2023 closed in November upon issuance of a EUR 750 million mortgage-covered bond with a 5.5-year tenor (MS+40bps).

INVESTOR RELATIONS

Open an regular communication with investors and analysts

In the year ended, the management and the investor relations team met with investors in a total of 244 one-on-one and group meetings. Questions raised by investors and analysts were answered both at events with in-person attendance and virtually during telephone or video conferences. For the first time since 2019, the presentation of the 2022 annual result in Vienna was again followed by an analysts' dinner and a road show day with investor meetings in London. Road shows were likewise conducted in Europe and the US after the release of first and third quarter results. Erste Group presented its performance and strategy against the backdrop of the current environment at international banking and investor conferences organised by the Vienna Stock Exchange, HSBC, PKO, Morgan Stanley, Concorde, RCB, UBS, Deutsche Bank, Bank of America, Goldman Sachs, Barclays, mBank and Wood. 63 meetings were held to intensify the dialogue with bond investors. A large number of face-to-face meetings with analysts and portfolio managers were held at conferences, road shows and investors' days hosted by the European Covered Bond Council (ECBC), LBBW, UBS, Citigroup, Danske Bank and Barclays. The website https://www.erstegroup.com/en/investors provides comprehensive information on Erste Group and the Erste Group share. Investors and the broader public can follow the investor relations team on the social media platform X (formerly Twitter) at https://www.x.com/ErsteGroupIR. This site provides users with the latest news on Erste Group on the social web. More details on the social media channel, the news/reports subscription and reminder service are available at https://www.erstegroup.com/en/investors/ir-service.

Analyst recommendations

In 2023, 21 analysts regularly released research reports about Erste Group. The Erste Group Bank AG share was covered by financial analysts at the following national and international firms: Autonomous, Bank of America, Barclays, Carraighill, Citigroup, Concorde, Deutsche Bank, Exane BNP, Goldman Sachs, HSBC, JP Morgan, JT Banka, KBW, Kepler Cheuvreux, mBank, Mediobanca, PKO, RBI, Société Générale, UBS and Wood. As of the end of the year, 17 analysts had issued buy recommendations, three had rated the Erste Group share as neutral and one as underperform. The average year-end target price stood at EUR 46.3. The latest updates on analysts' estimates for the Erste Group share are posted at https://www.erstegroup.com/en/investors/share/analyst-estimates.

Strategy

We strive to be the leading retail and corporate bank in the eastern part of the European Union, including Austria. To achieve this goal, we aim to support our retail, corporate and public sector customers in realising their ambitions and ensuring financial health by offering excellent financial advice and solutions, lending responsibly and providing a safe harbour for deposits.

As a competent and reliable partner for our customers and with our business activities anchored in the real economy, we will continue to contribute to economic growth and financial stability and thus to the prosperity of our region. Accordingly, we take our social responsibility seriously, and we are also firmly determined to take a leading role in the green transformation of the economy.

In all of our core markets in the eastern part of the European Union, we pursue a balanced business model focused on providing the best banking services to each of our customers. In this respect, digital innovations are playing an increasingly important and inclusive role.

Sustainability of the business model is reflected in our ability to fund customer loans by customer deposits, with most customer deposits being stable retail deposits. Sustainability of our strategy is reflected in long-term client trust, which underpins strong market shares in almost all of our core markets. However, market leadership is not an end in itself. Market leadership creates value only when it goes hand in hand with positive economies of scale and contributes to the long-term success of the company.

The banking business, however, should not only be run profitably, but should also reflect its corporate responsibility towards all material stakeholders, in particular customers, employees, society and the environment. Therefore, we pursue the banking business in a socially responsible manner and aim to earn an adequate premium on the cost of capital.

Banking leadership in Central and Eastern Europe

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

FINANCIAL HEALTH – Bringing advice to all customers to improve their financial health

GREEN TRANSITION – Being a financial leader in the green transition in CEE

PRIORITIES in DIGITALISATION – Invest in data analytics and innovate George

CORPORATE RESPONSIBILITY – Operating sustainably and profitably

STRATEGY IN DETAIL

The basis of our banking operations is retail and corporate customer business in the eastern part of the European Union, including Austria. The capital markets and interbank activities as well as public sector business are defined more broadly to be able to meet our customers' needs as effectively as possible.

Long-standing tradition in customer banking

Erste Group has been active in retail business since 1819. This is where the largest part of our capital is tied up, where we generate most of our income and where we fund the overwhelming part of our core activities by drawing on our customers' deposits. Offering attractive, easy-to-understand products and services that meet the individual needs and objectives of bank customers is important in building and maintaining strong long-term customer relationships.

RETAIL BUSINESS

Our key business is retail business, and it represents our strength. It is our top priority when developing products such as modern digital banking that enable us to meet customers' expectations more effectively.

Our retail business covers the entire spectrum from lending, deposit and investment products to current accounts and credit cards. Our core competence in retail banking has historical roots. In 1819, wealthy Viennese citizens donated funds to establish Erste Group's predecessor, the first savings bank in Central Europe. It was their aim to bring basic banking services such as safe savings accounts and mortgage loans to wide sections of the population. Today, we serve a total of approximately 16.2 million customers in our markets and operate about 1,950 branches. Wealthy private clients, trusts and foundations are served by our private banking staff and benefit from services that are tailored to the needs of this target group.

In addition, we use and promote digital distribution channels such as the Internet and mobile banking, not only to meet the increasing importance of digital banking, but to actively shape the digital future. George plays an important role in this.

Retail banking is attractive to us for a number of reasons: It offers a compelling business case that is built on market leadership, an attractive risk-reward profile and the principle of self-funding. In addition, it benefits from a comprehensive range of products that are simple and easy to understand and provide substantial cross-selling potential. We take advantage of these factors in all core markets and make best use of our resulting position of strength by pursuing a hybrid business model. In addition to the expansion of digital sales channels, the branch network remains an important component of the business strategy. Only a retail bank that offers modern digital services and operates an extensive distribution network is able to offer tailor-made solutions and fund loans in local currency (e.g. housing financing) mainly from deposits made in the same currency. Therefore, our retail banking model supports sustainable and deposit-funded growth even in economically more challenging times. Another positive factor is the diversification of the retail business across countries that are at differing stages of economic development, such as Austria, the Czech Republic, Romania, Slovakia, Hungary, Croatia and Serbia.

CORPORATE BUSINESS

The second main business line, which also contributes significantly to our earnings, is business with small and medium-sized enterprises, regional and multinational groups and real estate companies. Our goal is to enhance relationships with our clients beyond pure lending business. Specifically, our goal is for SMEs and large corporate customers to choose Erste Group as their principal bank and also route their payment transfers through our banking entities and, in fact, regard Erste Group as their first point of contact for any kind of banking service.

Catering to their different requirements, we serve small and medium-sized enterprises locally in branches or separate commercial centres, while multinational groups are serviced by the Group Corporates units. This approach permits us to combine industry-specific and product expertise with an understanding of regional needs and the experience of our local customer relationship managers. In view of regulatory interventions, advising and supporting corporate customers in capital market transactions is becoming increasingly important.

CAPITAL MARKETS BUSINESS

Client-driven capital markets activities are also part of the comprehensive portfolio of products and services that we offer to our retail and corporate customers. The strategic significance of our centrally governed and locally rooted capital markets operations consists in supporting all other business areas in their dealings with the capital markets and, hence, in providing our customers with professional access to the financial markets. We therefore view our capital markets business as a link between financial markets and our customers. As a key capital markets player in the region, we also perform important functions such as market making, capital market research and product structuring.

Capital markets business serves the needs of our retail and corporate customers as well as those of government entities and financial institutions. Due to our strong network in the eastern part of the European Union, we have a thorough understanding of local markets and customer needs. In our capital markets business, too, we concentrate on core markets of retail, SME and large corporate business: Austria, the Czech Republic, Slovakia, Romania, Hungary, Croatia and Serbia. For institutional customers, specialised teams have been established in Germany and Poland as well as in Hong Kong and New York that offer these customers a tailor-made range of products.

In many countries where we operate, the local capital markets are not yet as highly developed as in Western Europe or in the United States of America. That means our banking subsidiaries are pioneers in some of these markets. Therefore, building more efficient capital markets in the region is another strategic objective of our capital markets activities.

PUBLIC SECTOR BUSINESS

Solid deposit business is one of the key pillars of our business model. Customer deposits surpass lending volume in many of our geographic markets. Our banking entities make a significant part of this liquidity available as financing to the region's public sector entities. In this way, we facilitate essential public sector investment. Our public sector customers are primarily municipalities, regional entities and sovereigns that we additionally support and advise in capital market issuance, infrastructure financing and project financing. Furthermore, we cooperate with supranational institutions. In terms of sovereign bond investments, we focus on Central and Eastern Europe equally.

Adequate transport and energy infrastructure and municipal services are absolutely key prerequisites for sustainable economic growth in the long term. Therefore, we view infrastructure finance and all associated financial services to be of extreme importance.

INTERBANK BUSINESS

Interbank business is an integral part of our business model that performs the strategic function of ensuring that the liquidity needs of our customer business are met. In particular, this involves short-term borrowing and lending of liquid funds in the interbank market.

Core markets in the eastern part of the European Union

When Erste Group went public as an Austrian savings bank with no meaningful foreign presence in 1997, it defined its target region as consisting of Austria and the part of Central and Eastern Europe that had realistic prospects of joining the European Union. The aim was to benefit from the attractive growth prospects in these countries. Against the backdrop of emerging European integration and limited potential for growth in Austria, Erste Group acquired savings banks and financial institutions in countries adjacent to Austria from the late 1990s onwards. This part of Europe offered, and still offers, the best structural, and therefore long-term, growth prospects.

Today, we have an extensive presence in the following core markets: Austria, the Czech Republic, Slovakia, Romania, Hungary and Croatia – all of which are members of the European Union. Following significant investments in our subsidiaries, we hold considerable market positions in these countries. In Serbia, which has been granted European Union candidate status, we maintain a minor market presence, but one that may be expanded through acquisitions or organic growth as the country makes progress towards European Union integration. In addition to our core markets, we also hold direct and indirect majority and minority banking participations in Slovenia, Montenegro, Bosnia and Herzegovina and North Macedonia.

Growing importance of innovation and digitalisation

The pace of digital transformation has accelerated considerably due to technological changes, demographic developments and regulatory interventions. As a result, customer behaviour and customer expectations towards financial products have also changed significantly. We are convinced that digital banking business will continue to gain in importance and will be essential for the economic success in the long term, and we therefore foster digital innovation with the aim of digitalising our banking products and processes end-to-end.

Our hybrid business model integrates various sales and communication channels. Customers decide on how, when and where they do their banking business. Contact centers serve as interfaces between digital banking and traditional branch business. These contact centers offer advice and sales, thus going far beyond the traditional help desk function.

Our digital strategy is based on our digital platform George. It aims to provide customers access to personalised products from Erste Group. Through application programming interfaces (APIs), a wide range of co-operations – whether with fintechs, start-ups or across industries – is available and can therefore help open up new markets and attract new customers.

George was implemented for retail customers in Austria in 2015. In the meantime, it is also running in the Czech Republic, Slovakia, Romania, Croatia and Hungary. It will also be rolled out in Serbia. The range of digitally available products and services is being constantly expanded. Customers can activate applications via plug-ins and use them to manage their finances. George Business was developed to provide our corporate customers with excellent digital banking as well. It was implemented in Austria in 2022 and in Romania in 2023. The completion of the roll-out in the Czech Republic is scheduled for 2024, the implementation in the other local banking subsidiaries will follow. The aim is to offer an outstanding digital user experience on a group-wide basis across all customer segments on one platform.

Intra-group, interdisciplinary teams are developing innovative solutions and new, AI-supported interaction options in George, such as a modernised ecosystem for securities trading or George Junior, a digital offering for children and their parents with a financial solution that is attractive for the entire family and was implemented in Romania in 2023.

It is our unequivocal ambition to be the key contact for our customers. This means that we must also continue to focus on the prerequisites in order to meet this requirement. Two core areas are of particular importance:

_ Improving data analysis so that we can better understand the needs of our customers and offer appropriate solutions with pinpoint accuracy.

_ Further simplifying our digital offerings, with a focus on ensuring the perfect user journey, and expanding these offerings to include new products.

Focus on sustainability and profitability

Acting responsibly and earning a premium on the cost of capital is a key prerequisite for the long-term survival of any company and the creation of value for customers, investors and employees. Only a bank that operates in a sustainable manner – balancing the social, ecological and economic consequences of its business activities – and profitably can achieve the following: provide customers with products and services that support them in achieving their financial ambitions; deliver the foundation for share price appreciation as well as dividend and coupon payments to investors; create a stable and rewarding work environment for employees and be a reliable contributor of tax revenues to society at large.

The management board adopted a Statement of Purpose to reaffirm and state in more detail the purpose of Erste Group to promote and secure prosperity across the region. Building on this Statement of Purpose, a Code of Conduct defines binding rules of day-to-day business for employees and members of both the management and supervisory boards. At the same time, the Code of Conduct underlines that in pursuing our business activities, we value responsibility, respect and sustainability. The Code of Conduct is an important tool for preserving the reputation of Erste Group and strengthening stakeholder confidence. Sustainability in this context means operating our core business both in a socially and environmentally responsible manner and economically successfully.

Through a combination of stable revenues, low loan loss provisions and cost efficiency, profits can be achieved on a long-term basis. This is helped by a strong retail-based funding profile. When growth opportunities are elusive, as they will be from time to time, or the market environment is less favourable as a result of factors including high taxation, increased regulation or low interest rates, there will be a stronger focus on efficiency measures. When the operating environment improves, more time will be devoted to capturing growth in a responsible way. Irrespective of the environment, we should benefit materially from operating in the region of Europe that offers the best structural growth opportunities for some time to come.

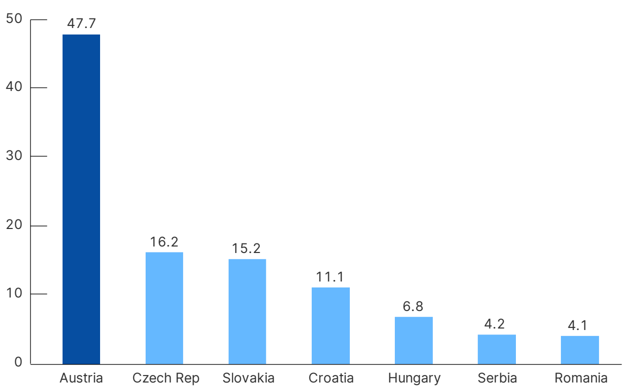
LONG-TERM GROWTH TRENDS IN CENTRAL AND EASTERN EUROPE

The economic catch-up process across the countries of Central and Eastern Europe and the underlying convergence trend continue. This is due, on the one hand, to the fact that the region has to make up for almost half a century of the shortfalls of the socialistic planned economy and, on the other hand, to the fact that banking activities were largely non-existent during that time. With the exception of deposit-taking, modern banking services were largely unknown in these countries after the fall of communism. On the lending side, this was due to high nominal and real interest rates and also to disposable incomes that did not support household credit growth. In addition, a healthy competitive environment was lacking due to extensive state ownership. All this has changed.

Most formerly state-owned banks have been sold to strategic investors that have fostered product innovation and competition. Economic growth, which temporarily declined substantially in some countries in CEE following the economic and financial crisis, recovered again. Despite such economic slowdowns and potential temporary negative impacts on the banking markets in Central and Eastern Europe, these factors will remain the driving force behind future development.

Disposable income has risen strongly on the back of growing gross domestic product. In addition, most countries of Central and Eastern Europe have human resources that are at least equivalent to those of Western European countries but do not need to struggle with the unaffordable costs of the Western welfare states in the long term and have labour markets that are considerably more flexible. These advantages are complemented by – on average – highly competitive export industries that benefit from wage costs that are low relative to workforce productivity and from investor-friendly tax and welfare systems.

Customer loans/capita in CEE (2023) in EUR thousand



Source: Local central banks, Erste Group

A comparison of per capita private debt levels in Central and Eastern Europe with those of advanced economies reveals that even today an enormous gap exists between these markets. Countries such as the Czech Republic and Slovakia, but also Croatia and Hungary, are many years away from reaching Austrian or Western European levels of loans per capita; also in relative terms, these countries differ substantially regarding debt levels common in the West. The contrast to Serbia or Romania is even more pronounced – private debt levels, and particularly household debt, are substantially lower than in the advanced economies. We firmly believe that credit expansion accompanied by economic growth in this region will prove to be a lasting trend rather than a short-term process that has already peaked.

Over the coming 15 to 20 years, on average, the countries of the eastern part of the European Union are therefore expected to experience higher growth rates than the countries of Western Europe, even though periods of expansion may alternate with times of economic stagnation or even setbacks on this long-term path of sustainable growth.

OUR ESG STRATEGY

Since Erste Group was founded, the idea of sustainability has been an integral part of our business activities. Today, the green transition and social inclusion are the pillars of our ESG strategy.

For us, the green transition means providing financial resources to limit climate change and global warming. Our goal is to bring the carbon footprint of our portfolio to a net-zero status by 2050. We specify our efforts and thus their implementation with specific, science-based goals for each defined sector. The net-zero status of banking operations should be achieved by 2030. We are one of the first banking groups in the region to join the Net-Zero Banking Alliance.

For us, social inclusion means more than providing financial services; it also includes financial literacy, social banking, affordable housing and gender equality. We are convinced that a good socio-economic environment forms the basis for solid banking business and has a positive impact on our economic development.

The strategic pillars of the green transition and social inclusion are supported by best-in-class governance. Our ESG strategy is anchored in the governing bodies, the Management Board and the Supervisory Board. This ensures that our ESG strategy is established at all levels of the Group and comprehensively integrated into the business processes.

BUILDING ON A STRONG BRAND

Just over 200 years ago, our founding fathers wrote: “No age, gender, social class, or nationality shall be excluded from the benefits that a savings bank offers every depositor.” With this founding principle – which was revolutionary at the time – Erste oesterreichische Spar-Casse contributed substantially to making financial services available for all segments to the population across our region.

Erste Group was founded to give everyone access to financial services and has developed into an institution that has an impact on the prosperity and the future of a region. Today, we are one of the largest banking groups and employers in Central and Eastern Europe. The trust that we and our local banks have enjoyed stems from the fact that we have truly been putting the founding principle into practice.

A brand is a consistent promise. It is more than a logo – it is about the perception that people have when they think about or hear of an organisation, its products and its services. Brands have an important identification and differentiation function, which in turn determines whether a customer chooses one brand over another. Ultimately, companies with strong brands benefit from emotional relationships with their customers. Only a few businesses were founded with the aspiration of achieving more than just making profit. We are one of these and have been benefitting from a high degree of brand awareness and trustworthiness.

Over the last years, we have transformed our brand communication from being category- and product-driven to having a purpose-driven approach. To this end, we have established a Statement of Purpose as the main group-wide pillar of our brand communication: “Our region needs people who believe in themselves and a bank that believes in them.”

More than 200 years ago, a success story started that continues until the present day. The savings banks were founded on this basis of personal trust and the belief in ideas, plans for the future and people’s capabilities and potential. Whether it is in an individual’s personal life, in a business start-up or a long-established enterprise, in business or in society at large – trust and confidence in the future, believing in oneself and others, the belief in ideas and entrepreneurship are the key prerequisites for personal growth and social well-being.

Therefore, it is not products and services that mark the beginning of the relationship between us and our customers, but ideas, goals, needs, dreams and plans. It all starts with people who believe in their ability to attain prosperity and shape the future. The future is created by people who believe in themselves and their ideas – their visions of the future.

“Our region needs people who believe in themselves. And a bank that believes in them” is the key sentence that stands for the approach to which we have been firmly committed for more than 200 years. #believeinyourself is more than a lead narrative. It encourages people to pursue their aspirations, to create something, and embodies our promise to assist them along the way to financial health.

Business overview

PERFORMANCE ANALYSIS

P&L 2023 compared with 2022; balance sheet as of 31 December 2023 compared with 31 December 2022

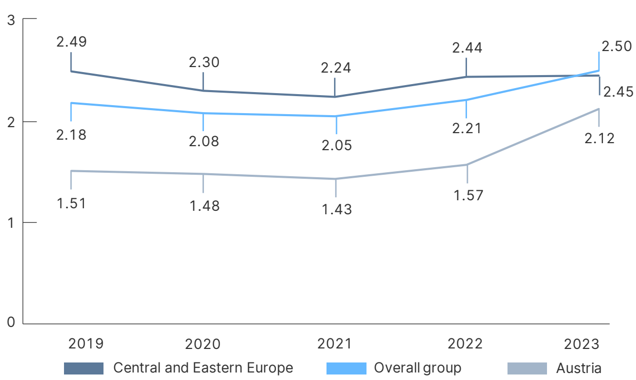
Profit and loss statement

in EUR million	2022	2023	Change
Net interest income	5,951	7,228	21.5%
Net fee and commission income	2,452	2,640	7.6%
Net trading result and gains/losses from financial instruments at FVPL	-47	449	n/a
Operating income	8,571	10,552	23.1%
Operating expenses	-4,575	-5,020	9.7%
Operating result	**3,996**	**5,532**	**38.4%**
Impairment result from financial instruments	-300	-128	-57.3%
Other operating result	-399	-468	17.4%
Levies on banking activities	-187	-183	-1.9%
Pre-tax result from continuing operations	**3,222**	**4,795**	**48.8%**
Taxes on income	-556	-874	57.2%
Net result for the period	**2,666**	**3,921**	**47.0%**
Net result attributable to non-controlling interests	502	923	84.0%
Net result attributable to owners of the parent	**2,165**	**2,998**	**38.5%**

Net interest income

Net interest income rose significantly both in retail and in corporate business. This marked increase was due to higher market rates most notably in Austria, Hungary, Croatia and Romania as well as higher loan volumes in nearly all core markets. In the Czech Republic, net interest income was negatively impacted by higher interest expense on deposits and slow repricing of retail loans.

Net interest margin in %

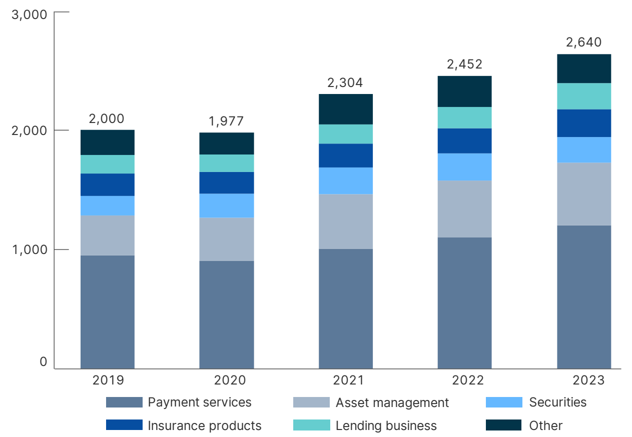


The net interest margin (calculated as the annualised sum of net interest income, dividend income and net result from equity method investments over average interest-bearing assets) widened markedly to 2.50% (2.21%).

Net fee and commission income

Growth was achieved across all core markets and nearly all fee and commission categories. Significant rises were recorded most notably in payment services in nearly all segments, with the exception of Serbia, driven by a larger number of transactions as well as repricing. Income from asset management and lending continued its positive trend.

Net fee and commission income, structure and trend in EUR million



Net trading result & gains/losses from financial instruments measured at fair value through profit or loss

Net trading result as well as the line item gains/losses from financial instruments measured at fair value through profit or loss are materially affected by the fair value measurement of debt securities issued. The related valuation is shown in the fair value result, the valuation of corresponding hedges in the net trading result.

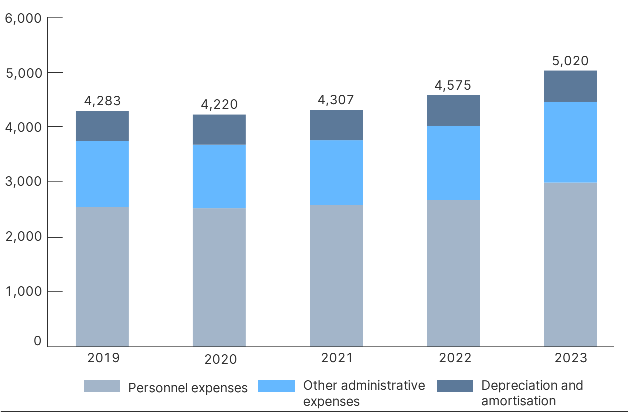
Net trading result turned positive to EUR 754 million (EUR -779 million) due to valuation effects resulting from interest rate moves in the securities and derivatives business as well as higher income from foreign currency transactions. Gains/losses from financial instruments measured at fair value through profit or loss trended in the opposite direction and deteriorated to EUR -306 million (EUR 731 million). While the valuation of debt securities in issue resulted in losses, gains were posted from the valuation of the loan portfolio measured at fair value in Hungary and from the valuation of the securities portfolio in Austria (in the Savings Banks segment).

General administrative expenses

in EUR million	2022	2023	Change
Personnel expenses	2,668	2,991	12.1%
Other administrative expenses	1,356	1,468	8.3%
Depreciation and amortisation	551	560	1.7%
General administrative expenses	**4,575**	**5,020**	**9.7%**

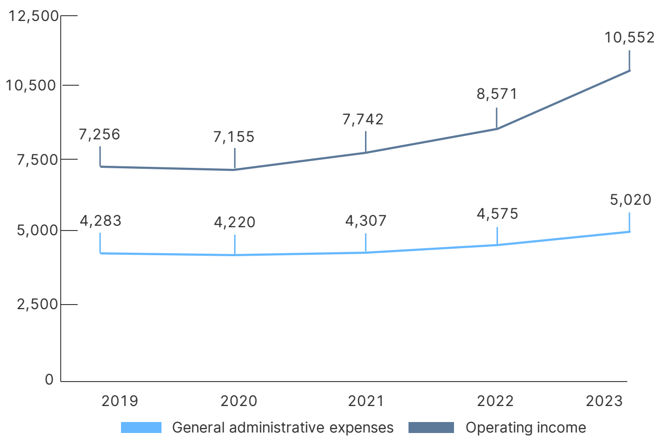
Personnel expenses increased in all core markets – most significantly in Austria, the Czech Republic and Romania – driven mostly by higher collective salary agreements. The increase in other administrative expenses was primarily attributable to higher IT, marketing and office-related expenses. By contrast, contributions to deposit insurance schemes declined to EUR 114.0 million (EUR 143 million). In Hungary, expenses dropped to EUR 5 million (EUR 18 million) as contributions in the comparative period had been higher due to a deposit insurance case (Sberbank Europe). In Austria, contributions declined to EUR 68 million (EUR 80 million), in Slovakia to EUR 2 million (EUR 10 million).

General administrative expenses, structure and trend, in EUR million



The cost/income ratio improved to 47.6% (53.4%).

Operating income and operating expenses in EUR million



Gains/losses from derecognition of financial instruments not measured at fair value through profit or loss

Gains/losses from derecognition of financial instruments not measured at fair value through profit or loss amounted to EUR 141 million (EUR 75 million). This most notably includes negative results from the sale of securities in Austria.

Impairment result from financial instruments

The impairment result from financial instruments amounted to EUR -128 million (EUR -300 million). Net allocations to provisions for loans and advances declined to EUR 264 million (EUR 336 million), primarily on the back of releases in Romania.

Positive contributions came from income from the recovery of loans already written off, most notably in Austria, the Czech Republic and Croatia, in the amount of EUR 80 million (EUR 82 million) as well as from net releases of provisions for loan commitments and financial guarantees in the amount of EUR 70 million (net allocations of EUR 28 million).

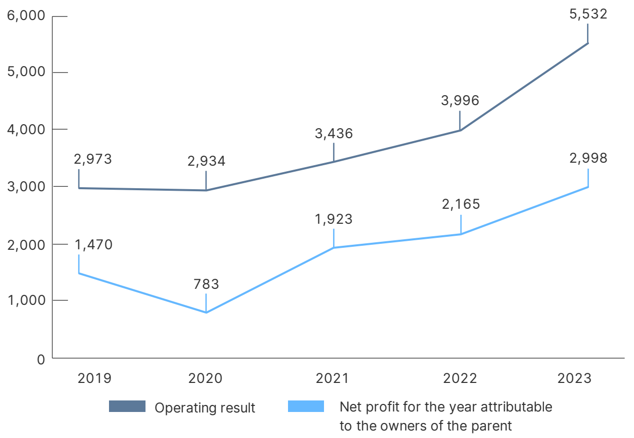
Other operating result

Other operating result was significantly affected by contributions to resolution funds and taxes and levies on banking activities. Contributions to resolution funds declined in all markets to EUR 113 million (EUR 139 million). The most notable decline was recorded in Austria, to EUR 65 million (EUR 74 million). Taxes and levies on banking activities were lower at EUR 183 million (EUR 187 million). Thereof, EUR 46 million (EUR 63 million) was payable by Austrian entities. In Hungary, banking levies rose to a total of EUR 137 million (EUR 124 million): in addition to regular Hungarian banking tax of EUR 17 million (EUR 15 million), a windfall tax based on the previous year's net revenues was posted in the amount of EUR 48 million (EUR 50 million). Financial transaction tax amounted to EUR 71 million (EUR 59 million). The balance of allocations/releases of other provisions deteriorated to EUR -23 million (EUR 46 million). In addition, impairment losses on tangible and intangible assets were recognised in the amount of EUR 70 million (EUR 44 million).

Net result

The rise in the minority charge to EUR 923 million (EUR 502 million) was attributable to significantly better results from the savings banks – primarily due to higher net interest income. The net result attributable to owners of the parent rose to EUR 2,998 million (EUR 2,165 million) on the back of the strong operating result and low risk costs.

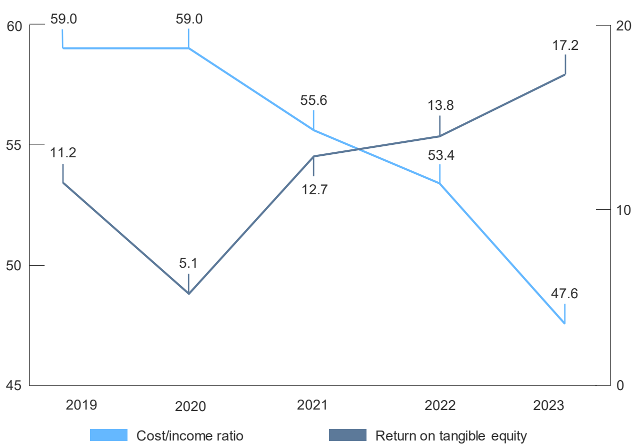
Operating result and net profit/loss for the year attributable to owners of the parent in EUR million



Cash earnings per share in 2023 amounted to EUR 6.82 (EUR 4.85). Earnings per share were EUR 6.80 (EUR 4.83).

The cash return on equity, i.e. the return on equity adjusted for non-cash expenses such as goodwill amortisation and straight-line depreciation for customer relationships, was 15.9% (return on equity: 15.9%) after 12.7% (return on equity: 12.6%) last year.

Key profitability ratios in %



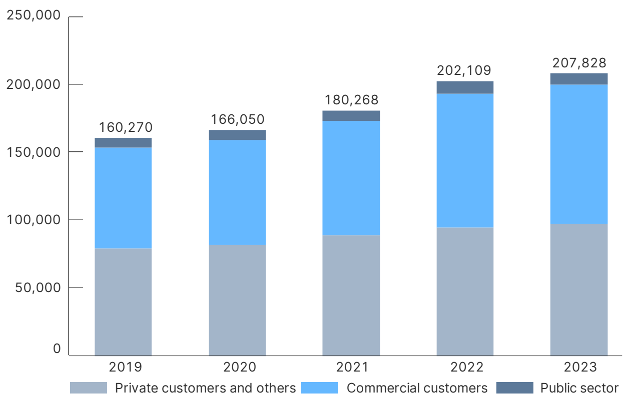
Balance sheet

in EUR million	Dec 22	Dec 23	Change
Assets			
Cash and cash balances	35,685	36,685	2.8%
Trading, financial assets	59,833	63,690	6.4%
Loans and advances to banks	18,435	21,432	16.3%
Loans and advances to customers	202,109	207,828	2.8%
Intangible assets	1,347	1,313	-2.5%
Miscellaneous assets	6,456	6,206	-3.9%
Total assets	**323,865**	**337,155**	**4.1%**
Liabilities and equity			
Financial liabilities held for trading	3,264	2,304	-29.4%
Deposits from banks	28,821	22,911	-20.5%
Deposits from customers	223,973	232,815	3.9%
Debt securities issued	35,904	43,759	21.9%
Miscellaneous liabilities	6,599	6,864	4.0%
Total equity	25,305	28,502	12.6%
Total liabilities and equity	**323,865**	**337,155**	**4.1%**

Cash and cash balances amounted to EUR 36.7 billion (EUR 35.7 billion). Trading and investment securities held in various categories of financial assets increased to EUR 63.7 billion (EUR 59.8 billion).

Loans and advances to credit institutions (net), including demand deposits other than overnight deposits, grew – primarily in Austria and in the Czech Republic – to EUR 21.4 billion (EUR 18.4 billion). Loans and advances to customers (net) increased to EUR 207.8 billion (EUR 202.1 billion), most notably due to organic growth in Slovakia and Croatia as well as inorganic growth in the Czech Republic. Both retail and corporate loan volumes increased.

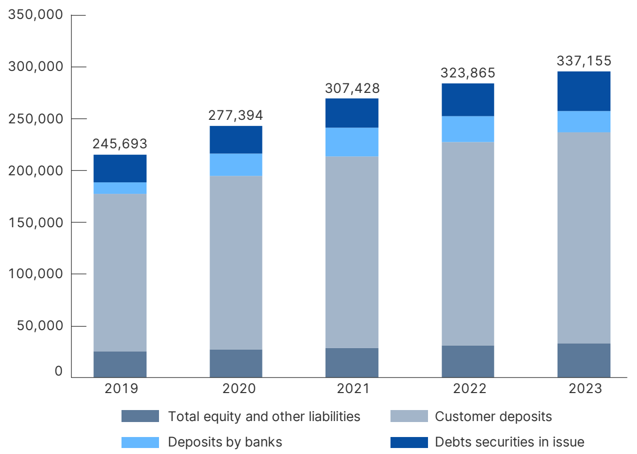
Loans and advances to customers, structure and trend, in EUR million



Loan loss allowances for loans to customers were nearly unchanged at EUR 4.1 billion (EUR 4.0 billion). The NPL ratio – non-performing loans as a percentage of gross customer loans – deteriorated slightly to 2.3% (2.0%), the NPL coverage ratio (based on gross customer loans) slipped to 85.1% (94.6%).

Financial liabilities – held for trading amounted to EUR 2.3 billion (EUR 3.3 billion). Deposits from banks, including term deposits in an amount of EUR 6.4 billion (EUR 15.6 billion) carrying amount of TLTRO III funds, declined to EUR 22.9 billion (EUR 28.8 billion); deposits from customers rose to EUR 232.8 billion (EUR 224.0 billion) due to strong growth in term deposits of financial institutions.

Balance sheet structure/liabilities and total equity in EUR million

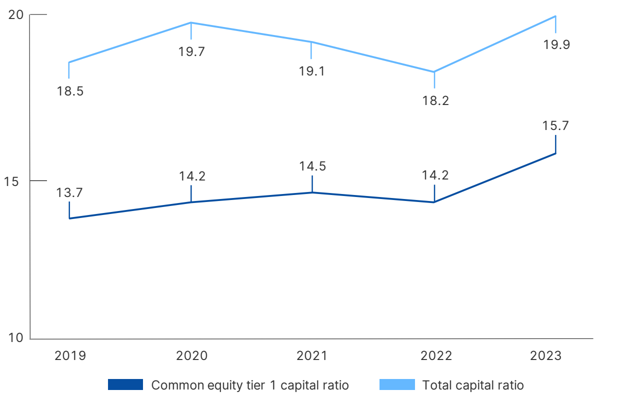


The loan-to-deposit ratio stood at 89.3% (90.2%). Debt securities in issue increased to EUR 43.8 billion (EUR 35.9 billion).

Total assets rose to EUR 337.2 billion (EUR 323.9 billion). Total equity increased to EUR 28.5 billion (EUR 25.3 billion). This includes AT1 instruments in the amount of EUR 2.4 billion. After regulatory deductions and filtering in accordance with the Capital Requirements Regulation (CRR) common equity tier 1 capital (CET1, CRR final) rose to EUR 22.9 billion (EUR 20.4 billion) as did total own funds (CRR final) to EUR 29.1 billion

(EUR 26.2 billion). Total risk – risk-weighted assets including credit, market and operational risk (CRR final) – increased to EUR 146.5 billion (EUR 143.9 billion).

Total capital ratio and common equity tier 1 capital ratio in %



The total capital ratio, total eligible qualifying capital in relation to total risk (CRR final), rose to 19.9% (18.2%), well above the legal minimum requirement. The tier 1 ratio increased to 17.3% (15.8%), the common equity tier 1 ratio advanced to 15.7% (14.2%) (both ratios CRR final).

OUTLOOK

Erste Group's goal for 2024 is to achieve a return on tangible equity (ROTE) of about 15%. Three key factors will support achievement of this goal: firstly, a moderate improvement in economic growth compared to 2023 in Erste Group's seven core markets (Austria, Czech Republic, Slovakia, Romania, Hungary, Croatia and Serbia) despite continued geopolitical risks, which, should they materialise, would likely negatively impact economic performance; secondly, a continued broadly positive, even if slightly deteriorating credit risk environment; and, finally, the continuous ability of Erste Group to attract new and retain existing customers through continuous development of its product portfolio and its brand. The key headwind to achievement of this goal is the magnitude and timing of the expected central bank rate cuts in all of Erste Group's markets. Overall, Erste Group expects a slight decline in operating result, which hit a historic high in 2023, and, consequently, a moderate deterioration in the cost/income ratio to a level of about 50%, also from a historic best in 2023 of 47.6%.

The expectation by economists is for Erste Group's core markets to post improved real GDP growth in 2024. Inflationary pressures are expected to continue their downward trend in 2024. Continued strong labour markets should be supportive of economic performance in all of Erste Group's markets. Current account balances are projected to remain at sustainable levels in most countries, while fiscal deficits should continue their path of consolidation. Public debt to GDP in all Erste Group markets is projected to be broadly stable, and hence remain materially below the euro zone average.

Against this backdrop, Erste Group expects net loan growth of about 5%. Retail and corporate business should contribute in all markets towards the achievement of this goal. Loan growth is projected to offset some of the interest rate headwinds detailed above, resulting in a moderate decline of about 3% in net interest income versus 2023, following a historic upswing over the past two years. The second most important income component – net fee and commission income – is expected to rise by about 5%. As in 2023, growth momentum should again come from payment services, insurance brokerage fees as well as asset management and securities business, with the latter being dependent on a constructive capital markets environment. The net trading and fair value result, which recovered significantly in 2023, is expected to normalise at historically observed levels in 2024. This, however, will depend substantially on the actual short- and long-term interest rate environment. The remaining income components are forecast to remain, by and large, stable. Overall, operating income is therefore expected to decrease slightly in 2024, albeit from a historic high in 2023. Operating expenses are expected to rise by approximately 5%. With this, the cost/income ratio should remain at a solid level of about 50%.

Based on the macro-outlook presented above, risk costs should remain at a low level in 2024. While precise forecasting is hard at current low risk cost levels, Erste Group believes that risk costs in 2024 will be below 25 basis points of average gross customer loans. While a forecast for the other operating result and various categories of gains and losses from financial instruments not measured at fair value is challenging, this combined item is likely to improve versus 2023 in the absence of significant one-off effects. Assuming an effective group tax rate of below 20% and lower minority charges compared to 2023, Erste Group aims to achieve a ROTE of about 15% in 2024. The CET1 ratio is expected to remain strong, providing enhanced capital return and/or M&A flexibility, despite Erste Group targeting the execution of a share buyback in the amount of EUR 500 million in 2024. Potential risks to the guidance include (geo)political and economic (including monetary and fiscal policy impacts) developments, regulatory measures as well as changes to the competitive environment. International (military) conflicts, such as the war in Ukraine and in the Middle East do not impact Erste Group directly, as it has no operating presence in the regions involved. Indirect effects, such as financial markets volatility, sanctions-related knock-on effects, supply chain disruptions or the emergence of deposit insurance or resolution cases cannot be ruled out, though. Erste Group is moreover exposed to non-financial and legal risks that may materialise regardless of the economic environment. Worse than expected economic development may put goodwill at risk.

Development in the core markets

This chapter provides an overview of the developments in our seven core markets (by segments). In addition to economic reviews, we provide updates on the banking markets. Interviews with the CEOs of our local banks and board members of the Holding provide further insights to the respective business environment.

The descriptions of the core markets are supplemented by financial and credit reviews. For more details, please see Note 1 Segment Reporting. Additional information is available in Excel format at https://www.erstegroup.com/en/investors/reports/financial-reports.

Operating income consists of net interest income, net fee and commission income, net trading result, gains/losses from financial instruments measured at fair value through profit or loss, dividend income, net result from equity method investments and rental income from investment properties & other operating leases. The latter three listed items are not shown in the tables below. Net trading result and gains/losses from financial instruments measured at fair value through profit or loss are summarised under one position. Operating expenses correspond to the position general administrative expenses. Operating result is the net amount of operating income and operating expenses. Risk provisions for loans and receivables are included in the position impairment result from financial instruments. Other result summarises the positions other operating result and gains/losses from financial instruments not measured at fair value through profit or loss, net. The cost/income ratio is calculated as operating expenses in relation to operating income. The return on allocated capital is defined as the net result after tax/before minorities in relation to the average allocated capital.

Austria

Economic review

Austria's well diversified, open and developed economy performed weaker than expected in 2023. The slight economic decline was driven by weak performance of both private consumption and investment activity. Private consumption was negatively impacted by still elevated inflation, which eroded disposable household income. The slowdown of investment activity was particularly pronounced in the construction sector. Exports, with a share of 48% of the country's GDP, were strong at the beginning of the year. Although exports slowed down in the second half of the year, they still contributed positively to economic performance, driven mainly by machinery, chemical and food products. Austria's tourism sector boomed in 2023. The summer season's overnight stays posted the highest figure for decades. In general, the labour market remained strong with an unemployment rate of 5.1%. Overall, real GDP declined by 0.7%. GDP per capita amounted to EUR 52,400.

The general government deficit decreased from 3.5% of GDP in 2022 to 2.5% in 2023. This improvement was mainly driven by the phase-out of COVID-19 measures as well as the relatively moderate level of unemployment benefit payments due to the robust labour market. On the other hand, measures to mitigate the impact of high energy prices such as increased family allowances, tax benefits or electricity price caps were maintained. Anti-inflation and climate-supporting measures alone accounted for more than EUR 6.4 billion in 2023. Public debt as a percentage of GDP decreased to 76.4%.

Inflation in Austria started to decline after it peaked in January 2023, mainly as a result of declining food and energy prices. Driven by significant nominal wage growth and high energy costs, inflation remained elevated in the services sector, especially in the hospitality industry. Overall, average inflation amounted to 7.7%, substantially higher than the EU average of 3.4%. Core inflation, excluding food and energy prices, increased by 7.3%. Residential property prices decreased slightly. Austria's monetary policy is set by the ECB which increased the key policy rate of the monetary union from 2.50% to 4.50% in six steps during the year.

All three major rating agencies affirmed Austria's high credit ratings, which are supported by the country's resilient economic structure. In August 2023, Fitch upgraded Austria's outlook from negative to stable due to diminished risks in relation to energy supplies. The rating agency maintained its credit rating at AA+. Moody's and Standard & Poor's affirmed their credit ratings for Austria at Aa1 and AA+, respectively, both with a stable outlook.

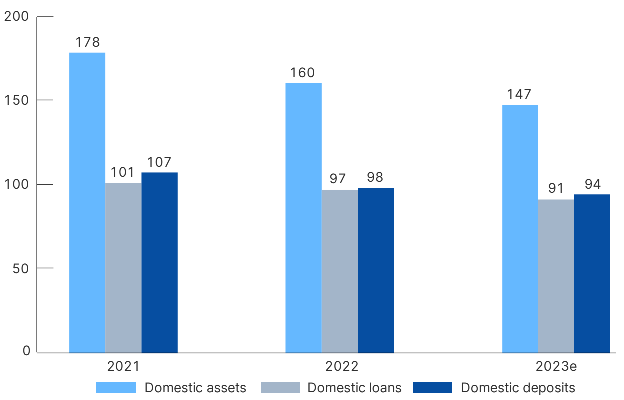
Key economic indicators – Austria	2020	2021	2022	2023e
Population (average, million)	8.9	9.0	9.1	9.1
GDP (nominal, EUR billion)	380.9	405.2	447.2	478.3
GDP/capita (in EUR thousand)	42.7	45.3	49.4	52.4
Real GDP growth	-6.6	4.2	4.8	-0.7
Private consumption growth	-8.5	4.2	5.7	-0.4
Exports (share of GDP)	41.2	43.4	47.5	47.7
Imports (share of GDP)	42.7	47.2	50.1	49.3
Unemployment (Eurostat definition)	6.0	6.2	4.8	5.1
Consumer price inflation (average)	1.4	2.8	8.6	7.7
Short term interest rate (3 months average)	-0.4	-0.6	0.4	3.4
Current account balance (share of GDP)	3.4	1.6	-0.3	2.4
General government balance (share of GDP)	-8.0	-5.8	-3.5	-2.7

Source: Erste Group

Market review

Austria's banking sector, with total (domestic) assets of 147.0% of GDP, strengthened capitalisation levels and maintained a very solid funding base. In contrast, macroeconomic conditions resulted both in muted lending and deposit volume growth in 2023. On the asset side, higher interest rates and regulatory measures led to weak customer loan growth of 0.7%. Corporate loans outgrew retail loans driven mainly by financing needs for inventories and working capital. Overall, corporate loans increased by 2.1%. Reflecting the low demand for housing and consumer loans, lending to households decreased by 1.9%. The share of variable rate loans continued to decline further. Customer deposits increased slightly by 1.8%, mainly due to the higher cost of living. Overall, the banking system's loan to deposit ratio stood at 97.1% by year-end.

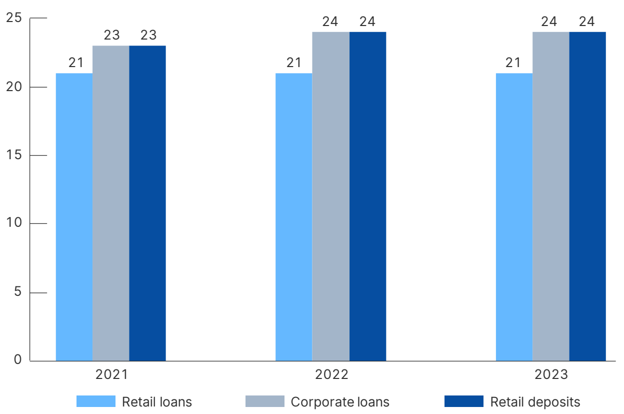
Financial intermediation – Austria (in % of GDP)



Source: National Bank of Austria, Erste Group

Stress test results, published annually by the Austrian National Bank, again confirmed that the domestic banking sector's risk-bearing capacity was adequate. Funding and liquidity profiles remained strong. The Austrian banking sector's liquidity ratios were high and comfortably above minimum requirements. Macro-prudential measures for residential real estate financing remained unchanged. These regulations, issued by the Austrian Financial Market Authority (FMA), include upper limits for loan-to-value ratios (90%), debt-service-to-income ratios (40%) and a maximum tenor of 35 years. These thresholds were applied to new mortgage lending to households exceeding EUR 50,000 and visibly impacted new business volumes. In addition, the systemic risk buffer (SRB) and the other systemically important institutions (OSII) buffer were increased by 50 basis points as of December 2022. The Austrian Financial Market Stability Board (FMSB) decided in October 2023 that the gradual increase in the combined requirements of the SRB and O-SII buffer was to be maintained.

Market shares – Austria (in %)



Source: National Bank of Austria, Erste Group

The Austrian banking sector's profitability rose in 2023. Operating income, especially net interest income, benefited from higher ECB rates. The net interest margin of Austrian banks increased. Net fee and commission income grew mainly on the back of higher payment fees. Administrative expenses rose on higher wage settlements. Asset quality remained strong, risk provisions were low. Austrian banks continued to pay banking tax. Overall, in 2023, the Austrian banking sector posted one of its most profitable years.

Despite its large number of banks, the Austrian sector remained highly concentrated, with the top three banking groups accounting for more than half of total assets. Erste Bank Oesterreich and the savings banks defended their combined market shares in both retail and corporate business. Benefitting from their balanced business model, the market shares ranged from 20% to 24%. Erste Group's market share in the domestic asset management business stood at 28%. George, Erste Group's market-leading digital banking platform, continued to be very popular. The number of customers using George grew by more than 200,000. With 2.5 million users and a digital sales ratio of 41%, more than a third of Austrian online banking customers used George.

ERSTE BANK OESTERREICH & SUBSIDIARIES

Business review

Interview with Gerda Holzinger-Burgstaller, CEO of Erste Bank Oesterreich

How did the competitive environment change?
As in previous years, the market environment was again marked by challenging economic developments. In 2023, lower real incomes due to persistently high inflation and weak industrial activity resulted in a decline in economic output. The loss of purchasing power and shrinking liquidity had a negative impact on savings and investment activity on the part of consumers and corporates. The ECB's rate hikes, the changed situation in the real estate sector and stricter rules for new real estate loans imposed by the Financial Market Authority led to a significant decline in demand for retail housing loans. As a result, lending volume to private households went down in Austria. At the same time, bank customers benefited from higher interest on their savings. Demand for investment products such as bonds was also stronger than in previous years when interest rates were at all-time lows. Because of the high density of banks in Austria, price competition remained fierce.

Buzzwords such as the green transition or financial health have become more and more important in sustainability reporting. Which developments would you highlight?
Supporting and financing the green transition is a core element of our strategy. This is also underscored by Erste Group's membership in the Net-Zero Banking Alliance. In 2023, we set additional CO_2 reduction targets for high-emission industries such as automotive and cement producers and successfully expanded the identification of green financing. In addition to target setting and reporting, the focus of our ESG efforts is on consistent action. Our activities in this area have already been recognised: in the Sustainability Perception Values Ranking compiled by the brand rating company "Brand Report", we were ranked second.

Ecological, social and economic sustainability have been an integral part of our advisory services and customer dialogue for several years. We offer our customers comprehensive sustainable financing concepts, including areas of great significance for the green transition such as real estate, heat and energy production and mobility. In asset management we offer a wide range of sustainable products.

In accordance with our founding mission, financial literacy is part of our societal and social commitment. For more than 200 years, we have been helping customers to gain a better understanding of their own financial situation by providing financial education and continuously pursuing innovation. With our social banking activities and through Zweite Sparkasse, we also help those to get back on their feet who are in financial difficulties.

How did you manage to successfully differentiate your business activities from those of your competitors?
Our newly launched advisory tool "Financial Health Check" takes an even more comprehensive look at our customers' financial health and offers our retail customers an innovative and holistic advisory experience. As a result of our advisory service, customers obtain a detailed picture of their financial situation and proposals for potential improvements. At the same time, we champion innovation: In 2023, we were the first Austrian bank to present an AI chatbot that uses artificial intelligence to build financial literacy in a manner that is simple and easy to understand.

We regard the use of innovative technologies combined with our hybrid service concept as a material contribution to the enhancement of our portfolio of services and products and hence to the improvement of our customers' financial health. For basic services and day-to-day financial matters, we encourage use of our digital channel George, through which customers' needs can be met quickly and efficiently. If required, we also support customers in person at the branches and assist them in using our digital services. For more complex needs, such as matters of financing and investment, we take ample time and provide advice at the branch and/or remotely, depending on preferences. We are pleased that our consistently customer-centric approach is being recognised across all channels: a survey conducted by Finnoconsult among 230 financial institutes confirmed that Erste Bank offers the best digital customer experience in German-speaking countries.

Looking back at the year, what major achievements or challenges were especially noteworthy?
With more than 95,000 new retail customers in 2023, we continued the success of previous years. This steady growth has been attributable to well-targeted measures as well as a strong brand. The prestigious brand ranking by Brand Finance repeatedly named Erste Bank and Sparkassen as the strongest brand in Austria. From the brand value analysis, Erste Bank emerged

as the second most valuable brand in Austria with a brand value of EUR 3.5 billion.

We have also been recognised for our strategy of consistent customer focus. In 2023, for example, we were pleased to receive awards as Best Major Bank in the Recommender Awards, Best Domestic Private Bank in Austria from Euromoney and Best Private Bank from PWM/The Banker. In the private banking segment, this distinction can be attributed, among other things, to a host of measures taken on the product side. We are the leading innovator in private equity. By creating a digital platform for our private banking customers with assets of EUR 50,000 or more, we have enabled them to easily invest in an asset class that in the past was mainly reserved for institutional investors. With this approach, we have become a pioneer at the European level. And what is even better: these investments can be held in a securities account and are eligible for final taxation.

For us, customer focus means meeting customers' individual needs. In the currently challenging environment, we help young people to make their dream of home ownership come true. With a "2% start bonus", we support the purchase or refurbishment of owner-occupied properties with an amount of up to EUR 4,000. To customers aged 50 or above we offer home equity loans that are tailored to the needs at that stage of life.

In 2023, we launched George Business, Austria's most advanced banking platform for corporates. With the integrated Financial Health Zone, we show corporate customers the financial situation of their enterprise from our perspective.

How did the cooperation with the savings banks develop, and what were the major achievements in this area?
In 2023, the Savings Banks Group again expanded its market position across Austria – by now, almost one in three Austrians trusts the Savings Banks Group when it comes to their financial affairs. The large number of new customers is proof of the attractiveness of their services, the professional quality of service and the significance of a regional approach.

The previously mentioned Financial Health Check has also been rolled out across the Savings Banks Group. With this approach to advisory services, we successfully provide added value across a range of needs and make it accessible to everyone. This unique offering makes us more relevant, differentiates us from our peers and, ultimately, often leads to new business and a larger share of the wallet. In this context, more than 400 coaches and managerial staff were trained in 2023 and more than 1,000 relationship managers were instructed in implementing the new support tool. As a next step, the tool will be optimised by sharing best practices within the Savings Banks Group.

Another focus was on optimising financing processes. Access to consumer loans was made simpler and easier both online and at the branches by means of what we call the Klick-Kredit (click a loan) option.

Financial review

in EUR million	2022	2023	Change
Net interest income	708.9	1,200.0	69.3%
Net fee and commission income	480.1	504.6	5.1%
Net trading result and gains/losses from financial instruments at FVPL	-0.8	8.5	n/a
Operating income	1,250.4	1,778.5	42.2%
Operating expenses	-688.6	-747.5	8.5%
Operating result	561.7	1,031.0	83.5%
Cost/income ratio	55.1%	42.0%	
Impairment result from financial instruments	-31.1	-53.3	71.1%
Other result	-35.8	-68.1	90.1%
Net result attributable to owners of the parent	320.1	681.2	>100.0%
Return on allocated capital	14.6%	32.6%	

The Erste Bank Oesterreich & Subsidiaries (EBOe & Subsidiaries) segment comprises Erste Bank der oesterreichischen Sparkassen AG (Erste Bank Oesterreich) and its main subsidiaries (e.g. sBausparkasse, Salzburger Sparkasse, Tiroler Sparkasse, Sparkasse Hainburg).

Net interest income increased due to higher market interest rates and higher customer loan volumes, only partially offset by higher interest expenses for repriced customer deposits and a moderate shift from current accounts to term deposits and savings accounts. Net fee and commission income rose mainly on the back of higher payment fees. Net trading result and gains/losses from financial instruments at FVPL improved on valuation effects. The increase in operating expenses was driven by higher personnel, IT and marketing expenses. The deposit insurance contribution decreased to EUR 27 million (EUR 32 million). Consequently, operating result and the cost/income ratio improved notably. Impairment result from financial instruments worsened due to negative changes in customer creditworthiness. Other result deteriorated mainly due to lower real estate selling gains. The banking tax decreased to EUR 16 million (EUR 23 million). The payment into the resolution fund decreased to EUR 16 million (EUR 17 million). Overall, the net result attributable to owners of the parent increased.

Credit risk

Credit risk exposure in the Erste Bank Oesterreich & Subsidiaries segment rose to EUR 52.5 billion (+1.9%), customer loans increased to EUR 41 billion (+2.3%). This segment accounted for 19.3% (19.4%) of Erste Group's total loan portfolio. The share of retail private individual customers in total loan volume slightly declined to 36.5% (37.2%), while the share of corporates, including self-employed individuals and small businesses, went up insignificantly to 58.6% (58.0%). Loans to professionals, other self-employed individuals and small businesses are less significant than they are for Austrian savings banks. Lending to the public sector increased in more pronounced manner and is slightly above EUR 2.0 billion (+6.2%), thus reversing the declining trend of its share of the total portfolio. Non-performing loans increased by EUR 137 million and as a percentage of total loans to customers to 1.8% (1.5%). The development was slightly positive only in the public sector segment. The NPL coverage ratio based on loan loss provisions declined to 55.6% (61.7%).

SAVINGS BANKS

Financial review

in EUR million	2022	2023	Change
Net interest income	1,222.5	1,891.7	54.7%
Net fee and commission income	623.1	656.1	5.3%
Net trading result and gains/losses from financial instruments at FVPL	-53.4	64.4	n/a
Operating income	1,843.9	2,659.7	44.2%
Operating expenses	-1,143.4	-1,258.9	10.1%
Operating result	700.5	1,400.7	100.0%
Cost/income ratio	62.0%	47.3%	
Impairment result from financial instruments	-62.2	-182.2	>100.0%
Other result	-24.8	-38.6	55.7%
Net result attributable to owners of the parent	56.9	122.3	>100.0%
Return on allocated capital	9.8%	20.6%	

The Savings Banks segment includes those savings banks which are members of the Haftungsverbund (cross-guarantee system) of the Austrian savings banks sector and in which Erste Group does not hold a majority stake but which are fully controlled according to IFRS 10. The fully or majority-owned savings banks Erste Bank Oesterreich, Tiroler Sparkasse, Salzburger Sparkasse and Sparkasse Hainburg are not part of the Savings Banks segment.

Net interest income increased due to higher market interest rates and higher customer loan volumes, only partially offset by higher interest expenses for repriced customer deposits and a moderate shift from current accounts to term deposits and savings accounts. Net fee and commission income increased mainly on the back of higher payment fees. Valuation effects led to the improvement of the net trading result and gains/losses from financial instruments at FVPL. Operating expenses increased due to higher personnel, IT and marketing expenses, partially compensated for by a lower contribution to the deposit insurance fund of EUR 41 million (EUR 48 million). Consequently, operating result as well as the cost/income ratio improved notably. Impairment result from financial instruments deteriorated mainly due to negative changes in customer creditworthiness observed in the fourth quarter of 2023. Other result deteriorated due to lower real estate selling gains and higher provisions for legal cases. Banking tax decreased to EUR 5 million (EUR 18 million) due to a one-off payment in 2022. Overall, the net result attributable to the owners of the parent increased.

Credit risk

Credit risk exposure in the Savings Banks segment increased slightly to EUR 79.9 billion (+0.7%), while loans to customers rose to EUR 58.9 billion (+1.7%). Their share in Erste Group's total loans to customers decreased to 27.8% (28.1%). Lending to private households registered below-average growth, and its share in the Savings Banks' total customer loan portfolio decreased to 37.7% (38.8%). Loans to professionals, other self-employed persons and small businesses decreased to EUR 6.5 billion (-3.7%). Despite a continuing decline of its share to 11.0% (11.6%) of total loans, the share of this customer segment was again significantly larger than in Erste Group's subsidiaries in Central and Eastern Europe. This reflects the Savings Banks' predominantly local and regional operations as well as the different structure of the Austrian economy, with a higher percentage of small and medium-sized enterprises than in Central and Eastern Europe. The share of non-performing loans in total loan volume to customers in the Savings Banks rose to 2.9% (2.2%). Coverage of non-performing loans with loan loss provisions declined to 64.8% (73.6%).

OTHER AUSTRIA

Business review

Interview with Ingo Bleier, Chief Corporates and Markets Officer

How did the competitive environment change?
The markets in CEE were characterised by interest rate levels that most likely achieved their peaks in the cycle across all currencies. The first central banks started to decrease the interest rates already in the fourth quarter. The interest rate development was a reaction to the high single – and in many countries even double – digit inflation scenario that shaped economies across Europe mainly in the first half of 2023.

On the back of the moderate economic growth and the inflationary environment, the corporate banking market developed positively, albeit at a lower pace compared to the previous year. Weakening credit demand increased pressure on margins.

Capital markets were very active in 2023, in particular through the strong issuance business across customer segments and products. Thanks to our superior rating we benefited from advantageous institutional funding throughout the year.

Buzzwords such as the green transition or financial health have become more and more important in sustainability reporting. Which developments would you highlight?
Sustainable finance is a core element in our strategy in corporates and markets. It translates into ambitious targets in business origination but also into an intensive mandatory training and development programme for our colleagues. Thanks to the focused approach, the volume of new specifically sustainable finance achieved EUR 2.95 billion in 2023, which is a plus of 34% compared to 2022.

Growth of "green funds" pursuant to Article 8 and 9 of the Sustainable Finance Disclosure Regulation (SFDR) outperformed the overall growth of funds in assets under management. With a plus of EUR 2.31 billion in volume, the share of "green funds" in the total portfolio of Erste Asset Management grew to 22.2% in 2023.

How did you manage to successfully differentiate your business activities from those of your competitors?
We are maintaining our focused digitalisation path built on the George brand. The corporate banking platform 'George Business' was rolled out in Austria. Agile adoption of the platform with new features as well as value-chain-enhancing co-operations is the future position of George Business that we are aiming to achieve. We launched the roll out of George Business in Romania and started the groundwork for further expansion in CEE.

In addition, several thousand financial health dialogues with our customers in and outside of our George Business platform confirm the added value of the rating transparency between the bank and our customers, thus positively impacting the customer experience. We are convinced that sharing our analytical know-how with our customers will further improve their financial health in the long run.

To grow our business, new customer acquisition is essential. The first contact and experience with Erste needs to be easy and modern. Digital onboarding for corporate customers in Austria, Romania and the Czech Republic already provides this experience for businesses with simple structures today. We will continue to expand this feature across our regional footprint.

Looking back at the year, what major achievements or challenges were especially noteworthy?
Overall, we achieved very good results in terms of financial performance as well as customer satisfaction across all our markets and business lines. To name a few highlights:

Erste Group played the key role in the Hidroelectrica IPO in summer 2023. This was the year's largest IPO in Europe. We were named 'Best bank for distribution', 'Best ESG Deal' and 'Best debut deal' by Global Capital for our covered bonds business. The roll-out of George Business in Austria was accompanied by a fantastic marketing campaign, which stands for the platform's modernity and its future orientation. In Serbia, we changed our core banking system to enable further organic growth. The new core banking system is the basis for the divisionalisation of markets business in the country.

In terms of private equity investment in the DACH and CEE regions, we successfully placed a new fund of funds for institutional and qualified private investors.

Financial review

in EUR million	2022	2023	Change
Net interest income	634.3	622.9	-1.8%
Net fee and commission income	293.1	321.4	9.7%
Net trading result and gains/losses from financial instruments at FVPL	-21.7	15.9	n/a
Operating income	953.9	1,020.6	7.0%
Operating expenses	-363.2	-394.3	8.5%
Operating result	590.6	626.3	6.0%
Cost/income ratio	38.1%	38.6%	
Impairment result from financial instruments	-64.3	134.6	n/a
Other result	4.0	16.7	>100.0%
Net result attributable to owners of the parent	401.7	586.2	45.9%
Return on allocated capital	15.7%	23.0%	

The Other Austria segment comprises the Corporates and Group Markets business of Erste Group Bank AG (Holding), Erste Group Immorent, Erste Asset Management and Intermarket Bank.

Net interest income decreased moderately due to a lower contribution of money market and interest-related derivatives in Group Markets, only partially compensated for by a one-off payment related to a successful restructuring case and higher customer deposit margins in Corporates business. Net fee and commission income improved due to higher asset management fees, higher lending fees in the Corporates business and higher fees from origination business in Group Markets. Net trading result and gains/losses from financial instruments at FVPL improved on valuation effects. Overall, operating income increased. Higher operating expenses on the back of higher personnel and project-related costs led to a slight increase in the cost/income ratio. The impairment result from financial instruments improved significantly; rating upgrades and recoveries as well as muted NPL inflows resulted in a net release. This was supported by improved risk parameters and reviewed criteria for collective SICR assessment (mainly for energy-intensive industries). Other result improved mainly on a lower level of litigation provisions; it included the resolution fund contribution of EUR 8 million (EUR 8 million). Overall, the net result attributable to owners of the parent improved.

Credit risk

The credit risk exposure in the Other Austria segment, almost completely related to Holding and Erste Group Immorent business, increased substantially to EUR 57.7 billion (+13.7%). Its share in Erste Group's total credit risk exposure increased to 15.8% (14.5%). A large proportion of risk positions was related to securities and cash balances held with other banks. At EUR 20.9 billion, the share of loans to customers in Erste Group's total loan portfolio amounted to 9.9% (10.4%) and was significantly lower than its contribution to credit risk exposure. This decrease in total loans to customers was driven primarily by large corporates business and by lending to the public sector. The improvement in asset quality continued, with the NPL ratio reaching 1.7% (2.0%). This was primarily attributable to the significantly decreasing unsecured non-performing loan portfolio. Coverage of non-performing loans with loan loss provisions also decreased to 54.0% (72.2%), primarily due to the release of overlay provisions for certain industries.

Czech Republic

Economic review

Economic performance in the Czech Republic remained subdued throughout 2023. Household demand was weak due to elevated inflation, declining real wages and negative household sentiment. Exports were negatively impacted by a deterioration in foreign demand, most pronounced in the case of Germany, the country's key trading partner. The automotive sector, one of the most important industries in the Czech Republic, employed 180,000 people and accounted for approximately 10% of the country's economy. Production of passenger vehicles increased by 14.8% due to a substantial volume of backlogs. Inventories declined after pronounced accumulation in the last couple of years. Investments benefited from inflows of European Union structural funds and Recovery and Resolution Facility funds but remained weak in some sectors, especially in the construction industry. The unemployment rate increased slightly to 2.6% but remained among the lowest in the European Union. Overall, real GDP decreased by 0.4%, and GDP per capita amounted to EUR 28,200.

Following parliamentary elections in October 2022, a new coalition government was formed, consisting of five political parties. In 2023, the country's budget deficit rose slightly to 3.6%. This development was mainly driven by rising expenditures due to the automatic indexation of pensions to inflation, various measures to mitigate the impact of elevated energy prices and defence donations to the Ukraine. The total budgetary cost of energy-related measures accounted for 1.2% of GDP. To improve public finances, the government approved a consolidation package including measures such as an increased personal and corporate income tax, higher real estate tax, limitations to tax deductibility, and higher social security contributions. At 44.8%, public debt as a percentage of GDP remained one of the lowest in the European Union.

Inflation in the Czech Republic remained relatively high. After a peak in headline inflation of 17.5% in January 2023, price levels started to decline significantly, mainly driven by lower energy and food prices. Average consumer price inflation stood at 10.7%, while core inflation amounted to 7.6%. The Czech koruna weakened against the euro, reflecting subdued economic performance, negative market sentiment and the unexpected end of the Czech National Bank's foreign exchange intervention regime in August 2023. By the end of the year the koruna traded at CZK 24.70 against the euro. The Czech National Bank (CNB) kept its policy rate at 7.0% until December 2023. Importantly, the CNB started the interest rate-easing cycle in December with a 25 basis-point reduction, the first cut in more than three years. At year-end, the repo rate was 6.75%.

In November 2023, Moody's upgraded the country's outlook from negative to stable while affirming its credit rating at Aa3. Moody's noted that the Czech Republic had become independent of Russian gas in 2023 when it completely replaced it with gas from alternative sources. Standard & Poor's confirmed its rating at AA- with a stable outlook. Fitch kept its rating at AA- with a negative outlook. (In February 2024, Fitch upgraded the outlook from negative to stable).

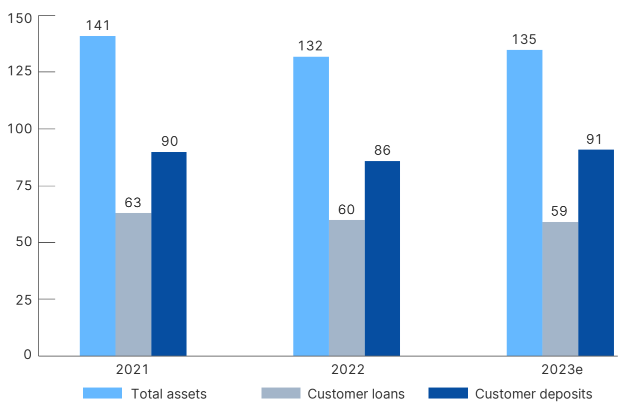
Key economic indicators – Czech Republic	2020	2021	2022	2023e
Population (average, million)	10.7	10.5	10.7	10.9
GDP (nominal, EUR billion)	215.8	238.1	276.3	306.0
GDP/capita (in EUR thousand)	20.2	22.7	25.8	28.2
Real GDP growth	-5.5	3.5	2.4	-0.4
Private consumption growth	-7.4	4.1	-0.8	-3.2
Exports (share of GDP)	61.1	64.1	59.9	57.4
Imports (share of GDP)	57.9	64.2	60.3	55.5
Unemployment (Eurostat definition)	2.6	2.8	2.2	2.6
Consumer price inflation (average)	3.2	3.8	15.1	10.7
Short term interest rate (3 months average)	0.9	1.1	6.3	7.1
EUR FX rate (average)	26.5	25.6	24.6	24.0
EUR FX rate (eop)	26.2	24.9	24.2	24.7
Current account balance (share of GDP)	2.0	-2.8	-6.1	1.2
General government balance (share of GDP)	-5.8	-5.1	-3.2	-3.6

Source: Erste Group

Market review

Despite the weak macroeconomic backdrop, the Czech banking sector continued to perform well in 2023. The central bank's annual stress test confirmed the resilience of the sector, highlighting high capitalisation and robust profitability. In 2023, customer loans grew by 7.0%, driven mainly by corporate lending. Retail loans increased by 4.7%. Corporate loans grew by 9.8%, with euro-denominated investment-related and working capital loans being key drivers. To support lending, the Czech central bank loosened rules on mortgage lending by abandoning regulatory limits for the debt-to-income ratio and debt-service-to-income ratio for mortgage applicants. The upper limit on the loan-to-value ratio remained at 80%, and 90% for applicants younger than 36 years. The central bank also decided to decrease the counter-cyclical buffer from 2.5% to 2.0% effective from October 2023. Customer deposit inflows remained strong with a growth rate of 14.4%. Growth was almost equally distributed between retail and corporate business. At year-end, the banking sector's loan-to-deposit ratio stood at 65.0%, while the total capital ratio exceeded 20%.

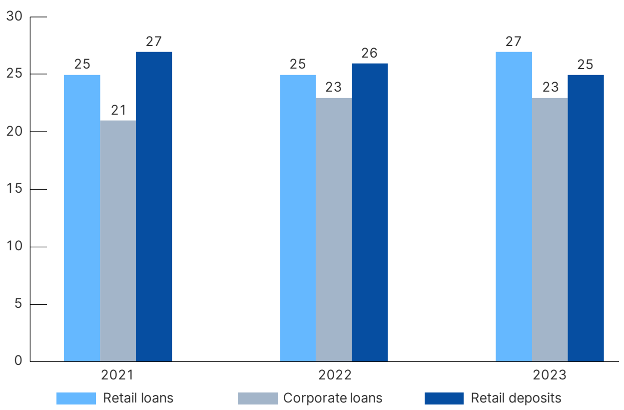
Financial intermediation – Czech Republic (in % of GDP)



Source: Czech National Bank, Erste Group

With a return on equity of 14.3%, sector profitability remained strong in 2023. While net interest income decreased due to higher cost of funding and the discontinuation of minimum reserve remuneration as of October 2023, net fee and commission income rose on the back of higher income from card transactions, asset management and insurance business. Cost management remained strict, with banks further reducing their numbers of branches. Asset quality remained very good, and low risk provisions also contributed to the banking sector's profitability. Consolidation of the banking sector continued throughout the year. In April 2023, Česká spořitelna successfully completed the purchase of the loan portfolio of the Czech subsidiary of Sberbank Europe. After signing an agreement with BNP Paribas and receiving all regulatory approvals, Česká spořitelna concluded the purchase of the consumer loan portfolio of Hello Bank in November 2023. Customer deposits of Hello Bank were taken over by Komerční Banka. The three largest banks continued to command a combined market share of approximately 60% in customer loans and deposits.

Market shares – Czech Republic (in %)



Source: Czech National Bank, Erste Group

Česká spořitelna maintained leading market positions across all product categories. Retail lending market shares ranged from 25% to 27%, while market shares in corporate lending rose to 23%. At 28%, the bank also retained the top position in consumer lending, including credit card business. Česká spořitelna maintained its market leadership position in asset management products with a market share of 26%. George mobile banking was the most used banking app on the market, both in terms of number of users and transaction volume. Česká spořitelna had almost 3 million George users by the end of 2023. Overall, Česká spořitelna's market share in terms of total assets stood at 18.0%.

Business review

Interview with Tomáš Salomon, CEO of Česká spořitelna

How did the competitive environment change?
The economic landscape underwent a notable transformation, primarily driven by persistently high inflation. This financial pressure compelled corporate clients to reassess and bolster their operational efficiency. Simultaneously, households found themselves navigating the challenges posed by inflation, leading them to significantly rationalise their budgets. In response to these shifting dynamics, financial institutions, including Česká spořitelna, observed an increasing demand for comprehensive advisory services addressing clients' financial conditions in both the retail and corporate sectors.

Buzzwords such as the green transition or financial health have become more and more important in sustainability reporting. Which developments would you highlight?
Financial health is no longer a mere buzzword; it has evolved into Česká spořitelna's strategic approach. Monitoring and improving clients' financial health have become paramount. Improving our clients' social situation inevitably leads to strengthening of overall sustainability. Our approach integrates the green transition not as a standalone process, but as an inseparable part of a holistic transformation strategy. This comprehensive approach includes technological transformation, ultimately leading to enhanced efficiency and competitiveness.

In the current context of the energy crisis and geopolitical tensions, the costs associated with the green transition may appear to outweigh the immediate benefits. However, we firmly believe that in due course there will be a significant surge in investments toward sustainable energy sources, and we perceive these investments as inherent business opportunities.

The acknowledgment of ESG transformation as a business opportunity by our clients is underscored by Česká spořitelna's annual financing level in renewable energy sources, which now approaches nearly ten billion Czech crowns and is swiftly reaching parity with financing for conventional energy sources. The growing confidence in the green transition is evidenced by escalating interest in green investments, both from retail and institutional investors.

How did you manage to successfully differentiate your business activities from those of your competitors?
Česká spořitelna has achieved a ground-breaking milestone by becoming the first bank in the Czech market to actively manage clients' financial health. Our strategic focus revolves around guiding both individuals and companies in the Czech Republic towards their financial well-being through a distinctive, personalised advisory concept based on tailor-made solutions provided through traditional or digital channels. Robust digital solutions allow scaling to serve millions of clients efficiently. Our commitment extends beyond financial health, encompassing initiatives to increase housing affordability, guide companies through the green transformation and steer them towards the creation of higher-value products and services.

Even before this, Česká spořitelna had made specific commitments to clients in key areas such as supporting the creation of financial reserves, facilitating retirement savings, providing financial education for children, and actively contributing to job creation and the competitiveness of companies. The aim is to realise these commitments by 2025, coinciding with Česká spořitelna's 200th anniversary.

Last year also witnessed distinctive activities, including Česká spořitelna's direct investment in a joint venture investment fund dedicated to supporting the development of new pharmaceutical products, diagnostic methods, and medical technologies. Additionally, we pioneered online dividend payments through a special web application utilising Bank iD, reinforcing our commitment to cutting-edge financial solutions.

Looking back at the year, what major achievements or challenges were especially noteworthy?
Already at the end of the third quarter, the value of loans granted surpassed one trillion Czech crowns, marking a historic achievement. The volume of investments managed for retail investors exceeded CZK 300 billion, solidifying Česká spořitelna's position as the largest provider of investment services in the Czech Republic. Addressing a critical societal issue, the affordability of housing, Česká spořitelna's subsidiary, Affordable Housing, successfully adopted a model from its parent company Erste Group Bank. This resulted in the initiation of the construction of more than 650 affordable rental apartments, for employees in key social professions.

Furthermore, throughout the year, Česká spořitelna successfully completed strategic acquisitions, securing loan portfolios from Sberbank CZ and Hello Bank. These acquisitions underscored our bank's commitment to growth and innovation in the financial sector, positioning Česká spořitelna as a leader in navigating the evolving competitive landscape.

Financial review

in EUR million	2022	2023	Change
Net interest income	1,416.7	1,319.6	-6.9%
Net fee and commission income	386.9	454.0	17.3%
Net trading result and gains/losses from financial instruments at FVPL	134.4	100.6	-25.1%
Operating income	1,952.3	1,893.9	-3.0%
Operating expenses	-868.5	-964.5	11.0%
Operating result	1,083.8	929.4	-14.2%
Cost/income ratio	44.5%	50.9%	
Impairment result from financial instruments	-25.9	-34.4	32.8%
Other result	-143.4	-82.9	-42.2%
Net result attributable to owners of the parent	758.5	679.2	-10.4%
Return on allocated capital	19.7%	15.4%	

The segment analysis is done on a constant currency basis. The CZK appreciated by 2.3% against the EUR in the reporting period. Net interest income in the Czech Republic segment (comprising Česká spořitelna Group) decreased on the back of higher funding costs – customer deposit repricing combined with a shift of volumes from current accounts towards term and savings deposits. The increase in net fee and commission income was mainly driven by higher securities fees as well as higher payment fees.

Valuation effects led to the reduction of net trading result and gains/losses from financial instruments at FVPL. Operating expenses increased mainly due to higher personnel as well as IT costs. Contributions to the deposit insurance fund rose to EUR 20 million (EUR 13 million). Overall, the operating result decreased, and the cost/income ratio worsened. Impairment result from financial instruments was impacted by provisions related to the newly integrated Sberbank and Hello bank portfolios, whereby risk costs related to the existing portfolio decreased. Other result improved on significantly lower selling losses from bonds. Contribution to the resolution fund decreased to EUR 32 million (EUR 39 million). Altogether, these developments led to a decline in the net result attributable to the owners of the parent.

Credit risk

Credit risk exposure in the Czech Republic segment rose to EUR 81.2 billion (+6.0%), loans to customers increased to EUR 41.7 billion (+7.7%). Retail business volume registered above-average growth mainly due to new loans and the consolidation of the Sberbank CZ portfolio. Large corporate business also expanded significantly. Customer loan volume as a percentage of Erste Group's total loans to customers increased to 19.7% (18.8%). In terms of business volume, the Czech Republic is by far the second most important market for Erste Group after Austria. The quality of customer loans improved slightly. Non-performing loans as a percentage of total loans to customers declined to 1.8% (1.9%). Loan loss provisions decreased slightly leading to a decline in the coverage of non-performing loans to a still comfortable level of 111.1% (117.4%).

Slovakia

Economic environment

In 2023, the Slovak economy – with its strong automotive and services sectors – posted real GDP growth of 1.1%. Elevated inflation resulted in a drop of real wages. In contrast to the previous year, household and government consumption decreased. Investment activity rose less than expected. The most significant contributor to economic growth was foreign trade, boosted primarily by the car industry. The Slovak car industry produced around 1.1 million vehicles in 2023, plus 10% compared to 2022. Slovakia's labour market remained solid. The unemployment rate declined to 6.0%, driven in particular by a persisting structural shortage of qualified labour. GDP per capita amounted to EUR 22,400.

After a period of political uncertainty, a new government was formed under the leadership of the social democratic party Smer in October 2023. The budget for 2024 included a number of consolidation measures to compensate for further substantial government spending, such as extra taxation of banks, an extended solidarity tax on excess oil profits, higher alcohol and tobacco taxes, reduced contribution to the second pension pillar, as well as making Constitution Day (1 September) a work day again. In 2023, the general government deficit increased to 6.0% of GDP. Measures to mitigate the impact of high energy prices also contributed significantly to the increase in the deficit. The combined budgetary cost of the energy measures accounted for 2.1% of GDP. The country's public debt as a percentage of GDP increased slightly to 58.2%.

Slovakia experienced double-digit inflation in 2023. Similar to other countries in CEE, the main drivers of the price increase were energy and food prices. Inflation peaked at 15% in February 2023 and declined to the single-digit area by the end of the year. To mitigate inflation, Slovakia's previous government decided to cap the increase of energy prices for households for 2023. This measure was part of a EUR 6 billion package and kept residential prices for electricity unchanged during the year. The price of natural gas and heat, on the other hand, increased by 12% and 22%, respectively. Overall, average consumer price inflation amounted to 10.5%. Slovakia adopted the euro in 2009. The ECB increased the key policy rate of the monetary union from 2.50% to 4.50% in six steps during the year.

Rating agencies reacted differently with their actions during 2023. Standard & Poor's affirmed its credit rating for Slovakia at A+ and upgraded its outlook from negative to stable before the elections. Moody's credit rating for Slovakia was maintained at A2 with a negative outlook. Fitch's credit rating for Slovakia was downgraded from A to A- with the outlook being kept at stable.

Key economic indicators – Slovakia	2020	2021	2022	2023e
Population (average, million)	5.5	5.4	5.4	5.4
GDP (nominal, EUR billion)	93.4	100.3	109.6	121.8
GDP/capita (in EUR thousand)	17.1	18.4	20.2	22.4
Real GDP growth	-3.3	4.8	1.8	1.1
Private consumption growth	-1.1	2.7	5.8	-2.5
Exports (share of GDP)	84.6	92.4	99.4	94.6
Imports (share of GDP)	82.5	92.2	104.5	92.2
Unemployment (Eurostat definition)	6.7	6.8	6.1	6.0
Consumer price inflation (average)	1.9	3.2	12.8	10.5
Current account balance (share of GDP)	0.5	-4.1	-7.4	0.2
General government balance (share of GDP)	-5.4	-5.4	-2.0	-6.0

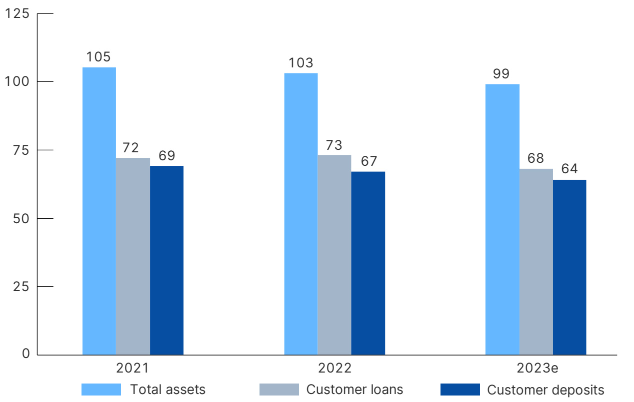
Source: Erste Group

Market review

The Slovak banking market posted its most profitable year ever, despite loan demand being impacted by the higher interest rate environment. Accordingly, customer loans grew by just 3.4%. Retail loans were up by 4.3%, driven almost equally by housing and consumer lending. Corporate loans grew by 1.1%, driven by declining demand for investment and working capital loans. The National Bank of Slovakia maintained macroprudential measures unchanged, including limits for debt-service-to-income (DSTI), debt-to-income (DTI) and loan-to-value (LTV) ratios. The countercyclical buffer was increased further from 1.00% to 1.50% as of August 2023. Customer deposits grew by 5.0%, mainly driven by corporate business. Asset management business performed very well and grew by 13%. The banking system's loan-to-deposit ratio decreased to 107.0%.

Operating income, especially net interest income, benefited significantly from the higher interest rate environment, while fee and commission income increased only moderately. Despite rising personnel expenses, operating expenses remained under control. Banks continued to reduce their branch networks, although at a slower pace compared to previous years. Risk costs were low and asset quality remained very solid. The sector's NPL ratio decreased further to 1.9%, the NPL coverage ratio stood at 107.7%.

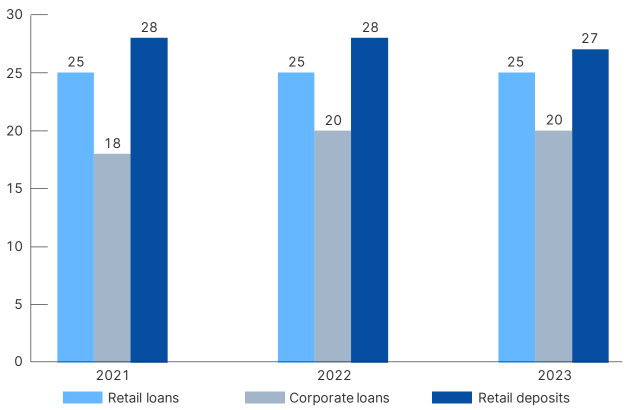
Financial intermediation – Slovakia (in % of GDP)



Source: National Bank of Slovakia, Erste Group

After ongoing political discussions, windfall taxes were introduced. Effective as of 1 January 2024, banks will have to pay a special tax of 30% of their pre-tax profits. The tax rate is expected to gradually decline in the coming years though. To compensate customers for high interest rates, new measures were introduced, such as direct payments and tax reliefs for qualified borrowers. The banking sector remained well capitalised. Overall, the sector's return on equity stood at 11.2%.

Market shares – Slovakia (in %)



Source: National Bank of Slovakia, Erste Group

Slovenská sporiteľňa remained the country's largest bank. It controls more than one fifth of the country's banking market in terms of total assets and led the market in retail loans and deposits. The bank held a leading 21.0% market share in asset management. Market shares were higher in the retail segment than in the corporate segment. In retail business, the bank's market shares stood between 25% and 28%. Slovenská sporiteľňa also maintained its leadership position in digital banking with 1.2 million registered George users.

Business review

Interview with Peter Krutil, CEO of Slovenská sporiteľňa

How did the competitive environment change?
By far the most dominant change was the tightening of the ECB's monetary policy, bringing two significant changes for Slovak banks. Firstly, the era of cheap mortgages is – at least for now – over. Demand for housing loans fell noticeably, and the previously very popular habit of switching between banks for better interest rates has dried out. Secondly, profitability of the sector recovered after years of subdued returns on equity. And it is not just about higher rates on loans. Banks can finally do their job on the deposit side as well, which had become almost irrelevant in times of zero rates. It is also very important that despite high energy prices, asset quality remains resilient, and we have not seen an increasing volume of non-performing loans.

Buzzwords such as the green transition or financial health have become more and more important in sustainability reporting. Which developments would you highlight?
I hope it can be directly observed, even from the outside, that both the green transition and financial health are not just buzzwords for us. In terms of financial health, we are continuously improving the dedicated app on our branch advisors' tablets, allowing us to identify our clients' financial needs. The process has been changed based on the feedback from clients and is oriented on their life events instead of products. The number of clients which we categorise as financially healthy rose by almost 20% in 2023, although the country's economic situation did not improve as significantly as everyone had hoped.

In terms of sustainability, we have become the leader in green bonds in Slovakia, as we successfully issued EUR 300 million in green bonds in 2023, in addition to the EUR 750 million issued the year before that. Moreover, we prioritise green investments in our portfolio while concurrently developing decarbonisation targets which will be followed by detailed strategies to achieve our defined sustainability goals. As part of our own green transformation, we are continuously implementing measures to reduce the energy consumption and the carbon footprint of our own operations, in line with the commitment to our environmental responsibility.

How did you manage to successfully differentiate your business activities from those of your competitors?
Honestly, it is quite difficult to pinpoint one or even several innovative solutions we brought to our retail customers in 2023. The last year was about continuous improvements in financial health advisory, digital solutions, cyber security, investments and savings, or processes with a focus on customer experience. For me, the definitive differentiation was our approach to client deposits. We were the first bank among the large ones which

increased rates on retail deposits, and we still had the highest rates among the relevant peers as of year-end 2023.

Differentiation is probably more visible in the corporate segment. Over the years, Slovenská sporiteľňa has transformed from an almost purely retail bank to a balanced universal bank also catering for the corporate clientele. Thanks to the excellent work of our relationship managers, quick and transparent processes, as well as digital innovations we attracted business customers. In 2023, two unique solutions stood out in the market specifically. With what is known as the Financial Health Advisory app, firms can see how we evaluate them from the bank's perspective and how they compare to peers in their industry. In addition, Slovenská sporiteľňa was the first bank with a full standalone mobile app for businesses.

Looking back at the year, what major achievements or challenges were especially noteworthy?
Last year was indeed very successful in terms of numerous awards. I see this as external confirmation that we are doing the right things in the right way. Slovenská sporiteľňa became the best bank in Slovakia according to the prestigious British magazine The Banker. It was also awarded the prize for the winner of the Euromoney Awards for Excellence 2023 and, from the local Trend magazine, we took home silver from the Trend Top Bank of the Year award. The efforts of our Erste Private Banking were recognised by major foreign institutions such as Global Finance Magazine and The Banker magazine.

But it was not just about the traditional banking services. In the Best Employer Survey, the local benchmark for the most attractive employers in Slovakia, we won first place in the category of financial services. The George mobile app became the highest-rated banking app on both Google Play and Apple Store. And, last but not least, in 2023, we also received the Global Capital Covered Bonds Award in the category of Best Debut Deal for the EUR 500 million green covered bond issued in October 2022.

Financial review

in EUR million	2022	2023	Change
Net interest income	449.5	514.4	14.4%
Net fee and commission income	192.2	207.5	8.0%
Net trading result and gains/losses from financial instruments at FVPL	25.9	23.7	-8.5%
Operating income	671.3	750.9	11.9%
Operating expenses	-307.1	-332.1	8.1%
Operating result	364.2	418.9	15.0%
Cost/income ratio	45.8%	44.2%	
Impairment result from financial instruments	-32.1	-15.2	-52.7%
Other result	-11.9	-8.8	-25.9%
Net result attributable to owners of the parent	249.3	306.9	23.1%
Return on allocated capital	16.8%	20.1%	

Net interest income in the Slovakia segment (comprising Slovenská sporitel'ňa Group) increased due to higher customer loan volumes and higher market interest rates leading to a repricing of loans, which was only partially offset by the repricing of liabilities and higher expenses for issued bonds. Net fee and commission income increased on the back of higher income from lending, payment and insurance brokerage fees. Net trading result and gains/losses from financial instruments at FVPL decreased slightly on valuation effects. Operating expenses increased due to higher personnel and IT expenses, partially compensated for by lower contributions to the deposit insurance fund of EUR 2 million (EUR 10 million). Consequently, operating result increased and the cost/income ratio improved. Impairment result from financial instruments improved due to rating upgrades for corporate customers as well as net releases driven by the review of criteria for collective SICR assessment (stage overlays, mainly for energy-intensive industries). Other result improved slightly due to the lower contribution to the resolution fund of EUR 4 million (EUR 6 million) and lower impairments of participations. Overall, the net result attributable to the owners of the parent increased.

Credit risk

Credit risk exposure in the Slovakia segment increased to EUR 28.1 billion (+4.5%), while loans to customers rose a bit faster to EUR 19.2 billion (+5.2%). Their share of Erste Group's total loan portfolio went up slightly to 9.1% (8.9%). Loan volume growth was driven mostly by large corporate customers, while business growth of retail customers was more moderate. The share of loans to private households was again significantly larger in the Slovakia segment than in Erste Group's other core markets and accounted for 67.3% (67.6%) of total loans to customers. This customer mix with a substantial proportion of retail mortgage loans also explains the large share of secured business. At year-end, it increased slightly to 53.1% (52.2%), exceeding that of other Central and Eastern European core markets. The NPL ratio increased to 1.9% (1.6%). The NPL ratio trend is also mirrored in the NPL coverage ratio, which decreased significantly but remained at a comfortable level of 101.7% (121.3%).

Romania

Economic review

Romania's economic growth was one of the strongest among European Union countries in 2023. The main contributor was investment activity related to infrastructure projects funded by the European Union. Inflows of EU funds from the regular Multiannual Financial Framework and NextGenerationEU amounted to EUR 10.8 billion in 2023. Household consumption was sound, supported by a strong labour market. Unlike previous years, net exports also contributed positively to real GDP growth. Imports of commodities dropped. Change in inventories, however, were a negative contributor to real GDP growth. The unemployment rate remained stable at 5.5%, while real wage growth strengthened and the employment rate hit a record high. Overall, real GDP increased by 2.0%, GDP per capita amounted to EUR 16,600.

At 5.7%, Romania's budget deficit did not change significantly. In the second half of the year, the government announced a set of fiscal consolidation measures to reduce the deficit in the coming years. These measures include an increase in corporate tax, a partial phasing-out of preferential tax for the construction and agriculture sectors, the elimination of reduced VAT rates for selected goods and services, and the digital transformation of the national tax authority. The government also introduced new sectoral taxes starting from 2024. For financial institutions, the tax rate has been set at 2% of gross revenues for 2024 and 2025 and 1% from 2026 onwards. Romania's current account deficit improved. Foreign direct investments covered approximately one third of the current account deficit. Public debt to GDP increased to 48.4%.

Inflation continued to decline throughout the year, reaching 6.6% at year-end. Core inflation was higher than headline inflation. The average consumer price inflation declined from 13.7% in 2022 to 10.5%, mainly due to easing energy and food prices. The Romanian leu was stable against the euro and traded in a narrow range around 4.95 throughout the year. The National Bank of Romania raised its key rate by 25 basis points in January 2023 and kept it unchanged at 7.00% for the remainder of the year. The central bank indicated that rate cuts could begin once inflation falls below the key rate level.

Based on the stabilisation of public debt, gradual fiscal consolidation and resilience to the shock from the war in Ukraine, Fitch upgraded Romania's sovereign rating outlook to stable from negative in March 2023, while keeping the rating unchanged at BBB-. Standard & Poor's maintained the rating unchanged at BBB- with a stable outlook. Moody's also kept Romania's sovereign rating unchanged at Baa3 with a stable outlook.

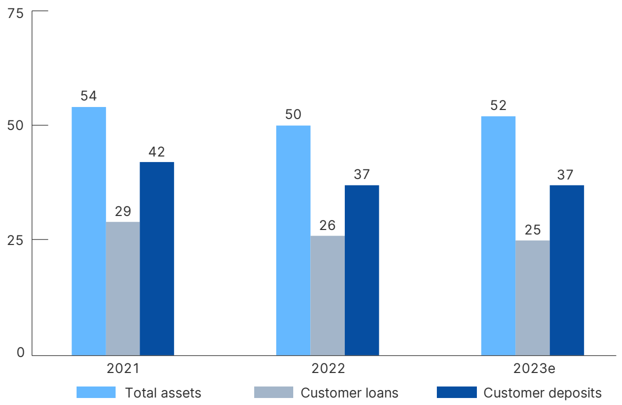
Key economic indicators – Romania	2020	2021	2022	2023e
Population (average, million)	19.3	19.2	19.0	19.0
GDP (nominal, EUR billion)	220.5	241.7	284.2	315.3
GDP/capita (in EUR thousand)	11.4	12.6	14.9	16.6
Real GDP growth	-3.7	5.7	4.1	2.0
Private consumption growth	-3.9	7.5	5.8	3.0
Exports (share of GDP)	28.2	30.9	32.4	29.5
Imports (share of GDP)	36.5	40.7	44.4	38.7
Unemployment (Eurostat definition)	6.1	5.6	5.6	5.5
Consumer price inflation (average)	2.7	5.1	13.7	10.5
Short term interest rate (3 months average)	2.4	1.8	6.2	6.6
EUR FX rate (average)	4.8	4.9	4.9	4.9
EUR FX rate (eop)	4.9	4.9	4.9	5.0
Current account balance (share of GDP)	-4.9	-7.2	-9.2	-7.2
General government balance (share of GDP)	-9.2	-7.1	-6.2	-6.0

Source: Erste Group

Market review

The Romanian banking market registered volume growth in 2023. Customer loans increased by 6.5%, and customer deposits were up by 11.8%. On the lending side, growth was driven by corporate loans, which rose by 10.9%. Retail loans increased by 1.6%. Housing loans, impacted by high interest rates, declined by 0.4% while consumer loans rose by 4.7%. The significant growth in customer deposits was almost equally distributed between retail and corporate business, rising by 11.6% and 12.1%, respectively. Overall, the banking system's loan-to-deposit ratio decreased marginally to 67.5%. The Romanian National Bank increased the countercyclical capital buffer from 0.5% to 1% as of October 2023. The Romanian banking sector remained strongly capitalised, with a capital adequacy ratio of 22.3%.

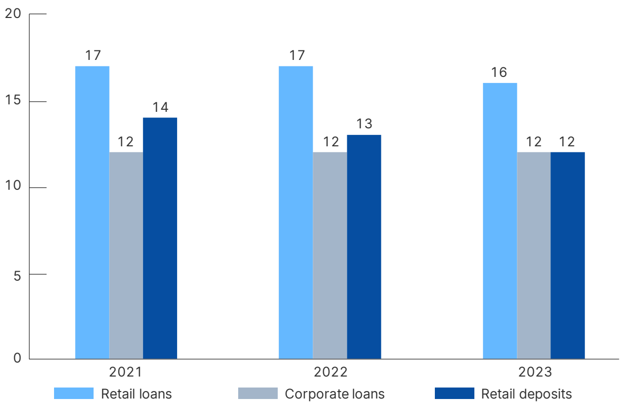
Financial intermediation – Romania (in % of GDP)



Source: National Bank of Romania, Erste Group

The profitability of the Romanian banking system was strong in 2023. Net interest income was supported by the interest rate environment and volume growth. Fee and commission income also rose, driven mainly by securities business and insurance-related fees. Expenses were impacted by elevated inflation. Banks continued to adjust their branch networks and workforce. Asset quality improved further, and risk provisions were low. Financial institutions did not yet have to pay banking tax in 2023. Overall, the Romanian banking sector achieved a return on equity of 21.3%.

Market shares – Romania (in %)



Source: National Bank of Romania, Erste Group

The Romanian banking market's consolidation continued. UniCredit and Alpha Bank announced their plan to merge their Romanian subsidiaries creating the third-largest bank of the country by total assets. Intesa Sanpaolo announced it would acquire Romania's First Bank from US-based private investment fund J.C. Flowers & Co., strengthening its presence in CEE and doubling the group's presence in the country. Finally, OTP Bank sold its Romanian subsidiary to Banca Transilvania, with OTP Bank Romania being the fourth bank taken over by Banca Transilvania in less than a decade, after Volksbank Romania, Bancpost and Idea Bank.

Banca Comercială Română (BCR) remained the second largest bank in the country both in terms of customer loans and deposits. The bank's customer loan market share stood at 14.1%. Its retail loan market share amounted to 16.3%, while in the corporate sector it was 12.2%. At 21.4%, the bank maintained its market-leading position in asset management business. Banca Comercială Română kept its second place in the country by total assets, with a market share of 13.4% in December 2023.

Business review

Interview with Sergiu Manea, CEO of Banca Comercială Română

How did the competitive environment change?
Adapting to the high interest rate environment was the theme of last year. The National Bank kept the monetary policy rate at 7.00% throughout the year. Commercial banks had to navigate through the changed interest rate environment, adjusting to slower lending and higher appetite for term deposits. Loan growth in the mid-single digits was mainly supported by corporate demand, while retail was negatively affected, especially on the mortgage side. The NPL ratio remained low given the prudent lending standards and tight macroprudential policies.

The Romanian banking system saw a flurry of M&A deals in 2023, eventually leading to further consolidation, while the competition between banks remained fierce. Weaker lending demand meant a smaller piece of the pie for everyone, while retaining customer deposits with attractive rates and offers was challenging. The task of attracting human talent and high inflation continued to put pressure on personnel expenses.

Buzzwords such as the green transition or financial health have become more and more important in sustainability reporting. Which developments would you highlight?
We remain dedicated to financing a more sustainable, less carbon-intense and more equitable and inclusive society while also investing in the financial education of our communities. We set our targets and actions as we transit towards a net-zero operations and loan portfolio by 2050. We financed and co-financed the real economy through strategic sustainable projects alongside EU funds, the NRRP (National Recovery and Resilience Plan) and other governmental programmes.

In 2023, BCR confirmed its green transition commitments by issuing its first green eurobond. Furthermore, we have constantly increased our green loans portfolio. The Casa Mea Natura mortgage product – loans for class A energy-efficient homes – accounted for more than half of the bank's new mortgage volume granted in 2023. Also, we have financed renewable energy projects, sustainable transportation infrastructure, energy efficiency industrial projects, as well as circular economy and recycling projects. We thus support the climate transition efforts of our emission-intensive customers.

How did you manage to successfully differentiate your business activities from those of your competitors?
In 2023, we continued our financial health roadshow, covering eight of Romania's largest cities and meeting more than 4,000 customers. We also continued to scale up our flagship financial literacy programmes and reached one million Romanians who have received free financial education through Money School and Financial Coach. Money School exceeded 650,000 people trained online and offline in the last seven years, with more than 1,500 BCR colleagues being involved in this initiative. We also delivered 400,000 financial coaching sessions, offering tailored financial solutions based on the customer's life plans and individual goals. BCR's Financial Coach service was launched in 2022 as an innovative, self-developed data analytics platform, available free of charge to any interested individual, BCR client or not.

Another step forward was the launch of BCR Seed Starter, the first corporate venture capital company investing in technology start-ups to be set up by a bank in Romania. BCR Seed Starter provides equity to start-ups developing innovative fintech solutions. By using these solutions, we look to optimise our internal banking processes, diversify services and also support our ESG goals. Furthermore, the well-established InnovX-BCR business accelerator currently works with 190 companies.

We enhanced the capabilities of ADA, the first chatbot for retail and corporate clients on the local banking market, integrated in George, our digital banking system. ADA is a gamechanger in terms of virtual banking assistance, with over 40 financing programmes mapped in and over 850,000 client interactions in 2023.

Looking back at the year, what major achievements or challenges were especially noteworthy?
In 2023, as just mentioned, BCR marked its debut on the international capital markets by becoming the first bank in Romania to issue a green eurobond. This was also the largest corporate bond in Romania, amounting to EUR 700 million. Over the past five years, BCR has issued senior preferred and non-preferred bonds totalling 8.7 billion in RON equivalent, being one of the most active issuers on the Bucharest Stock Exchange.

We have also played an important role in the listing of Hidroelectrica, the largest electricity producer in Romania, with a 100% renewable portfolio. BCR acted as joint bookrunner in the IPO, the third largest in CEE to date, and offered retail investors fully digital trading options in George through BCR Broker.

Over 140,000 companies have so far enrolled in our digital business offering George Pro. On the retail side, we have almost 1.9 million active George users. In 2023, almost 90% of new cash loans, credit cards and overdrafts were granted on a fully digital flow through George. We also launched the first fully online mortgage loan in Romania, accessible directly in George.

Last but not least, BCR remained one of the most efficient banks in Romania by further improving its cost/income ratio to 39.2% in 2023.

Financial review

in EUR million	2022	2023	Change
Net interest income	530.0	637.0	20.2%
Net fee and commission income	191.5	204.7	6.9%
Net trading result and gains/losses from financial instruments at FVPL	127.8	111.5	-12.7%
Operating income	867.9	964.4	11.1%
Operating expenses	-381.2	-417.9	9.6%
Operating result	486.7	546.5	12.3%
Cost/income ratio	43.9%	43.3%	
Impairment result from financial instruments	-79.8	-9.4	-88.3%
Other result	-37.3	-33.8	-9.2%
Net result attributable to owners of the parent	296.6	383.0	29.1%
Return on allocated capital	16.5%	20.7%	

The segment analysis is done on a constant currency basis. The RON depreciated by 0.3% against the EUR in the reporting period. Net interest income in the Romania segment (comprising Banca Comercială Română Group) was positively impacted by higher market interest rates combined with higher business volumes. Net fee and commission income increased mainly on higher lending fees. The decline of the net trading result and gains/losses from financial instruments at FVPL was attributable to lower trading result from bonds, money market instruments and interest rate derivatives. Operating expenses went up mainly due to higher personnel expenses, contributions to the deposit insurance fund decreased to EUR 5 million (EUR 9 million). Overall, operating result increased and the cost/income ratio improved moderately. Impairment result from financial instruments improved due to lower allocations on the back of methodological changes and net releases caused by refinancing in the fourth quarter. Other result improved mainly on lower provisions for other commitments. The contribution to the resolution fund amounted to EUR 10 million (EUR 12 million). Overall, the net result attributable to the owners of the parent increased.

Credit risk

Credit risk exposure in the Romania segment rose visibly to EUR 23.5 billion (+8.2%). Loans to customers increased to EUR 12.4 billion (+5.8%). Their share in Erste Group's total customer loan portfolio is largely stable at 5.8% (5.7%). An expansion of lending volume was seen primarily in corporate business, specifically in large corporates. Non-performing loans increased to EUR 353 million (+8.2%), mainly attributable to the corporate segment. As a result of this development and the growth of the loan portfolio, non-performing loans as a percentage of total loans to customers remained by and large stable at 2.9% (2.8%). Loan loss provisions decreased slightly, but the coverage of non-performing loans remained high at 168.5% (171.4%).

Hungary

Economic review

In 2023, Hungary's economy declined due to weaker domestic demand and investments on the back of high inflation, tighter fiscal and monetary policies and lower disposable income. Exports did not contribute to growth either. Agriculture, on the other hand, performed very well. Foreign direct investment amounted to a little over EUR 13 billion in 2023, doubling from 2022 levels. Most investments came from China, and Hungary became China's top investment destination in Central Europe. China was also the second-largest importer to Hungary after Germany. One third of the country's manufacturing output was produced by carmakers. Hungary's labour market remained tight. The unemployment rate increased slightly to 4.0%, low compared to many other European countries. Overall, real GDP decreased by 0.9%, GDP per capita amounted to EUR 20,200.

The general government deficit remained elevated at 6.0% of GDP. The deficit was mainly driven by higher interest-related expenses and pension payments. The lack of European Union fund inflows also contributed to the deficit. Public expenditure was impacted by the continuation of various state subsidies for retail and corporate loan programmes, a 15% pension increase and increased family allowances. Public debt to GDP improved to 73.0%.

Inflation in Hungary declined significantly, in particular in the second half of the year, but still remained above the CEE average. Average consumer price inflation stood at 17.6%. The Hungarian forint appreciated 4.5% against the euro. The strengthening of the forint was supported by the release of EUR 10.2 billion in cohesion funds for Hungary, almost a year after the funds were frozen by the EU. Starting in October, the Hungarian National Bank began cutting its key policy rate. Over the year, the central bank reduced the policy rate in three steps by a total of 225 basis points to 10.75%.

In January 2023, Standard & Poor's downgraded Hungary's sovereign rating to BBB- with a stable outlook. The downgrade was a result of the economic slowdown, high energy prices and the suspension of European Union funds. Fitch left the country's long-term credit rating unchanged at BBB but revised its outlook from stable to negative. Moody's kept the country's long-term credit rating unchanged at Baa2 with a stable outlook.

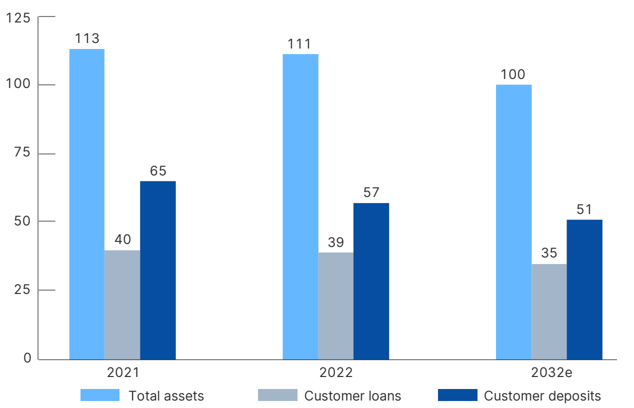
Key economic indicators – Hungary	2020	2021	2022	2023e
Population (average, million)	9.8	9.7	9.7	9.7
GDP (nominal, EUR billion)	137.9	154.0	168.8	195.4
GDP/capita (in EUR thousand)	14.1	15.8	17.4	20.2
Real GDP growth	-4.5	7.1	4.6	-0.9
Private consumption growth	-1.8	4.0	6.4	-1.6
Exports (share of GDP)	79.3	76.6	73.3	73.0
Imports (share of GDP)	81.1	84.9	89.0	88.0
Unemployment (Eurostat definition)	4.1	4.0	3.6	4.0
Consumer price inflation (average)	3.3	5.1	14.5	17.6
Short term interest rate (3 months average)	0.7	1.4	10.0	14.4
EUR FX rate (average)	351.2	358.5	391.3	381.7
EUR FX rate (eop)	365.1	369.0	400.3	382.8
Current account balance (share of GDP)	-1.1	-4.2	-8.2	0.2
General government balance (share of GDP)	-7.5	-7.1	-6.2	-6.0

Source: Erste Group

Market review

The Hungarian banking market enjoyed record profitability in 2023. Customer loans grew by 2.7%, mainly due to a relatively strong demand for corporate lending. Corporate loan growth amounted to 4.0%, driven by inventory and working capital loans, supported by loan programmes for SMEs and for dedicated sectors. At 1.1%, retail loans increased at a slower pace, mainly driven by consumer loans. The demand for housing loans slowed down visibly. The government extended the very popular baby loan and the state-guaranteed mortgage programme for families with children with updated conditions. The 5% preferential VAT rate for home construction was also extended until the end of 2024. Customer deposits increased by 0.3% and were almost entirely driven by corporate deposits. Premium Hungarian State Securities (PMAP) played an important role in the development of savings. As of 1 July 2023, the government imposed a 13% social contribution tax on income from private savings on top of the 15% personal income tax. In addition, securities funds were ordered to keep a minimum level of 60% in equity holdings. Overall, the banking system's loan-to-deposit ratio stood at 69.6%.

Financial intermediation – Hungary (in % of GDP)

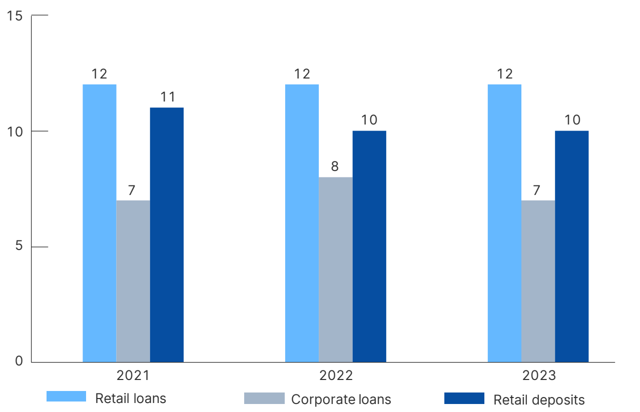


Source: Hungarian National Bank, Erste Group

Net interest income grew significantly on the back of rising interest rates. The government extended the interest rate cap for variable and fixed rate residential mortgages until 30 June 2024. This regulation limits the reference interest rate of qualifying mortgages at the levels of 27 October 2021. The government also extended the interest rate cap for SME loans for non-subsidised, forint-based credit set at levels on 28 June 2022. This measure runs until 1 April 2024. In addition, a voluntary interest rate cap was introduced in October 2023 for newly disbursed loans to support lending. A payment moratorium for agricultural enterprises was introduced between 1 September and 31 December 2023. The Hungarian National Bank increased the mandatory reserve requirement from 5% to 10%. Net fee and commission income benefited significantly from asset management business. Administrative expenses remained under control, although the increase in personnel expenses was visible. The number of branches decreased further. Asset quality developed favourably, and risk costs were low. Banks continued to pay banking and transaction taxes. In addition, the windfall tax, which was originally implemented for 2022 and 2023, was extended until 2024. The Hungarian National Bank increased the countercyclical capital buffer for the first time since its introduction seven years ago to 0.5% as of 1 July 2023. Overall, the banking sector's return on equity stood at 19.7%. The Hungarian banking sector continued to be well capitalised, with a capital adequacy ratio of around 19%.

Consolidation of the Hungarian banking market continued. The merger of Budapest Bank, MKB Bank and the Takarék Group was completed in May 2023. This triple bank merger was led by Magyar Bank Holding (MBH), which is the second-largest universal bank in the country. MBH announced that it had signed an agreement to buy 76% of Fundamenta, a local building society company. Among the smaller transactions, Cofidis SA signed an agreement to purchase Cetelem Bank, the local subsidiary of BNP Paribas. Erste Group bought back the 30% stake held by the Hungarian state and EBRD and again became 100% owner of its local subsidiary.

Market shares – Hungary (in %)



Source: Hungarian National Bank, Erste Group

Erste Bank Hungary remained one of the major market players in the country. Its market share in customer loans stood at 9.0%, with retail business remaining more dominant than corporate business. The customer deposit market share declined slightly to 8.7%. Erste Bank Hungary closed 2023 with a 20.0% market share in asset management. The number of George users increased further and exceeded 700,000 by the end of the year. At 6.4%, Erste Bank Hungary was the fourth-largest bank in the country in terms of total assets.

Business review

Interview with Radován Jelasity, CEO of Erste Bank Hungary,

How did the competitive environment change?
The economic performance, the significant inflationary pressure and the monetary policy response to them determined the general macroeconomic framework for the banking sector in 2023. The fair value and increased income from money market placements due to higher average market rates provided significant additional income. Inflation well above expectations and attractive investment alternatives in government bonds contributed to declining deposits. Due to economic recession, loan growth was modest. Government measures – in particular extra profit tax, loan interest rate caps and loan moratoria – again had a negative impact. Nonetheless, the last quarter of 2023 gave us good reasons for optimism: modest economic growth, sharply falling inflation and a stable exchange rate despite the central bank's rate cuts.

The sector's consolidation continued, most visibly the merger of the Hungarian Banking Holding (Magyar Bankholding, MBH) with Takarékbank was completed at the end of April. In addition, MBH announced the acquisition of Fundamenta Zrt, Hungary's largest building society, in November.

Erste Group Bank AG, our parent, repurchased a 15% stake in Erste Bank Hungary from the Hungarian state-owned Corvinus International Investment Ltd in November. In December, Erste Group also repurchased the 15% stake held by the EBRD (European Bank for Reconstruction and Development), thus again becoming the sole shareholder of our bank.

Buzzwords such as the green transition or financial health have become more and more important in sustainability reporting. Which developments would you highlight?
I would highlight two environmental topics: The first one is financing the green transition via green loans. Last year, we increased our green corporate book by EUR 100 million, financing mainly green commercial real estate and renewable energy projects. And we have even more ambitious targets for 2024 by widening our scope of green financing. The other topic is decarbonisation. After publishing our Science Based Targets initiative-aligned decarbonisation pathways, we put in motion our action plans to halve our emission intensity by 2030.

Last but not least, financial health is also a priority for us. We continued our "We speak your language" programme, communicating with customers in a clear, understandable and customer-centric way. 24% of our clients hold investment accounts and 7.4% are Erste Future Invest customers as well. We have also launched the Portfolio Health Index, which helps clients to improve the health and diversification of their investments. In addition, the Corporate business line implemented financial health focused customer meetings for SME clients.

How did you manage to successfully differentiate your business activities from those of your competitors?
In 2023, we have welcomed 65,000 new retail clients, our highest number of new clients ever. Next to a strong customer acquisition focus, our strategy remained unchanged, with customer satisfaction as one of our key KPIs. We consider this component in everything we do, be it a digital development, a new solution, or a product launch. We have a well-established, stable branch network with nationwide presence, which is easily accessible to customers, despite the wave of branch closures in the market.

We are constantly striving to advance digital development. To this end, we are continuously improving George, our end-to-end sales capabilities, servicing functionalities and functions, such as the Portfolio Health Index. More than 70% of our retail customers are digitally active, that is more than 607,000, and more than 42,000 customers already use George Micro, available since the end of July.

Looking back at the year, what major achievements or challenges were especially noteworthy?
The economic situation brought significant challenges for the sector, including us, which we had to address effectively. In addition to our high customer satisfaction , we maintained the high level of employee engagement score at 78%. Our efforts were rewarded by numerous awards. We ranked second in the employer branding category from Mastercard and were also named as one of the 10 best places to work in Hungary. We not only won the Visa #1 Loyalty Programme Award but also received the Visa Portfolio ESG Banking Award for our significant sustainability efforts. We published a comprehensive carbon reduction and net-zero strategy in our 2023 climate report. In addition to developing green banking activities and operations, it also incorporates a social perspective, focusing on financial awareness, promoting inclusion and supporting gender equality.

Financial review

in EUR million	2022	2023	Change
Net interest income	395.8	356.9	-9.8%
Net fee and commission income	222.8	254.7	14.4%
Net trading result and gains/losses from financial instruments at FVPL	-72.5	141.7	n/a
Operating income	553.8	763.4	37.9%
Operating expenses	-246.8	-269.6	9.2%
Operating result	306.9	493.8	60.9%
Cost/income ratio	44.6%	35.3%	
Impairment result from financial instruments	-18.4	1.4	n/a
Other result	-137.9	-191.6	38.9%
Net result attributable to owners of the parent	125.1	264.9	>100.0%
Return on allocated capital	10.0%	17.3%	

The segment analysis is done on a constant currency basis. The HUF appreciated by 2.3% against the EUR in the reporting period. Net interest income in the Hungary segment (comprising Erste Bank Hungary Group) was negatively impacted by a P&L neutral shift from net trading result to interest expense (mainly intra-group transactions) as well as modification losses related to the mortgage interest cap prolongation. These developments were only partially offset by significantly higher interest rates supported by money market placements. Net fee and commission income rose on higher payment and securities fees. Net trading result and gains/losses from financial instruments at FVPL improved due to valuation effects as well as the positive impact of the P&L neutral shift to net interest income. Operating expenses increased due to higher personnel and IT expenses, partially compensated for by lower contributions to the deposit insurance fund of EUR 5 million (EUR 18 million, predominantly driven by last year's Sberbank Europe deposit insurance case). Consequently, both operating result and the cost/income ratio improved notably. Impairment result from financial instruments improved due to parameter updates. The deterioration of other result was driven by selling losses from bonds, impairment of non-financial assets, provisions for legal expenses and a higher financial transaction tax of EUR 71 million (EUR 59 million), partially offset by releases of provisions for other commitments. The banking tax remained by and large stable at EUR 66 million (EUR 65 million); it included the regular banking tax and a windfall profit tax of EUR 48 million (EUR 50 million). The contribution to the resolution fund decreased to EUR 2 million (EUR 4 million). Overall, the net result attributable to the owners of the parent increased.

Credit risk

Credit risk exposure in the Hungary segment decreased to EUR 12.6 billion (-3.0%). This decline was mainly attributable to a decline in corporate business. On the other hand, loans to customers increased to EUR 6.1 billion (+3.3%). The share of the Hungary segment in Erste Group's total loans to customers remained stable at 2.9%. While loans in the retail segment increased substantially to EUR 3.2 billion (+11.3%), loans to corporates decreased to EUR 2.9 billion (-4.4%). Non-performing loans as a percentage of total loans to customers again decreased to 2.6% (2.8%). The loan loss provision coverage of non-performing loans increased to 110.6% (102.8%).

Croatia

Economic review

The Croatian economy performed well in 2023, benefiting primarily from euro adoption and strong performance of the tourist sector. Economic growth was broad-based, driven primarily by strong household consumption and booming exports. Private consumption was supported by rising disposable income. Investments significantly benefited from the inflow of European Union funds. Tourism, accounting for approximately one fifth of Croatia's GDP, performed well again. Overnight stays increased by 2.8% compared to 2022. Croatia's labour market remained strong, and the unemployment rate declined further to 6.3%. Overall, real GDP increased by 2.4%. GDP per capita amounted to EUR 19,500.

Croatia's public finances improved further. Croatia's fiscal revenues grew markedly. Significant wage increases, higher pensions and numerous social benefits were more than offset by windfall tax revenues. EU funds inflows also supported revenues. On the expense side, the government extended support measures for households, such as a freeze of gas and electricity prices. The government also continued the country's green transition including renovation of buildings. Overall, Croatia maintained fiscal discipline with a general government deficit of just 0.5% of GDP. Public debt as a percentage of GDP decreased further to 61.4%.

Inflation moderated significantly after peaking at 13.5% in November 2022 and, despite significant wage inflation, Croatia was among the few CEE countries with a single-digit consumer price increase in 2023. Inflation declined significantly in the service sector, and food prices moderated following supply-chain disruptions a year ago. Average consumer prices increased by 8.1%. On 1 January 2023, Croatia became the 20th member of the eurozone and joined the Schengen area. In 2023, the ECB increased the key policy rate in six steps from 2.50% to 4.50%.

All three major rating agencies kept their ratings unchanged but upgraded their outlook from stable to positive. Fitch and Standard & Poor's maintained Croatia's long-term credit rating at BBB+, Moody's at Baa2.

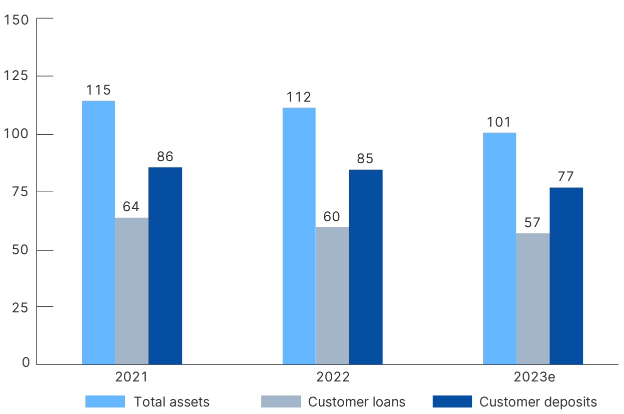
Key economic indicators – Croatia	2020	2021	2022	2023e
Population (average, million)	4.1	4.0	3.9	3.9
GDP (nominal, EUR billion)	50.6	58.4	68.0	75.8
GDP/capita (in EUR thousand)	12.5	14.5	17.5	19.5
Real GDP growth	-8.6	13.8	6.3	2.4
Private consumption growth	-5.2	10.7	6.7	2.7
Exports (share of GDP)	23.8	25.3	30.2	25.4
Imports (share of GDP)	41.3	44.9	56.9	49.0
Unemployment (Eurostat definition)	7.5	7.6	7.0	6.3
Consumer price inflation (average)	0.1	2.6	10.8	8.1
EUR FX rate (average)	7.5	7.5	7.5	-
EUR FX rate (eop)	7.6	7.5	7.5	-
Current account balance (share of GDP)	-1.0	1.0	-2.8	1.0
General government balance (share of GDP)	-7.3	-2.5	0.1	-0.5

Source: Erste Group

Market review

In 2023, the most important development in the Croatian banking system was the adoption of the euro. Financial institutions made major adjustments to their IT systems and ATM networks while clients converted their cash reserves denominated in kuna into euro. As early as September 2022, dual-price listings began and remained mandatory throughout 2023. Customer loans grew by 5.6%, mainly driven by retail loans, which increased by 9.0%. Demand for housing loans was relatively strong compared to other CEE countries. As expected, corporate lending growth moderated after the significant pick-up in the previous year. Corporate loans grew by 5.8%.

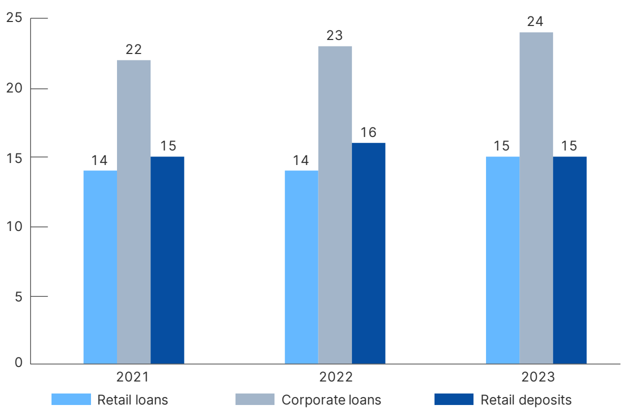
Financial intermediation – Croatia (in % of GDP)



Source: National Bank of Croatia, Erste Group

Deposit growth was muted after the very strong development of the previous year ahead of the euro adoption. Customer deposits increased by 1.2%. While retail deposits decreased by 0.5%, corporate deposits rose by 4.1%. The Croatian National Bank increased the countercyclical capital buffer by 50 basis points to 1.0% as of 1 January 2023, and by another 50 basis points for 2024. The only noteworthy banking sector transaction was the acquisition of the local Sberbank subsidiary by the Croatian Postal Bank in July 2023. At year-end, the banking system's loan-to-deposit ratio stood at 73.4%.

Market shares – Croatia (in %)



Source: National Bank of Croatia, Erste Group

The profitability of the Croatian banking sector increased mainly on rising revenues and low risk provisions. Revenues benefited significantly from the normalised interest rate environment. Operating expenses increased on the back of elevated inflation. The cost/income ratio stood at 41.0%. Asset quality improved further. The share of non-performing loans (NPL) as a percentage of gross loans declined to 2.6%. This development was attributable to both loans to non-financial corporations as well as loans to households. The coverage ratio stood at 69.0% at the end of the year. A one-off windfall tax of 33% was introduced for all companies having an annual turnover above EUR 40 million, with the excess profit defined as the profit higher than 120% of the average between 2018 and 2021. The windfall tax has not been extended to 2024. The capital adequacy ratio of the banking system remained robust at 23.6%. At the end of the year, all credit institutions met the minimum liquidity requirements, with the average liquidity coverage ratio standing at an impressive 238.1%. Overall, the country's banking sector achieved a return on equity of 15.6%.

Erste Bank Croatia remained among the three largest banks in the country. In terms of total assets, the bank had a market share of 16.8%. It continued to benefit from its very strong brand and the digital platform George, which was introduced in 2020. In addition to George, the digital platform KEKS Pay reached more than 410,000 users, of which 70% were not customers of Erste Bank Croatia. The bank's customer loan and customer deposit market shares stood at 18.7% and 16.8%, respectively. The bank's market share in asset management equalled 10.3%. The bank's loan-to-deposit ratio amounted to 80.3%.

Business review

Interview with Christoph Schöfböck, CEO of Erste Bank Croatia,

How did the competitive environment change?
The past year was primarily marked by Croatia's entry into the eurozone and the Schengen area. This was the fulfilment of two crucial strategic goals for the country, which will result in very positive effects in the medium and long term. A major challenge in 2023 was rising interest rates in the eurozone.

Credit activity remained solid overall – against the international trend – especially the retail segment showed healthy lending growth, while corporate lending delivered lower growth.

We benefited from the high proportion of fixed interest rate products as well as from variable rates using slower-moving benchmarks compared to Euribor, such as the National Reference Rate, which we have offered to retail clients during the past years. This resulted in an overall lower interest rate sensitivity of the banks' lending portfolio, especially during the ECB rate hike cycle.

Buzzwords such as the green transition or financial health have become more and more important in sustainability reporting. Which developments would you highlight?
Erste Bank Croatia places a significant focus on ESG topics and environmentally responsible business practices. More favourable conditions were offered for products related to improved energy efficiency or the use of renewable energy sources such as solar panels. Lectures and panel discussions on the impact of ESG transformation were organised for corporate clients, and an online energy efficiency calculator was introduced. An updated version of the Financial Health Zone tool for corporate clients was published, which provides our clients with a better insight into the indicators of the financial success of their business. In the retail segment, the primary focus was on the development of a modern, improved overall advisory process, with calculations and presentations of key indicators of financial health along with the identification of the current financial situation and future financial plans of the clients.

How did you manage to successfully differentiate your business activities from those of your competitors?
Our business was characterised by continued growth of total loans and partnership co-operation with our clients resulting in very high customer experience ratings. Our digital channels have also recorded continued and stable growth – the total number of active users of George online banking was around 410,000 at year-end, while the number of KEKS Pay users reached 411,000. Last year was also marked by the continuing downward trend of non-performing loans, from 3.6% to 3.0% at the end of 2023. Finally, we have once again confirmed our position as the most active bond issuer among financial institutions in Croatia, by issuing a preferred senior bond as part of meeting the minimum requirements for own funds and eligible liabilities (MREL) in June. We were one of the leading agents in the issuing of the Republic of Croatia bond (national bond) on the domestic capital market, thus continuing our efforts to support the development of the local capital market.

Looking back at the year, what major achievements or challenges were especially noteworthy?
In general, our bank's position on the Croatian market is solid and stable. We hold a leading position in many business segments, have the highest rating from credit rating agencies (here, I am referring to our A-rating by Fitch Ratings) among banks and other companies on the domestic market. We also won our ninth Golden Kuna award for the most successful Croatian bank. We benefit from a strong capital position, high level of liquidity, high degree of trust by our clients, and the fact that we belong to a strong parent group that regards the CEE region as its core market. We put the focus of our business operations on efficiency, innovation and striving for excellence, through which we want to contribute to the growth and development of the Croatian economy, encouraging and promoting the prosperity of all of our employees, clients and Croatian society as a whole.

Financial review

in EUR million	2022	2023	Change
Net interest income	284.7	403.4	41.7%
Net fee and commission income	117.2	124.1	5.9%
Net trading result and gains/losses from financial instruments at FVPL	37.9	16.3	-57.0%
Operating income	448.7	552.5	23.1%
Operating expenses	-239.6	-263.5	10.0%
Operating result	209.2	288.9	38.1%
Cost/income ratio	53.4%	47.7%	
Impairment result from financial instruments	42.2	45.9	8.7%
Other result	-27.0	-42.9	59.2%
Net result attributable to owners of the parent	120.4	164.5	36.6%
Return on allocated capital	14.2%	22.3%	

Net interest income in the Croatia segment (comprising Erste Bank Croatia Group) increased due to higher market interest rates and customer loan volumes as well as higher income from securities. Net fee and commission income went up due to higher payments, securities and documentary fees. Net trading result and gains/losses from financial instruments at FVPL deteriorated, driven by lower foreign currency transactions as a result of the introduction of the euro. Operating expenses went up on the back of higher personnel and IT costs. The contribution to the deposit insurance fund rose to EUR 9 million (EUR 8 million). Overall, operating result increased and the cost/income ratio improved. Impairment result from financial instruments benefited from net releases driven by the implementation of a new rating model and parameter updates as well as the review of rules for collective SICR assessment (stage overlays). Other result worsened, mainly on selling losses from bonds. The resolution fund contribution decreased to EUR 0.3 million (EUR 5 million). Consequently, the net result attributable to the owners of the parent increased.

Credit risk

In the Croatia segment, credit risk exposure rose to EUR 14.9 billion (+6.0%), while loans to customers grew even more dynamically, reaching EUR 9.4 billion (+9.7%). Customer loan volume as a percentage of Erste Group's total loans to customers increased slightly to 4.5% (4.2%). The share of the retail segment of the loan portfolio stood at 42.9%, the share of the corporate segment amounted to 57.1%. Croatia introduced the euro as of 1 January 2023. At year-end, loans denominated in euro represented 99.8% of the total portfolio. The NPL ratio decreased to 3.0% (3.6%). The NPL coverage ratio based on loan loss provisions slightly increased to 107.6% (105.9%).

Serbia

Economic review

The Serbian economy performed better than expected and outperformed the CEE average. In fact, Serbia was one of a very few European countries that showed higher GDP growth than in the previous year. After a relatively slow start to the year, the country's economy substantially regained strength in the second half of 2023, mainly driven by household consumption and investments, especially in the construction sector. The inflow of foreign direct investments, most notably to the manufacturing industry, was substantial. In addition, agricultural output was very strong. The contribution of exports to economic growth was only moderate. External demand was relatively weak, driven by slow growth of the country's main trading partners, especially Germany. Serbia's unemployment rate remained unchanged compared to the previous year, at 9.4%. Overall, real GDP increased by 2.5%, and GDP per capita amounted to EUR 10,500.

Serbia maintained a sound fiscal stance. The general government deficit decreased further to 2.2% in 2023, from 3.1% a year ago. Lower-than-planned capital transfers to state-owned enterprises in the energy sector and higher revenues from increased excise duties offset higher discretionary expenditures. These included higher subsidies for agriculture, one-off lump-sum payments to retirees and families with children, an extraordinary pension increase and additional wage increases in the education and health sectors. Public debt as a percentage of GDP decreased to 52.7%.

Inflation was among the highest in CEE. After peaking at 16.2% in March 2023, inflation started to decline and by the end of the year it reached the single-digit area. The decline in inflation was mainly driven by base effects in energy and transport prices, falling food prices and the solid local agricultural season. Average consumer prices increased by 12.5%. The Serbian dinar was again among the most stable currencies in CEE, trading at around RSD 117 against the euro throughout the year. In 2023, the National Bank of Serbia (NBS) increased its key policy rate in six steps by a total of 150 basis points to 6.50% and has kept the base rate unchanged since July 2023.

Rating agencies affirmed Serbia's long-term credit ratings. Standard & Poor's and Fitch kept their rating unchanged at BB+ with a stable outlook. Moody's kept the country's long-term credit rating at Ba2, also with a stable outlook.

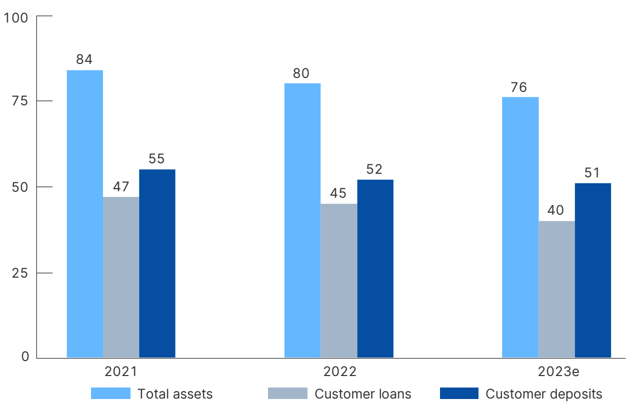
Key economic indicators – Serbia	2020	2021	2022	2023e
Population (average, million)	6.9	6.8	6.6	6.6
GDP (nominal, EUR billion)	46.8	53.3	60.4	69.2
GDP/capita (in EUR thousand)	6.8	7.8	9.1	10.5
Real GDP growth	-0.9	7.7	2.5	2.5
Private consumption growth	-1.9	7.9	3.9	0.4
Exports (share of GDP)	36.4	40.5	45.7	41.4
Imports (share of GDP)	49.0	53.6	64.6	53.3
Unemployment (Eurostat definition)	9.7	11.0	9.4	9.4
Consumer price inflation (average)	1.6	4.0	11.9	12.5
Short term interest rate (3 months average)	1.2	0.9	2.5	5.6
EUR FX rate (average)	117.6	117.6	117.5	117.3
EUR FX rate (eop)	117.6	117.6	117.3	117.2
Current account balance (share of GDP)	-4.1	-4.2	-6.9	-2.6
General government balance (share of GDP)	-8.0	-4.1	-3.1	-2.2

Source: Erste Group

Market review

The Serbian banking market grew moderately in 2023. At 1.2%, customer loan growth was significantly impacted by the high interest rate environment. Both retail and corporate loans grew only marginally. In the retail sector, consumer lending proved to be the bright spot, while demand in mortgage business was low. The latter continued to be dominated by euro-indexed loans. At 12.6%, customer deposit growth was significantly higher than that of customer loans, driven mainly by corporate business. Overall, the banking system's loan to deposit ratio decreased significantly to 77.5%.

Financial intermediation – Serbia (in % of GDP)

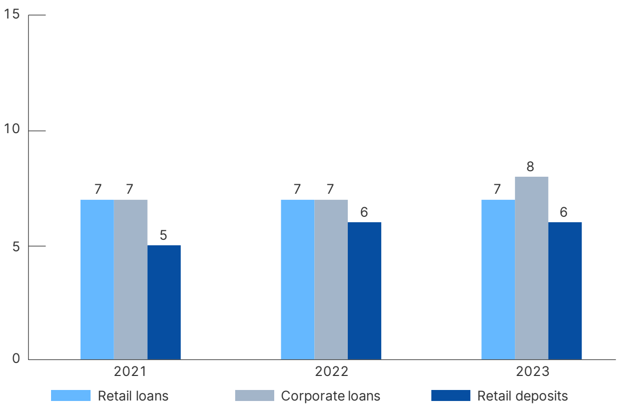


Source: National Bank of Serbia, Erste Group

Despite low loan demand and the introduction of a temporary interest rate cap for mortgage loans, Serbia's banking system continued to be profitable. Operating revenues were mainly driven by rising interest rates. Fee and commission income grew significantly. Operating expenses increased moderately despite rising personnel expenses. The number of branches declined further. Digitalisation was boosted significantly due to the banks' continuous efforts to migrate customers to digital channels. Asset quality trends remained favourable, and risk costs were low. The national bank did not change capital requirements throughout the year and kept the countercyclical buffer at 0%. The banking system's capital adequacy remained strong at above 22%, its return on equity improved to 18%.

Consolidation of the Serbian banking market continued. Privately owned AIK Banka signed a purchase agreement to buy Eurobank Direktna Srbija (in March 2023) and completed its merger with the former local subsidiary of Sberbank. With these transactions AIK Banka became the third-largest bank of the country, with a total asset market share of around 13%. In April 2023, Montenegro-based and privately owned Adriatic Banka acquired 100% of the shares of Expobank. The merger between Raiffeisen Bank and RBA Banka, formerly a subsidiary of Crédit Agricole, was completed in May 2023. Following this acquisition, Raiffeisen Bank became Serbia's fourth-largest bank in terms of total assets.

Market shares – Serbia (in %)



Source: National Bank of Serbia, Erste Group

Erste Bank Serbia remained among the ten largest banks in the country. With 6.3% in terms of total assets, the bank further strengthened its market position. Its market share in customer loans increased to 7.3%. At 7.6%, the bank's market share in corporate loans was marginally higher than in retail loans. Erste Bank Serbia's customer deposit market share increased to 6.5%. Euro-denominated deposits significantly outgrew deposits denominated in Serbian dinar. Overall, the bank's loan-to-deposit ratio stood at a healthy 90.4%.

Business review

Interview with Jasna Terzić, CEO of Erste Bank Serbia

How did the competitive environment change?
In 2023, the Serbian banking sector navigated through a challenging economic environment, grappling with a slow recovery from pandemic-related issues, and geopolitical challenges. The first half of the year saw modest economic performance, hindered by high inflation, which impacted disposable income and domestic demand. High interest rates and regulatory measures, including interest rate caps on mortgages, also impacted banking business.

Despite these challenges, the credit landscape experienced slight growth, influenced by the unwinding of corporate sector liquidity support initiated during the Covid period. Mortgage lending faced constraints due to interest rate caps, while cash lending showed expansion towards year-end, aligning with a recovery in household real income.

All three major credit rating agencies, Standard & Poor's, Fitch Ratings, and Moody's, affirmed Serbia's ratings, maintaining its position at the threshold of investment grade.

Buzzwords such as the green transition or financial health have become more and more important in sustainability reporting. Which developments would you highlight?
At Erste Bank Serbia, we recognise the urgency of addressing climate change. We are taking meaningful action in responsible financing and supporting renewable energy sources aiming at lower carbon dioxide emissions. Our collaboration with the European Bank for Reconstruction and Development (EBRD) through the Green Economy Financing Facility (GEFF) for the Western Balkans reflects our active promotion of energy efficiency in households.

We took some pioneering steps in our market by supporting larger joint investments in buildings through pilot projects. The recent approval of the first loan to a residential building community in Svilajnac will result in a remarkable 55% decrease in both primary energy consumption and CO2 emissions.

We have maintained the leading role in financing renewable energy projects in the country. We emphasise environmental benefits of harnessing wind potential, underlining the production of electricity without harmful gas emissions. In our operational efforts to contribute to decarbonisation, we have made significant progress by improving the energy usage of our buildings and reducing our transport emissions. In addition, we promote a culture of sustainability among our employees, through ESG-related education and the launch of a dedicated page on the intranet. In 2023, we offset our Scope 1 and 2 emissions using high-quality carbon credits to achieve climate neutrality.

How did you manage to successfully differentiate your business activities from those of your competitors?
Our main goal was to successfully complete the migration to a new information system, a comprehensive and demanding project which required a huge amount of resources and energy. The migration is part of our goal to provide state-of-the-art digital solutions to our clients, and we continue to work in this direction. Despite having anticipated some decrease in customer satisfaction across all client segments, we have managed to maintain a strong and competitive position relative to the top three market competitors. Understanding the evolving needs and expectations of our diverse client base, we remain dedicated to enhancing our products, services and overall customer experience.

Looking back at the year, what major achievements or challenges were especially noteworthy?
Looking back, 2023 was clearly a challenging year. Yet, in addition to achieving solid financial results, with increased volumes of both total loans and deposits to customers at the end of the year, we strengthened our efforts in ESG-related fields.

I am proud that our efforts have been duly recognised, as we received the "Champions of Sustainability" award for our contribution to the Agenda 2030 in the field of Gender Equality from the Sustainable Business Forum.

Financial review

in EUR million	2022	2023	Change
Net interest income	83.0	101.2	21.9%
Net fee and commission income	23.0	23.8	3.5%
Net trading result and gains/losses from financial instruments at FVPL	5.6	7.5	34.5%
Operating income	111.9	134.2	19.9%
Operating expenses	-74.4	-90.8	22.1%
Operating result	37.5	43.4	15.5%
Cost/income ratio	66.5%	67.7%	
Impairment result from financial instruments	-20.0	-9.2	-53.9%
Other result	-2.9	0.9	n/a
Net result attributable to owners of the parent	11.2	25.9	>100.0%
Return on allocated capital	4.7%	10.3%	

The segment analysis is done on a constant currency basis. The Serbian dinar (RSD) appreciated by 0.2% against the EUR in the reporting period. Net interest income in the Serbia segment (comprising Erste Bank Serbia Group) increased due to higher loan volumes and market interest rates, partially offset by a modification loss related to the newly introduced interest cap on housing loans. Net fee and commission income increased marginally. The net trading result and gains/losses from financial instruments at FVPL improved on a higher contribution of foreign currency transactions. Operating expenses rose mainly due to higher personnel and IT costs. Contributions to the deposit insurance fund amounted to EUR 5 million (EUR 5 million). Although the operating result improved, the cost/income ratio worsened. Impairment result from financial instruments improved on lower allocations driven by a review of rules for collective SICR assessment (stage overlays). Other result improved on lower provisions for legal expenses. Overall, the net result attributable to owners of the parent increased notably.

Credit risk

Credit risk exposure in the Serbia segment increased significantly to EUR 3.9 billion (+9.2%). Loans to customers increased to EUR 2.2 billion (+5.0%). Retail loans grew at a faster pace (+5.3%) than corporate loans (+4.7%). Non-performing loans increased slightly to 2.7% (2.4%) of total loans to customers. Loan loss provisions declined to 108.8% (119.8%) of non-performing loans.

(Consolidated) Corporate Governance Report 2023

Your notes

(Consolidated) corporate governance report

COMMITMENT TO CORPORATE GOVERNANCE CODE

Since 2003 Erste Group Bank AG has been committed to complying with the rules of the Austrian Code of Corporate Governance (Austrian CCG – see http://www.corporate-governance.at) and hence to responsible and transparent corporate governance. In addition, the management board adopted a Statement of Purpose in 2015. This statement states in more detail and reaffirms the purpose of Erste Group Bank AG to promote and secure prosperity throughout the region in which Erste Group is active. Building on this Statement of Purpose, a Code of Conduct defines binding rules for the day-to-day business.

This Corporate Governance Report has been prepared in accordance with sections 243c and 267b of the Austrian Commercial Code (UGB) and Rules 60 et seq. of the Austrian CCG and combines the corporate governance report of Erste Group Bank AG, the parent, and the consolidated corporate governance report in one single report. For the financial year 2023, the management board has also prepared a (consolidated) non-financial report in accordance with sections 243b and 267a of the Austrian Commercial Code. Information on the total remuneration of individual members of the management board and the supervisory board and the principles governing the remuneration policy are disclosed in a separate remuneration report pursuant to section 78e Austrian Stock Corporation Act (AktG).

In the 2023 financial year, Erste Group Bank AG complied with all L-Rules (Legal Requirements – mandatory legal norms) and R-Rules (Recommendations – these rules are more similar to recommendations; non-compliance does not need to be disclosed or explained) as well as – with three exceptions – all C-Rules (Comply-or-Explain – deviations are permitted, but must be described and explained) of the Austrian CCG. The permitted deviations were as follows:

_ Pursuant to C-Rule 2 of the Austrian CCG, shares are to be construed in accordance with the principle of one share – one vote, i.e. the company may only issue shares that have one vote per share and no right to nominate members to the supervisory board. Under Erste Group Bank AG's articles of association (Art. 15.1), the shareholder DIE ERSTE österreichische Spar-Casse Privatstiftung is, however, granted the right to nominate up to one third of the members of the supervisory board to be elected by the annual general meeting as long as it is liable for all present and future liabilities of Erste Group Bank AG in case of its insolvency pursuant to section 92 para 9 of the Austrian Banking Act. The Privatstiftung has not exercised this right to date.

_ Pursuant to C-Rule 27 CCG, care must be taken to ensure that for the variable remuneration components for management board members, measurable performance criteria shall be fixed in advance as well as maximum limits for amounts or as a percentage of the fixed remuneration components. One deviation concerns the treatment of the deferred variable remuneration for management board members of Erste Group Bank AG, the share-based portion of which is treated as a long-term incentive (LTI) in the form of performance share units (PSUs). The number of PSUs is initially calculated at the time of the granting and adjusted according to the average group performance at the end of the deferral period (vesting). The performance criteria used to measure group performance are defined by the supervisory board annually in advance, as a result of which there are no fixed performance criteria for the duration of the deferral period. The approach chosen by Erste Group Bank AG corresponds, however, most closely to a risk-based variable remuneration that is in line with Erste Group's long-term performance and regulatory requirements. For more details see the remuneration policy adopted by the annual general meeting of Erste Group Bank AG pursuant to section 78a of the Austrian Stock Corporation Act, see www.erstegroup.com/de/rechtliches/corporate-governance.

_ Pursuant to C-Rule 52a of the Austrian CCG, the number of supervisory board members (without employees' representatives) shall be ten at most. In 2023, the supervisory board of Erste Group Bank AG comprised up to fourteen members elected by the annual general meeting. The deviation from C-Rule 52a of the Austrian CCG is due to the size of Erste Group and its market position in seven core markets in Central and Eastern Europe as well as to the fact that the supervisory board has to perform a multitude of financial-market-related and prudential review and oversight duties. Moreover, the supervisory board must meet various criteria to comply with diversity requirements.

CORPORATE CONSTITUTION

Erste Group Bank AG is a stock corporation established under Austrian law and has a two-tier management system comprising a management board and a supervisory board.

The management board is responsible for managing the company as required for the benefit of the company taking into account the interests of the shareholders and the employees as well as public interest. The management board takes its decisions in compliance with the articles of association and its internal rules as well as the Statement of Purpose. The supervisory board supervises and advises the management board, in particular when taking decisions of fundamental importance, but without engaging in any management tasks itself. The supervisory board appoints members of the management board.

The supervisory board members being shareholder representatives are elected by the annual general meeting of Erste Group Bank AG, with due regard to the right of nomination granted to shareholder DIE ERSTE österreichische Spar-Casse Privatstiftung under the articles of association. The employees' council of Erste Group Bank AG has the right to nominate one employees' representative for every two shareholder representatives to the supervisory board. If the number of shareholder representatives is an odd number, then one more member is appointed as an employees' representative.

COMPOSITION AND WORKING PROCEDURE OF THE CORPORATE BODIES

Selection and assessment of members of corporate bodies

The qualification requirements for members of the corporate bodies (management board and supervisory board) of Erste Group Bank AG are governed by the internal guidelines for the selection and assessment of members of the management and supervisory boards (Suitability Policy).

These guidelines define the internal framework for the selection and assessment of members of the corporate bodies taking into account relevant national and EU legal provisions for banks and exchange-listed stock corporations such as section 5 para 1 nos 6 to 13 of the Austrian Banking Act, section 28a of the Austrian Banking Act, ESMA and EBA guidelines for assessing the suitability of members of the management body and key function holders (EBA/GL/ 2021/06), the ESMA and EBA guidelines on internal governance pursuant to Directive (EU) 2019/2034 (EBA/GL/2021/05), the ECB's guide to fit and proper assessments as well as the FMA circular on the assessment of suitability of executive directors, non-executive directors and key function holders. The assessment of proposed and appointed members of corporate bodies is based on the following criteria: personal reputation, professional qualifications and required experience as well as potential conflicts of interest, independence, time availability, overall composition of the management or supervisory board and diversity.

Continuing development of members of corporate bodies

To maintain an appropriate level of professional qualification and continuing development of members of the corporate bodies, Erste Group regularly organises events and seminars for members of the management board and supervisory board and enables them to participate in external training events. As part of the 2023 in-house training programme for members of the management board and the supervisory board, board members discussed and considered a wide range of topics with in-house and outside experts both individually and within the respective boards. Among the professional development and training events organised for the respective boards were the following highlights: presentations covering the legal and historic foundations of savings banks, business models of European commercial banks, insurance accounting, securities compliance and the management of potential conflicts of interest as well as cyber security and other IT matters. In January 2024, a training session was held on "ESG: Regulatory Frame-work, Ratings and Investors' Expectations" for the management board and the supervisory board. Members of the supervisory board of Erste Group Bank AG also attended professional meetings organised by Sparkassenverband. In addition, a comprehensive on-boarding process was conducted with the member newly elected to the supervisory board at the annual general meeting held on 12 May 2023.

Measures taken to avoid conflicts of interest

Every year, the members of the supervisory board are obligated to consider the regulations of the Austrian CCG regarding conflicts of interest. Furthermore, members of the management and supervisory boards receive internal guidelines on how to deal with conflicts of interest (Suitability Policy) that are brought to their attention. These internal guidelines are based on Article 83 of the ESMA and EBA guidelines for assessing the suitability of members of the management body and key function holders (EBA/GL/2021/06) and Chapter 3.3.2 of the ECB's guide to fit and proper assessments as well as additional legal requirements (section 28 of the Austrian Banking Act, section 95 para 5 no 12 of the Austrian Stock Corporation Act, section 95a para 1 of the Austrian Stock Corporation Act) and, among other things, describe the appropriate procedure for identifying and avoiding conflicts of interest, the contents of the report, responsibilities and documentation requirements. As soon as members of the management board and the supervisory board identify (potential) conflicts of interest, these shall be reported by them proactively to the chair of the nomination committee; if this reporting obligation concerns the chair of the nomination committee themself, the chair must inform their deputy thereof. The nomination committee will subsequently decide whether the conflict of interest is material and what measures need to be taken (abstention from voting on resolutions, ban on attendance at meetings, voting ban, changing the duties of the body concerned, termination of the mandate of the management board or supervisory board member concerned). The conflict of interest will be disclosed in the relevant bodies and, if required, to the supervisory authority. In individual cases, the (potential) conflict of interest will be monitored by the Compliance function or Group Audit. Furthermore, new members of the management board and the supervisory board receive comprehensive information regarding the avoidance of conflicts of interest when taking up their board function.

Directors and officers liability insurance

Erste Group Bank AG has directors and officers liability insurance. Unless otherwise provided by local law, the insurance policy covers former, current and future members of the management board or managing directors, of the supervisory board, of the administrative board and of the advisory board as well as senior management, holders of statutory powers of attorney (Prokuristen) and management staff of Erste Group Bank AG and the subsidiaries in which Erste Group Bank AG holds more than 50% of the shares or voting rights either directly or indirectly through one or more subsidiaries. The costs are borne by the company.

MANAGEMENT BOARD

In 2023, the management board consisted of six members.

Management board member	Year of birth	Date of initial appointment	End of current period of office
Willibald Cernko (Chairman)	1956	1 July 2022	30 June 2024
Ingo Bleier	1970	1 July 2019	30 June 2026
Stefan Dörfler	1971	1 July 2019	31 December 2027
Alexandra Habeler-Drabek	1970	1 July 2019	31 December 2027
David O'Mahony	1965	1 January 2020	31 December 2026
Maurizio Poletto	1973	1 January 2021	31 December 2027

The management board mandates of Stefan Dörfler, Alexandra Habeler-Drabek and Maurizio Poletto were each extended until 31 December 2027. Upon the appointment of Peter Bosek as chairman of the management board of Erste Group Bank AG from 1 July 2024, Willibald Cernko offered to resign early, as of 30 June 2024, from his mandate as chairman of the board, which originally would have continued until 31 December 2024.

Management board member	Areas of responsibility
Willibald Cernko	Group People & Culture, Group Secretariat and Legal, Group Audit, Group Brand Management & Communications, Group Investor Relations, Group Strategy, Group Corporate Affairs & Stakeholder Management, Group Retail Development - Financial Health
Ingo Bleier	Group Corporates, Group Commercial Real Estate, Group Markets, Group Research, Group Corporate Steering & Business Development (until 31 August 2023)
Stefan Dörfler	Group Balance Sheet Management, Group Performance Management, Group Data Management, Group Accounting
Alexandra Habeler-Drabek	Group Compliance, Credit Risk Methods, Retail Risk Management, Credit Risk Portfolio, Corporate Risk Management, Enterprise wide Risk Management, Group Liquidity and Market Risk Management
David O'Mahony	CIO Group Functions, Banking Services, Group Security
Maurizio Poletto	Platform Governance

The internal rules of the management board of Erste Group Bank AG do not provide for the establishment of committees from among its ranks. In addition to holding senior management positions at Erste Group, management board members, however, also serve as members of committees on a wide variety of matters at Erste Group Bank AG. For more details on such committees see in particular the (consolidated) non-financial report (Group Sustainable Finance Committee) and the notes to the annual financial statements (Note 32: Coordination of risk management activities at group level).

The expertise of management board members is reflected specifically, but not exclusively in their respective current areas of responsibility. As part of the individual suitability assessment conducted prior to the appointment of each management board member, the supervisory board of Erste Group Bank AG carefully evaluates their expertise based on the standards applicable to credit institutions. For additional details see the curricula vitae of management board members at www.erstegroup.com. Short profiles are provided below.

Willibald Cernko has held a wide range of management and executive positions in credit institutions since 1985, including a seven-year term as CEO of UniCredit Bank Austria AG. Prior to his appointment as CEO/chairman of the management board he had served as Chief Risk Officer of Erste Group Bank AG and as Chief Corporates Officer and, at the same time, vice chairman of the management board of Erste Bank der oesterreichischen Sparkassen AG.

Ingo Bleier (background in law and commercial sciences) had been entrusted with management tasks in corporate banking, project finance and loan syndication first at Creditanstalt and then at UniCredit Bank Austria AG before assuming management functions in Corporate and Acquisition Finance, Investment Banking and Group Corporates at Erste Group Bank AG in 2008.

Stefan Dörfler (background in technical mathematics) started his career as interest rate derivatives trader at GiroCredit Bank AG; after holding various management positions, most recently as Head of Group Markets and Capital Markets, he served as chairman of the management board of Erste Bank der oesterreichischen Sparkassen AG from 2016 to June 2019.

Alexandra Habeler-Drabek (background in commercial sciences) held various management positions at Creditanstalt (later UniCredit Bank Austria AG) in the fields of credit risk, restructuring and workout. Among the positions she had held at Erste Group were, among others, Head of Operative Risk Management of Erste Bank der oesterreichischen Sparkassen AG, Head of Group Enterprisewide Risk Management at Erste Group Bank AG and Chief Risk Officer of Slovenská sporiteľňa, a.s.

David O'Mahony (background in computer science and mathematics) worked for credit institutions in Ireland, Great Britain and the Czech Republic, among them UniCredit S.p.A., where he served as Head of Department Global Banking Services Business Partner CEE and Sberbank Europe AG, where he was Chief Operating Officer and Chief IT Officer. At Erste Group he served as Head of COO Group Governance and Head of Holding IT.

Maurizio Poletto (background in design) initially gathered experience working for companies as designer and art director before he successfully started his own business in 2003, holding the position of Creative Director. At Erste Group Bank AG, Maurizio Poletto started the in-house fintech (George Labs GmbH) and over the approximately last ten years has been engaged in the development and expansion of George.

Management positions in subsidiaries

Stefan Dörfler
Erste Bank der oesterreichischen Sparkassen AG,
Member of the management board (Chief Finance Officer)

Alexandra Habeler-Drabek
Erste Bank der oesterreichischen Sparkassen AG,
Member of the management board (Chief Risk Officer)

David O'Mahony
Erste Digital GmbH,
Member of the management board (until 31 May 2023)

Mandates on supervisory boards and similar functions

As of 31 December 2023, management board members held the following supervisory board mandates or similar functions in domestic or foreign companies or material subsidiaries of Erste Group Bank AG (the latter are marked with *).

Willibald Cernko
Česká spořitelna, a.s.*, Chair
Erste & Steiermärkische Bank d.d.* (Erste Bank Croatia), Chair
TIROLER SPARKASSE Bankaktiengesellschaft Innsbruck*, Chair

Ingo Bleier
Erste Bank der oesterreichischen Sparkassen AG*, Member
Erste & Steiermärkische Bank d.d.*(Erste Bank Croatia), Member
Erste Bank a.d. Novi Sad*, Chair
Steiermärkische Bank und Sparkassen AG*, Member

Stefan Dörfler
Banca Comercială Română S.A.*, Vice Chair
Česká spořitelna, a.s.*, Member
Erste Digital GmbH*, Chair until 15 June 2023 then Member
Sparkassen-Haftungs GmbH*, Member
Wiener Börse AG, Member

Alexandra Habeler-Drabek
Erste Bank Hungary Zrt.*, Member
Oesterreichische Kontrollbank Aktiengesellschaft, 2nd Vice Chair

David O'Mahony
Erste Digital GmbH*, Chair since 16 June 2023,
previously Member from 1 June 2023 to 15 June 2023
Erste Bank a.d. Novi Sad*, Member
Slovenská sporiteľňa, a.s.*, Chair

Maurizio Poletto
Česká spořitelna, a.s.*, Member
Erste Bank Hungary Zrt.*, Member
Erste Digital GmbH*, Member

AUFSICHTSRAT

In the 2023 financial year, the following persons were members of the supervisory board:

Position	Name	Gender	Year of birth	Nationality	Date of initial appointment	End of the current period of office
Chairman	Friedrich Rödler	male	1950	Austria	4 May 2004	AGM 2025
1st Vice Chairman	Maximilian Hardegg	male	1966	Austria	12 May 2015	AGM 2025
2nd Vice Chairwoman	Elisabeth Krainer Senger-Weiss	female	1972	Austria	21 May 2014	AGM 2024
Member	Christine Catasta	female	1958	Austria	18 May 2022	AGM 2026
Member	Henrietta Egerth-Stadlhuber	female	1971	Austria	26 June 2019	AGM 2026
Member	Hikmet Ersek	male	1960	Austria	18 May 2022	11 October 2023
Member	Alois Flatz	male	1966	Austria	18 May 2022	AGM 2025
Member	Marion Khüny	female	1969	Austria	17 May 2017	AGM 2026
Member	Mariana Kühnel	female	1983	Austria	18 May 2022	AGM 2025
Member	Friedrich Santner	male	1960	Austria	10 November 2020	AGM 2027
Member	Michael Schuster	male	1980	Austria	19 May2021	AGM 2024
Member	András Simor	male	1954	Hungary	10 November 2020	15 January 2024
Member	Michèle F. Sutter-Rüdisser	female	1979	Switzerland	15 May 2019	AGM 2026
Member	Christiane Tusek	female	1975	Austria	12 May 2023	AGM 2026
Delegated by the employees' council:						
Member	Martin Grießer	male	1969	Austria	26 June 2019	until further notice
Member	Markus Haag	male	1980	Austria	21 November 2011	until further notice
Member	Regina Haberhauer	female	1965	Austria	12 May 2015	until further notice
Member	Andreas Lachs	male	1964	Austria	9 August 2008	until further notice
Member	Barbara Pichler	female	1969	Austria	9 August 2008	until further notice
Member	Jozef Pinter	male	1974	Slovakia	25 June 2015	16 January 2024
Member	Karin Zeisel	female	1961	Austria	9 August 2008	until further notice

In 2023, the composition of the supervisory board changed as follows: At the annual general meeting on 12 May 2023, Friedrich Santner und András Simor were re-elected and Christiane Tusek was newly elected to the supervisory board.

Hikmet Ersek resigned from his supervisory board mandate as of 11 October 2023. András Simor resigned from his supervisory board mandate as of 15 January 2024. In this context, the delegation of Jozef Pinter as one of the employee representatives newly delegated to the supervisory board was revoked on 16 January 2024.

Expertise of supervisory board members

The table below provides an overview of the core expertise and selected specific qualifications of members of the supervisory board of Erste Group Bank AG. It is by no means exhaustive but intends to highlight the expertise and qualifications of supervisory board members that were considered relevant at the time they were elected as members of the supervisory board or that are of particular significance for their current work. Expertise is assessed on the basis of education and training as well as relevant professional experience. The table does not include the employees' representatives delegated to the supervisory board by the employees' council of Erste Group Bank AG, whose suitability was assessed and confirmed exclusively by the employees' council in accordance with applicable fit & proper requirements.

		Core competences						Specific competences		
Name	Occupation	Banking and finance	Industry	Advisory	Directors/ senior management	Accounting/ auditing/ risk management	Regulatory/ public domain	IT/ digitalisation/ innovation	Corporate acquisitions/ reorganisation/ capital market	Sustainability topics
Friedrich Rödler	Auditor and tax advisor	x		x	x	x	x		x	x
Maximilian Hardegg	Entrepreneur		x		x	x		x		x
Elisabeth Krainer Senger-Weiss	Lawyer		x	x			x		x	x
Christine Catasta	Auditor and tax advisor		x	x	x	x			x	
Henrietta Egerth-Stadlhuber	Managing director		x	x	x		x	x		
Hikmet Ersek	Investor	x			x	x		x	x	
Alois Flatz	Investor	x		x	x			x	x	x
Marion Khüny	Consultant	x		x	x	x			x	
Mariana Kühnel	Deputy secretary general, Austrian Federal Economic Chamber	x	x		x		x	x		
Friedrich Santner	Entrepreneur	x	x		x	x		x	x	
Michael Schuster	Investor	x		x	x			x	x	
András Simor	Governor, Central Bank of Hungary,ret	x			x	x	x		x	
Michèle F. Sutter-Rüdisser	Professor	x		x	x	x	x		x	x
Christiane Tusek	Vice-Rector for Finance and Entrepreneurship	x		x	x	x	x		x	

Additional note on the table above: the term 'directors' (Geschäftsleiter) refers to those natural persons that under the law or the articles of association are tasked with the management of the affairs of a company, including in particular the definition of the strategy, goals and overall policies as well as with the representation of the company in its external relations. The term 'senior management' refers to those natural persons who in an enterprise perform management tasks or executive activities and are responsible and accountable to the directors for the day-to-day business.

Mandates on supervisory boards or similar functions

In 2023, supervisory board members held the following additional supervisory board mandates or similar functions in domestic or foreign companies. Material subsidiaries of Erste Group Bank AG are marked with *, listed companies are marked with **.

Friedrich Rödler

Erste Bank der oesterreichischen Sparkassen AG*, Chair
Erste Bank Hungary Zrt.*, Member
Sparkassen-Prüfungsverband, Chair
Abschlussprüferaufsichtsbehörde, Member

Maximilian Hardegg

DIE ERSTE österreichische Spar-Casse Privatstiftung, Member
Česká spořitelna, a.s.*, Member
TIROLER SPARKASSE Bankaktiengesellschaft Innsbruck*, Member
Constantia Industries AG, Member

Elisabeth Krainer Senger-Weiss

Banca Comercială Română S.A.*, Member
Gebrüder Weiss Holding AG, Vice Chair
Gebrüder Weiss Gesellschaft m.b.H., Vice Chair

Christine Catasta

Erste Bank der oesterreichischen Sparkassen AG*, Member
Banca Comercială Română S.A.*, Member
Austrian Airlines AG*, Member
ÖLH Österreichische Luftverkehrs-Holding-GmbH, Member
Bundesimmobiliengesellschaft m.b.H., Chair
Telekom Austria Aktiengesellschaft**, Member (until 7 Jun. 2023)
VERBUND AG**, 2nd Vice Chair

Henrietta Egerth-Stadlhuber

NÖ Kulturwirtschaft GesmbH, Member
Lebensraum Tirol Holding GmbH, Member (since 25 April 2023)

Hikmet Ersek (until 11 October 2023)

Voya Financial, Inc.

Alois Flatz
CEBS AG, Member
Crate.io, Inc., Chair
Flatz Hoffmann AG, Chair (since 21 March 2023)

Marion Khüny
Valiant Bank AG**, Member

Friedrich Santner
Steiermärkische Bank und Sparkassen AG*, Chair
Styria Media Group AG, Chair
SAG Immobilien AG, Chair

Michèle F. Sutter-Rüdisser
Helsana Versicherungen AG, Member
Graubündner Kantonalbank AG**, Member
Chain IQ Group AG, Member (since 5 June 2023)

Christiane Tusek (since 12 May 2023)
Sparkasse Oberösterreich Bank AG*, Member
RISC Software GmbH, Chair
Linz Center of Mechatronics GmbH, 2nd Vice Chair
JKU-Betriebs- und Vermietungs-GmbH, Vice Chair
Johannes Kepler Universität Linz Multimediale Studienmaterialien GmbH, Vice Chair
Research Center for Non Destructive Testing GmbH, Vice Chair (until 2 October 2023)
Tech2b Inkubator GmbH, Member (since 2 October 2023)

Mariana Kühnel, Michael Schuster and András Simor did not hold any supervisory board mandates or similar functions in other domestic or foreign companies as of 31 December 2023.

Delegated by the employees' council:

Regina Haberhauer
Erste Asset Management GmbH*, Member

Andreas Lachs
VBV-Pensionskasse Aktiengesellschaft, Member (until 15 June 2023)

Barbara Pichler
DIE ERSTE österreichische Spar-Casse Privatstiftung, Member

Martin Grießer, Markus Haag, Jozef Pinter and Karin Zeisel did not hold any supervisory board mandates or similar functions in other domestic or foreign companies.

Mechanism for shareholders and employees to provide recommendations and direction to the supervisory board

In accordance with the law and the articles of association, the employees' council has the right to delegate one member to the supervisory board from among its ranks for every two supervisory board members elected by the annual general meeting (statutory one-third parity rule.) If the number of shareholder representatives is an odd number, then one more member is appointed as an employees' representative.

Independence of the supervisory board

Pursuant to C-Rule 53 of the Austrian CCG – this rule corresponds to the concept of independence as defined in the ICGN Global Governance Principles 2021-, the majority of the members of the supervisory board elected by the annual general meeting or delegated by shareholders in accordance with the articles of association shall be independent of the company and its management board. A member of the supervisory board is deemed to be independent if such person does not have any business or personal relations with the company or its management that would constitute a material conflict of interest and, therefore, might influence the member's conduct. The supervisory board adheres to the independence criteria guidelines as set out in Annex I of the Austrian CCG.

_ The supervisory board member shall not have been a member of the management board or a managing employee of the company or a subsidiary of the company in the past five years.
_ The supervisory board member shall not have or not have had in the past year any business relations with the company or a subsidiary of the company to an extent of significance for the supervisory board member. This shall also apply to business relations with companies in which the supervisory board member has a significant economic interest, but not to positions held in the Group's corporate bodies. The approval of individual transactions by the supervisory board pursuant to L-Rule 48 does not automatically qualify the respective supervisory board member as not being independent.
_ The supervisory board member shall not have served as auditor for the company or been involved in an audit or worked as an employee of the audit firm that audited the company in the past three years.
_ The supervisory board member shall not serve as a management board member at another company in which a member of the company's management board is a supervisory board member.
_ The supervisory board member shall not serve on the supervisory board for more than 15 years. This shall not apply to members of the supervisory board that hold investments with a business interest or that represent the interests of such a shareholder.

_ The supervisory board member shall not be a close family member (child, spouse, life partner, parent, uncle, aunt, sibling, niece, nephew) of a member of the management board or of persons holding one of the positions described in the points above.

Based on the above criteria, all supervisory board members have declared their independence with the exception of Friedrich Rödler. Friedrich Rödler has been serving on the supervisory board for more than 15 years. No member of the supervisory board holds directly or indirectly more than 10% of the shares of Erste Group Bank AG. In 2023, two members of the supervisory board (Maximilian Hardegg and Barbara Pichler) served on a managing body of DIE ERSTE österreichische Spar-Casse Privatstiftung, which holds more than 10% of the shares of Erste Group Bank AG.

Independence and membership in supervisory board committees

C-Rule 53 of the Austrian CCG does not specify any separate independence criteria for committee members. In the table below, the definition of independence pursuant to section 63a para 4 of the Austrian Banking Act is therefore used for the audit committee, while the independence criteria pursuant to section 28a para 5b of the Austrian Banking Act are applied for the remuneration committee, the nomination committee and the risk committee.

The proportion of independent members is only stated for the committees that must be established by law (nomination committee, audit committee, risk committee, remuneration committee).

Employees' representatives are not included in calculating the independence ratio for the supervisory board as a whole or for the committees.

When calculating the gender quota pursuant to section 86 para 9 of the Austrian Stock Corporation Act (AktG), employees' representatives are included, substitute members do not count.

2023 saw a number of changes in the composition of the supervisory board and the committees. Supplementary information on the presentation in the tables: the composition of the shareholder representatives on the committees changed in 2023 following the elections to the supervisory board. On 12 May 2023, Elisabeth Krainer Senger-Weiss succeeded Friedrich Rödler as chair of the remuneration committee, of which she had previously been an ordinary member. Friedrich Rödler has since been serving as vice chair. Since 12 May 2023, Maximilian Hardegg has been an ordinary member of the remuneration committee, of which he had previously been the vice chair. Christine Catasta, formerly a substitute member, and Mariana Kühnel have been ordinary members of the remuneration committee since 12 May 2023. Friedrich Santner served as ordinary member of the audit committee until 12 May 2023; since 12 May 2023 he has been an ordinary member of the nomination committee and the strategy committee. Michèle Sutter-Rüdisser has been an ordinary member of the IT committee since 12 May 2023. Alois Flatz was a substitute member of the nomination committee until 12 May 2023 and has since been an ordinary member. In addition, Alois Flatz has been a substitute member of the risk committee since 12 May 2023. Michael Schuster was a substitute member of the strategy committee until 12 May 2023, thereafter an ordinary member. Christine Tusek was newly elected to the supervisory board at the annual general meeting on 12 May 2023 and has since been an ordinary member of the IT committee and the audit committee. Committee memberships of employee representatives also changed as of 12 May 2023. Martin Grießer was a substitute member of the strategy committee and the nomination committee until 12 May 2023 and has since been an ordinary member of both committees. Jozef Pinter has been a substitute member of the strategy, remuneration and nomination committees as well as an ordinary member of the IT committee since 12 May 2023. Karin Zeisel was a substitute member of the remuneration committee until 12 May 2023 and has since been an ordinary member.

Hikmet Ersek resigned from his mandate as a member of the supervisory board and thereby also from his functions as an ordinary member of the strategy, remuneration and nomination committees as of 11 October 2023.

Share of independent members

	Supervisory board		Committees						
	Pursuant to Austrian CCG	Pursuant to Austrian Banking Act	Executive committee	Nomination committee	Audit committee	Risk committee	Remuneration committee	IT committee	Strategy and sustainability committee
31 Dec 2023	92%	92%	n.a.	86%	100%	83%	86%	n.a.	n.a.
1 Jan 2023	92%	92%	n.a.	83%	100%	83%	100%	n.a.	n.a.

Membership of the supervisory board and its committees

Name	Supervisory board (Independence)		Committees (function of the supervisory board member)						
	Pursuant to Austrian CCG	Pursuant to Austrian Banking Act	Executive committee	Nomination committee	Audit committee	Risk committee	Remuneration committee	IT committee	Strategy and sustainability committee
31 Dec 2023									
Friedrich Rödler	dependent	dependent	Chair	Chair	Deputy Financial expert	Deputy	Deputy, Remuneration expert	Deputy	Deputy
Maximilian Hardegg	independent	independent	Deputy	Deputy	Substitute	Chair	Member	Chair	Member
Elisabeth Krainer Senger-Weiss	independent	independent	Member	Member	-	Member	Chair	Substitute	Substitute
Christine Catasta	independent	independent	Member	Member	Chair	Member	Member	-	-
Henrietta Egerth-Stadlhuber	independent	independent	-	-	-	Member	-	Member	Member
Hikmet Ersek	independent	independent	-	-	-	-	-	-	-
Alois Flatz	independent	independent	-	Member	-	Substitute	Member	-	Chair
Marion Khüny	independent	independent	-	-	Member	Member	-	Member	-
Mariana Kühnel	independent	independent	-	-	Member	-	Member	Member	-
Friedrich Santner	independent	independent	-	Member	-	-	-	-	Member
Michael Schuster	independent	independent	-	-	-	-	-	Member	Member
András Simor	independent	independent	-	-	-	-	Member	-	Member
Michèle F. Sutter-Rüdisser	independent	independent	-	Member	Member	-	-	Member	-
Christiane Tusek	independent	independent	-	-	Member	-	-	Member	-
Delegated by the employees's council:									
Martin Grießer	n.a.	n.a.	Substitute	Member	Member	Substitute	Member	Member	Member
Markus Haag	n.a.	n.a.	-	-	-	Member	Substitute	Substitute	-
Regina Haberhauer	n.a.	n.a.	-	Substitute	Member	Substitute	-	-	Substitute
Andreas Lachs	n.a.	n.a.	Substitute	Member	Substitute	Member	Member	Member	Member
Barbara Pichler	n.a.	n.a.	Member	Member	Member	-	Member	Member	Member
Jozef Pinter	n.a.	n.a.	-	Substitute	Substitute	Member	Substitute	Member	Substitute
Karin Zeisel	n.a.	n.a.	Member	Member	--	-	Member	Substitute	Member
1 Jan 2023									
Friedrich Rödler	dependent	dependent	Chair	Chair	Deputy Financial expert	Deputy	Chair Remuneration expert	Deputy	Deputy
Maximilian Hardegg	independent	independent	Deputy	Deputy	Substitute	Chair	Deputy	Chair	Member
Elisabeth Krainer Senger-Weiss	independent	independent	Member	Member	-	Member	Member	Substitute	Substitute
Christine Catasta	independent	independent	Member	Member	Chair	Member	Substitute	-	-
Henrietta Egerth-Stadlhuber	independent	independent	-	-	-	Member	-	Member	Member
Hikmet Ersek	independent	independent	-	Member	-	-	Member	-	Member
Alois Flatz	independent	independent	-	Substitute	-	-	Member	-	Chair
Marion Khüny	independent	independent	-	-	Member	Member	-	Member	-
Mariana Kühnel	independent	independent	-	-	Member	-	-	Member	-
Friedrich Santner	independent	independent	-	-	Member	-	-	-	-
Michael Schuster	independent	independent	-	-	-	-	-	Member	Substitute
András Simor	independent	independent	-	-	-	-	Member	-	Member
Michèle F. Sutter-Rüdisser	independent	independent	-	Member	Member	-	-	-	-
Delegated by the employees's council:									
Martin Grießer	n.a.	n.a.	Substitute	Substitute	Member	Substitute	Member	Member	Substitute
Markus Haag	n.a.	n.a.	-	-	-	Member	Substitute	Substitute	-
Regina Haberhauer	n.a.	n.a.	-	Substitute	Member	Substitute	-	-	Substitute
Andreas Lachs	n.a.	n.a.	Substitute	Member	Substitute	Member	Member	Member	Member
Barbara Pichler	n.a.	n.a.	Member	Member	Member	-	Member	Member	Member
Jozef Pinter	n.a.	n.a.	-	-	Substitute	Member	-	-	--
Karin Zeisel	n.a.	n.a.	Member	Member	-	-	Substitute	Substitute	Member

Share of the underrepresented gender

	Supervisory board	Executive committee	Nomination committee	Audit committee	Risk committee	Remuneration committee	IT committee	Strategy and sustainability committee
31 December 2023	50%	33%(m)	45%(f)	22%(m)	44%(f)	45%(f)	50%	27%(f)
1 January 2023	45%(f)	33%(m)	44%(m)	33%(m)	44%(f)	22%(f)	44%(f)	33%(f)

(f) underrepresented gender: female; (m) underrepresented gender: male

Self-evaluation of the supervisory board

At its meetings of 20 February 2023 and 20 March 2023, the nomination committee performed an evaluation of the activities of the supervisory board and its committees for 2022 and of its collective suitability. It discussed, for example, the supervisory board members' attendance at supervisory board and commit-tee meetings in 2022, assessed the efficiency of the supervisory board's activities, organisation and working practices and undertook a critical review of the composition of committees. Potential conflicts of interest of management board and supervisory board members as well as the requirements of section 29 no 6 and no 7 of the Austrian Banking Act were considered, and the number of mandates and secondary activities of management and supervisory board members were discussed. The nomination committee stated that the self-evaluation of the supervisory board pursuant to C-Rule 36 of the Austrian CCG for 2022 had been concluded with a positive assessment. The supervisory board furthermore conducted a self-evaluation and, in addition, discussed its collective suitability with the current committee memberships in the course of its strategy retreat on 11 April 2023 as well as at a workshop on 21 June 2023, which was dedicated to the work of the supervisory board, specifically its organisation, working practices and contribution to the company's strategic alignment and supported and moderated by an outside coach. The positive outcome of these self-evaluations was formally reported to the supervisory board at its meeting of 14 September 2023.

Contracts subject to approval (C-Rule 49 Austrian CCG)

No contracts have been entered into that would require approval pursuant to section 95 para 5 no 12 of the Austrian Stock Corporation Act.

SUPERVISORY BOARD COMMITTEES AND THEIR DECISION-MAKING POWERS

The supervisory board has set up seven committees: the risk committee, the executive committee, the audit committee, the nomination committee, the remuneration committee, the IT committee and the strategy and sustainability committee. Some of these committees are required by law and support the supervisory board in preparing and stating its position on all matters that the supervisory board is required to deal with. The supervisory board moreover has the right, within its statutory remit, to transfer decision-making powers to committees or to withdraw powers from the committees.

Risk committee

The tasks of the risk committee are governed in particular by section 39c para 2 of the Austrian Banking Act and the internal rules of the risk committee. The risk committee advises the management board with regard to the bank's current and future risk appetite and risk strategy and monitors the implementation of this risk strategy and risk management. The committee also reviews whether the services and products offered are adequately priced in accordance with the bank's business model and risk strategy. Without prejudice to the duties of the remuneration committee the risk committee is also responsible for reviewing whether the incentives offered by the internal remuneration system adequately take into account risk, capital, liquidity and the probability and timing of profit realisation. The risk committee is responsible for granting approval in all those cases in which loans and exposures or large exposures reach an amount exceeding the approval authority of the management board defined in the approval authority regulation. The approval of the risk committee is required for every large loan as defined in section 28b of the Austrian Banking Act. The supervisory board has delegated to the risk committee the right of consent to the granting of special statutory power of attorney (Prokura) or commercial power (Handlungsvollmacht) for all business operations. The tasks of the risk committee include the acknowledgement of reports on legal disputes. In addition, the risk committee is responsible for reviewing potential stress scenarios in order to assess how the bank's risk profile reacts to external and internal events. The risk committee is also tasked with taking note of reports on activities relating to Erste Group's resolution planning and resolvability.

Executive committee

The executive committee meets on an ad hoc basis at the supervisory board's request for the purpose of preparing specific topics for meetings or for circular resolutions. The committee may also be assigned the power to take final decisions. In case of imminent danger and to prevent significant damage, the executive commit-tee may be convened by its chairperson in order to take action in the interest of the company even without a specific mandate from the supervisory board.

Audit committee

The tasks of the audit committee result, among others, from section 63a para 4 of the Austrian Banking Act and section 92 para 4a no 4 of the Austrian Stock Corporation Act as well as from the internal rules of the audit committee. The audit committee is responsible for overseeing the accounting process; monitoring the implementation of accounting policies; monitoring the effectiveness of the company's internal control system, internal audit system and risk management system; overseeing the annual audit of single-entity and consolidated financial statements; reviewing and supervising the qualification and independence of the auditor (Group auditor) in particular with respect to non-audit services rendered to the audited company or group company; submitting a report on the results of the annual audit to the supervisory board and explaining how the annual audit contributes to the reliability of financial reporting and the role of the audit committee in doing so; reviewing the annual financial statements and preparing their approval; reviewing the proposal for the allocation of profits, the management report, the (consolidated) corporate governance report and the (consolidated) non-financial report and submitting the report on the results of the review to the supervisory board; reviewing the consolidated financial statements of the group and the group management report and submitting a report on the results of the review to the supervisory board; carrying out the procedure for the selection of an additional auditor (group auditor) in addition to the Sparkassen-Prüfungsverband as the statutory auditor; recommending the renewal of the additional auditor's (group auditor's) mandate to the supervisory board; acknowledging the additional report of the auditor (report pursuant to Art. 11 Regulation (EU) No. 537/2014), acknowledging the participations report, acknowledging the audit plan of the company's internal audit function; acknowledging information on current matters relevant to the internal audit of the Group; acknowledging the internal auditors' report on the audit areas and material audit findings and the activity report pursuant to Article 25 para 3 in conjunction with Article 24 of the Delegated Regulation (EU) 565/2017; in the case of on-site inspections conducted by supervisory authorities acknowledging the inspection report, the report on the contents of the plan to address identified findings; reviewing the report on the activities of the Anti Money Laundering Officer and assessing the effectiveness of the Compliance function in combating money laundering and terrorist financing. The audit committee is also responsible for preparing supervisory board decisions concerning the approval of material transactions pursuant to section 95a of the Austrian Stock Corporation Act. The audit committee is furthermore tasked with monitoring the effectiveness of Erste Group Bank AG's internal quality control with regard to resolution-relevant information. Pursuant to section 92 para 4a no 3 of the Austrian Stock Corporation Act and section 30g para 4a no 3 of the Austrian Limited Liability Companies Act (GmbHG), the audit committee may also take on the tasks and other duties of the audit committee for subsidiaries in which Erste Group Bank AG directly or indirectly holds an interest of at least 75%.

The audit committee is also responsible for auditing (consolidated) non-financial reporting in accordance with the CSRD ("Corporate Sustainability Reporting Directive) and for submitting a proposal for the appointment of an auditor for non-financial reporting.

Nomination committee

The tasks of the nomination committee are governed in particular by section 29 of the Austrian Banking Act and the internal rules of the nomination committee. The nomination committee submits proposals to the supervisory board for filling management board mandates that become vacant and deals with issues of succession planning. It deals with and decides on relationships between the company and the members of the management board except for resolutions to appoint members to the management board or revoke such appointments and on the granting of company stock options. Furthermore, the nomination committee supports the supervisory board in making proposals to the annual general meeting for filling supervisory board mandates that have become vacant and assesses the fit and properness of the candidates. The nomination committee furthermore adopts the internal policy for dealing with conflicts of interest for the management board and the supervisory board, monitors compliance with it and regularly reports to the supervisory board on existing conflicts of interest and the measures taken to control them. The nomination committee periodically assesses the management board's and the supervisory board's structure, size, composition and performance. In addition, the nomination committee is tasked with conducting periodic assessments of the expertise, skills and experience of both the management board members and individual members of the supervisory board as well as of each body in its entirety and report its findings to the supervisory board. As regards the selection for senior management positions, the nomination committee is obligated to review actions taken by the management board and support the supervisory board in making recommendations to the management board.

Remuneration committee

The tasks of the remuneration committee result, among others, from section 39c para 2 of the Austrian Banking Act (BWG), the Guidelines on sound remuneration under Directive 2013/36/EU and the internal rules of the remuneration committee. The remuneration committee prepares resolutions on remuneration matters. The remuneration committee approves the general principles of remuneration policy, reviews them regularly and is responsible for their implementation. The committee monitors remuneration policy, remuneration practices and remuneration-linked incentive programmes in relation to the control, monitoring and containment of risks, the capital base and liquidity. The committee approves material exceptions from the application of the remuneration policy to individual staff members of the company and monitors the payment of variable remuneration to members of the management board. In addition, it approves the identification of employees having a significant impact on the company's risk profile. The remuneration committee prepares the principles for the remuneration of management and supervisory board members pursuant to sections 78a and 98a of the Austrian Stock Corporation Act (AktG) (Remuneration Policy according to Austrian Stock Corporation Act). In addition, it is responsible for preparing the report on the remuneration of members of the management and supervisory boards pursuant to sections 78a and 98a of the Austrian Stock Corporation Act (Remuneration Report according to Austrian Stock Corporation Act), reviewing it and, subsequently, reporting the audit findings to the supervisory board.

IT committee

The IT committee monitors and supervises IT-related issues and IT strategy in general. In addition, the IT committee is also responsible for taking note of reports from the IT department; monitoring the operating continuity and crisis management of data security and taking note of critical changes in the organisational structure and responsibilities of the IT department.

Strategy and sustainability committee

The committee advises the management board on the definition of principles of business strategy as well as with regard to the definition of business strategies for a sustainable development of Erste Group. The strategy and sustainability committee also supports the supervisory board in performing its oversight function regarding the implementation of the business strategy and ESG (environment, social, governance) strategy; it takes note of reports on the business strategy and the sustainability strategy; it advises on the definition of sustainability goals and assesses opportunities and risks in the field of ESG; it supports the remuneration committee in defining ESG goals for the management board and reviews the achievements of these goals. The strategy and sustainability committee also discusses the relationship between corporate strategy and sustainability. This committee is therefore also the body in which the supervisory board members represented there can and have been able to see that the management board has integrated aspects of sustainability and the resulting opportunities and risks with regard to the environment, social matters and corporate governance in developing and implementing corporate strategy (C-Rule 16a of Austrian CCG).

MEETINGS OF THE SUPERVISORY BOARD AND REPORT ON PRINCIPAL ACTIVITIES

Eight meetings of the supervisory board were held in 2023. At the ordinary meetings of the supervisory board, the respective monthly developments of the balance sheet and the income statement were presented and reports were given on individual risk types and the bank's total risk exposure; the status of individual bank subsidiaries was discussed, and quarterly reports were delivered on the areas audited and on the internal audit department's material audit findings pursuant to section 42 para 3 of the Austrian Banking Act. The chairpersons of the committees reported on the main topics dealt with by the respective committees since the last supervisory board meeting. Recurring topics at supervisory board meetings in 2023 were reports of management board members on matters concerning their respective areas of responsibility, on the geopolitical situation including the Russia-Ukraine war and its impact on Erste Group as well as on current regulatory developments in the banking environment and their impacts on Erste Group. The management board regularly presented proposals to the supervisory board that required its approval under the law, the articles of association and internal rules.

At the meeting of 23 March 2023, the 2022 financial statements and management report, the 2022 consolidated financial statements and management report, the 2022 (consolidated) corporate governance report as well as the 2022 (consolidated) non-financial report were extensively discussed and reviewed; the auditors' reports and the audit committee's report pursuant to section 63a para 4 no 5 of the Austrian Banking Act were discussed and the 2022 financial statements were adopted in accordance with the recommendation of the audit committee. It was also decided to propose PwC Wirtschaftsprüfung GmbH to the annual general meeting 2023 as an additional auditor of the (consolidated) financial statements for the 2024 financial year. The supervisory board's report pursuant to section 96 of the Austrian Stock Corporation Act was discussed in detail and approved. The report on the assessment of the effectiveness of risk management was submitted to the supervisory board by the chair of the audit committee and the list prepared pursuant to C-Rule 82a of the Austrian CCG was taken note of. The annual report of the supervisory board on loans to board members pursuant to section 28 para 4 of the Austrian Banking Act was discussed and taken note of. The meeting was also attended by members of the supervisory authorities' Joint Supervisory Team, who gave presentations and answered questions raised by supervisory board members. The annual report of Group Compliance and further risk reports were likewise taken note of. The resolutions proposed for the annual general meeting in May 2023 were discussed and approved. In addition, resolutions were passed on the "WeShare by Erste Group" employee share programme, on amendments to the internal rules of the audit committee, on the remuneration report covering management and supervisory board remuneration as well as on the approval of variable remuneration for the 2022 financial year for members of the Holding board.

At the meeting of 11 April 2023, management board members reported on matters of relevance to their respective areas of responsibility and reports were delivered on executive succession planning, the ESG strategic framework and the Supervisory Review and Evaluation Process (SREP). After the meeting of 11 April 2023, the supervisory board held a strategy retreat at Erste Bank Hungary's headquarters in Budapest.

At the constituent meeting of 12 May 2023 held after the annual general meeting, members of supervisory board committees were newly appointed. Stefan Dörfler, Alexandra Habeler-Drabek and Maurizio Poletto were reappointed as members of the management board. In addition, two framework programmes for the buyback of own shares were adopted. Furthermore, approval was given for an investment in Additional Tier 1 notes of Banca Comercială Română SA (BCR) and for a framework plan for issuing certificates and warrants.

At the meeting of 22 June 2023, management board members reported on their respective areas of responsibility and a report was presented on the perception of Erste Group from a recruiting perspective. In addition, a framework programme was adopted for the disposal of own shares. A separate report was delivered on the "WeShare by Erste Group" employee share programme. Furthermore, a report on the shared retail and platform strategy was presented to the supervisory board. Changes to the remuneration of the chairman of the management board were approved.

At the meeting of 14 September 2023, a report was delivered on plans for the construction of a new Česká spořitelna's headquarters building and the Group Recovery Plan for 2024 was approved. The management board members' regular reports on their respective areas of responsibility and reports from the committees were taken note of.

At the meeting of 4 October 2023, it was resolved to appoint Peter Bosek as CEO of Erste Group Bank AG as of 1 July 2024 and, as a consequence, enter into an early termination agreement with Willibald Cernko as of that date.

At the meeting of 16 November 2023, the plan for the new construction of the Česká spořitelna headquarters was presented and discussed in detail and corporate action required on the part of Česká spořitelna in this context was approved. Previously, a workshop dedicated exclusively to the newbuild of Česká spořitelna's headquarters had been held on 20 October 2023 by the supervisory board with representatives of the management boards of Erste Group Bank AG and Česká spořitelna as well as the project team of Česká spořitelna.

At the meeting of 14 December 2023, management board members presented their reports on matters of relevance to their areas of responsibility and the supervisory board adopted Erste Group's capital plan for the 2024 to 2028 period as well as the budget, the investment plan and the capital plan of Erste Group Bank AG for 2024 to 2028. In addition, an advance resolution was passed pursuant to section 95 para 5 no 12 of the Austrian Stock Corporation Act and a resolution was adopted on long-term funding activities in the 2024 financial year.

MEETINGS OF THE COMMITTEES AND REPORT ON ACTIVITIES

The risk committee held seventeen meetings in 2023, at which it regularly took decisions on exposures and loans exceeding the powers of the management board, was briefed on loans granted within the scope of authorisation of the management board and approved the granting of statutory powers of attorney (Prokura). The committee was regularly informed on the risk strategy, risk appetite, the monitoring required to comply with these limits, individual risk types, risk-bearing capacity and large exposures. Furthermore, reports were given on current regulatory risk topics, compliance matters at single-entity and group levels, business continuity management and crisis management, cyber risk management, the impact of non-financial standards on lending and the situation of specific sectors and industries, including the resulting impact on the risk strategy. Further items on the agenda were audits by supervisory authorities, internal risk models, the final report on the Graben project, updates on plans for new Česká spořitelna headquarters and various legal disputes. Reports were regularly delivered on risk development in individual countries and subsidiaries. Without prejudice to the duties of the remuneration committee, the risk committee members were also in-formed on whether the incentives offered by the internal remuneration system adequately account for risk, capital, liquidity and the probability and timing of profit realisation. Also on the agenda were reports on stress tests. In addition, the members of the risk committee were informed about developments in the corporate workout portfolio in general and major workout cases in particular. A strong focus was also on the economic fallout of the high rate of inflation, the Russia-Ukraine war and the sanctions imposed on Russia.

The executive committee did not meet in 2023.

The audit committee met seven times in 2023 and, in addition, held one informal meeting to prepare the meeting on the review of the (consolidated) financial statements. The external auditors were present at all meetings. Among other things, the auditors reported on the audit of the single-entity and consolidated financial statements for 2022, and the audit committee subsequently conducted the final discussion. The financial statements and the management report, the consolidated financial statements and the management report, the (consolidated) corporate governance report as well as the (consolidated) non-financial report were reviewed and the financial statements recommended for approval by the supervisory board. The additional report of the auditors pursuant to Article 11 of Regulation (EU) No 537/2014 was taken note of. The head of the internal audit department reported on the audit subjects and material audit findings for the year 2022 and, on an ongoing basis, about audit-relevant matters in the group and explained the audit plan for 2023. The internal audit department presented its reports pursuant to section 42 para 3 of the Austrian Banking Act, on the quality assurance programme as well as a report pursuant to Article 25 para 3 in conjunction with Article 24 of the Delegated Regulation (EU) 565/2017. In addition, a report was delivered on the assessment of the functionality of the risk management system pursuant to Rule 83 of the Austrian CCG and on the effectiveness of the internal control system. Based on these reports, the audit committee monitored the effectiveness of the internal control system, the internal audit system and the risk management system pursuant to section 63a para 4 no 2 of the Austrian Banking Act. The audit committee also discussed its work plan for 2024 and defined agenda topics for the meetings. It was decided to recommend the renewal of the audit mandate of PwC Wirtschaftsprüfung GmbH as additional auditor of the (consolidated) financial statements for the 2025 financial year to the supervisory board. The auditors provided information about the preliminary audit of the single-entity and consolidated financial statements for 2023. The effectiveness of the AML Compliance function was acknowledged by the audit committee for the first time. In addition, reports were delivered on the development of participations and the half-year report as of 30 June 2023 and a discussion was held on the 2022 management letter. Reports on on-site inspections conducted by supervisory authorities were taken note of, as were reports on the contents of the plan to address the findings made. The audit committee continuously reviewed and monitored the independence of the auditors of the (consolidated) financial statements with a particular focus on non-audit services rendered for Erste Group pursuant to section 63a para 4 no 4 of the Austrian Banking Act. Among other things, the audit committee gave pre-approval to permissible non-audit services rendered by the (group) auditors and received reports on their current status. The audit committee's report on activities included in the 2022 annual report was discussed and approved. The exchange of views between the audit committee and the auditors in the absence of the management board pursuant to C-Rule 81a of the Austrian CCG was conducted in December 2023. The head of internal audit was also evaluated by the audit committee. The annual Compliance report was taken note of. Pursuant to section 30g para 4a no 3 of the Austrian Limited Liabilities Companies Act (GmbHG), the audit committee performed the tasks and duties of the audit committee for the subsidiary Erste Digital GmbH. For the first time, the audit committee also reported on BCBS 239 (data quality management).

The nomination committee held five meetings in 2023. In addition to the formal meetings, the members of the nomination committee held a number of informal meetings and also conducted an informal exchange amongst themselves as part of succession planning for the position of CEO. The nomination committee conducted a suitability assessment of Peter Bosek for his appointment as chairman and member of the management board of Erste Group Bank AG and recommended his appointment to the supervisory board as well as the signing of the resulting early termination agreement with Willibald Cernko. The nomination committee furthermore reevaluated the dual function of Stefan Dörfler as a member of the management boards of both Erste Group Bank AG (CFO) and Erste Bank Oesterreich with a positive result. It also examined the requirements for an extension of the contracts and early reappointments of Stefan Dörfler, Alexandra Habeler-Drabek and Maurizio Poletto and issued a positive recommendation to the supervisory board. The nomination committee conducted fit and proper assessments of potential candidates for the elections to the supervisory board at the annual general meeting of Erste Group Bank AG on 12 May 2023. In addition, the nomination committee reviewed the evaluations of the supervisory board and the management board pursuant to C-Rule 36 of the Austrian CCG and section 29 nos 6 and 7 of the Austrian Banking Act and considered, in particular, potential conflicts of interest and the supervisory board members' attendance at meetings. The collective suitability of the management board was likewise established, and the report on the collective suitability of the management board and the supervisory board was discussed in general, with a special focus on members' time availability. The report on the selection of senior management pursuant to section 28 of the Austrian Banking Act was taken note of.

The remuneration committee met four times in 2023. It approved the policy governing the management board's variable remuneration. The 2022 remuneration report to be prepared jointly with the management board pursuant to section 78c of the Austrian Stock Corporation Act was approved by the remuneration committee for submission to the supervisory board. In addition, various remuneration topics concerning Erste Group Bank AG were discussed and approved, including the structure of key performance indicators, the bonus policy, including the requirements for the payment of variable remuneration components, and remuneration rules for Material Risk Takers as well as the question of which employees are subject to these rules. Management board remuneration was discussed and assessed comprehensively. In addition, changes to the internal remuneration policy of Erste Group Bank AG and Erste Group were approved. Reports were delivered on the remuneration of directors in countries in which Erste Group operates and on the review of the internal remuneration policy by internal audit. The remuneration committee also considered the development of the employee share programme.

The IT committee met four times in 2023. The main topics were the Erste Group IT strategy, periodic updates on IT projects of Erste Group Bank AG and within Erste Group, priorities of IT activities in 2023, the timeline set for their implementation and their impacts on ongoing processes. The IT project portfolio and IT governance for Erste Group as well as IT risk management were considered on an ongoing basis. Reports were also presented on strategic priorities for 2023 and individual projects were explained in detail. Discussions were held on IT security, cloud services, AI and the strategy concerning data use, the handling of data and digitalisation. Reports were also delivered on the current status of various projects. In addition, the IT budget and IT costs were discussed and the impacts of the current geopolitical situation were considered.

The strategy and sustainability committee met four times in 2023. It reported and discussed the Net Zero Transition Targets at great length and also reported in detail on a retail & platform strategy as well as on the 2024 investment plan. The question of how to optimise the involvement of the supervisory board in strategy planning and implementation was discussed in depth. The current strategy process and the strategic framework existing in the Group were presented and discussed. Updates were provided in the areas of M&A and ESG.

Attendance of meetings

In 2023, all members of the supervisory board attended in person more than half of the supervisory board meetings that took place after their election or delegation to the supervisory board or before their resignation from their mandate or revocation of their delegation.

The following table shows attendance of meetings by ordinary members without accounting for the attendance of substitute members. Details on the attendance of committee members in the respective committee meetings of the supervisory board are likewise provided in the table below.

Meeting attendance

Name	Supervisory board (8 meetings)	Nomination committee (5 meetings)	Audit committee (7 meetings)	Risk committee (17 meetings)	Remuneration committee (4 meetings)	IT committee (4 meetings)	Strategy and sustainability committee (4 meeting)
Friedrich Rödler	100%	100%	100%	100%	100%	100%	100%
Maximilian Hardegg	100%	100%		94%	100%	100%	100%
Elisabeth Krainer Senger-Weiss	88%	80%		100%	100%		
Christine Catasta	100%	100%	100%	100%	100%		
Henrietta Egerth-Stadlhuber	100%			82%		100%	100%
Hikmet Ersek[1]	100%	100%			67%		100%
Alois Flatz	100%	100%			100%		100%
Marion Khüny	100%		100%	94%		100%	
Mariana Kühnel	100%		100%		100%	100%	
Friedrich Santner	88%	100%	100%				100%
Michael Schuster	100%					100%	100%
András Simor	100%				100%		100%
Michèle F. Sutter-Rüdisser	100%	100%	100%			100%	
Christiane Tusek[2]	83%		100%			100%	
Delegated by the employees' council							
Martin Grießer	100%	100%	86%		100%	100%	100%
Markus Haag	88%			82%			
Regina Haberhauer	63%		57%				
Andreas Lachs	88%	100%		76%	100%	100%	100%
Barbara Pichler	100%	100%	86%		100%	75%	100%
Jozef Pinter	88%			76%		33%	
Karin Zeisel	100%	100%			100%		100%

[1] until 11 November 2023 member

[2] since 12 May 2023 member

PROMOTING WOMEN ON MANAGEMENT BOARDS, SUPERVISORY BOARDS AND IN MANAGING POSITIONS

General information as well as details on the promotion of women on the management board, the supervisory board and in managing positions is provided in the (consolidated) non-financial report. In addition, it is noted that with Alexandra Habeler-Drabek serving as CRO on the management board of Erste Group Bank AG in 2023, the share of women on the six-member management board of Erste Group Bank AG was 16.7%. Pursuant to section 86 para 7 of the Austrian Stock Corporation Act, the supervisory board of Erste Group Bank AG must include at least 30 percent women and at least 30 percent men. At year-end 2023, women accounted for 50% of the Holding's supervisory board members (2022: 45%, 2021: 38.9%). As of 31 December 2023, the share of women in managing positions as defined in section 80 of the Austrian Stock Corporation Act stood at 27.4% at Erste Group Bank AG. Erste Group Bank AG, as well as Česká spořitelna, Erste Bank Oesterreich, Slovenská sporiteľňa, Banca Comercială Română, Erste Bank Hungary, Erste & Steiermärkische Bank (Erste Bank Croatia) and Erste Bank a.d. Novi Sad (Erste Bank Serbia) have set a goal to achieve a 30% share of the underrepresented gender on the management board and 33% in top management (board-1) by 2028.

PROMOTING DIVERSITY

General information as well as details on diversity are provided in the (consolidated) non-financial report. For the sake of completeness it is noted that the Diversity and Inclusion Policy takes full account of the diversity concept applicable in appointing management board and supervisory board members with regard to age, gender, education and professional career. In selecting proposed candidates for supervisory board mandates, the focus must be on a well-balanced composition of the board and diversity within the board in terms of educational background and professional expertise.

Diversity must be observed in particular with regard to the representation of both genders and age structure. The international experience represented on the supervisory board by supervisory board members of different nationalities or persons with a long international track record is to be maintained.

In addition, in assessing the qualifications, composition and independence of the supervisory board, the criteria defined by Erste Group Bank AG's supervisory board pursuant to Rule 53 of the Austrian CCG must be taken into account. In setting up supervisory board committees, special care must be taken to ensure that each committee will always have adequate expertise as required for its work (e.g. the remuneration committee must have expert knowledge and practical experience in the area of remuneration policy (section 39c para 3 of the Austrian Banking Act), the risk committee must have the expertise and experience necessary for monitoring the implementation of the bank's risk strategy (Article 39d para 3 of the Austrian Banking Act), the audit committee must possess specific expertise and practical experience in banking finance and accounting (section 63a para 4 of the Austrian Banking Act), etc.).

EXTERNAL EVALUATION

Under C-Rule 62 of the Austrian CCG, Erste Group Bank AG commissioned external evaluations of its compliance with the C-Rules of the Code of Corporate Governance at least once every three years, most recently for the 2023 fiscal year. All evaluations reached the conclusion that Erste Group Bank AG had met all requirements of the Code. Deviations from the C-Rules of the Code were described and explained. Summary reports on these evaluations are available on the website of Erste Group Bank AG.

SHAREHOLDERS' RIGHTS

It is noted that Erste Group Bank AG has no rights arising from its own shares. Neither a subsidiary nor a third party holding shares on behalf of Erste Group Bank AG or of a subsidiary may exercise its voting rights and its rights for subscription to these shares.

Voting rights

Each share of Erste Group Bank AG entitles its holder to one vote at the annual general meeting. In general, shareholders may pass resolutions at an annual general meeting by a simple majority of the votes cast or, in the event that the majority of the share capital present is required to approve a measure, by a simple majority of the share capital present, unless Austrian law or the articles of association require a qualified majority vote.

The articles of association differ from the statutory majority requirements in three cases: first, the appointment of supervisory board members can be revoked before the end of their respective term by a resolution of the annual general meeting that requires a majority of 75% of the votes cast and a majority of 75% of the share capital present at such meeting. Second, the articles of association may be amended by a resolution of the annual general meeting. Provided that such amendment does not concern the business purpose, this requires a simple majority of the votes cast and a simple majority of the share capital present at such meeting. Third, any provision regulating increased majority requirements can only be amended with the same increased majority.

Dividend rights

Each shareholder is entitled to receive dividends if and to the extent the distribution of dividends is resolved by the annual general meeting.

Liquidation proceeds

In case of dissolution of Erste Group Bank AG, the assets remaining after the discharge of liabilities and repayment of supplementary capital as well as additional tier 1 capital will be distributed pro-rata to the shareholders. The dissolution of Erste Group Bank AG requires a majority of at least 75% of the share capital present at an annual general meeting.

Subscription rights

All holders of shares have subscription rights allowing them to subscribe to any newly issued shares to maintain their existing share in the share capital of Erste Group Bank AG. Such subscription rights are in proportion to the number of shares held by such shareholders prior to the issue of the new shares. The said subscription rights do not apply if the respective shareholder does not exercise these subscription rights or the subscription rights are excluded in certain cases by a resolution of the annual general meeting or by a resolution of the management board and the supervisory board.

The Austrian Stock Corporation Act contains provisions that protect the rights of individual shareholders. In particular, all shareholders must be treated equally under equal circumstances unless the shareholders affected have consented to unequal treatment. Furthermore, measures affecting shareholders' rights, such as capital increases and the exclusion of subscription rights, generally require a shareholders' resolution.

The articles of association of Erste Group Bank AG do not contain any provisions regarding a change in the share capital, the rights associated with the shares or the exercise of the shareholders' rights that differ from the statutory requirements.

Stock corporations such as Erste Group Bank AG must hold at least one annual general meeting (ordinary shareholders' meeting) per year, which must be held within the first eight months of any financial year and cover at least the following items:

_ Presentation of certain documents
_ Appropriation of profit
_ Discharge of the members of the management board and the supervisory board for the financial year ended.

At the annual general meetings, shareholders may ask for information about the company's affairs to the extent that this is required for the proper assessment of an agenda item.

Management board	
Willibald Cernko mp, Chairman	Ingo Bleier mp, Member
Stefan Dörfler mp, Member	Alexandra Habeler-Drabek mp, Member
David O'Mahony mp, Member	Maurizio Poletto mp, Member

Vienna, 29 February 2024

www.erstegroup.com

(Consolidated) Non-financial Report 2023

Your notes

(Consolidated) non-financial report

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ABOUT THIS REPORT

Erste Group Bank AG (hereinafter also referred to as 'EGB') has decided to prepare its non-financial statement as a separate non-financial report (option pursuant to section 267a paragraph 6/section 243b paragraph 6 of the Austrian Commercial Code; UGB) and to combine the non-financial report for Erste Group Bank AG with the consolidated non-financial report for the group of Erste Group Bank AG (hereinafter referred to as 'Erste Group'). The scope of consolidation is shown in Note 57 of the 2023 consolidated financial statements. As a matter of principle, information in this report relates to the entities within this scope of consolidation. Where this is not the case, this is indicated in the text.

We report annually about our strategy, goals, achievements, opportunities, and risks in the area of sustainability in conformity with GRI Standards 2021 and follow the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD). The information below covers the reporting period from 1 January to 31 December 2023.

The report was completed by the management board as of the date of its signing and will be reviewed by the Supervisory Board prior to publication. As commissioned by the Supervisory Board's Audit Committee, PwC Wirtschaftsprüfung GmbH, one of the two joint auditors tasked with auditing Erste Group Bank AG's single-entity financial and consolidated financial statements for the 2023 fiscal year, conducted a limited assurance engagement in accordance with ISAE 3000; the report is provided at the end of the non-financial report.

1. Sustainability at Erste Group

For more than 200 years, it has been Erste Group's stated goal to create prosperity across the region. We help people to implement their ideas and plans for the future, to enhance their skills and realise their potential for continuing personal development, regardless of status, nationality, faith, gender or age. This was already laid down in our charter of 1819: *'No age, no gender, no social class, no nationality shall be excluded from the benefits that the Spar-Casse offers every depositor.'*

Times change, but our founding idea is just as relevant now as it has always been – we support people in matters of financial health throughout their lives. Because financial health is the key to a fulfilled and sustainable life – today and in the future.

1.1 EMBEDDED ESG STRATEGY AS KEY TO SUCCESS

GRI 2-22, 2-23

Financial health and prosperity in the region are not only essential for the wellbeing of our customers and society at large but also an important basis for a successful business model. For this reason, we have firmly embedded the concept of sustainability in our corporate business strategy and rely on sustainable, value-driven, and responsible business practices that enable us to generate stable returns for all of our stakeholders over the long term. In this chapter we wish to demonstrate how we are pursuing this ambition under our ESG strategy.

Statement from the CEO: What Erste Group stands for – responsibility and profitability

WHO WE ARE

Since our foundation we have been pursuing the goal defined in our Statement of Purpose, namely, to promote and secure prosperity for all people throughout the region. This is why we have already incorporated key ESG themes into our corporate strategy. We believe that this is the only way for us to be successful over the long term, working towards a fairer and more inclusive society.

WHAT WE DO

In our work, we place the focus on people, their lives, their needs, their environment, their education and, most importantly, their financial health. We see ourselves as a reliable partner helping all people to livebetter, healthier, and more sustainable lives.

In 2015 Erste Group signed the UN Global Compact and thus committed to supporting the 17 Sustainable Development Goals (SDGs). Our shared ambition: to achieve the development goals in respect of the greatest societal challenges by 2030. Erste Group supports seven of the 17 SDGs through social activities and financial services: 'No poverty', 'Quality education', 'Gender equality', 'Clean water and sanitation', 'Sustainable cities and communities', 'Responsible consumption and production', and 'Climate action'.

WHY WE ARE ACTING

Acting sustainably means conducting our core business in a socially and ecologically responsible, as well as profitable, manner. In the long term, it is imperative for every enterprise to act responsibly and generate a reasonable profit. Only a bank that combines these elements can offer products and services that help customers attain their financial goals. This way, we can create more value for investors and offer a stable and attractive work environment to our employees.

Material topics

GRI 3-1, 3-2

Our report on Erste Group's contribution to a liveable future focuses on the most significant impacts that the business activities of Erste Group have on the economy, the environment and people and how ESG topics impact its operations (risks & opportunities). For this purpose, we identified and assessed actual and potential impacts and selected the most material topics for reporting ('material topics').

IMPACT ANALYSIS

The identification and assessment of actual and potential negative and positive impacts that Erste Group's business activities have on the economy, the environment and people was comprehensively updated in 2021. For this purpose, Group ESG Office organised a survey among its in-house and external experts and consulted with institutional investors of Erste Group.

In 2022, we conducted a critical review of the results in the light of current developments such as geopolitical tensions, volatile energy markets and supply, new scientific findings on the impacts of climate change, including the Sixth Assessment Report of the IPCC (Intergovernmental Panel on Climate Change), and observable climate phenomena. We concluded that our assessment continues to be valid. This was taken note of by the Audit Committee.

MATERIALITY ANALYSIS

In 2021, we conducted telephone surveys among customers and online surveys among employees, investors, NGOs, academics and supervisory board members to prioritise material topics for reporting purposes. The topics were subsequently ranked on this basis. For the 2023 reporting year the Group ESG Office conducted a re-evaluation of the material topics. This was done in accordance with sector-specific standards of the Sustainability Accounting Standards Board (SASB) to define material topics in more detail and highlight the most significant sector-specific topics. SASB standards define sustainability issues that are of special relevance for a particular sector and come with material impacts, risks or opportunities. This work was done with the support of in-house experts from Group ESG Office and renowned outside consultants. As a result of the re-evaluation, the two material topics 'Limiting financing in high-emission sectors' and 'Diversity and equal opportunity' included in last year's report were renamed 'Financed emissions' and 'Diversity and inclusion' in line with SASB terminology. In addition, four topics were combined into two topic clusters. The topics 'Access to banking products for disadvantaged groups' and 'Financial education' were combined into the cluster 'Financial inclusion and capacity building' while 'Ethical conduct of employees in banking operations' and 'Anti-corruption measures' were merged into 'Business ethics'. The 10 topics identified were approved by the management board of Erste Group Bank AG.

The table below shows the final material topics that resulted from the materiality analysis as well as the chapter in which they are discussed. To show the connection between the material topics and our ESG strategy, the table also shows the strategic priority or principles of our corporate activities to which the individual topics are assigned.

Material topics	Chapter in the report	Strategic priority or principles
Financed emissions	Climate and environment	Green transition
Sustainable finance and investment		
Ecological impacts of banking operations		
Diversity and inclusion	Our employees	Social inclusion
Employee health and work-life balance		
Talent attraction and retention		
Data security	Our customers	Good governance & Compliance
Customer satisfaction		Social inclusion
Financial inclusion and capacity building	Financial inclusion and capacity building	Social inclusion
Business ethics	Business ethics	Good governance & Compliance

GRI 3-2

The materiality analysis serves as a basis in defining our strategic priorities in an ESG context. In addition to working on these material topics, Erste Group is focusing on the green transition and social inclusion.

1.2 STRATEGIC PRIORITIES

GRI 2-22

We strive to be a role model and a leader in the **green transition** in our region by mobilising resources for climate action and adaptation to climate change. We believe that the green transition will be an opportunity for people in the CEE region. We also believe in a fair transition for all and help our customers to secure their personal prosperity in the process. For us as a group, the green transition also opens opportunities for growth. Integrating climate and ecological aspects into risk management contributes to keeping credit risk provisions low.

Erste Group's commitment to **social inclusion** is as relevant today as it was 200 years ago. The social cohesion in our region creates a strong and reliable basis for a well-functioning socio-economic environment that will bring prosperity to many. We are therefore pursuing effective initiatives to promote financial inclusion, social banking, financial education, affordable housing and gender equality. We believe that a sound socio-economic environment provides the foundation for solid banking operations and has a positive impact on our economic performance.

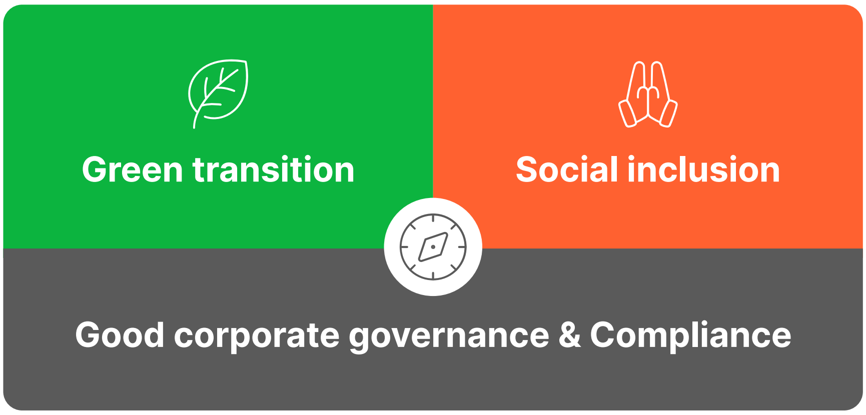
For us, a green transition and social inclusion mean:

GREEN TRANSITION – OUR PATH TO NET ZERO

— Achieving net zero status for our portfolio by 2050. Net zero refers to a state in which the greenhouse gases going into the atmosphere are balanced by the greenhouse gases that are removed from the atmosphere or offset by other means.
— Strengthening our leading position in green finance in CEE by funding climate action and adaptation to climate change.
— Achieving net zero status in banking operations by 2030 to make a direct contribution to ecological transition as a credible champion of sustainability.

SOCIAL INCLUSION – SOCIETAL COHESION

— Promoting financial inclusion through our social banking activities, thereby strengthening social cohesion in the civil society.
— Helping our customers gain financial health and financial literacy, with a focus on financial education projects for children and young people.
— Investing in affordable housing.
— Promoting diversity, including gender diversity, as a significant contributor to a healthy corporate culture and performance.



We are, of course, committed to good corporate governance, ethical conduct and compliance. We regard these as basic prerequisites for doing business and pursuing our strategic priorities (for further details see chapter '6. Business ethics').

Leading the green transition – our path to net zero

Erste Group was one of the first banking groups in the region to join the Net Zero Banking Alliance. This is a world-wide association of more than 130 banks with total assets of approximately 70 trillion euro, which have set themselves the target of attaining net zero status for their financed portfolios by the year 2050.

The European Climate Law, the EU's Green Deal, and the Fit for 55 Package form the setting for future changes in EU strategy and legislation. All countries of the region will have to align with and adapt to these European goals. The investment required is massive. An essential portion of these funds will be provided by the EU or local sovereign funds. Until 2030, however, public funds will need to be supplemented by the private sector in an expected amount of approximately EUR 30 billion per year. In this effort, Erste Group is seeking to play a leading role and contribute to financing the green transition.

Our short, medium, and long-term goals:

2023	2026	2027	2030	2050
90% green electricity in the core markets 17 Ecolabel funds	25% of sustainable corporate financing	15% of sustainable retail mortgages	Net zero operations	Net zero portfolio
ACHIEVED	ON SCHEDULE	ON SCHEDULE	ON SCHEDULE	ON SCHEDULE

Contribution to the UN SDGs

For further details see chapter '2. Climate and environment'.

Erste Group believes that decarbonisation of the economy is both necessary and possible. We think that this transition holds opportunities as well as risks that need to be addressed through intense research and proactive management. We trust that the knowledge being generated in the process will allow us to be one step ahead and actively assist our customers in achieving their climate targets while also supporting growth and resilience.

For our own transition we have therefore set ourselves ambitious targets, which are based on science and are endorsed by the management in all our entities as well as understood and supported by our operating units. The following chart shows the climate scenarios with which our emission reduction pathways have been aligned by sub-portfolio/sector.

Sector	Objective*	Sector	Objective*
Mortgages	1.75 °C	**Iron and steel production**	1.50 °C
Commercial real estate	1.75 °C	**Cement production**	1.50 °C
Electricity production	1.50 °C	**Coal**	Exit by 2030
Heat & Steam production	1.50 °C	**Agriculture**	Planned
Oil and gas extraction	1.50 °C	**Aluminum**	Not planned: not material
Automotive production	1.50 °C		

* Emission reduction pathways until 2050 in alignment with the 1.5 or 1.75 °C scenario

The sectors shown in the table above represent our priority areas. They have been assigned decarbonisation targets as they currently account for 40% of our financed CO_2e emissions (Scope 1+2) and offer good emission reduction potential in light of available technologies, regulation standards and market experience.

Target identification and forecasts rely on existing and projected customer data, scientific scenarios, and data from the International Energy Agency. The results have been integrated into our strategic financial planning.

For further details on the targets set see chapter '2.1 Financed emissions'.

Promoting social inclusion

Access to financial health and financial education for all is an essential contribution to shaping a world in which every person can realise their ideas and dreams. By pursuing a multitude of initiatives and offering socio-ecological financial products, as well as special financing options, we are actively engaged in promoting and securing prosperity.

The consistently high numbers of working poor and the rising costs of living and energy in the region have an adverse impact on satisfaction with living standards. A low supply of new affordable housing and the near absence of a social housing sector have led to substantial overcrowding. As property prices have risen over the past decade, not only the young and those on low incomes, but also even the lower middle class are barely able to afford to buy homes in larger cities. At the same time, around 10% of the population is still unable to pay for heating. By working with social organisations and housing developers we help people affected by poverty to build independent lives in homes of their own or improve their housing situation.

We seek to further strengthen social inclusion even among our own employees. With an inclusive corporate culture, all employees feel valued and respected, regardless of gender, ethnic background, sexual orientation, or age. In addition, an inclusive culture may help to attract and retain talent by offering a work environment that is characterised by respect, fairness, and equal opportunities.

Our short and medium-term goals:

2028	2030		
30% members of the underrepresented gender in B-0 positions 33% members of the underrepresented gender in B-1 positions	€ 1 bn Social Banking financing	200,000 jobs created or preserved	10,000 affordable housing units
ON SCHEDULE	ON SCHEDULE	ON SCHEDULE	ON SCHEDULE

Contribution to the UN SDGs

The targets for increasing the proportion of people of the underrepresented genden relate to the individual parent banks. The Nomination Committee has decided to set a target for the underrepresented gender at Erste Group Bank AG.

For further details see chapter ‘3. Our employees’ and ‘5. Financial inclusion and capacity building’.

1.3 GOVERNANCE

GRI 2-5, 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-17, 2-18, 2-19, 2-20, 2-21

Erste Group is committed to responsible and transparent corporate governance and, since 2003, to applying the rules of the Austrian Code of Corporate Governance (Austrian CCG). The principles of the corporate constitution, the selection, collaboration, and composition of its management bodies are described in detail in the (consolidated) corporate governance report.

Integrated sustainability governance

In implementing our ambitious ESG strategy, we adhere to strict sustainability governance based on Erste Group’s existing governance structure. This principle is firmly established within the top supervisory and decision-making bodies to ensure that it is observed across all levels group-wide and fully integrated in our business activities. ESG governance bodies comprise the supervisory board level, the management board level as well as business and function-specific levels.

GOVERNANCE STRUCTURE

The **management board** is responsible for managing the organisation as required for the benefit of the company, taking into account the interests of the shareholders and the employees as well as public interest. It specifies the company's values and goals in concrete terms and lays down the corporate strategy with due regard to sustainability aspects and the associated opportunities and risks in respect to the environment, social concerns, and corporate governance. It defines the ESG strategy and is responsible for the ESG framework, goals, and priorities. The Management Board is also responsible for preparing the consolidated non-financial report.

In addition, the management board ensures implementation of the ESG strategy by allocating adequate resources and controls and is periodically informed on the current status and milestones achieved. These tasks are implemented through the **Group Sustainability Board** which consists of members of the Management Board of Erste Group. The Group Sustainability Board monitors progress made under the ESG strategy at least two times per year and evaluates the ESG-based performance indicators for the management board of Erste Group Bank AG and local management board members. In 2023, the management board and the Group Sustainability Board were briefed nine times on climate- and environment-related matters, as well as on new developments in sustainability reporting by means of presentations and training events held by Group ESG Office.

Responsibilities within the Management Board for the development and implementation of the individual sustainability topics are distributed as follows:

— The **CEO** is responsible for global and ESG strategies and ensures that sustainability considerations are integrated smoothly into Erste Group's corporate culture and governance framework.
— The **CRO** integrates environmental risks, including physical and transition climate risks, into Erste Group's risk management framework and ensures that governance and remuneration principles adequately account for these risks.
— The **CFO** is responsible for sustainability reporting and also ensures that Erste Group aligns its own operations towards net zero status.
— The **Chief Corporates and Markets Officer (CCMO)** ensures that the strategy for Corporates & Markets as well as relevant targets and portfolio measures are consistent with Erste Group's ambition regarding the green transition.

Group ESG Office, which reports to the CEO and is headed by the **Group Sustainability Officer** (GSO), develops Erste Group's sustainability strategy and is responsible for embedding it across the organisation. She also acts as the main advisor to the management board on ESG strategy, targets, and priorities. The GSO reports to the Head of Group Strategy and has direct access to the CEO as well as to other members of the management board and the supervisory board. The GSO has the power to veto decisions in the Credit Committee and has the right to vote in the Group Regional Operational Conduct Committee (the ROCC makes decisions on non-financial risks, including reputational risks). Group ESG Office develops key ESG policies, secures in-house expertise on climate, environmental, social and governance objectives, defines the ESG governance framework and financing rules and selectively intervenes in single transactions. In addition, Group ESG Office ensures transparency on Erste Group's sustainability impact and works with investors, ESG rating agencies, NGOs, and regulatory and public bodies. It facilitates co-ordination with local ESG Offices.

Group ESG Office manages cross-divisional and group-wide co-ordinating bodies, the ESG Core Team and the Group Sustainable Finance Committee (SFC).

The **ESG Core Team** is a collaboration platform in which senior managers from various areas – business, finance, risk management, data management and other support functions – work together to develop ESG objectives and initiatives. It agrees and co-ordinates initiatives, timelines, and other matters for implementation by the relevant internal stakeholders. Meetings are held periodically.

The main task of the **Group Sustainable Finance Committee** is the co-ordinated development of fundamental ESG methodologies for steering instruments such as portfolio limits, pricing and the ESG Factor Heatmap (graphical representation of ESG risk factors by industry segment). The Committee is chaired by Erste Group's GSO, who is supported by senior risk and business unit managers with voting rights. The Committee is responsible for Erste Group's Sustainable Finance Framework, group-wide criteria for the classification of sustainable assets, asset allocation and reporting obligations. The committee's recommendations are submitted to the relevant decision makers for adoption within the usual governance structures. The committee is organised by Group ESG Office and convenes on demand. In 2023, eleven meetings were held on topics including selection criteria for sustainable finance and changes in the calculation of financed emissions.

The **supervisory board** is responsible for overseeing the implementation of the ESG strategy and for approving fundamental decisions on strategy. For this purpose, the supervisory board has set up its own **Strategy and Sustainability Committee**, whose activities are described in the (consolidated) corporate governance report. The supervisory board and the **Audit Committee** are tasked with reviewing the (consolidated) non-financial report prepared by the management board. In 2023, the supervisory board, the Strategy and Sustainability Committee and the Audit Committee were briefed on climate- and environment-related matters nine times in presentations by the Group ESG Office. In addition, presentations were organised for the supervisory board on further ESG topics, among them, for instance, governance.

Sustainability-related remuneration

Erste Group Bank AG is committed to effective and sustainable shareholder engagement on the topic of pay (Say on Pay). Pursuant to the Austrian Stock Corporation Act we invite the annual general meeting to take a non-binding vote on the remuneration policy for the management board and the supervisory board as well as on any significant change in this policy at least every four years.

The remuneration policy for the management board is consistent with the strategy of Erste Group and is designed to motivate management board members to promote a sustainable and positive development of the company. The remuneration of management board members of Erste Group Bank AG consists of two components: fixed and variable remuneration.

Fixed remuneration is granted regardless of performance and comprises the basic salary as well as contributions to the company's pension scheme (pension fund), insurance benefits and other benefits in kind. Variable remuneration is always performance-linked. Variable remuneration is granted and paid based on specific, measurable performance criteria that are aligned with Erste Group's business strategy and long-term development. Both group and single-entity level targets and individual targets are considered. When the defined minimum performance criteria are not met, variable remuneration is not granted or paid out.

Variable remuneration is partly paid out upfront and partly as deferred remuneration, spread out over several years. This way, variable remuneration is strongly aligned with shareholder interests and a long-term view. Group performance is measured at group level based on the annual weighted achievement of performance targets. At least half of the up-front and deferred remuneration is settled in the form of a non-cash instrument, the other portion is paid out in cash. It is awarded in the year following the performance period.

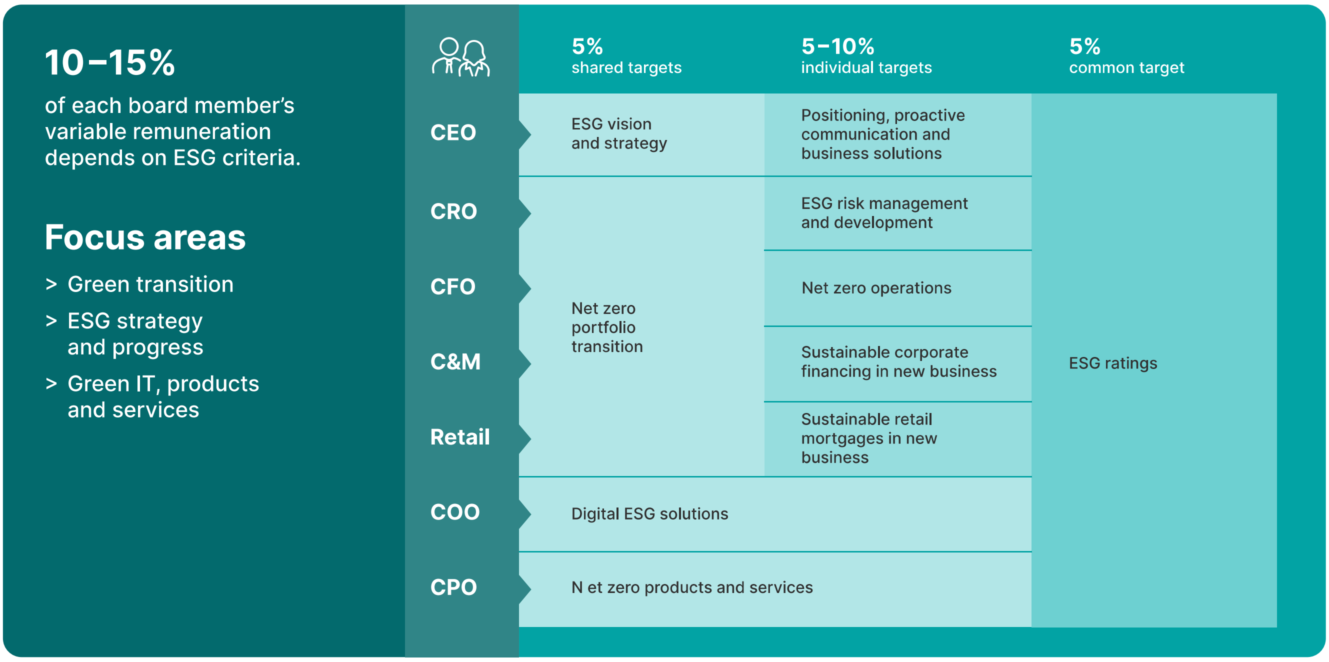
The remuneration policy also includes malus and clawback provisions in accordance with EBA guidelines.

REMUNERATION OF BOARD MEMBERS

Type/components	Elements	Method of payment	Features
Fixed remuneration			
Base salary		Cash	– considers area of responsibility of the respective board member – rewards cooperation within the board
Other remuneration	Pension fund	Contributions made by the company	– defined contribution pension plan via an external pension fund – severance fund (Mitarbeitervorsorgekasse)
	Insurance	Contributions made by the company	– risk insurance against occupational disability and in case of death – risk accident insurance
	Other	Miscellaneous	– pay in lieu of vacation, if applicable – non-performance-linked one-off payments (e.g. sign-on bonus) – benefits in kind, e.g. company car incl. driver, employee share programme
Variable remuneration			
Upfront remuneration (40%)	Upfront cash payments (50% of upfront portion)	Cash payment in the subsequent fiscal year	– linked to the fulfilment of specified verifiable performance criteria related to Erste Group's business strategy and long-term development – considers targets at group or single-entity level as well as individual targets
	Upfront non-cash component (50% of upfront portion)	Share-based settlement in the second following fiscal year (1-year holding period)	
Deferrals (60%)	Deferred cash payments (50% of deferrals)	Cash payment from the third following fiscal year in 3 annual tranches	
	Deferred non-cash component (50% of deferral)	Share-based settlement after end of deferral period and holding period	

The key criterion determining the variable remuneration of management board members is the overall financial performance of Erste Group.

In 2023, the ESG targets of the management board members were as follows:



The remuneration of management board members is set by the Supervisory Board. Remuneration consultants are not involved in determining remuneration. Leadership performance is assessed by the supervisory board annually, taking into account non-financial performance goals including specifically criteria concerning sustainable corporate governance and corporate social responsibility (ESG criteria). The Supervisory Board of Erste Group Bank AG has set up an independent Remuneration Committee pursuant to legal requirements, which prepares the supervisory board's resolutions on remuneration. For further details on the remuneration governance process, please see the chapter on 'Procedure' in the remuneration policy of Erste Group Bank AG. The work of the Remuneration Committee in 2023 is described in the section 'Supervisory Board Committees and their decision-making powers' in the (consolidated) corporate governance report.

By resolution dated 18 May 2022, the annual general meeting granted the supervisory board members an annual remuneration for the fiscal year 2021 and subsequent years (unless otherwise decided by a future annual general meeting) as follows: in accordance with this resolution, the chair of the supervisory board will receive a remuneration of EUR 180,000, the first vice chair a remuneration of EUR 95,000, the second vice chair a remuneration of EUR 80,000 and ordinary members of the supervisory board a remuneration of EUR 65,000 each. Chairs of the Risk and Audit Committees will each receive additional remuneration of EUR 20,000, the chair of the IT Committee additional remuneration of EUR 15,000. Chairs of the Remuneration, Nomination and Strategy and Sustainability Committees will each receive additional remuneration of EUR 10,000. If the financial expert and the chair of the Audit Committee are not one and the same person, the former will receive annual remuneration of EUR 20,000. Ordinary committee members as well as vice chairs of committees will not receive extra remuneration for their work on the committee. Depending on the length of service as a supervisory board member, remuneration for the fiscal year will be awarded on a pro-rated basis (pro rata temporis) or in full. Supervisory board members delegated by the employees' council receive neither remuneration nor attendance fees.

ANNUAL REMUNERATION RATIO

Erste Group shows the income distribution within the company by comparing the annual fixed remuneration of the highest-paid employee with the median annual fixed remuneration of all employees in Austria, Czechia, Slovakia, Hungary, Romania, Croatia, Serbia and all other countries in which Erste Group has subsidiaries. All salaries are calculated as annual salaries on the basis of full-time equivalents. The remuneration ratio for the 2023 fiscal year is 38.3 (2022: 36.8).

It is calculated by means of the following formula: annual fixed remuneration of the highest-paid employee of Erste Group (CEO) divided by the median annual fixed remuneration of all employees of the organisation with the exception of the highest-paid person.

Limitations. The only partial availability of data in a number of entities in Romania, Hungary, Slovenia, Croatia, Montenegro, North Macedonia and Moldova reduced overall population size, as a result of which the ratio shown is not representative of the entire Erste Group. In addition, the salary differences among the European markets in which we operate are substantial, which has an impact on the median calculated.

1.4 STAKEHOLDER ENGAGEMENT

GRI 2-29

It is only by communicating and working with our stakeholders that we can meet their needs and expectations. It is likewise only with the trust and support of our stakeholders that we can continue developing our business successfully and make our contribution to the green transition and social inclusion. It is therefore important to us to engage in an open dialogue with our stakeholders. This is what is required by our Code of Conduct and this is what we do. To ensure that we meet the relevant – and sufficiently ambitious – sustainability and business targets, close cooperation with our stakeholders is indispensable.

Selected stakeholder groups with whom we communicate most frequently are shown below:

- Our customer relationship managers are in continuous personal contact with our **customers** – in advisory sessions, at events and seminars. We also receive feedback through our customer experience programme. For details see chapter '6. Business ethics'.
- In addition to periodic employee and feedback talks as part of our talent management programme, **our employees** have manifold opportunities for participation, ranging from institutionalised upward feedback for managers to the Intranet, CEO talks and a range of in-house communication channels. For details see chapter '3. Our employees'.
- We communicate with **investors and analysts** by means of investor presentations and webcasts, bilateral talks, at road shows and conferences.
- We conduct a permanent, pro-active dialogue with national and European **supervisory and regulatory authorities**.
- We conduct content-driven debates with **academic institutions** as well as **environmental and social NGOs** (non-government organisations). Here, the focus is on climate change, physical risks, and other key social concerns.

2. Climate and environment

Climate change is a global crisis. Immediate action must be taken against the way the climate is currently developing to ward off potentially disastrous effects. The impacts of climate change threaten economic growth, social wellbeing, and the achievement of the United Nations Development Goals (SDGs). A successful transition to net zero emissions along science-based decarbonisation pathways is therefore critical to ensuring long-term wellbeing, financial health, and prosperity. For this reason, and because we are committed to the goals of the Paris Climate Agreement, Erste Group joined the Net Zero Banking Alliance as early as November 2021. As a provider of financial services, Erste Group focuses not only on the transformation of our own operations but, even more importantly, also on the impacts of our financing and investment activities. We are therefore clearly committed to funding ambitious climate protection measures and to support our customers in their transformation in order to transition our portfolio to net zero greenhouse gas emissions by 2050. We wish to drive the green transition by meeting clear sustainability criteria for finance and investment that ensure successful decarbonisation and better energy efficiency. For this, we have identified strong potential in renewable energy and the renovation of buildings and infrastructure.

We are also taking the necessary measures in our own business activities, aiming to further decarbonise our banking operations. As described in our strategic priorities in chapter '1. Sustainability at Erste Group', we are working to achieve net zero status across our banking operations by 2030.

2.1 FINANCED EMISSIONS

GRI 3-3

As a leading credit institution, we assume responsibility for raising the funds necessary for an effective net zero transition in the region and driving the reduction of our financed greenhouse gas emissions.

Key steps along the path to the effective decarbonisation of our portfolios include measuring financed greenhouse gas (GHG) emissions, setting clear decarbonisation targets and, finally, implementing and controlling an effective action plan (transition plan) for the portfolio. In developing our transition plan we focused on attaining our sectoral level targets by 2030. We have also been guided by the recommendations of the Glasgow Financial Alliance for Net Zero (GFANZ).

Erste Group laid the necessary foundations for achieving the target of decarbonisation by joining the Partnership for Carbon Accounting Financials (PCAF) and conducting a first-time evaluation of financed emissions using PCAF methodology in 2021. On this basis, specific decarbonisation targets were first announced in 2022 for four major sub-portfolios (mortgages, commercial real estate as well as power & heat producers).

In 2023, decarbonisation targets were added for another four sub-portfolios (cement production, oil and gas extraction, iron & steel producers and car makers) and transition measures and plans developed in more detail.

Impacts, risks and opportunities

Financed emissions contribute indirectly to climate change. As one of the leading banks in Central and Eastern Europe, Erste Group's financed emissions also reflect the progress of our region's economic region towards net zero. Erste Group's financed emissions therefore reflect the progress of the entire economy of our region towards a net zero status. At present, they account for about 0.7% of the EU's global greenhouse gas emissions (source: ourworldindata.org). Proactive management ensures a steady and sustainable reduction of financed emissions and makes a significant contribution to an orderly transition to a low-carbon economy. By placing the emphasis on sustainable finance, linking lending more strongly to decarbonisation measures and supporting our customers in their transformation process, we contribute to the creation of a sustainable future and the mitigation of the impacts of climate change.

At the same time, our proactive approach also mitigates risks that arise from the current state of our financed portfolio and hence from the transformation that our customers need to undergo. For us as a banking group, these risks present themselves primarily in the form of increased credit risks resulting from additional costs and investments required for the decarbonisation of the economy or potential losses of income. One example of this is the lacking or inadequate transition plans of companies. Another example is the costs associated with the EU emissions trading system (EU ETS), which may also change as a result of further developments by the EU Commission. Around 10,000 installations in the energy sector, energy-intensive manufacturing and intra-European aviation are currently in scope of the EU ETS. A second separate trading system (EU ETS 2) is scheduled for introduction in 2027 and will comprise the buildings sector, road transport and other sectors. In addition, our proactive approach also has an indirect impact on the physical climate risks in the portfolio.

Financed emissions highlight the most important pillars that are necessary for the decarbonisation of the economy. An analysis of financed emissions allows us to identify early on where decarbonisation facilitates significant business opportunities for Erste Group. Projects in the fields of renewable energy, the renovation of buildings or parts of buildings, and other forward-looking programmes are creating new demand for finance and may help us strengthen our relationship with our customers. For more details see chapter '2.2 Sustainable finance and investment'.

Governance

In Erste Group, overall responsibility for the management of financed emissions and the alignment of the portfolio with the goals of the Paris Agreement lies with the management board. Performance indicators at the board and managerial levels therefore also take our net zero targets into account.

Group ESG Office pursues the net zero transition strategy as a strategic initiative. The operational implementation of target calculation, tracking of progress towards the target, as well as the calculation of financed emissions is ensured by Enterprise-wide Risk Management and Credit Risk Portfolio Management. Specific measures are designed and implemented in the relevant business units of both Erste Group Bank AG and the subsidiaries.

As a first step, our targets were defined by Erste Group Bank AG, our CEE entities (excluding Serbia) and Erste Bank Oesterreich and its subsidiaries. The Savings Banks segment will set their targets in accordance with the implementation guidelines of Erste Group.

Targets are approved at group level by the management board and the Group Sustainability Board as well as by the supervisory board working through the Strategy and Sustainability Committee. Local targets have been integrated into Erste Group's strategic planning process.

To strengthen the management of financed emissions across the entire banking organisation, this topic has been included in our ESG training schedule. ESG basic training had been rolled out across all countries by year-end 2023 and has since been a mandatory training module for all employees. Additional sector-specific educational measures are described under 'Measures' below.

Targets

Erste Group pursues the strategic target of getting all financed greenhouse gas emissions of the portfolio onto a path that will lead to net zero. In financing, the strategy prioritises supporting customers in their transformation process by working closely with them and offering bespoke financing solutions. Sustainable finance is an important component of these financing solutions. In particularly critical sectors (e.g. coal) exclusion criteria will be used to increase pressure on the path to transformation.

The following medium and long-term targets have been set to define the path towards a net zero portfolio and make progress clearly measurable:

					Baseline		Targets			
Sector	Metric	Methodology	Scenario/-pathway	Emissions scope	Year	Value	2030	% reduction	2050	% reduction
excl. savings bank segment										
Mortgages	$kgCO_2e/m^2$	SBTiSDA	IEAB2DS	1 and 2	2022	53.3	30.5	-43%	0.8	-98%
Commercial real estate	$kgCO_2e/m^2$	SBTiSDA	IEAB2DS	1 and 2	2022	50.9	25.7	-50%	1.0	-98%
Electricity production	$kgCO_2e/MWh$	PACTA	IEANZE2050	1 and 2	2022	421.4	215.6	-49%	24.9	-94%
Heat & steam production	thousand tCO_2e	SBTiAC	IEA NZE2050	1 and 2	2022	1,382.0	801.0	-42%	138.0	-90%
Oil and gas extraction	thousand tCO2e	PACTA	IEA NZE2050	1, 2 and 3	2023	1,020.4	923.7	-9%	368.6	-64%
Automotive production	gCO2e/km	PACTA	IEA NZE2050	1, 2 and 3	2023	170.0	104.0	-39%	31.0	-82%
Iron and steel production[1]	tCO2e/tonne steel	PACTA	IEA NZE2050	1 and 2	2023	1.5	1.1	-24%	-	-
Cement production[2]	tCO2e/tonne cement	SBTiSDA	IEA NZE2050	1 and 2	2023	0.6	0.5	-19%	0.0	-94%
incl. savings bank segment[3]										
Mortgages	kgCO2e/m²	SBTiSDA	IEA B2DS	1 and 2	2022	48.7	27.1	-44%	0.7	-99%
Commercial real estate	kgCO2e/m²	SBTiSDA	IEA B2DS	1 and 2	2022	45.9	22.2	-52%	0.8	-98%
Electricity production	kgCO2e/MWh	PACTA	IEA NZE2050	1 and 2	2022	357.1	182.7	-49%	21.6	-94%

[1] No long-term targets for 2050 were set for the iron & steel producers sector, as the technological uncertainties - such as the development of alternative fuels like hydrogen to a competitive, industrial scale - are still too great. Work is ongoing to improve the basis for long-term targets in order to be able to define specific targets up to 2050 in subsequent years.

[2] The base year values are based on available input data, such as sustainability reports, some of which only show CO2 values. If, instead of the CO2e intensity, only the CO2 intensity per tonne of cement was available, this was used.

[3] The savings bank segment was only included in the target setting for those sectors where financed emissions were relevant for the savings banks portfolio.

The targets for the oil and gas extraction, automotive production, iron and steel production and cement production sectors have been added this year.

In addition, the portfolios of the Savings Banks segment have been included for the first time in setting the targets for the mortgages, commercial real estate, and electricity production sectors. The baseline and target values for these sectors have been adapted accordingly. Including the Savings Banks, the reduction targets are now slightly more ambitious even though the pathways themselves have remained unchanged.

In total, to date, decarbonisation targets have been set for a credit risk volume of EUR 104 billion, this represents 56.2% of the volume covered by the financed emissions calculation (see page 19). The portfolios with decarbonisation targets cover 40.1% (Scope 1+2) and 22.3% (Scope 1+2+3) of financed emissions in FY23.

Methodology, defined measures and the current progress towards the targets will be discussed below.

SCENARIOS

We used recognised benchmark climate scenarios to ensure our portfolio is aligned with the temperature goals of the Paris Agreement. These scenarios served as upper limits for both medium-term (2030) and long-term (2050) planning. In selecting relevant benchmark scenarios, we made sure that, apart from meeting the Paris Agreement requirements as a minimum target, we will also achieve a level of decarbonisation that is in line with the bottom-up model outcomes (see Methodology). Our final targets for the selected sectors are based on well-documented and widely recognised scenarios issued by the International Energy Agency (IEA).

The EU Commission's initiative on certifying carbon removals laid the legal foundations, and thus created incentives, for investing in carbon removal technologies. At present, however, we have only very limited insights into how these technologies can be scaled and industrialised, which is why our scenario assumptions are conservative and in selecting scenarios we confine ourselves to decarbonisation pathways that rely on the application of such technologies only to a limited extent.

Targets in the electricity, heat & steam, iron and steel, automotive and cement production sectors as well as in the oil and gas extraction sectors are based on the IEA Net Zero Energy 2050 (NZE2050) scenario aimed at the 1.5 degrees objective. Targets for buildings (mortgages and commercial real estate) are aligned with the IEA Beyond Two Degree Scenario (B2DS), which assumes that the rise in global temperature can be limited to 1.75 degrees. We are aware that we must step up our efforts and mobilise this segment to achieve our ambitious 1.5-degrees target. To have a realistic chance of achieving this target, we need the support of a broad group of stakeholders and, in particular, the understanding and support of political decision-makers in all countries where Erste Group operates. At the European level there are calls for national energy and climate plans (NECPs) to be revised to make them compliant with the goals of the European Green Deal and the 1.5° pathway. We expect that the new NECPs will be in place by June 2024 and will meet European expectations. We will then revise our own targets in a timely manner.

METHODOLOGY FOR TARGET-SETTING

Our methodology for target-setting relies on general science-based scenarios alongside portfolio or customer-specific factors. Our approach combines scientifically informed top-down objectives with bottom-up portfolio modelling. Our bottom-up models allow us to identify the strategically relevant portfolio and market changes that are necessary for credible target achievement while still engaging in the process of target calculation.

Top-down models:
Our top-down models are based on the methodologies developed by the Science Based Target initiative (SBTi) and the Paris Aligned Capital Transition Assessment (PACTA). The SBTi SDA approach (Sectoral Decarbonisation Approach) is applied to the buildings sector, i.e., to mortgages and commercial real estate, as well as to cement production, while the SBTi AC approach (Absolut Contraction) is applied to the heat & steam generation portfolio. PACTA is used for the sectors of electricity, oil and gas extraction, automotive, and iron and steel production.

Bottom-up models:
Our bottom-up models take account of factors of relevance for the portfolio such as energy demand, energy source and floor area in the case of financed buildings, and of the technology mix used in financed electricity or heat & steam generation. The countries' NECPs form the basis for our scenario assumptions regarding future technological change in our region.

Measures

The core element of the financing strategy we pursue to achieve our own portfolio decarbonisation targets is close collaboration with our customers to help them achieve their climate targets and embark on their pathways towards net zero greenhouse gas emissions.

BUILDING SEGMENT: MORTGAGES AND COMMERCIAL REAL ESTATE

A significant part of the buildings stock in our region is not 'climate proof', as energy efficiency is below the Western European average due to the age, poor insulation, and inadequate ventilation of the buildings and is therefore in great need of improvement. On the other hand, the potential of renewable energy sources is not being sufficiently utilised. In addition, new builds come with considerable emissions – particularly during the construction phase – as key building materials such as steel and concrete continue to be high in carbon or are not being replaced by more climate-friendly alternatives.

Erste Group therefore strives to fully exploit the potential for building renovation in its retail business and in the commercial real estate sector by promoting radical measures to increase energy efficiency and speeding up the transition to heating and cooling systems using renewable energy or electricity generated from renewable sources.

Implementation
In the commercial real estate segment, decarbonisation is regarded as an integral part of the Financial Health advisory concept. 2023 saw the development of the so-called CRE Financial Health Tool in this context, which analyses the financial health of specific properties and portfolios and serves as a basis for uncomplicated, transparent, and evidence-based discussions with our customers. The tool is already being used by Erste Group Bank AG and is to be rolled out gradually to the banking subsidiaries as well. The CRE Financial Health Tool looks at factors such as financial strength, occupancy rates and property quality whilst also considering emission relevant data such as primary energy demand or CO_2 emissions and their levels relative to the Paris climate targets.

In 2022, the Erste Green Transition Loan was developed, which is a specific finance product of Erste Group Bank AG and Erste Bank Oesterreich that supports all kinds of renovation work that improves the primary energy demand of a property by at least 30%. The product offers favourable conditions, such as extended repayment terms.

In the retail segment, sustainable mortgage loans have been developed as well as new products for renovation projects (secured and unsecured) designed to improve the energy efficiency of a building. In Austria, an additional leasing product has been launched to encourage the installation of photovoltaic (PV) systems.

In addition, various measures were taken to help our customers meet the challenges involved in building renovation (e.g., the long time it takes to find and wait for the technicians needed, lack of information, uncertainty regarding financial benefits and drawbacks):
— In Austria, Czechia and Croatia, digital renovation and energy calculators have been developed that enable customers to simulate renovation work on their property and to assess both the resulting energy cost savings and financing costs. Starting in 2024, renovation calculators are to be rolled out to additional countries while existing solutions will be developed further and integrated step by step into George, our digital platform.
— In addition to conducting comprehensive information campaigns, we are setting up in-house teams of experts to assist and advise customers on a wide variety of matters of relevance to renovation projects. They can provide advice on issues ranging from subsidies to energy-related matters. In energy consulting we co-operate in Austria with klimaaktiv, an initiative of the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology.
— Partnering and cooperating with other enterprises and organisations helps us to expand our range of solutions. In Czechia, for example, we work with local service providers such as the start-up Woltair. Through its platform, our customers can access equipment manufacturers, plumbers, and other technical experts, which enables them to get renovation work done quickly and easily – from decision-making to the final installation.

Challenges
When it comes to achieving our decarbonisation targets in the buildings sector, we are facing challenges, as do our customers. In addition to implementing and further developing the above measures, we must step up our efforts to improve data availability, including in particular the procurement of energy performance certificates. This will help us to better assess our portfolio and the potential for renovation it offers as well as providing proof of renovation work done. Target achievement also depends on the decarbonisation of the energy sector, most importantly in the production of electricity and heat & steam.

Further challenges include insufficient and sometimes even contrarian incentives coming from political decision-makers. Energy price caps like those imposed in Slovakia and Hungary have a negative impact on investment decisions as they have a strong adverse effect on financial planning.

ENERGY SECTOR: ELECTRICITY AND HEAT & STEAM PRODUCTION

In our region, the energy sector still relies substantially on coal and gas as primary energy sources. Particularly the share of coal in electricity generation as well as in the heat & steam mix is still high in a number of countries. Erste Group therefore pursues the strategy of supporting the energy transition by utilising the potential of renewable energy and pushing for a phase-out of coal.

The first such measure, implemented in 2021, was to tighten our policy for lending to the coal sector. We are planning to exit from coal by the year 2030 and will subsequently reduce our loan portfolio in the coal sector to zero. To achieve this, we will have in-depth discussions with customers, ask them to provide credible time-bound exit plans that are in line with our coal strategy and support them in putting these exit plans into practice. In 2024, the criteria for oil and gas, as further important fossil fuels, will be subject to a climate-related revision as part of the update of the Responsible Finance Policy.

As another key measure, we are set to expand finance for renewable energy projects. Erste Group offers its corporate customers dedicated loans, project finance and sustainable financing instruments such as green bonds or Schuldscheine (Promissory notes). As another milestone, we strive to reach a 25% share of sustainable finance in our corporate customers portfolio by 2026, which should increase our business in the field of renewable energy. For details see chapter '2.2 Sustainable finance and investment'.

OTHER SECTORS

We also started to implement measures in the oil & gas extraction, automotive production, iron and steel production, and cement production sectors, for which we set ourselves targets in 2023. In the sectors oil & gas and cement we developed initial plans for customer engagement. We created questionnaires that help us perform an evidence-based assessment of our customers' transformation needs. For this purpose, we seek to obtain quantitative and qualitative information of relevance to the respective sectors from our customers. The questionnaires have already been presented to selected customers. We are planning to roll out these questionnaires to other sectors as well and, subsequently use them as a basis for a more focused dialogue with customers in industries with high carbon emissions.

Performance indicators

The presentation of our performance indicators is broken down into two parts. We first show the performance indicators relating to our decarbonisation targets and then present our total financed emissions. These two aspects are closely interconnected as the calculation of financed emissions forms the basis for our target setting and the monitoring of progress towards these targets.

Decarbonisation targets

				Baseline		Value		Targets			
Sector	Metric	Methodology	Scenario/ Pathway	Year	Value	2023	% Reduction	2030	% Reduction	2050	% Reduction
Mortgages	$kgCO_2e/m^2$	SBTiSDA	IEAB2DS	2022	53.3	52.2	-2%	30.5	-43%	0.8	-98%
Commercial real estate	$kgCO_2e/m^2$	SBTiSDA	IEAB2DS	2022	50.9	42.8	-16%	25.7	-50%	1.0	-98%
Electricity production	$kgCO_2e/MWh$	PACTA	IEANZE2050	2022	421.4	349.7	-17%	215.6	-49%	24.9	-94%
Heat & steam production	thousand tCO_2e	SBTiAC	IEANZE2050	2022	1,382.0	969.0	-30%	801.0	-42%	138.0	-90%

The table above shows the development of the portfolio segments for which targets had already been set last year. It covers the sector portfolios of our CEE entities (except Serbia), Erste Group Bank AG and Erste Bank Oesterreich and its subsidiaries.

All sectors show a decrease in FY23 compared to the baseline values, which is mainly due to improved data quality. In addition, measures are being taken to drive forward decarbonisation and enable further reductions in subsequent years.

The **mortgages** portfolio segment shows a slight reduction of -2% from the baseline value of 53.3 kgCO2e/m² in 2022 to 52.2 kgCO2e/m² in 2023. The developments in this segment are driven by improvements in data quality (e.g., obtaining energy performance certificates) and methodological changes. The targets cover the sector's Scope 1 and 2 emissions. The portfolio largely consists of volumes in the retail business segment.

The **commercial real estate** portfolio segment shows a decrease of -16% from the baseline value of 50.9 kgCO2e/m² in 2022 to 42.8 kgCO2e/m² in 2023. Developments in this segment are driven by improvements in data quality (e.g., obtaining energy performance certificates), methodological changes and also new business with lower emissions intensity. The targets cover Scope 1 and 2 emissions in the sector. The portfolio largely consists of volumes in the corporate business segment, primarily from the sub-segments commercial real estate and SME.

The **electricity production** portfolio segment shows a decrease of -17% compared to the previous year. In FY23, the portfolio had an emissions intensity of 349.7 kgCO2e per megawatt hour. The decrease is driven by improvements in data quality (e.g., customer data). The targets cover the sector's Scope 1 and 2 emissions. The portfolio largely consists of volumes in the corporates business segment.

The **heat & steam production** portfolio segment reported financed emissions of 969 thousand tonnes of CO2e in FY23. This represents a decrease of -30% compared to the previous year and is also primarily driven by improvements in data quality (e.g., customer data). The targets cover Scope 1 and 2 emissions in the sector. The portfolio consists largely of volumes in the corporate business segment.

FINANCED EMISSIONS

Erste Group uses PCAF methodology (version 2022) to account for its financed emissions (Scope 3 emissions Category 15 'Investments'). As this standard is in conformity with the internationally recognised GHG Protocol (Corporate Value Chain (Scope 3) Accounting and Reporting Standard) emissions are calculated for all seven greenhouse gases that are listed in the Kyoto Protocol. These are carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O) and the fluorinated gases (F-gases): hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6) as well as nitrogen trifluoride (NF_3).

For details of the methodology, including assumptions, see the 'Methodology' section. We included the following PCAF-defined asset classes in our calculation: corporate bonds, business loans, project finance, commercial real estate finance and mortgages.

The leasing business (Category 13 'Downstream Leased Assets') is included in Erste Group Scope 3 emissions. This category is calculated using the same methodology as for Category 15 and is separately shown as a sub-item.

Overall, the calculation of 2023 financed emissions covers 50.7% of the credit exposure and remained stable compared to last year. The remaining uncovered Exposure comes from the fact that there is no methodology yet for calculating the financed emissions of off-balance sheet positions and segments such as consumer loans and credit institutions.

Two out of the seven currently existing PCAF calculation methodologies – those for sovereign debt and motor vehicle loans – have not been applied yet. The method for sovereign debt has not been implemented as the focus in 2023 was not on implementing a methodology for a segment that is (currently) not a decarbonisation priority of the Net-Zero Banking Alliance. The motor vehicles asset class has not been implemented due to the low weight of this portfolio. The financed emissions of this portfolio are currently calculated by means of the methodology used for corporate loans.

Share of the portfolio covered by the calculations

	Credit exposure	covered by financed emissions		not covered by financed emissions	
	in EUR million	in EUR million	%	in EUR million	%
Off-balance sheet exposures and derivatives HfT	66,779	-	-	66,779	100.0%
Central banks	17,939	-	-	17,939	100.0%
Central governments	52,028	-	-	52,028	100.0%
Credit institutions	20,031	-	-	20,031	100.0%
Other financial corporations	7,361	5,681	77.2%	1,680	22.8%
Non-financial corporations	101,693	99,600	97.9%	2,093	2.1%
Households	98,619	79,409	80.5%	19,210	19.5%
Total	**364,450**	**184,690**	**50.7%**	**179,760**	**49.3%**

Outcomes

Altogether, the portfolio's financed emissions came to 28.3 million tCO_2e (prior year: 29.4 million tCO_2e), of which Scope 1 and Scope 2 emissions accounted for 15.0 million tCO_2e and Scope 3 emissions for 13.2 million tCO_2e. Financed emission intensity stood at 153 tCO_2e/EUR million (prior year: 165.1 tCO_2e/EUR million).
Emission intensity declined from 165 to 153 gCO_2e/EUR year on year. In the 'Automotive industry' segment, the data quality of financial metrics improved significantly. Had this improvement already been applied at year-end 2022, intensity at Erste Group level would have stood at 144 gCO_2e/EUR. This major change in intensity is thus attributable to improvements in data quality. The increase from the level of 144 gCO_2e/EUR recalculated for year-end 2022 to 153 gCO_2e/EUR at year-end 2023 is attributable to increased downstream Scope 3 emissions in the 'Machinery' segment.

We relied on PCAF methodology for scoring data quality (data availability), where the scale ranges from a score of DQ 1 (= highest data quality) to DQ 5 (= lowest data quality). The data quality of our calculations reflects the high dependence on sectoral emission factors, as relevant customer information was not widely available. Reported emissions in the corporate customers segment are currently only scored as DQ 2 as we are at present unable to determine whether the reports have been verified.

The weighted average data quality of the quantified portfolio was 3.9 and thus unchanged versus the previous year. The Table shows a breakdown of financed emissions based on data availability (energy performance certificates for the real estate sector and reported emissions for the other PCAF asset classes).

Financed emissions

	Credit exposure	Credit exposure covered by emissions calculation	Financed emissions, thousand tCO_2e[1, 2]		Emission intensity	Weighted data quality (High=1, Low=5)	
	in EUR million	in EUR million	Scope 1 + Scope 2	Scope 3[3]	tCO_2e/ in EUR million	Scope 1 + Scope 2	Scope 3
2022	349,166	178,319	14,329	15,116	165	3.9	4.0
2023							
by PCAF asset class							
Corporate bonds		2,275	346	431	342	3.9	3.7
Business loans		79,176	10,445	12,759	293	4.0	3.9
Project finance		2,720	411	33	163	3.0	3.6
Mortgages		73,260	3,213	0	44	3.9	4.4
Commercial real estate		27,260	628	0	23	3.8	4.1
Total	**364,450**	**184,690**	**15,044**	**13,223**	**153**	**3.9**	**3.9**
by sector							
Natural resources & commodities	14,064	9,358	3,013	1,833	518	3.9	3.7
Energy	17,077	8,184	4,009	983	610	3.0	3.3
Construction	17,481	7,963	1,341	2,225	448	4.0	4.2
Automotive	8,227	5,803	230	1,033	218	3.8	3.7
Cyclical consumer goods	9,336	5,689	443	596	183	3.8	3.8
Non-cyclical consumer goods	10,891	7,026	645	2,276	416	3.6	3.6
Machinery	7,018	3,802	390	2,353	721	3.9	3.9
Transport	8,632	4,493	327	1,233	347	4.0	4.0
TMT	7,873	4,265	149	223	87	4.0	3.8
Healthcare & Services	10,645	8,122	348	111	57	4.2	4.2
Hotels and Leisure	9,784	7,741	261	47	40	4.0	4.1
Real estate[3]	45,089	39,908	979	312	32	4.2	4.1
Public sector	72,182	339	5	0	15	3.6	-
Financial institutions	27,599	2,584	21	0	8	4.3	-
Private customers	98,173	69,388	2,882	0	42	3.9	-
Other sectors	380	25	1	0	34	3.3	-
Total	**364,450**	**184,690**	**15,044**	**13,223**	**153**	**3.9**	**3.9**
thereof Category 13 (Downstream Leased Assets)		3,794	1,405	704	701	4.7	4.7
by country							
Austria		90,562	4,279	4,086	92	4.1	3.9
Czechia		35,318	3,790	2,258	171	3.9	3.9
Slovakia		17,006	1,849	1,064	171	3.8	3.9
Germany		4,935	528	1,903	493	3.8	3.7
Romania		10,753	1,197	796	185	3.6	4.1
Croatia		6,011	1,132	543	279	3.7	3.9
Hungary		5,112	505	762	248	3.6	3.4
United states		1,796	501	246	416	4.9	4.9
Poland		2,259	302	194	220	3.3	2.8
Serbia		2,170	304	188	227	3.7	4.0
Other countries		8,768	658	1,183	210	4.4	4.6
Total	**364,450**	**184,690**	**15,044**	**13,223**	**153**	**3.9**	**3.9**
by carbon intensity of corporate clients							
High (1 - 6 $kgCO_2e$/EUR revenue)		5,431	3,986	3,020	1,290	3.1	2.7
Critical (>6 $kgCO_2e$/EUR revenue)		541	1,600	1,298	5,362	2.8	3.2

[1] For details on the calculation of financed emissions see Methodology
[2] Financed emissions also include Category 13 'Downstream Leased Assets' of Erste Group Scope 3 emissions, which are shown separately as a sub-category.
[3] Where we use reported emissions for calculating Scope 3 emissions, this includes – if both are reported – both upstream and downstream emissions. Where we use emissions with national emission factors from the PCAF database, only Scope 3 upstream emissions are accounted for due to data availability. The data quality score for Scope 3 emissions is therefore reported separately.

Financed emissions by data quality

	Credit exposure covered by calculated emissions	Financed emissions, thousand tCO_2e		Emission intensity tCO_2e/in EUR million		Weighted data quality (High = 1, Low = 5)	
	In EUR million	Scope 1 + Scope 2	Scope 3	Scope 1 + Scope 2	Scope 3	Scope 1 + 2 + 3	Scope 3
2022 Total	178,319	14,329	15,116	80	85	3.9	4.0
2023 Total	184,690	15,044	13,223	81	72	3.9	3.9
Reported emissions / Energy performance certificate available (by PCAF asset class)							
Corporate bonds[1]	540	113	242	210	448	2.0	2.0
Business loans[1]	9,605	1,863	4,092	194	426	2.0	2.0
Project finance[1]	1,346	0	0	0	0	2.0	2.0
Mortgages[2]	16,342	470	0	29	-	3.0	-
Commercial real estate[2]	9,272	182	0	20	-	3.0	-
Total	**37,104**	**2,628**	**4,334**	**71**	**377**	**2.7**	**2.0**
No Reported emissions / No Energy performance certificate available (by PCAF asset class)							
Corporate bonds	1,735	233	189	134	109	4.5	4.5
Business loans	69,571	8,582	8,667	123	125	4.3	4.2
Project finance	1,374	411	33	299	24	4.1	3.9
Mortgages	56,919	2,743	0	48	-	4.2	-
Commercial real estate	17,987	447	0	25	-	4.2	-
Total	**147,586**	**12,416**	**8,890**	**84**	**122**	**4.3**	**4.2**

[1] Availability of reported emissions for corporate bonds / business loans or recognition of renewable energy project finance: reported emissions are available for all scopes that are of relevance for calculating financed emissions (equivalent to DQ 2).

[2] Availability of energy performance certificate for mortgages and commercial real estate: energy performance certificate is available and has been used for calculating financed emissions (equivalent to DQ 3).

DETAILED RESULTS BY PCAF ASSET CLASS

Corporate bonds

Corporate bonds with a volume of EUR 2.3 billion came with 0.8 million tCO_2e in financed emissions and an emission intensity of 342 tCO_2e/ EUR million.

Business loans

Business loans in the amount of EUR 79.2 billion are a major source of financed emissions, because of both their absolute quantity (23.2 million tCO_2e) and financed emission intensity (293 tCO_2e/EUR million). Business loans comprise financing granted to large international and national corporates, small and medium-sized enterprises as well as micro entrepreneurs (non-financial corporates).

Project finance

The project finance portfolio had a moderate exposure of EUR 2.7 billion and 0.4 million tCO_2e of financed emissions and an emission intensity of 163 gCO2e/EUR million.

Commercial real estate

Commercial real estate accounted for an exposure of EUR 27.3 billion, with emissions of 0.6 million tCO_2e and a financed emission intensity of 23 tCO_2e/EUR million.

Mortgages

Retail mortgages with an exposure of EUR 73.3 billion were the second largest contributor of absolute emissions with 3.2 million tCO_2e, but had a low financed emission intensity of 44 tCO_2e/EUR million.

DETAILED RESULTS BY SECTOR

We used our in-house customer segmentation by sectors for the purpose of PCAF measuring and disclosure of financed emissions. The aggregate level of financed emissions had a positive impact on Erste Group's emission intensity as well as the favourable balance between the low financed emission intensity of real estate and the marginal share of the high-emission heavy industry and energy sectors. The sector posting the highest financed emission intensity, of 721 tCO_2e/EUR million, was the machinery industry, with a credit exposure of EUR 3.8 billion.

DETAILED RESULTS BY COUNTRY

Financed emissions are broken down by country rather than on the basis of the entity in which the exposure was posted.
Because of its business model, the country with the highest absolute level of financed emissions (8.4 million tCO_2e) is Austria, which also has the lowest level of emission intensity at 92 gCO_2/EUR. The country with the highest emission intensity is Germany at 494 gCO_2/EUR, with absolute emissions coming to 2.4 million tCO_2e.

DETAILED RESULTS BY CARBON INTENSITY OF CORPORATE CUSTOMERS

Overall, the high and critical emission categories account for a volume of EUR 6,0 billion or 3.2% of the calculated customer loan portfolio of EUR 184.7 billion. This is a rise compared with the previous year when volume stood at EUR 3.8 billion or approx. 2.1% of the calculated portfolio. Sectors are classified as high-emission sectors based on revenue-related emissions intensity. Based on assumptions regarding the CO_2 price and the EBIT margin, everything above 6 kg CO_2e/EUR of revenue is classified in the critical emissions category and everything from 1 to 6 kg of CO_2e/EUR of revenue is classified as high emissions.

DETAILED RESULTS BY DATA QUALITY

The share of reported emissions and emissions covered by an energy performance certificate amount to 20% of the credit exposure (covered by the emission calculations) and 25% of financed emissions. The driver of data quality is the real estate sector, even though it must be noted that the energy performance certificate – depending on country-specific standards – often covers only the (primary) energy demand and not the level of emissions.

With business loans and corporate bonds, emission intensity (particularly for Scope 3) tends to be higher where data is available. This is because, in the absence of reported emissions, PCAF emission factors are used, which account only for upstream Scope 3 emissions. Reported emissions may include both upstream and downstream Scope 3 emissions.

METHODOLOGY

In the case of business loans, we followed the PCAF methodology by relying either on emissions reported by the corporate customers or on estimates based on finance metrics and emission factors drawn from the PCAF database. We keep using the 2015 PCAF emission factors (Exiobase database) to ensure comparability with the figures of the previous year, which were also used as a basis for setting targets in priority sectors. Contrary to the PCAF methodology, the methodology for business loans is also applied to the corporate bonds asset class, as the portfolio is very similar to the business loan asset class and also has a low volume.

The loans granted to large real estate management companies (NACE L68) are included in the PCAF business loans asset class as long as the finance purpose cannot be unambiguously assigned to one or more commercial real estate properties. As the PCAF database shows only very low emission intensity figures for these exposures, we replaced them with the higher emission intensities of the commercial real estate asset class. In doing so, we proceeded with the conservative assumption that a large part of the funds granted to real estate management companies will de facto be used to finance the relevant buildings, even if the loan agreements contain no evidence thereof.

With project finance we assume that renewable energy projects (wind, solar, geothermal and hydropower) have an emission factor of zero. In the absence of a financing purpose and with other project finance we follow the calculation methodology for the business loans asset class by using either the emissions reported by the businesses or estimates based on financial metrics and emission factors drawn from the PCAF database.

With commercial real estate and mortgages, the calculation of financed emissions is based on building data, which in a first step are used to calculate the emissions of a building. Depending on data availability, Erste Group calculates emissions from buildings in the following order (which does not reflect the data quality score):

1. CO_2 emissions as per energy performance certificate
2. Primary energy demand as per energy performance certificate

3. Primary energy demand class as per energy performance certificate
4. Primary energy demand class based on the year of construction
5. Primary energy demand class based on the national average drawn from the PCAF database for buildings in Europe as of 2022

For calculations 3. to 5., average primary energy demand is based on the primary energy demand class recorded in the PCAF database of buildings in Europe as of 2022 to ensure comparability with the previous year's figures, which were likewise used as the basis for setting targets in the priority sectors. Once primary energy demand has been determined it has to be converted into emissions as input for calculations 2. to 4. As PCAF shows the conversion factor only at an aggregated level, we decided to use emission conversion factors based on statistical data on energy mixes and emission intensities. These factors are also a key component in the development of scenarios for the future in the decarbonisation model. In addition, use of the conversion factors obtained in this manner comes with the advantage that where in-house portfolio data is available, national averages may be substituted by the relevant portfolio data (e.g. if the gas portion in the portfolio is below/above the national average).

2.2 SUSTAINABLE FINANCE AND INVESTMENT

GRI 3-3

We believe that the most effective way of driving sustainable transformation in our region is for us to support our customers in transitioning towards net zero emissions in their business activities. This is why we have made this a strategic priority in our ESG strategy (see chapter '1. Sustainability at Erste Group'). We strive to further strengthen our leading position in sustainable finance in our region by funding climate change mitigation and adaptation measures, while at the same time pursuing an ambitious green transition plan and securing growth opportunities for the future. The same principles apply to managing climate risks in our portfolio and attaining our own net zero targets.

Impacts, risks and opportunities

Our in-depth analysis of climate-related challenges, including the legislative and economic impacts of climate change, has revealed that financing and investing in businesses exposed to physical and transitional climate risks present a major exposure for our core business in the medium to long term.

Concerning customer investment and guidance, there is a major risk of consequences when products are promoted as sustainable but fail to meet expectations ('greenwashing'). Such 'greenwashing' would entail fines as well as reputational damage. Another aspect is the potential for adverse impacts on the environment and on society resulting from financing for, or investment in, businesses whose operations are harmful to the environment, and which fail to respect fundamental human rights or the principles of good governance. By contrast, setting out sustainability criteria will ensure that funds are directed to businesses and activities that contribute towards transformation.

The transition to a sustainable economy requires enormous efforts from all stakeholders and the associated investments. This transition also offers Erste Group corresponding business opportunities, provided we can offer the necessary expertise and customised products. However, our customers need specific advice, due to the wide range of funding programmes and the high technical requirements for fulfilling the sustainable economic activities defined in the EU taxonomy. Demand for sustainable investment products – by businesses, institutional investors, and private individuals – keeps growing. Taking advantage of this trend, we can secure new sources of income while at the same time making a valuable contribution towards a sustainable future.

Governance

Overall responsibility for this topic lies with the management board. Responsibility for reaching the targeted 'sustainable' proportion in our retail mortgages portfolio lies with the Chief Retail Officer, while responsibility for reaching the corresponding targets in our corporate customers and investment portfolios lies with the Chief Corporates and Markets Officer. Our financing targets have been broken down to the level of individual business segments and geographical regions, both for corporates and retail customers.

Targets

Erste Group has set itself the target of significantly increasing the share of sustainable finance and investment over the short and medium term:

		Baseline		Actual		Targets			
						short term		medium term	
	Metric	Year	Value	Year	Value	Year	Target	Year	Target
Sustainable corporate financing*	% of corporate financing portfolio	-	-	2023	13.6%	-	-	2026	25%
Sustainable retail mortgages*	% of retail mortgage portfolio	-	-	2023	13.8%	-	-	2027	15%
Ecolabel funds	# of funds offered	2021	11	2023	19	2023	17	-	-
Sustainably managed funds	% assets under management	2023	35.5%	2023	35.5%	2025	>50%	2030	>80%

*Applicable to separate units of Erste Group.

The proportion of sustainable lending to businesses is set to reach 25% by 2026, supporting our pathway towards net zero greenhouse gas emissions. In the retail segment, we aim to attain a share of 15% of mortgage loans serving to finance sustainable buildings and structures by 2027.

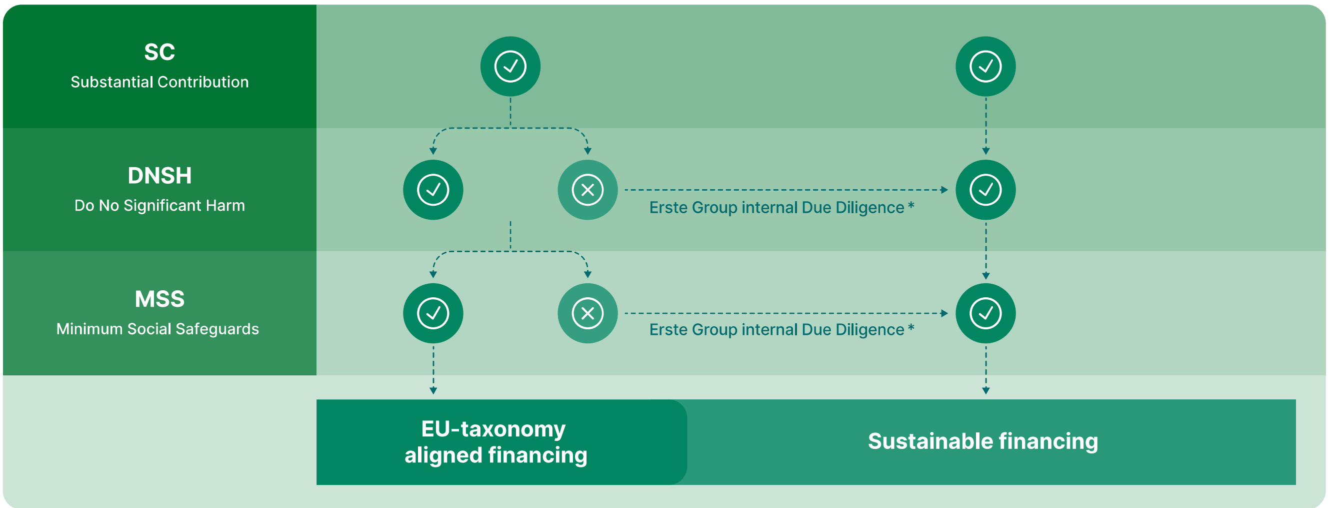
We have set ourselves ambitious goals not only in sustainable finance but also in asset management. Erste Asset Management (Erste AM) aims for an even more comprehensive consideration of ESG criteria in its investment processes. More specifically, the proportion of sustainable funds managed by Erste AM (Article 8/9 funds under the EU's Sustainable Finance Disclosure Regulation) is scheduled to rise to more than 50% of assets under management by 2025, and to more than 80% by 2030. For retail funds, the target for 2030 is more than 95%.

The range of impact investment funds (Article 9 funds under the EU's Sustainable Finance Disclosure Regulation) will be expanded in 2023 and beyond.

Measures

CRITERIA FOR SUSTAINABLE FINANCE

Erste Group has defined criteria for classifying finance as sustainable to provide for sufficient transparency in terms of finance designed to support the green transition. We make a fundamental distinction between the 'sustainable financing' presented in this chapter, which is provided with targets, and 'EU taxonomy-aligned financing' (for details, see chapter '7. EU taxonomy disclosure'), whereby the latter is always to be understood as a subset of the former, as it also fulfils its criteria.



*defined in the Sustainable Finance Guideline (SFG)

The reason for this conceptual distinction is due to both the complexity and restrictions of EU taxonomy. In the reporting period, the taxonomy provided technical screening criteria for only 70 economic activities. Furthermore, providing evidence for alignment assessments presents significant challenges for our customers. Given the massive amount of reporting required under the EU taxonomy, its application is currently limited by law to (non) financial undertakings that are subject to NFRD reporting obligations. This means that small and medium-sized companies, which form an important customer portfolio segment for Erste Group, will largely remain unaffected.

These restrictions and the current focus of the EU taxonomy have prompted us to define the term 'sustainable financing' in a more portfolio-appropriate way. Essentially, the aim is to ensure that financed economic activities that are not yet recognised as taxonomy-aligned according to the EU criteria can nevertheless make a demonstrable, significant contribution to the green transition and are sustainable in this respect.

For the purposes of classifying specific financing activities as sustainable or not sustainable, Erste Group's Sustainable Finance Guideline (SFG) has set out the relevant criteria within the scope of a comprehensive due diligence process that relies on the criteria of the EU taxonomy as a point of reference and aims to identify investments designed to transition existing climate and environmental activities towards a climate-neutral, climate-resilient, and environmentally sustainable economy.

The SFG allows capital flows to be channelled in a targeted manner towards the green transformation and ensures a substantial contribution to environmental protection. Customer groups that are currently excluded from disclosing under the EU Taxonomy Regulation are also included and their limited capacity to provide information is taken into account. Principally, we prioritise assessing the whole set of criteria defined under the EU taxonomy. However, where customers fail to supply sufficient information to provide evidence of meeting the taxonomy's DNSH and/or MSS criteria, we will perform a less complex in-house DNSH and MSS screening.

We anticipate that the incorporation of medium-sized companies into the EU taxonomy component of CSRD reporting obligations, alongside the growing accessibility of customer data required for evaluation, will result in EU taxonomy-aligned finance becoming increasingly significant in our 'sustainable finance" sector. Therefore, raising the Green Asset Ratio (GAR) will be a key element of our business strategy.

ETHICAL EXCLUSION CRITERIA FOR BUSINESS LOANS

The Group Responsible Finance Policy sets out exclusion criteria for specified economic activities that have harmful socio-environmental effects and are therefore excluded from the finance and banking services provided by Erste Group. With a special focus placed on climate action, Erste Group pays particular attention to aligning its energy finance activities with the Paris climate targets to limit global warming and prevent extensive environmental degradation.

In a bid to preserve biodiversity, Erste Group refrains from financing arctic oil and gas exploration as well as unconventional extraction methods such as fracking. Finance for renewable energy projects, for instance hydropower projects, will be granted only where designated protection areas (such as Natura 2000) are being respected. In addition, the policy aims to limit the impact of socially harmful activities, for instance by imposing restrictions on lending in the weapons and gambling industries. In 2024, criteria relating to biodiversity will be included in a further step.

In response to the energy crisis in Europe, Erste Group adapted its Responsible Financing Policy while remaining committed to its target of exiting the coal sector by no later than 2030. Mindful of our responsibility towards society, we decided to grant our customers time until the end of 2025 to define their plans for a coal phase-out. We believe that this will be a sufficient timeframe for them to draw up credible phase-out plans. Given the current energy crisis, we recognise nuclear energy as a necessary transition technology, in alignment with EU taxonomy. We only support projects which offer the highest safety standards and provide solutions for long-term nuclear waste management, as set out in the EU taxonomy.

The exclusion criteria set out in the Group Responsible Financing Policy are an integral part of any operational & non-financial risk decision taken by the Regional Operational Conduct Committee. Decisions relating to non-financial risks are taken by the Regional Operational Conduct Committee (ROCC). Depending on how a risk is classified, the Committee, whose remit includes reputational issues and risk, can decide to escalate matters to the management board of Erste Group Bank AG.

SPECIALISED CONSULTATION FOR CORPORATES

Erste Group has, in some instances, set up dedicated teams – such as Sustainable Finance Corporates in Austria – to provide targeted advice on sustainability to corporates in its core markets. In general, the first item on the agenda with corporate customers is a sector and customer-specific analysis of relevant ESG issues and links to the EU Taxonomy Regulation. The next step involves selecting and implementing the necessary finance instruments in conformity with the customers' sustainability and finance strategies, for instance green bonds or Schuldscheine, the issuance of which is supported by Erste Group. In the case of sustainability-linked finance, defining appropriate sustainable performance targets or setting up a sustainable finance framework must be done first.

Adequate training of our consultants is of utmost importance when it comes to supporting the green transition. We offer our customer relationship managers a selective range of in-house and external ESG training options to enable them to provide expert ESG advisory services. In 2023, we developed a special web-based training programme for Corporates and Markets staff members. This programme is based on the basic ESG training rolled out in 2023, the completion of which was mandatory for all employees of Erste Group. In addition to this basic training, we aim for customer relationship managers to develop in-depth knowledge on sustainability as well as an understanding of the relevant rules and regulations as well as the implications these have for us as a bank and for our customers. Developed for group-wide use, the training programme was first rolled out within Erste Group Bank AG and Erste Bank Oesterreich in November 2023, with rollouts to other group companies scheduled for 2024. Staff members who deal with ESG issues on a daily basis, as well as those showing special interest in the subject matter, can opt to obtain external certification as Certified ESG Analyst (CESGA) by EFFAS, the European Federation of Financial Analysts Societies.

CAPITAL MARKETS

Outcome-oriented investment has been playing a key role on the market for responsible investment, especially since the 21st UN Climate Conference in Paris in 2015. On the financial institutions and sovereign/supra/agency debt capital markets side, both green bonds and social bonds saw an increase in issuance volumes in 2023. Investor interest in social bonds likewise recorded a significant rise in the reporting year. In 2023, Erste Group Bank again acted as bookrunner for a large number of these bonds and arranged a total volume of EUR 17.5 billion of green, social or sustainable bond issuances for corporates, financial institutions, governments and supranational organisations, more than twice as much as in the prior year (EUR 8.2 billion). It is particularly noteworthy that Erste Group assisted Banca Comerciala Romana with a EUR 700 million benchmark which was the largest senior green issue from a Romanian financial institution. Other deals include the Republic of Slovenia's EUR 1.25 billion 10yr Sustainability Bond offering.

The market for sustainable corporate debt and Schuldscheindarlehen (promissory note) has already become well-diversified, offering a broader variety of instruments from issuers across various industries. Transactions include green or KPI-linked bonds in the energy supply, construction material and real estate sectors, as well as ESG rating-linked Schuldscheindarlehen or KPI-linked structure in the energy supply, mechanical engineering, and technology sectors. Erste Group was again very active in the sustainable finance market and arranged transactions at a combined volume of more than EUR 1.5 billion for corporate issuances in 2023. (Prior year 3 billion).

Erste Group’s Sustainable Finance Framework defines rules for bond issuances in conformity with the ICMA Green Bond Principles. When it comes to buildings and energy, we look to the EU taxonomy's technical screening criteria for guidance.

SUSTAINABLE INVESTMENT AND REAL ESTATE FUNDS

To underline our commitment to responsible investment in our asset management activities, Erste Group’s capital investment company, Erste Asset Management (Erste AM), became a signatory of the Principles for Responsible Investment (PRI) in 2009.

Erste AM has long been offering a broad range of funds and investment services that consider ESG factors:

- **Impact Investing.** The investment strategy is focused exclusively on sustainable investment. Such funds are in alignment with Article 9 of the EU’s Sustainable Finance Disclosure Regulation (SFDR) and are also referred to as ‘dark green’ funds.
- **Responsible Investing.** The investment strategy takes account of environmental, social and governance data, which enter into an ESG rating specifically introduced by Erste AM. This rating is used as the basis for evaluating businesses. Such funds are in alignment with Article 8 of the EU’s Sustainable Finance Disclosure Regulation (SFDR) and are also referred to as ‘light green’ funds.
- **Integration.** Integration means integrating ESG criteria in the investment process in view of their potential positive impacts. Businesses with a high level of ESG exposure will be excluded, for instance. Such funds are likewise in alignment with Article 8 of the EU’s Sustainable Finance Disclosure Regulation (SFDR) and are also referred to as ‘light green’ funds.
- **Discretionary portfolio management (DPM).** Portfolio management is based on a broad interpretation of sustainability. The use of proprietary sustainability approaches by the management company promotes both environmental and social characteristics in accordance with Article 8 of EU Regulation 2019/2088.

Erste AM’s integrated approach combines exclusion criteria, positive screening, a best-in-class approach based on an ESG analysis, corporate dialogue and voting as well as investment decisions made in line with the desired impact and an assessment of the sustainable yield that would be achieved. Furthermore, Erste AM offers tailor-made solutions to its institutional customers.

The Ethics Advisory Board, a body consisting of five external experts, supplements the knowledge of the experts at Erste AM in the field of ethical assessment. Erste AM is an active member of the following institutions: Eurosif (European Sustainable Investment Forum), FNG (forum for sustainable investment), and CRIC (Corporate Responsibility Interface Center).

In 2023, 17 funds were awarded the 3-star FNG label. The FNG label is the quality standard for responsible investment in the German-speaking countries and was first awarded by Forum Nachhaltige Geldanlagen (FNG) in 2015.

GREEN CONSUMPTION PLEDGE

In June 2021, Erste Group was the first financial institution to accede to the European Commission’s Green Consumption Pledge to accelerate its contribution to a sustainable economic recovery. Erste Group is committed to ensuring the availability of sustainable investment products and to promoting sustainable investment to facilitate the participation of consumers in the green transition. Erste AM is tasked with implementing this pledge.

Since becoming a signatory of the Green Consumption Pledge in June 2021, Erste AM has increased the number of investment funds awarded the Austrian Ecolabel from 11 to 19 (target for 2023: 17). In 2023, 3 more funds were certified under the Austrian Ecolabel, surpassing the originally set target.

Erste AM raised the budget allocated to advisory and information activities related to ESG topics and products by more than 25% in 2023.

Three or four times a year, Erste AM’s ESG investment team issues a specialised ESG publication – Erste Responsible Return – The ESG Letter on Environmental, Social and Governance Issues). The publication discusses special ESG aspects in detail, for instance, most recently, the social aspects of financial investment. In addition, blog articles on ESG topics are published regularly, addressing topics such as sustainability in consulting. 107 articles on ESG topics have been published on Erste AM’s Corporate Blog as well.

In 2023, Erste AM offered webinars for retail sales advisors of Erste Bank Oesterreich and the savings banks reaching more than 1000 participants. With quarterly webinars and its annual outlook scenario analysis that includes more and more ESG topics, Erste AM attracts an increasing number of institutional investors as well as distribution partners. In early May, Erste AM hosted a sustainability conference for institutional investors at Erste Campus in Vienna, with climate change and climate politics the top items on the agenda.

Since 2022, Erste AM has been providing regular and standardised reporting on the United Nations Sustainable Development Goals (SDGs), with quarterly updates available on Erste AM's website.

With the expiry of the Green Consumption Pledge at the end of 2023, Erste AM aims to embed ESG even more firmly in all its investment processes. This means that the share of sustainable funds managed by Erste AM ('Article 8/9 funds' under the EU Disclosure Regulation) will increase to over 50% of assets under management by 2025 and to over 80% by 2030. In addition, this share of mutual funds is expected to rise to over 95% by 2030.

SUSTAINABLE RETAIL BONDS AND STRUCTURED PRODUCTS

Erste Group's retail investment products are governed by the Sustainable Retail Investment Framework, which takes guidance from Erste AM's rules for responsible investing. All third party-issued products actively marketed by Erste Group must likewise meet the defined sustainability standards.

Erste Group qualifies as a sustainable issuer in terms of PAI (principal adverse impact, Article 2(7)(c) MiFID II Delegated Regulation in accordance with Annex I Commission Delegated Regulation (EU) 2022/1288 supplementing the Sustainable Finance Disclosure Regulation (SFDR - Regulation (EU) 2019/2088). Minimum ethical standards apply to all structured products issued by Erste Group or third-party issued structured products actively marketed by Erste Group in respect to the exclusion of controversial weapons, speculation in food commodities, and investment in coal.

By developing uniform product and transparency standards for structured products meeting the SFDR's PAI criteria, Erste Group Bank AG and three other issuers represented on the Zertifikate Forum Austria (ZFA) have taken a key step towards sustainable investment. The sustainability of structured investment products is considered both from the perspective of the issuer and at the underlying level.

Sustainable ESG products that promote environmental and/or social characteristics are subjected to an ESG rating based on a predefined methodology, respecting ESG exclusion criteria (e.g., weapons, child labour) to avoid social, environmental, and financial risks. The ESG portion of structured products issued by Erste Group which meet the requirements in terms of minimum exclusion criteria and PAIs under Annex 1 Commission Delegated Regulation (EU) 2022/1288 supplementing the Sustainable Finance Disclosure Regulation (SFDR - Regulation (EU) 2019/2088) once again reached a very high level in 2023, namely 70% (as per year-end 2023, for the total of 2022: 74%).

Key performance indicators

Sustainable finance is financing made available exclusively to fund or refinance, in whole or in part, eligible new and/or existing sustainable projects with a focus on achieving or ensuring some form of environmentally sustainable impact.

Specific purpose sustainable financing

in EUR million	2023	2022
New corporate sustainable financing, total new business[1]	**2,950.0**	**2,172.6**
Energy efficient real estate	2,096.3	1,372.5
Renewable energy	486.1	427.2
Transportation	127.1	259.6
Other corporate financing[1]	240.5	113.3
Sustainable retail mortgages, total outstanding amount[2]	**10,708.0**	**4,283.1**

[1] Loans to corporate customers: These figures represent new business under all corporate lending in the core market (Erste Group Bank AG including CEE units, Erste Bank der Oesterreich) Oesterreich)) in fiscal year 2023

[2] Retail mortgages: These figures represent the total of all housing loans at Erste Bank Oesterreich) and all savings banks as of 31 December 2023

Sustainable investment

		2023	2022	2021	2020
SFDR	**Erste Asset Management - ESG assets (funds, portfolio management, insourcing mandates) in EUR million**	**17,352.2**	**15,039.5**	**15,421.9**	**13,454.0**
Article 9	ESG impact	1,634.2	1,799.4	1,956.4	1,317.5
Article 8	Responsible & ethics	7,733.6	7,924.0	7,687.1	7,381.8
	ESG integration	7,256.6	4,744.7	5,778.3	4,754.7
	ESG DPM	727.8	571.5	-	-
	Total ESG assets in %	**22.2%**	**21.7%**	**20.1%**	**19.7%**
	Sustainably managed funds in % of AuM	**35.5%**	**-**	**-**	**-**

Under Article 9 of EU Regulation 2019/2088, the following tools are applied to investment funds which promote or rate environmental or social characteristics or a combination thereof: exclusion criteria, norm-based screening (conformity with specified international standards and norms), best-in-class, integration (reduction of ESG risks) and theme funds.
Some Erste AM funds were awarded certifications under the sustainability standards currently applicable on the financial market, such as the FNG seal or the Austrian Ecolabel. Investment funds under Article 9 of EU Regulation 2019/2088 which have sustainable investment as their objective must, in addition, achieve a focused sustainability impact.

Erste AM is a leading provider of sustainable investment funds in Austria and the CEE region. At year-end 2023, Erste AM managed assets worth approximately EUR 78.2 billion. The internally managed assets of investment funds that promote ecological and/or social characteristics amounted to EUR 17.3 billion, held in a total of 98 investment funds, divided into mutual funds, special funds, and individual mandates. In 2023, the proportion of ESG assets rose to 22.2%, up 0.5% year-on-year.

Own issuance (Green Bonds) 2023

Date	Entity	Value in EUR million
30.08.2023	Česká spořitelna	500
26.09.2023	Slovenská sporiteľňa	300
11.05.2023	Banca Comercială Română	700
09.01.2023	Erste Group Bank AG	750
	Total	**2.250**

2.3 ECOLOGICAL IMPACT OF BANKING OPERATIONS

GRI 3-3, GRI 302-1, 302-3, 302-4, GRI 305-1, 305-2, 305-3, 305-4, 305-5

There can be no doubt that the most significant impact a credit institution has on the environment and the climate comes from the emissions attributable to its finance portfolio. We consider it important to lead by example and aim to reduce the greenhouse gas (GHG) emissions caused by our own operations to a minimum, with net zero status in our own operations to be achieved by 2030.

The information provided below refers to Erste Group's Scope 1, Scope 2, and Scope 3 GHG emissions. It does not cover financed emissions (Scope 3, category 15) – for details on these see chapter 2.1 'Financed emissions'.

Impacts, risks and opportunities

Non-mitigated GHG emissions caused by banking operations have adverse effects on the environment, even if they are less significant than financed GHG emissions. Conversely, a high level of emissions or a degradation of the ecological footprint may present a reputational risk for Erste Group, undermining its credibility as a pioneer of sustainability. Reducing our GHG emissions will strengthen Erste Group's profile as a sustainable full-service bank, contribute directly to ecological change and enhance our attractiveness as an employer.

Governance

Overall responsibility for climate protection and energy matters in the Group lies with the management board, while the Group ESG Office is tasked with the implementation. Our subsidiaries oversee developing and implementing the specific measures to be taken. To ensure co-ordinated action, information is shared regularly at expert level with local ESG officers as well as at the top management level. To reduce their operational footprint, the Austrian Savings Banks likewise set strategic targets in relevant fields of action in 2023, such as increasing the proportion of green electricity and transitioning to sustainable mobility.

Targets

For Erste Core Group (Erste Group Bank AG, Erste Bank Oesterreich and its subsidiaries and CEE subsidiaries in the core markets) we have defined quantitative targets in several fields:

— We aim to reduce our Scope 1 and Scope 2 emissions by 80% from 2017 (base year) levels by 2030. Interim goals are a 55% reduction by 2023 and a 60% reduction by 2025.
— We aim to raise the share of power from low carbon sources (green electricity) to 90% of our total electricity consumption by 2023.
— The proportion of electric vehicles in our fleet is set to amount to 100% by 2030.

						Targets			
		Baseline		Actual		short term		medium term	
	Metric	Year	Value	Year	Value	Year	Target	Year	Target
Total Scope 1 + Scope 2 emissions	tCO_2e	2017	72,154	2023	24,411	2025	28,973	2030	14,487
Share of green electricity	% of green electricity	-	-	2023	93%	2023	90%	-	-
Electric fleet	% of e-cars in total carfleet	-	-	2023	11%	2025	25%	2030	100%

We chose 2017 as our base year because the scope of consolidation for reporting purposes had been enlarged at the time to such an extent that it is comparable to the present one. Following the adoption of the Paris Agreement, 2017 saw renewed efforts and high expectations at a global level with respect to the fight against global warming, to which we also want to contribute.

NET ZERO 2030

By 2030, Erste Core Group aims to achieve net-zero status for operational emissions by reducing Scope 1+2 emissions by 80% compared to the base year 2017. Net zero refers to a state in which the greenhouse gases going into the atmosphere are balanced by the greenhouse gases that are removed from the atmosphere or offset by other means.

In 2023, great progress was made towards achieving our target. Compared to the base year 2017, Erste Core Group's Scope 1 and Scope 2 emissions were reduced by 66%, from 72,154 to 24,411 tCO2e. Scope 1 emissions decreased from 25,733 to 15,484 tCO2e, while Scope 2 emissions fell from 46,421 to 8,927 tCO2e. The increased switch to electricity from renewable sources was particularly decisive for the reduction in emissions in 2023. By increasing the proportion of green electricity to 93% of the total electricity purchased, the target of 90% set for 2023 was even slightly exceeded. Thanks to the reduction in emissions achieved, the interim target set for 2025 of a reduction in Scope 1+2 emissions to 28,973 tCO2e was achieved ahead of schedule. An adjustment of the interim target is therefore planned for 2024.

A lack of technical solutions or non-availability of renewable energy at given locations might prevent us from reaching our goals. In particular, the switch to renewable heating systems in our predominantly leased branch network is often a challenge. In addition, our operational Scope 3 emissions are largely driven by employee behaviour, for instance in the context of mobility. In this respect, we plan to induce changes in employee behaviour and therefore a reduction of emissions in 2024 by implementing a new work instruction for sustainable business with a focus on sustainable mobility and incentives for low-carbon commuting. This will also enable us to set targets for the reduction of Scope 3 emissions.

In addition to the emission reduction measures already taken, all remaining operational emissions were compensated by purchasing CO_2 certificates. For this purpose, 70,163 Gold Standard certificates with a maximum vintage of 4 years were bought on the Voluntary Carbon Market. The projects supported by our investment include PET waste recycling, low-emission drinking water treatment and energy-efficient cookers. The projects were carefully selected with the involvement of both external experts in this field and the relevant internal stakeholders.

Measures

REDUCTION OF GHG EMISSIONS

The most significant GHG reduction potential for Erste Group lies in switching to renewable electricity sources, in improving the energy efficiency of the premises it uses and in raising the share of e-vehicles in its vehicle pool. For this reason, 2023 saw further efforts at increasing the proportion of low-emission electricity. A positive contribution came from the installation of PV systems on Erste Group's office buildings, which produced 1,655 MWh of electricity in 2023. The share of e-vehicles in the vehicle fleet came to 14% in 2023 and is set to keep rising steadily as the Group Car Policy is being implemented. There are also plans to support employees on the pathway towards sustainable mobility by offering an improved car sharing programme.

REDUCTION OF ENERGY CONSUMPTION

As energy consumption at all our locations is captured individually in the UL360 system, we can track and analyse the impact of efficiency-enhancing measures and the resulting year-on-year changes in consumption at high granularity. 2022 was chosen as the comparison base year for showing the effects of the energy efficiency measures implemented by us.

HOW NET ZERO MEASURES REDUCE OUR CLIMATE RISKS

Our transition-related risks are driven mainly by emissions. The three most important sources of emissions are heating, electricity, and transport with the latter primarily due to employee mobility. Within the scope of our plans to achieve net zero emissions, the following measures will be particularly important:
— Transitioning to electricity-powered heating combined with measures aimed at reducing consumption
— Purchasing of green electricity and in-house electricity generation based on PV systems
— Promoting sustainable means of transportation for business travel and commuting

EMPLOYEE TRAINING AND ENGAGEMENT

To achieve long-term change, we must embed sustainability both into our operations and our corporate culture. Our employees' expertise and experience as well as the decisions they take every day are critical to implementing our climate strategy. We have been setting up Erste Green Communities in all countries to foster a culture of ecological and climate responsibility from within our organisation. The communities, which are made up of employees, encourage volunteering at Erste Group with a focus on sustainability. At present, such networks already exist in six out of seven of our core markets.

To establish ESG as an important component of our strategy, employee training is of major importance. In 2023, mandatory web-based ESG base training was rolled out across the entire Erste Group for all employees regardless of their position. They are provided with a fundamental understanding of the significance of ESG for Erste Group, the targets we have set ourselves, how environmental, social, and good governance considerations are integrated into our daily banking operations and how every employee can contribute towards reducing operational emissions. At the end of 2023, the completion rate of the ESG basic training at Erste Bank Oesterreich and Erste Group Bank AG was 79%. Overall, the training has already been rolled out in five of seven core markets.

Key performance indicators

The continuous reduction of GHG emissions from Erste Group's operations and its reduced energy consumption show the success of these measures. To establish how effective the implemented measures have been, current figures are compared against those of the prior reporting period, with 2022 being used as the basis for comparison.

Efficiency-enhancing and awareness raising measures cut the total group-wide energy consumption in Erste Group and branch office buildings by 4% or 12,902 MWh. Year on year, electricity consumption declined by 3% and the use of heating energy by 7%. Another sign of the increase in energy efficiency in the office buildings is the reduction in heating energy consumption per square meter by 5%.

In 2023, Erste Group reduced its Scope 1 and Scope 2 emissions by 24% compared to the previous year, from 39,449 tCO_2e down to 31,854 tCO_2e. As the share of green electricity across the Group rose from 82% in 2022 to 91% in 2023, market-based Scope 2 emissions fell by 30%, from 18,742 tCO_2e to 13,153 tCO_2e.

Environmental data 2023

	Einheit	Erste Group	Austria	Czechia	Slovakia	Romania	Hungary	Croatia	Serbia
Full-time equivalents (FTE[1])	Number	45,526	16,920	9,829	3,520	5,392	3,419	3,136	1,311
Net floor area	m^2	1,494,327	612,942	283,618	131,301	255,464	74,269	66,949	24,594
Total energy consumption	MWh	280,901	102,492	61,436	22,630	47,310	14,121	17,838	5,251
Change compared to previous year	MWh	-12,902	-6,492	1,762	-1,811	-3,029	-1,096	-629	-536
Consumption of non-renewable fuels	MWh	78,844	21,872	9,312	12,041	24,221	4,489	4,611	979
Diesel for cars and emergency generators	MWh	19,800	4,421	4,070	1,619	4,191	1,816	2,167	695
Gasoline	MWh	7,991	1,192	3,063	1,057	1,236	935	40	66
Natural gas	MWh	48,865	14,403	2,179	9,365	18,603	1,738	2,315	218
LPG	MWh	123	28	0	0	63	0	0	0
Heating oil	MWh	2,065	1,828	0	0	128	0	89	0
Consumption of renewable fuels	MWh	0	0	0	0	0	0	0	0
Purchased electricity, heating and cooling energy	MWh	200,402	79,164	52,125	10,589	23,090	9,632	13,158	4,272
Purchased electricity	MWh	134,855	50,121	27,328	9,924	19,786	6,960	11,862	2,334
District heating	MWh	62,868	26,364	24,797	665	3,304	2,672	1,296	1,938
District cooling	MWh	2,679	2,679	0	0	0	0	0	0
Self-generated electricity	MWh	1,655	1,455	0	0	0	0	69	0
Average electricity consumption per m^2	kWh/m^2	91	83	96	75	77	93	178	95
Average heating energy usage per m^2	kWh/m^2	78	74	95	76	86	59	55	88
Total internal energy consumption per FTE	MWh/RMA	6	6	6	6	9	4	6	4
Share of green electricity[2]	%	91%	97%	100%	84%	92%	100%	84%	78%
Share of e-cars in carpool	%	14%	31%	9%	18%	7%	6%	6%	17%
Total waste production	t	5,735	2,545	1,096	534	700	120	392	129
Total copy paper	t	799	244	101	45	169	48	69	51

Environmental data 2022

	Measure	Erste Group	Austria	Czechia	Slovakia	Romania	Hungary	Croatia	Serbia
Full-time equivalents (FTE[1])	Number	45,311	16,410	10,010	3,613	5,484	3,409	3,178	1,261
Net floor area	m^2	1,535,141	622,823	303,838	133,398	266,363	75,365	64,904	23,949
Total energy consumption[2]	MWh	293,803	108,984	59,675	24,440	50,340	15,217	18,467	5,787
Average electricity consumption per m^2[2]	kWh/m^2	91	86	84	82	76	100	185	111
Average heating energy usage per m^2	kWh/m^2	82	78	89	88	92	70	64	95
Total internal energy consumption per FTE	MWh/RMA	6	7	6	7	9	4	6	5
Share of green electricity[3]	%	82%	95%	83%	85%	72%	100%	85%	16%
Share of e-cars in carpool	%	6%	18%	2%	2%	6%	2%	3%	2%

GRI 302-1 and 302-3.

[1] FTE: full-time equivalent, defined as an employee in active employment times his/her hours-worked factor.
[2] The slight deviation from the data reported last year for 2022 is due to the correction of a system error.
[3] Green electricity is defined as electricity from renewable sources.

Operational emissions 2023

	Measure	Erste Group	Austria	Czechia	Slovakia	Romania	Hungary	Croatia	Serbia
Scope 1 + 2 - total	**tCO_2e**	**31,854**	**7,029**	**6,948**	**3,003**	**6,662**	**1,570**	**1,739**	**972**
Scope 1 + 2 - total change YoY	tCO_2e	-7,595	-1,857	-2,006	-32	-1,135	-195	7	-1,386
Scope 1 - total	**tCO_2e**	**18,701**	**4,887**	**2,474**	**2,663**	**5,714**	**1,084**	**1,217**	**259**
Heating	tCO_2e	10,461	3,392	442	1,898	3,819	352	493	44
Carpool	tCO_2e	6,735	1,345	1,743	654	1,316	671	527	183
Cooling agents and fuel for emergency generators	tCO_2e	1,505	151	290	111	579	61	197	32
Scope 2 (location based) - total	**tCO_2e**	**43,360**	**11,514**	**15,373**	**1,467**	**5,532**	**1,701**	**1,994**	**2,002**
Scope 2 (market based) - total	**tCO_2e**	**13,153**	**2,142**	**4,474**	**339**	**948**	**486**	**522**	**713**
Electricity	tCO_2e	4,667	215	19	220	354	6	289	365
District heating and cooling	tCO_2e	8,485	1,927	4,455	120	594	480	233	348
Scope 3 - total	**tCO_2e**	**53,740**	**17,656**	**11,863**	**4,030**	**7,378**	**4,391**	**3,593**	**1,945**
3.1. Purchased goods and services	tCO_2e	4,455	1,072	1,638	382	824	105	138	122
3.2. Capital goods	tCO_2e	545	166	101	92	85	22	44	13
3.3. Fuel- and energy related activities	tCO_2e	8,093	2,351	1,800	584	1,502	386	425	197
3.4. Upstream transportation and distribution	tCO_2e	11,129	2,979	2,538	787	293	2,274	1,124	707
3.5. Waste generated in operations	tCO_2e	895	52	198	78	319	29	86	45
3.6. Business travel	tCO_2e	9,647	4,597	1,886	389	1,725	234	246	220
3.7. Employee commuting	tCO_2e	18,976	6,440	3,702	1,718	2,631	1,341	1,530	640
Scope 1 + 2 + 3 - total	**tCO_2e**	**85,594**	**24,685**	**18,810**	**7,033**	**14,040**	**5,960**	**5,332**	**2,917**
Scope 1 + 2 + 3 per employee	**tCO_2e/FTE**	**1.9**	**1.5**	**1.9**	**2.0**	**2.6**	**1.7**	**1.7**	**2.2**

Operational emissions 2022

	Measure	Erste Group	Austria	Czechia	Slovakia	Romania	Hungary	Croatia	Serbia
Scope 1 - total	tCO_2e	20,707	6,182	2,833	2,761	5,873	1,082	1,147	304
Scope 2 (market based) – total[1]	tCO_2e	18,742	2,705	6,120	274	1,923	682	585	2,054
Scope 3 - total[1]	tCO_2e	54,596	18,145	13,927	3,795	7,007	3,355	3,755	1,745
Scope 1 + 2 + 3 - total[1]	**tCO_2e**	**94,045**	**27,032**	**22,880**	**6,830**	**14,803**	**5,119**	**5,486**	**4,103**
Scope 1 + 2 + 3 per employee	**tCO_2e/FTE**	**2.1**	**1.6**	**2.3**	**1.9**	**2.7**	**1.5**	**1.7**	**3.1**

GRI 305-1, 305-2, 305-3 and 305-4.

CO_2 equivalents (CO_2e) are the sum of all greenhouse gas emissions, i.e. carbon dioxide, methane and nitrogen oxide.

[1] The slight deviation from the data reported last year for 2022 is due to the correction of a system error.

Notes on how KPIs are measured

GHG emissions caused by Erste Group's operations are calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. Calculations cover Scope 1, Scope 2 and Scope 3 emissions, each measured in CO_2 equivalents (CO_2e), which are the sum of all greenhouse gas emissions, i.e., carbon dioxide, methane and nitrogen oxide (Global Warming Potential (GWP-20) CO_2 = 1, CH_4 (fossil) = 82.5 und N_2O = 273). In 2023, the reporting scope of environmental data covered the entire consolidation scope of Erste Group entities following the financial control approach.

The aggregate data shown for Erste Group in the tables encompass all values measured for Erste Group. A separate presentation of EGB data is not provided, as a meaningful segregation of environmental indicators is not possible due to the shared use of the location (Erste Campus in Vienna) with other entities.

Erste Group uses the UL360 software programme from UL Solutions to gather Scope 1 and Scope 2 environmental data. Energy consumption at approximately 2,500 business locations is individually recorded and evaluated. For conversion to greenhouse gas equivalents (CO_2e), UL360 uses emission factors from DEFRA (UK Department for Environment, Food & Rural Affairs) and the IEA (International Energy Agency).

In 2022, Scope 3 emissions (except Scope 3 category 15 emissions) were added to operational GHG emissions for the first time. All operational Scope 3 categories were screened to identify materiality and controllability across the entire value chain. For this purpose, the following criteria were applied: size, impact, risk, stakeholders, outsourced activities, and sectoral guidelines. These analyses showed that given the nature of its business activities, categories 3.8 – 3.14 are not material emission categories for Erste Group.

For one of the most significant Scope 3 emission categories from our operations – employee commutes – the quality of calculated emission data was greatly improved in 2023. While in the previous year calculations were based on statistical averages, an employee survey was conducted in the reporting period to determine the average distance travelled and the transport modes used. The questionnaire also included questions about the reasons for preferring a specific type of mobility. The responses help us to understand how we can offer better incentives for sustainable mobility in the future.

3. Our employees

GRI 2-7

Our success in the ongoing development of our organisation, our corporate culture and our competences is critically driven by employee engagement. We promote modern working methods that support flexible, adaptive, and client-centric work. Erste Group attaches great importance to recruiting, retaining, and engaging a highly qualified workforce to ensure our continuing success. We strive to be the employer of choice in the region in both the financial and the IT sectors by offering opportunities for training and continuing professional development, diverse and international teams, as well as exciting tasks within a flexible organisation.

On 31.12.2023, Erste Group had 48.586[1] employees, broken down by age group as follows:

Workforce by age group

2023	Total			<30 years		30-50 years		>50 years	
	Women	Men	Others	Number	in %	Number	in %	Number	in %
Erste Group	**30,243**	**18,342**	**1**	**7,624**	**15.7%**	**28,611**	**58.9%**	**12,351**	**25.4%**
Austria	10,178	8,791	1	3,376	17.8%	9,636	50.8%	5,958	31.4%
thereof EGB	940	1,044	0	273	13.8%	1,149	57.9%	562	28.3%
Hungary	2,194	1,322	0	505	14.4%	2,334	66.4%	677	19.3%
Czechia	6,753	3,549	0	1,506	14.6%	6,383	62.0%	2,413	23.4%
Slovakia	2,415	1,143	0	415	11.7%	2,257	63.4%	886	24.9%
Romania	4,070	1,418	0	929	16.9%	3,302	60.2%	1,257	22.9%
Croatia	2,331	1,064	0	412	12.1%	2,357	69.4%	626	18.4%
Serbia	996	351	0	227	16.9%	927	68.8%	193	14.3%
Others	1,306	704	0	254	12.6%	1,415	70.4%	341	17.0%

GRI 2-7

2022	Total		<30 years		30-50 years		>50 years	
	Women	Men	Number	in %	Number	in %	Number	in %
Erste Group	**30,134**	**18,169**	**7,685**	**16.0%**	**28,412**	**59.0%**	**12,206**	**25.0%**
Austria	9,799	8,600	3,141	17.0%	9,406	51.0%	5,852	32.0%
thereof EGB	946	1,010	251	13.0%	1,164	60.0%	541	28.0%
Hungary	2,206	1,308	526	15.0%	2,383	68.0%	605	17.0%
Czechia	6,947	3,491	1,717	16.0%	6,082	58.0%	2,639	25.0%
Slovakia	2,503	1,150	463	13.0%	2,304	63.0%	886	24.0%
Romania	4,182	1,506	960	17.0%	3,500	62.0%	1,228	22.0%
Croatia	2,296	1,065	420	12.0%	2,443	73.0%	498	15.0%
Serbia	930	351	224	17.0%	868	68.0%	189	15.0%
Others	1,271	698	234	12.0%	1,426	72.0%	309	16.0%

[1] In the consolidated financial statements the average number of employees, weighted by level of employment, for the financial year 2023 (number 45,709) is presented. In contrast, the figures presented here are as at 31.12.2023 and are not weighted by level of employment (number 48,586).

Headcount

2023	Total			Full-time employees			Part-time employees			Temporary employees			Permanent employees		
	Women	Men	Others	Women	Men	Others	Women	Men	Others	Women	Men	Others	Women	Men	Others
Erste Group	**30,243**	**18,342**	**1**	**23,891**	**17,328**	**0**	**6,352**	**1,014**	**1**	**2,157**	**1,073**	**0**	**28,086**	**17,269**	**1**
Austria	10,178	8,791	1	5,314	8,008	0	4,864	783	1	552	497	0	9,626	8,294	1
thereof EGB	940	1,044	0	666	940	0	274	104	0	95	130	0	845	914	0
Hungary	2,194	1,322	0	1,935	1,247	0	259	75	0	94	56	0	2,100	1,266	0
Czechia	6,753	3,549	0	5,847	3,463	0	906	86	0	399	147	0	6,354	3,402	0
Slovakia	2,415	1,143	0	2,323	1,129	0	92	14	0	318	152	0	2,097	991	0
Romania	4,070	1,418	0	3,879	1,374	0	191	44	0	327	71	0	3,743	1,347	0
Croatia	2,331	1,064	0	2,317	1,061	0	14	3	0	192	80	0	2,139	984	0
Serbia	996	351	0	993	350	0	3	1	0	171	26	0	825	325	0
Others	1,306	704	0	1,283	696	0	23	8	0	104	44	0	1,202	660	0

GRI 2-7

Employee metrics refer to the end of the reporting period as per 31 December 2023. Data are reported in headcounts (one person = one headcount, irrespective of the number of hours worked).

2022	Total		Full-time employees		Part-time employees		Temporary employees		Permanent employees	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Erste Group	**30,143**	**18,169**	**23,918**	**17,127**	**6,269**	**989**	**2,494**	**1,299**	**27,640**	**16,870**
Austria	9,799	8,600	5,078	7,834	4,778	709	576	579	9,223	8,021
thereof EGB	946	1,010	658	913	288	97	99	140	847	870
Hungary	2,206	1,308	1,931	1,228	275	80	108	59	2,098	1,249
Czechia	6,947	3,491	6,124	3,411	820	83	561	241	6,386	3,250
Slovakia	2,503	1,150	2,408	1,137	94	14	339	124	2,164	1,026
Romania	4,182	1,506	3,918	1,413	264	93	351	85	3,831	1,421
Croatia	2,296	1,065	2,282	1,063	14	2	293	130	2,003	935
Serbia	930	351	927	350	3	1	150	26	780	325
Others	1,271	698	1,250	691	21	7	116	55	1,155	643

3.1 DIVERSITY AND INCLUSION

GRI 3-3, 405-1, 406-1

As a banking group that operates in a responsible and sustainable manner, gender diversity, anti-discrimination, and accessibility feature high on our agenda, and we have adopted specific measures in this respect. These measures ensure that we create a work environment that works for everyone. We strive to implement specific measures to ensure that our employees are treated fairly and equally regardless of gender, ethnicity, or any other factors.

Impacts, risks and opportunities

A work environment which fosters diversity and inclusion leads to higher workforce satisfaction and has a positive impact on staff loyalty. Different perspectives and approaches can be expressed and translated into practice only in a work environment that encourages diversity. By fully implementing relevant measures and initiatives, we endeavour to create a work environment that capitalises on the ensuing opportunities, such as enhancing Erste Group's reputation as an attractive employer.

Erste Group believes that successful human resources management encompasses effective diversity and inclusion management. The absence of such measures increases the potential for financial and operational risks arising from a drain of talent and qualified employees as well as potentially negative media coverage.

Governance

Group Diversity Management reports to the CEO division of Erste Group Bank AG. Group Diversity Management offers a framework and guidance for the parent banks' diversity initiatives of Erste Group. As part of Group People & Culture, Group Diversity Management captures diversity data across the group, identifies key priority areas, develops a diversity strategy, and creates guidelines for local diversity officers that are consistent with group-wide efforts.

Group Diversity Management supports the implementation of the overall strategy by developing a comprehensive communication strategy for diversity matters and provides advice to the Erste Group management, local diversity management and employees on all matters relating to diversity and inclusion. In addition, Group Diversity Management offers partnerships and advice to diversity-related Business Resource Groups (Erste Women's Hub, ErsteColours, ErsteABILITY).

Targets

Under our Diversity & Inclusion Policy, one of the targets within the framework of our strategic priorities is supporting diversity and inclusion. Specifically, we are focusing on gender representation on the supervisory board, the management board and at the board-1 level. The target set also includes the parent banks. Parent banks are the following institutions: Erste Group Bank AG, Česká spořitelna, Erste Bank Oesterreich, Slovenská sporiteľňa, Banca Comercială Română, Erste Bank Hungary, Erste & Steiermärkische Bank (Erste Bank Croatia) und Erste Bank a.d. Novi Sad (Erste Bank Serbia). The target therefore applies only to the institutions named. Erste Group has developed a detailed process for succession planning. Succession pools for management board positions should include at least one potential successor from the underrepresented gender. If this is not possible in a given financial year, action will be taken in respect of upcoming succession talks. The target of achieving a gender balance of 40-60% at management levels B-2, B-3, and B-4 in all parent banks by 2023 was successfully achieved with a female proportion of 52%.

Underrepresented gender on the management board, supervisory boards of parent banks and at board-1 level

	Percentage	Year	Minimum target Target
Gender representation in board	% underrepresented gender	2028	30%
Gender representation on the supervisory boards of local banks[1]	% underrepresented gender	2028	30%
Gender representation in top management (board-1)[1]	% underrepresented gender	2028	33%

[1] Taking this minimum quota into account, a higher quota can be decided in accordance with local regulations.
The target for the share of women in other managerial positions (board-2, board-3, board-4) of 40-60% was met.

Measures

DIVERSITY AND INCLUSION POLICY

The Diversity & Inclusion Policy will be revised and newly adopted in 2024. It is binding on all parent banks across the group. It comprises our Diversity Statement as well as an overview of functions and responsibilities and shows how diversity is practised at Erste Group in relation to our business, our customers, and our employees. In addition, the policy also defines a target for the gender ratio to be attained by year-end 2028. This target applies to all parent banks.

WORKS AGREEMENT (ANTI-DISCRIMINATION AND RESPECTFUL CONDUCT IN THE WORKPLACE)

The works agreement enshrines Erste Group's efforts to create a work environment that is free of discrimination and that values the work of each and every person regardless of gender, age, disability, marital status, family obligations, sexual orientation, religion, political affiliation, nationality, skin colour, social or ethnic background, and any other aspects unrelated to their employment. The works agreement defines the procedure to be followed when cases of discrimination are reported. As a general principle, a minimum escalation approach is chosen and a solution that suits both sides will be sought. All employees have the right to demand that an internal reconciliation body be convened, involving relevant stakeholders. Its task is to handle and resolve cases of discrimination, the respective process being likewise laid down in the works agreement. The works agreement is subject to ongoing evaluation and adjustment. In 2023, a number of clauses were laid down in more detail and its scope was enlarged.

GENDER PAY GAP ANALYSIS

We are committed to offering our employees equal pay, regardless of gender. To reach this goal, an incremental process has been defined to analyse and close the unaccountable part of the gender pay gap within Erste Group by 2027. In 2023, we started to analyse the wage data of 27,625 employees across all our core markets. At group level, the analysis revealed an average global gender-specific pay gap of about 27%, which is greatly influenced by the distribution of functions among male and female staff. In addition, other acceptable reasons for wage differences were identified as well, such as location, performance, and experience. Next year, the analysis is to be expanded to cover at least 80% of employees group-wide. To underline our commitment to closing the gender pay gap, we will present our results to the Fair Pay Innovation Lab and apply for certification.

ANTI-DISCRIMINATION

In Erste Group the Anti-Discrimination procedures as well as other matters of diversity, equal opportunity, and inclusion are monitored and managed by responsible departments. Specific communication channels such as Whistleblowing processes and internal reporting lines, that employees can contact confidentially, are in place to report the cases of discrimination. Additionally, each parent bank has internally dedicated and specially trained persons that provide advice and mediation services in cases of harassment, discrimination or bullying. In Hungary, there is currently a complaint under investigation in regards to age discrimination.

In Austria, the Anti-Discrimination Officer provides advice and mediates in cases of harassment, discrimination or bullying. Advice for employees is confidential and is accompanied by a structured conflict resolution process if required. An anonymised report prepared by the Anti-Discrimination Officer covers, among other things, the reported cases of discrimination and is communicated to the management board, Human Resources, and the employees' council. Experience obtained from conflict situations is perceived as an opportunity to continually develop corporate culture. Awareness-raising and prevention measures implemented by the Anti-Discrimination Officer in cooperation with management are instrumental to achieving that aim. The primary focus is on raising awareness and improving processes, behaviour and organisational issues among both management and employees. To support these efforts, unconscious bias training is offered to make employees aware of unconscious prejudices and help them to act more sensitively. The Anti-Discrimination Officer is also the person to contact with all complaints and questions relating to harassment and bullying and plays a key role in ensuring compliance with all human rights. All employees may seek advice in absolute confidentiality and develop measures and resolution strategies in a collective process, the implementation of which is then supported by the Anti-Discrimination Officer. In 2023, no such case had to be taken to court in Austria.

PARTNERSHIPS

Diversity Charter
Erste Group enjoys an excellent international reputation also for its support of the Diversity Charter. Under the Charter, Erste Group commits to establish for its employees an inclusive working culture regardless of gender, ethnicity, religion, age, disability, sexual orientation, and other characteristics.

Orange the World
Since 2020, Erste Group has been a main partner of the United Nations Orange the World initiative and therefore also of UN Women Austria. The purpose of the campaign is to raise awareness for violence against women and to support women globally in leading a life free from all forms of violence. Training and communication sessions were conducted to show employees how to deal with violence. Since 2022, Erste Group has been a partner of the #positivarbeiten initiative of Aids Hilfe Österreich and has been supporting the discrimination-free treatment of HIV-positive employees and job candidates.

EMPLOYEE NETWORKS

The employee networks ErsteColours, Erste Women's Hub, and ErsteABILITY contribute towards making the work environment more inclusive and increase Erste Group's attractiveness as an employer of queer persons, women, and people with disabilities. They regularly organise events to promote empowerment, information sharing and visibility within the organisation.

Performance indicators

Current target achievement

	Share of women on management board		Share of women in managerial positions (board-1)		Share of women in other managerial positions	
	2023	2022	2023	2022	2023	2022
Erste Group Bank AG	16.7%	16.7%	30.8%	17.9%	30.5%	31.6%
Erste Bank Oesterreich	50.0%	50.0%	43.5%	26.9%	39.5%	41.1%
Erste Bank Hungary	16.7%	20.0%	37.0%	34.5%	46.2%	46.7%
Česká spořitelna	16.7%	16.7%	13.0%	20.0%	50.6%	52.4%
Slovenská sporiteľňa	0.0%	0.0%	33.3%	34.6%	61.2%	58.9%
Banca Comercială Română	60.0%	60.0%	34.8%	26.1%	57.9%	56.7%
Erste Bank Croatia	0.0%	0.0%	43.5%	43.5%	64.5%	63.9%
Erste Bank Serbia	50.0%	50.0%	50.0%	40.0%	55.1%	54.3%

The scope of consolidation is the parent banks.
Management board positions as well as positions reporting directly to the management board (board-1) are defined as top management positions.
Other managerial positions means management positions at the levels board-2, board-3 and board-4.

Women in top management and other managerial positions (consolidated view)

	Share of women on the Board		Share of women in managerial positions (EGB B-1, local board members)		Share of women in other managerial positions	
	2023	2022	2023	2022	2023	2022
Erste Group	16.7%	16.7%	18.8%	19.0%	43.0%	42.5%
EGB	16.7%	16.7%	30.8%	17.9%	30.5%	31.6%

GRI 405-1

The age structure of the Supervisory Board and Management Board of Erste Group can be found in the (consolidated) Corporate Governance Report.

Number of employees with health disability

	2023	2022
Erste Group	**646**	**706**
Austria	339	343
thereof EGB	24	20
Hungary	11	12
Czechia	42	90
Slovakia	153	161
Romania	52	53
Croatia	39	36
Serbia	2	2
Others	8	9

In Czechia only employees with a degree of disability of over 50% were reported in the column 'Number of employees with disabilities' in 2023 compared to 2022, which leads to a decrease compared to the previous year.

Woman in other managerial positions by age group

2023		<30 years		30-50 years		>50 years	
	Number	Number	in %	Number	in %	Number	in %
Erste Group	2,006	36	0.8%	1,413	30.9%	557	12.2%
EGB	61	0	0.0%	48	24.0%	13	6.5%

GRI 405-1

Other managerial positions: board-2, board-3 and board-4. Data by age groups were recorded only for B-2,3,4.
The percentage is calculated on the basis of the total number of managers in other management positions

2022		<30 years		30-50 years		>50 years	
	Number	Number	in %	Number	in %	Number	in %
Erste Group	1,984	46	1.0%	1,421	31.3%	517	11.4%
EGB	59	1	0.5%	44	23.5%	14	7.5%

AWARDS

equalitA quality seal

The equalitA quality seal is awarded by the Austrian Federal Ministry of Labour and Economy in recognition of efforts undertaken by companies to promote women with a view to ensuring gender diversity and equal opportunity. Criteria include fair pay, women in management positions, general male to female ratio in the company, compatibility of work and family, professional development for women, etc.

Diversity Growth Champion

Erste Group Bank AG has also been honoured as Diversity Growth Champion by Boston Consulting (BCG). The BCG Gender Diversity Index analyses the top 50 exchange-listed companies in Austria in terms of the share of women and men on the management board and the supervisory board as well as remuneration ratios in these bodies. Erste Group Bank AG was the only company in Austria that was able to increase diversity at board level during the past five years.

Financial Times – Leader in Diversity
Financial Times and Statista named Erste Bank Oesterreich as a Leader in Diversity. In a survey conducted among 100,000 full-time employees, Erste Bank Oesterreich ranked fifth among 850 entities in 16 European countries and 26 different industries.

World's Top Company for Women 2023
Forbes listed Erste Group Bank AG at number 32 of the world-wide best employers for women based on a survey on gender-specific workplace issues conducted among 70,000 women in 37 countries. Erste Group Bank AG is thus the best-placed company with headquarters in Austria and the second-best company in the financial services and banking industry in the Forbes ranking.

3.2 EMPLOYEE INVOLVEMENT AND REPRESENTATION

GRI 2-30

In accordance with legal requirements, Erste Group involves its employees in management decisions via representative bodies, in particular in matters that directly affect employees. At Erste Group, 1,0% of employees are active in such representative bodies. Under the Austrian Works Constitution Act, the employees' council is the permanent, independent body that represents our employees and secures ongoing collaboration between the management board and the employees of our organisation. Its main tasks are:

- Monitoring adherence to laws relating to employees, payment of salaries, occupational health and safety, etc.
- Intervening to ensure compliance with employee-related legislation, improving working conditions, setting up/organising in-company training, etc.
- Two-way sharing of information: from the management board to the employees' council and from the employees' council to the employees, and vice versa.
- Employee counselling, but also consultations with the employer on current matters. In addition, management is required to hold quarterly talks with the employees' council.

In accordance with this responsibility, the employees' council concludes works agreements and takes an active part in the employer's supervisory bodies (one-third of the members of the supervisory board are employee representatives).

In Austria, the trade union of private sector employees, GPA, represents the interests of employees working in finance (banks, savings banks, etc.) and negotiates collective agreements, including the special payments customarily referred to as holiday and Christmas remuneration. Many employees serving on employees' council bodies are members of GPA and therefore part of the negotiating body. They provide advice on labour-law issues and general support to the employee representatives.

Erste Group complies with the legal requirements concerning the employment of leased employees as a matter of course. In Austria, the Personnel Leasing Act (Arbeitskräfteüberlassungsgesetz, AÜG) applies. Among its key provisions are the requirement for equal treatment and a ban on discrimination. Our leased employees are governed not only by the rules of the collective agreement for leased employees but also by the minimum standards of the collective agreement that is applicable to our own employees (including pay scales).

Erste Group has concluded an agreement on the European Works Council. This agreement applies to all employees in Erste Group operations and entities subject to Directive 2009/38/EC on the Establishment of a European Works Council and, beyond that, in all countries in which Erste Group operates and which have entered into an association agreement with the European Union. The number of seats on the European Works Council is based on the number of employees in the respective countries. Each country is assigned at least one seat. The allocation of seats is reviewed annually to ensure a fair and up-to-date representation of employees.

Representation of employees in the subsidiary banks (CEE)
The subsidiary banks in CEE (Central and Eastern Europe) have different forms of employee representation.

In Banca Comercială Română, employee interests are represented through trade unions, which are installed at company level. They inform employees about their rights and about current issues, either through e-mail or ad-hoc meetings. The trade unions are in direct contact with the management board and Human Resources. Collective bargaining is conducted between the trade union associations and government bodies.

Erste Bank Hungary has an employees' council in place which regularly consults with management, primarily on social benefits for employees. The eligibility criteria for social benefits (e.g., annual leave allowance, gift packages for children of employees) are laid down in a works agreement. Employees are informed about current issues through various channels such as the intranet, e-mail or postings.

The employees of Česká spořitelna are represented by 46 trade unions, which, as required under the Labour Code, are united in one single All-Company Committee of Česká spořitelna trade unions. This committee co-ordinates the activities of the trade unions and is the body competent to engage in collective bargaining with the employer. The collective bargaining agreement currently covers the period from 1 July 2022 to 30 June 2026. In addition, the employer is obligated to cooperate with the trade unions on matters laid down by law. This includes discussions as well as participation in decision-making and a formal exchange of information on such matters. The trade unions represent employees in all matters relating to labour law. In addition, three members of the supervisory board of Česká spořitelna are elected directly by the bank's employees; two of these members are currently trade union representatives.

At Slovenská sporiteľňa, employee interests are represented by trade unions at company level. The collective bargaining agreement is renegotiated each year with the management board. In addition to pay rises, the agreement offers all employees various benefits in excess of what is mandatory under applicable law.

Erste Bank Croatia is continuously collaborating with employee representation bodies at the strategic and operational levels and arranges regular meetings between the management board and the employees' council for this purpose. The latter is responsible for collective bargaining. Concluded in 2006, the relevant agreement has since been renewed every time it has expired.

The collective agreement, which in its present form was signed by the trade union and Erste Bank Serbia in 2020, guarantees voluntary benefits to all employees. This agreement also governs matters such as employment, rights and duties, continuing professional development and occupational health and safety. The collective agreement covers all employees and can be viewed on the bank's internal communications platform. As the current collective agreement is about to expire, negotiations with the trade union were started at the end of September 2023 with the objective of concluding a new collective agreement that will further improve employee rights.

Overall, 95,8% (2022: 87,5%) of all Erste Group employees are covered by collective agreements. The percentage includes also Erste Bank Hungary employees covered by agreements concluded with the employees' council (under the local Labour Law).

2023	Collective agreement coverage in %	Employee representation in %
Erste Group	**95.8%**	**1.0%**
Austria	94.6%	1.8%
thereof EGB	96.6%	0.8%
Hungary	90.6%	0.4%
Czechia	98.3%	0.4%
Slovakia	99.5%	1.1%
Romania	97.0%	0.1%
Croatia	95.1%	0.1%
Serbia	99.9%	0.6%
Others	92.8%	0.9%

3.3 EMPLOYEE HEALTH AND WORK-LIFE BALANCE

GRI 3-3, 401-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

Erste Group accords high priority to the health of its employees. We appreciate and respect each and every person's contribution, knowledge and competence as something that is unique. Promoting health and a sound work-life balance are essential for the success of our organisation and a key factor in recruiting and retaining employees with valuable qualifications and experience long-term.

Impacts, risks and opportunities

Working conditions may be harmful to the physical and mental health of employees. While the risk of physical health hazards is low in our industry, not least because of exacting statutory requirements as to occupational safety (in Austria, e.g., the Occupational Health and Safety Act), we cannot generally preclude health hazards related to stress and other mental factors. As we are seeing an increase in lifestyle-related and chronic illnesses also affecting Erste Group employees, this may lead to an increase in sick days, especially long-term sick leave, which may translate into higher costs in banking operations as well as higher operational risks for Erste Group.

Erste Group's efforts help not only to improve its employees' health awareness but also lessens the pressure on the public health system.

Balancing work and family life may be a challenge, particularly when this is made more difficult by social conditions – such as a lack of child-care facilities. This may prevent the recruitment and long-term retention of qualified and skilled potential employees. In combination with demographic developments that have led to a shortage of skilled labour, this may give rise to a serious risk for Erste Group.

A work environment that fosters employee health and allows employees to achieve a sound work-life-balance is not only essential for Erste Group's attractiveness as an employer and for the commitment of our staff, but also has, as we firmly believe, a positive impact on society as a whole.

Governance

Overall responsibility for these matters in the Group lies with Group People and Culture, which reports to the CEO. Erste Group strives to promote high health care standards in all local banks and banking subsidiaries across the Group. As labour law and health policy frameworks vary widely between individual countries, it is mainly at country level that initiatives are coordinated, and information sharing is promoted. Specific measures are designed and implemented in our subsidiary banks. Based on legal requirements and additional services offered, these cover 100%% of employees. Employees are involved in the development of new services through the respective employee representation bodies (employees' councils).

Targets

Erste Group is committed to proactively assisting its employees in identifying and preventing health risks. The focus here is on mental health as well on preventing chronic illnesses, which account for 50% to 80% of all healthcare costs. Reintegrating employees into work life after lengthy periods of illness is one of our key priorities.

Measures

ERSTE GROUP HEALTH CENTRE

Erste Group operates its own Health Centre, which directly reports to the CEO. Issues addressed in preventive healthcare include, amongst others, lifestyle, work-life balance, mental health, stress prevention and nutrition counselling. A multi-professional team of occupational physicians, workplace psychologists and physiotherapists assist Erste Group's employees in all matters of health and well-being. The processes for designing and reviewing the programmes offered and the measures being implemented are participatory and evidence-based and ensure ongoing consultation with employees. Talks with the employees' council and the ombudsperson for employees with disabilities are held at regular intervals. Internal communication channels (intranet) are used to inform employees about health matters.

The services of the Erste Group Health Centre are available to all employees of Erste Group Bank AG, Erste Bank der Oesterreichischen Sparkassen AG and 30 subsidiaries in Austria. A key focus is placed on employees' mental health. Employees have access to workplace psychologists and to an external service to help them with issues such as childcare, school, domestic and other problems, as well as caring for family members. This service is available either online or by telephone, and every other week also for in-person consultations on-site. In compliance with the Labour Constitution Act, youth ombudspersons have been appointed to act as peer contacts.

Another focus of the Erste Group Health Centre is on the prevention of chronic illnesses, which account for 50% to 80% of all healthcare costs. Erste Group has implemented a wide range of measures designed to prevent chronic illnesses or at least mitigate their effects. These include on-site health screenings, melanoma screenings, the prevention and early detection of intestinal cancer and the prevention of cardio-vascular diseases. In 2023 employees were offered a variety of medical checks for the early detection of risk factors for cardio-vascular diseases (blood pressure, blood lipids, physical inactivity, stress, etc.). As part of such programmes, employees are given targeted, individual advice on treatment options. Close cooperation with local health service providers such as rehabilitation centres ensures that our employees have ready access to treatment.

Moreover, the Health Centre regularly offers vaccination programmes (tick-borne encephalitis, influenza, Covid) on site. Employees also receive advice on vaccinations or booster vaccinations they may require (particularly for mandatory business travel) and are vaccinated as necessary.

PERSONALISED REINTEGRATION AFTER LONG-TERM ILLNESS

Erste Group took proactive steps by establishing a works agreement on reintegration, enabling employees to gradually return to work after extended illness, even before legislative measures addressed this issue. As a result of this initiative, there has been a notable reduction in the occurrence of prolonged sick leaves over recent years. The Health Centre provides close support to employees returning to work under both (legal and corporate) formats.

ACQUIRING HEALTH LITERACY

Our employees also regularly attend training events on health literacy, nutrition, mental health, or infection protection. In addition, a variety of physical exercise and relaxation courses are offered.

INCREASING FLEXIBILITY OF WORKING TIME AND PARENTAL LEAVE

We have adopted a number of measures to allow working times to be adjusted to personal requirements. Mindful of the high priority of this issue, Erste Group offers a whole range of family-friendly measures which are regularly adapted to the needs of our employees. With family-friendly flexitime and work-from-home schemes, Erste Group enables its employees to balance parental time and work. In addition, Erste Campus has two company kindergartens where fully qualified educators provide full-day care for children. Our offer is complemented by nursing-care leave, parental leave, and summer programmes for school-age children. Executive-level staff may opt to have interim managers substitute for them during periods of leave and then resume their management positions on their return. The scope of these measures varies from country to country. There is no dismissal protection after return from parental leave in Serbia, the Czechia and Slovakia.

The certification issued by the Austrian Federal Ministry for Education, Science and Research under the Beruf und Familie (work and family) audit scheme, which we obtained in 2021, is a testament to how successful our efforts in this respect have been. One of the key outcomes of the certification audit in Austria was the need for effective interim management models ('bridging models') for periods of parental leave, so that career gaps can be organised flexibly and with a clear focus on continued professional development during such leave. In 2023, Erste Group further pursued an initiative designed to encourage men to make full use of the possibilities available under the parental leave schemes for fathers. In general, all employees (women and men) are entitled to take parental leave.

Performance indicators

The key indicators we use to determine the success of our measures relating to employee health and work-life balance are annual sick leave days per employee and periods of parental leave claimed by women as well as men.

Sick leave days per employee

	2023	2022
Erste Group	**10**	**10**
Austria	9	9
thereof EGB	5	6
Hungary	5	7
Czechia	14	11
Slovakia	9	11
Romania	6	10
Croatia	16	15
Serbia	9	10
Others	6	9

Sick leave is a type of leave that is either paid for by the employer or by social insurance or is unpaid; the cause for such leave is illness or incapacity (health problems). Sick leave is calculated in workdays from the first day of leave. The total duration of illness-related absences from work is calculated based on the total number of days of leave attributable to sickness or incapacity for the given period. In the reporting period, there were 136 work-related accidents and 35 work-related illnesses.

Parental leave

2023	Parental leave				Return to work after parental leave					
	Women		Men		Women		Men		Other	
	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %
Erste Group	**1,564**	**88.5%**	**203**	**11.5%**	**1,094**	**79.2%**	**178**	**96.7%**	**0**	**0.0%**
Austria	470	78.6%	128	21.4%	323	91.2%	114	97.4%	0	0.0%
thereof EGB	40	67.8%	19	32.2%	25	100.0%	13	100.0%	0	0.0%
Hungary	113	91.9%	10	8.1%	83	76.2%	2	66.7%	0	0.0%
Czechia	343	99.4%	2	0.6%	190	56.2%	0	0.0%	0	0.0%
Slovakia	225	90.7%	23	9.3%	76	61.3%	15	88.2%	0	0.0%
Romania	157	97.5%	4	2.5%	193	81.4%	7	100.0%	0	0.0%
Croatia	120	80.0%	30	20.0%	107	97.3%	34	100.0%	0	0.0%
Serbia	62	100.0%	0	0.0%	54	94.7%	0	0.0%	0	0.0%
Other	74	92.5%	6	7.5%	68	130.8%	6	100.0%	0	0.0%

GRI 401-3 b) and c)

2022	Parental leave				Return to work after parental leave			
	Women		Men		Women		Men	
	Number	in %	Number	in %	Number	in %	Number	in %
Erste Group	**1,816**	**92.0%**	**158**	**8.0%**	**1,113**	**80.6%**	**172**	**96.6%**
Austria	551	84.4%	102	15.6%	324	90.0%	115	100.0%
thereof EGB	37	61.7%	23	38.3%	40	97.6%	20	100.0%
Hungary	86	100.0%	0	0.0%	80	80.8%	3	100.0%
Czechia	423	99.5%	2	0.5%	174	63.3%	0	0.0%
Slovakia	327	92.6%	26	7.4%	103	60.6%	27	84.4%
Romania	201	96.6%	7	3.4%	125	83.9%	6	85.7%
Croatia	107	83.6%	21	16.4%	228	100.0%	21	100.0%
Serbia	61	100.0%	0	0.0%	41	95.3%	0	0.0%
Other	60	0.0%	0	0.0%	38	66.7%	0	0.0%

3.4 TALENT ATTRACTION AND RETENTION

GRI 3-3, 401-1, 404-1, 404-2, 404-3

Investing in our employees is critical to the present and future success of our business. Our focus lies therefore on the continuing professional development of our employees to provide them with the expertise they need to make successful contributions to Erste Group's vision of the future. To strengthen our position as an attractive employer we highlight education and employer branding & recruiting as key priority areas.

Impacts, risks and opportunities

Demographic transformation and changing values have resulted in an extremely tight labour market in our entire region and we expect it to remain that way for the foreseeable future. For the high-quality financial services we offer, we depend on specialised expertise and experienced staff so we can deliver on our goal of top-level customer satisfaction (see chapter 4.1 'Customer satisfaction'). Staff turnover and quiet quitting harbour operational risks and come with high recruitment and training costs.

Erste Group wants to play a part in shaping tomorrow's banking world. To be able to do that, we need innovative ideas as well as people with commitment, passion, and empathy. Erste Group will be able to harness its full innovative potential only by being an employer that attracts new talent while also proactively investing in leveraging existing employee potential.

Governance

Responsibility for attracting talent lies with People & Culture, which centrally coordinates all training programmes. The department closely interacts with the business units on the (further) development of training programmes so that educational offers can be matched to their specific needs.

Targets

Erste Group wants to be perceived as an attractive employer and intends to make further progress in this area year on year. Our twofold aim is to recruit new talent, from job starters to experienced professionals, all while fostering existing talent among our staff.

At the same time, we give high priority to more efficient recruiting processes. The average time to fill (i.e., the time between when a job requisition is approved and when a job offer is made to the final candidate) decreased from 62 days in 2022 to 60 days in 2023.

Measures

The measures of Erste Group in the area of talent attraction and retentions are as follows:

TALENT MANAGEMENT, LEADERSHIP AND COMPETENCE DEVELOPMENT

Erste Group strives to develop the professional and interpersonal skills of its employees and continuously develops and aligns groupwide training programmes for professionals and managers.

Country-specific personalised development and career-building measures are in place with a view to maintaining staff employability. This includes all professional education and development measures which ensure that our staff have the skills and competences they need to face new tasks and challenges. These programmes can be directly accessed and booked through the Learning Management System. Specialised courses are offered covering corporates & markets, finance including controlling, asset/liability management, accounting, and data excellence. The Risk Management College programmes take account of changes in regulatory frameworks and provide training in various areas of risk management. Accessibility has been improved continuously by the large-scale roll-out of digital learning formats.

In 2023, Erste Group's employees completed on average 40.9 hours of professional development (previous year: 32.3 hours) (women 42.2 (34.1) hours and men 38.9 (29.3) hours). Employees in management positions completed an average of 41.2 (43.3) hours of training.

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Cooperation with renowned institutions such as IESE Business School, IMD Lausanne, WU Executive Academy in Vienna and Ashridge Executive Education underscore the high quality of the training programmes being offered. Through cooperation agreements with international business schools, Erste Group acquired quotas for education and continued professional development programmes to make available to our management-level staff. It is our aim to take full advantage of the annually budgeted quota and to attain a 100% graduation rate. In 2023, Erste Group succeeded again in fully using the available quota for management training programmes.

FEEDBACK AND PROFESSIONAL DEVELOPMENT TALKS

Talent management is driven by constructive feedback, a fair and transparent assessment of individual potential, and high-quality development activities in partnership with internationally renowned institutions. Each year, all employees are invited to an employee appraisal interview with their line managers to define goals for the current year and come up with development plans to assist employees in their further personal development. In 2023, appraisal talks were held with 83.6% of all employees of Erste Group, of whom 62.0% were women and 38.0% men; 10.3% were management-level staff and 89.7% employees without management responsibility. In the previous year, this information included only the EGB. Therefore, the previous year's figures are not comparable because figures at Erste Group level for the previous year are not available.

TRANSITION SUPPORT PROGRAMMES

Erste Group also supports employees who end their careers, change careers, or start their transition into retirement. In Austria, each institution has different measures in place to facilitate retirement from work. This includes various pre-retirement schemes that make it easier for employees to retire (e.g., flexible transition based on part-time work agreements) as well as individual support measures to help staff to regain a foothold in both the internal and the external job market (e.g., applications for jobs in the internal job market, reintegration after lengthy periods of illness, outplacement foundations, or counselling on reorientation in the labour market).

EMPLOYER BRANDING & RECRUITING

Erste Group offers a wide range of development opportunities in a bid to attract young talent and remain attractive as an employer. The annual Group Graduate Programme for university graduates is designed to attract top international graduates and provide them with fundamental banking and risk management skills over a period of 18 months. The share of women in the current programme cycle is 60% (previous year: 70%). The next Group Graduate Programme is scheduled for autumn 2024.

The initiative launched in the previous year to expand direct sourcing, i.e., directly contacting potential new employees, has proved successful, with a large number of new employees recruited through this channel. We have been able to massively strengthen our employer brand through a variety of partly sponsored campaigns on various social media channels (e.g., LinkedIn, XING, Facebook). In a bid to boost its name recognition and employer credentials, Erste Group also presented itself at various off- and online events, trade fairs, as well as at selected universities.

Performance indicators

New hires

2023	Women		Men		Others		<30 years		30-50 years		>50 years	
	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %
Erste Group	**3,574**	**60.8%**	**2,306**	**39.2%**	**1**	**0.0%**	**2,801**	**47.6%**	**2,738**	**46.6%**	**342**	**5.8%**
Austria	1,336	55.6%	1,064	44.3%	1	0.0%	1,385	57.7%	862	35.9%	154	6.4%
thereof EGB	112	43.9%	143	56.1%	0	0.0%	177	69.4%	69	27.1%	9	3.5%
Hungary	282	61.3%	178	38.7%	0	0.0%	181	39.3%	237	51.5%	42	9.1%
Czechia	654	54.5%	547	45.5%	0	0.0%	421	35.1%	699	58.2%	81	6.7%
Slovakia	260	64.7%	142	35.3%	0	0.0%	179	44.5%	202	50.2%	21	5.2%
Romania	446	75.9%	142	24.1%	0	0.0%	316	53.7%	255	43.4%	17	2.9%
Croatia	193	68.2%	90	31.8%	0	0.0%	115	40.6%	164	58.0%	4	1.4%
Serbia	198	79.5%	51	20.5%	0	0.0%	100	40.2%	138	55.4%	11	4.4%
Others	205	69.0%	92	31.0%	0	0.0%	104	35.0%	181	60.9%	12	4.0%

GRI 401-1 a)

The percentages refer to the total number of newly hired employees.

2022	Women		Men		<30 years		30-50 years		>50 years	
	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %
Erste Group	**4,162**	**63.7%**	**2,372**	**36.3%**	**3,208**	**49.1%**	**2,958**	**45.3%**	**368**	**5.6%**
Austria	1,235	56.2%	961	43.8%	1,213	55.2%	848	38.6%	135	6.1%
thereof EGB	112	44.1%	142	55.9%	154	60.6%	89	35.0%	11	4.3%
Hungary	360	64.3%	200	35.7%	214	38.2%	294	52.5%	52	9.3%
Czechia	1,001	63.3%	580	36.7%	700	44.3%	787	49.8%	94	5.9%
Slovakia	321	70.1%	137	29.9%	226	49.3%	213	46.5%	19	4.1%
Romania	636	75.0%	212	25.0%	481	56.7%	341	40.2%	26	3.1%
Croatia	193	62.1%	118	37.9%	147	47.3%	157	50.5%	7	2.3%
Serbia	210	74.5%	72	25.5%	126	44.7%	137	48.6%	19	6.7%
Others	206	69.1%	92	30.9%	101	33.9%	181	60.7%	16	5.4%

Employee turnover incl. retirement

2023	Women		Men		Other		<30 years		30-50 years		>50 years	
	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %
Erste Group	**3,902**	**12.9%**	**2,138**	**11.7%**	**0**	**0.0%**	**1,858**	**30.8%**	**2,860**	**47.4%**	**1,322**	**21.9%**
Austria	1,111	11.0%	867	10.0%	0	0.0%	800	40.4%	617	31.2%	561	28.4%
thereof EGB	83	8.7%	88	8.5%	0	0.0%	104	60.8%	47	27.5%	20	11.7%
Hungary	303	13.8%	151	11.6%	0	0.0%	113	24.9%	284	62.6%	57	12.6%
Czechia	1,069	15.6%	532	14.9%	0	0.0%	371	23.2%	910	56.8%	320	20.0%
Slovakia	374	15.2%	144	12.7%	0	0.0%	113	21.8%	263	50.8%	142	27.4%
Romania	484	11.8%	188	13.0%	0	0.0%	270	40.2%	274	40.8%	128	19.0%
Croatia	261	11.4%	125	11.8%	0	0.0%	113	29.3%	219	56.7%	54	14.0%
Serbia	127	13.0%	51	14.5%	0	0.0%	42	23.6%	104	58.4%	32	18.0%
Others	173	13.4%	80	11.4%	0	0.0%	36	14.2%	189	74.7%	28	11.1%

2022	Women		Men		<30 years		30-50 years		>50 years	
	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %
Erste Group	**3,958**	**11.7%**	**2,075**	**10.3%**	**1,791**	**29.7%**	**3,144**	**52.1%**	**1,098**	**18.2%**
Austria	1,148	10.5%	865	9.2%	762	37.9%	744	37.0%	507	25.2%
thereof EGB	101	9.8%	103	9.3%	97	47.5%	86	42.2%	21	10.3%
Hungary	396	15.9%	214	14.3%	163	26.7%	372	61.0%	75	12.3%
Czechia	927	11.9%	393	10.1%	292	22.1%	785	59.5%	243	18.4%
Slovakia	377	13.1%	118	9.3%	147	29.7%	284	57.4%	64	12.9%
Romania	625	13.3%	217	13.0%	293	34.8%	444	52.7%	105	12.5%
Croatia	151	6.4%	82	7.2%	48	20.6%	156	67.0%	29	12.4%
Serbia	140	12.3%	70	16.5%	39	18.6%	140	66.7%	31	14.8%
Others	194	13.0%	116	14.4%	47	15.2%	219	70.6%	44	14.2%

GRI 401-1 b)

This table presents the number of employees who left Erste Group (including retirement) during the fiscal year. It does not include employees on parental leave, internal transfers within the group, or departing trainees and interns. The employee turnover rate in % is calculated as follows: the number of employees who left the company during the reporting period (12 months) is divided by the average headcount (HC) at the beginning of the year. In 2023, employee turnover at Erste Group (total of men and women) stood at 12.5 % (2022: 11.2%).

The calculation of the indicator was revised, and reporting standardised across the Group. Using the original method (Schülter formula), the indicator would fall from 11.2 in 2022 to 11.1 in 2023. When the harmonised method (BDA formula) is used to calculate the indicator, the fluctuation rate reached 12.4 in 2023.

AWARDS FOR ERSTE GROUP

Erste Group's efforts to remain an attractive employer for new talent are reflected in a number of awards bestowed upon the bank in the reporting year. In 2023, Erste Group won several Best Employer awards, reflecting its strong position on the employer market.

Leading Employers Institute
In a ranking of 40,000 Austrian employers carried out by the Leading Employers Institute, Erste Bank attained the top position in banking and came fourth in the overall ranking.

World Best Employers
In 2023, Forbes Magazine ranked Erste Group as number 47 in the 'World's Best Employers' category (2022: number 103).

Universum Ranking
The Universum platform (which focuses on employer attractiveness for students) ranks Erste Bank und Sparkasse among the top ten companies for business students (number one in the industry) for the first time, a year-on-year improvement by seven places to number nine.

Quality Award
Erste Bank und Sparkasse also scored among the top ten of 200 businesses in Austria in the Quality Awards evaluated by Market Institut.

Top Company Label
'kununu', an Austrian employer rating platform, awarded Erste Bank the Top Company label, currently the most widely known employer label in Austria (with a current top score of 4.1% and a recommendation rate of 83%).

Top Apprenticeship Provider
Recognising role-model companies providing apprenticeship training, the Austrian Federal Economic Chamber (WKÖ) awarded Erste Bank the Vienna Quality Label as a Top Apprenticeship Provider. Erste Bank was also honoured by uniforce Consulting as number one for offering the best apprenticeship training in Austria.

Top Employer in Austria 2023
With a score of 8.01, Erste Bank won first place as the best employer in the Austrian banking and financial services industry in 2023. Data were sourced from the Trend magazine's 2023 ranking of top employers in Austria, the statistics platform Statista, the employer rating platform kununu and Xing.

Best Recruiters Award
In addition, Erste came top in the Best Recruiters Gold Awards in the banking and financial services industry in Austria.

4. Our customers

B acting with a strong sense of responsibility, transparency and reliability, we support our customers as they make important financial decisions and offer an excellent customer experience across all channels. Our unique local branch network combined with Erste Group's supraregional expertise enables us to serve our customers with close attention to their individual needs. We see ourselves as a strong partner for our customers and are proud of being able to offer a wide portfolio of services and customised solutions.

Our strength and our good reputation are rooted to a large extent in the trust which many long-standing customers place in us. To be able to live up to their expectations in the future, we are constantly working on improving customer satisfaction, all while optimising our security measures, especially in view of the wider digital transformation. In this process, the protection of data and personal information is a fundamental requirement.

4.1 DATA SECURITY

GRI 3-3, 418-1

The data of Erste Group's customers are protected at all times and are therefore subject a particularly high standard of security. At European Union level, data privacy requirements are defined by the General Data Protection Regulation (GDPR), which we have fully implemented.

Impacts, risks and opportunities

Any loss of customer data may have a negative impact, first and foremost on the customers affected. Examples of this include in identity theft, fraud and, financial loss. Successful attacks on Erste Group's IT system may lead to data loss, business interruption, and may even result in legal consequences. Inadequate reliability in this regard also poses a risk to the reputation of Erste Group and, in the long-term, may adversely affect both customer retention and our ability to win new customers. Data security represents a key pillar of sustained success in banking.

Governance

By continuously sharing information and best practices across all markets, the Group Data Protection Officer (DPO), who reports to the Chief Risk Officer (CRO), ensures a consistently high level of data protection throughout Erste Group.

To ensure data protection governance, binding standards have been rolled out to and implemented by Group members. The relevant policies are named under the "Measures" below.

In addition, the Data Protection Officer carries out monitoring measures as required under Article 39 of the GDPR, both at the local and international levels.

Targets

Our aim is to not only maintain the high level of security Erste Group has so far achieved, but also to implement additional technical and organisational measures in response to mounting challenges in order to preserve our customers' trust as developments within the field of digitalisation continue.

Measures

STRATEGIES & POLICIES

The Group Security Strategy, approved by the management board, defines, strategic goals, with respect to regulatory standards. The Group Security Strategy supports business units and IT with security related activities and challenges . In addition, it paves the way for future developments in areas such as quantum computing, artificial intelligence and the metaverse. The progress towards attaining the defined strategic goals is regularly evaluated by Objective & Key Results (OKR).

Organisationally, a large number of security policies and procedures govern security-related requirements and controls for systems, infrastructure and employees. Compliance with these policies is mandatory for Erste Bank Oesterreich, Erste Group Bank AG, their security relevant entities as well as all subsidiaries of Erste Group in CEE. Any non-compliance is recorded in a Security Maturity Assessment that currently has about 230 controls. The progress of the defined mitigation measures are regularly evaluated. The results of the 20 most significant controls are regularly reported to all relevant board members in Erste Group.

The following mandatory requirements to ensure data protection governance have been rolled out to and implemented by Group members:

Data Protection Policy
The Data Protection Policy defines minimum data protection standards. It provides definitions and specifications and defines activities along with the related functions and responsibilities.

Data Controller Responsibility Procedure
The Data Controller Responsibility Procedure aims to provide adequate protection of all personal data and information assets to meet regulatory and business requirements in data processing. The standards call for data privacy by design and by default, records of processing activities, technical and organisational security requirements (including data secrecy), response to data breaches, a data

protection impact assessment and awareness and training programmes. 94.3% of the employees have completed relevant training in this field.

Data Protection Officer Procedure
The Data Protection Officer Procedure comprises more detailed provisions governing tasks and other legal functions relating to data protection.

Data Processing Legitimacy Procedure
The Data Processing Legitimacy Procedure lays down the basic principles for data processing, including data transfer and storage limitation. Standards comprise, among other things, key prerequisites for processing personal data, commissioning of processors, data transfer to third countries or international organisations as well as time limits for the storage and deletion of data.

Transparency and Data Subjects Rights Procedure
The Transparency and Data Subjects Rights Procedure defines the functions and conditions relating to data processing transparency and the rights of the persons affected.

SYSTEMS AND STANDARDS

The data security measures established by Erste Group correspond to current standards. Technically, Erste Group has a variety of defence mechanisms in place, from the network to the application level. We use a variety of systems and technologies to identify and prevent data loss, such as intrusion preventions and a data leak prevention system .

Based on the European EN 50600 standard for the protection of IT infrastructure in data centres, cyber-physical security applies additional internal rules for protecting objects and assets. This standard addresses requirements for the planning, construction and operation of data centres and cloud infrastructures. Outsourcing of information and communication technology (ICT) of Erste Group's IT is certified in accordance with the international standard ISO 27001.

TRAINING

All employees of Erste Group receive annual mandatory security trainings with the same uniform requirements. In 2023, the completion rate was 89,3%. Also our cooperation partners are contractually committed to fulfill these requirements.

TRANSPARENCY TOWARDS CUSTOMERS

To earn trust, you need to ensure transparency: Erste Group puts great emphasis on providing customers with clear and understandable information about how their personal data are being processed. Where necessary, we obtain prior consent to the processing of personal data.

Performance indicators

An internal message chain will be activated if, despite all our precautionary measures, a data breach (loss, modification or unauthorised transmission of personal data or unauthorised access to personal data) does occur. All internal and external reports are centrally collected and evaluated. A report will be filed with the responsible data protection authority if, based on our evaluation, we come to the conclusion that the data breach compromises the rights and freedoms of any natural persons affected.

In 2023, 15 data breach reports were submitted to the relevant data protection authority (none of which were for Erste Group Bank AG). Should a data breach result in a high level of risk to the personal rights and freedoms of any natural persons affected, they will also be notified. In 2023, 6 such notifications were issued (none of which were for Erste Group Bank AG).

4.2 CUSTOMER SATISFACTION

GRI 3-3

We can maintain our competitive edge and achieve long-term success only if our customers place their trust in us and are satisfied with our products and services. This is why we are striving to continuously improve on the quality, relevance and accessibility of our services.

Impacts, risks and opportunities

Customer satisfaction is a key prerequisite for our profitability. An unsuitable portfolio of products and services and poor customer service may result in customer dissatisfaction and therefore poses an economic risk. If we fail to adequately address these risks, we jeopardise the long-term success of our business. On the other hand, high levels of customer satisfaction result in customer loyalty, which in turn is reflected in an ever-growing customer base, resulting in market leadership.

Governance

The responsibility for assessing and overseeing customer satisfaction lies with the department of Group Customer Experience, which is part of Group Brand Management & Communications, which in turn reports to the CEO. The Chief Retail Officer and the Chief Corporates and Markets Officer are responsible for goal achievement.

Target

Erste Group has set itself the goal of remaining or becoming, in each single market in which it operates, the market leader in customer satisfaction as measured by the CXI.

Measures

To be better able to cater to a broad variety of customer requirements and provide customer-centric advice, we have taken specific steps to address customer satisfaction in areas such as in digital banking, in the branches, in the Contact Centre, in product design as well as in sales.

Moreover, we can rely on our Customer Experience Framework to obtain feedback on customers' interactions with the bank, a valuable input to inform work on further improving Erste Group's products and services.

DIGITAL BANKING

Digital banking has become the new norm. At Erste Group, our digital platform 'George' serves as a key component of our strategy. First implemented in 2015 in Austria, 'George' was subsequently rolled out to our local entities in Czechia, Slovakia, Romania, Croatia, and Hungary. In Serbia roll-out preparations will start in 2024.

To provide our corporate clients with a superior digital banking experience, we also developed 'George Business', which was successfully implemented in 2022 within Austria. By the end of 2023, George Business was expanded to Romania and plans are already underway for its launch in Czechia in 2024, with subsequent rollouts planned in the rest of our subsidiaries.

In 2023, George saw a growth in private customer use to over 9.5 million. As a starter, George Business has already attracted more than 13,000 corporate clients, of which 1000 are 'new to the platform'. 2023 also saw incredible new functions, such as 'George Junior' (a platform for parents and children) successfully implemented in Romania.

Our vision for the future is ambitious, as we want to build the 'Next Generation of Banking'. This vision focuses on key principles of our customer experience through our digital platform being as relevant and personalised as what they would otherwise experience in any of our excellent branches. Integrating the strong physical presence of our top consultants and advisors with our digital platform 'George' will be what differentiates us from other companies.

BRANCHES

Direct contact with customers through branches remains a key element of customer satisfaction, especially for more complex customer needs. Branch interiors and infrastructures are being upgraded to enable customers to handle their banking business in the branches quickly and easily. In doing so, Erste Group relies on a group-wide branch concept featuring new technologies (e.g. video walls, digital onboarding in George) and allows more space for person-to-person consultation. At year-end 2023, more than 400 branches operated under this new concept in Erste Group's core markets. In updating infrastructure, special focus is being placed on a barrier-free environment and ease of access.

BARRIER-FREE ACCESS

In addition to barrier-free access for the blind and visually impaired (e.g. cash dispensers equipped to provide audio instructions), Erste Group also offers a variety of functions on George, its digital platform, including zoom, contrast adjustment, extra-large fonts, and speech output. The barrier-free functions were developed in cooperation with blind persons and persons with a variety of visual impairments. In addition, Erste Group is preparing for the Accessibility Act (Barrierefreiheitsgesetz) due to enter into force in June 2025. In 2023, a pilot study was conducted, the results of which were made available across the group. Plans for 2024 provide for the implementation of numerous measures to ensure barrier-free access to our products and services. The focus will lie in particular on the digital accessibility of our platforms, the level of language used in our texts, the adaptation of internal processes and awareness-building among our employees. Measures will be rolled out in consultation with the ErsteABILITY employee network as well as ombudspersons for the disabled, with group-wide coordination.

CONTACT CENTER

Erste Group's Contact Center is the first port of call for instant customer support. It is available 24/7 and can be contacted by telephone, e-mail or chat. Trained employees not only answer questions regarding products and services and assist users with the operation of self-service terminals, but also help potential customers navigate digital product acquisition processes. If necessary, they also handle customer complaints or respond to emergencies such as requests to block credit cards and debit cards. If permitted under applicable regulations, the Contact Centre will also provide assistance with end-to-end digital banking services, such as unsecured loans, insurance, credit cards or online banking.

PRODUCT DESIGN AND CONSULTATION

The development and approval of new products and services is based on a structured process which is informed by strategic goals (identified customer needs and market opportunities) and guarantees comprehensive quality assurance. Products and services are designed for flexibility, life-cycle changes, simplicity, security, transparency and ease of use.

Erste Group's approach to consulting also reflects its focus on the financial health of its customers. In Austria, Czechia, Slovakia and Romania technology-aided consultation processes have been launched which are designed to provide customers with a general overview of their financial situation and to enable them to set themselves financial goals and take the best possible decisions for their future. In 2023, more than two million customers completed consultation sessions in which these tools were used. Such consultation processes are planned for roll-out also in Hungary, Croatia and Serbia.

This approach to consultation is supported by a remuneration system for front-office staff that emphasises quality criteria such as quality of customer relationships and active use of digital channels rather than sales-driven targets.

Performance indicators

CUSTOMER EXPERIENCE INDEX

As a profit-driven enterprise, Erste Group has a strong interest in its customers' future behaviour and loyalty to the bank. The CXI is an index that measures such loyalty and is derived from the evaluation of satisfaction ratings, referrals, the readiness to switch to another bank, customer effort scores and the repurchase rate of the main customers of the individual banks.

It therefore reflects all conscious and unconscious experiences and decisions that our customers make with our bank over the course of their lives and that have an impact on our customers' relations with Erste Group.

MEASURING CUSTOMER SATISFACTION

The Customer Experience Index (CXI) is determined by Group Customer Experience, which is part of Group Brand Management & Communications, which in turn reports to the CEO.

In the retail segment, a representative survey called the Banking Market Monitor is carried out on a quarterly basis. 2,400 telephone interviews (with customers and non-customers) are conducted annually across Erste Group's markets.

In the corporate customer segment, an extensive survey with at least 1,500 companies per country is carried out once a year.

These analyses are conducted by an external market research institute and provide data for a performance comparison both within Erste Group and with its most important competitors.

Based on these surveys, our customer relations are rated in five categories (advocate, loyal, simply satisfied, non-engaged and dissatisfied) and successful improvement of customer service is measured using the CXI (Customer Experience Index).

Based on these categories we calculate the CXI as follows:
% advocates + % loyal customers + 0.5*%simply satisfied -% non-engaged - % dissatisfied. The CXI rating therefore ranges on a scale from -100 to +100.

This value is put in relation to the top three competitors in each country and in each segment and is then used to identify the strengths and weaknesses of the local banks as compared to the market leaders.

	% Dissatisfied Satisfaction 0–4	**% Not engaged** Satisfaction 5–6	**% Simply satisfied** Satisfaction 7–10	**% Loyal** Simply satisfied and Repurchase 9–10 Bank change 0–1	**% Advocates** Loyal and Recommendation 10 Effort 10
Vs. competition	Clear competitive disadvantage	Competitive disadvantage	No advantage or disadvantage	Clear competitive advantage	Clear competitive advantage
Likely behavior	Likely to change bank as soon as they can	Likely to look for better offers and change bank	Leave easily even for slightly better offer	Likely to repurchase even pays some price premium	Likely to recommend to friends and family
Target	Optimize		Neutral	Maximize	

The CXI is of great relevance for Erste Group as it is also used as input in the bonus assessment for members of the management board of Erste Group, local banks and all employees.

Targets for bonus evaluation purposes are set jointly by Group People & Culture, Group Customer Experience and relevant business lines.

Development of CXI

	PI		Micro		SME		Total	
	Difference in relation to the top 3 competitors		Difference in relation to the top 3 competitors		Difference in relation to the top 3 competitors		Difference in relation to the top 3 competitors	
	2023	2022	2023	2022	2023	2022	2023	2022
Erste Group	2.7	2.9	-0.4	-3.7	1.5	1.9	2.0	1.6
Erste Bank Oesterreich	15.4	11.9	3.3	4.0	-2.5	-2.3	9.7	6.9
Erste Bank Hungary	6.4	3.9	-1.5	3.5	0.6	3.2	4.5	3.7
Česká spořitelna	-2.1	0.2	-9.8	-20.8	5.4	6.2	-2.4	-2.8
Slovenská sporiteľňa	1.9	0.8	7.7	4.4	5.4	5.3	2.7	1.8
Banca Comercială Română	-0.5	0.9	1.2	-1.2	-3.3	-3.9	-0.5	-0.2
Erste Bank Croatia	13.6	13.4	2.2	5.2	8.2	7.3	10.2	10.5
Erste Bank Serbia	3.3	3.1	-6.9	0.9	-7.6	-2.5	-1.0	1.4

number 1 in the respective market

The table shows the relative difference to the Top 3 competitiors in the market and the ranking of the bank in the respective market.

In 2023, Erste Group succeeded again overall in maintaining the excellent customer satisfaction ratings of the previous year.

CXI Privates
In the segment of private customers, Erste Bank Oesterreich and Erste Bank Croatia attained the best scores in their respective markets. All banks in all markets are stable compared to the competition (within the standard deviation). Erste Bank Oesterreich reported even better values compared to the Top 3 banks in the market.

CXI Micro Segment
In the Micro Segment, improvements were seen in the results of Ceska Sporitelna and Slovenska Sporitelna compared to the Top 3 competitors. Slovenska Sporitelna and Banca Comerciala Romana rose to the top of their respective markets.
Erste Bank Croatia, Erste Bank Hungary and Erste Bank Serbia decreased in relation to the local Top 3 banks and the development of Erste Bank Oesterreich remains stable.

CXI SME Segment
In the SME segment, Ceska Sporitelna, Erste Bank Croatia and Slovenska Sporitelna reached the top position in their markets. The development of all banks in that segment is stable compared to the Top 3 competition – except Erste Bank Serbia which recorded losses.

5. Financial inclusion and capacity building

Erste Group's commitment to society has never been limited to business activities alone. We support institutions, initiatives, and projects as well as communities in social, arts and culture, education, sports, and ecological activities in all core markets by providing not only funding but frequently also staff and expertise. We regard financial education, access to banking products disadvantaged groups, community involvement and volunteering as areas where we can generate a significant positive impact on society.

As needs and interests vary across Erste Group's markets, depending on local circumstances, specific project sponsorships and initiatives are determined and managed locally. The guiding principle is to support personal development and help people to meet their social and cultural needs.

5.1 ACCESS TO BANKING PRODUCTS FOR DISADVANTAGED GROUPS

GRI 3-3

More than 14 million people in Erste Group's core markets are still at risk of poverty or social exclusion and, even today, some segments of the population do not have access to basic financial services. The cost of living is on the rise in the region, and affordable housing is becoming harder to find. These developments present a danger to inclusive and socially sustainable societies and drive economic disparity.

Impacts, risks and opportunities

The decline in social stability and economic development presents a risk to our business model, which depends on these very factors to succeed. By making basic financial products available to disadvantaged groups, Erste Group's social banking contributes to fighting poverty and increasing prosperity. For us, financial inclusion is not only a matter of evolution, but also contributes to the stability of the financial system.

Assuming societal and social responsibility is in line with Erste Group's strategy. Opportunities include the potential for building a loyal and prosperous customer base as well as benefits from a positive image transfer to the brand, increasing the brand's emotional appeal as well as employee identification with the brand.

Governance

Overall responsibility for providing access to banking products to financially disadvantaged groups lies with the Group ESG Office and Group Social Banking, which report to the CEO. Responsibility for the Austrian market lies with the CEO of Erste Bank Oesterreich, including, among other things, the microfinance programme.

In addition, Erste Group Bank AG (shareholder at 49%) has together with ERSTE Stiftung (shareholder at 51%) an investment in Erste Social Finance Holding. Our employees are involved in the development of new initiatives and projects to facilitate access to banking products for disadvantaged groups on an ongoing basis via their respective representatives (employees' council) and Group Brand Management & Communication.

Targets

Four targets have been implemented to attain our aim of promoting social cohesion in Austria and the CEE countries:

						Targets			
		Baseline		Actual		short term		medium term	
	Metric	Year	Value	Year	Value	Year	Target	Year	Target
Affordable housing	# of built housing units (cumulative)	-	-	2023	872	2025	2,200	2030	10,000
Social banking financing	in EUR million, cumulative	2017	115	2023	585	2025	650	2030	1,000
Financial literacy participants [1]	# in thousand, cumulative	2017	7	2023	65	2025	-	2030	80
Job creation and retention	# in thousand, cumulative	2017	20	2023	99	2025	-	2030	200

[1] The target shows the total number of persons participating in educational activities organised or initiated by Group Social Banking.

Goal achievement may be jeopardised over the medium term if the amount of bad loans substantially exceeds expected and reasonable levels. A special Group Social Banking Risk Policy therefore sets out the key requirements for managing credit risk related to social banking at Erste Group. This policy applies to social banking activities concerning private individuals, micros, and new entrepreneurs, social organisations, and special social projects. It provides a framework adapted to local needs and local legal regulations.

In a bid to reduce the risk related to the funding of social organisations, Erste Group Social Banking claimed the portfolio guarantee provided under the EU Programme for Employment and Social Innovation (EaSI), which expired at year-end 2022. To be able to keep offering preferential terms and loans to social entrepreneurs and new entrepreneurs, Erste Group Social Banking obtained in 2023 a new portfolio guarantee from the European Investment Fund (EIF) under the InvestEU programme in the total amount of about EUR 66 million (oh which 80% is covered by the EIF).

Measures

Erste Group's social banking initiatives focus on financially excluded or vulnerable individuals (people at risk of poverty or social exclusion), start-ups, micro-entrepreneurs, and social organisations (the non-profit sector, non-governmental organisations, and social enterprises), offering them fair access to financial products, sound financial advice, as well as business training and mentoring.

The outcomes of Erste Group's social banking activities are measured as part of regular impact assessments. This is done based on output data such as the number of newly created jobs, the number of participants in educational activities and supplemented with the results of anonymous customers surveys. In 2023, social banking funding resulted in the creation or preservation of a total of approximately 14.000 jobs complying with EU standards. Of the 1,190 social banking customers questioned, 67% reported that they had been able to improve their economic situation by working with Erste Group. 95% of those who had been in financial difficulties and were served by us said that they were now able to meet their periodic payment obligations in a timely manner.

In 2023, Erste Group Bank was honoured by Euromoney Magazine as 'CEE's best bank for corporate responsibility', primarily for its social banking activities.

ZWEITE SPARKASSE

Since its foundation in 2006, Zweite Sparkasse has helped a total of 23,740 people in financial difficulty in Austria and currently serves 7,813 customers. To relieve the cost pressure experienced by vulnerable groups, Zweite Sparkasse is offering a finance product it developed in collaboration with its network of social organisations, which covers rent deposits, basic home furnishings and equipment for vulnerable groups. 2023 saw the launch of the Payment Plan Box designed to support customers in meeting payment plans under debt settlement procedures as well as the creation of gambling blocks for debit cards.

DEBT COUNSELLING IN SLOVAKIA

To date, Slovenská sporiteľňa's Social Banking has assisted 1,266 low-income customers in taking control of their debts and improving their household financing management skills. 91% of Slovaks questioned as part of the 2023 Impact Assessment said that because of the support they received from Social Banking they now worry less about their financial situation.

AFFORDABLE HOUSING INITIATIVE

Making affordable housing available is fraught with an increasing number of challenges. Young people and lower-income groups fail to earn enough to be able to afford adequate housing despite having a paid job. The 'Affordable Housing in CEE' initiative has set itself the goal of advancing this market in all core markets in line with our financial health concept, based on the well-established practices in Austria and Western Europe. The aim is to develop projects with rents that are typically around 15-20% below the respective market. In view of the challenges in the real estate market in CEE, the strategic decision was made at the beginning of 2024 to adjust the goal of building 15,000 affordable residential units originally set for 2030 to 10,000. The legal framework for affordable housing is understood by Erste Group to be the basis for investments in this sector. However, in some markets, this legal framework is missing.

Czechia is the most advanced and is currently working on 6 projects with almost 700 residential units in various stages of development. The plan is to launch further projects with around 300 residential units by the end of 2024. By summer 2024, it is also expected that the first legal regulation on 'affordable housing' will be introduced, accompanied by numerous government measures.

In addition, Erste Group Social Banking has launched various initiatives to generate as much support as possible for the people affected and therefore strengthen their independence. In Vienna, for example, Erste Bank Social Banking covers the cost of affordable housing provided by the partner organizations Neunerhaus, Volkshilfe and other organizations.

In Slovakia, a special programme was launched in 2018 to help socially marginalised individuals and communities (primarily members of the Roma ethnic minority) to finance and build suitable family homes on their own. By year-end 2023, a total of 59 houses had been built, creating homes for 224 people.

MICROFINANCE PROGRAMME AND START-UP FINANCING

It is not only socially marginalised groups who may be faced with financial problems – the same holds for entrepreneurs as well. One of the most difficult tasks for new entrepreneurs is raising finance to start their business. Small entrepreneurs provide not only income for themselves and their families, but often create new jobs in their communities when they expand their business operations. Erste Group offers access to start-up micro loans, business training, e-learning tools, mentoring sessions and networking to these customers.

In Austria, the microfinance programme offered by Erste Bank Oesterreich and the Austrian Federal Ministry of Social Affairs, Health, Care and Consumer Protection provides support mainly to unemployed and financially vulnerable individuals who intend to set up a business of their own and have either limited access or no access at all to start-up financing. The microcredit programme helped to start and support hundreds of new businesses. With help from the European Investment Fund, a similar initiative had been launched in the previous year for displaced persons from Ukraine planning to set up a business of their own and gain a foothold in Austria. In alignment with the current EU Temporary Protection Directive (temporary protection for displaced persons), microloans are being offered to displaced persons from Ukraine.

The associate BCR Social Finance IFN was established in 2009 as an enterprise with a social inclusion mission that reinvests any profits it makes back into its operations. It provides microfinance products to micro-businesses, small agricultural producers, and freelancers in Romania. In 2023, BCR Social Finance granted about 1,700 loans to Romanian micro-entrepreneurs, paying out a total EUR 24.3 million.

BCR supports the resumption of the Start-up Nation programme created by the Romanian government. This programme provides non-repayable grants to encourage the formation of new enterprises. BCR offers customers eligible for support pre-financing as well as co-financing loans. In the same way, BCR also supports the Woman Manager programme, which assists start-ups that are founded and managed by women (at least one shareholder must be a woman and she should hold at least a 50% interest in the business).

Overall, Erste Group's Social Banking extended microcredits and loans to new entrepreneurs with a total volume of EUR 89.6 million in 2023. 34% of those questioned as part of the 2023 Impact Assessment said that they would not have started their business without the finance provided by Erste Group's Social Banking.

FINANCING EDUCATION IN ROMANIA

BCR Social Finance offers financial support to small and medium-sized enterprises to encourage them to invest in the training and continuing professional development of their workforce and thus increase their competitiveness. In addition, it provides financing to educational organisations and, under its new Study UP education finance programme, grants education loans to students as well as to other individuals to help them fund training or upgrading of their skills. For finance of this type, BCR Social Finance relies on a guarantee from the European Investment Fund. To date, 160 people were supported and education finance to the amount of EUR 300,000 was paid out in Romania.

SUPPORT FOR SOCIAL ORGANISATIONS

Erste Group's social banking experts and mentors offer professional advice and financial solutions to support NGOs and social enterprises. For these customers, Erste Group offers working capital loans, bridging loans and investment loans. Since 2022, ERSTE Foundation has been providing Erste Group Social Banking with a guarantee which enables the bank to also finance social organisations that are not covered by EIF guarantees.

Overall, Erste Group provided finance in the total amount of EUR 31.7 million in 2023. 68% of the social organisations surveyed as part of the 2023 Impact Assessment said that thanks to the support they received from Social Banking, they were now better placed to fulfil their mission.

In 2023, Erste Social Finance EGB again offered quasi-equity for the social sector and sustainable enterprises. Quasi-equity is provided in the form of a qualified subordinated loan, which contributes to strengthening customers' equity positions, enabling them to grow and expand their social impact. Quasi-equity is made available to social enterprises, non-profit and non-governmental organisations in Austria, Czechia, Slovakia, Serbia, Croatia, and Romania. In addition, support is provided in the form of free non-financial support, such as bespoke counselling, mentoring, training and technical support for social and sustainable entrepreneurs. These non-financial services are greatly appreciated by the participants. 72% of social organisations surveyed as part of the Impact Assessment said that participation in non-financial support activities had strengthened the skills and expertise of their employees.

STAND WITH UKRAINE

The Stand with Ukraine movement provided us with an opportunity to demonstrate how seriously we take our responsibility to give all people in the region access to basic financial products and provide support in times of extreme need. Erste Group's multi-faceted cross-border activities include the provision of humanitarian aid, the establishment of a day centre in Vienna as well as services such as accounts and social banking. For these efforts, Erste Group, along with Caritas der Erzdiözese Wien, was awarded first place in the 2023 Wirtschaft Hilft (business helps) Awards in the 'large enterprises' category.

Performance indicators

Social banking financing

	2023	2022	2021	2020	2019	2018	till 2018
New Social Banking financing in EUR million	121.3	49.8	39.8	52.3	120.8	85.7	115.3
New Social Banking financing in number of new clients	4,074	1,270	1,159	1,357	3,231	2,500	6,433
Microfinance and start-up finance in EUR million	89.6	26.4	24.0	38.0	91.0	68.7	64.9
Microfinance and start-up finance in number of new clients	3,864	1,087	1,018	1,259	3,108	2,317	7,211
Social organisation finance in EUR million	31.7	23.4	15.8	14.3	29.8	17.0	29.9
Social organisation finance in number of new clients	210	183	141	98	123	183	277
Number of supported private clients in financial difficulties (cumulative)	25,006	23,440	22,288	21,240	19,433	-	-
Number of financial education participants	17,499	13,323	6,679	4,372	9,811	6,349	7,311
Number of preserved and created jobs (cumulative)	99,438	-	77,536	-	44,897	-	-

This table includes also the activities of the associates Erste Social Finance Holding und BCR Social Finance.

5.2 FINANCIAL EDUCATION

GRI 3-3

In line with its corporate goal of creating and securing prosperity, Erste Group is involved in a wide variety of financial education activities, helping people of all ages to acquire the skills and abilities they need. In accordance with the recommendation of the Organisation for Economic Cooperation and Development (OECD) that financial education should start as early as possible, Erste Group places particular emphasis on financial education projects for children and young people. Erste Group helps young people to acquire the confidence they need to actively participate in economic life and to understand how the financial system works.

Impacts, risks and opportunities

Financial literacy is essential for creating equal opportunities, economic well-being, and social inclusion. Conversely, a lack of financial literacy may limit what people are able to achieve in life. By participating in financial education and financial literacy initiatives and projects in all our core markets, Erste Group makes a valuable contribution to preventing poverty and fostering a strong and stable financial system.

Customers who lack sufficient financial literacy are more likely to be exposed to financial risks that may lead to losses both for the customers and the bank. Improving financial literacy enables customers to make better investment and financial decisions. Customers having more confidence in their own financial decisions also means fewer complaints and higher customer satisfaction ratings.

Governance

FLiP (Financial Life Park) is responsible for the business and financial education strategy. The owner of FLiP is Erste Social Finance Holding, which is 51% owned by ERSTE Stiftung and 49% by Erste Group Bank AG. The premises of FLiP at the Erste Campus in Vienna are provided free of charge by Erste Bank Oesterreich. As needs and interests vary across Erste Group's markets, depending on local circumstances, specific projects and initiatives for financial education are determined and managed by the respective local management boards and supervisory boards.

Targets

Our goal is to offer our customers financial education with a sustained effect.

Measures and performance indicators

Erste Group's financial education efforts are geared primarily towards offering increased scalability while maintaining or even raising existing quality levels. For this reason, Erste Group subjects its financial education projects to constant evaluation and makes continuous efforts to identify potential for improvement for the various projects in the countries of the region.

FLIP

FLiP is a financial education project that offers a broad range of options aiming to promote personal responsibility, counteract over-indebtedness and thus prevent poverty. FLiP guided tours make the importance of finance for people's personal lives tangible. Since FLiP opened its doors in October 2016, more than 80,000 visitors from all types of schools and age groups have taken part in the interactive tours offered in Vienna. Supported by Erste Bank Oesterreich and the regional savings banks, FLiP2Go, the mobile version of FLiP launched in April 2019, has attracted more than 35,000 visitors on its tour across all of Austria.

Demand for FLiP Challenges kept growing in 2023. Under the overarching theme of 'Geld im Griff' (Take Control of Your Money), FLiP has partnered up with the NGO The Connection to develop teaching resources to be used in German-language courses for young people with a migrant background with the aim of building financial, consumer and language skills. In summer 2023, FliP held workshops for children up to the age of twelve at the Junge Uni (Young University) of Danube University Krems and at KinderuniWien (the Vienna Children's University). Since its inception, the financial education that FLiP offers have reached more than 300,000, mainly children and young people. 2023 saw the launch of the 'FLiP to Metaverse' project: partnering with IBM iX, FLiP is creating a virtual financial education escape room, with a prototype (MVP – minimum viable product) scheduled for the first quarter of 2024.

MONEY SCHOOL

Banca Comercială Română continued its Money School programme in 2023, organising both online and offline training courses for over 55,000 participants (children and adults alike). In April, it hosted the national day of financial education, offering young people in Bucharest ideas on how to achieve their future plans by taking informed financial decisions and improving the management of their money. October 2023 was declared the month of financial education, with training events organised for 10,000 participants.

FINQ

The FinQ programme of Slovenská sporiteľňa is a unique initiative that aims to improve the financial education ofstudents and young people. It offers an innovative, holistic approach to financial education at schools. 2023 is the fourth year that the programme has been implemented. At present, 205 primary and secondary schools from all regions of Slovakia participate and 1,009 teachers were trained in 2023. The number of students tested is estimated to come to approximately 20,000.

ČSF

Česká spořitelna is the founder of Česká spořitelna Foundation (ČSF) which ranks among the top three corporate foundations in Czechia. It makes the case for societies becoming stronger and more sustainable if they can rely on financially literate and confident individuals and enterprises. Its main task is to provide active support for skill development in children and young people and to encourage teachers and school administrators to align classroom teaching with a skills-based approach to education. In 2023, the foundation made a sum of more than CZK 110 million available to its partner organisations. The ČSF's proprietary programme called 'Volunteers for Schools', which was launched in 2022 and brings knowledgeable volunteers from the business world together with schools, was continued in 2023. More than 50,000 children have benefited from the programme since its inception (in 2023 more than 30,000 children). Teachers from all regions of Czechia can tap the expertise of more than 1,400 volunteers from a variety of fields.

ABC OF MONEY

Česká spořitelna's 'ABC of Money' initiative is the largest financial education programme in Czechia. The programme is free of charge and targets not only children, parents, and teachers but also older people, who are invited to develop their digital skills. In 2023, 70,000 children at 750 schools and 1,200 older people in Czechia participated in the programme. A similar Ukrainian-language programme was made available for Ukrainian children.

EBH SOCIAL BANKING

Erste Bank Hungary's financial education activities have always been focused on disadvantaged groups in society. Working with its NGO partners, the bank launched two initiatives in 2023 under its Financial Patron Programme, the EBH's umbrella brand for efforts to promote financial literacy. One of these aims to provide financial education to children living under state care. The project reached 400 children, many of which visited the Erste Tower three times in 2023. The second initiative is focused on helping families in need pay off their (non-Erste) loans. 16 EBH employees started working with 20 families from two disadvantaged communities. Overall, more than 4,000 individuals have benefited from EBH's financial education activities since they were first started in 2019.

SMART FINANCE SCHOOL

Erste Bank Croatia is aware of the importance of financial education, especially among children and young people, including students. In 2023, it placed its focus on holding Smart Finance School workshops at primary and secondary schools as well as at student associations. Between year-end 2022 and the end of September 2023, 80 workshops were held, which were attended by around 1,850 participants. At the same time, workshops were also offered to schoolteachers and other staff. Workshops were likewise organised for employees of public and private enterprises in consultation with their respective human resources departments and in line with recommendations given by colleagues working in Erste Bank Croatia's corporate business sector and by SMEs. This way, more than 20 workshops were hosted for slightly more than 350 participants. The bank keeps organising workshops for which registrations can be made online and that are staged either via the MS Teams app or live in the bank branches. From year-end 2022 to the end of September 2023, a total of 130 workshops were conducted with more than 2,500 participants. Overall, more than 13,500 individuals attended School of Smart Finance workshops.

#ERSTEZNALI

Erste Bank Serbia further developed its financial education programme #ErsteZnali, adding new content in 2023. The programme, which also comprises the #ErsteZnali platform providing online financial education to the public at large since 2019, focused on activities for the younger generation in 2021, 2022 and 2023. These included a mobile phone game for 7 to 10-year-olds ('Guardians of the Dragon's Treasure'), Money School – an initiative to promote financial literacy in primary schools organised in cooperation with the Ministry of Education, as well as workshops for young adults and the development of educational content for teachers and students at the secondary level.

6. Business ethics

GRI 2-16, 2-23, 2-24, 2-25, 2-26, 2-27, 3-3, 205-1, 205-3

Ethically correct behaviour is just as important for us as a banking group as it is for our stakeholders. We see this as a basic prerequisite for our entrepreneurial activities and the pursuit of our strategic priorities.

Our Statement of Purpose provides two key questions that must be answered every time a business decision is taken: 'Is it profitable?' and 'Is it legal?'. For Erste Group, this has never been enough. Every employee must consider a 'third question' as well: 'Is it the right thing to do?'.

Building on this Statement of Purpose, our Code of Conduct (which was approved by the management board in 2015 and last updated in 2021) defines binding rules and ethical principles applicable in day-to-day business for employees and members of both the management board and supervisory board. At the same time, the Code of Conduct underlines that in pursuing its business activities, Erste Group values responsibility, respect, and sustainability.

Under the UN Global Compact, we further commit ourselves to meeting our responsibilities regarding human rights, labour standards and the fight against corruption. The principles which are included within our strategy derive from the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the United Nations Convention Against Corruption, amongst others.

Impacts, risks and opportunities

Unethical behaviour can harm our stakeholders as well as negatively impact Erste Group's corporate value through reputational damage as well as court and criminal proceedings. Non-compliance, and especially incidents of corruption, have the potential to not only undermine the rule of law and the stability of political institutions, but also to be detrimental to the economic, political, and social development of a country. Non-compliance promotes an unequal distribution of both resources and opportunities. Even a suspicion of corruption can lead to drastic financial penalties and a loss of business, while at the same time damaging the reputation of our organisation. Furthermore, members of the management board, senior management, and the supervisory board may be held personally liable. Finally, misconduct can also result in strict disciplinary measures and legal consequences for employees.

Consistently implementing ethical behaviour enables us to make a positive contribution towards continued trust in the financial sector, which has a stabilising impact in both economic and social terms. A high level of ethical integrity translates into a low number of customer complaints and higher customer satisfaction. In addition, we have a range of preventive measures in place to protect our employees on an individual level from inadvertently engaging in potential misconduct.

Governance

Responsibility for compliance matters - in the event of breaches of ethical behaviour - lies with Group Compliance, which is assigned to the Chief Risk Officer but reports directly to the management board.

Targets

Zero tolerance is the policy we enforce in respect to any violation of our compliance rules, and we have explicitly set ourselves the goal of having no incidents of bribery and corruption within our corporate structures. In the event of verified violations, disciplinary action is initiated without exception, up to and including termination of employment or dismissal.

Measures

Our business is based on being a reliable partner and always acting in alignment with the law. Respect, trust, fairness, and integrity are the key principles that guide all our business activities. To achieve this, we rely on a corporate culture characterised by responsibility, on a clear-cut compliance framework and on employees who have the appropriate qualifications. Our focus is on measures designed to prevent money laundering, financial crime, terrorist financing and fraud and to ensure compliance with financial sanctions and embargoes, securities compliance, and good conduct compliance (which also includes conflict of interest, anti-bribery and anti-corruption agendas). We pro-actively provide information to our staff, on the intranet, through training, and through their line managers, thus laying the basis for a shared understanding of values within the Group.

POLICIES

The Code of Conduct provides the primary guidance for Erste Group's staff and defines binding rules for our day-to-day business. Together with national and international laws and standards, it forms the basis for the compliance management system which ensures conduct in compliance with laws and standards.

A group-wide Policy on Conflicts of Interest and Anti-Bribery & Corruption ensures that everyone in Erste Group is familiar with the most important rules and with the minimum standards – such as key national provisions, e.g., the Austrian Criminal Code, as well as the UK Bribery Act and the US Foreign Corrupt Practices Act (FCPA) – and knows how to apply them. In 2023, the policy was also rolled out to all institutions of the *Haftungsverbund* (cross-guarantee system) and thus became applicable to 90 entities. Another comprehensive update is scheduled for 2024.

We have adopted in-house policies and procedural instructions which are being implemented by our compliance officers for the purposes of conflict-of-interest management. Such policies govern the protection of customer interests and ensure equal treatment of (groups) of persons, the prevention of tangible disadvantages and reputational damage, the handling of confidential information, compliance with the need-to-know principle, as well as the combatting of political interference and unlawful conduct. We refuse to accept or award benefits of any kind that could lead to undue influence or corruption, or that might merely be perceived as such.

MEMBERSHIPS

Erste Group is a member of Transparency International (TI), and Erste Group's chairman of the supervisory board is a board member of TI. Group Compliance plays an active role in TI working groups, having contributed, for instance, to a booklet on intangible corruption which was published by TI in 2023. Such activities help to keep us in the loop and enable us to make active contributions to the debate on topical issues.

COMPREHENSIVE TRAINING EFFORTS

Erste Group has introduced a compliance training programme which includes targeted policies, guidelines and training initiatives defining rules and principles for its staff. To ensure compliance with all laws and regulations, policies and processes are continuously evaluated and reviewed across the Group. Compliance training is mandatory for all employees and includes awareness building as well as an introduction to the prevention of compliance risks, including conflicts of interest, corruption, money laundering, and terrorist financing. Specific awareness-building initiatives and training events as well as frequent sharing of information are additional measures implemented in higher-risk business units (e.g., those dealing with large and international clients and public officials, sponsorship, procurement, top management) or in units which support the prevention of conflicts of interest in their controlling capacity (Controlling, People & Culture, Internal Audit, Non-Financial-Risk Management).

Our multilingual e-learning programme on conflicts of interest and anti-corruption, which was introduced across the Group in 2022 and rolled out to further Erste Group entities in 2023, supports the management board, the line management and all staff members to implement our policy in their day-to-day activities. In April 2022, the completion of the e-learning programme was made mandatory for all employees and managers. Furthermore, the e-learning contents were translated into the respective CEE languages in 2022 and 2023, and the programme will be rolled out for implementation on a step-by-step basis to further relevant Erste Group entities (banks and non-banks) in Austria and in the CEE region on the strong recommendation of Group Compliance. By year-end 2023, e-learning has been made mandatory in 15 companies in Austria and in CEE and clearly recommended to a further 75 companies by the Group Compliance.

Group Compliance monitors the e-learning completion rates with support from the department of Group People Development (GPD) which part of Group People & Culture and is locally responsible for the monitoring of the e-learning implementation and escalating in cases of non-completion. According to GPD statistics at the end of 2023 the completion rate varies across entities in Austria and CEE depending on the calculation logic and lies between 60% and 100%.

COMPLIANCE PROCESSES AND SYSTEMS

The systems we use to monitor money laundering, financial crime and terrorist financing, financial sanctions and embargoes, fraud, data protection, securities compliance and good conduct compliance are subject to ongoing critical review and, where necessary, improvement.

ERSTE INTEGRITY PLATFORM - WHISTLEBLOWING (2022: ERSTE INTEGRITY LINE)

Erste Group is legally required to offer its staff a mechanism for reporting incidents of non-compliance. Erste Integrity – the in-house reporting office – is a cornerstone of the programme. It is the contact point for employees to report suspicious incidents or ask questions about what actions might constitute non-compliance. Erste Integrity reviews all reports submitted to it in line with a standardised process. The Whistleblowing Committee then decides on the further steps to take in each individual case. The further processing of such reports is confidential and subject to the need-to-know principle. All reports are appropriately investigated, and the necessary measures are taken as and when required. The Erste Integrity policy defines protective arrangements and key parameters for whistleblowers, including protection of anonymity, protection of persons involved, and protection against false accusations.

MIFID INVESTOR PROTECTION

Financial markets are based to a large extent on mutual trust existing between market participants. Success in the banking business requires relationships between customers, banks, and staff to be characterised by fairness, solidarity, and mutual trust. As a service provider, Erste Group pays special attention to the interests of its customers. Under its zero-tolerance approach, Erste Group expects its employees to show integrity and commitment, with customer interests taking precedence over those of Erste Group itself and its staff. Erste Group takes extensive measures to ensure that employees avoid any questionable behaviour, interlocking interests or dependencies that could compromise their free decision to act in the best interests of the customers.

Erste Group has established comprehensive principles to regulate the execution of transactions in financial instruments in order to guarantee a high level of quality in the execution of transactions and to safeguard the integrity of the financial system. Group Compliance monitors and evaluates the established policies and procedures, as well as the actions taken to address any deficiencies in compliance, with regard to the provisions of the Austrian Securities Supervision Act 2018 (WAG 2018) and the EU Delegated Regulation on Investor Protection. These policies and procedures are designed to detect any potential failure to comply with the defined obligations, as well as the associated risks. In particular, the measures and procedures are intended to minimise risks. The policies, procedures, controls, and measures are assessed for adequacy and effectiveness on a regular basis to allow action to be taken to address any deficiencies.

The competent Compliance units have to perform regular risk-based monitoring to ensure that the policies established, the procedures adopted, and the organisational and work instructions issued, are complied with. In particular, staff working in units providing investment services have the necessary awareness of compliance risks, as well as the employees of the business divisions that also provide investment services. Group Compliance has a dual function in the assessing and monitoring of MiFID investor protection/compliance risks: in addition to acting as a local compliance function, it also has the technical steering function for the entire Erste Group regarding MiFID investor protection topics.

HANDLING CONFLICTS OF INTEREST WITHIN THE SCOPE OF THE AUSTRIAN SECURITIES SUPERVISION ACT (WAG)

Erste Group has taken precautions to prevent conflicts of interest between Erste Group and its customers and/or among customers from adversely affecting customer interests. To avoid such conflicts of interest to the greatest possible extent, Erste Group has a multi-level organisation in place where tasks are distributed and assigned accordingly. Both Erste Group and its employees are under the obligation to provide investment services honestly, fairly, and professionally and also to avoid conflicts of interest as best as possible. To meet this obligation, Erste Group has set up a compliance organisation that takes various measures in this respect. We have set up confidentiality areas to assess and restrict the flow of information and have drawn up guidelines for employee transactions. Employees are obliged to disclose their transactions in financial instruments, and these are regularly monitored. We keep watch lists and blacklists to prevent the selling of financial instruments in cases of a conflict of interest and have regulations in place that govern order acceptance and execution as well as investor and investment-specific advice. We provide ongoing training to our staff and have established procedures for the approval of new products. Secondary employment, shareholdings, and board functions, as well as rules on receiving and awarding gifts and benefits are all covered by our guidelines and policies. Unbiased investment advice in our customers' best interests is at the top of our agenda, and we prevent the preferential selling of specific financial instruments.

If conflicts of interest cannot be avoided in individual cases through the above division of tasks or our compliance organisation, we will inform our clients of this in accordance with these principles (disclosure). If necessary, we will refrain from assessing, advising, or recommending the respective financial instrument.

ASSESSMENT OF CORRUPTION AND CONFLICT-OF-INTEREST RISKS

This assessment relates both to the evaluation of corruption risk drivers and to the general conflicts of interest that can potentially occur in an EG entity:
- Governance
- Organisational conflicts of interest
- Relationships conflicts of interest
- Conflicts of interest from secondary activities
- Sponsorship, cooperative ventures, donations
- Confidentiality
- Remuneration conflicts of interest
- Conflicts of interest in procurement management
- Accepting and awarding benefits and anti-corruption

Throughout the year, the risk assessment was started in Erste Group Bank AG, Erste Bank Oesterreich and other entities and preliminary results were analysed. Risk assessment for the subsidiaries is to be completed by the end of 2023, so the risk results at the entity and consolidated levels will be available in the first quarter of 2024 (retroactively for 2023). On this basis, new internal controls will then be established for particularly risky processes at the local or the Group-wide level. In 2023 Erste Group did not record any incident of corruption.

CONFLICTS-OF-INTEREST AND CORRUPTION RISK INDICATIORS

Critical conflicts of interest (especially those that indicate corruption) are reported to the board and supervisory board of Erste Group Bank AG on a quarterly basis or, if necessary, ad hoc. Ad-hoc reporting on 'critical conflicts of interest' is submitted through Group Compliance to Group Internal Audit as well as the management board and the supervisory board. Other key indicators (operational risk incidents, internal and external findings, e-learning completion rate, whistle-blower reports, and qualitative queries on anti-corruption measures, conflicts of interest and governance) are analysed, assessed and reported on by type of conflict of interest within the scope of the above-mentioned risk assessment, and addressed by order of priority in a conflict of interest and ABC monitoring plan.

In 2023, each quarterly report included a few non-critical cases of conflicts of interest depending on the reported entity (EBOe, EGB and the main 6 banking entities in CEE), all of which were successfully resolved or included in a conflict-of-interest watchlist (in cases where an ongoing observation is needed to manage a non-critical conflict of interest). No critical conflicts of interest or unauthorised benefits were reported in 2023.

PRIORITIES IN THE FIGHT AGAINST MONEY LAUNDERING AND TERRORIST FINANCING

To be able to effectively counter the risk of money laundering and terrorist financing, Erste Group relies on, among other things, a risk-based approach in accordance with statutory requirements. Any measures taken will adhere to the principle of proportionality, which ensures that measures taken are proportionate to the potential risk. Monitoring of customers and accounts involves subjecting transactions to a risk analysis based on suitable criteria, such as transaction complexity. As part of the risk analysis for Erste Group, all potential risks relating to money laundering and terrorist financing are identified based on data and information. This also considers risk factors, such as a possible country risk.

Compliance with anti-money laundering (AML) and counter terrorist financing (CTF) regulations and laws is the primary responsibility of Erste Group's management and employees, with Group Compliance playing a key role in developing policies and procedures. To combat money laundering and terrorist financing, we have established specific roles within Erste Group, including a Management Board member for AML/CTF matters, as well as an Anti-Money Laundering Officer at Group and local level. Our experts work closely together to be able to identify risks early on and take suitable measures.

CUSTOMER DUE DILIGENCE OBLIGATIONS, INCLUDING THE KNOW-YOUR-CUSTOMER PRINCIPLE

To be able to meet the various regulatory requirements, Erste Group ensures that due diligence obligations are fulfilled not only at the start, but also during the course of any business relationships with customers. During risk assessment, a risk classification process is triggered and carried out automatically, assigning a risk classification to each and every customer, giving special consideration to risk assessment criteria such as ‘customers’, ‘selected products’, ‘executed transactions’ and ‘risk factors in supply channels’. The outcome of this process is for Erste Group customers to be assigned to one of four categories – Unacceptable, High, Medium, and Low. Potential customers falling into the first category will not be accepted by Erste Group.

The Know-Your-Customer or KYC principle is applied as well – it ensures that Erste Group knows as much as possible about its customers, their activities, and their business partners. The aim of applying the KYC principle is to minimise the risk of Erste Group and its employees being used for the purposes of money laundering, fraud, or terrorist financing. In addition to detailed customer identification, other disclosure obligations concern the purpose and type of business activities, the origin of funds or assets, fiduciary transactions, and more stringent KYC requirements for sensitive business units.

TRANSACTION MONITORING

The transactions carried out during the course of a business relationship are subjected to regular reviews in all customer risk categories to ensure that the transactions carried out meet the institution’s or person’s knowledge about the customer in question. For this reason, Erste Group has set up an IT system (NetReveal) for ongoing monitoring and transaction monitoring in all subsidiaries. Group AML regularly reviews the reports generated by NetReveal transaction monitoring and submits them to the management board.

REPORTING OBLIGATIONS

Our staff members must meet a variety of reporting duties, including reporting on accepting or awarding benefits, both in the public and the private sectors, as well as benefits received from, or awarded to, third parties within the meaning of MiFID II. The direct line managers represent the first line of defence in assessing benefits offered or accepted. If employees have any questions or are in doubt, they can contact the Compliance department. This can be done by using e-mail or conflict of interest reporting tools, as well as anonymous reporting channels (whistleblowing). The primary purpose of the conflict-of-interest reporting tool is for internal staff and management to report and obtain prior approval in cases of conflicts of interest of a general nature, such as accepting or awarding benefits, or secondary employment.

Where Erste Group has reasonable grounds to suspect that customer funds (including those of walk-in and potential customers) are derived from criminal activity or related to terrorist financing, such suspicion will be reported without delay and in an anonymised form to the local Financial Intelligence Unit (FIU) or the competent public authority.

MANAGEMENT OF CONSEQUENCES

Misreporting or failure to abide by the anti-bribery and corruption policies and procedures leads to disciplinary consequences, regardless of any civil and criminal law consequences that might also be applicable. All cases where there is a suspicion of corruption are reviewed, and disciplinary action is taken as necessary. The management of consequences is assigned to People and Culture; the relevant processes are set out in a works agreement.

FRAUD MANAGEMENT

Erste Group’s fraud management covers all kinds of fraud related to transactions, loans, cards, and in-house fraud. A comprehensive in-house project was set up to implement scenarios, instructions, and suitable processes at all levels, which are regularly updated to take account of the latest trends in fraudulent activities. Erste Group has established risk indicators to simplify risk analysis and trend identification both at group and local levels. Annual fraud evaluations are carried out based on a qualitative questionnaire. We also regularly share experience and knowledge of new fraud cases, schemes, trends, projects, and initiatives both within the Group and with other industry players and relevant public authorities.

TAX COMPLIANCE

Based on Erste Group’s General Code of Conduct, the Tax Code of Conduct sets out clear principles of conduct and action in respect of tax matters. It is based on the General Code of Conduct of Erste Group. In the Tax Code of Conduct, our employees commit to comply with tax laws, guidelines, regulation, reporting and disclosure obligations in all the countries in which Erste Group operates. This includes paying taxes on time. Emphasis is placed on proactive and transparent dealings with the tax authorities.

Every two years, a review of the Tax Code of Conduct is submitted to Erste Bank Group AG's CFO for approval. All major subsidiaries in Austria and abroad agree to the Tax Code of Conduct in their own processes, which creates a uniform understanding of tax strategy across the Group. Every quarter, tax experts from all major foreign consolidated entities as well as a representative selection of Austrian saving banks come together to share information and ensure uniform standards in tax matters across the Group.

OMBUDS OFFICE

Both our customers and stakeholders can address complaints to Erste Group's central ombuds office in Vienna. Complaints Management, which reports to the Chief Executive Officer, coordinates and monitors the handling of complaints of the local banks.

The banks of Erste Group work to constantly improve their clients' complaint experience and meet their expectations. Banca Comercială Română and Erste Bank Serbia implemented technical developments in the Contact Centre and organized operational workshops with the aim to reduce the handling time. Slovenská sporiteľňa implemented an automated message service (Smart IVR), which almost instantaneously takes a call and then guides the client via menus to solve the issue or to find an answer.

Performance indicators

With the aim of monitoring complaint appearance, performance of complaints handling and providing an early-warning system for potential problems, the central ombuds office reviews the operations of local ombuds offices across the Group based on two key risk indicators (KRIs):

- Complaint ratio, which is the number of complaints received per 1,000 active customers. The purpose of this KRI is to show how well the bank captures complaints and how open and able the bank is to receive messages of dissatisfaction. This indicator records negative values when too few or too many complaints are recorded. A level which is too low is regarded as negative because it points out to insufficient capturing. A too high level is also not desirable.
- Number of complaints settled in more than 30 days: complaints which are not settled within this term entail legal risks, which is why it is particularly important to keep the number of such cases to a minimum.

These indicators are further broken down by products and processes per country. Should the number of cases rise, Operational Risk will carry out an in-depth analysis.

The 2023 results were in general good, despite several challenges, especially due to a high number of online and card fraud cases across Erste Group. These translated into more complaints recorded and a longer resolution time. Furthermore, there were local increases due to specific events. For example, replacing the core banking system in Erste Bank Serbia in May led to an increase in the volume of processed complaints.

In 2023 in 4 out of 7 local banks, the monitored KRIs recorded a few values outside the optimal zone.

This includes for example the Complaint Ratio in Erste Bank Croatia in January (the Euro implementation had significant impact, however the situation stabilised quickly) and in November and December, mainly due to the large number of card transactions, some of them fraudulent. The bank informs and raises clients' awareness regarding the fraud risk, but ultimately their influence is limited in such cases.

Banca Comercială Română recorded several months in red with complaints closed in over 30 days, over 95% of the cases being chargeback and fraud cases, which have different legal terms of response and allow a response time higher than 30 days. To improve the situation, the bank implemented the procedure of crediting the client's account in advance, the investigation then continues in parallel.

In Česká spořitelna the complaints closed in over 30 days were mainly due to card complaints which recorded the highest number of cases in Q4, particularly chargeback and phishing cases. The bank took several improvement measures such as: raising awareness via TV and YouTube, an early detection mechanism to stop transfers before they go through and a better handling of payments directed to suspiciously looking accounts. Despite these measures, the bank has relatively limited options to decrease the influx of complaints, because the source (fraud and phishing) is beyond the bank's control.

In Slovenská sporiteľňa the Complaint Ratio KPIs recorded lower than normal values, mainly due to a volatile evolution of the cyber-attacks which recorded a decrease in Q2-Q4 2023, together with an improved rate of fraud prevention.

7. EU Taxonomy Disclosure

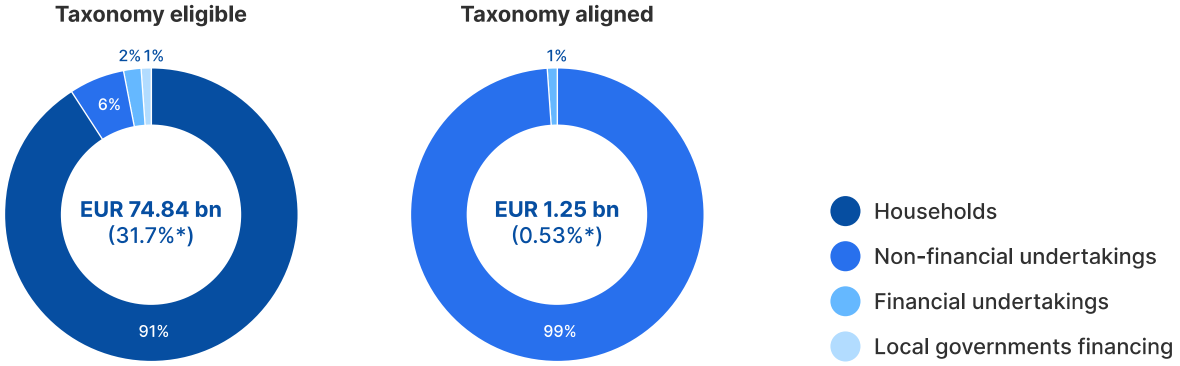
The European Union's Taxonomy Regulation serves as a basis for redirecting capital flows towards sustainable economic activities and as a fundamental support of the transition to a sustainable European economy. On the one hand, this is ensured by the introduction of a common classification system for sustainable economic activities ('taxonomy alignment') and on the other hand, through an introduction of specific reporting obligations for both financial and non-financial undertakings.

To be considered **taxonomy aligned,** financings of economic activities need to make a substantial contribution ('SC') to one of the 6 EU environmental objectives, do no significant harm to the other environmental objectives ('DNSH') and must be compliant with minimum social safeguard standards ('MSS'). The Green Asset Ratio ('GAR') represents the ratio of the taxonomy aligned assets or economic activities financed by Erste Group in relation to the total 'covered assets'. The covered assets are the total assets of the group, except for assets with respect to central governments and supranational issuers, as well as exposures towards central banks and the trading book.

Of the covered assets, the following are currently **taxonomy eligible**, i.e., can potentially be classified as taxonomy aligned:
— Assets from financial and non-financial undertakings subject to the Non-Financial Reporting Directive ('NFRD') reporting requirements, provided they carry out economic activities for which the taxonomy currently specifies alignment criteria,
— Financing of residential properties and motor vehicles for private households,
— Financing of housing and other special financing to local governments, and
— Repossession of real estate collateral.

If the purpose of the financing is unknown to a company subject to NFRD reporting (i.e., working capital loans), then the financing is considered on a pro rata basis, weighted by the published taxonomy KPIs of the respective counterparty, in the numerator of the GAR.

As of 31.12.2023, EUR 74.84 billion, or 31.7% of covered assets are Taxonomy eligible and EUR 1.25 billion, or 0.53% of covered assets are taxonomy aligned in the turnover-based view.



* Covered Assets

The taxonomy eligible volume consists of the following components:
— Financing of real estate and motor vehicles to private households to the amount of EUR 67.7 billion,
— Use of proceeds known and unknown financing to non-financial undertakings to the amount of EUR 4.8 billion and to financial undertakings to the amount of EUR 1.2 billion. The use of proceeds unknown component has been classified proportionately as taxonomy eligible based on the key figures published by the respective counterparties.

— Financing of housing to local governments to the amount of EUR 1.1 billion.

The taxonomy aligned volume primarily consists of financing to non-financial undertakings to the amount of EUR 1.24 billion, with about 81.2% (around EUR 1 billion) resulting from use of proceeds unknown financings that were classified proportionately as taxonomy aligned, based on the alignment KPIs published by the respective counterparties.

To consider the draft commission notice from the European Commission of 21 December 2023 (see section 'Assumptions and interpretations' below), Erste Group has not considered any assets with respect to private households as taxonomy aligned. Based on the applicable SC criteria, taxonomy aligned assets from private households would have amounted to EUR 4.7 billion. This would have resulted in an overall GAR of 2.6% (instead of the disclosed 0.53%).

Limitations of data availability

As part of the review of the DNSH-criterion for private residential properties, Erste Group is carrying out an extensive climate risk analysis regarding physical risks using an in-house methodology. However, there is currently a lack of standardised evidence of the mitigation measures that may be necessary for private households.

In addition, it is currently difficult to provide technical evidence of taxonomy alignment regarding the individual projects of non-financial undertakings subject the NFRD reporting requirements as well as regional governments because there is not yet sufficient information and data available.

For financial undertakings, the obligation to publish taxonomy alignment is delayed by one year. For this reason, assets from financial undertakings can only be classified as taxonomy aligned to a very limited extent in this year's reporting.

Due to the EU's 'Environmental Act', this year's disclosure also includes information on taxonomy eligibility related to environmental objectives 3 to 6 (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems) which are now relevant. However, there is currently insufficient data regarding these four environmental objectives to publish the corresponding information.

Reporting methodology

Scope of consolidation
Erste Group determines the relevant performance indicators for its CRR regulatory consolidation group. These will be published on the Erste Group homepage as part of the Basel 3 – Pillar 3 disclosure.

Recognition of the (gross) carrying amounts of the assets presented
Based on the (gross) carrying amounts shown in Template 1, the following approach was chosen:

- For all relevant financial assets at amortised cost and debt instruments at FVOCI (measured at fair value through other comprehensive income), the amortised cost is used before adjusting for credit loss allowances, regardless of the type of counterparty.
- For all other assets that fall into lines 1-48 of Template 1, the book value (i.e., the amount that is actually recorded and used in the CRR-consolidated IFRS FINREP balance sheet) is used. This means:
  - For contractually performing debt instruments at FVPL (measured at fair value through profit or loss), the gross carrying amount corresponds to the fair value. For non-performing debt instruments at FVPL, the gross carrying amount corresponds to the fair value after adding up any cumulative negative changes in fair value due to default risk.
  - The carrying amount in accordance with IAS28/IFRS11 is used for all investments in associates and joint ventures.
  - The fair value is used for all equity instruments recognised at FVPL.
  - For all non-financial assets ("collateral obtained through taking possession" or "other assets") the book values in accordance with the IFRS balance sheet are used.

Allocation and scope of covered assets

- Financing to multilateral development banks is treated as financing to financial companies (credit institutions).
- Private Households:
  - Financing to private households only includes real estate-related financing or motor vehicle loans. Other financing to private households (e.g., consumer loans) are reported under "other assets".
  - Financing that is used to renovate buildings and is collateralised by real estate is only considered in the line "of which building renovation loans" to avoid double counting.
- Use of proceeds unknown financing to local governments is shown in the row for central governments and supranational issuers.
- For fund units not held for trading purposes, the assets in the funds are analysed individually (look-through approach).
- Assets under management are also treated based on a look-through approach. However, only securities from issuers subject to NFRD reporting requirements are considered as relevant assets.

Use of KPIs from NFRD-obliged non-financial undertakings
The KPIs from non-financial parent companies subject to NFRD are used to determine taxonomy alignment for all subsidiaries of that respective group ("closest reporting parent") provided that no separate KPIs are available for the specific counterparty.

Scope of the published templates.

- Templates 1 to 5 are each presented in a turnover view and CapEx view, which are based on the counterparties' taxonomy eligibility and alignment KPIs. In addition, Template 5 (off-balance sheet exposures) is displayed in the stock and flow view.
- The presentation of the templates has not been adapted to the fact that 2023 is their first year of application. Therefore, the sections for the previous year are not filled out for the corresponding templates. In addition, the underlying data (published KPIs of the counterparties at the end of 2022) relevant to environmental objectives 3-6 are not yet available this year, which is why the corresponding columns in the templates are not filled out.
- Further clarifications on the procedure for determining the values presented are provided as footnotes under the respective tables in terms of turnover. The same approaches were used analogously to determine the corresponding CapEx-based values.

Assumptions and interpretations

This reporting is based on our understanding of EU taxonomy at the time of this report. No comprehensive market practices, standards or data validation have yet been established for the application and interpretation of the EU taxonomy. In this respect, assumptions had to be made for reporting purposes. Erste Group will monitor further developments on an ongoing basis and will take any necessary changes into account in the future.

On 21 December 2023, Erste Group published the commission notice from the European Commission "on interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of Taxonomy eligible and Taxonomy aligned economic activities and assets (third notice of Commission)". The FAQ answers contained therein are carefully evaluated and considered in this disclosure as much as possible.

Erste Group (scope of consolidation for financial reporting according to IFRS) differs only slightly from the regulatory (CRR) scope of consolidation. Non-financial subsidiaries are of secondary importance and their activities are closely related to our core business. Erste Group therefore does not assume (even taking FAQ 9 into account) that it would be obliged to separately determine and disclose the relevant KPIs for financial and non-financial subsidiaries, or to assign the relevant KPIs for the group by determining the weighting between financial and non-financial activities. Furthermore, regarding FAQ 7, Erste Group does not constitute a financial conglomerate within the meaning of the Financial Conglomerates Act.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets	KPI Turnover	KPI CapEx	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	1,251	0.53%	0.76%	29.43%	70.57%	30.77%

		Total environmentally sustainable activities	KPI Turnover	KPI CapEx	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	254	0.78%	1.34%	24.42%	75.58%	10.12%
	Trading book						
	Financial guarantees	351	16.22%	19.29%			
	Assets under management	1,596	6.78%	8.01%			
	Fees and commissions income						

1. Assets for the calculation of GAR, turnover-based view

		a	b	c	d	e	f	g	h	i	j
		Year ending on 31.12.2023									
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)		
	in EUR million	Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator										
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	100,405	74,805	1,247	233	287	384	8	4	-	1
2	**Financial undertakings**	**14,921**	**1,214**	**9**	**-**	**-**	**-**	**3**	**-**	**-**	**-**
3	Credit institutions	13,315	1,150	-	-	-	-	-	-	-	-
4	Loans and advances	5,292	403	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	7,945	744	-	-	-	-	-	-	-	-
6	Equity instruments	78	4	-	-	-	-	-	-	-	-
7	Other financial corporations	1,607	64	9	-	-	-	3	-	-	-
8	of which investment firms	998	-	-	-	-	-	-	-	-	-
9	Loans and advances	849	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	130	-	-	-	-	-	-	-	-	-
11	Equity instruments	19	-	-	-	-	-	-	-	-	-
12	of which management companies	33	-	-	-	-	-	-	-	-	-
13	Loans and advances	29	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	4	-	-	-	-	-	-	-	-	-
15	Equity instruments	1	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	225	2	-	-	-	-	-	-	-	-
17	Loans and advances	14	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	121	-	-	-	-	-	-	-	-	-
19	Equity instruments	90	2	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**12,603**	**4,747**	**1,238**	**233**	**287**	**384**	**5**	**4**	**-**	**1**
21	Loans and advances	11,341	4,170	1,149	233	264	331	5	4	-	1
22	Debt securities, including UoP	1,237	570	88	-	23	52	-	-	-	-
23	Equity instruments	25	8	1	-	-	1	-	-	-	-
24	**Households**	**71,781**	**67,744**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	69,012	64,975	-	-	-	-	-	-	-	-
26	of which building renovation loans	2,643	2,643	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	126	126	-	-	-	-	-	-	-	-
28	**Local governments financing**	**1,100**	**1,100**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	347	347	-	-	-	-	-	-	-	-
30	Other local government financing	752	752	-	-	-	-	-	-	-	-

31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**21**	**21**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**135,851**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
33	**Financial and Non-financial undertakings**	**97,468**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	87,652	-	-	-	-	-	-	-	-	-
35	Loans and advances	86,176	-	-	-	-	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	28,880	-	-	-	-	-	-	-	-	-
37	of which building renovation loans	992	-	-	-	-	-	-	-	-	-
38	Debt securities	855	-	-	-	-	-	-	-	-	-
39	Equity instruments	620	-	-	-	-	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	9,816	-	-	-	-	-	-	-	-	-
41	Loans and advances	7,621	-	-	-	-	-	-	-	-	-
42	Debt securities	2,165	-	-	-	-	-	-	-	-	-
43	Equity instruments	30	-	-	-	-	-	-	-	-	-
44	**Derivatives**	**184**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
45	**On demand interbank loans**	**863**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
46	**Cash and cash-related assets**	**3,232**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**34,104**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
48	**Total GAR assets**	**236,277**	**74,826**	**1,247**	**233**	**287**	**384**	**8**	**4**	**-**	**1**
49	**Assets not covered for GAR calculation**	**105,010**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
50	**Central governments and Supranational issuers**	**48,894**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
51	**Central banks exposure**	**47,343**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
52	**Trading book**	**8,773**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
53	**Total assets**	**341,287**	**74,826**	**1,247**	**233**	**287**	**384**	**8**	**4**	**-**	**1**
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations										
54	Financial guarantees	2,162	819	351	-	10	83	-	-	-	-
55	Assets under management	23,547	7,693	1,446	-	-	28	686	150	-	-
56	Of which debt securities	14,048	4,174	615	-	-	4	206	31	-	-
57	Of which equity instruments	9,499	3,519	831	-	-	25	480	119	-	-

Footnote: We refer to the explanations in the section ‘Reporting methodology’ for information on filling out the template.

		k	l	m	n	o	p	q	r
		Year ending on 31.12.2023							
		Water and marine resources (WTR)				Circular economy (CE)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
	in EUR million			Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
33	**Financial and Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
35	Loans and advances	-	-	-	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-

37	of which building renovation loans	-	-	-	-	-	-	-	-
38	Debt securities	-	-	-	-	-	-	-	-
39	Equity instruments	-	-	-	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
41	Loans and advances	-	-	-	-	-	-	-	-
42	Debt securities	-	-	-	-	-	-	-	-
43	Equity instruments	-	-	-	-	-	-	-	-
44	**Derivatives**	-	-	-	-	-	-	-	-
45	**On demand interbank loans**	-	-	-	-	-	-	-	-
46	**Cash and cash-related assets**	-	-	-	-	-	-	-	-
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	-	-	-	-	-	-	-	-
48	**Total GAR assets**	-	-	-	-	-	-	-	-
49	**Assets not covered for GAR calculation**	-	-	-	-	-	-	-	-
50	**Central governments and Supranational issuers**	-	-	-	-	-	-	-	-
51	**Central banks exposure**	-	-	-	-	-	-	-	-
52	**Trading book**	-	-	-	-	-	-	-	-
53	**Total assets**	-	-	-	-	-	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations								
54	Financial guarantees	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-

		s	t	u	v	w	x	z	aa
		Year ending on 31.12.2023							
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
	in EUR million			Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
33	**Financial and Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
35	Loans and advances	-	-	-	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-

37	of which building renovation loans	-	-	-	-	-	-	-	-
38	Debt securities	-	-	-	-	-	-	-	-
39	Equity instruments	-	-	-	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
41	Loans and advances	-	-	-	-	-	-	-	-
42	Debt securities	-	-	-	-	-	-	-	-
43	Equity instruments	-	-	-	-	-	-	-	-
44	**Derivatives**	-	-	-	-	-	-	-	-
45	**On demand interbank loans**	-	-	-	-	-	-	-	-
46	**Cash and cash-related assets**	-	-	-	-	-	-	-	-
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	-	-	-	-	-	-	-	-
48	**Total GAR assets**	-	-	-	-	-	-	-	-
49	**Assets not covered for GAR calculation**	-	-	-	-	-	-	-	-
50	**Central governments and Supranational issuers**	-	-	-	-	-	-	-	-
51	**Central banks exposure**	-	-	-	-	-	-	-	-
52	**Trading book**	-	-	-	-	-	-	-	-
53	**Total assets**	-	-	-	-	-	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations								
54	Financial guarantees	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-

	in EUR million	ab	ac	ad	ae	af
		Year ending on 31.12.2023				
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	74,813	1,251	233	287	385
2	**Financial undertakings**	**1,217**	**9**	**-**	**-**	**-**
3	Credit institutions	1,150	-	-	-	-
4	Loans and advances	403	-	-	-	-
5	Debt securities, including UoP	744	-	-	-	-
6	Equity instruments	4	-	-	-	-
7	Other financial corporations	67	9	-	-	-
8	of which investment firms	-	-	-	-	-
9	Loans and advances	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-
11	Equity instruments	-	-	-	-	-
12	of which management companies	-	-	-	-	-
13	Loans and advances	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-
15	Equity instruments	-	-	-	-	-
16	of which insurance undertakings	2	-	-	-	-
17	Loans and advances	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-
19	Equity instruments	2	-	-	-	-
20	**Non-financial undertakings**	**4,752**	**1,242**	**233**	**287**	**385**
21	Loans and advances	4,175	1,152	233	264	332
22	Debt securities, including UoP	570	88	-	23	52
23	Equity instruments	8	1	-	-	1
24	**Households**	**67,744**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	64,975	-	-	-	-
26	of which building renovation loans	2,643	-	-	-	-
27	of which motor vehicle loans	126	-	-	-	-
28	**Local governments financing**	**1,100**	**-**	**-**	**-**	**-**
29	Housing financing	347	-	-	-	-
30	Other local government financing	752	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**21**	**-**	**-**	**-**	**-**
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**-**	**-**	**-**	**-**	**-**
33	**Financial and Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-	-	-	-	-
35	Loans and advances	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	-	-	-	-	-
37	of which building renovation loans	-	-	-	-	-
38	Debt securities	-	-	-	-	-
39	Equity instruments	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-	-	-	-	-
41	Loans and advances	-	-	-	-	-

42	Debt securities	-	-	-	-	-
43	Equity instruments	-	-	-	-	-
44	**Derivatives**	-	-	-	-	-
45	**On demand interbank loans**	-	-	-	-	-
46	**Cash and cash-related assets**	-	-	-	-	-
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	-	-	-	-	-
48	**Total GAR assets**	**74,834**	**1,251**	**233**	**287**	**385**
49	**Assets not covered for GAR calculation**	-	-	-	-	-
50	**Central governments and Supranational issuers**	-	-	-	-	-
51	**Central banks exposure**	-	-	-	-	-
52	**Trading book**	-	-	-	-	-
53	**Total assets**	**74,834**	**1,251**	**233**	**287**	**385**
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations					
54	Financial guarantees	819	351	-	10	83
55	Assets under management	8,379	1,596	-	-	28
56	Of which debt securities	4,381	645	-	-	4
57	Of which equity instruments	3,998	951	-	-	25

		ag	ah	ai	aj	ak	al	am	an	ao	ap
		Year ending on 31.12.2022									
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)		
	in EUR million	Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator										
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	-	-	-	-	-	-	-	-	-	-
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-	-	-
35	Loans and advances	-	-	-	-	-	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-
37	of which building renovation loans	-	-	-	-	-	-	-	-	-	-
38	Debt securities	-	-	-	-	-	-	-	-	-	-
39	Equity instruments	-	-	-	-	-	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-	-	-
41	Loans and advances	-	-	-	-	-	-	-	-	-	-
42	Debt securities	-	-	-	-	-	-	-	-	-	-
43	Equity instruments	-	-	-	-	-	-	-	-	-	-
44	**Derivatives**	-	-	-	-	-	-	-	-	-	-
45	**On demand interbank loans**	-	-	-	-	-	-	-	-	-	-
46	**Cash and cash-related assets**	-	-	-	-	-	-	-	-	-	-
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	-	-	-	-	-	-	-	-	-	-
48	**Total GAR assets**	-	-	-	-	-	-	-	-	-	-
49	**Assets not covered for GAR calculation**	-	-	-	-	-	-	-	-	-	-
50	**Central governments and Supranational issuers**	-	-	-	-	-	-	-	-	-	-
51	**Central banks exposure**	-	-	-	-	-	-	-	-	-	-
52	**Trading book**	-	-	-	-	-	-	-	-	-	-
53	**Total assets**	-	-	-	-	-	-	-	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations										
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-

		aq	ar	as	at	au	av	aw	ax
		Year ending on 31.12.2022							
		Water and marine resources (WTR)				Circular economy (CE)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
	in EUR million			Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
33	**Financial and Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
35	Loans and advances	-	-	-	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-

37	of which building renovation loans	-	-	-	-	-	-	-	-
38	Debt securities	-	-	-	-	-	-	-	-
39	Equity instruments	-	-	-	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
41	Loans and advances	-	-	-	-	-	-	-	-
42	Debt securities	-	-	-	-	-	-	-	-
43	Equity instruments	-	-	-	-	-	-	-	-
44	**Derivatives**	-	-	-	-	-	-	-	-
45	**On demand interbank loans**	-	-	-	-	-	-	-	-
46	**Cash and cash-related assets**	-	-	-	-	-	-	-	-
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	-	-	-	-	-	-	-	-
48	**Total GAR assets**	-	-	-	-	-	-	-	-
49	**Assets not covered for GAR calculation**	-	-	-	-	-	-	-	-
50	**Central governments and Supranational issuers**	-	-	-	-	-	-	-	-
51	**Central banks exposure**	-	-	-	-	-	-	-	-
52	**Trading book**	-	-	-	-	-	-	-	-
53	**Total assets**	-	-	-	-	-	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations								
54	Financial guarantees	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-

		ay	az	ba	bb	bc	bd	be	bf
		Year ending on 31.12.2022							
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
	in EUR million			Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
33	**Financial and Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
35	Loans and advances	-	-	-	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-

37	of which building renovation loans	-	-	-	-	-	-	-	-
38	Debt securities	-	-	-	-	-	-	-	-
39	Equity instruments	-	-	-	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
41	Loans and advances	-	-	-	-	-	-	-	-
42	Debt securities	-	-	-	-	-	-	-	-
43	Equity instruments	-	-	-	-	-	-	-	-
44	**Derivatives**	-	-	-	-	-	-	-	-
45	**On demand interbank loans**	-	-	-	-	-	-	-	-
46	**Cash and cash-related assets**	-	-	-	-	-	-	-	-
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	-	-	-	-	-	-	-	-
48	**Total GAR assets**	-	-	-	-	-	-	-	-
49	**Assets not covered for GAR calculation**	-	-	-	-	-	-	-	-
50	**Central governments and Supranational issuers**	-	-	-	-	-	-	-	-
51	**Central banks exposure**	-	-	-	-	-	-	-	-
52	**Trading book**	-	-	-	-	-	-	-	-
53	**Total assets**	-	-	-	-	-	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations								
54	Financial guarantees	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-

	in EUR million	bg	bh	bi	bj	bk
		Year ending on 31.12.2022				
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-
4	Loans and advances	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-
6	Equity instruments	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-
8	of which investment firms	-	-	-	-	-
9	Loans and advances	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-
11	Equity instruments	-	-	-	-	-
12	of which management companies	-	-	-	-	-
13	Loans and advances	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-
15	Equity instruments	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-
17	Loans and advances	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-
19	Equity instruments	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-
23	Equity instruments	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-
30	Other local government financing	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**-**	**-**	**-**	**-**	**-**
33	**Financial and Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-	-	-	-	-
35	Loans and advances	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	-	-	-	-	-
37	of which building renovation loans	-	-	-	-	-
38	Debt securities	-	-	-	-	-
39	Equity instruments	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-	-	-	-	-
41	Loans and advances	-	-	-	-	-

42	Debt securities	-	-	-	-	-
43	Equity instruments	-	-	-	-	-
44	**Derivatives**	-	-	-	-	-
45	**On demand interbank loans**	-	-	-	-	-
46	**Cash and cash-related assets**	-	-	-	-	-
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	-	-	-	-	-
48	**Total GAR assets**	-	-	-	-	-
49	**Assets not covered for GAR calculation**	-	-	-	-	-
50	**Central governments and Supranational issuers**	-	-	-	-	-
51	**Central banks exposure**	-	-	-	-	-
52	**Trading book**	-	-	-	-	-
53	**Total assets**	-	-	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations					
54	Financial guarantees	-	-	-	-	-
55	Assets under management	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-

2. GAR sector information

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	in EUR million	Of which environmentally sustainable (CCM)	in EUR million	Of which environmentally sustainable (CCM)	in EUR million	Of which environmentally sustainable (CCA)	in EUR million	Of which environmentally sustainable (CCA)
1	D 35.11 Production of electricity	380	287	-	-	-	-	-	-
2	L 68.20 Renting and operating of own or leased real estate	1,221	160	-	-	-	-	-	-
3	D 35.13 Distribution of electricity	205	112	-	-	-	-	-	-
4	C 30.20 Manufacture of railway locomotives and rolling stock	119	95	-	-	-	-	-	-
5	C 24.10 Manufacture of basic iron and steel and of ferro-alloys	181	70	-	-	-	-	-	-
6	C 23.32 Manufacture of bricks, tiles and construction products, in baked clay	81	63	-	-	-	-	-	-
7	H 49.31 Urban and suburban passenger land transport	84	59	-	-	-	-	-	-
8	C 29.10 Manufacture of motor vehicles	499	46	-	-	-	-	-	-
9	C 24.42 Aluminium production	46	46	-	-	-	-	-	-
10	H 53.10 Postal activities under universal service obligation	150	37	-	-	-	-	-	-
11	C 23.20 Manufacture of refractory products	36	36	-	-	-	-	-	-
12	H 49.20 Freight rail transport	45	35	-	-	-	-	-	-
13	D 35.12 Transmission of electricity	34	29	-	-	-	-	-	-
14	D 35.22 Distribution of gaseous fuels through mains	77	27	-	-	-	-	-	-
15	D 35.30 Steam and air conditioning supply	35	17	-	-	-	-	-	-
16	Other	1,554	121	-	-	5	4	-	-

Footnote 1: The individual 'gross carrying amount' columns only take into account the taxonomy-eligible portions of the gross carrying amounts of each financing, as assets can generally only be assigned to individual environmental objectives after assessing taxonomy-eligibility.

Footnote 2: The depicted NACE codes account for more than 80% of the taxonomy-aligned assets against NFRD-obliged non-financial undertakings. The remaining share of taxonomy-aligned assets is represented in the consolidated line 'Other'.

		i	j	k	l	m	n	o	p
		Water and marine resources (WTR)				Circular economy (CE)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	in EUR million	Of which environmentally sustainable (WTR)	in EUR million	Of which environmentally sustainable (WTR)	in EUR million	Of which environmentally sustainable (CE)	in EUR million	Of which environmentally sustainable (CE)
1	D 35.11 Production of electricity	-	-	-	-	-	-	-	-
2	L 68.20 Renting and operating of own or leased real estate	-	-	-	-	-	-	-	-
3	C 29.10 Manufacture of motor vehicles	-	-	-	-	-	-	-	-
4	D 35.22 Distribution of gaseous fuels through mains	-	-	-	-	-	-	-	-
5	D 35.13 Distribution of electricity	-	-	-	-	-	-	-	-
6	C 30.20 Manufacture of railway locomotives and rolling stock	-	-	-	-	-	-	-	-
7	D 35.12 Transmission of electricity	-	-	-	-	-	-	-	-
8	C 24.10 Manufacture of basic iron and steel and of ferro-alloys	-	-	-	-	-	-	-	-
9	H 49.31 Urban and suburban passenger land transport	-	-	-	-	-	-	-	-
10	C 23.32 Manufacture of bricks, tiles and construction products, in baked clay	-	-	-	-	-	-	-	-
11	D 35.30 Steam and air conditioning supply	-	-	-	-	-	-	-	-
12	C 24.42 Aluminium production	-	-	-	-	-	-	-	-
13	H 49.20 Freight rail transport	-	-	-	-	-	-	-	-
14	D 35.23 Trade of gas through mains	-	-	-	-	-	-	-	-
15	H 53.10 Postal activities under universal service obligation	-	-	-	-	-	-	-	-
16	Other	-	-	-	-	-	-	-	-

		q	r	s	t	u	v	w	x
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	in EUR million	Of which environmentally sustainable (PPC)	in EUR million	Of which environmentally sustainable (PPC)	in EUR million	Of which environmentally sustainable (BIO)	in EUR million	Of which environmentally sustainable (BIO)
1	D 35.11 Production of electricity	-	-	-	-	-	-	-	-
2	L 68.20 Renting and operating of own or leased real estate	-	-	-	-	-	-	-	-
3	D 35.13 Distribution of electricity	-	-	-	-	-	-	-	-
4	C 30.20 Manufacture of railway locomotives and rolling stock	-	-	-	-	-	-	-	-
5	C 24.10 Manufacture of basic iron and steel and of ferro-alloys	-	-	-	-	-	-	-	-
6	C 23.32 Manufacture of bricks, tiles and construction products, in baked clay	-	-	-	-	-	-	-	-
7	H 49.31 Urban and suburban passenger land transport	-	-	-	-	-	-	-	-
8	C 29.10 Manufacture of motor vehicles	-	-	-	-	-	-	-	-
9	C 24.42 Aluminium production	-	-	-	-	-	-	-	-
10	H 53.10 Postal activities under universal service obligation	-	-	-	-	-	-	-	-
11	C 23.20 Manufacture of refractory products	-	-	-	-	-	-	-	-
12	H 49.20 Freight rail transport	-	-	-	-	-	-	-	-
13	D 35.12 Transmission of electricity	-	-	-	-	-	-	-	-
14	D 35.22 Distribution of gaseous fuels through mains	-	-	-	-	-	-	-	-
15	D 35.30 Steam and air conditioning supply	-	-	-	-	-	-	-	-
16	Other	-	-	-	-	-	-	-	-

	Breakdown by sector - NACE 4 digits level (code and label)	y	z	aa	Ab
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		in EUR million	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	in EUR million	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	D 35.11 Production of electricity	380	287	-	-
2	L 68.20 Renting and operating of own or leased real estate	1,221	160	-	-
3	D 35.13 Distribution of electricity	205	112	-	-
4	C 30.20 Manufacture of railway locomotives and rolling stock	119	95	-	-
5	C 24.10 Manufacture of basic iron and steel and of ferro-alloys	181	70	-	-
6	C 23.32 Manufacture of bricks, tiles and construction products, in baked clay	81	63	-	-
7	H 49.31 Urban and suburban passenger land transport	84	59	-	-
8	C 29.10 Manufacture of motor vehicles	499	46	-	-
9	C 24.42 Aluminium production	46	46	-	-
10	H 53.10 Postal activities under universal service obligation	150	37	-	-
11	C 23.20 Manufacture of refractory products	36	36	-	-
12	H 49.20 Freight rail transport	45	35	-	-
13	D 35.12 Transmission of electricity	34	29	-	-
14	D 35.22 Distribution of gaseous fuels through mains	77	27	-	-
15	D 35.30 Steam and air conditioning supply	35	17	-	-
16	Other	1,559	124	-	-

3. GAR KPI stock turnover-based view

	% (compared to total covered assets in the denominator)	a	b	c	d	e	f	g	h	i
		Year ending on 31.12.2023								
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	74.50%	1.24%	0.23%	0.29%	0.38%	0.01%	-	-	-
2	**Financial undertakings**	**8.14%**	**0.06%**	**-**	**-**	**-**	**0.02%**	**-**	**-**	**-**
3	Credit institutions	8.64%	-	-	-	-	-	-	-	-
4	Loans and advances	7.61%	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	9.36%	-	-	-	-	-	-	-	-
6	Equity instruments	4.96%	-	-	-	-	-	-	-	-
7	Other financial corporations	3.99%	0.55%	-	-	-	0.19%	0.03%	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	0.87%	-	-	-	-	-	-	-	-
17	Loans and advances	0.01%	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
19	Equity instruments	2.18%	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**37.67%**	**9.83%**	**1.85%**	**2.28%**	**3.05%**	**0.04%**	**0.03%**	**-**	**-**
21	Loans and advances	36.77%	10.13%	2.05%	2.33%	2.92%	0.04%	0.03%	-	-
22	Debt securities, including UoP	46.05%	7.15%	-	1.82%	4.23%	-	-	-	-
23	Equity instruments	30.28%	5.32%	-	0.93%	3.20%	-	-	-	-
24	**Households**	**94.38%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	94.15%	-	-	-	-	-	-	-	-
26	of which building renovation loans	100.00%	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	100.00%	-	-	-	-	-	-	-	-
28	**Local governments financing**	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	100.00%	-	-	-	-	-	-	-	-
30	Other local government financing	100.00%	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**31.67%**	**0.53%**	**0.10%**	**0.12%**	**0.16%**	**-**	**-**	**-**	**-**

Footnote 1: We note that Annexes V & VI of the Commission Delegated Regulation allow for different interpretations of populating the percentages in columns a to ae. In our publication, we have decided to give preference to the procedure derived from Annex V. The denominators of the respective percentages thus correspond to the covered assets at line level from column a of Template 1.

Footnote 2: Column af is calculated from the covered assets at line level from column a divided by the total assets in column a line 53.

		j	k	l	m	n	o	p	q
		Year ending on 31.12.2023							
		Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	% (compared to total covered assets in the denominator)	r	s	t	u	v	w	x	z
		Year ending on 31.12.2023							
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

		aa	ab	ac	ad	ae	af
		Year ending on 31.12.2023					Proportion of total assets covered
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	74.51%	1.25%	0.23%	0.29%	0.38%	29.42%
2	**Financial undertakings**	**8.16%**	**0.06%**	**-**	**-**	**-**	**4.37%**
3	Credit institutions	8.64%	-	-	-	-	3.90%
4	Loans and advances	7.61%	-	-	-	-	1.55%
5	Debt securities, including UoP	9.36%	-	-	-	-	2.33%
6	Equity instruments	4.96%	-	-	-	-	0.02%
7	Other financial corporations	4.18%	0.58%	-	-	-	0.47%
8	of which investment firms	-	-	-	-	-	0.29%
9	Loans and advances	-	-	-	-	-	0.25%
10	Debt securities, including UoP	-	-	-	-	-	0.04%
11	Equity instruments	-	-	-	-	-	0.01%
12	of which management companies	-	-	-	-	-	0.01%
13	Loans and advances	-	-	-	-	-	0.01%
14	Debt securities, including UoP	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-
16	of which insurance undertakings	0.87%	-	-	-	-	0.07%
17	Loans and advances	0.01%	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	0.04%
19	Equity instruments	2.18%	-	-	-	-	0.03%
20	**Non-financial undertakings**	**37.71%**	**9.86%**	**1.85%**	**2.28%**	**3.05%**	**3.69%**
21	Loans and advances	36.81%	10.16%	2.05%	2.33%	2.92%	3.32%
22	Debt securities, including UoP	46.06%	7.15%	-	1.82%	4.23%	0.36%
23	Equity instruments	30.28%	5.32%	-	0.93%	3.20%	0.01%
24	**Households**	**94.38%**	**-**	**-**	**-**	**-**	**21.03%**
25	of which loans collateralised by residential immovable property	94.15%	-	-	-	-	20.22%
26	of which building renovation loans	100.00%	-	-	-	-	0.77%
27	of which motor vehicle loans	100.00%	-	-	-	-	0.04%
28	**Local governments financing**	**100.00%**	**-**	**-**	**-**	**-**	**0.32%**
29	Housing financing	100.00%	-	-	-	-	0.10%
30	Other local government financing	100.00%	-	-	-	-	0.22%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**100.00%**	**-**	**-**	**-**	**-**	**0.01%**
32	**Total GAR assets**	**31.67%**	**0.53%**	**0.10%**	**0.12%**	**0.16%**	**29.43%**

		ag	ah	ai	aj	ak	al	am	an	ao
		Year ending on 31.12.2022								
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

		ap	aq	ar	as	at	au	av	aw
		Year ending on 31.12.2022							
		Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	% (compared to total covered assets in the denominator)	ax	ay	az	ba	bb	bc	bd	be
		Year ending on 31.12.2022							
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	% (compared to total covered assets in the denominator)	bf	bg	bh	bi	bj	bk
		Year ending on 31.12.2022					Proportion of total assets covered
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**	**-**

4. GAR KPI flow turnover-based view

		a	b	c	d	e	f	g	h	i
		Year ending on 31.12.2023								
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to flow of total eligible assets)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	61.99%	2.86%	1.31%	0.24%	0.90%	-	-	-	-
2	**Financial undertakings**	**1.15%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	1.79%	-	-	-	-	-	-	-	-
4	Loans and advances	1.79%	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-	-
7	Other financial corporations	0.45%	0.01%	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	0.05%	-	-	-	-	-	-	-	-
17	Loans and advances	0.05%	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**22.21%**	**10.12%**	**4.63%**	**0.84%**	**3.19%**	**0.01%**	**-**	**-**	**-**
21	Loans and advances	22.21%	10.12%	4.63%	0.84%	3.19%	0.01%	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-
24	**Households**	**87.11%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	86.40%	-	-	-	-	-	-	-	-
26	of which building renovation loans	100.00%	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	100.00%	-	-	-	-	-	-	-	-
28	**Local governments financing**	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	100.00%	-	-	-	-	-	-	-	-
30	Other local government financing	100.00%	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**16.84%**	**0.78%**	**0.35%**	**0.06%**	**0.24%**	**-**	**-**	**-**	**-**

Footnote 1: We note that the flow perspective is understood as a filter on actual new business originated in the reporting period 2023. This means that it focuses on new loans and advances, debt securities, shareholdings. As assets for calculating the flow percentages, we use the gross carrying amounts of these identified new businesses as of 31 December 2023.

Footnote 1: We note that the flow perspective is understood as a filter on actual new business originated in the reporting period 2023. This means that it focuses on new loans and advances, debt securities, shareholdings. As assets for calculating the flow percentages, we use the gross carrying amounts of these identified new businesses as of 31 December 2023.

Footnote 2: We note that Annexes V & VI of the Commission Delegated Regulation allow for different interpretations of populating the percentages in columns a to ae. In our publication, we have decided to give preference to the procedure derived from Annex V. Thus, the denominators of the respective percentages correspond to the covered assets at the line level from column a of Template 1 with a filter on the new business in 2023. The necessary Template 1 in flow view, which is the basis for this, is not published.

Footnote 3: Column af is calculated from the covered assets at line level from column a divided by the 'total assets' in column a line 53, restricted with a filter on the new business of 2023.

		j	k	l	m	n	o	p	q
		Year ending on 31.12.2023							
		Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

		r	s	t	u	v	w	x	z
		Year ending on 31.12.2023							
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to flow of total eligible assets))			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	% (compared to flow of total eligible assets)	aa	ab	ac	ad	ae	af
		Year ending on 31.12.2023					Proportion of total new assets covered
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	61.99%	2.86%	1.31%	0.24%	0.90%	24.42%
2	**Financial undertakings**	**1.15%**	**-**	**-**	**-**	**-**	**1.95%**
3	Credit institutions	1.79%	-	-	-	-	1.02%
4	Loans and advances	1.79%	-	-	-	-	1.02%
5	Debt securities, including UoP	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-
7	Other financial corporations	0.45%	0.01%	-	-	-	0.93%
8	of which investment firms	-	-	-	-	-	0.74%
9	Loans and advances	-	-	-	-	-	0.74%
10	Debt securities, including UoP	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-
16	of which insurance undertakings	0.05%	-	-	-	-	-
17	Loans and advances	0.05%	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-
20	**Non-financial undertakings**	**22.21%**	**10.12%**	**4.63%**	**0.84%**	**3.19%**	**6.89%**
21	Loans and advances	22.21%	10.12%	4.63%	0.84%	3.19%	6.89%
22	Debt securities, including UoP	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-
24	**Households**	**87.11%**	**-**	**-**	**-**	**-**	**15.48%**
25	of which loans collateralised by residential immovable property	86.40%	-	-	-	-	14.67%
26	of which building renovation loans	100.00%	-	-	-	-	0.58%
27	of which motor vehicle loans	100.00%	-	-	-	-	0.22%
28	**Local governments financing**	**100.00%**	**-**	**-**	**-**	**-**	**0.10%**
29	Housing financing	100.00%	-	-	-	-	-
30	Other local government financing	100.00%	-	-	-	-	0.10%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**100.00%**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**16.84%**	**0.78%**	**0.35%**	**0.06%**	**0.24%**	**24.42%**

5. KPI off-balance sheet exposures turnover-based view, stock

	a	b	c	d	e	f	g	h	i
	Year ending on 31.12.2023								
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	37.90%	16.22%	-	0.49%	3.85%	-	-	-	-
2 Assets under management (AuM KPI)	32.67%	6.14%	-	-	0.12%	2.91%	0.64%	-	-

Footnote: The denominators of the respective percentages correspond to the covered assets at the line level from column a of Template 1.

	j	k	l	m	n	o	p	q
	Year ending on 31.12.2023							
	Water and marine resources (WTR)				Circular economy (CE)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-
2 Assets under management (AuM KPI)	-	-	-	-	-	-	-	-

	r	s	t	u	v	w	x	z
	Year ending on 31.12.2023							
	Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-
2 Assets under management (AuM KPI)	-	-	-	-	-	-	-	-

		aa	ab	ac	ad	ae
		Year ending on 31.12.2023				
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to total eligible off-balance sheet assets)				Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	37,90%	16,22%	-	0,49%	3,85%
2	Assets under management (AuM KPI)	35,58%	6,78%	-	-	0,12%

5. KPI off-balance sheet exposures turnover-based view, flow

	a	b	c	d	e	f	g	h	i
	Year ending on 31.12.2023								
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	23.15%	12.23%	-	0.15%	1.01%	-	-	-	-
2 Assets under management (AuM KPI)	30.28%	4.33%	-	-	-	1.77%	0.26%	-	-

Footnote: The denominators of the respective percentages correspond to the covered assets at the line level from column a of Template 1 with a filter on the new business in 2023.

	j	k	l	m	n	o	p	q
	Year ending on 31.12.2023							
	Water and marine resources (WTR)				Circular economy (CE)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-
2 Assets under management (AuM KPI)	-	-	-	-	-	-	-	-

	r	s	t	u	v	w	x	z
	Year ending on 31.12.2023							
	Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-
2 Assets under management (AuM KPI)	-	-	-	-	-	-	-	-

% (compared to total eligible off-balance sheet assets)		aa	ab	ac	ad	ae
		Year ending on 31.12.2023				
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	23,15%	12,23%	-	0,15%	1,01%
2	Assets under management (AuM KPI)	32,04%	4,59%	-	-	-

1. Assets for the calculation of GAR, CapEx-based view

		a	b	c	d	e	f	g	h	i	j
			Year ending on 31.12.2023								
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)		
	in EUR million	Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator										
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	100,405	75,683	1,773	233	186	645	10	6	-	6
2	**Financial undertakings**	**14,921**	**1,181**	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**-**
3	Credit institutions	13,315	1,147	-	-	-	-	-	-	-	-
4	Loans and advances	5,292	396	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	7,945	747	-	-	-	-	-	-	-	-
6	Equity instruments	78	4	-	-	-	-	-	-	-	-
7	Other financial corporations	1,607	34	8	-	-	-	1	-	-	-
8	of which investment firms	998	-	-	-	-	-	-	-	-	-
9	Loans and advances	849	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	130	-	-	-	-	-	-	-	-	-
11	Equity instruments	19	-	-	-	-	-	-	-	-	-
12	of which management companies	33	-	-	-	-	-	-	-	-	-
13	Loans and advances	29	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	4	-	-	-	-	-	-	-	-	-
15	Equity instruments	1	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	225	-	-	-	-	-	-	-	-	-
17	Loans and advances	14	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	121	-	-	-	-	-	-	-	-	-
19	Equity instruments	90	-	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**12,603**	**5,658**	**1,773**	**233**	**186**	**645**	**8**	**6**	**-**	**6**
21	Loans and advances	11,341	4,976	1,598	233	158	546	8	6	-	6
22	Debt securities, including UoP	1,237	670	171	-	29	96	-	-	-	-
23	Equity instruments	25	12	4	-	-	3	-	-	-	-
24	**Households**	**71,781**	**67,744**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	69,012	64,975	-	-	-	-	-	-	-	-
26	of which building renovation loans	2,643	2,643	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	126	126	-	-	-	-	-	-	-	-
28	**Local governments financing**	**1,100**	**1,100**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	347	347	-	-	-	-	-	-	-	-
30	Other local government financing	752	752	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**21**	**21**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**135,851**	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	**97,468**	-	-	-	-	-	-	-	-	-
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	87,652	-	-	-	-	-	-	-	-	-
35	Loans and advances	86,176	-	-	-	-	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	28,880	-	-	-	-	-	-	-	-	-
37	of which building renovation loans	992	-	-	-	-	-	-	-	-	-
38	Debt securities	855	-	-	-	-	-	-	-	-	-
39	Equity instruments	620	-	-	-	-	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	9,816	-	-	-	-	-	-	-	-	-
41	Loans and advances	7,621	-	-	-	-	-	-	-	-	-
42	Debt securities	2,165	-	-	-	-	-	-	-	-	-
43	Equity instruments	30	-	-	-	-	-	-	-	-	-
44	**Derivatives**	**184**	-	-	-	-	-	-	-	-	-
45	**On demand interbank loans**	**863**	-	-	-	-	-	-	-	-	-
46	**Cash and cash-related assets**	**3,232**	-	-	-	-	-	-	-	-	-
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**34,104**	-	-	-	-	-	-	-	-	-
48	**Total GAR assets**	**236,277**	**75,704**	**1,773**	**233**	**186**	**645**	**10**	**6**	**-**	**6**
49	**Assets not covered for GAR calculation**	**105,010**	-	-	-	-	-	-	-	-	-
50	**Central governments and Supranational issuers**	**48,894**	-	-	-	-	-	-	-	-	-
51	**Central banks exposure**	**47,343**	-	-	-	-	-	-	-	-	-
52	**Trading book**	**8,773**	-	-	-	-	-	-	-	-	-
53	**Total assets**	**341,287**	**75,704**	**1,773**	**233**	**186**	**645**	**10**	**6**	**-**	**6**
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations										
54	Financial guarantees	2,162	950	416	-	12	90	2	1	-	1
55	Assets under management	23,547	4,719	1,849	-	-	29	96	38	-	-
56	Of which debt securities	14,048	2,487	941	-	-	4	53	20	-	-
57	Of which equity instruments	9,499	2,232	908	-	-	25	43	17	-	-

		k	l	m	n	o	p	q	r
		Year ending on 31.12.2023							
		Water and marine resources (WTR)				Circular economy (CE)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
	in EUR million			Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
33	**Financial and Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
35	Loans and advances	-	-	-	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-

37	of which building renovation loans	-	-	-	-	-	-	-	-
38	Debt securities	-	-	-	-	-	-	-	-
39	Equity instruments	-	-	-	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
41	Loans and advances	-	-	-	-	-	-	-	-
42	Debt securities	-	-	-	-	-	-	-	-
43	Equity instruments	-	-	-	-	-	-	-	-
44	**Derivatives**	-	-	-	-	-	-	-	-
45	**On demand interbank loans**	-	-	-	-	-	-	-	-
46	**Cash and cash-related assets**	-	-	-	-	-	-	-	-
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	-	-	-	-	-	-	-	-
48	**Total GAR assets**	-	-	-	-	-	-	-	-
49	**Assets not covered for GAR calculation**	-	-	-	-	-	-	-	-
50	**Central governments and Supranational issuers**	-	-	-	-	-	-	-	-
51	**Central banks exposure**	-	-	-	-	-	-	-	-
52	**Trading book**	-	-	-	-	-	-	-	-
53	**Total assets**	-	-	-	-	-	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations								
54	Financial guarantees	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-

	in EUR million	s	t	u	v	w	x	z	aa
		Year ending on 31.12.2023							
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
33	**Financial and Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
35	Loans and advances	-	-	-	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-

37	of which building renovation loans	-	-	-	-	-	-	-	-
38	Debt securities	-	-	-	-	-	-	-	-
39	Equity instruments	-	-	-	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
41	Loans and advances	-	-	-	-	-	-	-	-
42	Debt securities	-	-	-	-	-	-	-	-
43	Equity instruments	-	-	-	-	-	-	-	-
44	**Derivatives**	-	-	-	-	-	-	-	-
45	**On demand interbank loans**	-	-	-	-	-	-	-	-
46	**Cash and cash-related assets**	-	-	-	-	-	-	-	-
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	-	-	-	-	-	-	-	-
48	**Total GAR assets**	-	-	-	-	-	-	-	-
49	**Assets not covered for GAR calculation**	-	-	-	-	-	-	-	-
50	**Central governments and Supranational issuers**	-	-	-	-	-	-	-	-
51	**Central banks exposure**	-	-	-	-	-	-	-	-
52	**Trading book**	-	-	-	-	-	-	-	-
53	**Total assets**	-	-	-	-	-	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations								
54	Financial guarantees	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-

in EUR million		ab	ac	ad	ae	af
		Year ending on 31.12.2023				
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	75,693	1,787	233	186	651
2	**Financial undertakings**	**1,182**	**8**	**-**	**-**	**-**
3	Credit institutions	1,147	-	-	-	-
4	Loans and advances	396	-	-	-	-
5	Debt securities, including UoP	747	-	-	-	-
6	Equity instruments	4	-	-	-	-
7	Other financial corporations	36	8	-	-	-
8	of which investment firms	-	-	-	-	-
9	Loans and advances	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-
11	Equity instruments	-	-	-	-	-
12	of which management companies	-	-	-	-	-
13	Loans and advances	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-
15	Equity instruments	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-
17	Loans and advances	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-
19	Equity instruments	-	-	-	-	-
20	**Non-financial undertakings**	**5,666**	**1,779**	**233**	**186**	**651**
21	Loans and advances	4,984	1,604	233	158	552
22	Debt securities, including UoP	670	171	-	29	96
23	Equity instruments	12	4	-	-	3
24	**Households**	**67,744**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	64,975	-	-	-	-
26	of which building renovation loans	2,643	-	-	-	-
27	of which motor vehicle loans	126	-	-	-	-
28	**Local governments financing**	**1,100**	**-**	**-**	**-**	**-**
29	Housing financing	347	-	-	-	-
30	Other local government financing	752	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**21**	**-**	**-**	**-**	**-**
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**-**	**-**	**-**	**-**	**-**
33	**Financial and Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-	-	-	-	-
35	Loans and advances	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	-	-	-	-	-
37	of which building renovation loans	-	-	-	-	-
38	Debt securities	-	-	-	-	-
39	Equity instruments	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-	-	-	-	-
41	Loans and advances	-	-	-	-	-

42	Debt securities	-	-	-	-	-
43	Equity instruments	-	-	-	-	-
44	**Derivatives**	-	-	-	-	-
45	**On demand interbank loans**	-	-	-	-	-
46	**Cash and cash-related assets**	-	-	-	-	-
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	-	-	-	-	-
48	**Total GAR assets**	**75,714**	**1,787**	**233**	**186**	**651**
49	**Assets not covered for GAR calculation**	-	-	-	-	-
50	**Central governments and Supranational issuers**	-	-	-	-	-
51	**Central banks exposure**	-	-	-	-	-
52	**Trading book**	-	-	-	-	-
53	**Total assets**	**75,714**	**1,787**	**233**	**186**	**651**
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations					
54	Financial guarantees	950	417	-	12	91
55	Assets under management	4,814	1,887	-	-	29
56	Of which debt securities	2,539	962	-	-	4
57	Of which equity instruments	2,275	925	-	-	25

in EUR million	ag	ah	ai	aj	ak	al	am	an	ao	ap
	Year ending on 31.12.2022									
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)		
	Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator										
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	-
2 Financial undertakings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3 Credit institutions	-	-	-	-	-	-	-	-	-	-
4 Loans and advances	-	-	-	-	-	-	-	-	-	-
5 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
6 Equity instruments	-	-	-	-	-	-	-	-	-	-
7 Other financial corporations	-	-	-	-	-	-	-	-	-	-
8 of which investment firms	-	-	-	-	-	-	-	-	-	-
9 Loans and advances	-	-	-	-	-	-	-	-	-	-
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-	-	-	-	-	-	-	-	-
12 of which management companies	-	-	-	-	-	-	-	-	-	-
13 Loans and advances	-	-	-	-	-	-	-	-	-	-
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-	-	-	-	-	-	-	-
16 of which insurance undertakings	-	-	-	-	-	-	-	-	-	-
17 Loans and advances	-	-	-	-	-	-	-	-	-	-
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
19 Equity instruments	-	-	-	-	-	-	-	-	-	-
20 Non-financial undertakings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21 Loans and advances	-	-	-	-	-	-	-	-	-	-
22 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
23 Equity instruments	-	-	-	-	-	-	-	-	-	-
24 Households	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25 of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-
26 of which building renovation loans	-	-	-	-	-	-	-	-	-	-
27 of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-
28 Local governments financing	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29 Housing financing	-	-	-	-	-	-	-	-	-	-
30 Other local government financing	-	-	-	-	-	-	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable properties	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32 Assets excluded from the numerator for GAR calculation (covered in the denominator)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

33	**Financial and Non-financial undertakings**	-	-	-	-	-	-	-	-	-	-
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-	-	-
35	Loans and advances	-	-	-	-	-	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-
37	of which building renovation loans	-	-	-	-	-	-	-	-	-	-
38	Debt securities	-	-	-	-	-	-	-	-	-	-
39	Equity instruments	-	-	-	-	-	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-	-	-
41	Loans and advances	-	-	-	-	-	-	-	-	-	-
42	Debt securities	-	-	-	-	-	-	-	-	-	-
43	Equity instruments	-	-	-	-	-	-	-	-	-	-
44	**Derivatives**	-	-	-	-	-	-	-	-	-	-
45	**On demand interbank loans**	-	-	-	-	-	-	-	-	-	-
46	**Cash and cash-related assets**	-	-	-	-	-	-	-	-	-	-
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	-	-	-	-	-	-	-	-	-	-
48	**Total GAR assets**	-	-	-	-	-	-	-	-	-	-
49	**Assets not covered for GAR calculation**	-	-	-	-	-	-	-	-	-	-
50	**Central governments and Supranational issuers**	-	-	-	-	-	-	-	-	-	-
51	**Central banks exposure**	-	-	-	-	-	-	-	-	-	-
52	**Trading book**	-	-	-	-	-	-	-	-	-	-
53	**Total assets**	-	-	-	-	-	-	-	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations										
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-

	in EUR million	k	l	m	n	o	p	q	r
		Year ending on 31.12.2022							
		Water and marine resources (WTR)				Circular economy (CE)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
33	**Financial and Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
35	Loans and advances	-	-	-	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-

37	of which building renovation loans	-	-	-	-	-	-	-	-
38	Debt securities	-	-	-	-	-	-	-	-
39	Equity instruments	-	-	-	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
41	Loans and advances	-	-	-	-	-	-	-	-
42	Debt securities	-	-	-	-	-	-	-	-
43	Equity instruments	-	-	-	-	-	-	-	-
44	**Derivatives**	-	-	-	-	-	-	-	-
45	**On demand interbank loans**	-	-	-	-	-	-	-	-
46	**Cash and cash-related assets**	-	-	-	-	-	-	-	-
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	-	-	-	-	-	-	-	-
48	**Total GAR assets**	-	-	-	-	-	-	-	-
49	**Assets not covered for GAR calculation**	-	-	-	-	-	-	-	-
50	**Central governments and Supranational issuers**	-	-	-	-	-	-	-	-
51	**Central banks exposure**	-	-	-	-	-	-	-	-
52	**Trading book**	-	-	-	-	-	-	-	-
53	**Total assets**	-	-	-	-	-	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations								
54	Financial guarantees	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-

	in EUR million	ay	az	ba	bb	bc	bd	be	bf
		Year ending on 31.12.2022							
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
33	**Financial and Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
35	Loans and advances	-	-	-	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-

37	of which building renovation loans	-	-	-	-	-	-	-	-
38	Debt securities	-	-	-	-	-	-	-	-
39	Equity instruments	-	-	-	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-
41	Loans and advances	-	-	-	-	-	-	-	-
42	Debt securities	-	-	-	-	-	-	-	-
43	Equity instruments	-	-	-	-	-	-	-	-
44	**Derivatives**	-	-	-	-	-	-	-	-
45	**On demand interbank loans**	-	-	-	-	-	-	-	-
46	**Cash and cash-related assets**	-	-	-	-	-	-	-	-
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	-	-	-	-	-	-	-	-
48	**Total GAR assets**	-	-	-	-	-	-	-	-
49	**Assets not covered for GAR calculation**	-	-	-	-	-	-	-	-
50	**Central governments and Supranational issuers**	-	-	-	-	-	-	-	-
51	**Central banks exposure**	-	-	-	-	-	-	-	-
52	**Trading book**	-	-	-	-	-	-	-	-
53	**Total assets**	-	-	-	-	-	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations								
54	Financial guarantees	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-

	in EUR million	bg	bh	bi	bj	bk
		Year ending on 31.12.2022				
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-
4	Loans and advances	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-
6	Equity instruments	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-
8	of which investment firms	-	-	-	-	-
9	Loans and advances	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-
11	Equity instruments	-	-	-	-	-
12	of which management companies	-	-	-	-	-
13	Loans and advances	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-
15	Equity instruments	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-
17	Loans and advances	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-
19	Equity instruments	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-
23	Equity instruments	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-
30	Other local government financing	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**-**	**-**	**-**	**-**	**-**
33	**Financial and Non-financial undertakings**	-	-	-	-	-
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-	-	-	-	-
35	Loans and advances	-	-	-	-	-
36	of which loans collateralised by commercial immovable property	-	-	-	-	-
37	of which building renovation loans	-	-	-	-	-
38	Debt securities	-	-	-	-	-
39	Equity instruments	-	-	-	-	-
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-	-	-	-	-
41	Loans and advances	-	-	-	-	-

42	Debt securities	-	-	-	-	-
43	Equity instruments	-	-	-	-	-
44	**Derivatives**	**-**	**-**	**-**	**-**	**-**
45	**On demand interbank loans**	**-**	**-**	**-**	**-**	**-**
46	**Cash and cash-related assets**	**-**	**-**	**-**	**-**	**-**
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**-**	**-**	**-**	**-**	**-**
48	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**
49	**Assets not covered for GAR calculation**	**-**	**-**	**-**	**-**	**-**
50	**Central governments and Supranational issuers**	**-**	**-**	**-**	**-**	**-**
51	**Central banks exposure**	**-**	**-**	**-**	**-**	**-**
52	**Trading book**	**-**	**-**	**-**	**-**	**-**
53	**Total assets**	**-**	**-**	**-**	**-**	**-**
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations					
54	Financial guarantees	-	-	-	-	-
55	Assets under management	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-

2. GAR sector information, CapEx-based view

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	in EUR million	Of which environmentally sustainable (CCM)	in EUR million	Of which environmentally sustainable (CCM)	in EUR million	Of which environmentally sustainable (CCA)	in EUR million	Of which environmentally sustainable (CCA)
1	D 35.11 Production of electricity	642	485	-	-	-	-	-	-
2	L 68.20 Renting and operating of own or leased real estate	1,169	179	-	-	-	-	-	-
3	C 29.10 Manufacture of motor vehicles	491	132	-	-	-	-	-	-
4	D 35.22 Distribution of gaseous fuels through mains	199	110	-	-	-	-	-	-
5	D 35.13 Distribution of electricity	302	109	-	-	-	-	-	-
6	C 30.20 Manufacture of railway locomotives and rolling stock	121	93	-	-	-	-	-	-
7	D 35.12 Transmission of electricity	88	70	-	-	-	-	-	-
8	C 24.10 Manufacture of basic iron and steel and of ferro-alloys	191	66	-	-	-	-	-	-
9	H 49.31 Urban and suburban passenger land transport	84	66	-	-	-	-	-	-
10	C 23.32 Manufacture of bricks, tiles and construction products, in baked clay	68	57	-	-	-	-	-	-
11	D 35.30 Steam and air conditioning supply	53	45	-	-	-	-	-	-
12	C 24.42 Aluminium production	45	45	-	-	-	-	-	-
13	H 49.20 Freight rail transport	45	38	-	-	-	-	-	-
14	D 35.23 Trade of gas through mains	33	32	-	-	-	-	-	-
15	H 53.10 Postal activities under universal service obligation	47	15	-	-	8	6	-	-
16	Other	2,082	231	-	-	-	-	-	-

		i	j	k	l	m	n	o	p
		Water and marine resources (WTR)				Circular economy (CE)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	in EUR million	Of which environmentally sustainable (WTR)	in EUR million	Of which environmentally sustainable (WTR)	in EUR million	Of which environmentally sustainable (CE)	in EUR million	Of which environmentally sustainable (CE)
1	D 35.11 Production of electricity	-	-	-	-	-	-	-	-
2	L 68.20 Renting and operating of own or leased real estate	-	-	-	-	-	-	-	-
3	C 29.10 Manufacture of motor vehicles	-	-	-	-	-	-	-	-
4	D 35.22 Distribution of gaseous fuels through mains	-	-	-	-	-	-	-	-
5	D 35.13 Distribution of electricity	-	-	-	-	-	-	-	-
6	C 30.20 Manufacture of railway locomotives and rolling stock	-	-	-	-	-	-	-	-
7	D 35.12 Transmission of electricity	-	-	-	-	-	-	-	-
8	C 24.10 Manufacture of basic iron and steel and of ferro-alloys	-	-	-	-	-	-	-	-
9	H 49.31 Urban and suburban passenger land transport	-	-	-	-	-	-	-	-
10	C 23.32 Manufacture of bricks, tiles and construction products, in baked clay	-	-	-	-	-	-	-	-
11	D 35.30 Steam and air conditioning supply	-	-	-	-	-	-	-	-
12	C 24.42 Aluminium production	-	-	-	-	-	-	-	-
13	H 49.20 Freight rail transport	-	-	-	-	-	-	-	-
14	D 35.23 Trade of gas through mains	-	-	-	-	-	-	-	-
15	H 53.10 Postal activities under universal service obligation	-	-	-	-	-	-	-	-
16	Other	-	-	-	-	-	-	-	-

		q	r	s	t	u	v	w	x
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	in EUR million	Of which environmentally sustainable (PPC)	in EUR million	Of which environmentally sustainable (PPC)	in EUR million	Of which environmentally sustainable (BIO)	in EUR million	Of which environmentally sustainable (BIO)
1	D 35.11 Production of electricity	-	-	-	-	-	-	-	-
2	L 68.20 Renting and operating of own or leased real estate	-	-	-	-	-	-	-	-
3	C 29.10 Manufacture of motor vehicles	-	-	-	-	-	-	-	-
4	D 35.22 Distribution of gaseous fuels through mains	-	-	-	-	-	-	-	-
5	D 35.13 Distribution of electricity	-	-	-	-	-	-	-	-
6	C 30.20 Manufacture of railway locomotives and rolling stock	-	-	-	-	-	-	-	-
7	D 35.12 Transmission of electricity	-	-	-	-	-	-	-	-
8	C 24.10 Manufacture of basic iron and steel and of ferro-alloys	-	-	-	-	-	-	-	-
9	H 49.31 Urban and suburban passenger land transport	-	-	-	-	-	-	-	-
10	C 23.32 Manufacture of bricks, tiles and construction products, in baked clay	-	-	-	-	-	-	-	-
11	D 35.30 Steam and air conditioning supply	-	-	-	-	-	-	-	-
12	C 24.42 Aluminium production	-	-	-	-	-	-	-	-
13	H 49.20 Freight rail transport	-	-	-	-	-	-	-	-
14	D 35.23 Trade of gas through mains	-	-	-	-	-	-	-	-
15	H 53.10 Postal activities under universal service obligation	-	-	-	-	-	-	-	-
16	Other	-	-	-	-	-	-	-	-

	Breakdown by sector - NACE 4 digits level (code and label)	y	z	aa	Ab
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		in EUR million	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	in EUR million	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	D 35.11 Production of electricity	642	485	-	-
2	L 68.20 Renting and operating of own or leased real estate	1,169	179	-	-
3	C 29.10 Manufacture of motor vehicles	491	132	-	-
4	D 35.22 Distribution of gaseous fuels through mains	199	110	-	-
5	D 35.13 Distribution of electricity	302	109	-	-
6	C 30.20 Manufacture of railway locomotives and rolling stock	121	93	-	-
7	D 35.12 Transmission of electricity	88	70	-	-
8	C 24.10 Manufacture of basic iron and steel and of ferro-alloys	191	66	-	-
9	H 49.31 Urban and suburban passenger land transport	84	66	-	-
10	C 23.32 Manufacture of bricks, tiles and construction products, in baked clay	68	57	-	-
11	D 35.30 Steam and air conditioning supply	53	45	-	-
12	C 24.42 Aluminium production	45	45	-	-
13	H 49.20 Freight rail transport	45	38	-	-
14	D 35.23 Trade of gas through mains	33	32	-	-
15	H 53.10 Postal activities under universal service obligation	55	21	-	-
16	Other	2,083	231	-	-

3. GAR KPI stock CapEx-based view

		a	b	c	d	e	f	g	h	i
		Year ending on 31.12.2023								
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	75.38%	1.77%	0.23%	0.19%	0.64%	0.01%	0.01%	-	0.01%
2	**Financial undertakings**	**7.92%**	**-**	**-**	**-**	**-**	**0.01%**	**-**	**-**	**-**
3	Credit institutions	8.61%	-	-	-	-	-	-	-	-
4	Loans and advances	7.49%	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	9.40%	-	-	-	-	-	-	-	-
6	Equity instruments	4.96%	-	-	-	-	-	-	-	-
7	Other financial corporations	2.14%	0.50%	-	-	-	0.09%	0.02%	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**44.89%**	**14.07%**	**1.85%**	**1.48%**	**5.11%**	**0.07%**	**0.05%**	**-**	**0.05%**
21	Loans and advances	43.87%	14.09%	2.05%	1.39%	4.81%	0.07%	0.05%	-	0.05%
22	Debt securities, including UoP	54.17%	13.80%	-	2.31%	7.76%	-	-	-	-
23	Equity instruments	47.56%	17.48%	-	1.06%	10.21%	-	-	-	-
24	**Households**	**94.38%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	94.15%	-	-	-	-	-	-	-	-
26	of which building renovation loans	100.00%	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	100.00%	-	-	-	-	-	-	-	-
28	**Local governments financing**	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	100.00%	-	-	-	-	-	-	-	-
30	Other local government financing	100.00%	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**32.04%**	**0.75%**	**0.10%**	**0.08%**	**0.27%**	**-**	**-**	**-**	**-**

		j	k	l	m	n	o	p	q
		Year ending on 31.12.2023							
		Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total covered assets in the denominator)				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

		r	s	t	u	v	w	x	z
		Year ending on 31.12.2023							
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	% (compared to total covered assets in the denominator)	aa	ab	ac	ad	ae	af
		Year ending on 31.12.2023					
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	75.39%	1.78%	0.23%	0.19%	0.65%	29.42%
2	**Financial undertakings**	**7.92%**	**0.06%**	**-**	**-**	**-**	**4.37%**
3	Credit institutions	8.61%	-	-	-	-	3.90%
4	Loans and advances	7.49%	-	-	-	-	1.55%
5	Debt securities, including UoP	9.40%	-	-	-	-	2.33%
6	Equity instruments	4.96%	-	-	-	-	0.02%
7	Other financial corporations	2.24%	0.52%	-	-	-	0.47%
8	of which investment firms	-	-	-	-	-	0.29%
9	Loans and advances	-	-	-	-	-	0.25%
10	Debt securities, including UoP	-	-	-	-	-	0.04%
11	Equity instruments	-	-	-	-	-	0.01%
12	of which management companies	-	-	-	-	-	0.01%
13	Loans and advances	-	-	-	-	-	0.01%
14	Debt securities, including UoP	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	0.07%
17	Loans and advances	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	0.04%
19	Equity instruments	-	-	-	-	-	0.03%
20	**Non-financial undertakings**	**44.96%**	**14.12%**	**1.85%**	**1.48%**	**5.16%**	**3.69%**
21	Loans and advances	43.95%	14.14%	2.05%	1.39%	4.87%	3.32%
22	Debt securities, including UoP	54.17%	13.80%	-	2.31%	7.76%	0.36%
23	Equity instruments	47.56%	17.48%	-	1.06%	10.21%	0.01%
24	**Households**	**94.38%**	**-**	**-**	**-**	**-**	**21.03%**
25	of which loans collateralised by residential immovable property	94.15%	-	-	-	-	20.22%
26	of which building renovation loans	100.00%	-	-	-	-	0.77%
27	of which motor vehicle loans	100.00%	-	-	-	-	0.04%
28	**Local governments financing**	**100.00%**	**-**	**-**	**-**	**-**	**0.32%**
29	Housing financing	100.00%	-	-	-	-	0.10%
30	Other local government financing	100.00%	-	-	-	-	0.22%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**100.00%**	**-**	**-**	**-**	**-**	**0.01%**
32	**Total GAR assets**	**32.04%**	**0.76%**	**0.10%**	**0.08%**	**0.28%**	**29.43%**

% (compared to total covered assets in the denominator)	ag	ah	ai	aj	ak	al	am	an	ao
	Year ending on 31.12.2022								
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator									
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-	-
2 Financial undertakings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3 Credit institutions	-	-	-	-	-	-	-	-	-
4 Loans and advances	-	-	-	-	-	-	-	-	-
5 Debt securities, including UoP	-	-	-	-	-	-	-	-	-
6 Equity instruments	-	-	-	-	-	-	-	-	-
7 Other financial corporations	-	-	-	-	-	-	-	-	-
8 of which investment firms	-	-	-	-	-	-	-	-	-
9 Loans and advances	-	-	-	-	-	-	-	-	-
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-	-	-	-	-	-	-	-
12 of which management companies	-	-	-	-	-	-	-	-	-
13 Loans and advances	-	-	-	-	-	-	-	-	-
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-	-	-	-	-	-	-
16 of which insurance undertakings	-	-	-	-	-	-	-	-	-
17 Loans and advances	-	-	-	-	-	-	-	-	-
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	-
19 Equity instruments	-	-	-	-	-	-	-	-	-
20 Non-financial undertakings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21 Loans and advances	-	-	-	-	-	-	-	-	-
22 Debt securities, including UoP	-	-	-	-	-	-	-	-	-
23 Equity instruments	-	-	-	-	-	-	-	-	-
24 Households	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25 of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-
26 of which building renovation loans	-	-	-	-	-	-	-	-	-
27 of which motor vehicle loans	-	-	-	-	-	-	-	-	-
28 Local governments financing	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29 Housing financing	-	-	-	-	-	-	-	-	-
30 Other local government financing	-	-	-	-	-	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable properties	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32 Total GAR assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

		ap	aq	ar	as	at	au	av	aw
		Year ending on 31.12.2022							
		Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total covered assets in the denominator)				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

		ax	ay	az	ba	bb	bc	bd	be
		Year ending on 31.12.2022							
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	% (compared to total covered assets in the denominator)	bf	bg	bh	bi	bj	bk
		Year ending on 31.12.2022					
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**	**-**

4. GAR KPI flow CapEx-based view

		a	b	c	d	e	f	g	h	i
		Year ending on 31.12.2023								
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to flow of total eligible assets)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	65.42%	4.85%	1.31%	0.20%	1.74%	0.09%	0.07%	-	0.07%
2	**Financial undertakings**	**0.71%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	1.35%	-	-	-	-	-	-	-	-
4	Loans and advances	1.35%	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**34.49%**	**17.18%**	**4.63%**	**0.72%**	**6.16%**	**0.32%**	**0.24%**	**-**	**0.24%**
21	Loans and advances	34.49%	17.18%	4.63%	0.72%	6.16%	0.32%	0.24%	-	0.24%
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-
24	**Households**	**87.11%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	86.40%	-	-	-	-	-	-	-	-
26	of which building renovation loans	100.00%	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	100.00%	-	-	-	-	-	-	-	-
28	**Local governments financing**	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	100.00%	-	-	-	-	-	-	-	-
30	Other local government financing	100.00%	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**17.77%**	**1.32%**	**0.35%**	**0.06%**	**0.47%**	**0.02%**	**0.02%**	**-**	**0.02%**

		j	k	l	m	n	o	p	q
		Year ending on 31.12.2023							
		Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to flow of total eligible assets)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

		r	s	t	u	v	w	x	z
		Year ending on 31.12.2023							
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets))				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

		aa	ab	ac	ad	ae	af
		Year ending on 31.12.2023					Proportion of total new assets covered
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to flow of total eligible assets)			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	65.51%	4.92%	1.31%	0.20%	1.81%	24.42%
2	**Financial undertakings**	**0.71%**	**-**	**-**	**-**	**-**	**1.95%**
3	Credit institutions	1.35%	-	-	-	-	1.02%
4	Loans and advances	1.35%	-	-	-	-	1.02%
5	Debt securities, including UoP	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	0.93%
8	of which investment firms	-	-	-	-	-	0.74%
9	Loans and advances	-	-	-	-	-	0.74%
10	Debt securities, including UoP	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-
20	**Non-financial undertakings**	**34.81%**	**17.43%**	**4.63%**	**0.72%**	**6.40%**	**6.89%**
21	Loans and advances	34.81%	17.43%	4.63%	0.72%	6.40%	6.89%
22	Debt securities, including UoP	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-
24	**Households**	**87.11%**	**-**	**-**	**-**	**-**	**15.48%**
25	of which loans collateralised by residential immovable property	86.40%	-	-	-	-	14.67%
26	of which building renovation loans	100.00%	-	-	-	-	0.58%
27	of which motor vehicle loans	100.00%	-	-	-	-	0.22%
28	**Local governments financing**	**100.00%**	**-**	**-**	**-**	**-**	**0.10%**
29	Housing financing	100.00%	-	-	-	-	-
30	Other local government financing	100.00%	-	-	-	-	0.10%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**100.00%**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**17.80%**	**1.34%**	**0.35%**	**0.06%**	**0.49%**	**24.42%**

5. KPI off-balance sheet exposures CapEx-based view, stock

	a	b	c	d	e	f	g	h	i
	Year ending on 31.12.2023								
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	43.93%	19.25%	-	0.55%	4.19%	0.10%	0.05%	-	0.05%
2 Assets under management (AuM KPI)	20.04%	7.85%	-	-	0.12%	0.41%	0.16%	-	-

	j	k	l	m	n	o	p	q
	Year ending on 31.12.2023							
	Water and marine resources (WTR)				Circular economy (CE)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-
2 Assets under management (AuM KPI)	-	-	-	-	-	-	-	-

	r	s	t	u	v	w	x	z
	Year ending on 31.12.2023							
	Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-
2 Assets under management (AuM KPI)	-	-	-	-	-	-	-	-

		aa	ab	ac	ad	ae
		Year ending on 31.12.2023				
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to total eligible off-balance sheet assets)				Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	43.93%	19.29%	-	0.55%	4.23%
2	Assets under management (AuM KPI)	20.45%	8.01%	-	-	0.12%

5. KPI off-balance sheet exposures CapEx-based view, flow

	a	b	c	d	e	f	g	h	i
	Year ending on 31.12.2023								
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	32.12%	16.62%	-	0.17%	3.92%	0.01%	-	-	-
2 Assets under management (AuM KPI)	15.83%	5.89%	-	-	-	0.42%	0.16%	-	-

	j	k	l	m	n	o	p	q
	Year ending on 31.12.2023							
	Water and marine resources (WTR)				Circular economy (CE)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-
2 Assets under management (AuM KPI)	-	-	-	-	-	-	-	-

	r	s	t	u	v	w	x	z
	Year ending on 31.12.2023							
	Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-
2 Assets under management (AuM KPI)	-	-	-	-	-	-	-	-

		aa	ab	ac	ad	ae
		Year ending on 31.12.2023				
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
	% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	32.13%	16.62%	-	0.17%	3.92%
2	Assets under management (AuM KPI)	16.25%	6.04%	-	-	-

Quantitative indicators related to activities in the nuclear and fossil gas sectors

This subchapter discloses the nine required reporting templates for the nuclear and fossil gas sectors. They are based on the templates of the Appendix XII of the Delegated Regulation 2021/2178. Templates 2-5 are each presented in the turnover and CapEx view.

There are no use of proceeds known financings in Erste Group's portfolio that are related to activities in the areas of nuclear energy and fossil gas. The filling of the relevant tables is therefore based on the KPIs published by the respective counterparties in the corresponding tables.

TEMPLATE 1 NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES, STOCK

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

TEMPLATE 2 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR), STOCK, TURNOVER-BASED VIEW

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	80	0.03%	80	0.03%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the Total GAR stock**	1,171	0.50%	1,167	0.49%	4	-
8	**Total Total GAR stock**	**1,251**	**0.53%**	**1,247**	**0.53%**	**4**	**-**

TEMPLATE 3 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR), STOCK, TURNOVER-BASED VIEW

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Total GAR stock	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Total GAR stock	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Total GAR stock	80	6.40%	80	6.42%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Total GAR stock	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Total GAR stock	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Total GAR stock	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the Total GAR stock**	1,171	93.60%	1,167	93.58%	4	100.00%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the Total GAR stock**	**1,251**	**100.00%**	**1,247**	**100.00%**	**4**	**100.00%**

TEMPLATE 4 TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES, STOCK, TURNOVER-BASED VIEW

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	2	-	2	-	-	-
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	6.40%	-	6.42%	-	-
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	163	-	163	-	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	136	-	136	-	-	-
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	12	-	12	-	-	-
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the Total GAR stock**	**73,269**	**93.60%**	**73,265**	**93.58%**	**4**	**100.00%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the Total GAR stock**	**73,583**	**100.00%**	**73,579**	**100.00%**	**4**	**100.00%**

TEMPLATE 5 TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES, STOCK, TURNOVER-BASED VIEW

Row	Economic activities	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KP	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	17	0.01%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the Total GAR stock**	161,426	68.32%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the Total GAR stock**	**161,443**	**68.33%**

TEMPLATE 2 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR), STOCK, CAPEX-BASED VIEW

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	3	-	3	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	77	0.03%	77	0.03%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the Total GAR stock**	1,708	0.72%	1,693	0.72%	6	-
8	**Total Total GAR stock**	**1,787**	**0.76%**	**1,773**	**0.75%**	**6**	**-**

TEMPLATE 3 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR), STOCK, CAPEX-BASED VIEW

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Total GAR stock	3	0.18%	3	0.19%	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Total GAR stock	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Total GAR stock	77	4.28%	77	4.32%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Total GAR stock	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Total GAR stock	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the Total GAR stock	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the Total GAR stock**	1,708	95.53%	1,693	95.49%	6	100.00%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the Total GAR stock**	**1,787**	**100.00%**	**1,773**	**100.00%**	**6**	**100.00%**

TEMPLATE 4 TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES, STOCK, CAPEX-BASED VIEW

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-	-	-	-	-
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-	-	-	-	-
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	31	0.01%	31	0.01%	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	81	0.03%	81	0.03%	-	-
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the Total GAR stock**	**73,814**	**31.24%**	**73,819**	**31.24%**	**3**	**-**
8	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the Total GAR stock**	**73,926**	**31.29%**	**73,931**	**31.29%**	**3**	**-**

TEMPLATE 5 TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES, STOCK, CAPEX-BASED VIEW

Row	Economic activities	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KP	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	15	0.01%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Total GAR stock	-	-
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the Total GAR stock**	**160,547**	**67.95%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the Total GAR stock'**	**160,563**	**67.96%**

8. GRI Index

Statement of use	Erste Group Bank AG has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023.					
GRI 1	GRI 1: Foundation 2021					
GRI Standard	**Disclosure**	**Location**	**Omission**			
			Requirement(s) omitted	**Reason**	**Explanation**	**Remarks**
General disclosures						
GRI 2: General disclosures 2021	2-1 Organizational details	Management Report 2023 **a.** General information in the notes to the consolidated financial statements **b.** Ownership, legal form: Chapter 'Capital, share, voting and control rights and associated agreements' in the group management report **c.** Place of headquarters: Chapter 'Branches' in the group management report **d.** Countries in which it operates: Note 1 (segment reporting) in the notes to the group financial statements				a) Erste Group Bank AG c) Am Belvedere 1, Wien 1100
	2-2 Entities Included in the organization's sustainability reporting	Note 57				
	2-3 Reporting period, frequency and contact point	Imprint				1.1.2023 to 31.12.2023 annually
	2-4 Restatements of information					No significant changes in the organization (neither in terms of size, structure) or supply chain
	2-5 External assurance	p. 168-169				
	2-6 Activities, value chain and other business relationships	Management Report 2023 Chapter: Cooperation between Erste Group Bank AG and Vienna Insurance Group (VIG); Part Consolidation section in the Annex				Partnership with Vienna Insurance
	2-7 Employees	p. 33-34	2-7 iii) Employees with non-guaranteed working hours	Not applicable	Does not apply to Erste Group .	
	2-8 Workers who are not employees			Not applicable	Workers who are not employees do not perform a significant portion of organization's activities	
	2-9 Governance structure composition	CG report				TCFD: Governance
	2-10 Nomination and selection of the highest governing body	CG report	2-10 i Consideration of views of stakeholder (inc.shareholder) for the nomination of the highest governance body members	Not applicable	Syndicate members are subordinated to the Erste Foundation	
	2-11 Chair of the highest governance body	CG report				

GRI Standard	Disclosure	Location	Omissionn			Remarks
			Requirement(s) omitted	Reason	Explanation	
GRI 2: General disclosures 2021	2-12 The role of the highest governance body in overseeing the management of impacts	p. 7-9 and CG report				TCFD: Governance
	2-13 Delegation of responsibility for managing impact	p. 7-9				TCFD: Governance
	2-14 Role of the highest governance body in sustainability reporting	p. 7-9 and CG report				TCFD: Governance
	2-15 Conflicts of interest	CG report				
	2-16 Communication of critical concerns	p. 64				
	2-17 Collective knowledge of the highest governance body	CG Report and 7-9				TCFD: Governance
	2-18 Evaluation of the performance of the highest governance body	p. 9-10				
	2-19 Remuneration policies	p. 9-10				
	2-20 Process to determine remuneration	p. 9-10				
	2-21 Annual total compensation ratio	p.11				
	2-22 Statement on sustainable developement strategy	p. 2-3; 4-7				
	2-23 Policy commitments for responsible business conduct	p. 2-3; 60				Code of Conduct: https://www.erstegroup.com/de/ueber-uns/nachhaltigkeit-esg
	2-24 Embedding policy commitments for responsible business conduct	p. 60-66				
	2-25 Processes to remediate negative impacts	p. 60-66				
	2-26 Mechanisms for seeking advice and raising concerns	p. 60-66				

GRI Standard	Disclosure	Location	Omission			
			Requirement(s) omissitted	Reason	Explanation	Remark
GRI 2: General disclosures 2021	2-27 Compliance with Laws and Regulations					There were no significant penalties in 2023 as a result of non-compliance with social, economic and environmental laws and regulations.
	2-28 Membership in associations					Erste Group Bank AG has the following significant memberships: WSBI (World Savings Banks Institute), ESBG (European Savings Banks Group),Österreichischer Sparkassenverband, WKO (Austrian Economic Chambers, Industry Sector:Banking and Insurance Division), ÖVFA (Österreichische Vereinigung für Finanzanalyse and Asset Management), BWG (Bankwissenschaftliche Gesellschaft), WIFO (Wirtschaftsforschungsinstitut Österreich), Österreichische Industriellenvereinigung (IV), respACT (Austrian Business Council for Sustainable Development), Transparency International, UNEP FI, Net Zero Banking Alliance, PCAF; UN GC participant Erste Group's banking subsidisries in CEE have following significant memberships:. Erste Bank Croatia: Croatia Green Building Council (CGBC), Croatian Association of Accountants and Financial Experts (CAAFE); Erste Bank Serbia: Association of Banks of Serbia, Chamber of Commerce Serbia; Slovenská sporiteľňa: Slovak Banking Association, Central European Corporate Governance Association; Erste Bank Hungary: Hungarian Banking Association, Budapest Chamber of Commerce and industry; Banca Comercială Română: Romanian Banking Association, Financial Markets Association; Česká spořitelna: Czech Banking Association, Economic chamber of the Czechia
	2-29 Approach to stakeholder engagement	p. 11				
	2-30 Collective bargaining agreements	p. 39-40				

GRI Standard	Disclosure	Location	Omission			Remark
			Requirement(s) omitted	Reason	Explanation	
Material Topics						
GRI 3: Material topics in 2021	3-1 Process to determine material topics	p. 3-4				
	3-2 List of material topics	p. 4				
Climate and Environment - Financed Emissions						
GRI 3: Financed emissions	3-3 Management of material topics	p. 12-22				
Climate and Environment - Sustainable Finance and Investments						
GRI 3: Sustainable financing and investments Financed emissions	3-3 Management of material topics	p. 22-28				
Climate and Environment - Ecological Impacts of Banking Operations						
GRI 3: Material topics in 2021	3-3 Management of material topics	p. 28-33				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 28-33	d. in joules, watt-hours or multiples of units, the total(s): I. electricity sold ii. heat sold iii. cooling energy sold iv. steam sold	Not applicable	Erste Group does not generate revenues from the sale of electricity, heat, steam or cooling energy	TCFD metrics and goals;
	302-2 Energy consumption outside of the organization			Information is not available	Data on energy consumption outside the organization is not available, but is included in the Group's Socpe 3 emissions using a spend-based calculation approach.	
	302-3 Energy Intensity	p. 28-33				
	302-4 Reduction of energy consumption	p. 28-33				TCFD Metrics and Goals
	302-5 Reduction of energy requirements for products and services			Not applicable	Our products are intangible and therefore do not require energy.	
GRI 305: Emissions 2016	305-1 Direct (scope 1) GHG emissions	p. 28-33	c. Biogenic CO2 emissions in tonnes of CO2 equivalent	Not applicable	No biogenic emissions are emitted	TCFD Metrics and Goals
	305-2 Energy Indirect (scope 2) GHG emissions	p. 28-33				TCFD Metrics and Goals
	305-3 Other indirect (scope 3) emissions	p. 28-33	c. Biogenic CO2 emissions in tonnes of CO2 equivalent	Not applicable	No biogenic emissions are emitted	
	305-4 GHG emissions intensity	p. 28-33				
	305-5 Reduction of GHG emissions	p. 28-33				
	305-6 Emissions of ozone depleting Substances (ODS)			Not applicable	Not applicable due to the nature of our business.	
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions			Not applicable	Not applicable due to the nature of our business.	

GRI Standard	Disclosure	Location	Omission			Remarks
			Requirement(s) omitted	Reason	Explanation	
Our Employees- Diversity and Inclusion						
GRI 3: Material topics in 2021	3-3 Management of material topics	p. 35-39				
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	p. 38 and CG Report	405-1 b)	b) Information unavailable	b) Figures were not collected.	
GRI 405: Diversity and equal opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	p.36		Data not complete	Gender Pay Gap project ongoing	
GRI 406 Anti-Discrimination 2016	406 -1 Non-discrimination	p. 36-37				
Our employees – Occupational health and work-life balance						
GRI 3: Material topics in 2021	3-3 Management of material topics	p. 40-43				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational Health and safety management system	p.41-42				
	403-2 Hazard Identification, risk assessment, and Incident Investigation	p. 40-43				
	403-3 Occupational health services	p. 41-42				
	403-4 Worker participation,, consultation and communication on occupational health and safety	p. 41				
	403-5 Worker training on occupational health and safety	p. 42				
	403-6 Promotion of worker health	p. 40-43				
	403-7 Prevention and mitigation of occupational health and safety impacts linked directly to business relationships	p. 40-43				
	403-8 Workers covered by an occupational health and safety management system	p.40				
	403-9 Work-related injuries	p.43				
	403-10 Work-related ill health	p.43				

GRI Standard	Disclosure	Location	Omission			Remarks
			Requirement(s) omitted	Reason	Explanation	
Our Employees - Attractiveness for Talents						
GRI 3: Material topics in 2021	3-3 Management of material topics	p. 43-47				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p. 45-46				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees			Not applicable	Benefits are provided to all employees	
	401-3 Parental leave	p. 43	401-3 d and e	No data available	Data was not collected	
GRI 404 Training and education 2016	404-1 Average hours on training per year and employee	p. 44	ii) Employee category	No data available	Data was not collected	
	404-2 Programs for upgrading the skills of employees and transition assistance programs	p. 45				
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 45				

GRI Standard	Disclosure	Location	Omission			Remark
			Requirement(s) omitted	Reason	Explanation	
Our Customers - Customer Satisfaction						
GRI 3: Material topics in 2021	3-3 Management of material topics	p. 50-53				
Our customers – data security						
GRI 3: Material topics in 2021	3-3 Management of material topics	p. 47-49				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches customer privacy and losses of customer data	p. 49				
Financial inclusion and capacity building						
GRI 3: Material topics in 2021	3-3 Management of material topics	p. 53-59				
Business ethics - Anti-Corruption						
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption		205-1 a. Total number and percentage of operations assessed for risks related to corruption.	Information is not available		Data will only be available to internal committees after the presentation of compliance annual reports.
	205-2 Communication and training on anti-corruption policies and procedures			Information is not available		Data is not available in this form
	205-3 Confirmed incidents of corruption and measures taken	p. 63				
Business ethics						
GRI 206: Anti-Competitive Conduct 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly formation					In 2023 no legal action for anti-competitive behavior, anti-trust, or monopoly practices were initiated against Erste Group Bank AG. One new proceeding was initiated with a dawn raid performed by the respective Competition Authority. Therefor three cases are pending. We do not expect these cases to lead to any fines or sanctions that would have a material effect on Erste Group..

9. Principles for Responsible Banking

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

1.1 — BUSINESS MODEL

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Erste Group aims to be the leading bank for retail and corporate customers in the CE region, including Austria. In all of its core markets, Erste Group pursues a well-balanced business model that is designed to offer each customer the best banking services. Today, Erste Group serves approx. 16.1 million customers in Austria (market share in retail lending 21.4%), the Czech Republic (26.4%), Slovakia (24.6%), Romania (16.6%), Hungary (11.5%), Croatia (14.7%) and Serbia (7.1%).

Business with retail customers is our core business and our particular strength. It is at the heart of the development of products such as modern digital banking, which enables us to meet customer expectations more effectively. The retail customer business covers the entire spectrum of loan, deposit and investment products as well as account management and credit cards. We also use and promote digital sales channels such as the internet and mobile banking, both to take account of the increased importance of digital banking and to actively shape the digital future. George, our digital platform, plays a key role in this.

Business with SME, regional and multinational corporations and real estate companies is our second main business area, which also contributes significantly to Erste Group's success. Our aim is to deepen our customer relationships so that they go beyond the pure lending business.

A customer-oriented capital market business is also part of our comprehensive offering to our private and corporate customers. We therefore see our capital market business as a link between the financial markets and our customers.

Adequate infrastructure in the areas of transportation, energy and municipal services is essential for long-term, sustainable economic growth. Infrastructure financing and all associated financial services are therefore of enormous importance to us.

Chapter:
Business overview and Erste Group website (presentations of results)

1.2 — STRATEGY ALIGNMENT

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- [x] **Yes**
- [ ] **No**

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- [ ] UN Guiding Principles on Business and Human Rights
- [ ] International Labour Organization fundamental conventions
- [x] UN Global Compact
- [ ] UN Declaration on the Rights of Indigenous Peoples
- [ ] None of the above

The concept of sustainability has been a key pillar of Erste Group since its foundation. Sustainability means to act successfully in social, ecological and economic terms. Erste Group pursues a clearly defined ESG strategy based on the strategic pillars of green transition and social inclusion.

For us, a green transition means providing financial resources for climate action. The Group aims to achieve a net zero status for its portfolio by 2050, thereby contributing to the goal of the Paris Climate Agreement. A net zero status for the banking operations is to be attained by 2030. Erste Group was one of the first banking groups in the region to join the Net Zero Banking Alliance. Our efforts are designed to implement specific, science-based targets for each defined sector.

We understand social inclusion to include financial inclusion and education, social banking, affordable housing and gender equality. We believe that a sound socio-economic environment provides the basis for solid banking operations and has a beneficial impact on our economic performance. This is what we are working towards every day.

As a token of our long-term commitment, we signed the UN Global Compact supporting the 17 Sustainable Development Goals (SDGs) as early as 2015. Our shared ambition: to achieve the development goals in respect of the major societal challenges by 2030. Erste Group supports seven of the 17 SDGs through its social activities and financial services: "No poverty", "Quality education", "Gender equality", "Clean water and sanitation", "Sustainable cities and communities", "Sustainable consumption and production" and "Climate action".

Chapter:
1.1 Embedded ESG strategy as key to success

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products, and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 — IMPACT ANALYSIS

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):

a. Scope
What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Our impact analysis was first performed in 2022 and continues to be of relevance in 2023 reporting. For the impact analysis we included our most important corporate and retail business activities across all of our Core Markets, which account for 91% of the Group's total operating income.

For the corporate business we applied an exposure threshold per industry sector of EUR 1 billion, which allowed us to focus on the financed economic activities with the most impact. We thereby achieved a coverage of our corporate lending book of 93%.

We did not consider investment banking, capital markets and third-party asset management that we offer to our clients as a service as these areas are not part of our mainstream banking activities.

Chapter:
Business overview

b. Portfolio composition
Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

When analyzing our corporate customer portfolio, we focused on the most important industrial sectors in our portfolio (NACE code classification). The composition was measured by the share of the credit risk volume in % and the share of financed emissions (calculated according to PCAF). The composition of our portfolio is also reflected in our prioritized decarbonization sectors. This results in the following composition: real estate (share of credit risk volume of 12% / share of financed emissions 7%), energy (5% / 27%), construction (5% / 9%), natural resources and commodities (4% / 20%), non-cyclical consumer goods (3% / 4%) and automotive (2% / 2%). For our analysis of the retail business, we used the total exposure of all products offered by Erste Group. Our assessment of the relevance of products and services is based on the number of customers per type of product, which showed the most important categories to be current accounts (47%), savings accounts (22.9%), consumer loans (21.8%), credit cards (5.3%) and mortgage loans (2.9%). Even though mortgage loans represent only a small number of customers, they account for a significant portion of volume outstanding (30%).	Chapters: Business overview and 2.1 Financed emissions

c. Context
What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

The economic and social costs of a net zero transition are not necessarily distributed fairly. Affordability of staple goods and services as well as access to affordable housing have become a major concern for a large part of society. Inflation and the persistent energy crisis have been speeding up these developments. These may lead to inequality and a division of society and reduce public support for key climate protection measures. It is therefore the shared responsibility of all of us to support a fair transition that leaves no-one behind. With our ESG strategy we aim to strengthen the capability of our region to adapt to climate change and mitigate its main risks as identified by the Intergovernmental Panel on Climate Change (IPCC). Among these risks are heat, lower crop yields, water scarcity and flooding. We believe that it is only through communication and collaboration with our stakeholders that we can meet their needs and expectations. It is only with the trust and the support of our stakeholders that we will be able to keep developing our business successfully and contribute to a green transition and social inclusion. It is therefore important for us to conduct an open dialogue with our stakeholders. For details on the stakeholder groups of relevance to us refer to Chapter "1.4 Stakeholder engagement".	Chapter: 1.4 Stakeholder engagement and Erste Group Climate Report 2023

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose.

By using the Context Module provided by UNEP FI we were able to make a first high-level assessment of the main priorities in all our core markets. Availability, accessibility, affordability & quality of resources and services, as well as climate stability and circularity were identified as common fields of priority for all seven countries. Based on the statistical data provided by UNEP FI, improvement is needed with regard to access to good quality food, affordable housing and the countries' health security and capabilities. In addition to social concerns, more attention also needs to be given in our core markets to the environment, specifically the avoidance of climate risks, resource intensity and waste recycling.

Both the Institutional and the Consumer Banking modules have shown us how the main priorities of our core markets can be translated into the most important positive and negative impact areas of Erste Group by considering our actual business activities in the corporates and retail business. As a conclusion from these findings we classified financial health and inclusion as well as climate action as those two relevant impact areas in which we want to set targets within the framework of our Principles for Responsible Banking commitment.

d. For these (min. two prioritized impact areas): Performance measurement
Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Measuring our impact on climate change:
To measure the impact of our business activities on climate change we regularly perform a detailed calculation of our financed emissions using the PCAF methodology. The calculation helps us to identify the most emission intensive sectors we are financing. Understanding our financed emissions was the basis for our Net-Zero commitment by 2050 and our membership in the Net-Zero Banking Alliance. The first set of decarbonisation targets was defined in 2022 for the following sectors: mortgages, commercial real estate, electricity and heat & steam production. The 2023 Non-Financial Report shows targets for the following additional sectors: cement production, oil & gas extraction, iron & steel and automotive production.

Identifying our contribution to Financial Health and Inclusion:
The outcomes of Erste Group's social banking activities are measured as part of regular impact assessments. This is done on the basis of output data such as the number of newly created jobs, the number of participants in educational activities, etc. and supplemented with the results of anonymous customer surveys. Erste Group's social banking initiatives focus on financially excluded or vulnerable individuals (people at risk of poverty or social exclusion), start-ups, micro-entrepreneurs and social organisations (non-profit sector, non-governmental organisations and social enterprises), offering them fair access to financial products, sound financial advice, as well as business training and mentoring.

Chapter:
1.2 Strategic priorities,
2.1 Financed emissions,
Chapter 5. Financial inclusion and capacity building

Self-assessment summary
Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

	Yes	In progress	No
Scope	☑ Yes	○ In progress	○ No
Portfolio composition	☑ Yes	○ In progress	○ No
Context	☑ Yes	○ In progress	○ No
Performance measurement	☑ Yes	○ In progress	○ No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?
Climate change mitigation and financial health & inclusion

How recent is the data used for and disclosed in the impact analysis?

○ Up to 6 months prior to publication
☑ Up to 12 months prior to publication
○ Up to 18 months prior to publication
○ Longer than 18 months prior to publication

2.2 — TARGET SETTING

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a. Alignment
which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Erste Group is committed both to adapting to climate change and mitigating it in accordance with the Paris Agreement. We contribute to limiting global warming to 1.5°C and to achieving net zero status by 2050. We believe that it is the shared responsibility of all of us to work for a fair transition that is in conformity with achieving the UN Goals for Sustainable Development. Inadequate financial literacy and financial health remain a main limitation of the wellbeing of many in the region. Our main objective through social banking is to make financing accessible for the currently non-banked population and to support them with financial education and knowledge building. With this aspiration we are contributing to the EU goal of reducing poverty by 50% by 2030 as well as to progress on the UN SDGs.	Chapter: 2.1 Financed emissions and 5. Financial inclusion and capacity building; Erste Group Climate Report 2023

b. Baseline
Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

For our impact area of climate action, we aligned the structure of our reporting with the requirements set by the Net Zero Banking Alliance and have therefore included the following indicators:

Impact area	Indicator code	Response / Chapter
Climate action	A.1.1 – Climate strategy	Yes
	A.1.2 – Paris Alignment target	Yes + Chapter 2.1
	A.1.3 – Policy, process and climate relationships	Yes
	A.1.4 – Portfolio analysis	Yes + Chapter 2.1
	A.1.5 – Business opportunities	Yes + Chapters 2.1 and 2.2
	A.2.1 – Client engagement	Yes + Chapters 2.1 and 2.2
	A.2.2 – Absolute financed emissions	Total GHG emissions or CO_2e + Chapter 2.1
	A.2.3 – Sector-specific emission intensity	Chapter 2.1
	A.2.4 – Proportion of financed emissions covered by decarbonisation targets	Kapitel 2.1
	A.3.1 – Financial volume of Green Assets	Chapters 2.2 and 7.
	A.3.2 – Financial volume lent to/invested in carbon intensive sectors and activities	Kapitel 2.1
	A.4.1 – Reduction of GHG emissions	Chapter 2.1
	A.4.2 – Portfolio alignment	Chapter 2.1

For our financial health and inclusion impact area we have included the following indicators for reporting purposes:

Impact area	Indicator code	Response / Chapter
Financial health and inclusion	Products and advisory services with focus on financial health	Chapter 4.
	Participants using advisory services to strengthen financial health	Chapter 4.
	New social banking financing (in EUR million and number of customers)	Chapter 5.
	Microfinance and start-up-finance (in EUR million and number of customers)	Chapter 5.
	Financing of social organisations (in EUR million and number of customers)	Chapter 5.
	Number of customers supported in financial difficulties	Chapter 5.
	Number of jobs created and preserved	Chapter 5.
	Number of participants in financial literacy initiatives	Chapter 5.

c. SMART targets (incl. key performance indicators (KPIs) Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.	
To make our portfolio contribute to the achievement of the goals of the Paris Agreement and to attain a net zero status by 2050 we defined decarbonisation targets for the emission-intensive sectors of our portfolio. To promote financial health and inclusion in our region, we defined milestones up to 2030 under our Social Banking programme: construction of affordable housing units, providing finance through social banking, rolling out financial literacy initiatives and the creation and preservation of jobs. The impact of the measures taken to achieve these targets will be disclosed regularly in a separate impact report. For details on the targets set and KPIs applied we refer to the relevant chapters of the report.	Chapter: 2.1 Financed emissions, 4. Our customers and 5. Financial inclusion and capacity building Social Banking Impact Report
d. Action plan Which actions including milestones have you defined to meet the set targets? Please describe. Please also show that your bank has analyzed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.	
The following steps have been defined as essential on the pathway to the successful **decarbonisation** of our portfolios: measurement of financed greenhouse gas emissions, setting well-defined decarbonisation targets and, finally, implementation and control of an effective action plan (also: transition plan) for the portfolio. The four pillars of our climate strategy are designed to take advantage of opportunities for green growth and mitigate climate risks that are specific to our region: 1. **Energy efficiency** – buildings in CEE are generally less energy efficient than in the rest of the EU. This offers a great opportunity for reducing emissions while at the same time lowering the cost of living and improving the occupants' quality of life. 2. **Industrial decarbonisation** – CEE must reduce emissions from carbon-intensive production, lower its reliance on coal and increase the availability and storage of renewable energy. This creates opportunities for promoting financing of sustainable technologies and renewable energy while at the same time supporting the climate protection efforts of emission-intensive clients. 3. **Better land use** – sustainable land management including best practices in agriculture and reduced deforesting can support land-based carbon sinks in CEE. 4. **A fair transition** – the economic and social costs of a net zero transition are not necessarily fairly distributed. This may lead to inequality and division and reduce public support for key climate protection measures. It is our shared responsibility to support a fair transition that does not leave anyone behind. To promote **financial health**, we rely on proven personal advice as well as increased transparency supported by digital tools. Selected corporate customers are provided with an overview of their ratings and key financial metrics covering specified periods and benchmarked against available industry data. Overviews and metrics are updated at regular intervals and discussed with customers face to face. Financial health is not only confined to financial metrics, however. It also includes reviewing our contracts for ease of understanding, the development of a digital advisory tool for photovoltaics and offering financial training for our customers' employees – to name just a few examples from Erste Group. Partnering and cooperating with outside partners, we also offer innovative solutions with the aim of streamlining our customers' management of their financial affairs with the support of new digital or AI technologies. We finally believe in our obligation to keep our customers as well as our customer relationship managers well informed about trends, new technologies and approaches. We communicate through webinars, meetings and conferences but also by means of news releases, training events or via our website with and without cooperation partners.	Chapter: 1. Sustainability at Erste Group, 2.1 Financed emissions, 4. Our customers, 5. Financial inclusion and capacity building; Erste Group Climate Report 2023

To measure the impact of Erste Group's various **social banking activities** we regularly perform impact assessments. These are based on output data such as the number of newly created jobs, the number of participants in educational activities, etc., and supplemented by the results of anonymous customer surveys.

In addition, we are steadily working on product innovation to help our clients become financially healthy and integrate into society.

Self-assessment summary
Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your areas of most significant impact.

	Climate Change Mitigation	Financial Health & Inclusion
Alignment	☑ Yes ○ In progress ○ No	☑ Yes ○ In progress ○ No
Baseline	☑ Yes ○ In progress ○ No	☑ Yes ○ In progress ○ No
SMART targets	☑ Yes ○ In progress ○ No	☑ Yes ○ In progress ○ No
Action plan	☑ Yes ○ In progress ○ No	☑ Yes ○ In progress ○ No

2.3 — TARGET IMPLEMENTATION AND MONITORING

For each target separately
Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only):
describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

For details on progress towards our targets see the section entitled "Targets" in Chapters „2.1 Financed emissions" and "5. Financial inclusion and capacity building".

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 — CLIENT ENGAGEMENT

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?
☑ Yes ○ In progress ○ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?
☑ Yes ○ In progress ○ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see Principle 2).

Erste Group believes that sustainable finance benefits from public and entrepreneurial awareness, commitment and specific knowledge. For the purpose of offering its corporate customers targeted advisory services, Erste Group has set up dedicated teams in a number of its core markets, known in Austria as Sustainable Finance Corporates. A concrete example of how we engage with our customers is the support we offer them in coping with the challenges involved in the renovation of buildings and dwellings: in addition to running comprehensive information campaigns we have set up in-house teams of experts who assist and advise customers on a large variety of questions related to renovation. Their expertise ranges from available subsidies to energy consulting, where we co-operate in Austria with klimaaktiv, an initiative of the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology.	Chapter: 2.1 Financed emissions, 2.2 Sustainable finance and investment

3.2 — BUSINESS OPPORTUNITIES

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

We have developed sustainable products and solutions for our key customer industries. For details see Chapters "2.1 Financed emissions" and "2.2 Sustainable finance and investment" in this report.	Chapter: 2.1 Financed emissions and 2.2 Sustainable finance and investment

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 — STAKEHOLDER IDENTIFICATION AND CONSULTATION

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

☑ Yes ○ In progress ○ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

For details of the stakeholder groups of most relevance for Erste Group see Chapter "1.4 Stakeholder engagement".	In report, GRI index memberships

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 — GOVERNANCE STRUCTURE FOR IMPLEMENTATION OF THE PRINCIPLES

Does your bank have a governance system in place that incorporates the PRB?

☑ Yes ◯ In progress ◯ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Accountability for fulfilling our Principles for Responsible Banking commitment as well as our ESG strategy lies at the Management Board and Supervisory Board level, specifically with the Sustainability Board and the Strategy and Sustainability Committee. Meetings are held several times per year. For details and information on sustainability-linked remuneration we refer to Chapter "1.3 Governance".	Chapter: 1.3 Governance

5.2 — PROMOTING A CULTURE OF RESPONSIBLE BANKING

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

To achieve sustainable change, we have to incorporate sustainability both into our operations and into our corporate culture. Our employees' expertise, their experience and the decisions they take every day play a key role in implementing our climate strategy. We have been setting up Erste Green Communities in all countries to build a culture of ecological and climate responsibility from within our organisation. To establish ESG as an important component of our strategy, employee training is of major importance. In 2023, a mandatory web-based ESG basic training was rolled out across the entire Erste Group for all employees regardless of their position. We also developed a special in-house web-based training programme for employees working in Corporates and Markets. Remuneration principles applicable to the Management Board are in conformity with Erste Group's strategy and designed to motivate board members to promote a sustainable and positive development of the business. The group-wide implementation of sustainability and responsible banking principles is also supported by ESG key performance indicators defined under variable remuneration agreements at the senior and lower management levels.	Chapter: 1.3 Governance, 2.2 Sustainable finance and investment and 2.3 Ecological impact of banking operations

5.3 — POLICIES AND DUE DILIGENCE PROCESSES

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Erste Group has policies in place that describe our due diligence processes for environment, social and governance. Details can be found in the following chapters:
- 2.1 Financed emissions
- 2.2 Sustainable finance and investment
- 3. Our employees
- 6. Business ethics

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?
☑ Yes ○ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?
☑ Yes ○ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?
☑ Yes ○ In progress ○ No

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 — ASSURANCE

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?
○ Yes ☑ Partially ○ No

If applicable, please include the link or description of the assurance statement.

Details of the limited assurance provided for this reporting can be found in the Assurance Report.

6.2 — REPORTING ON OTHER FRAMEWORKS

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

☑ GRI
○ SASB
☑ CDP
○ IFRS Sustainability Disclosure Standards (to be published)
○ TCFD
○ Other: ...

6.3 — OUTLOOK

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.

Over the next 12 months we plan to complete the following steps to further progress on the fulfilment of our Principles for Responsible Banking commitment and the targets we have set ourselves:

1. Define additional concrete measures to decarbonise our portfolio and develop specific product offerings
2. Extend our Responsible Financing policy
3. Expand our range of Financial Health products

6.4 — CHALLENGES

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

- ○ Embedding PRB oversight into governance
- ○ Gaining or maintaining momentum in the bank
- ○ Getting started: where to start and what to focus on in the beginning
- ○ Conducting an impact analysis
- ○ Assessing negative environmental and social impacts
- ☑ Choosing the right performance measurement methodology/ies
- ○ Setting targets
- ○ Other: ...
- ○ Customer engagement
- ○ Stakeholder engagement
- ☑ Data availability
- ○ Data quality
- ○ Access to resources
- ○ Reporting
- ○ Assurance
- ☑ Prioritizing actions internally

Management Board	
Willibald Cernko mp, Chairman	Ingo Bleier mp, Member
Stefan Dörfler mp, Member	Alexandra Habeler-Drabek mp, Member
David O'Mahony mp, Member	Maurizio Poletto mp, Member

Vienna, 29 February 2024

We draw attention to the fact that the English translation of this report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Independent Limited Assurance Report on the (Consolidated) Non-financial Report as at December 31, 2023

(Translation)

We performed a limited assurance engagement on the (consolidated) non-financial report of Erste Group Bank AG, Vienna, as at December 31, 2023.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the (consolidated) non-financial report as at December 31, 2023, is not prepared, in all material respects, in accordance with section 243b and section 267a UGB as well as Article 8 of Regulation (EU) 2020/852 ("EU Taxonomy Regulation") and the Delegated Acts issued thereon.

Emphasis of matter - Interpretation uncertainties with regard to the delegated acts issued in relation to Art. 8 of the EU Taxonomy Regulation

We draw attention to the disclosures of the legal representatives in Chapter 7 of the (consolidated) non-financial report which explains that the EU Taxonomy Regulation and the related Delegated Acts use phrases and terms that are still subject to considerable interpretation uncertainties. The legal representatives explain, in particular in the section "Discretionary decisions and interpretive uncertainties", how they have made the interpretations of the EU Taxonomy Regulation and the related Delegated Acts as required. Due to the inherent risk that undefined legal terms can be interpreted differently, the legal conformity of the interpretation is subject to uncertainties. Our conclusion is not modified in respect of this matter.

Other matters - Disclaimer of liability towards third parties

This report is addressed to the Supervisory Board and is intended solely to inform the Supervisory board of the result of the engagement. The report may therefore not be suitable for any other purpose than the purpose named above and is not intended to serve as basis for any (investment) decisions by third parties. Therefore, no legal claims of third parties can be derived from it.

Management's Responsibility

Management is responsible for the preparation of the (consolidated) non-financial report in accordance with section 243b and section 267a UGB as well as the EU Taxonomy Regulation and the Delegated Acts issued thereon.

Management's responsibility includes the selection and application of appropriate methods to prepare the report as well as making assumptions and estimates with respect to specific disclosures which are reasonable in the circumstances, including the interpretation of the phrases and terms used in the EU Taxonomy Regulation and its Delegated Acts. Management is also responsible for such internal control as management determines is necessary to enable the preparation of a non-financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion based on our procedures performed and evidence obtained as to whether anything has come to our attention that causes us to believe that the (consolidated) non-financial report as at December 31, 2023, is not prepared, in all material respects, in accordance with section 243b and section 267a UGB as well as Article 8 of Regulation (EU) 2020/852 ("EU Taxonomy Regulation") and the Delegated Acts issued thereon.

We performed our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information. These standards require that we plan and perform our procedures to be able to express a limited assurance conclusion based on the assurance obtained. We do not, however, provide a separate conclusion for each disclosure. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The selection of the procedures lies in the sole discretion of the auditor.

In the course of our engagement, we performed, amongst others, the procedures and other activities below:

- Inquiries of employees responsible for performing the materiality analysis regarding the update of the identification of material topics and inspection of the corresponding protocols
- Update of our understanding of the structure of the sustainability organisation and the organisation of the reporting process through interviews and inspection of documents
- Update of our understanding of the concepts pursued in relation to environmental, social and employee matters, respect for human rights and the fight against corruption and bribery, including the due diligence processes and risks applied
- Understand and evaluate the processes for determining the information and key performance indicators relevant to the material topics identified and the internal controls related to these processes, in particular
  - inquiry of employees and inspection of documentation to gain an understanding of the process for estimating financed emissions, and
  - evaluation of the methodology used to determine financed emissions
  - obtaining an understanding of the process of identifying and allocating Taxonomy eligible and Taxonomy aligned exposures, based on the relevant internal policies and inquiries
- Assessment of risks of material misstatements in the (consolidated) non-financial report
- Corroboration of selected qualitative disclosures in the (consolidated) non-financial report with appropriate evidence such as resolutions, minutes, internal documentation, group guidelines, protocols and manuals
- Analytical procedures and random plausibility checks of selected quantitative disclosures in the (consolidated) non-financial report
- Tests, on a sample basis, of the recording and calculation of financed emissions
- Assessment of the use of the templates in accordance with Annex VI of Delegated Regulation 2021/2178 and the presentation in the templates in terms of compliance with legal requirements, logical and mathematical accuracy
- Reconciliation of the total assets and total gross carrying amounts of the assets recognised for the green asset ratio reported in the templates with the consolidated financial information, and assessment of the allocation to individual items
- Verification, on a sample basis, of the correct recording and calculation of exposures recognised as Taxonomy aligned
- Comparison of selected disclosures in the non-financial report with corresponding data in the consolidated financial statements
- Evaluation of the presentation and the completeness of the relevant disclosures based on the implemented framework pursuant to section 243b para. 5 UGB and section 267a para. 5 UGB (GRI standards 2021)

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Ensuring the Auditor's independence and quality

We are independent of the Company in accordance with Austrian Generally Accepted Accounting Principles and professional requirements, and we have fulfilled our other ethical responsibilities, in particular the requirements for quality assurance, in accordance with these requirements.

Vienna
February 29, 2024

PwC Wirtschaftsprüfung GmbH

Dorotea-E. Rebmann
Austrian Certified Public Accountant

signed

www.erstegroup.com

Audited Financial Reporting 2023

Your notes

AUDITOR’S REPORT

AUDIT OPINION

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OPINION

Sparkassen-Prüfungsverband (Prüfungsstelle) and PwC Wirtschaftsprüfung GmbH, Vienna, – hereinafter referred to as “we” – have audited the group consolidated financial statements of Erste Group Bank AG, Vienna, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2023, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended, and the notes to the group financial statements of Erste Group Bank AG.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at December 31, 2023, and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards (IFRSs) as adopted by the EU and the additional requirements under Section 59a Austrian Banking Act (BWG) in conjunction with Section 64 BWG and Section 245a Austrian Company Code (UGB).

BASIS FOR OPINION

We conducted our audit in accordance with Regulation (EU) No. 537/2014 (hereinafter “EU Regulation”) and Austrian generally accepted auditing standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report.

We are independent of the Group in accordance with Austrian Generally Accepted Accounting Principles, the provisions of the Austrian Banking Act and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor’s report is sufficient and appropriate to provide a basis for our opinion by this date.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have structured key audit matters as follows:
— Description
— Audit approach
— Reference to related disclosures

Impairments of Loans and Advances to Customers (expected credit losses)

DESCRIPTION

Impairments of Loans and Advances represent management's best estimate of the credit losses expected with respect to the loan portfolio at balance sheet date.

For loans and advances to customers in the amount of EUR 199,2 billion, measured at amortized cost, Erste Group Bank AG has recognized credit loss allowances in the amount of EUR 3.9 billion as at December 31, 2023. Due to the underlying assumptions and estimates, determining expected credit losses is inherently subject to substantial judgement applied by management.

Erste Group Bank AG has implemented internal guidelines and specific processes to estimate expected credit losses. These processes rely significantly on quantitative and qualitative criteria and require management judgement and estimates.

Scenario-based discounted cash flow methods are applied in line with IFRS to determine the level of loss allowances:
Collectively assessed impairments

- For non-defaulted loans, impairments are determined collectively and, provided no significant increase in credit risk has occurred, correspond to the expected credit losses in the event of default within the next 12 months. In the event of a significant increase in the credit risk of non-defaulted loans, impairments are determined in the amount of the expected loss over the remaining maturity. Similarly, expected losses over the remaining maturity are determined for those non-impaired loans and advances to which no credit risk could be assigned at the time of initial recognition due to missing data at the time of IFRS 9 transition (2018).
- For defaulted loans and advances with a comparable risk profile that are considered not to be individually significant, expected credit losses are collectively assessed as well.
- The collectively assessed expected credit losses are calculated considering default probabilities, forward-looking information and parameters that reflect the expected cash flows as well as the expected proceeds from the realization of collateral. The parameters are estimated based on statistical models.

Impairments not collectively assessed

- For defaulted loans and advances considered to be significant at customer level, expected credit losses are determined on a case-by-case basis. These impairments are calculated considering scenario probabilities, expected cash flows as well as expected proceeds from the realization of collateral.

The models used for determining loss allowances are specific to the types of loan portfolios. There are country-specific and forward-looking features both with regard to products and economic environment that are relevant to the respective loss estimate resulting in heightened complexity of models and input factors. The uncertainty inherent in the estimation of impairments of loans and advances, in particular the consideration of future economic conditions, are also in 2023 significant due to the geopolitical and economic developments.

Erste Group Bank AG has taken this into account by collective staging and in-model adjustments:

- On the one hand, customer groups that are potentially particularly affected by the negative economic developments were identified based on expert-based criteria. For these customer groups, assessment is made as to whether there has been a collective significant increase in credit risk, which is not yet to be determined on the stand alone financial instrument (collective staging).
- In the case of forward-looking information included in the modelling of expected credit losses, Erste Group Bank AG reflects the increased uncertainty about future economic developments by adjusting the macroeconomic assumptions and giving a high weight to the downside scenario used, as further detailed in note 40 (in-model adjustment).

Details on the methodology are presented in Note 40.

Due to

- the substantial judgement to be applied by the management in designing the overlays including determining and weighting macro-economic future scenarios,
- a high degree of uncertainty of future economic developments, which led to a high degree of auditor judgement,
- the complexity of models and interdependent assumptions and the resulting audit effort and
- the volume of risk provisions

we identified this area to be a key audit matter.

AUDIT APPROACH

To assess the appropriateness of impairments of loans and advances to customers, we:

- updated our understanding of the Expected Credit Loss calculation methodology applied by Erste Group Bank AG based on policies, documentation and interviews and assessed its compliance with the requirements of IFRS 9. We focused on adjustments to methods and processes made in order to capture the increased uncertainties of the present and future environment in expected credit losses.
- evaluated the control activities in credit risk management and lending business processes and tested key controls, in particular with respect to the approval of loans, ongoing monitoring and the early warning system as well as the processes around the early identification of default, as well as understood and evaluated the assessment of unlikeness to pay (“UTP”).
- evaluated control activities and tested key controls in the area of rating models and collateral valuation.
- evaluated model governance and validation processes and critically reviewed the information brought to the attention of the management. We evaluated, with the support from our credit risk modelling experts, the results of back-testing and model validations.
- examined and critically assessed the appropriateness of credit risk parameters and models, taking into account possible structural breaks in the observable data, and assessed the plausibility of expectations and estimates made on the basis of such biases, to identify significant increases in the credit risk of individual customers or groups of customers.
- assessed the correctness of the stage allocation for selected portfolios based on applicable policies.
- analyzed sensitivities and impacts of IFRS 9 specific model aspects.

— evaluated whether key components of the calculation of expected credit losses are correctly incorporated in the models by performing walkthroughs and reviewing steering tables.
— assessed the correctness of the expected credit loss calculation for selected portfolios.
— evaluated whether forward-looking information integrated into the estimates is appropriate and reasonable. In particular, we have compared the underlying macro-economic forecasts with external sources of information and critically assessed the individual weights attributed to scenarios.
— tested, on a sample basis, whether default events have been identified in accordance with applicable policies, and evaluated whether events occurred that significantly affect the borrower's ability to repay loans and advances. Furthermore, we tested, on a sample basis, the adequacy of individual loan loss allowances assessing the scenarios adopted and the estimation of expected cash flows made.

REFERENCE TO RELATED DISCLOSURES

For further details regarding the process of determining loss allowances as well as regarding the design of the models involved, we refer to the management's disclosures in section significant accounting policies point c) Significant judgements, assumptions and estimates and Note 37. Measurement of expected credit loss.

Other Information

Management is responsible for other information. Other information comprises any information included in the annual report, but does not include the consolidated financial statements, the management report for the Group and the auditor's report.

We obtained the consolidated corporate governance report in accordance with Section 267b UGB as well as the consolidated non-financial report in accordance with Section 267a UGB prior to the date of this auditor`s report, all other parts of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover other information and we will not express any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 59a BWG in conjunction with Section 64 BWG and Section 245a UGB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation and with Austrian generally accepted auditing standards, which require the application of ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation and with Austrian generally accepted auditing standards, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.
We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with all relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Legal and Regulatory Requirements

REPORT ON THE MANAGEMENT REPORT

Pursuant to the Austrian Company Code, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the management report for the Group in accordance with the Austrian Company Code and the special legal requirements.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

OPINION

In our opinion, the management report for the Group was prepared in accordance with the applicable legal requirements, includes accurate statement pursuant to Section 243a UGB and is consistent with the consolidated financial statements.

STATEMENT

Based on the findings during the audit of the consolidated financial statements and the obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

ADDITIONAL INFORMATION IN ACCORDANCE WITH ARTICLE 10 OF THE EU REGULATION

Pursuant to Sections 23 and 24 Austrian Savings Bank Act (SpG), Sparkassen-Prüfungsverband (Prüfungsstelle) is the statutory auditor of Erste Group Bank AG, Vienna. In accordance with Section 23 (3) SpG in conjunction with Sections 60 and 61 BWG, this comprises the audit of the consolidated financial statements.

At the general meeting dated May 18, 2022 and pursuant to Section 1 (1) of the Auditing Rules for Savings Banks, Annex to Section 24 SpG, PwC Wirtschaftsprüfung GmbH, Vienna, was appointed as additional auditor for the financial year 2023 and, subsequently, was engaged by the supervisory board. At the general meeting dated May 12, 2023 PwC Wirtschaftsprüfung GmbH, Vienna, was appointed as additional auditor for the financial year 2024 and, subsequently, was engaged by the Supervisory Board. Since 2017 PwC Wirtschaftsprüfung GmbH, Vienna, has constantly been appointed as additional auditor.

We confirm that the audit opinion in the “Report on the Consolidated Financial Statements” section is consistent with the additional report to the audit committee referred to in Article 11 of the EU Regulation.

We declare that we did not provide any prohibited non-audit services (Article 5 (1) of the EU Regulation) and that we remained independent of the audited company in conducting the audit.

Responsible Engagement Partner

Responsible for the proper performance of the engagement are Mr. Herwig Hierzer, Austrian Certified Public Accountant (Sparkassen-Prüfungsverband), and Ms. Dorotea-E. Rebmann, Austrian Certified Public Accountant (PwC Wirtschaftsprüfung GmbH, Vienna).

Vienna, February 29, 2024

Sparkassen-Prüfungsverband

(Prüfungsstelle)
(Bank Auditor)

Herwig Hierzer
Austrian Certified Public Accountant

Gregor Seisser
Austrian Certified Public Accountant

PwC Wirtschaftsprüfung GmbH

Dorotea-E. Rebmann
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the consolidated financial statements together with our auditor’s opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. For deviating versions, the provisions of Section 281 (2) UGB apply.

Management report

Business performance and economic situation

Economic environment

In 2023, global economic growth slowed down mainly due to ongoing disruptions, albeit at a lower pace, in energy and food markets and further tightening of monetary conditions to curb high inflation. Inflation rates declined but still remained above targets in many economies. The year was also characterised by heightened geopolitical tensions and natural disasters. In addition to military conflicts, in particular the ongoing Russia-Ukraine war and the Israeli-Palestinian conflict, the failures of several regional banks in the US and the bankruptcy of Switzerland's second largest and globally systemic important bank Credit Suisse weakened investors' confidence. Against the backdrop of these events the global economy achieved a growth rate of 3.1%.

Among advanced economies, the United States surprised on the upside, with resilient consumption and investments. The US economy grew by 2.5% despite elevated trade tensions with China, bank failures, and its debt-ceiling crisis which led to the country's first credit rating downgrade since 2011. Expectations for the eurozone were revised downward during the year, at year-end GDP stood at 0.5% . Strong demand for services supported service-oriented economies including important tourism destinations such as France, Spain or Croatia, while Germany's economy weakened slightly. In Japan, growth bounced back driven by pent-up demand and a rebound in automobile exports and tourism. Many emerging market economies proved quite resilient, with the notable exception of China which grew at a lower pace than anticipated. India, once again, outperformed other major emerging markets. Labour markets, especially in advanced economies, remained solid with historically low unemployment rates.

The world's major central banks continued their measures to curb inflation. The US Federal Reserve (Fed) increased the federal funds rate further in four steps from 4.00% to 5.50% but indicated in December 2023 that the key interest rate were at or close to its peak. The European Central Bank (ECB) likewise continued to raise the key policy rate of the monetary union, from 2.50% to 4.50% in six steps during the year. Unlike the Fed, the ECB Council has not given any precise indication for upcoming interest rate cuts. While the ECB's Asset Purchase Programme (APP) portfolio has continued to decline at a steady pace, the Pandemic Emergency Purchase Programme (PEPP) portfolio will be reduced by EUR 7.5 billion monthly from mid 2024. Other major central banks, such as the Bank of England and the Swiss National Bank also increased their key policy rates in 2023. At year-end 2023 global headline inflation was down from its peak in 2022 driven mainly by over the year finally declining energy and food prices. All euro zone member states posted single digit inflation rates at year-end 2023.

Austria's economic performance was weaker than originally expected and the country's economy underperformed the European Union average. The economic decline was broad based with particularly weak performance in private consumption and investment activity. Private consumption was negatively impacted by declining households' disposable income – although partly offset by various subsidies. The slowdown of investment activity was particularly pronounced in the construction sector, with the exception of infrastructure related construction. Exports, mainly driven by machinery, chemical and food products, were stronger in the beginning of the year and contributed to economic growth. Tourism boomed with summer season's overnight stays reaching the highest levels for decades. The agricultural sector, although not a major contributor to GDP, also performed well. Overall, the Austrian economy shrank by 0,7%.

Inflation in Austria started to decline in early 2023. Annual inflation peaked in January 2023 at 11.2% while average inflation amounted to 7.7%, above the EU average. Austria's labour market remained stable throughout the year, the unemployment rate stood at 5.1%. The general government deficit decreased from 3.5% of GDP to 2.7% mainly due to the phase-out of COVID-19 measures and a dynamic growth in tax revenues.

Central and Eastern European economies experienced a significant slowdown compared to the prior year. Growth expectations were moderately revised down during the year as economic activity was impacted by declining but still elevated inflation and tight monetary conditions. Household consumption was muted throughout the year. Exports were negatively impacted by limited growth of the region's main trading partners which took a toll on production output. Deterioration of foreign demand was most pronounced in countries with high dependency on Germany's economy, such as the Czech Republic and Hungary. Whereas exports developed well in Slovakia following the easing of supply chain disruptions and further investments in the automotive industry. Inventories declined in most CEE countries after the strong accumulation in the previous year. Agricultural output was supportive in Romania and Hungary. Croatia, which proved to be one of the best performing economies in the region, was supported again by its booming tourism sector. Overall, CEE economies achieved GDP growth rates ranging from –0.9% in Hungary to 2.5% in Serbia in 2023.

Despite the economic slowdown, labour markets remained very strong with countries like Hungary and the Czech Republic posting the lowest unemployment rates among the European Union countries. In response to elevated inflation rates, central banks continued with monetary tightening and, consequently, inflation dropped to single-digits in all CEE countries by the end of the year. Such a dynamic decline supported monetary easing scenarios in some non-euro countries, and the Hungarian and Czech central banks started to cut interest rates in the last quarter of the year. CEE governments implemented a range of measures to support households and businesses such as caps on electricity and fuel prices and direct energy subsidies. Windfall and special banking taxes were introduced in a number of CEE countries, e.g. Hungary, Slovakia and Romania. While the Czech koruna depreciated against the euro, most CEE currencies were relatively stable during the year. On 1 January 2023, Croatia became the 20th member of the eurozone.

Analysis of performance

In the group management report P&L data of 2023 is compared with data of 2022, balance sheet data as of 31 December 2023 is compared to data as of 31 December 2022. The entire development is presented in detail in the notes to the consolidated financial statements.

Profit and Loss Statement.

in EUR million	2022	2023	Change
Net interest income	5.951	7.228	21,5%
Net fee and commission income	2.452	2.640	7,6%
Net trading result and gains/losses from financial instruments at FVPL	-47	449	n/a
Operating income	8.571	10.552	23,1%
Operating expenses	-4.575	-5.020	9,7%
Operating result	**3.996**	**5.532**	**38,4%**
Impairment result from financial instruments	-300	-128	-57,3%
Other operating result	-399	-468	17,4%
Levies on banking activities	-187	-183	-1,9%
Pre-tax result from continuing operations	**3.222**	**4.795**	**48,8%**
Taxes on income	-556	-874	57,2%
Net result for the period	**2.666**	**3.921**	**47,0%**
Net result attributable to non-controlling interests	502	923	84,0%
Net result attributable to owners of the parent	**2.165**	**2.998**	**38,5%**

Net interest income

Net interest income rose significantly both in the retail and in the corporate business. This marked increase was due to higher market rates most notably in Austria, Hungary, Croatia and Romania as well as higher loan volumes in nearly all core markets. In the Czech Republic, net interest income was negatively impacted by higher interest expense on deposits and slow repricing of retail loans. The net interest margin (calculated as the annualised sum of net interest income, dividend income and net result from equity method investments over average interest-bearing assets) widened markedly to 2.50% (2.21%).

Net fee and commission income

Growth was achieved across all core markets and nearly all fee and commission categories. Significant rises were recorded most notably in payment services in nearly all segments, with the exception of Serbia, driven by a larger number of transactions as well as repricing. Income from asset management and lending continued its positive trend.

Net trading result & gains/losses from financial instruments measured at fair value through profit or loss

Net trading result as well as the line item gains/losses from financial instruments measured at fair value through profit or loss are materially affected by the fair value measurement of debt securities issued. The related valuation is shown in the fair value result, the valuation of corresponding hedges in the net trading result.

Net trading result turned positive to EUR 754 million (EUR -779 million) due to valuation effects resulting from interest rate moves in the securities and derivatives business as well as higher income from foreign currency transactions. Gains/losses from financial instruments measured at fair value through profit or loss trended in the opposite direction and deteriorated to EUR -306 million (EUR 731 million). While the valuation of debt securities in issue resulted in losses, gains were posted from the valuation of the loan portfolio measured at fair value in Hungary as well as from the valuation of the securities portfolio in Austria (in the Savings Banks segment).

General administrative expenses

in EUR million	2022	2023	Change
Personnel expenses	2.668	2.991	12,1%
Other administrative expenses	1.356	1.468	8,3%
Depreciation and amortisation	551	560	1,7%
General administrative expenses	**4.575**	**5.020**	**9,7%**

Personnel expenses increased in all core markets – most significantly in Austria, the Czech Republic and Romania – driven mostly by higher collective salary agreements. The increase in other administrative expenses was primarily attributable to higher IT, marketing and office-related expenses. By contrast, contributions to deposit insurance schemes declined to EUR 114.0 million (EUR 143 million). In Hungary, expenses dropped to EUR 5 million (EUR 18 million) as contributions in the comparative period had been higher due to a deposit insurance case (Sberbank Europe). In Austria, contributions declined to EUR 68 million (EUR 80 million), in Slovakia to EUR 2 million (EUR 10 million). The cost/income ratio improved to 47.6% (53.4%).

Gains/losses from derecognition of financial instruments not measured at fair value through profit or loss

Gains/losses from derecognition of financial instruments not measured at fair value through profit or loss amounted to EUR 141 million (EUR 75 million). This includes most notably negative results from the sale of securities in Austria.

Impairment result from financial instruments

The impairment result from financial instruments amounted to EUR -128 million (EUR -300 million). Net allocations to provisions for loans and advances declined to EUR 264 million (EUR 336 million), primarily on the back of releases in Romania. Positive contributions came from income from the recovery of loans already written off, most notably in Austria, the Czech Republic and Croatia, in the amount of EUR 80 million (EUR 82 million) as well as from net releases of provisions for loan commitments and financial guarantees in the amount of EUR 70 million (net allocations of EUR 28 million).

Other operating result

Other operating result is significantly affected by contributions to resolution funds and taxes and levies on banking activities. Contributions to resolution funds declined in all markets to EUR 113 million (EUR 139 million). The most notable decline was recorded in Austria, to EUR 65 million (EUR 74 million). Taxes and levies on banking activities were lower at EUR 183 million (EUR 187 million). Thereof, EUR 46 million (EUR 63 million) were payable by Austrian entities. In Hungary, banking levies rose to a total of EUR 137 million (EUR 124 million): in addition to regular Hungarian banking tax of EUR 17 million (EUR 15 million), a windfall tax based on the previous year's net revenues was posted in the amount of EUR 48 million (EUR 50 million). Financial transaction tax amounted to EUR 71 million (EUR 59 million). The balance of allocations/releases of other provisions deteriorated to EUR -23 million (EUR 46 million). In addition, impairment losses on tangible and intangible assets were recognised in the amount of EUR 70 million (EUR 44 million).

Balance sheet

in EUR million	Dec 22	Dec 23	Change
Assets			
Cash and cash balances	35.685	36.685	2,8%
Trading, financial assets	59.833	63.690	6,4%
Loans and advances to banks	18.435	21.432	16,3%
Loans and advances to customers	202.109	207.828	2,8%
Intangible assets	1.347	1.313	-2,5%
Miscellaneous assets	6.456	6.206	-3,9%
Total assets	**323.865**	**337.155**	**4,1%**
Liabilities and equity			
Financial liabilities held for trading	3.264	2.304	-29,4%
Deposits from banks	28.821	22.911	-20,5%
Deposits from customers	223.973	232.815	3,9%
Debt securities issued	35.904	43.759	21,9%
Miscellaneous liabilities	6.599	6.864	4,0%
Total equity	25.305	28.502	12,6%
Total liabilities and equity	**323.865**	**337.155**	**4,1%**

Cash and cash balances amounted to EUR 36.7 billion (EUR 35.7 billion). Trading and investment securities held in various categories of financial assets increased to EUR 63.7 billion (EUR 59.8 billion).

Loans and advances to credit institutions (net), including demand deposits other than overnight deposits, grew – primarily in Austria and in the Czech Republic – to EUR 21.4 billion (EUR 18.4 billion). Loans and advances to customers (net) increased to EUR 207.8 billion (EUR 202.1 billion), most notably due to organic growth in Slovakia and Croatia as well as inorganic growth in the Czech Republic. Both retail and corporate loan volumes increased.

Loan loss allowances for loans to customers were nearly unchanged at EUR 4.1 billion (EUR 4.0 billion). The NPL ratio – non-performing loans as a percentage of gross customer loans – deteriorated slightly to 2.3% (2.0%), the NPL coverage ratio (based on gross customer loans) slipped to 85.1% (94.6%).

Financial liabilities – held for trading amounted to EUR 2.3 billion (EUR 3.3 billion). Deposits from banks, including term deposits in an amount of EUR 6.4 billion (EUR 15.6 billion) carrying amount of TLTRO III funds, declined to EUR 22.9 billion (EUR 28.8 billion); deposits from customers rose to EUR 232.8 billion (EUR 224.0 billion) due to strong growth in term deposits of financial institutions. The loan-to-deposit ratio stood at 89.3% (90.2%). Debt securities in issue increased to EUR 43.8 billion (EUR 35.9 billion).

Total assets rose to EUR 337.2 billion (EUR 323.9 billion). Total equity increased to EUR 28.5 billion (EUR 25.3 billion). This includes AT1 instruments in the amount of EUR 2.4 billion. After regulatory deductions and filtering according to the Capital Requirements Regulation (CRR) common equity tier 1 capital (CET1, CRR final) rose to EUR 22.9 billion (EUR 20.4 billion) as were total own funds (CRR final) to EUR 29.1 billion (EUR 26.2 billion). Total risk – risk-weighted assets including credit, market and operational risk (CRR final) – increased to EUR 146.5 billion (EUR 143.9 billion).

The total capital ratio, total eligible qualifying capital in relation to total risk (CRR final), rose to 19.9% (18.2%), well above the legal minimum requirement. The tier 1 ratio increased to 17.3% (15.8%), the common equity tier 1 ratio advanced to 15.7% (14.2%) (both ratios CRR final).

Cash earnings per share amounted to EUR 6.82 in 2023 (EUR 4.85). Earnings per share are EUR 6.80 (EUR 4.83).

The cash return on equity, i.e. the return on equity adjusted for non-cash expenses such as goodwill amortization and straight-line depreciation for the customer relationships, was 15.9% (return on equity: 15.9%) after 12.7% (return on equity: 12.6%) last year.

Branches

Erste Group Bank AG maintains branches in New York, Hong Kong and Germany (Berlin and Stuttgart) that provide commercial lending to foreign banks, leasing companies and sovereign debtors as well as institutional sales.

Expected development and risks of the Group

Long-term growth trends in Central and Eastern Europe

In line with growing economic performances disposable income have risen significantly in recent decades compared to Western Europe. In addition, most countries of Central and Eastern Europe have labour markets that are considerably more flexible. These advantages are complemented by, on average, highly competitive export industries that benefit from wage costs that are low relative to workforce productivity and from investor-friendly tax and welfare systems.

A comparison of per capita private debt levels in Central and Eastern Europe with those of Western economies reveals the gap that exists between these markets. Private debt levels, and particularly household debt, are substantially lower than in the advanced economies. Erste Group firmly believes that credit expansion accompanied by economic growth in this region will prove to be a lasting trend.

Over the upcoming 15 to 20 years, on average, the countries of the eastern part of the European Union are therefore expected to experience higher growth rates than the countries of Western Europe, even though periods of expansion may alternate with times of economic stagnation or even setbacks on this long-term path of sustainable growth.

Customer banking in Central and Eastern Europe

The basis of Erste Group's banking business are essentially the business segments of retail business, corporate business and the capital markets business. For further information on the business segments, we refer to Note 1 in the consolidated financial statements.

Retail business

Erste Group's key business is the retail business, covering the entire spectrum from lending, deposit and investment products to current accounts and credit cards. Erste Group's core competence in retail banking has historical roots. In 1819, wealthy Viennese citizens donated funds to establish Erste Group's predecessor, the first savings bank in Central Europe. It was their aim to bring basic banking services such as safe savings accounts and mortgage loans to wide sections of the population. Today, the bank serves some 16.2 million customers in its markets and operates about 1,950 branches. Wealthy private clients, trusts and foundations are served by the bank's private banking staff and benefit from services that are tailored to the needs of this target group.

In addition, the bank uses and promotes digital distribution channels such as internet and mobile banking not only to meet the increasing importance of digital banking but to actively shape the digital future. George, Erste Group's digital platform, is already available in Austria, the Czech Republic, Slovakia, Romania, Croatia and Hungary. It will also be rolled out in Serbia.

Retail banking is attractive to Erste Group for a number of reasons: It offers a compelling business case that is built on market leadership, an attractive risk-reward profile and the principle of self-funding. In addition, it benefits from a comprehensive range of products that are simple and easy to understand and provide substantial cross-selling potential. Erste Group takes advantage of these factors in all core markets and makes best use of its resulting position of strength by pursuing a hybrid business model . Erste Group's omni-channel approach 10 integrates the various sales and communication channels. Customers decide on how, when and where they do their banking business. Contact centers serve as interfaces between digital banking and traditional branch business. These contact centers offer advice and sales, thus going far beyond the traditional help desk function.

In addition to the expansion of digital sales channels, the branch network remains an important component of the business strategy. Only a retail bank that offers modern digital services and operates an extensive distribution network is able to offer tailor-made solutions and fund loans in local currency mainly from deposits made in the same currency. In short, Erste Group's retail banking model supports sustainable and deposit-funded growth even in economically more challenging times. Another positive factor is the diversification of the retail business across countries that are at differing stages of economic development, such as Austria, the Czech Republic, Romania, Slovakia, Hungary, Croatia and Serbia.

Corporate business

The second main business line, which also contributes significantly to Erste Group's earnings, is business with small and medium-sized enterprises, regional and multi-national groups and real estate companies. Erste Group's goal is to enhance relationships with its clients beyond pure lending business. Specifically, the bank's goal is for SMEs and large corporate customers to choose Erste Group as their principal bank and also route their payment transfers through the Group's banking entities and, in fact, regard Erste Group as their first point of contact for any kind of banking service.

Catering to their different requirements, Erste Group serves small and medium-sized enterprises locally in branches or separate commercial centres, while multinational groups are serviced by the Group Corporates' units. This approach permits Erste Group to combine industry specific and product expertise with an understanding of regional needs and the experience of the bank's local customer relationship managers. In view of regulatory interventions, advising and supporting corporate customers in capital market transactions is becoming increasingly important.

Capital markets business

Client-driven capital markets activities are also part of the comprehensive portfolio of products and services that Erste Group offers to its retail and corporate customers. The strategic significance of the bank's centrally governed and locally rooted capital markets operations consists in supporting all other business areas in their dealings with the capital markets and, hence, in providing the bank's customers with professional access to the financial markets. Erste Group, therefore, views its capital markets business as a link between financial markets and its customers. As a key capital markets player in the region, Erste Group also performs important functions such as market making, capital market research and product structuring.

The capital markets business serves the needs of Erste Group's retail and corporate customers as well as those of government entities and financial institutions. Due to Erste Group's strong network in the eastern part of the European Union, the bank has a thorough understanding of local markets and customer needs. In Erste Group's capital markets business, too, the bank concentrates on core markets of the retail, SME and large corporate business: Austria, the Czech Republic, Slovakia, Romania, Hungary, Croatia and Serbia. For institutional customers, specialised teams have been established in Germany and Poland as well as in Hong Kong and New York that offer these customers a tailor-made range of products.

In many countries where Erste Group operates, the local capital markets are not yet as highly developed as in Western Europe or in the United States of America. That means Erste Group's banking subsidiaries are pioneers in some of these markets. Therefore, building more efficient capital markets in the region is another strategic objective of Erste Group's capital markets activities.

Outlook statement

OUTLOOK FOR 2024

Erste Group's goal for 2024 is to achieve a return on tangible equity (ROTE) of about 15%. Three key factors will support achievement of this goal: firstly, a moderate improvement in economic growth compared to 2023 in Erste Group's seven core markets (Austria, Czech Republic, Slovakia, Romania, Hungary, Croatia and Serbia) despite continued geopolitical risks, which, should they materialise, would likely negatively impact economic performance; secondly, a continued broadly positive, even if slightly deteriorating credit risk environment; and, finally, the continuous ability of Erste Group to attract new and retain existing customers through continuous development of its product portfolio and its brand. The key headwind to achievement of this goal is the magnitude and timing of the expected central bank rate cuts in all of Erste Group's markets. Overall Erste Group expects a slight decline in operating result, which hit a historic high in 2023, and, consequently, a moderate deterioration in the cost/income ratio to a level of about 50%, also from a historic best in 2023 of 47.6%.

The expectation by economists is for Erste Group's core markets to post improved real GDP growth in 2024. Inflationary pressures are expected to continue their downward trend in 2024. Continued strong labour markets should be supportive of economic performance in all of Erste Group's markets. Current account balances are projected to remain at sustainable levels in most countries, while fiscal deficits should continue their path of consolidation. Public debt to GDP in all Erste Group markets is projected to be broadly stable, and hence remain materially below the euro zone average.

Against this backdrop, Erste Group expects net loan growth of about 5%. Retail and corporate business should contribute in all markets towards achievement of this goal. Loan growth is projected to offset some of the interest rate headwinds detailed above, resulting in a moderate decline of about 3% in net interest income versus 2023, following a historic upswing over the past two years. The second most important income component – net fee and commission income – is expected to rise by about 5%. As in 2023, growth momentum should again come from payment services, insurance brokerage fees as well as asset management and securities business with the latter being dependent on a constructive capital markets environment. The net trading and fair value result, which recovered significantly in 2023, is expected to normalise at historically observed levels in 2024. This, however, will depend substantially on the actual short- and long-term interest rate environment.

The remaining income components are forecast to remain, by and large, stable. Overall, operating income is therefore expected to decrease slightly in 2024, albeit from a historic high in 2023. Operating expenses are expected to rise by approximately 5%. With this the cost/income ratio should remain solid at a level of about 50%.

Based on the macro outlook presented above, risk costs should remain at a low level in 2024. While precise forecasting is hard at current low risk cost levels, Erste Group believes that in 2024 risk costs will be below 25 basis points of average gross customer loans.

While a forecast for other operating result and various categories of gains and losses from financial instruments not measured at fair value is challenging, this combined item is likely to improve versus 2023 in the absence of significant one-off effects. Assuming an effective group tax rate of below 20% and lower minority charges compared to 2023, Erste Group aims to achieve a ROTE of about 15% in 2024. The CET1 ratio is expected to remain strong providing enhanced capital return M&A and/ or flexibility, despite Erste Group targeting the execution of a share buyback in the amount of EUR 500 million in 2024.

Potential risks to the guidance include (geo)political and economic (including monetary and fiscal policy impacts) developments, regulatory measures as well as changes to the competitive environment. International (military) conflicts, such as the war in Ukraine and in the Mid East do not impact Erste Group directly, as it has no operating presence in the regions involved. Indirect effects, such as financial markets volatility, sanctions-related knock-on effects, supply chain disruption or the emergence of deposit insurance or resolution cases cannot be ruled out, though. Erste Group is moreover exposed to non-financial and legal risks that may materialise regardless of the economic environment. Worse than expected economic development may put goodwill at risk.

ANALYSIS OF MEDIUM AND LONG-TERM BUSINESS DRIVERS

Erste Group operates a universal bank business model on consolidated level, as well as on local country level in seven core markets: Austria, Czechia, Slovakia, Romania, Croatia, Hungary and Serbia. In all of these countries it holds leadership positions in the markets of retail and corporate banking as well as asset management. Consequently, the performance of Erste Group is tied to the overall

economic development in those countries, specifically, to economic growth, labour market trends, as well as fiscal and monetary policy; in addition, it is tied to the competitive environment and Erste Group's ability to attract new clients and qualified staff.
Erste Goup's main source of income is net interest income, contributing approximately two thirds to total revenues. Net interest income is primarily derived from the difference between interest paid on customer deposits as well as issued bonds, and interest received from customer loans and from bond investments. It is also materially influenced by monetary policy, which determines short-term market interest rates, and long-term interest rates, which are a function of economic outlook, creditworthiness of the respective issuer as well as market risk perception. The resulting shape of the yield curve and the bank's ability to anticipate certain market developments also influence net interest income. Generally speaking, very low interest rates paired with flat or downward-sloping yield curves put pressure on net interest income generation, while upward-sloping yield curves and positive short-term market interest rates are supportive of net interest income generation. A further key growth driver of net interest income is volume growth – of both customer loans and customer deposits. Erste Group is particularly well positioned to benefit from volume growth as it operates in CEE markets that are still underpenetrated across all categories of banking services and products.

Erste Group's second key income stream is net fee and commission income, which usually accounts for more than a quarter of total revenues. It is Erste Group's goal to expand the share of net fee and commission income in the medium and long term to lessen the dependency on net interest income. This should be supported by the CEE markets becoming wealthier, resulting in increased demand for fee-generating products, such as asset management. Within net fee and commission income, net fees generated from payments services, such as current account fees, transaction fees or credit card fees, account for less than one half of net fee revenues. The growth in payment service fees is primarily driven by economic activity and the ability of the bank to attract new customers by profitably providing services and products at competitive prices. The key growth driver within net fee income is income from securities business, comprising revenues from asset management as well as from securities-related services, such as transfer orders or securities issuance fees. Erste Group expects that this fee category will be a continued source of dynamic growth as customers seek to diversify and expand their investments as they grow wealthier. Income from insurance brokerage fees should also make a noticeable contribution to the expansion of the fee revenue pool.

The remainder of revenues is made up by net trading and fair value result, which – depending on market volatility-induced valuations – can be volatile, rental income from properties which constitutes a stable income source, as well as various categories of gains and losses from financial assets not measured at fair value, which tends to be a minor P&L item and typically one-off in character.

General administrative or operating expenses constitute the cost of doing business. Personnel expenses account for approximately three fifths of total operating expenses. Another 30% is contributed by other administrative expenses, encompassing items that primarily relate to infrastructure but also marketing, legal and consultancy costs as well as deposit insurance contributions. The remainder of operating expenses is made up by depreciation and amortisation charges, primarily for real estate and office equipment but also for intangible assets, such as software and customer relationships. In the medium and long term Erste Group aims to maintain a healthy balance between operating costs and operating income, as expressed by the cost/income ratio.

Net impairment loss on financial assets or risk costs are related to impairments for on- and off-balance sheet financial assets, primarily customer loans. Erste Group aims to keep such impairments at low levels by applying sound underwriting standards.

Other operating result relates to expenses and provisions for such items as banking taxes and resolution fund contributions, goodwill impairments and provisions for items other than financial assets. Accordingly, other operating result usually is, and is expected to remain in the medium and long term a significantly negative P&L item, even though Erste Group aims to minimise those other operating expenses it directly controls.

Taxes on income reduce net result for the period, with the actual consolidated tax charge being dependent on the profitability mix between the various geographies. Generally speaking, the consolidated tax rate tends to be lower if profits in lower corporate tax countries contribute a higher share to total profit.

Minority charges result primarily from profits generated at the savings banks, in which Erste Group has limited or no ownership but due to the cross-guarantee system that governs the Austrian savings banks sector, are fully consolidated. When profits at the savings banks are higher these minority charges are higher and conversely lower if savings banks profits decline. Historically, minority charges always had a negative impact on consolidated net profit, as the savings banks have a solid profitability track record. This trend is expected to continue in the medium to long term.

Overall, Erste Group's medium and long term financial goal is to achieve a return on tangible equity that comfortably exceeds the cost of capital.

Risk management

With respect to the explanations on substantial financial risks at Erste Group as well as the goals and methods of risk management, we would like to draw the reader's attention to the information provided in the Notes 27, 32, 34 et seq, 44, 45, 46 and 54 of the consolidated financial statements.

Research and development

Digitalisation

The pace of digital transformation has accelerated considerably as a result of technological changes, demographic developments, regulatory interventions and also due to the pandemic in recent years. As a result, customer behavior and customer expectations towards financial products have also changed significantly. Erste Group is convinced that the digital banking business will continue to gain in importance and will be essential for the economic success in the long term and therefore fosters digital innovation with the aim to digitalise banking products end-to-end including associated processes (e.g. onboarding of corporate customers).

Erste Group's digital strategy is based on its own digital platform, George. It aims at providing customers access to personalised products from Erste Group and also third-party suppliers through application programming interfaces (APIs) in the secure IT environment of a financial platform. APIs enable a wide range of co-operations, whether with fintechs, start-ups or across industries, and can therefore help open up new markets and attract new customers.

The digital platform George was implemented for retail customers in Austria in 2015. In the meantime, it is also running in the Czech Republic, Slovakia, Romania, Croatia and Hungary and is actively used by almost 9 million customers. It will also be rolled out in Serbia. The range of digitally available products and services is being constantly expanded. Customers can activate applications of Erste Group or third parties via plug-ins and use them to manage their finances. In 2022, George reached another evolutionary level. George Business was implemented for corporate customers in Austria, and it was rolled out in Romania in 2023. The implementation in the Czech Republic should be finalized in 2024 and it will be rolled out in the local banking subsidiaries successively. It aims at offering group-wide an outstanding digital user experience across all customer segments on one platform.

In 2023, software development costs of EUR 33 million (EUR 42 million) were capitalised.

Reporting on material characteristics of the internal control and risk management system with regard to the accounting process

Internal Control System Framework Requirements

The internal control system (ICS) is an essential element of the corporate governance system of Erste Group contributing to the safeguarding of shareholders' investments and company's assets. Erste Group's ICS plays a key role in identifying risks associated with the respective internal processes.

The ICS policy provides the framework conditions for the internal control system at Erste Group. It defines current standards concerning general tasks and responsibilities as well as minimum criteria for ICS documentation. In Erste Group, a top down, risk oriented, decentralised ICS approach is applied, designed based on the local process map, which promotes adequacy by focusing on all material risks. This means, that all material risks identified must be mitigated by key controls which are involved in the ICS process. The following criteria are applied for an adequate ICS:

— Completeness: The process landscape as well as policies and procedures issued within the Group Policy Framework ensure that all identified risks and potential risk scenarios are considered, regulated and managed, aiming to set up a comprehensive and integrated control environment throughout the entity. All material risks must be covered with key controls, to demonstrate the importance at local level.

- Effectiveness and traceability: The functionality of key controls are regularly checked, the optimal control environment is reviewed and challenged during monitoring activity of risk appetite/tolerance.
- Comprehensibility: The process landscape together with local policies and procedures constitute documentation of identified key controls, which ensures that relevant employees are aware of all key controls and their role in the internal control process is transparent and accountable within the entire local entity.

The risk profile, which includes the current and target situation, is monitored by each individual risk function unit and is illustrated in the framework of the consolidated risk reporting (GRR) for the management or relevant risk committee.

Control environment

The Code of Conduct provides orientation for all employees of Erste Group, defines mandatory rules for day-to-day business life, describes the corporate values, affirms the obligation to act responsibly as a company and ensures compliance with legal provisions and internal guidelines (compliance).

The awareness of potential compliance issues and a sustainable risk culture enable risks to be identified quickly and well-considered decision-making when dealing with existing regulations. The main component of the risk culture are internal guidelines and, above all, open communication in order to create the broadest possible awareness of all employees for all risks that Erste Group is confronted with.

The management board is responsible for the establishment, structure and application of an appropriate internal control and risk management system that meets the company's needs in its group accounting procedures.

Erste Group's IFRS Accounting Manual provides a comprehensive methodological basis for the preparation and submission of the monthly, quarterly and annual IFRS Group Reporting Packages by Erste Group's subsidiaries.

The management in each subsidiary is responsible for implementing group-wide instructions. Compliance with group rules is monitored as part of the audits performed by group and local auditors.

Group Accounting and Group Controlling are responsible for preparing the consolidated financial reporting. Both divisions are assigned to the CFO of Erste Group. The preparation of the consolidated financial statements is the responsibility of the Group Accounting department. The assignment of competencies, the process description and the necessary control procedures are defined in the working instructions.

Risk assessment and controls measures

The main risk in the financial reporting procedures is that errors or deliberate action (fraud) prevent facts from adequately reflecting the company's financial position and performance. This is the case if the data provided in the financial statements and notes is materially deviating from the correct figures, i.e. whenever, alone or in aggregate, they could influence the decisions made by the users of financial statements. Such a decision may incur serious damage, such as financial loss, the imposition of sanctions by the banking supervisor or reputational harm.

Furthermore, especially estimates for the determination of the fair value of financial instruments for which no reliable market value is available, estimates for the accounting of risk provisions for loans and advances and for provisions, complex measurement requirements for accounting as well as a volatile business environment bear the risk of significant financial reporting errors.

Erste Group issues group policies used for preparation of consolidated financial statements in accordance with IFRS. A summary description of the accounting process is provided in Erste Group's IFRS Accounting Manual. All transactions in subsidiaries have to be recorded, posted and accounted for in accordance with the accounting and measurement methods set out in this manual.

The basic components of the internal control system (ICS) within Erste Group are:
- systemic, automatic control systems and measures in the formal procedure and structure, e.g. programmed controls during data processing
- principles of functional separation and checks performed by a second person (the four-eye principle)
- Controlling as a permanent financial/business analysis (e.g. comparison of target and actual data between accounting and controlling) and control of the company and/or individual corporate divisions
- highly automated data validation in the group consolidation process

The areas of responsibility assigned to the individual positions are documented and are continuously updated. Special attention is paid to a functioning deputy regulation in order not to jeopardize the ability to meet deadlines if one person is absent.

Group consolidation

The individual financial statements reported by the subsidiaries in the consolidation system are checked by the person responsible for the individual financial statements in Group Accounting as part of the data release process, which provides for extensive, largely automated check routines, and - if necessary - adjustments to the individual financial statements are made in coordination with the individual entities or the auditors. The subsequent consolidation steps are then performed using the consolidation system. These include consolidation of capital, expense and income consolidation, and debt consolidation, any intragroup gains are eliminated. At the end of the consolidation process, the notes to the consolidated financial statements are prepared in accordance with IFRS and BWG/UGB.

The consolidated financial statements and the group management report are reviewed by the audit committee of the supervisory board and are also presented to the supervisory board for approval. They are published as part of the annual report, on Erste Group's website and in the Official Journal of Wiener Zeitung and finally filed with the Commercial Register.

Information and communication

Throughout the year, the group produces consolidated monthly reports for group management. Statutory interim reports are produced that conform to the provisions of IAS 34 and are also published quarterly in accordance with the Austrian Stock Corporation Act. Before publication, the consolidated financial information is presented to senior managers and the CFO for final approval and then submitted to the supervisory board's audit committee.

Reporting is almost fully automated, based on source systems and automated interfaces, and guarantees up-to-date data for controlling, segment reporting and other analyses. Accounting information is derived from the same data source and is reconciled monthly for reporting purposes. Close collaboration between accounting and controlling permits continual target/actual comparisons for control and reconciliation purposes. Monthly and quarterly reports to the management board and the supervisory board ensure a regular flow of financial information and monitoring of the internal control system.

In addition, when introducing new core banking systems and implementing new products, accounting is in contact with the relevant departments in order to provide information at an early stage on accounting-specific aspects and implications for new product launches.

Monitoring

In order to monitor and at the same time support strong governance and risk management, Erste Group applies three lines of defence to review the structures and processes that enable the achievement of the objectives for their effectiveness.

The first line of defence includes the business lines in which the department heads are responsible for monitoring including internal controls of their business areas. This line is in constant dialogue with the business areas and reports on planned, actual and expected results in connection with the goals of the organisation as well as on risks.

The role of the second line of defence is covered by specific areas of expertise, in addition to providing expertise, support, monitoring and risk management tasks. At Erste Group, these activities are carried out by the departments Risk Management, BWG Compliance, WAG Compliance, Anti Money Laundering Prevention, Group Data and Reporting Governance and Group Security. Above all, the departments should support the business lines in the control steps, validate the actual controls, bring state-of-the-art practices into the organisation and cover tasks related to risk management.

The third line of defence is responsible for providing independent and objective assurance and advice on the adequacy and effectiveness of governance and risk management. Internal Audit is in charge of auditing and evaluating all areas of the bank based on risk-oriented audit areas (according to the annual audit plan as approved by the management board and reported to the audit committee). The main focus of audit reviews is to monitor the completeness and functionality of the internal control system. Internal Audit has the duty of reporting its findings to the group's management board, supervisory board and audit committee several times within one year.

Internal Audit is according to section 42 Austrian Banking Act (BWG) a control body that is directly subordinate to the management board. Its sole purpose is to comprehensively verify the lawfulness, propriety and expediency of the banking business and banking operation on an on-going basis. The mandate of Internal Audit is therefore to support the management board in its efforts to secure the bank's assets and promote economic and operational performance and thus in the management board's pursuit of its business and operating policy. The activities of Internal Audit are governed in particular by the currently applicable Rules of Procedure, which were drawn up under the authority of all management board members and approved as well as implemented by them. The Rules of Procedure are reviewed on a regular basis and whenever required and adapted should the need arise.

Holdings, purchase and sale of own shares

The presentation of own shares as of trade date follows the disclosure requirements in accordance with the Austrian Stock Corporation Act (AktG).

Holdings of own shares

Number of shares	Dec 22	Dec 23
Erste Group Bank AG	-650,932	7,762,984
Affiliates	1,568,971	1,106,329
thereof pledged	0	0

As of 31 December 2023, Erste Group Bank AG's own holdings of shares amounted to 7,792,984 shares, of which 8,137,141 resulted from the share buyback program that started on 16 August 2023. The remaining short position in Erste Group Bank AG shares amounting to 374,157 shares (2022: 650,932 shares) is covered by securities lending deals.

The acquisition costs from the purchase of own shares relating to the share buyback program (long position) amount to EUR 270 million. Both the sales losses incurred from the purchase and sale as part of the employee share program (free shares) and from the share buyback program amounted to EUR 1 million (2022: EUR 2.5 million) were recorded as disposals in other retained earnings.

Purchase of own shares

	Erste Group Bank AG				Affiliates of Erste Group Bank AG			
	Number of shares	Par value of the share capital in EUR million	Purchase price in EUR million	Purpose of transaction	Number of shares	Par value of the share capital in EUR million	Purchase price in EUR million	Purpose of transaction
January	86,636	0.17	2.80	trading				
February	125,326	0.25	4.93	trading				
March					245,000	0.49	7.28	principle shareholder programm
March	591,409	1.18	18.23	trading				
April	77,212	0.15	2.49	trading				
May	113,519	0.23	3.61	trading				
May	66,762	0.13	2.09	employee share programm				
June	342,312	0.68	10.76	trading				
June	899,751	1.80	28.27	employee share programm				
July	103,782	0.21	3.50	trading				
August	68,387	0.14	2.28	trading				
August	1,065,698	2.13	35.60	share buyback				
September	395,915	0.79	13.09	trading				
September	3,014,812	6.03	98.82	share buyback				
October	156,880	0.31	5.11	trading				
October	2,440,490	4.88	80.09	share buyback				
November	102,977	0.21	3.59	trading				
November	1,297,439	2.59	44.42	share buyback				
December	242,607	0.49	8.74	trading				
December	318,702	0.64	11.45	share buyback				
Total	**11,510,616**	**23.02**	**379.88**		**245,000**	**0.49**	**7.28**	

The purpose of trading was in particular "market making" and hedging positions in the Austrian Stock Exchange Index (ATX).

The aim of the principal shareholder program is to strengthen the group structure and cooperation with the savings banks.

For further details on the employee share program, we refer to Note 61 Share-based payments.

Sale of own shares

	Erste Group Bank AG			Affiliates of Erste Group Bank AG		
	Number of shares	Par value of the share capital in EUR million	Selling price in EUR million	Number of shares	Par value of the share capital in EUR million	Selling price in EUR million
January	149,140	0.30	4.88			
February	185,635	0.37	7.19			
March	303,063	0.61	9.45	406,640	0.81	12.28
April	67,669	0.14	2.16			
May	232,737	0.47	7.40			
June	1,258,792	2.52	39.05	501,002	1.00	15.00
July	90,695	0.18	3.03			
August	44,108	0.09	1.49			
September	391,572	0.78	12.75			
October	128,672	0.26	4.25			
November	146,544	0.29	5.19			
December	98,073	0.20	3.48			
Total	**3,096,700**	**6.19**	**100.31**	**907,642**	**1.82**	**27.28**

Of the 406,640 shares shown in the table above that were sold by affiliated companies in March 2023, 200,000 were lent as of 31 December 2022 and are not included in the holdings as of 31 December 2022.

Capital, share, voting and control rights and associated agreements

For details in respect of capital structure, class of shares and treasury shares please refer to Note 55 of the consolidated financial statements. The mandatory disclosure requirements of Section 243a (1) UGB are met as follows:

1. Capital structure and class of shares

As of 31 December 2023, together with its syndicate partners (savings banks, share management savings banks – "Anteilsverwaltungs-sparkassen", and savings bank foundations – "Sparkassenstiftungen"), DIE ERSTE oesterreichische Spar-Casse Privatstiftung ("ERSTE Stiftung"), a foundation, controls 24.11% (prior year: 24.16%) of the shares in Erste Group Bank AG and with 17.54% (prior year: 17.30%) is the main shareholder. The ERSTE Stiftung holds 5.65% (prior year: 5.78%) of the shares directly; the indirect participation of the ERSTE Stiftung amounts to 11.89% (prior year: 11.52%) of the shares held by Sparkassen Beteiligungs GmbH & Co KG, which is an affiliated undertaking of the ERSTE Stiftung. 2.49% (prior year: 2.78%) are held directly by savings bank foundations, savings banks, and the Erste employee share participation foundation (Erste Mitarbeiterbeteiligungsstiftung), acting together with the ERSTE Stiftung. 4.08% (prior year: 4.08%) are held by a syndicate partner, Wiener Städtische Versicherungsverein.

The Erste Group Bank AG forms a joint liability scheme (Haftungsverbund), together with the Austrian savings banks, in accordance with article 4 (1) Z 127 CRR as well as an institutional protection scheme (IPS) approved by the supervisory authority pursuant to article 113(7) CRR. The required individual services of the individual members of the scheme are in case of an occasion subject to an individual and general ceiling. The applicable amounts are determined by joint liability scheme's steering company and made known to the paying members.

The payments of the individual members in the IPS Ex-Ante Fund established for support measures are recognised in the financial statements as a share in IPS GesbR, which manages the ex-ante fund and are accounted for as retained earnings. Due to the contractual terms, these retained earnings represent a blocked reserve. The release of this blocked reserve may only take place as a result of the utilisation of the ex-ante fund due to a claim. This reserve can therefore not be utilised internally to cover losses and on member level does not qualify as own funds according to the CRR; on a consolidated level, the ex-ante fund does qualify, however. For details, please refer to the section scope of consolidation and Note 33.

Erste Group Bank AG is the central institution for the associated Austrian savings banks, and together they form a cash pool pursuant to section 27a Austrian Banking Act (BWG). Where necessary, Erste Group Bank AG must supply liquidity to an associated savings bank in accordance with legal and contractual provisions.

2. Restrictions of voting rights and of the transfer of shares

The Articles of Association do not contain any restrictions affecting voting rights or the transfer of shares.

In shareholder agreements ERSTE Stiftung - which, together with its syndicate partners, held 24.11% as at 31 December 2023 (previous year: 24.16%) agreed the following: concerning the appointment of the members of the supervisory board the partners are obliged to vote as required by ERSTE Stiftung. The partners can dispose of shares according to a predefined sale procedure and can purchase shares only within the quotas agreed with ERSTE Stiftung (of a maximum of 3% per calendar year); with this regulation an unwanted creeping-in according to takeover law shall be prevented. In addition, the partners have committed themselves not to make a hostile takeover bid, nor to participate in a hostile takeover bid nor to act together with a hostile bidder in any other way.

3. Direct or indirect shareholdings amounting at least 10%

Apart from ERSTE Foundation, the Management Board is not aware of any other direct or indirect shareholdings that amount to at least 10%.

4. Special rights of control associated with holding shares

There are no shareholders with special control rights.

5. Voting rights control in the case of capital participation of employees

The voting rights of shares held by Erste Mitarbeiterbeteiligung Privatstiftung in trust or by proxy for the employees of employer companies participating in employee share programs according to section 4d (5) (1) Income Tax Act (EStG) are exercised by the Board of Directors of Erste Mitarbeiterbeteiligung Privatstiftung. The members of the Board of Directors are appointed and dismissed by the Advisory Board through resolution with simple majority, whereby the delegation rights of.Erste Group Bank AG as well as the existing statutory employee representatives of Erste Group Bank AG and Erste Bank der oesterreichischen Sparkassen AG shall be taken into account. A further member of the Board of Directors to be appointed by the Advisory Board shall be a former member of the management board or a former (freelance) employee of an employer company pursuant to section 4d (5) (1) Income Tax Act (EStG). The Advisory Board of Erste Mitarbeiterbeteiligung Privatstiftung consists of up to five members.

6. Special control rights, bodies and amendments of the articles of association

This concerns:
— Art. 15.1 of the Articles of Association, which provides that ERSTE Stiftung will be granted the right to nominate up to one third of the members of the Supervisory Board to be elected by the shareholders' meeting, as long as ERSTE Stiftung is liable for all present and future liabilities of the company in the case of its insolvency pursuant to Section 92 (9) Banking Act,
— Art. 15.4 of the Articles of Association, which provides that a three-quarter majority of valid votes cast and a three-quarter majority of the subscribed capital represented at the meeting considering the proposal are required to pass a motion for removal of Supervisory Board members, and
— Art. 19.9 of the Articles of Association, which provides that amendments to the Articles of Association, in so far as they do not alter the business purpose, may be passed by simple majority of votes cast and simple majority of the subscribed capital represented at the shareholders meeting considering the amendment. Where higher majority votes are required by individual provisions of the Articles of Association, these provisions can only be amended with the same higher majority vote. Moreover, amendments to Art. 19.9 require a three-quarter majority of the votes cast and a three-quarter majority of the subscribed capital represented at the meeting considering the proposal.

7. Powers of the Management Board to issue and repurchase shares

As per decision of the General Meeting of 12 May 2023:

— The Management Board is entitled to purchase up to 10% of the share capital in own shares for the purpose of securities trading according to section 65 (1) (7) Austrian Stock Corporation Act (AktG). However, the trading volume of shares acquired may not exceed 5% of the share capital at the end of each day. The consideration for the shares to be purchased must not be less than 50% of the closing price at the Vienna Stock Exchange on the last trading day prior to the purchase and must not exceed the closing price at the Vienna Stock Exchange on the last trading day prior to the purchase by more the 20%. This authorization is valid for a period of 30 months from the date of the resolution, i.e. until 12 November 2025.

— The Management Board is entitled, pursuant to section 65 (1) (8) as well as (1a) and (1b) Stock Corporation Act and for a period of 30 months from the date of the resolution, i.e. until 12 November 2025, to acquire own shares in the amount of up to 10% of the share capital, subject to approval by the Supervisory Board and without any further resolution of the General Meeting at a lowest consideration of EUR 2.00 per share and a highest consideration not exceeding 50% above the average Vienna Stock Exchange price, weighted according to trading volumes, of the last 20 trading days prior to the respective acquisition of the shares; in the case of a public offer, the cut-off date for the end of the calculation period shall be the day on which the intention to make a public offer is announced (sec 5 (2) and (3) Austrian Takeover Act [ÜbG]). The acquisition may, at the discretion of the Management Board and with the consent of the Supervisory Board, be effected on the stock exchange or by means of a public offer or in any other legally permissible and expedient manner, in particular also off the stock exchange and/or from individual shareholders and excluding the pro rata tender right (reverse subscription right). The authorization may be exercised in whole or in part or in several partial amounts and in pursuit of one or more purposes by the Company, its affiliated companies (sec. 189a (8) Commercial Code [UGB]) or for their account by third parties. Pursuant to section 65 (1b) Stock Corporation Act, the Management Board is authorized for a period of five years from the date of the resolution, i.e. until 12 May 2028, with the consent of the Supervisory Board, to sell or dispose the company's own shares, also in a way other than via the stock exchange or by means of a public offer for any legally permissible purpose, to determine the terms and conditions of the sale and to decide on the exclusion of the shareholders' subscription rights. These authorizations include the sale of own shares in particular for the following purposes: (i) in order to be able to sell the shares for a consideration other than cash, provided that this serves the purpose of acquiring (also indirectly) companies, businesses, parts of businesses, shares in one or more companies domestically or abroad; (ii) to transfer shares free of charge or at a reduced price to employees, executives and members of the Management Board of the Company or of an affiliated company (sec 189a (8) Commercial Code [UGB]) or of any other company within the meaning of sec 4d (5) (1) Austrian Income Tax Act (EStG), as well as to Erste Mitarbeiterbeteiligung Privatstiftung and its beneficiaries; and (iii) to resell own shares with partial or full exclusion of the subscription rights in any manner permitted by law, including over-the-counter. The authorizations in this resolution may be exercised once or several times, in whole or in part, individually or jointly.

— The Management Board is authorized to redeem shares without further resolution at the General Meeting with the approval of the Supervisory Board.

As per decision of the Annual General Meeting of 19 May 2021:

— According to section 65 (1) (4) as well as (1a) and (1b) Stock Corporation Act, the Management Board was authorized for the duration of 30 months following the date of resolution, hence until 18 November 2023, and with the approval of the Supervisory Board to purchase own shares at an amount equaling up to 10% of share capital of the company also under repeated utilization of the 10% limit either at the stock exchange or over the counter, likewise to the exclusion of the shareholders' right to tender proportional payment for the purpose of granting shares for free or at concessionary terms to Erste Mitarbeiterbeteiligung Privatstiftung, their beneficiaries, employees, executive employees and members of the board at Erste Group Bank AG or of an affiliated undertaking or of any other undertaking pursuant to section 4d (5) (1) Income Tax Act. The authorization may be exercised in whole or in part or in several installments and in pursuit of one or several purposes. The value per share may neither be lower than the floor value of two Euros nor higher than the ceiling of 120 Euros.

All sales and purchases were carried out as authorized at the General Meeting.

According to section 8.3 of the Articles of Association, the Management Board is authorized to issue until 18 May 2027, with the consent of the Supervisory Board, convertible bonds (including Contingent Convertible Bonds according to section 26 Austrian Banking Act), which have the conversion or subscription right for shares of the Company, observing or excluding the subscription rights of the shareholders. The terms and conditions may, in addition or instead of a conversion or subscription right, also provide for the mandatory conversion at the end of the term or at any other time. The issuance of convertible bonds is limited to the extent that all conversion or subscription rights, and in case of a mandatory conversion stipulated in the terms and conditions, the mandatory conversion, are covered by conditional capital. Section 5.3 shall apply to the issue of convertible bonds without subscription rights. The issue amount, the terms and conditions of the issue of the convertible bonds and the exclusion of the subscription rights for the shareholders will be determined by the Management Board with the consent of the Supervisory Board.

8. Significant agreements which become effective, are amended or are rendered ineffective when there is a change in the control of the company and their effects

CROSS-GUARANTEE SCHEME AGREEMENT

The agreement in principle of the cross-guarantee scheme (Haftungsverbund) provides for the possibility of early cancellation for good cause. Good cause, allowing the respective other contracting parties to cancel the agreement, is deemed to exist if:
— one contracting party grossly harms the duties resulting from the present agreement,
— the ownership structure of a party to the contract changes in such a way – particularly by transfer or capital increase – that one or more third parties from outside the savings bank sector directly and/or indirectly gain a majority of the equity capital or voting rights in the contracting party or
— one contracting party resigns from the savings bank sector irrespective of the reason.

The cross-guarantee scheme's agreement in principle and supplementary agreements expire if and as soon as any entity that is not a member of the savings bank sector association acquires more than 25% of the voting power or equity capital of Erste Group Bank AG in any manner whatsoever and a member savings bank notifies the cross-guarantee scheme's steering company and Erste Group Bank AG by registered letter within twelve weeks from the change of control that it intends to withdraw from the cross-guarantee scheme.

DIRECTORS & OFFICERS-INSURANCE

In the event that any of the following transactions or processes occur during the term of the insurance policy (each constituting a 'change in control') in respect of the insured:
— the insured ceases to exist as a result of a merger or consolidation, unless the merger or consolidation occurs between two insured parties, or
— another company, person or group of companies or persons acting in consent, who are not insured parties, acquire more than 50% of the insured's outstanding equity or more than 50% of its voting power (resulting in the right to control the voting power represented by the shares, and the right to appoint the Management Board members of the insured),

then the insurance cover under this policy remains in full force and effect for claims relating to unlawful acts committed or alleged to have been committed before this change in control took effect. However, no insurance cover is provided for claims relating to unlawful acts committed or allegedly committed after that time (unless the insured and insurer agree otherwise). The premium for this insurance cover is deemed to be completely earned.

In the event that a subsidiary ceases to be a subsidiary during the insurance period, the insurance cover under this policy shall remain in full force and effect for that entity for the remainder of the insurance period or (if applicable) until the end of the extended discovery period, but only in respect of claims brought against an insured in relation to unlawful acts committed or alleged to have been committed by the insured during the existence of this entity as a subsidiary. No insurance cover is provided for claims brought against an insured in relation to unlawful acts committed or allegedly committed after this entity ceased to exist.

COOPERATION BETWEEN ERSTE GROUP BANK AG AND VIENNA INSURANCE GROUP (VIG)

Erste Group Bank AG and Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG) are parties to a general distribution agreement (the Agreement) concerning the framework of the cooperation of Erste Group and VIG in Austria and CEE with respect to bank and insurance products. Originally concluded in 2008 (between Erste Bank der österreichischen Sparkassen AG and Vienna Insurance Group der WIENER STÄDTISCHE Versicherung AG), the Agreement was renewed and extended in 2018 until the end of 2033. The objective for the renewal and extension in particular was to adapt the Agreement to the corporate restructuring of the original parties, to amend some commercial parameters and to align the Agreement with recent developments in the legal framework. Already in the original Agreement the parties stipulated that both parties have the right to terminate the Agreement in case of a change of control of one of the parties. In case of change of control of Erste Group Bank AG, VIG has the right to terminate the Agreement. In case of change of control of VIG, Erste Group Bank AG has the reciprocal right. A change of control is defined, with respect to Erste Group Bank AG, as the acquisition of Erste Group Bank AG by any person/entity other than DIE ERSTE österreichische Spar-Casse Privatstiftung or Austrian savings banks of 50% plus one share of Erste Group Bank AG's shares or voting rights. In respect to VIG, the aforementioned provisions apply analogously, except for share purchases by Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group.

Apart from this regulation on the termination of the Agreement, the parties agreed in the renewal and extension of the Agreement for an additional termination for cause if based on new legal or regulatory provisions, the continuation of the Agreement is unreasonable for each or both of the parties.

Erste Group Bank AG and VIG are furthermore parties to an asset management agreement, pursuant to which Erste Group undertakes to manage certain parts of VIG's and its group companies' securities assets. In case of a change of control (as described above), each party has the termination right. The asset management agreement has been renewed and extended until 2033 concurrently with the renewal and extension of the Agreement outlined above.

9. Indemnification agreements

In the event of a public takeover offer, there are no compensation agreements between Erste Group Bank AG and its executive board and supervisory board members or employees.

Non-financial declaration

The consolidated non-financial declaration of Erste Group is issued as separate consolidated non-financial report and contains the information required according to § 243b UGB and according to the Sustainability and Diversity Improvement Act (NaDiVeG) according to § 267a UGB. The consolidated non-financial report of Erste Group is disclosed and published on the website of Erste Group (www.erstegroup.com/investor relations).

Subsequent events after balance sheet date

For events of particular importance after balance sheet date, we refer to the disclosures in Note 66 in the consolidated financial statements.

Management Board	
Willibald Cernko mp, Chairman	Ingo Bleier mp, Member
Stefan Dörfler mp, Member	Alexandra Habeler-Drabek mp, Member
David O'Mahony mp, Member	Maurizio Poletto mp, Member

Vienna, 29 February 2024

Group Consolidated Financial Statements 2023 (IFRS)

Consolidated statement of income

in EUR million	Notes	1-12 22	1-12 23
Net interest income	2	5,951	7,228
Interest income	2	8,623	15,045
Other similar income	2	2,618	4,446
Interest expenses	2	-2,569	-6,873
Other similar expenses	2	-2,720	-5,389
Net fee and commission income	3	2,452	2,640
Fee and commission income	3	2,889	3,104
Fee and commission expenses	3	-436	-464
Dividend income	4	29	38
Net trading result	5	-779	754
Gains/losses from financial instruments measured at fair value through profit or loss	6	731	-306
Net result from equity method investments		18	23
Rental income from investment properties & other operating leases	7	168	175
Personnel expenses	8	-2,668	-2,991
Other administrative expenses	8	-1,356	-1,468
Depreciation and amortisation	8	-551	-560
Gains/losses from derecognition of financial assets measured at amortised cost	9	-52	-13
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	10	-23	-128
Impairment result from financial instruments	11	-300	-128
Other operating result	12	-399	-468
Levies on banking activities	12	-187	-183
Pre-tax result from continuing operations		**3,222**	**4,795**
Taxes on income	13	-556	-874
Net result for the period		**2,666**	**3,921**
Net result attributable to non-controlling interests		502	923
Net result attributable to owners of the parent		**2,165**	**2,998**

Earnings per share

Earnings per share constitute net profit/loss for the year attributable to owners of the parent divided by the average number of ordinary shares outstanding. The average number of outstanding shares is net of the average number of treasury shares, considering the shares buyback. Diluted earnings per share represent the maximum potential dilution (through an increase in the average number of shares) that would occur if all subscription and conversion rights granted were exercised. The difference between the weighted average number of outstanding shares and the weighted average diluted number of outstanding shares results from share-based payment transactions with employees. For information on share-based payments please refer to Note 61.

		1-12 22	1-12 23
Net result attributable to owners of the parent	in EUR thousand	2,164,718	2,997,576
Dividend on AT1 capital (after tax effect)	in EUR thousand	-100,456	-99,067
Net result for the period attributable to owners of the parent after deduction of AT1 capital dividend	in EUR thousand	2,064,261	2,898,509
Weighted average undiluted number of outstanding shares		427,019,261	425,951,928
Earnings per share	**in EUR**	**4.83**	**6.80**
Weighted average diluted number of outstanding shares		427,492,890	426,324,432
Diluted earnings per share	**in EUR**	**4.83**	**6.80**

For details regarding the number of outstanding shares please refer to Note 55 Total equity.

Consolidated statement of comprehensive income

in EUR million	1-12 22	1-12 23
Net result for the period	**2,666**	**3,921**
Other comprehensive income		
Items that may not be reclassified to profit or loss	**240**	**-79**
Remeasurement of defined benefit plans	99	-59
Fair value reserve of equity instruments	-33	10
Own credit risk reserve	239	-50
Income tax relating to items that may not be reclassified	-65	21
Items that may be reclassified to profit or loss	**-359**	**400**
Fair value reserve of debt instruments	-560	401
Gains/losses during the period	-586	273
Reclassification adjustments	25	139
Credit loss allowances	1	-10
Cash flow hedge reserve	10	205
Gains/losses during the period	63	378
Reclassification adjustments	-53	-173
Currency reserve	79	-101
Gains/losses during the period	79	-101
Income tax relating to items that may be reclassified	112	-105
Gains/losses during the period	107	-112
Reclassification adjustments	5	7
Total other comprehensive income	**-119**	**321**
Total comprehensive income	**2,547**	**4,242**
Total comprehensive income attributable to non-controlling interests	427	931
Total comprehensive income attributable to owners of the parent	**2,120**	**3,311**

For a detailed split of income tax items within other comprehensive income please refer to Note 13 Taxes on income.

Consolidated balance sheet

in EUR million	Notes	Dec 22	Dec 23
Assets			
Cash and cash balances	15	35,685	36,685
Financial assets held for trading	21, 22	7,766	8,773
Derivatives	21	1,719	1,262
Other financial assets held for trading	22	6,047	7,511
Pledged as collateral	29	94	245
Non-trading financial assets at fair value through profit or loss	23	2,735	3,004
Pledged as collateral	29	0	0
Equity instruments	23	347	415
Debt securities	23	1,549	1,551
Loans and advances to customers	23	839	1,038
Financial assets at fair value through other comprehensive income	19, 20	9,560	8,905
Pledged as collateral	29	698	356
Equity instruments	20	99	110
Debt securities	19	9,460	8,794
Financial assets at amortised cost	16	253,360	264,721
Pledged as collateral	29	1,761	3,125
Debt securities	16	40,612	44,047
Loans and advances to banks	16	18,435	21,432
Loans and advances to customers	16	194,313	199,241
Finance lease receivables	50	4,553	4,970
Hedge accounting derivatives	27	159	183
Fair value changes of hedged items in portfolio hedge of interest rate risk	27	-38	-25
Property and equipment	47	2,618	2,605
Investment properties	47	1,372	1,524
Intangible assets	48	1,347	1,313
Investments in associates and joint ventures	58	209	241
Current tax assets	13	109	72
Deferred tax assets	13	629	468
Assets held for sale	63	167	163
Trade and other receivables	17	2,404	2,579
Other assets	49	1,232	976
Total assets		**323,865**	**337,155**

in EUR million	Notes	Dec 22	Dec 23
Liabilities and equity			
Financial liabilities held for trading	21, 24	3,264	2,304
Derivatives	21	2,626	1,614
Other financial liabilities held for trading	24	637	690
Financial liabilities at fair value through profit or loss	25	10,814	11,152
Deposits from customers	25	1,353	593
Debt securities issued	25	9,310	10,429
Other financial liabilities	25	151	130
Financial liabilities at amortised cost	18	278,932	289,842
Deposits from banks	18	28,821	22,911
Deposits from customers	18	222,620	232,223
Debt securities issued	18	26,593	33,330
Other financial liabilities		899	1,378
Lease liabilities	51	662	670
Hedge accounting derivatives	27	372	286
Provisions	53	1,676	1,612
Current tax liabilities	13	127	265
Deferred tax liabilities	13	16	14
Liabilities associated with assets held for sale	63	115	113
Other liabilities	52	2,581	2,396
Total equity	55	**25,305**	**28,502**
Equity attributable to non-controlling interests	55	5,957	6,853
Additional equity instruments	55	2,236	2,405
Equity attributable to owners of the parent	55	17,111	19,243
Subscribed capital	55	860	843
Additional paid-in capital	55	1,478	1,494
Retained earnings and other reserves	55	14,774	16,906
Total liabilities and equity		**323,865**	**337,155**

Consolidated statement of changes in equity

in EUR million	Subscribed capital	Additional paid-in capital	Retained earnings	Cash flow hedge reserve	Fair value reserve	Own credit risk reserve	Currency reserve	Remeasur-ement of defined benefit plans	Equity attributable to owners of the parent	Additional equity instruments	Equity attributable to non-controlling interests	Total equity
As of 1 January 2023	**860**	**1,478**	**16,324**	**-197**	**-264**	**-24**	**-594**	**-471**	**17,111**	**2,236**	**5,957**	**25,305**
Changes in treasury shares	0	0	1	0	0	0	0	0	1	0	0	1
Dividends paid	0	0	-869	0	0	0	0	0	-869	0	-61	-931
Capital increase/decrease	0	0	0	0	0	0	0	0	0	169	0	169
Changes in scope of consolidation and ownership interest	0	0	-6	0	0	0	0	0	-6	0	25	18
Reclassification from other comprehensive income to retained earnings	0	0	1	0	0	-1	0	0	0	0	1	1
Share based payments	0	0	2	0	0	0	0	0	2	0	0	2
Other changes	-16	16	-307	0	0	0	0	0	-307	0	1	-306
Total comprehensive income	0	0	2,998	166	315	-44	-100	-24	3,311	0	931	4,242
Net result for the period	0	0	2,998	0	0	0	0	0	2,998	0	923	3,921
Other comprehensive income	0	0	0	166	315	-44	-100	-24	313	0	8	321
Change from remeasurement of defined benefit plans	0	0	0	0	0	0	0	-24	-24	0	-22	-46
Change in fair value reserve	0	0	0	0	315	0	0	0	315	0	29	344
Change in cash flow hedge reserve	0	0	0	166	0	0	0	0	166	0	0	166
Change in currency reserve	0	0	0	0	0	0	-100	0	-100	0	0	-101
Change in own credit risk reserve	0	0	0	0	0	-44	0	0	-44	0	1	-42
As of 31 December 2023	**843**	**1,494**	**18,143**	**-31**	**51**	**-69**	**-694**	**-495**	**19,243**	**2,405**	**6,853**	**28,502**

The other changes relate mainly to the share buyback program. For details regarding the reduced subscribed capital please refer to Note 55 Total equity.

in EUR million	Subscribed capital	Additional paid-in capital	Retained earnings	Cash flow hedge reserve	Fair value reserve	Own credit risk reserve	Currency reserve	Remeasur-ement of defined benefit plans	Equity attributable to owners of the parent	Additional equity instruments	Equity attributable to non-controlling interests	Total equity
As of 1 January 2022	**860**	**1,478**	**14,933**	**-206**	**115**	**-207**	**-672**	**-538**	**15,761**	**2,236**	**5,516**	**23,513**
Changes in treasury shares	0	0	11	0	0	0	0	0	11	0	0	11
Dividends paid	0	0	-754	0	0	0	0	0	-754	0	-91	-844
Capital increase/decrease	0	0	0	0	0	0	0	0	0	0	-2	-2
Changes in scope of consolidation and ownership interest	0	0	-24	0	0	0	0	0	-24	0	114	90
Reclassification from other comprehensive income to retained earnings	0	0	-5	0	0	3	0	0	-2	0	-7	-9
Share based payments	0	0	-1	0	0	0	0	0	-1	0	0	-1
Other changes	0	0	-1	0	0	0	0	0	-1	0	0	0
Total comprehensive income	0	0	2,165	9	-379	180	79	67	2,120	0	427	2,547
Net result for the period	0	0	2,165	0	0	0	0	0	2,165	0	502	2,666
Other comprehensive income	0	0	0	9	-379	180	79	67	-44	0	-75	-119
Change from remeasurement of defined benefit plans	0	0	0	0	0	0	0	67	67	0	16	82
Change in fair value reserve	0	0	0	0	-379	0	0	0	-379	0	-93	-472
Change in cash flow hedge reserve	0	0	0	9	0	0	0	0	9	0	0	9
Change in currency reserve	0	0	0	0	0	0	79	0	79	0	0	79
Change in own credit risk reserve	0	0	0	0	0	180	0	0	180	0	2	182
As of 31 December 2022	**860**	**1,478**	**16,324**	**-197**	**-264**	**-24**	**-594**	**-471**	**17,111**	**2,236**	**5,957**	**25,305**

Consolidated statement of cash flows

in EUR million	Notes	1-12 22	1-12 23
Net result for the period		**2,666**	**3,921**
Non-cash adjustments for items in net profit/loss for the year			
Depreciation, amortisation and net impairment of non-financial assets	47, 48	594	632
Net allocation of credit loss allowances and other provisions	12	324	207
Gains/losses from measurement and derecognition of financial assets and financial liabilities	9, 10	533	753
Other adjustments		105	-128
Changes in assets and liabilities from operating activities after adjustment for non-cash components			
Financial assets held for trading	21, 22	-1,336	-905
Non-trading financial assets at fair value through profit or loss	23		
Equity instruments	23	-15	-68
Debt securities	23	285	49
Loans and advances to banks	23	10	0
Loans and advances to customers	23	-78	-85
Financial assets at fair value through other comprehensive income: debt securities	19	-1,116	851
Financial assets at amortised cost	16		
Debt securities	16	-4,992	-3,436
Loans and advances to banks	16	2,582	-3,014
Loans and advances to customers	16	-21,214	-5,185
Finance lease receivables	50	-326	-422
Hedge accounting derivatives	27	-71	142
Other assets from operating activities	17, 49	-580	285
Financial liabilities held for trading	21, 24	-416	-1,359
Financial liabilities at fair value through profit or loss	25	1,470	-186
Financial liabilities measured at amortised cost	18		
Deposits from banks	18	-3,098	-5,910
Deposits from customers	18	11,978	9,591
Debt securities issued	18	4,242	6,737
Other financial liabilities		-251	480
Hedge accounting derivatives	27	63	-87
Other liabilities from operating activities	52	-174	-276
Cash flow from operating activities		**-8,815**	**2,586**
Proceeds of disposal			
Financial assets at fair value through other comprehensive income: equity instruments	20	19	15
Investments in associates and joint ventures	58	18	-12
Property and equipment and intangible assets	47, 48	152	44
Investment properties	47	56	16
Acquisition of			
Financial assets at fair value through other comprehensive income: equity instruments	20	-1	0
Property and equipment and intangible assets	47, 48	-479	-528
Investment properties	47	-101	-134
Acquisition of subsidiaries (net of cash and cash equivalents acquired)		102	0
Cash flow from investing activities		**-233**	**-599**
Capital increase/Capital decrease	55	-2	-107
Changes in ownership interests that do not result in a loss of control	55	90	18
Dividends paid to equity holders of the parent	55	-754	-869
Dividends paid to non-controlling interests	55	-91	-61
Cash flow from financing activities		**-756**	**-1,020**
Cash and cash equivalents at the beginning of the period	15	**45,495**	**35,685**
Cash flow from operating activities		-8,815	2,586
Cash flow from investing activities		-233	-599
Cash flow from financing activities		-756	-1,020
Effect of currency translation		-6	33
Cash and cash equivalents at the end of period	15	**35,685**	**36,685**
Cash flows related to taxes, interest and dividends (included in cash flow from operating activities)		5,218	8,515
Payments for taxes on income	13	-549	-315
Interest received	2	11,286	22,697
Dividends received	4	29	38
Interest paid	2	-5,549	-13,905

Cash and cash equivalents are equal to the amount in the balance sheet line item ‘Cash and cash balances’.

Notes to the group financial statements of Erste Group

General information

Erste Group Bank AG is Austria's oldest savings bank and listed on the Vienna Stock Exchange. It is also quoted on the Prague Stock Exchange and on the Bucharest Stock Exchange. The registered office of Erste Group Bank AG is located at Am Belvedere 1, 1100 Vienna, Austria.

The group of Erste Group Bank AG (hereinafter referred to as 'Erste Group' or 'Group') offers a complete range of banking and other financial services, such as savings accounts, asset management (including investment funds), consumer credit and mortgage lending, investment banking, securities and derivatives trading, portfolio management, project finance, foreign trade financing, corporate finance, capital market and money market services, foreign exchange trading, leasing and factoring.

These consolidated financial statements have been prepared and authorised for issue by the management board as at the signing date of this report. Both, the supervisory board (21 March 2024) and the annual general meeting (22 May 2024) may amend the individual financial statements of Erste Group Bank AG, which in turn may have an impact on these consolidated financial statements. The consolidated financial statements have not been accepted by the supervisory board and the financial statements of Erste Group Bank AG have not been approved by the supervisory board at the date of this report. This is also applicable to the majority of the individual financial statements, which are relevant for the calculation of own funds.

Erste Group is subject to the regulatory requirements of Austrian and European supervisory bodies (National Bank, Financial Market Authority, Single Supervisory Mechanism). These regulations include those pertaining to minimum capital adequacy requirements, categorisation of exposures and off-balance sheet commitments, credit risk connected with clients of the Group, market risk (including interest rate and foreign exchange risk), and operational risk.

In addition to the banking entities, some Group companies are subject to regulatory requirements, specifically in relation to asset management.

Material accounting policies

a) Basis of preparation

The consolidated financial statements of Erste Group for the financial year ending on 31 December 2023 and the related comparative information were prepared in compliance with applicable IFRS Accounting Standards as adopted by the European Union on the basis of IAS Regulation (EC) No. 1606/2002. The requirements of Section 59a of the Austrian Banking Act and Section 245a of the Austrian Commercial Code are fulfilled.

The consolidated financial statements have been prepared on a going concern basis.

Erste Group is subject to regulatory restrictions on capital distributions stemming from the EU-wide capital requirements regulations applicable to all credit institutions based in the EU. Erste Group does not have any other significant restrictions on its ability to access or use the assets and settle the liabilities of the Group. Also, the owners of non-controlling interests in Group subsidiaries do not have rights that can restrict the Group's ability to access or use the assets and settle the liabilities of the Group.

Except as otherwise indicated, all amounts are stated in millions of euro. The tables in this report may contain rounding differences. The abbreviations used in the consolidated financial statements of Erste Group are explained in the appendix 'Abbreviations' at the end of this report.

b) Foreign currency translation

The consolidated financial statements are presented in euro, which is the functional currency of Erste Group Bank AG, the parent company of Erste Group. The functional currency is the currency of the primary business environment in which an entity operates. Each entity in Erste Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency.

For foreign currency translation, exchange rates quoted by the central banks in each country are used. For Erste Group entities with the euro as functional currency, these are the European Central Bank reference rates.

i. Transactions and balances in foreign currency

Transactions in foreign currencies are initially recorded at the functional currency exchange rate effective as of the date of the transaction. Subsequently, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate as of the balance sheet date. All resulting exchange differences that arise are recognised in the statement of income under the line item 'Net trading result'. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions, i.e. they do not give rise to exchange differences. Non-monetary items that are measured at fair value (such as equity investments) in a foreign currency are translated using the exchange rates at the date when the fair value is measured, thus the exchange differences are part of the fair value gains or losses.

ii. Translation of the statements of Group companies

Assets and liabilities of foreign operations (foreign subsidiaries and branches) are translated into Erste Group's presentation currency, the Euro, at the rate of exchange as of the balance sheet date (closing rate). Their consolidated statement of income and consolidated statement of comprehensive income are translated at the average exchange rate of the respective reporting period calculated on the basis of daily rates. Goodwill, intangible assets and fair value adjustments to the carrying amounts of assets and liabilities recognised on acquisition of foreign subsidiaries are treated as assets and liabilities of the foreign subsidiaries and are translated at the closing rate. However, goodwill of Česká spořitelna a.s. is translated at the historical FX rate as allowed by the transitional provisions in IAS 21.59.

Exchange differences arising on translation are recognised in OCI in the line 'Currency reserve' of the statement of comprehensive income. The accumulated OCI is presented in equity, specifically under 'Currency reserve' in the statement of changes in equity. On disposal of a foreign subsidiary, the cumulative amount of translation differences recognised in other comprehensive income is recognised in the statement of income under the line item 'Other operating result'.

c) Material accounting judgements, assumptions and estimates

The consolidated financial statements contain amounts that have been determined on the basis of judgements and by the use of estimates and assumptions. The estimates and assumptions used are based on historical experience and other factors, such as planning as well as expectations and forecasts of future events that are currently deemed to be reasonable. As a consequence of the uncertainty associated with these assumptions and estimates, actual results could in future periods lead to adjustments in the carrying amounts of the related assets or liabilities. The most significant uses of judgements, assumptions and estimates are described in the notes of the respective assets and liabilities and relate in particular to:

- Taxes on income and deferred tax assets (Note 13 Taxes on income)
- SPPI assessment of financial instruments (Chapter Financial instruments – Material accounting policies)
- Business model assessment of financial instruments (Chapter Financial instruments – Material accounting policies)
- Financial liabilities stemming from the TLTRO programme of the ECB (Chapter Financial instruments – Material accounting policies, Note 18 Financial liabilities at amortised cost)
- Fair value of financial instruments (Note 26 Fair value of financial instruments)
- Impairment of financial instruments (Chapter Financial instruments – Material accounting policies, Note 37 Measurement of expected credit losses and Note 40 Scenarios used in forward looking information and crises effects)
- Impairment of non-financial assets (Chapter Non-current assets and other investments)
- Provisions (Note 53 Provisions)
- Defined employees benefit plans (Note 53 Provisions)
- Control of subsidiaries (Note 57 Subsidiaries)
- Significant influence in associates and joint control in joint ventures (Note 58 Investments in associates and joint ventures)
- Interest in structured entities (Note 59 Unconsolidated structured entities)

d) Application of amended and new IFRS/IAS

The accounting policies adopted are consistent with those used in the previous financial year except for standards and interpretations that became effective for financial years beginning after 1 January 2023. As regards new standards and interpretations and their amendments, only those that are relevant for the business of Erste Group are listed below.

EFFECTIVE STANDARDS AND INTERPRETATIONS

The following amendments of standards have become mandatory for the financial year 2023 and have been endorsed by the EU:
— IFRS 17: Insurance contracts
— Amendments to IAS 1: Disclosure of Accounting Policies
— Amendments to IAS 8: Definition of Accounting Estimates
— Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
— Amendments to IAS 12: International Tax Reform — Pillar 2 Model Rules

Application of the above-mentioned amendments in 2023 did not have a significant impact on Erste Group's financial statements. However, Amendments to IAS 1 resulted in a significant reduction in the disclosures of the accounting policies with focus on material information. Furthermore, Amendments to IAS 12: International Tax Reform — Pillar 2 Model Rules led to new disclosures in Note 13 Taxes on income.

STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The standards and amendments shown below were issued by the IASB but are not yet effective. They have not yet been endorsed by the EU.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability. The amendments to IAS 21 were issued in August 2023 and become effective for annual periods beginning on or after 1 January 2025. The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Application of these amendments is not expected to have a significant impact on Erste Group's financial statements.

Performance / Return

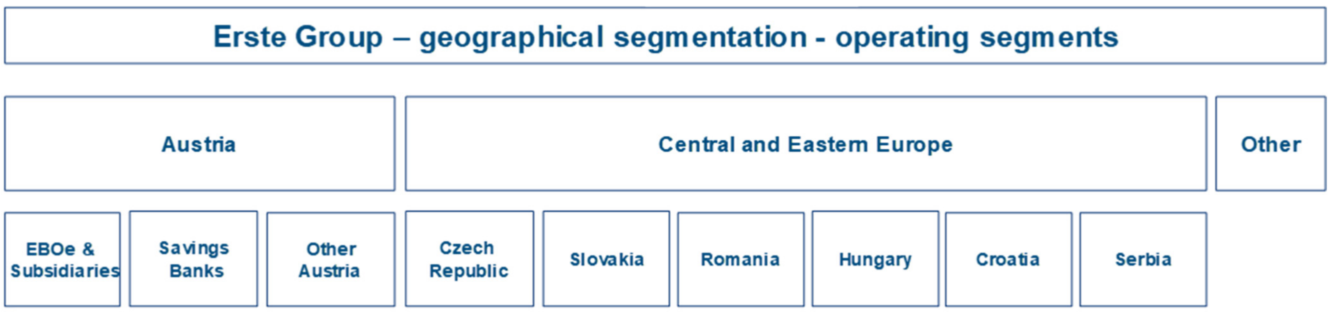
1. Segment reporting

Erste Group's segment reporting is based on IFRS 8 Operating Segments, which adopts the management approach. Accordingly, segment information is prepared on the basis of internal management reporting that is regularly reviewed by the chief operating decision maker to assess the performance of the segments and make decisions regarding the allocation of resources. Within Erste Group the function of the chief operating decision maker is exercised by the management board.
Erste Group uses a matrix organisational structure with geographical segmentation and business segments. Since the chief operating decision maker performs the steering primarily based on geographical segments, those are defined as operating segments according to IFRS 8. In order to provide more comprehensive information, the performance of the business segments is reported additionally.

Geographical segmentation (operating segments)

For the purpose of segment reporting geographical segments are defined as operating segments, for which the information is presented on the basis of the booking entity's location (not the country of risk). In case of information regarding a partial group, the allocation is based on the location of the respective parent entity according to the local management responsibility.

Geographical areas are defined according to the core markets in which Erste Group operates. Based on the locations of the banking and other financial institution participations, the geographical areas consist of two core markets, Austria and Central and Eastern Europe and a residual segment Other that comprises the remaining business activities of Erste Group outside its core markets as well as the reconciliation to the consolidated accounting result.



The geographical area Austria consists of the following three operating segments:
— The **Erste Bank Oesterreich & Subsidiaries** (EBOe & Subsidiaries) segment comprises Erste Bank der oesterreichischen Sparkassen AG (Erste Bank Oesterreich) and its main subsidiaries (e.g. sBausparkasse, Salzburger Sparkasse, Tiroler Sparkasse, Sparkasse Hainburg).
— The **Savings banks** segment includes those savings banks which are members of the Haftungsverbund (cross-guarantee system) of the Austrian savings banks sector and in which Erste Group does not hold a majority stake but which are fully controlled according to IFRS 10. The fully or majority owned Erste Bank Oesterreich, Tiroler Sparkasse, Salzburger Sparkasse, and Sparkasse Hainburg are not part of the Savings Banks segment.
— The **Other Austria** segment comprises Erste Group Bank AG (Holding) with its Corporates and Group Markets business, Erste Group Immorent GmbH, Erste Asset Management GmbH and Intermarket Bank AG.

The geographical area Central and Eastern Europe (CEE) consists of six operating segments covering Erste Group's banking subsidiaries located in the respective CEE countries:
— **Czech Republic** (comprising Česká spořitelna Group)
— **Slovakia** (comprising Slovenská sporiteľňa Group)
— **Romania** (comprising Banca Comercială Română Group)
— **Hungary** (comprising Erste Bank Hungary Group)
— **Croatia** (comprising Erste Bank Croatia Group)
— **Serbia** (comprising Erste Bank Serbia Group).

The residual segment **Other** covers mainly centrally managed activities and items that are not directly allocated to other segments. It comprises the corporate center of Erste Group Bank AG (and thus dividends and the refinancing costs from participations, general administrative expenses), internal service providers (facility management, IT, procurement), the banking tax of Erste Group Bank AG as well as free capital of Erste Group (defined as the difference of the total average IFRS equity and the average economical equity allocated to the segments). Asset/Liability Management of Erste Group Bank AG as well as the reconciliation to the consolidated accounting result (e.g. intragroup eliminations, dividend eliminations) are also part of the segment Other. Intragroup eliminations are equal to the Intragroup eliminations shown in the business segmentation view (see the table 'Business segments (2)').

Business segmentation

Apart from geographical segments, which are Erste Group's operating segments, business segments are reported as well.

Retail. The Retail segment comprises the business with private individuals, micros and free professionals within the responsibility of account managers in the retail network. This business is operated by the local banks in cooperation with their subsidiaries such as leasing and asset management companies with a focus on simple products ranging from mortgage and consumer loans, investment products, current accounts, savings products to credit cards and cross selling products such as leasing, insurance and building society products.

Corporates. The Corporates segment comprises business done with corporate customers of different turnover size (small and medium-sized enterprises and Large Corporate customers) as well as commercial real estate and public sector business.

Group Markets. The Group Markets (GM) segment comprises trading and markets services as well as customer business with financial institutions. It includes all activities related to the trading books of Erste Group, including the execution of trade, market making and short-term liquidity management. In addition, it comprises business connected with servicing financial institutions as clients.

Asset/Liability Management & Local Corporate Center. The Asset/Liability Management & Local Corporate Center (ALM & LCC) segment includes all asset/liability management functions – local and of Erste Group Bank AG (Holding) – as well as the local corporate centers which comprise all non-core banking business activities such as internal service providers and reconciliation items to local entity results. The corporate center of Erste Group Bank AG is included in the Group Corporate Center segment.

Savings Banks. The Savings Banks segment is identical to the operating segment Savings banks.

Group Corporate Center. The Group Corporate Center (GCC) segment covers mainly centrally managed activities and items that are not directly allocated to other segments. It comprises the corporate center of Erste Group Bank AG (and thus dividends and the refinancing costs from participations, general administrative expenses), internal service providers (facility management, IT, procurement), the banking tax of Erste Group Bank AG as well as free capital of Erste Group (defined as the difference of the total average IFRS equity and the average economical equity allocated to the segments).

Intragroup Elimination. Intragroup Elimination (IC) is not defined as a segment but is the reconciliation to the consolidated accounting result. It includes intragroup eliminations between participations of Erste Group (e.g. intragroup funding, internal cost charges). Intragroup eliminations within partial groups are disclosed in the respective segments.

Dividend elimination between Erste Group Bank AG and its fully consolidated subsidiaries is performed in Group Corporate Center. Consolidation differences arising between the segments, which are eliminated over the lifespan of the underlying transaction, are part of Group Corporate Center.

Measurement

The profit and loss statement of the segment report is based on the measures reported to the Erste Group management board for the purpose of allocating resources to the segments and assessing their performance. Management reporting as well as the segment report of Erste Group are based on IFRS. Accounting standards and methods as well as measurements used in segment reporting are the same as for the consolidated financial statements of accounting.

Interest revenues are not reported separately from interest expenses for each reportable segment. Those measures are reported on the net basis within the position 'Net interest income' as interest revenues and interest expenses are neither included into the measure of segment profit or loss reviewed by the chief operating decision maker nor otherwise regularly provided to the chief operating decision maker. Chief operating decision maker relies solely on net interest income to assess the performance of the segments and make decisions about resources to be allocated to the segments. Net fee and commission income and Other operating result are reported on a net basis according to the regular reporting to the chief operating decision maker.

Capital consumption per segment is regularly reviewed by the management of Erste Group to assess the performance of the segments. The average allocated capital is determined by the credit risk, market risk, operational risk and business strategic risk. According to the regular internal reporting to Erste Group management board, total assets and total liabilities as well as risk weighted assets and allocated capital are disclosed per segment. Total average allocated capital for the Group equals average total equity of the Group.

For measuring and assessing the profitability of segments within Erste Group, such key measures as return on allocated capital and cost/income ratio are used. Return on allocated capital is defined as net result for the period before minorities in relation to the average allocated capital of the respective segment. Cost/income ratio is defined as operating expenses (general administrative expenses) in relation to operating income (total of net interest income, net fee and commission income, dividend income, net trading 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 and other operating lease).

Operating segments: Geographical segmentation – overview

in EUR million	Austria 1-12 22	Austria 1-12 23	Central and Eastern Europe 1-12 22	Central and Eastern Europe 1-12 23	Other 1-12 22	Other 1-12 23	Total Group 1-12 22	Total Group 1-12 23
Net interest income	2,566	3,715	3,160	3,332	225	181	5,951	7,228
Net fee and commission income	1,396	1,482	1,134	1,269	-77	-111	2,452	2,640
Dividend income	18	23	4	3	7	12	29	38
Net trading result	-128	77	326	359	-977	319	-779	754
Gains/losses from financial instruments at FVPL	52	12	-67	43	747	-360	731	-306
Net result from equity method investments	3	0	7	16	8	7	18	23
Rental income from investment properties & other operating leases	141	150	42	38	-15	-13	168	175
General administrative expenses	-2,195	-2,401	-2,118	-2,338	-262	-281	-4,575	-5,020
thereof depreciation and amortization	-160	-168	-277	-275	-114	-117	-551	-560
Gains/losses from derecognition of financial assets at AC	-1	0	-50	-12	-1	-1	-52	-13
Other gains/losses from derecognition of financial instruments not at FVPL	0	-3	-25	-39	2	-87	-23	-128
Impairment result from financial instruments	-158	-101	-134	-21	-8	-6	-300	-128
Other operating result	-56	-87	-285	-308	-58	-72	-399	-468
Levies on banking activities	-41	-22	-124	-137	-22	-25	-187	-183
Pre-tax result from continuing operations	**1,639**	**2,867**	**1,994**	**2,341**	**-410**	**-413**	**3,222**	**4,795**
Taxes on income	-418	-642	-376	-434	237	202	-556	-874
Net result for the period	**1,221**	**2,225**	**1,618**	**1,906**	**-173**	**-211**	**2,666**	**3,921**
Net result attributable to non-controlling interests	442	836	57	82	2	5	502	923
Net result attributable to owners of the parent	**779**	**1,390**	**1,561**	**1,824**	**-175**	**-217**	**2,165**	**2,998**
Operating income	4,048	5,459	4,606	5,059	-83	34	8,571	10,552
Operating expenses	-2,195	-2,401	-2,118	-2,338	-262	-281	-4,575	-5,020
Operating result	**1,853**	**3,058**	**2,488**	**2,721**	**-345**	**-247**	**3,996**	**5,532**
Risk-weighted assets (credit risk, eop)	62,673	63,405	53,151	56,872	3,458	2,465	119,282	122,742
Average allocated capital	9,712	9,236	9,913	10,707	4,660	7,058	24,284	27,001
Cost/income ratio	54.2%	44.0%	46.0%	46.2%	>100%	>100%	53.4%	47.6%
Return on allocated capital	12.6%	24.1%	16.3%	17.8%	-3.7%	-3.0%	11.0%	14.5%
Total assets (eop)	204,979	210,346	142,554	151,733	-23,669	-24,924	323,865	337,155
Total liabilities excluding equity (eop)	166,197	161,196	129,479	137,345	2,884	10,113	298,560	308,654
Impairments	**-157**	**-103**	**-196**	**-83**	**-24**	**-20**	**-377**	**-206**
Net impairment loss on financial assets AC/FVTOCI and finance lease receivables	-159	-190	-93	-21	-20	14	-272	-198
Net impairment loss on commitments and guarantees given	1	89	-41	0	12	-20	-28	70
Impairment of goodwill	0	0	-5	-9	0	0	-5	-9
Net impairment on investments in subsidiaries, joint ventures and associates	0	0	-6	-1	-15	-4	-21	-5
Net impairment on other non-financial assets	0	-2	-51	-52	-1	-11	-52	-64

Operating segments: Geographical area Austria

in EUR million	EBOe & Subsidiaries		Savings Banks		Other Austria		Austria	
	1-12 22	1-12 23	1-12 22	1-12 23	1-12 22	1-12 23	1-12 22	1-12 23
Net interest income	709	1,200	1,223	1,892	634	623	2,566	3,715
Net fee and commission income	480	505	623	656	293	321	1,396	1,482
Dividend income	6	7	8	6	3	10	18	23
Net trading result	-58	29	-70	53	0	-5	-128	77
Gains/losses from financial instruments at FVPL	57	-21	16	11	-22	21	52	12
Net result from equity method investments	3	-1	0	0	0	1	3	0
Rental income from investment properties & other operating leases	52	60	43	41	45	50	141	150
General administrative expenses	-689	-747	-1,143	-1,259	-363	-394	-2,195	-2,401
thereof depreciation and amortization	-42	-46	-85	-84	-32	-39	-160	-168
Gains/losses from derecognition of financial assets at AC	-1	0	0	0	0	0	-1	0
Other gains/losses from derecognition of financial instruments not at FVPL	0	0	1	-4	-1	1	0	-3
Impairment result from financial instruments	-31	-53	-62	-182	-64	135	-158	-101
Other operating result	-35	-68	-26	-34	5	15	-56	-87
Levies on banking activities	-23	-16	-18	-5	0	0	-41	-22
Pre-tax result from continuing operations	**495**	**910**	**614**	**1,180**	**530**	**778**	**1,639**	**2,867**
Taxes on income	-140	-202	-157	-261	-121	-178	-418	-642
Net result for the period	**355**	**707**	**456**	**919**	**410**	**599**	**1,221**	**2,225**
Net result attributable to non-controlling interests	35	26	399	797	8	13	442	836
Net result attributable to owners of the parent	**320**	**681**	**57**	**122**	**402**	**586**	**779**	**1,390**
Operating income	1,250	1,778	1,844	2,660	954	1,021	4,048	5,459
Operating expenses	-689	-747	-1,143	-1,259	-363	-394	-2,195	-2,401
Operating result	**562**	**1,031**	**701**	**1,401**	**591**	**626**	**1,853**	**3,058**
Risk-weighted assets (credit risk, eop)	15,454	15,157	27,280	27,433	19,939	20,815	62,673	63,405
Average allocated capital	2,433	2,172	4,665	4,456	2,615	2,608	9,712	9,236
Cost/income ratio	55.1%	42.0%	62.0%	47.3%	38.1%	38.6%	54.2%	44.0%
Return on allocated capital	14.6%	32.6%	9.8%	20.6%	15.7%	23.0%	12.6%	24.1%
Total assets (eop)	59,249	58,667	80,471	81,594	65,259	70,085	204,979	210,346
Total liabilities excluding equity (eop)	56,574	55,524	74,399	74,586	35,223	31,085	166,197	161,196
Impairments	**-31**	**-53**	**-62**	**-185**	**-65**	**135**	**-157**	**-103**
Net impairment loss on financial assets AC/FVTOCI and finance lease receivables	-34	-76	-67	-198	-58	84	-159	-190
Net impairment loss on commitments and guarantees given	3	23	5	16	-7	51	1	89
Impairment of goodwill	0	0	0	0	0	0	0	0
Net impairment on investments in subsidiaries, joint ventures and associates	0	0	0	0	0	0	0	0
Net impairment on other non-financial assets	0	0	0	-2	0	0	0	-2

Operating segments: Geographical area Central and Eastern Europe

in EUR million	Czech Republic		Slovakia		Romania		Hungary		Croatia		Serbia		Central and Eastern Europe	
	1-12 22	1-12 23	1-12 22	1-12 23	1-12 22	1-12 23	1-12 22	1-12 23	1-12 22	1-12 23	1-12 22	1-12 23	1-12 22	1-12 23
Net interest income	1,417	1,320	450	514	530	637	396	357	285	403	83	101	3,160	3,332
Net fee and commission income	387	454	192	208	191	205	223	255	117	124	23	24	1,134	1,269
Dividend income	3	2	1	1	1	1	0	0	0	0	0	0	4	3
Net trading result	152	174	24	22	123	111	-18	29	40	15	6	7	326	359
Gains/losses from financial instruments at FVPL	-18	-74	2	2	5	1	-54	113	-2	1	0	0	-67	43
Net result from equity method investments	3	9	3	4	0	1	0	0	1	1	0	0	7	16
Rental income from investment properties & other operating leases	9	9	0	0	18	9	8	10	8	7	0	2	42	38
General administrative expenses	-868	-964	-307	-332	-381	-418	-247	-270	-240	-264	-74	-91	-2,118	-2,338
thereof depreciation and amortization	-111	-116	-35	-34	-52	-50	-41	-35	-33	-31	-6	-10	-277	-275
Gains/losses from derecognition of financial assets at AC	-50	-11	0	0	0	0	0	0	0	0	0	0	-50	-12
Other gains/losses from derecognition of financial instruments not at FVPL	-26	0	0	0	0	0	1	-17	0	-21	0	0	-25	-39
Impairment result from financial instruments	-26	-34	-32	-15	-80	-9	-18	1	42	46	-20	-9	-134	-21
Other operating result	-68	-71	-11	-9	-37	-33	-139	-174	-27	-22	-3	1	-285	-308
Levies on banking activities	0	0	0	0	0	0	-124	-137	0	0	0	0	-124	-137
Pre-tax result from continuing operations	**914**	**812**	**320**	**395**	**370**	**503**	**151**	**304**	**224**	**292**	**15**	**35**	**1,994**	**2,341**
Taxes on income	-156	-133	-71	-88	-73	-120	-26	-39	-50	-52	-1	-3	-376	-434
Net result for the period	**759**	**680**	**249**	**307**	**297**	**383**	**125**	**265**	**174**	**240**	**14**	**32**	**1,618**	**1,906**
Net result attributable to non-controlling interests	0	0	0	0	0	0	0	0	54	75	3	6	57	82
Net result attributable to owners of the parent	**758**	**679**	**249**	**307**	**297**	**383**	**125**	**265**	**120**	**164**	**11**	**26**	**1,561**	**1,824**
Operating income	1,952	1,894	671	751	868	964	554	763	449	552	112	134	4,606	5,059
Operating expenses	-868	-964	-307	-332	-381	-418	-247	-270	-240	-264	-74	-91	-2,118	-2,338
Operating result	**1,084**	**929**	**364**	**419**	**487**	**546**	**307**	**494**	**209**	**289**	**38**	**43**	**2,488**	**2,721**
Risk-weighted assets (credit risk, eop)	22,374	24,550	9,232	10,039	8,529	9,246	5,116	4,833	6,071	6,246	1,829	1,958	53,151	56,872
Average allocated capital	3,848	4,412	1,488	1,524	1,800	1,851	1,248	1,532	1,232	1,077	297	311	9,913	10,707
Cost/income ratio	44.5%	50.9%	45.8%	44.2%	43.9%	43.3%	44.6%	35.3%	53.4%	47.7%	66.5%	67.7%	46.0%	46.2%
Return on allocated capital	19.7%	15.4%	16.8%	20.1%	16.5%	20.7%	10.0%	17.3%	14.2%	22.3%	4.7%	10.3%	16.3%	17.8%
Total assets (eop)	68,002	72,716	23,752	26,469	19,972	21,877	12,717	12,512	14,980	14,752	3,132	3,408	142,554	151,733
Total liabilities excluding equity (eop)	62,292	66,871	21,566	23,995	17,738	19,369	11,601	11,043	13,519	13,077	2,763	2,989	129,479	137,345
Impairments	**-72**	**-67**	**-36**	**-15**	**-86**	**-10**	**-24**	**-27**	**41**	**46**	**-20**	**-9**	**-196**	**-83**
Net impairment loss on financial assets AC/FVTOCI and finance lease receivables	-30	-45	-36	-24	-67	-6	-14	4	71	60	-17	-11	-93	-21
Net impairment loss on commitments and guarantees given	4	10	4	9	-13	-4	-4	-3	-28	-14	-3	1	-41	0
Impairment of goodwill	0	0	0	0	0	0	-5	-9	0	0	0	0	-5	-9
Net impairment on investments in subsidiaries, joint ventures and associates	0	0	-6	-1	0	0	0	0	0	0	0	0	-6	-1
Net impairment on other non-financial assets	-46	-33	2	2	-6	-1	0	-20	-1	0	0	0	-51	-52

Business segments (1)

in EUR million	Retail 1-12 22	Retail 1-12 23	Corporates 1-12 22	Corporates 1-12 23	Group Markets 1-12 22	Group Markets 1-12 23	ALM&LCC 1-12 22	ALM&LCC 1-12 23
Net interest income	2,643	3,263	1,542	1,931	526	386	-283	-558
Net fee and commission income	1,270	1,391	370	410	289	312	-84	-96
Dividend income	0	0	0	2	3	8	11	10
Net trading result	158	169	149	116	56	106	-915	359
Gains/losses from financial instruments at FVPL	-59	111	4	9	-33	13	818	-464
Net result from equity method investments	3	7	3	8	0	0	3	0
Rental income from investment properties & other operating leases	6	9	111	113	0	0	26	28
General administrative expenses	-2,227	-2,429	-592	-665	-246	-265	-122	-138
thereof depreciation and amortization	-259	-266	-69	-70	-13	-14	-11	-9
Gains/losses from derecognition of financial assets at AC	-2	-1	0	0	0	0	-50	-11
Other gains/losses from derecognition of financial instruments not at FVPL	0	0	1	0	0	1	-26	-125
Impairment result from financial instruments	-135	-56	-105	104	1	0	6	15
Other operating result	-101	-111	-57	-82	-34	-33	-155	-163
Levies on banking activities	-80	-84	-39	-54	-10	-16	-18	0
Pre-tax result from continuing operations	**1,557**	**2,354**	**1,426**	**1,945**	**561**	**528**	**-770**	**-1,144**
Taxes on income	-306	-424	-281	-374	-113	-102	125	166
Net result for the period	**1,251**	**1,931**	**1,145**	**1,571**	**448**	**426**	**-644**	**-977**
Net result attributable to non-controlling interests	33	35	62	75	5	5	0	7
Net result attributable to owners of the parent	**1,218**	**1,896**	**1,083**	**1,496**	**444**	**422**	**-644**	**-984**
Operating income	4,022	4,950	2,179	2,589	841	826	-422	-721
Operating expenses	-2,227	-2,429	-592	-665	-246	-265	-122	-138
Operating result	**1,795**	**2,521**	**1,587**	**1,923**	**595**	**560**	**-545**	**-859**
Risk-weighted assets (credit risk, eop)	22,458	24,311	55,858	57,264	3,600	4,009	7,269	8,037
Average allocated capital	3,791	3,708	5,841	6,178	1,102	975	5,917	6,701
Cost/income ratio	55.4%	49.1%	27.2%	25.7%	29.2%	32.1%	-29.0%	-19.2%
Return on allocated capital	33.0%	52.1%	19.6%	25.4%	40.7%	43.7%	-10.9%	-14.6%
Total assets (eop)	74,941	77,127	76,016	80,486	47,665	51,885	84,692	85,702
Total liabilities excluding equity (eop)	113,825	113,509	41,625	44,875	44,638	41,871	65,218	74,491
Impairments	**-154**	**-56**	**-121**	**99**	**1**	**0**	**-20**	**-42**
Net impairment loss on financial assets AC/FVTOCI and finance lease receivables	-148	-73	-44	58	1	-5	3	10
Net impairment loss on commitments and guarantees given	13	17	-61	46	-1	5	3	5
Impairment of goodwill	-5	0	0	0	0	0	0	-9
Net impairment on investments in subsidiaries, joint ventures and associates	0	0	0	0	0	0	-6	-1
Net impairment on other non-financial assets	-14	0	-16	-5	0	0	-21	-46

Business segments (2)

in EUR million	Savings Banks 1-12 22	Savings Banks 1-12 23	Group Corporate Center 1-12 22	Group Corporate Center 1-12 23	Intragroup Elimination 1-12 22	Intragroup Elimination 1-12 23	Total Group 1-12 22	Total Group 1-12 23
Net interest income	1,223	1,892	138	247	162	67	5,951	7,228
Net fee and commission income	623	656	12	-3	-28	-30	2,452	2,640
Dividend income	8	6	7	12	0	0	29	38
Net trading result	-70	53	-17	0	-140	-49	-779	754
Gains/losses from financial instruments at FVPL	16	11	-15	13	0	0	731	-306
Net result from equity method investments	0	0	8	7	0	0	18	23
Rental income from investment properties & other operating leases	43	41	-18	-14	-1	-2	168	175
General administrative expenses	-1,143	-1,259	-964	-1,075	720	812	-4,575	-5,020
thereof depreciation and amortization	-85	-84	-134	-138	21	22	-551	-560
Gains/losses from derecognition of financial assets at AC	0	0	0	-1	0	0	-52	-13
Other gains/losses from derecognition of financial instruments not at FVPL	1	-4	2	-1	0	0	-23	-128
Impairment result from financial instruments	-62	-182	-4	-8	0	0	-300	-128
Other operating result	-26	-34	687	754	-713	-798	-399	-468
Levies on banking activities	-18	-5	-22	-25	0	0	-187	-183
Pre-tax result from continuing operations	**614**	**1,180**	**-165**	**-69**	**0**	**0**	**3,222**	**4,795**
Taxes on income	-157	-261	175	120	0	0	-556	-874
Net result for the period	**456**	**919**	**10**	**51**	**0**	**0**	**2,666**	**3,921**
Net result attributable to non-controlling interests	399	797	2	5	0	0	502	923
Net result attributable to owners of the parent	**57**	**122**	**8**	**46**	**0**	**0**	**2,165**	**2,998**
Operating income	1,844	2,660	115	262	-7	-14	8,571	10,552
Operating expenses	-1,143	-1,259	-964	-1,075	720	812	-4,575	-5,020
Operating result	**701**	**1,401**	**-849**	**-813**	**713**	**798**	**3,996**	**5,532**
Risk-weighted assets (credit risk, eop)	27,280	27,433	2,818	1,688	0	0	119,282	122,742
Average allocated capital	4,665	4,456	2,968	4,983	0	0	24,284	27,001
Cost/income ratio	62.0%	47.3%	>100%	>100%	>100%	>100%	53.4%	47.6%
Return on allocated capital	9.8%	20.6%	0.3%	1.0%			11.0%	14.5%
Total assets (eop)	80,471	81,594	5,464	3,973	-45,385	-43,611	323,865	337,155
Total liabilities excluding equity (eop)	74,399	74,586	4,281	2,978	-45,426	-43,656	298,560	308,654
Impairments	**-62**	**-185**	**-21**	**-23**	**0**	**0**	**-377**	**-206**
Net impairment loss on financial assets AC/FVTOCI and finance lease receivables	-67	-198	-16	11	0	0	-272	-198
Net impairment loss on commitments and guarantees given	5	16	12	-19	0	0	-28	70
Impairment of goodwill	0	0	0	0	0	0	-5	-9
Net impairment on investments in subsidiaries, joint ventures and associates	0	0	-15	-4	0	0	-21	-5
Net impairment on other non-financial assets	0	-2	-1	-11	0	0	-52	-64

2. Net interest income

Net interest income is broken down into line items of interest income, other similar income, interest expenses and other similar expenses. The distinguishing factor is whether the EIR method is mandatorily applied for recognition of interest income or expense in accordance with IFRS 9.

'Interest income' relates to interest revenue from financial assets measured at amortised cost and at fair value through other comprehensive income. It is calculated using the EIR method as discussed in chapter 'Financial instruments – Material accounting policies'.

'Other similar income' captures interest-like sources of income resulting from non-derivative financial assets measured at fair value through profit or loss, held for trading derivatives, hedge accounting derivatives, finance lease receivables and negative interest on financial liabilities. Negative interest on financial liabilities also includes fees which are charged on deposits from corporate customers based on a specific percentage of outstanding balances.

'Interest expenses' relate to interest expense from financial liabilities measured at amortised cost calculated using effective interest rate.

'Other similar expenses' capture interest-like sources of expense resulting from non-derivative financial liabilities measured at fair value through profit or loss, held for trading derivatives, hedge accounting derivatives, negative interest on financial assets, lease liabilities, provisions recognised under IFRS 9 and IAS 37 (unwinding of the time value of the money effect due to passage of time) and net defined liabilities (net interest cost on severance payments, pensions and jubilee obligations) under IAS 19.

As regards types of financial instruments, interest income and other similar income include interest income on loans and advances to banks and customers, on cash balances, on debt securities in all measurement categories of financial assets, on trade and other receivables and on finance lease receivables. Interest expenses and other similar expenses include interest paid on deposits from customers, deposits from banks, debt securities issued and other financial liabilities in all measurement categories of financial liabilities and interest paid on lease liabilities. Net interest income also includes interest on derivative financial instruments.

Interest income also includes modification gains and losses recognised on financial assets in Stage 1. Further, the unamortised balance of the origination fees/transaction costs upon derecognition of assets in Stage 1 and 2 considered in the effective interest rate is presented as interest income at the derecognition date.

in EUR million	1-12 22	1-12 23
Financial assets at AC	8,378	14,663
Financial assets at FVOCI	244	382
Interest income	8,623	15,045
Non-trading financial assets at FVPL	66	84
Financial assets HfT	2,345	4,177
Hedge accounting derivatives, interest rate risk	-119	-80
Other assets	131	247
Negative interest from financial liabilities	195	17
Other similar income	2,618	4,446
Interest and other similar income	**11,240**	**19,490**
Financial liabilities at AC	-2,569	-6,873
Interest expenses	-2,569	-6,873
Financial liabilities at FVPL	-257	-342
Financial liabilities HfT	-2,367	-4,509
Hedge accounting derivatives, interest rate risk	38	-480
Other liabilities	-30	-57
Negative interest from financial assets	-104	-2
Other similar expenses	-2,720	-5,389
Interest and other similar expenses	**-5,290**	**-12,262**
Net interest income	**5,951**	**7,228**

An amount of EUR 168 million (2022: EUR 100 million) relating to impaired financial assets is included in interest income.

The amounts disclosed in the line items 'Negative interest from financial liabilities' and 'Negative interest from financial assets' largely relate to the interbank business, deposits and refinancing with central banks.

In 2022 negative interest from financial liabilities at AC includes catch-up gains from TLTRO III in the amount of EUR 129 million. For more details refer to Note 18 Financial liabilities at amortised costs.

3. Net fee and commission income

Erste Group earns fee and commission income from a diverse range of services that it provides to its customers. Fee and commission income is measured based on the consideration specified in the contract with a customer. Erste Group recognises revenue when it transfers a promised service to a customer.

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commitment fees, premiums received for financial guarantees and other fees from lending business, commission income from asset management, custody and other management and advisory fees. Services provided over a period of time also include certain payment services like periodic card fees.

Fee income earned from providing transaction services, such as arranging the acquisition and sale of shares or other securities on behalf of customers or foreign exchange transactions, as well as commission income earned from services such as the sale of collective investments and insurance products, are recognised upon completion of the underlying transaction. Transaction based services also include certain payment services like withdrawal fees.

A contract with a customer that results in the recognition of a financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then Erste Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. For example, loan servicing fees agreed in a loan contract that are not integral to the effective interest rate of a financial instrument are included in the net fee and commission income.

	1-12 22		1-12 23	
in EUR million	Income	Expenses	Income	Expenses
Securities	282	-56	275	-60
Issues	47	-1	52	-1
Transfer orders	217	-43	212	-46
Other	18	-12	12	-13
Clearing and settlement	2	-4	4	-1
Asset management	524	-49	574	-50
Custody	123	-16	135	-17
Fiduciary transactions	1	0	1	0
Payment services	1,340	-236	1,473	-269
Card business	406	-158	452	-178
Other	934	-79	1,021	-91
Customer resources distributed but not managed	274	-8	286	-11
Collective investment	24	-2	23	-2
Insurance products	211	-1	235	-2
Foreign exchange transactions	37	-3	25	-2
Other	3	-3	3	-5
Structured finance	1	0	1	0
Servicing fees from securitization activities	0	-1	0	0
Lending business	218	-38	250	-32
Guarantees given, guarantees received	94	-3	100	-5
Loan commitments given, loan commitments received	43	-1	51	-1
Other lending business	81	-33	99	-26
Other	123	-27	105	-25
Total fee and commission income and expenses	**2,889**	**-436**	**3,104**	**-464**
Net fee and commission income	**2,452**		**2,640**	

Asset management, custody and fiduciary transactions fees relate to fees earned by Erste Group on trust and other fiduciary activities in which Erste Group holds or invests assets on behalf of its customers and amount to EUR 644 million (2022: EUR 584 million). Net fee and commission income above include income of EUR 1,186 million (2022: EUR 1,086 million) relating to financial assets and financial liabilities not measured at FVPL.

The total amount of revenue from administrative and agency services to third parties amounts to EUR 919 million (2022: EUR 850 million).

4. Dividend income

Dividend income is recognised when the right to receive the payment is established. This line item includes dividends from all shares and other equity investments, i.e. from those that are held for trading, non-trading equity instruments at FVPL and at FVOCI.

in EUR million	1-12 22	1-12 23
Financial assets HfT	3	9
Non-trading financial assets at FVPL	18	20
Financial assets at FVOCI	9	9
Dividend income	**29**	**38**

5. Net trading result

Results arising from trading activities include all gains and losses from changes in the fair value (clean price) of financial assets and financial liabilities classified as held for trading, including all derivatives not designated as hedging instruments and gains and losses from their derecognition. Further, the net trading result includes any ineffective portions recorded in fair value and cash flow hedge transactions. Also, foreign exchange gains and losses on all monetary assets and liabilities and from spot currency conversions are included here.

The accounting policy for recognition of foreign exchange gains and losses is described in the chapter 'Material accounting policies', b) 'Foreign currency translations', i. 'Transactions and balances in foreign currency'. Detailed information relating to hedge accounting can be found in Note 27 Hedge accounting.

in EUR million	1-12 22	1-12 23
Securities and derivatives trading	-853	343
Foreign exchange transactions	86	407
Result from hedge accounting	-11	4
Net trading result	**-779**	**754**

6. Gains/losses from financial instruments measured at fair value through profit or loss

Changes in fair value (clean price) of non-trading financial assets at fair value through profit or loss, including gains and losses on their derecognition, are presented under this line item. This concerns both non-trading financial assets designated and those mandatorily measured at FVPL. Gains and losses (clean price) of financial liabilities designated at FVPL, including gains and losses on their derecognition, are also presented under this line item. However, the fair value changes resulting from own credit risk of the liability are recognised in OCI.

in EUR million	1-12 22	1-12 23
Result from measurement/sale of financial assets designated at FVPL	-19	7
Result from measurement/repurchase of financial liabilities designated at FVPL	940	-480
Result from financial assets and liabilities designated at FVPL	**921**	**-473**
Result from measurement/sale of financial assets mandatorily at FVPL	-189	168
Gains/losses from financial instruments measured at fair value through profit or loss	**731**	**-306**

7. Rental income from investment properties & other operating leases

Rental income from investment properties and other operating leases is recognised on a straight-line basis over the lease term. Operating expenses for investment properties are reported in line item 'Other operating result'. For further details we refer to Note 12 Other operating result.

in EUR million	1-12 22	1-12 23
Investment properties	113	129
Other operating leases	54	46
Rental income from investment properties & other operating leases	**168**	**175**

8. General administrative expenses

PERSONNEL EXPENSES

Personnel expenses include wages and salaries, expenses for variable remuneration, statutory and voluntary social security contributions, staff-related taxes and levies. They also include service costs for severance payments, pension and jubilee obligations and remeasurements of jubilee obligations. Furthermore, restructuring provision expenses may be part of personnel expenses.

Information about remuneration of management including performance-linked remuneration can be found in Note 60 Related-party transactions. Information about share-based payments to the management board and to employees can be found in Note 61 Share-based payments.

OTHER ADMINISTRATIVE EXPENSES

Other administrative expenses include primarily information technology expenses, expenses for office space, office operating expenses, advertising and marketing, and expenditures for legal and other consultants. Furthermore, the line item contains deposit insurance contributions. Restructuring provision expenses may also be presented in other administrative expenses.

DEPRECIATION AND AMORTISATION

This line item comprises depreciation of property and equipment, depreciation of investment property and amortisation of intangible assets. In the line item 'Depreciation and amortisation', also the depreciation of right-of-use assets according to IFRS 16 is disclosed.

General administrative expenses

in EUR million	1-12 22	1-12 23
Personnel expenses	**-2,668**	**-2,991**
Wages and salaries	-2,049	-2,286
Compulsory social security	-488	-530
Long-term employee provisions	1	-24
Other personnel expenses	-131	-152
Other administrative expenses	**-1,356**	**-1,468**
Deposit insurance contribution	-143	-114
IT expenses	-488	-549
Expenses for office space	-186	-208
Office operating expenses	-152	-160
Advertising/marketing	-193	-222
Legal and consulting costs	-126	-134
Sundry administrative expenses	-69	-81
Depreciation and amortisation	**-551**	**-560**
Software and other intangible assets	-192	-190
Owner occupied real estate	-161	-167
Investment properties	-29	-31
Customer relationships	-7	-7
Office furniture and equipment and sundry property and equipment	-161	-163
General administrative expenses	**-4,575**	**-5,020**

Personnel expenses include expenses of EUR 54 million (2022: EUR 48 million) for defined contribution plans.

Average number of employees during the financial period (weighted according to the level of employment)

	1-12 22	1-12 23
Austria	**15,686**	**16,047**
Erste Group Bank AG, Erste Bank Oesterreich and subsidiaries	8,561	8,884
Savings banks	7,125	7,163
Outside Austria	**29,271**	**29,662**
Česká spořitelna Group	9,846	9,975
Banca Comercială Română Group	5,303	5,495
Slovenská sporiteľňa Group	3,618	3,559
Erste Bank Hungary Group	3,272	3,340
Erste Bank Croatia Group	3,240	3,273
Erste Bank Serbia Group	1,212	1,301
Savings banks subsidiaries	1,523	1,537
Other subsidiaries and foreign branch offices	1,257	1,181
Total	**44,957**	**45,709**

9. Gains/losses from derecognition of financial assets measured at amortised cost

This line item includes selling and other derecognition gains or losses on financial assets measured at amortised cost. However, if such gains/losses relate to derecognition of financial assets in Stage 3, they are included in the line item 'Impairment result from financial instruments'.

in EUR million	1-12 22	1-12 23
Gains from derecognition of financial assets at AC	0	1
Losses from derecognition of financial assets at AC	-52	-14
Gains/losses from derecognition of financial assets measured at amortised cost	**-52**	**-13**

10. Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss

This line item includes selling and other derecognition gains or losses on financial assets at FVOCI, financial liabilities measured at amortised cost and other financial instruments not measured at FVPL, such as finance lease receivables or financial guarantees. However, if such gains/losses relate to financial assets in Stage 3 they are included in the line item 'Impairment result from financial instruments'.

in EUR million	1-12 22	1-12 23
Sale of financial assets at FVOCI	-24	-139
Derecognition of financial liabilities at AC	1	10
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	**-23**	**-128**

11. Impairment result from financial instruments

Net impairment losses on financial instruments comprise impairment losses and reversals of impairment on all kinds of financial instruments, to which the IFRS 9 expected credit loss impairment model applies. The impairment result also includes recoveries on written-off financial assets. Modification gains and losses recognised on financial assets in Stage 2 and Stage 3 and POCI assets are also included in this line item. Moreover, gains/losses from derecognition of financial assets in Stage 3 and POCI assets are presented as part of the impairment result.

in EUR million	1-12 22	1-12 23
Financial assets at FVOCI	-1	9
Financial assets at AC	-293	-202
allocation/reversal to credit loss allowances (net)	-355	-259
Direct write-offs	-9	-7
Recoveries recorded directly to the income statement	79	79
Modification gains or losses	-8	-15
Finance lease receivables	22	-5
allocation/reversal to credit loss allowances (net)	19	-5
Recoveries recorded directly to the income statement	3	1
Credit loss allowances for loan commitments and financial guarantees given	-28	70
Impairment result from financial instruments	**-300**	**-128**

In the following table, the change of the credit loss allowance recognised in balance sheet is compared to the impairment result from financial instruments.

	Changes of credit loss allowances			
in EUR million	Impairment result of financial instruments	Other changes through profit or loss	Changes not affecting profit or loss	Total
Credit loss allowances Jan 23				**-4,506**
Net allocation to credit loss allowances	-236			-236
Increase due to passage of time (unwinding correction)		-108		-108
Derecognition due to sales			40	40
Write-offs			289	289
Changes in scope of consolidation			3	3
Foreign exchange differences		17		17
Other		-29		-29
Credit loss allowances Dec 23				**-4,530**
Impairment gains or losses on POCIs without CLA	50			
Direct write-offs	-7			
Recoveries recorded directly to the income statement	80			
Modification gains or losses	-15			
Impairment result from financial instruments	**-128**			

	Changes of credit loss allowances			
in EUR million	Impairment result of financial instruments	Other changes through profit or loss	Changes not affecting profit or loss	Total
Credit loss allowances Jan 22				**-4,447**
Net allocation to credit loss allowances	-379			-379
Increase due to passage of time (unwinding correction)		-91		-91
Derecognition due to sales			44	44
Write-offs			381	381
Changes in scope of consolidation			-2	-2
Foreign exchange differences		-11		-11
Other		-1		-1
Credit loss allowances Dec 22				**-4,506**
Impairment gains or losses on POCIs without CLA	14			
Direct write-offs	-9			
Recoveries recorded directly to the income statement	82			
Modification gains or losses	-8			
Impairment result from financial instruments	**-300**			

12. Other operating result

The other operating result reflects all other income and expenses not directly attributable to Erste Group's ordinary activities.

It includes expenses for allocations to and income from release of provisions in scope of IAS 37. Further, impairment losses or any reversal of impairment losses as well as results on the sale of property and equipment, investment property and intangible assets are presented as other operating result. Any impairment losses on goodwill are also included in this line item.

In addition, the other operating result encompasses the following: resolution fund contributions, expenses for other taxes as well as selling gains and losses on equity investments accounted for using the equity method and gains or losses from derecognition of subsidiaries.

Furthermore, levies on banking activities are considered as part of the other operating result. Erste Group recognises a liability or a provision for the levy when the activity that triggers payment, as identified by the relevant legislation, occurs.

in EUR million	1-12 22	1-12 23
Other operating expenses	**-520**	**-475**
Allocation to other provisions	-176	-162
Levies on banking activities	-187	-183
Banking tax	-128	-112
Financial transaction tax	-59	-71
Other taxes	-13	-7
Resolution fund contributions	-139	-113
Impairment of goodwill	-5	-9
Other operating income	**222**	**140**
Release of other provisions	222	140
Result from properties and equipment, investment properties and other intangible assets	-19	-55
Result from other operating expenses/income	-82	-77
Other operating result	**-399**	**-468**

Operating expenses (including repair and maintenance) for investment properties held for rental income totalled to EUR 42 million (2022: EUR 36 million).

No income from reversal of impairment for assets held for sale has been recognized under 'Result from other operating expenses/income' in 2022 or 2023.

13. Taxes on income

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period. However, they are recognised in other comprehensive income or directly in equity if they arise from a transaction or event which itself is recognised in OCI or equity.

Coupon payments made to the holders of Additional Tier 1 equity instruments issued by Erste Group Bank AG are tax-deductible interest payments under the Austrian Tax Regulations. Since the AT1 coupons are considered as distributions of profit the income tax effects are recognised in profit or loss.

PILLAR 2

In December 2022, the EU-wide minimum taxation system Pillar 2 was adopted as an EU directive and is also relevant for Erste Group as an international banking group. At 31 December 2023 Erste Group applied the temporary exception to the requirements of IAS 12 under which a company discloses limited information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar 2 model rules.

Expected Effect. Pillar 2 legislation has been enacted or substantively enacted in certain jurisdictions in which Erste Group operates. The legislation will be effective for Erste Group's financial year beginning 1 January 2024. Erste Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar 2 income taxes. This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Group. Based on the assessment, the Pillar 2 effective tax rates in most of the jurisdictions in which Erste Group operates are above 15%. However, there are a limited number of jurisdictions where the Pillar 2 effective tax rate is close to 15%. The Group does not expect a material exposure to Pillar 2 income taxes in those jurisdictions.

MATERIAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. For this purpose a planning period of 5 years is used. Income tax uncertainties in accounting have been considered by weighting possible outcome scenarios.

Taxes on income are made up of current taxes on income calculated in each of the Group companies based on the results reported for tax purposes, corrections to taxes on income for previous years and the change in deferred taxes.

in EUR million	1-12 22	1-12 23
Current tax expense/income	-578	-801
current period	-569	-819
prior period	-9	18
Deferred tax expense/income	22	-73
current period	16	-74
prior period	6	2
Total	**-556**	**-874**

The following table reconciles the income taxes reported in the income statement to the pre-tax result from continuing operations multiplied by the nominal Austrian tax rate.

in EUR million	1-12 22	1-12 23
Pre-tax result from continuing operations	3,222	4,795
Income tax expense for the financial year at the Austrian statutory tax rate (24%)	-806	-1,151
Impact of different foreign tax rates	161	207
Impact of tax-exempt earnings of investments and other tax-exempt income	179	178
Tax increases due to non-deductible expenses, additional business tax and similar elements	-216	-220
Impact on deferred taxes from topics on Group level	13	-91
Current period's recognition through P&L of DTA from tax losses, assessed non-recoverable at the end of the prior period	108	141
Current period's recognition through P&L of DTA from temporary differences, assessed non-recoverable at the end of the prior period	72	34
Impact of current non-recoverable fiscal losses and temporary differences for the year	-3	-4
Tax expense/income not attributable to the reporting period	-3	19
Tax expense/income from changes of the tax rate or the imposition of new taxes	-21	15
Tax expense/income attributable to other effects	-39	-2
Total	**-556**	**-874**

The positive impact of EUR 15 million reported in the above effective tax reconciliation table for the financial year 2023 as 'tax expense/income from changes of the tax rate or the imposition of new taxes' (2022: EUR -21 million) is triggered by the upcoming increase in the corporate income tax rate in the Czech jurisdiction from 19% to 21%, that come into force in January 2024 and on the other hand from the reduction of the Austrian corporate tax to 23% from January 2024 on. Consequently, the deferred tax income and expenses related to temporary differences arising during the financial year 2023 at the level of the Group entities that are fiscal subjects of the respective jurisdiction - as well as the deferred tax positions already recognized by the Czech entities in previous years and expected to become tax effective starting with the year 2024 onwards - have been calculated - and respectively recalculated - using the newly applicable tax rates accordingly. The main reason the tax effect is positive despite the increasing applicable tax rate in Czechia consists of the fact that the deferred tax position of Czech entities resulting from previous years was a deferred tax asset that was upwards adjusted based on the newly applicable future tax rate of 21%.

The total amount of the 'tax expense attributable to other effects' for 2023 additionally includes a positive effect of EUR 5 million arising from the internal offsetting of the single-level current and prior taxable results of the Austrian member entities of the tax group headed by Erste Group Bank AG.

The following table shows the income tax effects relating to each component of other comprehensive income:

	1-12 22			1-12 23		
in EUR million	Pre-tax amount	Income tax	Net-of-tax amount	Pre-tax amount	Income tax	Net-of-tax amount
Fair value reserve of equity instruments	-33	8	-25	10	-1	9
Fair value reserve of debt instruments	-560	113	-447	401	-66	335
Own credit risk reserve	239	-57	182	-50	8	-42
Cash flow hedge reserve	10	-1	9	205	-40	166
Remeasurement of defined benefit plans	99	-17	82	-59	14	-46
Currency reserve	79	0	79	-101	0	-101
Other comprehensive income	**-166**	**47**	**-119**	**406**	**-85**	**321**

Taxes on income within other comprehensive income are influenced by the consideration of the result of recoverability assessments allocated against OCI-related deferred tax assets. The allocation of the result of recoverability assessments is based on Erste Group's methodology of allocating non-recoverable deferred tax assets per P&L and OCI. This approach proportionately reflects how the underlying temporary differences arose from IFRS-based adjustments of the accounting values of the related items.

Besides, the income tax related to the fair value reserve and the cash flow hedge reserve is influenced by differences of tax rates applicable on contrary changes within the fair value reserve.

Major components of deferred tax assets and deferred tax liabilities

in EUR million	Tax assets Dec 23	Tax assets Jan 23	Tax liabilities Dec 23	Tax liabilities Jan 23	Net variance 2023 Total	Net variance 2023 Profit or loss	Net variance 2023 Other comprehensive income
Temporary differences related to the following items:							
Financial assets and liabilities HfT and non-trading financial assets and liabilities at FVPL	214	219	-292	-317	20	12	8
Financial assets at FVOCI	20	115	-16	-6	-105	-37	-68
Financial assets at AC and finance lease receivables	504	636	-41	-211	38	38	0
Hedge accounting derivatives	56	80	-31	-51	-5	35	-40
Property, plant and equipment	26	22	-118	-114	0	1	0
Equity Investments in subsidiaries, associates and joint-ventures	49	47	-1	-3	4	4	0
Financial liabilities at AC	92	274	-298	-395	-86	-84	0
Long-term employee provisions (tax valuation different)	105	114	-5	-3	-11	-25	14
Other provisions (tax valuation different)	44	58	-5	-2	-17	-16	0
Customer relationships, brands and other intangibles	3	3	-72	-78	6	5	0
Other	155	146	-48	-47	7	7	0
Non-recoverable tax position from temporary differences	-52	-94	0	0	42	41	1
Deferred tax position from accumulated tax loss carried forward after recoverability considerations	167	219	0	0	-52	-52	0
Effect of netting according IAS 12.71	-914	-1,211	914	1,211	0	0	0
Total deferred taxes	**468**	**629**	**-14**	**-16**	**-160**	**-72**	**-85**
Current taxes	**72**	**109**	**-265**	**-127**	**-174**	**-801**	**0**
Total taxes	**540**	**738**	**-279**	**-143**	**-334**	**-874**	**-85**

in EUR million	Tax assets Dec 22	Tax assets Jan 22	Tax liabilities Dec 22	Tax liabilities Jan 22	Net variance 2022 Total	Net variance 2022 Profit or loss	Net variance 2022 Other comprehensive income
Temporary differences related to the following items:							
Financial assets and liabilities HfT and non-trading financial assets and liabilities at FVPL	219	202	-317	-233	-68	-11	-57
Financial assets at FVOCI	115	4	-6	-61	167	44	123
Financial assets at AC and finance lease receivables	636	273	-211	-149	301	299	0
Hedge accounting derivatives	80	120	-51	-32	-58	-57	-1
Property, plant and equipment	22	20	-114	-111	-2	-2	0
Equity Investments in subsidiaries, associates and joint-ventures	47	28	-3	-8	23	23	0
Financial liabilities at AC	274	201	-395	-31	-290	-290	0
Long-term employee provisions (tax valuation different)	114	130	-3	-3	-16	0	-17
Other provisions (tax valuation different)	58	72	-2	-2	-14	-14	0
Customer relationships, brands and other intangibles	3	3	-78	-86	8	8	0
Other	146	227	-47	-53	-75	-74	0
Non-recoverable tax position from temporary differences	-94	-147	0	0	53	53	0
Deferred tax position from accumulated tax loss carried forward after recoverability considerations	219	178	0	0	42	42	0
Effect of netting according IAS 12.71	-1,211	-750	1,211	750	0	0	0
Total deferred taxes	**629**	**562**	**-16**	**-19**	**70**	**22**	**48**
Current taxes	**109**	**135**	**-127**	**-144**	**-10**	**-578**	**0**
Total taxes	**738**	**697**	**-143**	**-162**	**60**	**-556**	**48**

The deferred tax assets and liabilities are presented prior to subsidiary-level balance-sheet netting of attributable gross deferred tax assets and gross deferred tax liabilities. The amounts shown in the table are gross amounts before recoverability assessments except for the position deferred tax assets resulting from tax loss carry-forward. The remaining non-recoverable amounts are considered in line 'Non-recoverable tax position from temporary differences' in the table. The position 'Other' comprises all deferred tax positions not being shown as separate positions in the table above.

Out of the total net deferred tax decrease of EUR 160 million (2022: increase EUR 70 million) an amount of EUR 72 million (2022: EUR 22 million) is reflected as deferred tax expense in the Group's income statement for the year 2023, whilst an expense amount of EUR 85 million (2022: EUR 48 million) represents the impact in the Group's other comprehensive income for the year. Furthermore, deferred tax income in the amount of EUR 1 million (2022: EUR 1 million) representing accumulated OCI in respect of deferred tax recognised for cumulative changes in own credit risk attributable to own issues repurchased during the year has been transferred into retained earnings, consequent to the related temporary differences reversing upon repurchase.

The Group's consolidated deferred tax asset position in amount of EUR 468 million as of 31 December 2023 (2022: EUR 629 million) is expected to be recoverable in the foreseeable future. This is also expected to be the case for deferred tax assets exceeding their deferred tax liabilities by an amount of EUR 5 million as of 31 December 2023 (2022: EUR 10 million) incurred by subsidiaries reporting losses in the current or prior period. These expectations result from year-end recoverability assessments undertaken by the Group's entities, either at individual level, or at relevant tax group level. Such assessments are comparing net temporary deductible differences and available fiscal losses at year-end - after offsetting with deferred tax liabilities at individual level or at relevant tax group level - with fiscal profit forecasts for a group-wide unified and unchanged time horizon of a maximum 5 years depending on the fiscal jurisdiction and applicable facts and circumstances. If the result of these assessments is negative, the deferred tax asset positions are correspondingly not recorded and the already existing deferred tax asset positions are correspondingly depreciated.

In accordance with IAS 12.39, no deferred tax liabilities were recognised for temporary differences relating to investments in subsidiaries with an amount of EUR 3,261 million (2022: EUR 2,545 million), as they are not expected to reverse in the foreseeable future. As of 31 December 2023, no deferred tax assets were recognised for tax loss carry-forward and deductible temporary differences with a total amount of EUR 2,155 million (2022: EUR 2,926 million), of which EUR 653 million (2022: EUR 1,385 million) relates to tax loss carry-forward, as they are not expected to be realized in the foreseeable future. The figure comprises an amount of EUR 1,287 million (2022: EUR 1,125 million) representing temporary differences in connection with investments in subsidiaries no deferred tax assets have been recognised for in accordance with IAS 12.44.

From the total of the not recorded deferred tax assets related to tax loss carry-forward in the following period EUR 0 million will expire (2022: EUR 0 million) and in later periods EUR 11 million (2022: EUR 5 million), EUR 124 million (2022: EUR 307 million) will not expire.

14. Appropriation of profit

In the reporting period, Erste Group Bank AG posted a post-tax profit of EUR 1,818 million under the Austrian accounting regulations, which increased its distributable capital accordingly (2022: EUR 1,591 million).

The management board of Erste Group Bank AG will propose a 2023 dividend of EUR 2.70 per share to the 2024 Annual General Meeting (2022: EUR 1.90 per share).

Financial instruments – Material accounting policies

Accounting and measurement methods for financial instruments

A financial instrument is any contract giving rise to a financial asset of one party and a financial liability or equity instrument of another party. In accordance with IFRS 9, all financial assets and liabilities – which also include derivative financial instruments – have to be recognised on the balance sheet and measured in accordance with their assigned categories.

Regular way (spot) purchases and sales of financial assets are recognised at the settlement date, which is the date that an asset is delivered.

Measurement of financial assets and financial liabilities is subject to two primary measurement methods: at amortised cost and fair value.

i. Amortised cost and effective interest rate

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount. For financial assets the amount is adjusted for any loss allowance.

The effective interest rate ('EIR') is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset (i.e. its amortised cost before adjusting for any loss allowance) or to the amortised cost of the financial liability. The estimated cash flows consider all the contractual terms of the financial instrument but disregard the expected credit losses. The calculation includes transaction costs, origination fees that are an integral part of the EIR and all other premiums and discounts to the par amount.

ii. Fair Value

Details on valuation techniques applied for fair value measurement and on the fair value hierarchy are disclosed in Note 26 Fair value of financial instruments.

Classification and subsequent measurement of financial assets

In accordance with IFRS 9, the classification and subsequent measurement of financial assets depend on the following two criteria:
— The business model for managing the financial assets; and
— The cash flow characteristics of the financial assets.

For further details refer to part 'Material accounting judgements, assumptions and estimates' in this chapter.

Application of these criteria leads to classification of financial assets into three measurement categories described in the respective note.
— Financial assets at amortised cost (AC)
— Financial assets at fair value through other comprehensive income (FVOCI)
— Financial assets at fair value through profit or loss (FVPL)

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortised cost unless they are measured at fair value through profit or loss. Interest expense is calculated by applying the EIR to the amortised cost of a financial liability. Further details on financial liabilities at amortised cost and financial liabilities at FVPL are in the respective notes: Note 18 Financial liabilities at amortised costs and Note 25 Financial liabilities at fair value through profit or loss.

Impairment of financial instruments

Erste Group recognises loss allowances for impairment on its debt instrument financial assets, other than those measured at FVPL, its lease receivables, and its off-balance credit risk exposures arising from financial guarantees and certain loan commitments.

The amount of the impairment loss is recognised as a loss allowance. For the purpose of the measurement of the amount of expected credit loss and recognition of interest income, Erste Group distinguishes between three stages of impairment.

Stage 1 relates to financial instruments for which no significant increase in credit risk has been recorded since their initial recognition or which are subject to the 'low credit risk exemption' allowed by IFRS 9. The impairment is measured in the amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Interest income is recognised by EIR applied to the gross carrying amount of the financial asset.

Financial instruments in Stage 2 are subject to significant increase in credit risk since their initial recognition (and the 'low credit risk exemption' does not apply). Stage 2 also includes trade receivables without significant financing component to which the 'simplified approach' is applied mandatorily based on IFRS 9 requirements. The impairment is measured in the amount of the lifetime expected credit loss. Interest income is recognised by EIR applied to the gross carrying amount of the financial asset (as for Stage 1). In the case of drawings by non-defaulted customers on previously committed credit lines, the whole exposure (on-balance and off-balance) is categorised as either Stage 1 or Stage 2, depending on the development of credit risk between the commitment date and the drawing date.

Financial instruments in Stage 3 are credit-impaired. In respect of applying the 'credit-impaired' concept of IFRS 9, Erste Group adopted the approach of aligning it with the regulatory concept of 'default' in accordance with guidelines of the European Banking Authority EBA/GL/2016/07 and Commission Delegated Regulation (EU) 2018/171. Erste Group generally applies a customer view for the default definition, which leads to Stage 3 classification of all transactions with the customer even if the customer defaults only on one of several transactions ('pulling effect'). On the other hand, an upgrade to a non-defaulted rating grade implies that all the transactions with the customer cease to be impaired. The impairment of financial instruments in Stage 3 is measured in the amount of the lifetime expected credit loss. Interest income is calculated by EIR applied to the amortised cost (i.e. the net carrying amount) of the financial asset. From a balance sheet perspective, interest is accrued based on the financial assets' gross carrying amount. The difference between the interest accrued on the assets and the interest income recognised is reflected through the allowance account (without impacting the impairment loss).

For financial assets that are credit-impaired at initial recognition (purchased or originated credit-impaired financial assets 'POCI') lifetime expected credit losses are initially reflected in the credit-adjusted EIR. As a result, no loss allowance is recognised at inception. Subsequently, only adverse changes in lifetime expected credit losses after the initial recognition are recognised as loss allowance, whilst favourable changes are recognised as impairment gains increasing the gross carrying amount of the POCI financial assets. No impairment stages are distinguished for the POCI financial assets.

Measurement of expected credit losses includes cash flows expected from collateral and those financial guarantees held by Erste Group which are considered as integral to the contractual terms of financial assets whose risk is guaranteed. Erste Group considers as integral those guarantees which are entered into at or close to the inception of the guaranteed financial assets. If the bank has in a loan contract an option to require provision of a guarantee, it is also considered as integral. Premiums paid for integral financial guarantees and other credit enhancements are considered in the EIR of the related financial assets.

Reimbursement assets from financial guarantees which are not considered integral are recognised under 'Other assets' in the balance sheet. In the statement of income they reduce the impairment loss incurred on guaranteed financial assets under 'Impairment result from financial instruments'. A precondition for this treatment is that it must be virtually certain that the guarantee would reimburse the bank for the loss. Premiums paid for non-integral financial guarantees are presented in the statement of income under the line item 'Fee and commission expense' under 'Net fee and commission income'.

More detailed information about identification of significant increases in credit risk including collective assessment and estimation techniques used to measure 12-month and lifetime expected credit losses is provided in Note 34 Credit risk. For further information on the definition of default refer to Note 37 Measurement of expected credit loss.

For financial assets measured at amortised cost, the net carrying amount of the financial asset presented on the balance sheet is the difference between the gross carrying amount and the cumulative loss allowance. However, for financial assets measured at FVOCI, the loss allowance is recognised in the accumulated OCI, specifically under 'Fair value reserve' in the statement of changes in equity. Loss allowances for loan commitments and financial guarantees are presented under the balance sheet line item 'Provisions'.

Information about the development of the expected credit loss of the respective financial instruments is provided in Note 37 Measurement of expected credit loss.

In the statement of income, impairment losses and their reversals (gains) on all kinds of financial instruments are presented in the line item 'Impairment result from financial instruments'.

Derecognition of financial instruments including treatment of contractual modifications

i. Derecognition of financial assets

The difference between the carrying amount of the derecognised asset and the consideration received is presented in the statement of income in the line 'Gains/losses from derecognition of financial assets measured at amortised cost' or, for financial assets at FVOCI, in the line 'Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss'. For financial assets measured at FVPL the derecognition gains or losses are recognised together with the measurement result in the lines 'Net trading result' or 'Gains/losses from financial instruments measured at fair value through profit or loss'.

ii. Derecognition criteria with respect to contractual modifications of financial assets

In the normal course of running its lending business and in agreement with the respective debtors, Erste Group may renegotiate or otherwise modify some terms or conditions of the underlying contracts. This can involve either market-driven commercial renegotiations or contractual changes aimed at alleviating or preventing borrower's financial difficulty. For the purpose of capturing the economic substance and financial effect of such contractual modifications, Erste Group has developed a set of criteria to assess whether or not the modified terms are substantially different from the original terms and thus the financial asset has to be derecognised.

Commercial interest rate adjustments fulfilling specific conditions do not trigger the modification significance assessment. Instead, they result in a recalculation of the EIR of related loans. Such interest rate adjustments relate to performing non-forborne financial assets for which a prepayment/early termination option and a sufficiently competitive refinancing market exist. Furthermore, the costs that the debtor would incur in case of prepayment/early termination would have to be assessed as low. Such conditions introduce an implicit floating rate element to the contract. This kind of interest rate adjustments rarely applies to loan assets in Stage 2.

Substantial modifications lead to derecognition of the original financial asset and initial recognition of the modified financial asset as a new financial instrument. They include following events:
- change of the contractual counterparty (unless this is a formal change such as changes in legal name);
- change in the currency of the contract (unless the change results from exercising an embedded option in the original contract with pre-agreed conditions of the change, or if the new currency is pegged to the original currency);
- introduction of a non-SPPI contractual feature (unless it is intended to improve recoveries from debtors by granting concessions supporting them to recover from financial difficulties); or
- removal of a non-SPPI contractual feature.

Some derecognition criteria distinguish whether contractual modifications are applied to debtors facing financial difficulties. Application of certain modifications to debtors in financial difficulties is not considered as substantial since they are aimed at improving the prospects of the bank to recover the claims by tailoring the repayment schedules to specific financial conditions of those debtors. On the other hand, such contractual modifications applied to performing debtors may be considered as substantial enough to warrant the derecognition, as further detailed below.

From this perspective, the following criteria lead to derecognition unless they are considered as forbearance measures or they are applied to customers in default or they trigger default (i.e. the derecognition occurs if the modification does not relate to financial difficulties):
- repayment schedule changed in a way that the weighted remaining maturity of the assets is modified by more than 100% and at least two years compared to the original asset;
- change in timing/amount of contractual cash flows resulting in the present value of the modified cash flows (discounted at pre-modification effective interest rate) being different by more than 10% of the gross carrying amount of the asset immediately before the modification (cumulative assessment considering all modifications occurring over the last twelve months); or
- altering a floating interest rate into a fixed interest rate or vice versa for the entire remaining life of the financial asset.

If contractual modifications that qualify as forbearance measures or they are applied to customers in default or they trigger default (i.e. they relate to customers in financial difficulties) are so significant that they are qualitatively assessed as an extinguishment of original contractual rights, they result in derecognition. Examples of such modifications are:
- a new agreement with materially different terms signed up as part of distressed restructuring following a standstill agreement suspending the rights of the original assets;
- consolidation of multiple original loans into one with substantially different terms; or
- transformation of a revolving loan into non-revolving.

Contractual modifications leading to derecognition of the related original assets result in the initial recognition of new financial assets. If the debtor is in default or the significant modification leads to the default, then the new asset will be treated as POCI. The difference between the carrying amount of the derecognised asset and initial fair value of the new POCI asset is presented in the statement of income in the line 'Impairment result from financial instruments'.

If the debtor is not in default or the significant modification does not lead to default, the new asset recognised after derecognition of the original asset will be in Stage 1. For loans measured at amortised cost, the unamortised balance of the origination fees/transaction costs considered in the effective interest rate is presented in the line item 'Interest income' under 'Net interest income' at the derecognition date. The release of the credit loss allowance attached to the original asset at the date of that significant modification as well as the credit loss allowance recognised for the new asset are presented in the line 'Impairment result from financial instruments'. The remaining difference is presented in the line 'Gains/losses from derecognition of financial assets measured at amortised cost'.

For debt instrument assets not measured at FVPL that are subject to contractual modifications that do not result in derecognition, the gross carrying amount of the asset is adjusted against recognising a modification gain or loss in profit or loss. The modification gain or loss equals the difference between the gross carrying amount before the modification and the present value of the cash flows based on the modified terms discounted with the original EIR. In the statement of income, the modification gain or loss is presented in the line 'Interest income' under 'Net interest income' if the modification relates to financial assets in Stage 1. For financial assets in Stage 2 and 3 and POCI financial assets, the modification gain or loss is presented in the line 'Impairment result from financial instruments'. However, to the extent that the contractual modification involves the bank giving up its rights of collecting cash flows in respect of an outstanding amount of the asset, such as waiving (part of) principal or accrued interest amount, it is treated as a write-off.

iii. Write-offs
Erste Group writes off a financial asset or a part of it when it has no reasonable expectations of recovering the respective cash flows. When performing the write-off, the gross carrying amount of the asset is reduced simultaneously with the related loss allowance balance.

Erste Group has specified criteria for writing off the unrecoverable balances in its loan business. Write-off can result from forbearance measures whereby the bank contractually waives part of the existing balance in order to help the customers overcome financial difficulties and thus improve the prospects of recovering the remaining loan balance (normally this relates to going concern scenarios for corporate customers). For more information on Forbearance please refer to Note 41 Restructuring, renegotiation and forbearance.

In gone concern scenarios with corporate customers, write-offs of the unrecoverable exposure parts are triggered by enforcement activities such as filing or termination of legal proceedings (bankruptcy, liquidation, court case). Other write-off triggers may result from decisions about no enforcement due to worthlessness of the claim/collateral or generally from assessment that the receivable is economically lost. For retail customers, the non-recoverability and the timing and amounts of write-off crystallise during the collection process when it becomes evident that the amount due cannot be collected, e.g. due to ongoing bankruptcy proceedings. Residual uncollectable balances are written off after the collection process.

iv. Derecognition of financial liabilities
In the statement of income, the difference between the carrying amount of the derecognised financial liability and the consideration paid is presented in the line 'Other gains/losses from financial instruments not measured at fair value through profit or loss', 'Gains/losses from financial instruments measured at fair value through profit or loss' and 'Net trading result' depending on the measurement category of the derecognised financial liability.

MATERIAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

i. SPPI assessment
The assessment of whether the contractual cash flows of financial assets give rise to cash flows that are solely payments of principal and interest (SPPI) is subject to the application of significant judgements which rely on the guidance in IFRS 9. These judgements are crucial in the IFRS 9 classification and measurement process, as they determine whether the asset must be measured at FVPL or, depending on the business model assessment, at amortised cost or at FVOCI. When taking into consideration specific features of financial assets in the business of Erste Group, significant areas of judgement are prepayment fees, project financing loans and interest rate adjustments based on the fulfilment of certain ESG-related targets.

The assessment whether the prepayment fees applied to loans can be considered as a reasonable compensation for early terminations or prepayments is based on comparing the level of the fees with the economic costs incurred by the bank upon the early termination. For these purposes, Erste Group uses a quantitative test where the costs relate to the lost interest margin and the lost interest differential due to a potential decrease in the interest rates upon early termination or prepayment. The adequacy of the fees can also be defended on a qualitative basis, such as common market practice regarding the level of prepayment fees and their acceptance by authorities.

For project financing loans Erste Group assesses whether they represent basic loan agreements rather than investments in the financed projects. In this respect, credit rating, level of collateralisation, existing sponsor guarantees and the extent of equity funding of the financed projects are considered.

In the last years financial assets whose interest is adjusted based on meeting certain ESG-linked targets by the borrowers (e.g. meeting specified CO_2 emission targets) became part of Erste Group's business. No specific guidance currently exists in IFRS 9 for assessing the SPPI compliance of such features. Erste Group has concluded that ESG-related interest adjustments have a de minimis effect on the contractual cash flows. As a result, they do not affect the SPPI assessment.

ii. Business model assessment
For each SPPI-compliant financial asset at initial recognition, Erste Group must assess whether it is part of a business model where the assets are held in order to collect contractual cash flows, to both collect the contractual cash flows and sell the assets, or they are

held in other business models. As a consequence, the critical aspect in distinguishing the business models is frequency and significance of sales of assets in the respective business model. Since asset allocation to business models is based on the initial assessment, it may happen that in subsequent periods cash flows are realised differently than originally expected, and a different measurement method may seem to be appropriate. In accordance with IFRS 9, such subsequent changes do not generally lead to reclassifications or prior period error corrections in respect of existing financial assets. The new information on how cash flows are realised may, however, indicate that the business model, and thus the measurement method changes for newly acquired or newly originated financial assets.

At Erste Group, certain sales or other derecognition events are considered as not contradicting the held to collect contractual cash flows business model. Examples are sales due to increases in credit risk, sales close to assets' maturity, infrequent sales triggered by a non-recurring event (such as changes in regulatory or tax environment, major internal reorganisation or a business combination, severe liquidity crisis, etc.) or derecognitions resulting from replacements of bonds based on an issuer's offer. Other kinds of sales carried out in the 'held to collect' business model are assessed retrospectively, and if they exceed certain quantitative thresholds, or whenever it is considered necessary with regard to new expectations, Erste Group performs a prospective test. If the outcome was that the carrying amount of assets expected to be sold over the expected life of the current business model portfolio, for reasons other than the cases above, exceeds 10% of the carrying amount of the portfolio, any new acquisitions or originations of assets would be classified in a different business model.

iii. Impairment of financial instruments

The expected credit loss impairment model is inherently based on judgement since it requires assessment of significant increases in credit risk and measurement of expected credit losses without providing detailed guidance. In respect of significant increases in credit risk, Erste Group has determined specific assessment rules consisting of qualitative information and quantitative thresholds. Another area of complexity relates to establishing groups of similar assets when credit risk deterioration has to be assessed on a collective basis before specific information is available at individual instrument level. Measurement of expected credit losses involves complex models relying on historical statistics of probabilities of default and loss rates in case of defaults, their extrapolations in case of insufficient observations, individual estimates of credit-adjusted cash flows and probabilities of various scenarios including forward-looking information. In addition, the life of the instruments has to be modelled in respect of behavioural life of revolving credit facilities.

Detailed disclosures about identification of significant increases in credit risk including collective assessment and estimation techniques used to measure 12-month and lifetime expected credit losses are provided in Note 34 Credit risk. For further information on the definition of default refer to Note 37 Measurement of expected credit loss. The development of loan loss provisions is described in Note 39 Development of credit loss allowances.

iv. Financial liabilities stemming from the TLTRO programme of the ECB

Regarding assessments of whether the TLTRO III liabilities contain government grants, how the effective interest rate is determined and how changes in estimated cash flows based on expected fulfillment of eligibility conditions are considered see Note 18 Financial liabilities at amortised cost.

Financial instruments held at amortised cost

Financial assets are classified as measured at amortised cost if they are held in a business model whose objective is to collect contractual cash flows, and their contractual cash flows are SPPI.

On the balance sheet, these assets are carried at amortised cost, i.e. the gross carrying amount net of the credit loss allowance. They are presented under the line 'Financial assets at amortised cost', 'Trade and other receivables' and 'Cash and cash balances'.

Interest income on these assets is calculated by effective interest method and is included under the line 'Interest income' under 'Net interest income' in the statement of income. Impairment gains or losses are included in the line 'Impairment result from financial instruments'. Gains and losses from derecognition (such as sales) of the assets are reported under the line item 'Gains/losses from derecognition of financial assets measured at amortised cost'.

At Erste Group, financial assets at amortised cost constitute the largest measurement category, which includes the vast majority of loan business to customers (except for certain loans measured at fair value through profit or loss), interbank lending business (including reverse repo transactions), deposits with central banks, investments in debt securities, amounts in the course of settlement, trade and other receivables.

For description of financial liabilities at measured amortised cost refer to Note 18 Financial liabilities at amortised costs.

15. Cash and cash balances

Cash balances include only claims (deposits) against central banks and credit institutions that are repayable on demand. Repayable on demand means that they may be withdrawn at any time or with a term of notice of only one business day or 24 hours. A part of 'Cash balances at central banks' represents the mandatory minimum reserve requirement deposits which amounted to EUR 5,176 million (2022: EUR 3,990 million) at the reporting date. The mandatory minimum reserve requirement is calculated from defined balance sheet items and has to be fulfilled in average through an extended period of time. Therefore, the mandatory minimum reserve requirement deposits are not subject to restraints.

in EUR million	Dec 22	Dec 23
Cash on hand	3,796	3,200
Cash balances at central banks	31,167	32,586
Other demand deposits at credit institutions	722	899
Cash and cash balances	**35,685**	**36,685**

16. Financial assets at amortised cost

DEBT SECURITIES

Investments in debt securities measured at amortised cost may be acquired with different business objectives (such as fulfilling internal/external liquidity risk requirements and efficient placement of the structural liquidity surplus, strategic positions decided by the board of directors, initiation and fostering of client relationships, substitution of loan business or other yield generating activities). Their common attribute is that significant and frequent sales of such securities are not expected. For a description of what sales are considered as compliant with the held to collect contractual cash flows business model, see paragraph 'Business model assessment' in chapter 'Financial instruments - Material accounting policies'.

Gross carrying amounts and credit loss allowances per impairment buckets

	Gross carrying amount				Credit loss allowances				
in EUR million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carrying amount
Dec 23									
Central banks	15	0	0	15	0	0	0	0	15
General governments	34,693	100	0	34,793	-4	0	0	-5	34,788
Credit institutions	7,813	11	0	7,824	-4	0	0	-4	7,820
Other financial corporations	364	30	1	395	0	-1	-1	-2	392
Non-financial corporations	949	84	4	1,037	-1	-2	-3	-6	1,031
Total	**43,834**	**225**	**5**	**44,064**	**-10**	**-3**	**-4**	**-17**	**44,047**
Dec 22									
Central banks	15	0	0	15	0	0	0	0	15
General governments	32,880	8	0	32,889	-9	0	0	-9	32,880
Credit institutions	6,505	91	0	6,596	-3	-2	0	-5	6,591
Other financial corporations	263	36	1	300	0	-1	-1	-2	298
Non-financial corporations	669	161	3	834	-1	-3	-2	-6	828
Total	**40,333**	**296**	**4**	**40,633**	**-13**	**-5**	**-3**	**-22**	**40,612**

For information about the development of credit loss allowances refer to Note 39 Development of credit loss allowances.

LOANS AND ADVANCES TO BANKS

Gross carrying amounts and credit loss allowances per impairment buckets

	Gross carrying amount				Credit loss allowances				
in EUR million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carrying amount
Dec 23									
Central banks	14,741	0	0	14,741	0	0	0	0	14,741
Credit institutions	6,541	162	0	6,703	-8	-3	0	-12	6,692
Total	**21,282**	**162**	**0**	**21,444**	**-8**	**-3**	**0**	**-12**	**21,432**
Dec 22									
Central banks	13,514	0	0	13,514	0	0	0	0	13,513
Credit institutions	4,859	69	0	4,928	-5	0	0	-6	4,922
Total	**18,373**	**69**	**0**	**18,441**	**-6**	**0**	**0**	**-6**	**18,435**

For information about the development of credit loss allowances refer to Note 39 Development of credit loss allowances.

LOANS AND ADVANCES TO CUSTOMERS

Gross carrying amounts and credit loss allowances per impairment buckets

	Gross carrying amount					Credit loss allowances					
in EUR million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Carrying amount
Dec 23											
General governments	7,706	302	59	10	8,077	-5	-19	-5	0	-29	8,048
Other financial corporations	4,475	697	61	0	5,233	-9	-10	-28	0	-47	5,186
Non-financial corporations	65,767	24,730	2,452	287	93,235	-188	-835	-1,082	-60	-2,165	91,070
Households	83,524	11,144	1,821	121	96,611	-155	-536	-957	-25	-1,673	94,938
Total	**161,472**	**36,873**	**4,393**	**418**	**203,156**	**-357**	**-1,401**	**-2,072**	**-85**	**-3,915**	**199,241**
Dec 22											
General governments	8,456	642	10	2	9,110	-4	-28	-1	0	-32	9,078
Other financial corporations	4,160	1,017	101	10	5,288	-8	-20	-37	0	-64	5,224
Non-financial corporations	63,081	24,039	2,084	238	89,443	-162	-773	-1,043	-65	-2,043	87,401
Households	80,691	11,821	1,689	100	94,301	-161	-594	-913	-22	-1,690	92,611
Total	**156,388**	**37,519**	**3,885**	**350**	**198,143**	**-335**	**-1,415**	**-1,994**	**-86**	**-3,830**	**194,313**

For information about the development of credit loss allowances refer to Note 39 Development of credit loss allowances.

17. Trade and other receivables

Gross carrying amounts and credit loss allowances per impairment buckets

	Gross carrying amount					Credit loss allowances					
in EUR million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Carrying amount
Dec 23											
Central banks	0	0	0	0	0	0	0	0	0	0	0
General governments	48	18	0	0	66	0	0	0	0	0	66
Credit institutions	35	4	0	0	39	0	0	0	0	0	39
Other financial corporations	66	20	0	0	87	0	0	0	0	0	86
Non-financial corporations	1,504	781	41	1	2,326	-9	-5	-29	-1	-44	2,283
Households	91	20	13	0	125	-2	-5	-12	0	-19	106
Total	**1,743**	**843**	**55**	**1**	**2,642**	**-11**	**-10**	**-41**	**-1**	**-63**	**2,579**
Dec 22											
Central banks	2	0	0	0	2	0	0	0	0	0	2
General governments	48	15	0	0	63	0	0	0	0	0	63
Credit institutions	43	2	0	0	44	0	0	0	0	0	44
Other financial corporations	87	8	0	0	95	0	0	0	0	0	95
Non-financial corporations	1,364	720	42	1	2,127	-7	-6	-31	-1	-45	2,082
Households	100	23	15	0	137	-2	-5	-12	0	-19	118
Total	**1,643**	**768**	**57**	**1**	**2,469**	**-9**	**-11**	**-44**	**-1**	**-65**	**2,404**

For information about development of credit loss allowances refer to Note 39 Development of credit loss allowances.

18. Financial liabilities at amortised costs

The line item 'Financial liabilities at amortised cost' is further broken down into 'Deposits from banks', 'Deposits from customers', 'Debt securities issued' and 'Other financial liabilities'.

Interest expenses incurred are calculated using effective interest method are reported in the line item 'Interest expenses' under 'Net interest income' in the statement of income. Gains and losses from derecognition (mainly repurchase) are reported under the line item 'Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss'.

Financial liabilities stemming from the TLTRO programme of the ECB are presented under 'Deposits from banks'. Erste Group assessed an appropriate accounting treatment of the TLTRO. The conclusion was that such instruments do not qualify as below-market interest rate loans and therefore are not related to IAS 20 government grants accounting. The reason was that the TLTRO is considered as a separate market organised by the ECB as part of its monetary policy. As a result, the IFRS 9 amortised cost accounting treatment applies.

Erste Group treats TLTRO as floating rate instruments in respect of changes in the ECB key rates which are the deposit facility rate (DFR) and the main refinancing operation rate. Whenever the ECB changes the key rates the effective interest rate of the TLTRO is recalculated assuming that the current ECB rate will apply until the end of the respective TLTRO tranche life. If the ECB brings any unconditional changes to the TLTRO interest rate other than changes in the key rates, they are treated as catch-up adjustments and presented in the net interest income. This also includes changes in the calculation of interest rates.

In October 2022 the ECB announced a change in the method for applying the key ECB rates for TLTRO III tranches. For Erste Group this means that the current DFR applied from 23 November 2022 (instead of the average DFR calculated over the entire 3-year life of the TLTRO III tranches). This resulted in a recognition of a catch-up loss in the amount of EUR 129 million in 2022. Early redemptions of the tranches in November 2022 resulted in a positive catch-up effect amounting to EUR 6 million.

The carrying amount of the TLTRO III liabilities was EUR 6,408 million at the end of 2023 (2022: EUR 15,567 million). The main reason for the decrease in 2023 were maturities of TLTRO III tranches in the nominal amount of EUR 8,405 million and early redemptions in the nominal amount of EUR 750 million. At 2023 year end Erste Group considered that additional early redemptions are not likely.

In 2023 the interest expense recognised for TLTRO III financial liabilities was EUR 242 million. In 2022 the interest expense was EUR 141 million and included mainly the catch-up adjustment loss in the amount of EUR 129 million. The negative interest expense related to the period of 2022 when the effective interest rate was negative amounted to EUR 91 million.

Deposits from banks

in EUR million	Dec 22	Dec 23
Overnight deposits	1,951	1,969
Term deposits	25,066	16,934
Repurchase agreements	1,803	4,007
Deposits from banks	**28,821**	**22,911**

Deposits from customers

in EUR million	Dec 22	Dec 23
Overnight deposits	**171,576**	**161,382**
Savings deposits	46,558	51,650
Other financial corporations	222	270
Non-financial corporations	2,050	3,268
Households	44,286	48,112
Non-savings deposits	125,018	109,732
General governments	7,070	7,532
Other financial corporations	7,991	5,421
Non-financial corporations	37,420	32,531
Households	72,537	64,248
Term deposits	**49,646**	**67,496**
Deposits with agreed maturity	43,331	65,384
Savings deposits	21,312	29,643
Other financial corporations	1,056	783
Non-financial corporations	1,813	2,997
Households	18,444	25,864
Non-savings deposits	22,019	35,741
General governments	3,967	4,225
Other financial corporations	4,605	11,480
Non-financial corporations	6,924	9,723
Households	6,523	10,313
Deposits redeemable at notice	6,315	2,112
General governments	5	1
Other financial corporations	118	132
Non-financial corporations	278	292
Households	5,913	1,687
Repurchase agreements	**1,398**	**3,345**
General governments	12	845
Other financial corporations	1,386	2,484
Non-financial corporations	0	16
Deposits from customers	**222,620**	**232,223**
General governments	11,054	12,603
Other financial corporations	15,378	20,570
Non-financial corporations	48,485	48,826
Households	147,702	150,223

Debt securities issued

in EUR million	Dec 22	Dec 23
Subordinated debt securities issued	2,945	2,549
Senior non-preferred bonds	1,667	4,393
Other debt securities issued	21,981	26,388
Bonds	7,308	10,517
Certificates of deposit	4,008	1,988
Other certificates of deposits/name certificates	121	113
Mortgage covered bonds	10,544	13,769
Debt securities issued	**26,593**	**33,330**

SUBORDINATED LIABILITIES

Issued subordinated capital and supplementary capital are either reported in the item Financial liabilities at amortised costs or Financial liabilities at fair value through profit or loss. Securitized and non-securitized assets are subordinated if the claims can only be satisfied after the claims of other, non-subordinated creditors in the event of liquidation or bankruptcy. Supplementary capital is defined in accordance with Art. 63 of Regulation (EU) No 575/2013 (CRR). Corresponding instruments have an original maturity of at least five years, are of a subordinated nature and may not, among other things, contain any incentive for early repayment, grant the holder the right to accelerate repayment or include interest or dividend payments that are influenced in their amount by the creditworthiness of the issuer.

Material subordinated liabilities

Issuer	ISIN	Nominal value	Currency	Initial fixed rate	Reset rate after the first call date	Due	Call Redemption Date
ERSTE GROUP BANK AG	AT0000A2J645	500 million	EUR	1.625%	5Y swap +2.100%	08.09.2031	01.04.2026
ERSTE GROUP BANK AG	AT0000A2YA29	500 million	EUR	4.000%	5Y swap +2.550%	07.06.2033	25.01.2028
ERSTE GROUP BANK AG	XS2083210729	500 million	EUR	1.000%	5Y swap +1.300%	10.06.2030	18.03.2025

In the reporting period, expenses for subordinated liabilities of all measurement categories amounted to EUR 158 million.

Financial assets at fair value through other comprehensive income

19. Financial assets at fair value through other comprehensive income – debt instruments

Debt instrument financial assets are measured at fair value through other comprehensive income (FVOCI) if their contractual cash flows are SPPI-compliant and they are held within a business model whose objective is achieved by both to collect contractual cash flows and sell the assets. On the balance sheet, they are included as 'Debt securities' under the line 'Financial asset at fair value through other comprehensive income'.

Interest income on these assets is calculated using the effective interest method and is included in the line 'Interest income' under 'Net interest income' in the statement of income. Impairment gains and losses are recognised in profit or loss in the line 'Impairment result from financial instruments' with opposite loss allowance entry in OCI rather than against the asset value. As a result, the measurement impact recognised in profit or loss is the same as for financial assets measured at amortised cost.

The difference between the fair value at which the assets are carried in the balance sheet and the amortised cost component is recognised as accumulated OCI in equity specifically under 'Fair value reserve' in the statement of changes in equity. The change for the period is reported as OCI in the statement of comprehensive income in the line 'Fair value reserve of debt instruments' which also includes the loss allowance OCI entry. When the financial asset is derecognised, the amount previously accumulated in OCI is reclassified to profit or loss and reported under the line 'Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss'.

Erste Group classifies investments in debt securities as measured at FVOCI, i.e. no loan business is included in this measurement category. Similarly to investments in debt securities measured at amortised cost, they relate to various business objectives such as fulfilling internal/external liquidity risk requirements and efficient placement of the structural liquidity surplus, strategic positions decided by the board of directors, initiation and fostering of client relationships, substitution of loan business or other yield-enhancement activities. The common attribute for investments in debt instruments at FVOCI is that an active yield optimisation via sales is integral to achieving the objectives. The sales are carried out in order to optimise the liquidity position or to realise fair value gains or losses. As a result, the business objectives are achieved through both collecting contractual cash flows and sales of the securities.

Gross carrying amounts and credit loss allowances per impairment buckets

	Gross carrying amount				Credit loss allowances						
in EUR million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Amortised cost	Accumulated OCI changes	Fair value
Dec 23											
General governments	6,259	14	0	6,273	-2	0	0	-2	6,271	-31	6,240
Credit institutions	1,465	5	0	1,470	-2	0	0	-2	1,469	11	1,479
Other financial corporations	226	4	1	231	0	0	-1	-1	230	-5	225
Non-financial corporations	626	248	2	877	0	-9	0	-9	867	-18	850
Total	**8,577**	**271**	**3**	**8,851**	**-5**	**-9**	**-1**	**-14**	**8,837**	**-43**	**8,794**
Dec 22											
General governments	7,079	242	0	7,321	-4	-7	0	-10	7,311	-295	7,016
Credit institutions	1,293	18	0	1,311	-2	0	0	-3	1,308	-60	1,249
Other financial corporations	197	99	1	297	0	0	-1	-2	295	-11	285
Non-financial corporations	548	449	2	1,000	-1	-8	-1	-10	990	-79	911
Total	**9,117**	**808**	**3**	**9,929**	**-7**	**-16**	**-1**	**-24**	**9,904**	**-444**	**9,460**

For information about the development of credit loss allowances refer to Note 39 Development of credit loss allowances.

20. Financial assets at fair value through other comprehensive income – equity instruments

For certain investments in equity instruments that are not held for trading, Erste Group makes use of the option to measure them at FVOCI. This election is applied to strategic, significant banking business relationship investments (except for insurance business). The fair value gains or losses for the period are reported as OCI in the line 'Fair value reserve of equity instruments' of the statement of comprehensive income. The cumulative gains or losses are included under 'Fair value reserve' in the statement of changes in equity. The amount recognised in OCI is never reclassified to profit or loss. However, upon derecognition of the investments in equity instruments at FVOCI the amount accumulated in OCI is transferred to retained earnings. Dividends received on these investments are reported under the line 'Dividend income' of the statement of income. On the balance sheet, financial assets measured at fair value through OCI are included as 'Equity instruments' under the line 'Financial asset at fair value through other comprehensive income'.

The carrying amount of Erste Group's equity instruments at FVOCI as at 31 December 2023 amounts to EUR 110 million (2022: EUR 99 million), the cumulative fair value change for equity instruments FVOCI before taxes recognised in other comprehensive income amounted to EUR 66 million (2022: EUR 56 million). During the year 2022 and 2023, no equity instruments FVOCI were sold due to strategic business decisions and therefore there was no reclassification from accumulated other comprehensive income into retained earnings from this circumstance.

Financial instruments at fair value through profit or loss

There are various reasons for assigning the fair value through profit or loss (FVPL) measurement category to debt instrument financial assets.

FVPL measurement relates to that are part of residual business models, i.e. they are neither held to collect contractual cash flows nor held to either collect contractual cash flows or sell the assets. These financial assets are generally expected to be sold before their maturity or they are managed and their performance is evaluated on a fair value basis. In the business of Erste Group, such business models are typical of assets that are held for trading (i.e. financial assets held by the trading function of the bank), of assets whose value is expected to be primarily realised through sales, such as loan syndications when the loan is offered for sale on the market. Further subject to FVPL measurement are financial assets held by funds consolidated by Erste Group since they are managed and their performance is evaluated on a fair value basis.

Another reason for the FVPL measurement are financial assets whose contractual cash flows are not considered as SPPI. At Erste Group, this concerns certain debt securities and loans to customers.

Erste Group also makes use of the option to designate some financial assets as measured at FVPL at initial recognition. Such a classification is used if it eliminates or significantly reduces an accounting mismatch between fixed interest rate financial assets, which in the absence of such a classification would be measured at amortised cost or at FVOCI, and related derivatives measured at FVPL.

On the balance sheet, debt instrument financial assets measured at FVPL are presented as 'Financial assets held for trading', sub-item 'Other financial assets held for trading' and 'Non-trading financial assets at fair value through profit or loss', sub-items 'Debt securities' and 'Loans and advances to customers'. Non-trading financial assets at FVPL consist of two sub-categories disclosed in Note 23 Non-trading financial assets at fair value through profit or loss which are 'mandatorily at fair value through profit or loss' and 'designated at fair value through profit or loss'. Financial assets are mandatorily measured at fair value through profit or loss either because they are held as part of residual business models that are other than held for trading or their contractual cash flows are not SPPI.

Investments in equity instruments that are held for trading (i.e. financial assets held by the trading function of the bank) are measured at FVPL. They are included in the balance sheet under the line 'Financial assets held for trading', sub-item 'Other financial assets held for trading'. Investments in equity instruments that are not held for trading are also measured at FVPL (unless they are designated at FVOCI). They are presented in the balance sheet under 'Non-trading financial assets at fair value through profit or loss', sub-item 'Equity instruments', sub-category 'mandatorily at fair value through profit or loss' in Note 23 Non-trading financial assets at fair value through profit or loss.

From IFRS 9 perspective all derivatives which are not designated as hedging instruments are considered as held for trading. As a result, they are measured at FVPL. They are described in more detail in Note 21 Derivative financial instruments.

In the statement of income, the profit or loss effects of non-derivative financial assets measured at FVPL are split into interest income or dividend income and fair value gains and losses. The interest income on debt instruments is presented in the line 'Other similar income' under 'Net interest income' and is calculated by applying the EIR to the amortised cost component of the financial assets. The dividend income on equity instruments is presented in the line 'Dividend income'. The fair value gains or losses are calculated net of the interest or dividend income, and they also include transaction costs and origination fees. They are reported in the line 'Net trading result' for financial assets held for trading and in the line 'Gains/losses from financial instruments measured at fair value through profit or loss' in case of non-trading financial assets at FVPL. For investments in funds, which are not consolidated by Erste Group, the interest or dividend component is not separated from the fair value gains or losses.

Financial liabilities at FVPL consist of financial liabilities held for trading and financial liabilities designated at FVPL.

On the balance sheet, financial liabilities at FVPL are presented as 'Financial liabilities held for trading', sub-items 'Derivatives' and 'Other financial liabilities held for trading' and as 'Financial liabilities at fair value through profit or loss' which are further broken down into 'Deposits from customers', 'Debt securities issued' and 'Other financial liabilities'. Accounting policy related to financial liabilities at FVPL can be found in Note 21 Derivative financial instrument, Note 24 Other financial liabilities held for trading and Note 25 Financial liabilities at fair value through profit or loss.

21. Derivative financial instruments

Derivative financial instruments are used by Erste Group to manage exposures to interest rates, foreign currencies and other market price risks. Derivatives used by Erste Group include mainly interest rate swaps, futures, forward rate agreements, interest rate options, currency swaps and currency options as well as credit default swaps.

For presentation purposes, derivatives are split into:
— Derivatives – held for trading; and
— Derivatives – hedge accounting.

Hedge accounting derivatives are discussed in Note 27 Hedge accounting.

Derivative financial instruments are carried at fair value (dirty price) on the balance sheet. Derivatives are carried as assets if their fair value is positive and as liabilities if their fair value is negative.

Derivatives – held for trading are those that are not designated as hedging instruments for hedge accounting. They are presented in the line item 'Derivatives' under the heading 'Financial assets/Financial liabilities held for trading'. All kinds of non-hedging derivatives without regard to their internal classification, i.e. both derivatives held in the trading book and banking book, are presented in this line item.

Changes in the fair value (clean price) of derivatives – held for trading are reported in the statement of income in the line item 'Net trading result'. Interest income/expense related to held for trading derivatives is presented in the statement of income in the line item 'Other similar income' or 'Other similar expenses' under 'Net interest income'. Interest income/expense recognition is based on EIR-like accruals in respect of the derivative notional amount and includes amortisation of the inception value of the derivative (e.g. upfront fees, if any).

Embedded derivatives

Erste Group issues certain financial liabilities which contain structured features. Structured features mean that a derivative is embedded in non-derivative host instruments.

Embedded derivatives that are separated are accounted for as stand-alone derivatives and presented on the balance sheet under the line item 'Derivatives' in financial assets held for trading and financial liabilities held for trading. At Erste Group, these relate to bonds and deposits whose payments are linked to equity prices or FX rates.

In the business of Erste Group, the majority of non-closely related embedded derivatives relates to bonds issued for which fair value option has been applied. As a result, these embedded derivatives are part of the measurement of the entire hybrid instrument at FVPL and thus are not separated.

Derivatives held for trading

	Dec 22			Dec 23		
in EUR million	Notional value	Positive fair value	Negative fair value	Notional value	Positive fair value	Negative fair value
Derivatives held in the trading book	**244,708**	**6,490**	**6,607**	**224,717**	**4,699**	**4,737**
Interest rate	178,235	5,788	5,508	165,404	4,017	3,959
Equity	669	10	10	468	7	22
Foreign exchange	64,992	686	1,084	58,384	668	744
Credit	551	5	5	229	4	11
Commodity	9	0	0	7	0	0
Other	253	1	1	225	3	1
Derivatives held in the banking book	**25,626**	**554**	**1,003**	**23,988**	**462**	**568**
Interest rate	19,178	374	850	17,760	346	458
Equity	1,334	57	80	1,257	66	43
Foreign exchange	4,769	122	68	4,663	49	63
Credit	155	1	1	118	1	0
Other	190	0	4	190	0	4
Total gross amounts	**270,334**	**7,045**	**7,610**	**248,706**	**5,161**	**5,305**
Offset		-5,326	-4,983		-3,899	-3,691
Total		**1,719**	**2,626**		**1,262**	**1,614**

Erste Group undertakes a part of interest rate derivative and credit derivative transactions via Clearing Houses. These derivatives and related cash margin balances fulfil the requirements for balance sheet offsetting. For more details on balance sheet offsetting please refer to Note 28 Offsetting of financial instruments.

22. Other financial assets held for trading

in EUR million	Dec 22	Dec 23
Equity instruments	70	146
Debt securities	5,977	7,365
Central banks	3,045	3,129
General governments	1,575	2,200
Credit institutions	1,133	1,670
Other financial corporations	160	286
Non-financial corporations	64	80
Other financial assets held for trading	**6,047**	**7,511**

23. Non-trading financial assets at fair value through profit or loss

	Dec 22		Dec 23	
in EUR million	Designated	Mandatorily	Designated	Mandatorily
Equity instruments	0	347	0	415
Debt securities	327	1,223	178	1,373
General governments	35	170	0	308
Credit institutions	286	119	146	125
Other financial corporations	5	864	33	869
Non-financial corporations	0	70	0	71
Loans and advances to customers	1	839	0	1,038
General governments	0	1	0	1
Other financial corporations	0	26	0	0
Non-financial corporations	1	33	0	27
Households	0	779	0	1,010
Financial assets designated and mandatorily at FVPL	328	2,408	178	2,826
Non-trading financial assets at fair value through profit or loss	**2,735**		**3,004**	

Erste Group has designated debt securities at FVPL. The maximum exposure to credit risk on these securities is its fair value. The cumulative change in fair value due to credit risk of debt securities held at the reporting date amounts to EUR 1 million (2022: EUR 6 million) and EUR 0 million (2022: EUR -1 million) for the change in fair value due to credit risk in the reporting period.

24. Other financial liabilities held for trading

Non-derivative held for trading liabilities largely comprise short sales. These arise from obligations to return securities, which are purchased under agreements to resell or are borrowed through securities lending transactions and subsequently sold to third parties. On the balance sheet such liabilities are presented under the line 'Financial liabilities held for trading', sub-item 'Other financial liabilities'. The gains or losses on financial liabilities held for trading are reported in the line 'Net trading result' in the statement of income.

in EUR million	Dec 22	Dec 23
Short positions	585	637
Equity instruments	129	95
Debt securities	456	542
Debt securities issued	52	53
Other financial liabilities held for trading	**637**	**690**

25. Financial liabilities at fair value through profit or loss

Erste Group makes use of the option to designate some financial liabilities as measured at FVPL at initial recognition (referred to as fair value option) if:

— such classification eliminates or significantly reduces an accounting mismatch between fixed interest rate financial liabilities otherwise measured at amortised cost and related derivatives measured at FVPL. Erste Group assesses quantitatively that the

designation actually eliminates or significantly reduces the accounting mismatch in respect of fair value changes attributable to interest rate risk; or
— the entire hybrid contract contains a non-closely related embedded derivative.

Financial liabilities designated at FVPL are reported on the balance sheet under the line item 'Financial liabilities at fair value through profit or loss' and are further broken down into 'Deposits from customers', 'Debt securities issued' and 'Other financial liabilities'. Other financial liabilities relate to fund units issued by funds consolidated by Erste Group. Interest incurred is calculated by applying the EIR to the amortised cost of the financial liability and is reported in the statement of income under in line item 'Other similar expenses' under 'Net interest income'. Gains and losses resulting from changes in fair value are recognised net of the interest expense under the line item 'Gains/losses from financial instruments measured at fair value through profit or loss'.

The amount of the fair value change resulting from the credit risk of the financial liability for the period is presented as OCI in the statement of comprehensive income in the line 'Own credit risk reserve'. The cumulative amount is recognised as accumulated OCI, specifically under 'Own credit risk reserve' in the statement of changes in equity. The amount recognised in OCI is never reclassified to profit or loss. However, upon derecognition (mainly repurchases) of the financial liabilities designated at FVPL the amount accumulated in OCI is transferred to retained earnings.

The cumulative amount of the credit risk recognised as accumulated OCI is calculated as the difference between the present value of the liability determined by using the original credit spread and the fair value of the liability. The amount of fair value change attributable to changes in credit risk of the liability for the period which is recognised in OCI is the difference between the cumulative amount of the credit risk at the end of the period and at the beginning of the period. When calculating the present value of the liability by using the original credit spread, the rate used for discounting is the sum of the observed interest rate (swap yield curve) and the original credit spread. The original credit spread is determined at initial recognition of the liability and it equals the difference between the total yield of the liability and the observed interest rate (swap yield curve) at that time.

Delta between carrying amount and amount repayable for financial liabilities at FVPL

	Carrying amount		Amount repayable		Delta between carrying amount and amount repayable	
in EUR million	Dec 22	Dec 23	Dec 22	Dec 23	Dec 22	Dec 23
Deposits	1,353	593	1,356	583	-3	10
Debt securities issued	9,310	10,429	10,268	10,869	-958	-440
Other financial liabilities	151	130	151	130	0	0
Financial liabilities at FVPL	**10,814**	**11,152**	**11,775**	**11,583**	**-960**	**-430**

Fair value changes that are attributable to changes in own credit risk

	For reporting period		Cumulative amount	
in EUR million	1-12 22	1-12 23	Dec 22	Dec 23
Deposits	-4	3	-3	-1
Debt securities issued	-234	48	31	81
Financial liabilities at FVPL	**-238**	**51**	**27**	**80**

The line 'Other financial liabilities' contains fund units issued by investment funds fully consolidated by Erste Group. Their fair value changes are subject to asset-specific performance risk only and are not dependent on changes in the individual own credit risk of the respective investment funds.

Debt securities issued

in EUR million	Dec 22	Dec 23
Subordinated debt securities issued	1,991	2,016
Other debt securities issued	7,319	8,413
Bonds	5,416	6,128
Other certificates of deposits/name certificates	815	1,069
Mortgage covered bonds	962	1,089
Public sector covered bonds	126	126
Debt securities issued	**9,310**	**10,429**

In the reporting period, a gain of EUR 2 million (2022: loss of EUR 4 million) before taxes was transferred from own credit risk reserve to retained earnings due to the repurchase of debt securities (own issues) issued.

Financial instruments – other disclosure matters

26. Fair value of financial instruments

The measurement of fair value at Erste Group is based primarily on external sources of data (stock market prices or broker quotes in highly liquid market segments). Financial instruments for which the fair value is determined on the basis of quoted market prices are mainly listed securities and listed derivatives as well as liquid OTC bonds.

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available judgement is required to establish fair values. Using of unobservable inputs is particularly relevant for models used for valuations of loans and unquoted equity investments. Disclosures on valuation models, the fair value hierarchy and fair values of financial instruments can be found subsequently.

For all financial instruments the fair value is measured on recurring basis.

Financial instruments carried at fair value

DESCRIPTION OF VALUATION MODELS AND PARAMETERS

Erste Group uses valuation models that have been tested internally and for which the valuation parameters (such as interest rates, exchange rates, volatilities and credit spreads) have been determined independently.

Loans. Not SPPI compliant loans are to be valued at fair value. The methodology to compute fair value of these loans corresponds to the basic present value technique. The credit risk is recognized by adjusting contractual cash flows to come to expected cash flows accounting for customer's probability of default ('PD') and loss given default ('LGD'). These adjusted cash flows are then discounted by a yield curve which consists of a risk-free rate and a funding spread for senior unsecured issues.

Debt securities. For plain vanilla (fixed and floating rate) debt securities the fair value is calculated by discounting the future cash flows using a discounting curve depending on the interest rate for the respective issuance currency and a spread adjustment. The spread adjustment is usually derived from the credit spread curve of the issuer. If no issuer curve is available the spread is derived from a proxy instrument and adjusted for differences in the risk profile of the instruments. If no close proxy is available, the spread adjustment is estimated using other information, including estimation of the credit spread based on internal ratings and PDs or management judgment. For more complex debt securities (e.g. including option-like features such as callable, cap/floor, index-linked) the fair value is determined using combinations of discounted cash flow models and more sophisticated modeling techniques including methods described for OTC-derivatives.

Equity instruments. For non-trading equity instruments which do not have quoted market prices in an active market the fair value is determined by standard valuation models using also unobservable input parameters. These models include the adjusted net asset value method, the simplified income approach, the dividend discount model and the comparable company multiple method.

The adjusted net asset method requires an investor to measure the fair value of the individual assets and liabilities recognized in an investee's statement of financial position as well as the fair value of any unrecognized assets and liabilities at the measurement date. The resulting fair values of the recognized and unrecognized assets and liabilities should therefore represent the fair value of the investee's equity.

The dividend discount model assumes that the price of equity instruments issued by an entity equals the present value of all its expected future dividends in perpetuity. Similar to the dividend discount model, the simplified income approach estimates the fair value based on the future income. However, it can be used also when only one year planned income is available. The simplified income approach and the dividend discount model discount future income and dividends using the cost of equity. The cost of equity is dependent on the risk-free rate, the market risk premium, the levered beta and the country risk premium. The levered beta is derived from the industry classification which is published and maintained by Damodaran.

In rare cases, techniques for non-trading equity instruments may also include comparable company multiple methods. These are valuation techniques that use prices and other relevant information generated by market transactions involving comparable company peers of an investee to derive a valuation multiple from which the indicated fair value of the investee's equity or enterprise value can be inferred.

Liabilities. For issued debt securities where the fair value cannot be retrieved from quoted market prices, the fair value is calculated by discounting the future cash flows. Significant input factors for the spread adjustment of Erste Group's own credit risk for the respective seniority class are credit spreads derived from liquid benchmark bonds and additional indications from external investments banks, which are provided on a regular basis. The applied spreads are validated on a regular basis from an independent Risk Management unit. In case of issued securities with structured features, optionality is taken into account as well when calculating the fair value.

OTC-derivative financial instruments. Derivative instruments traded in liquid markets (e.g. interest rate swaps and options, foreign exchange forward and options, options on listed securities and indices, credit default swaps and commodity swaps) are valued by using standard valuation models. These models include discounting cash flow models, option models of the Black-Scholes and Hull-White type as well as hazard rate models. Models are calibrated on quoted market data (including implied volatilities). Valuation models for more complex instruments also use Monte-Carlo simulation. For instruments in less liquid markets, data obtained from less frequent transactions or extrapolation techniques are used. For determining the fair value of collateralised derivatives a discounting interest rate reflecting the interest rate of the corresponding cash collateral is used.

Erste Group values derivatives at mid-market levels. To reflect the potential bid-ask-spread of the relevant positions an adjustment based on market liquidity is performed. The adjustment parameters depend on product type, currency, maturity, liquidity and notional size. Parameters are reviewed on a regular basis or in case of significant market moves.

Credit value adjustments (CVA) for counterparty risk and debit value adjustments (DVA) for own default credit risk are applied to OTC derivatives. For the CVA the adjustment is driven by the expected positive exposure of the derivative and the probability of default of the counterparty. The DVA is driven by the expected negative exposure of the derivative and Erste Group's probability of default. The modeling of the expected exposure is based on option replication strategies or Monte-Carlo simulation techniques.

The accumulated CVA-adjustments amounted to EUR 14 million (2022: EUR 11 million) and the total DVA-adjustment amounted to EUR 12 million (2022: EUR 21 million).

Based on an analysis carried out by Erste Group it was decided that for the valuation of OTC derivatives no Funding Value Adjustment ('FVA') would be considered.

VALIDATION AND CONTROL

The responsibility for valuation of financial instruments measured at fair value is independent of the trading units. In addition, Erste Group has implemented an independent validation function in order to ensure separation between units responsible for model development, fair value measurement and validation. The aim of independent model validation is to evaluate model risks arising from the models' theoretical foundation, the appropriateness of input data (market data) and model calibration.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value are categorized under the three levels of the IFRS fair value hierarchy.

LEVEL 1 OF THE FAIR VALUE HIERARCHY

Level 1 measurements include exchange traded derivatives (options), shares, government bonds as well as other bonds and funds, which are traded in highly liquid and active markets.

LEVEL 2 OF THE FAIR VALUE HIERARCHY

In case a market quote is used for valuation but due to restricted liquidity the market does not qualify as active (derived from available market liquidity indicators) the instrument is classified as Level 2. If no market prices are available the fair value is measured by using valuation models which are based on observable market data. For Level 2 valuations typically yield curves, credit spreads and implied volatilities are used as observable market parameters.

Level 2 measurements include OTC derivatives, theoretically priced exchange traded derivatives, less liquid shares, bonds and funds as well as asset backed securities (ABS), collateralized debt obligations (CDO), own issues and deposits.

LEVEL 3 OF THE FAIR VALUE HIERARCHY

If any unobservable input in the valuation model is significant or the price quote used is updated infrequently the instrument is classified as Level 3 of the fair value hierarchy. Typically credit spreads derived from internally calculated historical probability of default (PD) and loss given default (LGD) measures are used as unobservable parameters. Furthermore, internally calculated cost of equity and adjustments made on the equity (in the adjusted net asset value method) are unobservable parameters for the valuation of non-trading equity instruments.

The volume of Level 3 financial assets can be allocated to the following categories:
— Derivatives where the credit value adjustment (CVA) has a material impact and is calculated based on unobservable parameters (i.e. internal estimates of PDs and LGDs).
— Illiquid bonds, shares, participations and funds not quoted in an active market where either valuation models with non-observable parameters have been used (e.g. credit spreads) or broker quotes have been used that cannot be allocated to Level 1 or Level 2.
— Loans which do not comply with the contractual cash flow criteria.
— Fund units issued by investment funds fully consolidated by Erste Group as well as own issues, if price updates are not provided on a regular basis

The allocation of the appropriate level of positions is determined at the end of the reporting period.

A reclassification from Level 1 into Level 2 or Level 3 as well as vice versa will be performed if the financial instrument does no longer meet the criteria described above for the respective level.

Classification of financial instruments carried at fair value by levels of the fair value hierarchy

	Dec 22				Dec 23			
in EUR million	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Financial assets HfT	1,829	5,624	313	7,766	2,816	5,817	139	8,773
Derivatives	10	1,677	32	1,719	1	1,186	75	1,262
Other financial assets HfT	1,820	3,947	281	6,047	2,816	4,631	64	7,511
Non-trading financial assets at FVPL	1,337	200	1,198	2,735	1,404	156	1,444	3,004
Equity instruments	37	33	277	347	65	17	333	415
Debt securities	1,300	167	82	1,549	1,339	139	73	1,551
Loans and advances	0	0	839	839	0	0	1,038	1,038
Financial assets at FVOCI	7,878	1,284	398	9,560	7,319	1,194	392	8,905
Equity instruments	1	0	98	99	1	0	109	110
Debt securities	7,877	1,283	300	9,460	7,318	1,193	283	8,794
Hedge accounting derivatives	0	155	3	159	0	183	0	183
Total assets	**11,044**	**7,263**	**1,912**	**20,219**	**11,540**	**7,350**	**1,975**	**20,864**
Liabilities								
Financial liabilities HfT	585	2,667	12	3,264	607	1,687	10	2,304
Derivatives	8	2,608	11	2,626	3	1,600	10	1,614
Other financial liabilities HfT	578	59	1	637	603	86	0	690
Financial liabilities at FVPL	0	10,663	151	10,814	0	11,152	0	11,152
Deposits from customers	0	1,353	0	1,353	0	593	0	593
Debt securities issued	0	9,310	0	9,310	0	10,429	0	10,429
Other financial liabilities	0	0	151	151	0	130	0	130
Hedge accounting derivatives	0	372	0	372	0	286	0	286
Total liabilities	**585**	**13,702**	**163**	**14,451**	**607**	**13,125**	**10**	**13,742**

Derivatives transacted via Clearing Houses are presented after netting in compliance with their balance sheet treatment. The netted derivatives are allocated to Level 2.

VALUATION PROCESS FOR FINANCIAL INSTRUMENTS CATEGORISED AS LEVEL 3

The valuation of financial instruments categorized as Level 3 involves one or more significant inputs that are not directly observable on the market. Additional price verification steps need to be done. These may include reviewing relevant historical data and benchmarking for similar transactions, among others. This involves estimation and expert judgment. Further details regarding input parameters used and the results of the sensitivity analysis are disclosed in the sub-chapter Unobservable inputs and sensitivity analysis for Level 3 measurements below.

CHANGES IN VOLUMES OF LEVEL 1 AND LEVEL 2

Reclassification between Level 1 and Level 2 based on balance sheet positions and instruments

	Dec 22		Dec 23	
in EUR million	Level 1 to Level 2	Level 2 to Level 1	Level 1 to Level 2	Level 2 to Level 1
Financial assets HfT	**34**	**49**	**28**	**42**
Bonds	33	48	28	41
Shares	1	1	0	1
Non-trading financial assets at FVPL	**15**	**9**	**3**	**16**
Bonds	15	6	3	16
Funds	0	2	0	0
Shares	0	1	0	0
Financial assets at FVOCI	**407**	**93**	**18**	**268**
Bonds	407	93	18	268
Total	**456**	**151**	**49**	**326**

Transfers into and out of Level 1 and Level 2 are caused by changes in market activities and consequently due to the quality and observability of valuation parameters.

MOVEMENTS IN LEVEL 3

Development of fair value of financial instruments in Level 3

in EUR million	Jan 23	Gains/losses profit or loss	Gains/losses OCI	Purchases	Sales	Settle-ments	Addition to group	Disposal out of group	Transfer into Level 3	Transfer out of Level 3	Currency translation	Dec 23
Assets												
Financial assets HfT	313	26	0	47	-3	-228	0	0	37	-52	0	139
Derivatives	32	22	0	0	0	0	0	0	36	-15	0	75
Other financial assets HfT	281	4	0	47	-3	-228	0	0	1	-36	0	64
Non-trading financial assets at FVPL	1,198	102	0	248	-14	-116	0	0	3	-11	33	1,444
Equity instruments	277	-10	0	77	-9	-1	0	0	1	0	-2	333
Debt securities	82	-5	0	8	-4	0	0	0	1	-9	-1	73
Loans and advances	839	117	0	162	-1	-115	0	0	1	-2	36	1,038
Financial assets at FVOCI	398	0	14	53	0	-43	0	0	89	-118	-2	392
Equity instruments	98	0	10	1	0	0	0	0	0	0	0	109
Debt securities	300	0	4	52	0	-43	0	0	89	-118	-2	283
Hedge accounting derivatives	3	0	0	0	0	0	0	0	0	-3	0	0
Total assets	**1,912**	**129**	**14**	**348**	**-18**	**-387**	**0**	**0**	**128**	**-184**	**31**	**1,975**
Liabilities												
Financial liabilities HfT	12	-3	0	0	0	0	0	0	10	-9	0	10
Derivatives	11	-3	0	0	0	0	0	0	10	-8	0	10
Other trading financial liabilities	1	0	0	0	0	0	0	0	0	-1	0	0
Financial liabilities at FVPL	151	7	0	33	-51	-2	0	-9	0	-130	0	0
Debt securities issued	0	0	0	0	0	0	0	0	0	0	0	0
Other financial liabilities	151	7	0	33	-51	-2	0	-9	0	-130	0	0
Hedge accounting derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Total liabilities	**163**	**5**	**0**	**33**	**-51**	**-2**	**0**	**-9**	**10**	**-139**	**0**	**10**

in EUR million	Jan 22	Gains/losses profit or loss	Gains/losses OCI	Purchases	Sales	Settle-ments	Addition to group	Disposal out of group	Transfer into Level 3	Transfer out of Level 3	Currency translation	Dec 22
Assets												
Financial assets HfT	46	-27	0	270	-1	0	0	0	42	-17	0	313
Derivatives	27	-22	0	0	0	0	0	0	42	-16	0	32
Other financial assets HfT	18	-5	0	270	-1	0	0	0	0	-1	0	281
Non-trading financial assets at FVPL	1,173	-61	0	862	-42	-671	12	0	23	-39	-58	1,198
Equity instruments	283	-12	0	32	-9	-3	12	0	0	-27	1	277
Debt securities	72	-2	0	12	-3	-10	0	0	23	-11	1	82
Loans and advances	818	-46	0	817	-30	-658	0	0	0	-1	-60	839
Financial assets at FVOCI	470	0	-43	34	-2	-26	0	0	109	-147	3	398
Equity instruments	131	0	-33	0	0	0	0	0	0	0	0	98
Debt securities	339	0	-10	34	-2	-26	0	0	109	-147	3	300
Hedge accounting derivatives	0	3	0	0	0	0	0	0	0	0	0	3
Total assets	**1,689**	**-84**	**-43**	**1,165**	**-46**	**-697**	**12**	**0**	**174**	**-203**	**-55**	**1,912**
Liabilities												
Financial liabilities HfT	9	2	0	3	-2	0	0	0	0	0	0	12
Derivatives	9	2	0	0	0	0	0	0	0	0	0	11
Other trading financial liabilities	0	0	0	3	-2	0	0	0	0	0	0	1
Financial liabilities at FVPL	245	-28	0	85	-95	-1	0	0	0	-55	0	151
Debt securities issued	54	0	0	1	0	0	0	0	0	-55	0	0
Other financial liabilities	191	-28	0	84	-95	-1	0	0	0	0	0	151
Hedge accounting derivatives	2	-2	0	0	0	0	0	0	0	0	0	0
Total liabilities	**256**	**-28**	**0**	**88**	**-97**	**-1**	**0**	**0**	**0**	**-55**	**0**	**163**

Transfers into and out of Level 3 mainly result from changes in valuation models with observable or non-observable parameters.

Gains/losses in profit or loss on Level 3 instruments held at the end of the reporting period

in EUR million	1-12 22	1-12 23
Assets		
Financial assets HfT	-25	35
Derivatives	-20	31
Other financial assets HfT	-5	4
Non-trading financial assets at FVPL	-51	99
Equity instruments	-8	-10
Debt securities	3	-5
Loans and advances	-46	114
Financial assets at FVOCI	-3	0
Debt securities	-3	0
Hedge accounting derivatives	3	0
Total	**-76**	**134**
Liabilities		
Financial liabilities HfT	-1	9
Derivatives	-1	9
Financial liabilities at FVPL	25	0
Other financial liabilities	25	0
Hedge accounting derivatives	2	0
Total	**27**	**9**

UNOBSERVABLE INPUTS AND SENSITIVITY ANALYSIS FOR LEVEL 3 MEASUREMENTS

In case the fair value measurement of a financial asset is retrieved from input parameters which are not observable in the market, those parameters can be retrieved from a range of alternative parameters. For the preparation of the balance sheet the parameters were chosen to reflect the market situation at the reporting date.

Range of unobservable valuation parameters used in Level 3 measurement

			Fair value in EUR million			Range of unobservable inputs (weighted average)	
Financial assets / liabilities	Type of instrument	Valuation technique	Dec 22	Dec 23	Significant unobservable inputs	Dec 22	Dec 23
Positive / negative fair value of derivatives	Forwards, swaps, options	DCF and option models with CVA adjustment based on potential future exposure	35	88	PD	1.05%-9.81% (5.84%)	1.17%-14.87% (2.36%)
					LGD	60%	60%
	Fixed and variable coupon bonds	DCF	8	31	Credit Spread	0.17%-2.25% (0.37%)	-0.78%-2.50% (-0.26%)
Financial assets at FVPL	Loans	DCF	839	1,038	PD	0.09%-5.95% (2.17%)	1.51%-2.59% (2.00%)
					LGD	0%-25.79% (5.16%)	3.50%-15.86% (7.58%)
Financial assets at FVOCI	Fixed and variable coupon bonds	DCF	238	212	Credit Spread	0.17%-8.95% (3.22%)	-0.35%-5.21% (1.35%)
Financial assets at FVOCI / at FVPL	Non-trading equity instruments (participations)	Dividend Discount Model; Simplified Income Approach	199	209	Beta levered	Industries: 0.4-1.10 (0.99)	Industries: 0.71-1.15 (0.97)
					Country risk premium	0.34%-3.06% (0.64%)	0.43%-2.69% (0.58%)
		Adjusted Net Asset Value	128	144	Adjusted Equity	Depending on accounting equity of investment	Depending on accounting equity of investment

The range of unobservable credit spreads for fixed and variable coupon bonds contains premiums and discounts related to riskless as well as risky, market observable (e.g. industry- and rating-specific spread curves) parameters.

For financial assets at FVOCI/at FVPL, where Beta levered and Country risk premium inputs are being used, the resulting cost of equity based on these inputs is in the range 5.92%-13.75% (2022: 6.28%-13.53%). The majority of financial assets at FVOCI/at FVPL, where Beta levered inputs are being used, is related to Financial Services (Non-bank & Insurance) with 0.99 (2022: Financial Services (Non-bank & Insurance) with 0.97). The majority of financial assets at FVOCI/at FVPL, where Country risk premium inputs are being used, is related to Austria with 0.43% (2022: Austria with 0.48%).

In addition to the information above, equity instruments with a fair value in amount of EUR 37 million (2022: EUR 26 million) are assessed on the basis of expert opinions.

Furthermore, for equity instruments other than participations classified as Level 3, the amount of EUR 38 million (2022: EUR 41 million) is presented in the statement of financial position using the criteria of availability and quality of broker quotes.

Sensitivity analysis using reasonably possible alternatives per product type

	Dec 22		Dec 23	
	Fair value changes		Fair value changes	
in EUR million	Positive	Negative	Positive	Negative
Derivatives	3	-3	2	-2
Income statement	3	-3	2	-2
Debt securities	10	-13	15	-20
Income statement	2	-3	7	-9
Other comprehensive income	8	-10	8	-11
Equity instruments	65	-50	72	-49
Income statement	43	-35	48	-34
Other comprehensive income	22	-14	24	-15
Loans and advances	16	-46	19	-60
Income statement	16	-46	19	-60
Total	**93**	**-113**	**108**	**-131**
Income statement	**64**	**-88**	**76**	**-105**
Other comprehensive income	**30**	**-25**	**32**	**-26**

In estimating these impacts, mainly changes in credit spreads (for bonds), PDs, LGDs (for CVA of derivatives) and market values of comparable equities were considered. An increase (decrease) of spreads, PDs and LGDs result in a decrease (increase) of the corresponding fair values. Positive correlation effects between PDs and LGDs were not taken into account in the sensitivity analysis. For non-trading equity instruments increases (decreases) in any of the inputs used for the cost of equity calculation in isolation would result in a lower (higher) fair value.

The following ranges of reasonably possible alternatives of the unobservable inputs were considered in the sensitivity analysis table:
— for debt securities range of credit spreads between +100 basis points and -75 basis points
— for equity related instruments the price range between -10% and +5%
— for unquoted equity instruments measured by the adjusted net asset value the price range between -10% and +10%
— for unquoted equity instruments measured by dividend discount model/simplified income approach the cost of equity range between -2% and +2%
— for CVA on derivatives PDs rating upgrade/downgrade by one notch, as well as the change of LGD by -5% and +10%
— for loans, the PDs rating upgrade/downgrade by 1%, the change of LGD by -5% and +10% and a range of credit spreads between +100 basis points and 75 basis points.

Financial instruments not carried at fair value with fair value disclosed in the notes

in EUR million	Carrying amount	Fair value	Level 1	Level 2	Level 3
Dec 23					
Assets					
Financial assets at AC	264,721	256,767	37,583	3,572	215,612
Loans and advances to banks	21,432	21,395	0	0	21,395
Loans and advances to customers	199,241	193,867	0	0	193,867
Debt securities	44,047	41,506	37,583	3,572	351
Finance lease receivables	4,970	4,956	0	0	4,956
Trade and other receivables	2,579	2,642	0	0	2,642
Liabilities					
Financial liabilities at AC	289,842	288,542	19,042	12,837	256,664
Deposits from banks	22,911	22,581	0	0	22,581
Deposits from customers	232,223	231,584	0	0	231,584
Debt securities issued	33,330	32,999	19,042	12,837	1,121
Other financial liabilities	1,378	1,378	0	0	1,378
Financial guarantees and commitments					
Financial guarantees	n/a	17	0	0	17
Loan commitments	n/a	481	0	0	481
Dec 22					
Assets					
Financial assets at AC	253,360	240,268	31,703	3,699	204,867
Loans and advances to banks	18,435	18,138	0	0	18,138
Loans and advances to customers	194,313	186,501	0	0	186,501
Debt securities	40,612	35,630	31,703	3,699	228
Finance lease receivables	4,553	4,499	0	0	4,499
Trade and other receivables	2,404	2,389	0	0	2,389
Liabilities					
Financial liabilities at AC	278,932	276,200	12,875	12,293	251,032
Deposits from banks	28,821	28,290	0	0	28,290
Deposits from customers	222,620	221,224	0	0	221,224
Debt securities issued	26,593	25,789	12,875	12,293	621
Other financial liabilities	899	898	0	0	898
Financial guarantees and commitments					
Financial guarantees	n/a	47	0	0	47
Loan commitments	n/a	529	0	0	529

In the table above, positive fair values of financial guarantees and commitments are shown with a positive sign whereas negative fair values are shown with a negative sign.

The fair value of loans and advances to customers and credit institutions has been calculated by discounting future cash flows while taking into consideration interest and credit spread effects. The interest rate impact is based on the movements of market rates, while credit spread changes are derived from PDs and LGDs used for internal risk calculations. Loans and advances were grouped into homogeneous portfolios based on rating method, rating grade, maturity and the country where they were granted. The fair values of debt securities at amortised cost are either taken directly from the market or they are determined by directly observable input parameters (i.e. yield curves).

The fair value of deposits and other liabilities, measured at amortised cost, is estimated by taking into account the current interest rate environment, as well as the own credit spreads. For liabilities without contractual maturities (e.g. demand deposits), the carrying amount represents the minimum of their fair value.

The fair value of issued securities and subordinated liabilities measured at amortized cost is determined based on the same valuation models as described for Liabilities above in the section Financial instruments carried at fair value.

Regarding off-balance sheet liabilities (i.e. financial guarantees and unused loan commitments) the fair value of unused loan commitments is estimated using regulatory credit conversion factors. The resulting loan equivalents are treated like other on-balance sheet assets. The difference between the calculated total fair value and the notional amount of the hypothetical loan equivalents represents the fair value of the unused loan commitments. In case of the total fair value being higher than the notional amount of the hypothetical loan equivalents the unused loan commitments have a positive fair value. The fair value of financial guarantees is estimated in analogy to credit default swaps. The fair value of the guarantee is the sum of the present value of the protection leg and the present value of the premium leg. The value of the protection leg is estimated using the PDs and LGDs of the respective customers, whereas the value of the premium leg is estimated by the present value of the future fee payments to be received. If the protection leg is higher than the premium leg, financial guarantees have a negative fair value.

27. Hedge Accounting

Erste Group makes use of derivative instruments to hedge exposures to interest rate risk and foreign currency risk. As permitted by the transitional provisions of IFRS 9, Erste Group has elected to continue to apply the hedge accounting requirements of IAS 39.

On the balance sheet, derivatives designated as hedging instruments are carried at fair value (dirty price). They are presented in the line item 'Hedge accounting derivatives' on the asset or liability side depending on whether their fair value is positive or negative.

i. Fair Value Hedge

For qualifying and designated fair value hedges, the change in the fair value (clean price) of a hedging instrument is recognised in the statement of income under the line item 'Net trading result'. Interest income and expenses on hedging derivatives are reported in the line item 'Other similar income' or 'Other similar expenses' under 'Net interest income'. The change in the fair value of the hedged item attributable to the hedged risk is also recognised in the statement of income under the line item 'Net trading result' and adjusts the carrying amount of the hedged item.

Erste Group also applies portfolio fair value hedges of interest rate risk as regulated by IAS 39.AG114-AG132. For this purpose, Erste Group makes use of the relaxation provided by the EU-carve out for so called 'bottom layer' hedges. More details are discussed in part 'Hedges of interest rate risk' below. The change in the fair value of the hedged items attributable to the hedged interest risk in portfolio fair value hedges is presented on the balance sheet under the line item 'Fair value changes of hedged items in portfolio hedge of interest rate risk'.

For terminated hedges the fair value adjustment of the hedged item is amortised until maturity of the financial instrument. In the statement of income the amortisation is presented under 'Net interest income' in the line item 'Interest income' if the hedged item was a financial asset or in the line item 'Interest expenses' if the hedged item was a financial liability. For portfolio fair value hedges of interest rate risk the fair value adjustment related to the terminated hedge is amortised to the statement of income on a straight-line basis in the line item 'Other similar income' under 'Net interest income'.

ii. Cashflow Hedge

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised as OCI in the line 'Cash flow hedge reserve' of the statement of comprehensive income. The accumulated other comprehensive income is presented under 'Cash flow hedge reserve' in the statement of changes in equity. The ineffective portion of the gain or loss on the hedging instrument is recognised in the statement of income under the line item 'Net trading result'. For determination of the effective and ineffective portions, the derivative is considered at its clean price, i.e. excluding the interest component. When the hedged cash flow affects the statement of income, the gain or loss on the hedging instrument is reclassified from other comprehensive income on the corresponding income or expense line item in the statement of income (mainly 'Other similar income' or 'Other similar expenses' under 'Net interest income'). As far as accounting for hedged items in cash flow hedges is concerned, there is no change compared to the situation when no hedging is applied.

For terminated hedges the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income remains in 'Cash flow hedge reserve' until the transaction occurs.

HEDGES OF INTEREST RATE RISK

As an inherent part of its business Erste Group is exposed to interest rate risk arising from the interest characteristics and behavior of assets, liabilities and off balance sheet items. This relates to the existing balance sheet items as well as to expected development of the balance sheet and banking activities. Interest rate risk can generally be defined as a potential deterioration of a bank's financial condition in reaction to adverse movements in market interest rates.

Hedge accounting activities relate to interest risk bearing exposures in the banking book. The interest rate risk of the banking book is managed by Group Asset Liability Management (ALM). Interest rate risk management actions of ALM are approved as part of the ALM strategy by Group Asset Liability Committee (ALCO). For hedging relationships qualifying for hedge accounting hedge effectiveness is measured by risk management unit which is independent from ALM as the risk taker.

The objective of the interest rate risk management in the banking book is to optimise the risk and return of interest rate risk exposures. For this purpose and for compliance with external and internal regulations and limitations Erste Group manages the interest rate risk from the earnings and economic value perspectives. The focal point of the interest rate risk analysis from the earnings perspective is the variation in earnings, i.e. the net interest income. The changes in interest rates have an impact on the bank's earnings via its distinct impact on interest income and interest expenses accrued on assets and liabilities respectively. The economic value perspective views the interest rate risk as changes in the economic value of equity. It can be identified as the present value of cash-flows arising from asset, liability and off-balance-sheet items. Change in interest rates alters both the size of future cash-flows and the value of discount rates applied in the calculation.

Existing balance sheet items and contributions of planned or forecast transactions are analysed through the earnings and economic value-based metrics. Erste Group keeps the risk within predefined limits. When actively managing interest rate risk ALM gives preference to entering into bonds and derivatives. In general, the policy of Erste Group is to swap all substantial fixed or structured issued bonds to floating items. In addition of managing the interest rate risk using derivative transactions and investments in bonds, also the intended non-hedging of benchmark issues with derivatives is used for managing the interest rate risk.

Interest rate swaps are the most common derivatives used to manage interest rate. If fixed rate repricing profiles of assets or liabilities do not fit to the interest rate risk management strategy they are swapped into variable rate items (usually 3-month money market rate such as EURIBOR). In other cases, variable rate repricing profiles of assets or liabilities may need to be swapped into fixed rate items.

Erste Group employs hedge accounting to address accounting mismatches resulting from different measurement requirements for derivatives which are measured at fair value through profit or loss and financial assets and liabilities in the banking book measured at amortised cost or at fair value through other comprehensive income. Some of the accounting mismatches are addressed by designating financial assets or financial liabilities as measured at FVPL (fair value option) without the need to use hedge accounting.

Fair value hedges address the risk management activities of swapping fixed rate assets or liabilities into variable rate. On the other hand, cash flow hedges are used when floating rates assets or liabilities are swapped into fixed ones (please refer also to the discussion of proxy hedges below).

For hedges of interest rate risk of portfolios of prepayable fixed rate loans Erste Group applies requirements for portfolio fair value hedges of interest rate risk as regulated by IAS 39.AG114-AG132. For this purpose, Erste Group makes use of the relaxation provided by the EU-carve out and hedges the interest rate risk in respect of so called 'bottom layer' amount. The bottom layer amount is expected not to be affected by prepayments of loans (including a margin of conservatism). Thus, it represents a stable fixed interest rate exposure which is hedged by using interest rate swaps. With this approach, any prepayments, other derecognitions and impairments are attributed to the un-hedged buffer amount above the designated bottom layer. Thus, they do not affect the hedge effectiveness unless their amount hits the designated hedged bottom layer level.

Fair value hedges are designated in respect of the interest rate risk component of the fair value changes of the hedged fixed rate items. The hedged interest rate risk portion in fair value hedges relates to the observed interest rate (swap yield curve) component. I.e. the fair value volatility resulting from changes in the spread of the hedged fixed rate instrument over the swap yield curve is excluded from hedge accounting and is not accounted for.

Similarly, in cash flow hedges the hedged risk is designated in respect of the variable cash flows portion equal to the interest index of the swap (such as EURIBOR). The credit spreads over the swap index are excluded from hedge accounting.

The hedging interest derivatives are economically related to the hedged interest rate risk component of the hedged item. The non-interest components (such as credit spreads) of the hedged items are outside the hedging relationship. As a result, comparable valuation inputs are applied on both sides of the hedging relationship. Thus offsetting effects are recognised to the extent the economic relationship exists without giving rise to artificial volatility in profit or loss. The hedged interest risk component is the most significant factor affecting fair value changes of the hedged item.

For cash flow hedges of deposits with central banks (disclosed under the line 'Interbank loans/repos' below) no forward-looking curve over the hedging period exists for the hedged interest rates (such as DFR of the ECB or two-week repo rate of the CNB). In such cases the hedged risk is replicated by another rate for which the forward-looking curve exists (such as €STR swap curve or 1M PRIBOR swap curve). A proof of a strong correlation between the rates is necessary.

The designated hedging relationships normally correspond to the economic hedges set up by ALM when managing the interest rate risk. However, in some cases, the hedging derivatives may not be directly related to specific assets or liabilities but they manage the overall interest risk position. Also, the derivatives may relate to instruments which do not qualify as hedged items under the IFRS hedge accounting requirements. In order to account for risk mitigating effects of such derivatives Erste Group searches for suitable hedged items providing the best fit to the terms of the derivative and designates an effective hedging relationship (so called proxy hedges). Typically cash flow hedges of variable rate assets are designated on such a basis whereby the actual economically hedged risk may result from modelled fixed rate profile of demand deposit liabilities.

The hedge ratio is chosen in compliance with the rules defined in IAS 39. The volume of the hedging instrument which is designated for the hedge relation can never be greater than the volume of the hedged item. If the notional of a hedging derivative is greater than the notional of the hedged item the respective proportion of the derivative is designated as hedging instrument. Further, the tenor of the hedging instrument is never longer than the tenor of the hedged item.

Sources of hedge ineffectiveness can result from:
— designation of hedging instruments and hedged items during their life rather than from their inception
— different discounting curves applied for hedged item and hedging instrument
— different interest tenors of hedging swaps and hedged variable rate items in cash flow hedges
— volatility of present value of floating leg of hedging swaps in fair value hedges
— different trade dates for the hedging instrument and the hedged item
— real prepayments of a loan portfolio deviating from expected prepayments
— credit risk adjustments (CVA, DVA) on the hedging derivatives

Notional amounts of hedged items – hedges of interest rate risk

		Notional amount	
in EUR million	Type of hedged items	Dec 22	Dec 23
Fair value hedges			
Assets	Portfolios of client loans	243	234
Assets	Single loans	294	270
Assets	Bonds at FVOCI	1,005	981
Assets	Bonds at AC	1,107	2,594
Liabilities	Issued bonds	16,563	19,702
Liabilities	Other liabilities/repos	47	50
Cash flow hedges			
Assets	Interbank loans/repos	1,947	1,463
Assets	Client loans	1,764	1,395

Portfolio hedges of defined bottom layer amounts (bottom layer hedges) are disclosed in the table with the nominal hedged bottom layer amounts. Client loans hedged in portfolio hedges are disclosed in the balance sheet line item 'Financial assets measured at amortised cost', with a carrying amount of EUR 577 million (2022: EUR 600 million).

HEDGES OF FOREIGN EXCHANGE RISK

The objective of foreign exchange risk management in the banking book is to avoid unfavorable market movements of foreign exchange rates which could impact profit or loss of Erste Group. Only a minor part of foreign exchange risk management activities requires using of hedge accounting.

Currently bonds and loans with notional amount of EUR 1,761 million (2022: EUR 1,616 million) are hedged in cash flow hedges by using cross currency swaps as hedging instruments. FX swaps with notional amount of EUR 206 million (2022: EUR 151 million) are used as hedging instrument in hedges of interest accruals on financial assets in foreign currency.

QUANTITATIVE DISCLOSURES

In the tables below, detailed information related to hedging instruments and hedged items in fair value and cash flow hedges as of 31 December 2023 are reported. The indicated values for fair value hedges include single hedges as well as portfolio hedges, which due to immateriality are not shown separately.

Hedging instruments

in EUR million	Carrying amount: Assets	Carrying amount: Liabilities	Change in FV for the period used for calculating hedge ineffectivness	Notional	Timing of the nominal amounts of the instruments: ≤ 3 m	> 3 m and ≤ 1 y	> 1 y and ≤ 5 y	> 5 y
Dec 23								
Fair value hedges	**495**	**1,458**	**718**	**24,254**	**64**	**2,245**	**12,248**	**9,697**
Interest rate risk	495	1,458	718	24,254	64	2,245	12,248	9,697
Cash flow hedges	**127**	**84**	**375**	**4,667**	**126**	**919**	**3,140**	**482**
Interest rate risk	46	68	306	2,859	0	881	1,978	0
Foreign exchange risk	81	16	69	1,808	126	38	1,162	482
Total gross amounts	**623**	**1,542**	**1,093**	**28,921**	**190**	**3,163**	**15,388**	**10,179**
Offset	-440	-1,256						
Total	**183**	**286**	**1,093**	**28,921**	**190**	**3,163**	**15,388**	**10,179**
Dec 22								
Fair value hedges	**403**	**2,073**	**-1,600**	**19,662**	**869**	**79**	**9,903**	**8,811**
Interest rate risk	403	2,073	-1,600	19,662	869	79	9,903	8,811
Cash flow hedges	**94**	**175**	**70**	**5,113**	**176**	**497**	**4,171**	**269**
Interest rate risk	7	175	36	3,670	0	339	3,331	0
Foreign exchange risk	87	0	34	1,443	176	158	840	269
Total gross amounts	**497**	**2,248**	**-1,529**	**24,776**	**1,045**	**576**	**14,074**	**9,080**
Offset	-338	-1,876						
Total	**159**	**372**	**-1,529**	**24,776**	**1,045**	**576**	**14,074**	**9,080**

The hedging instruments are presented in the line 'Hedge accounting derivatives' in the balance sheet.

Hedged items in fair value hedges

in EUR million	Carrying amount	Hedge adjustments: included in the carrying amount	Thereof: for the period used for recognition of hedge ineffectiveness	Remaining adjustments for terminated hedges
Dec 23				
Financial assets at FVOCI				
Interest rate risk	873	-48	27	5
Financial assets at AC				
Interest rate risk	3,406	-165	137	18
Financial liabilities at AC				
Interest rate risk	19,356	-1,040	-879	52
Dec 22				
Financial assets at FVOCI				
Interest rate risk	915	-79	-134	8
Financial assets at AC				
Interest rate risk	1,807	-303	-324	16
Financial liabilities at AC				
Interest rate risk	15,370	-1,892	2,047	73

The hedged items are disclosed in the following line items in the balance sheet:
— Financial assets at fair value through other comprehensive income / debt securities
— Financial assets at amortised cost / loans and advances to customers
— Financial assets at amortised cost / debt securities
— Financial liabilities at amortised cost / debt securities issued

Hedged items in cash flow hedges

in EUR million	Change in FV for the period used for calculating hedge ineffectiveness	Cash flow hedge reserve for continuing hedges	Cash flow hedge reserve for terminated hedges
Dec 23			
Interest rate risk	-324	-29	-28
Foreign exchange risk	-63	20	0
Total	**-387**	**-9**	**-28**
Dec 22			
Interest rate risk	-36	-29	-207
Foreign exchange risk	-55	4	-10
Total	**-91**	**-25**	**-217**

Effects of hedge accounting in profit or loss and other comprehensive income

			Cash flow hedge reclassified to profit or loss because	
in EUR million	Hedge ineffectiveness recognised in P&L	Hedging gains/losses recognized in OCI	the hedged item has affected profit or loss	the hedged future cash flows are no longer expected to occur
Dec 23				
Fair value hedges				
Interest rate risk	2	0	0	0
Cash flow hedges				
Interest rate risk	0	306	-134	0
Foreign exchange risk	1	67	-44	0
Total	**4**	**373**	**-178**	**0**
Dec 22				
Fair value hedges				
Interest rate risk	-11	0	0	0
Cash flow hedges				
Interest rate risk	0	37	-98	0
Foreign exchange risk	0	34	46	0
Total	**-11**	**71**	**-52**	**0**

Ineffectiveness from both fair value and cash flow hedges is presented under 'Net trading result' in the statement of income. The amounts reclassified from the cash flow hedge reserve are presented in the line 'Other similar income' under 'Net interest income' for hedges of interest rate risk and 'Net trading result' for hedges of foreign exchange risk.

APPLICATION OF THE INTEREST RATE BENCHMARK REFORM FOR HEDGE ACCOUNTING

Interest rate benchmark reform and its impact on Erste Group are described in Note 68 Interest Rate Benchmark Reform.

USD LIBOR rates ceased to be published on 30 June 2023 and have been replaced by SOFR (Secured Overnight Financing Rate) rates. Hedging instruments with nominal amount of USD 50 million (EUR 45 million) designated in fair value hedges of bonds acquired and nominal amount of USD 150 million (EUR 136 million) designated in fair value hedges of debt securities issued were affected. In line with the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 issued in August 2020, the designation and documentation of these hedges was updated and all the impacts from the valuation changes were recognised immediately in profit or loss in 2023 without terminating the hedges.

28. Offsetting of financial assets and liabilities

The following table shows netting effects on the balance sheet of Erste Group as well as the impacts of offsetting financial instruments which are subject to offsetting agreements.

Financial assets and liabilities subject to offsetting and potential offsetting agreements

in EUR million	Financial assets/liabilities (gross)	Amounts offset (gross)	Financial assets/liabilities in balance sheet (net)	Potential effects of netting agreements not qualifying for balance sheet offsetting			Net amount after potential offsetting
				Financial instruments	Cash collateral received/ pledged	Other financial collateral received/ pledged	
Dec 23							
Assets							
Derivatives	5,783	4,339	1,445	776	326	0	342
Variation margin assets	870	869	0	0	0	0	0
Reverse repurchase agreements	17,776	0	17,776	0	63	17,208	505
Total	**24,429**	**5,208**	**19,221**	**776**	**389**	**17,208**	**848**
Liabilities							
Derivatives	6,847	4,948	1,900	776	200	72	851
Variation margin liabilities	261	261	0	0	0	0	0
Repurchase agreements	7,352	0	7,352	0	22	7,330	0
Total	**14,460**	**5,208**	**9,251**	**776**	**222**	**7,402**	**851**

in EUR million	Financial assets/liabilities (gross)	Amounts offset (gross)	Financial assets/liabilities in balance sheet (net)	Potential effects of netting agreements not qualifying for balance sheet offsetting			Net amount after potential offsetting
				Financial instruments	Cash collateral received/ pledged	Other financial collateral received/ pledged	
Dec 22							
Assets							
Derivatives	7,542	5,664	1,877	1,111	461	0	305
Variation margin assets	1,448	1,448	0	0	0	0	0
Reverse repurchase agreements	15,169	0	15,169	0	73	15,056	40
Total	**24,158**	**7,112**	**17,046**	**1,111**	**535**	**15,056**	**345**
Liabilities							
Derivatives	9,858	6,859	2,999	1,111	242	192	1,454
Variation margin liabilities	257	253	3	0	0	0	3
Repurchase agreements	3,201	0	3,201	0	8	3,160	33
Total	**13,316**	**7,112**	**6,204**	**1,111**	**250**	**3,352**	**1,490**

The impact of offsetting is shown in the column 'Amounts offset (gross)'.

Erste Group undertakes interest rate derivative transactions via London Clearing House and EUREX, credit derivative transactions via ICE Clear Europe Ltd by fulfilling all offsetting requirements according IAS 32. Offsetting is carried out between gross asset and liability derivative positions. The net derivative position is further offset with variation margin amounts. As a result, the offsetting of derivatives has to be viewed in relation to the variation margin assets and liabilities balances. The sum of the amounts offset in the lines 'Derivatives' and 'Variation margin assets' in the table for financial assets equals the sum of the amounts offset in the lines 'Derivatives' and 'Variation margin liabilities' in the table for financial liabilities. The variation margin assets are presented under the balance sheet items 'Cash and cash balances'. The variation margin liabilities are presented under the balance sheet item 'Financial liabilities measured at amortised cost', subitem 'Deposits from banks'.

Erste Group employs master netting agreements and repurchase agreements as a means of reducing credit risk of derivative and financing transactions. They qualify as potential offsetting agreements.

Master netting agreements are relevant for counterparties with multiple derivative contracts. They provide for the net settlement of all the contracts in the event of default of any counterparty. For derivatives transactions the values of assets and liabilities that would be set off as a result of master netting agreements are presented in the column 'Financial instruments'. If the net position is further secured by cash collateral or other financial collaterals the effects are disclosed in columns 'Cash collateral received / pledged' and 'Other financial collateral received / pledged' respectively.

Repurchase agreements are primarily financing transactions. They are structured as a sale and subsequent repurchase of securities at a pre-agreed price and time. This ensures that the securities remain in the hands of the lender as collateral in case the borrower defaults on fulfilling any of its obligations. Offsetting effects from repurchase agreements are disclosed in the column 'Other financial collateral received / pledged' respectively. Collateral is presented at the fair value of the transferred securities. However, if the fair value of collateral exceeds the carrying amount of the receivable/liability from the repo transaction the value is capped at the level of the carrying amount. Remaining position may be secured by cash collateral. Cash and other financial collateral involved in these transactions is restricted from being used by the transferor during the time of the pledge. For further details regarding repurchase and reverse repurchase transactions we refer to Note 29 Transfers of financial assets – repurchase transactions and securities lending.

29. Transfers of financial assets – repurchase transactions and securities lending

Repurchase and reverse repurchase agreements

Transactions involving sales of securities under an agreement to repurchase them at a specified future date are also known as 'repos' or 'sale and repurchase agreements'. Securities sold in such transactions are not derecognised from the balance sheet, as Erste Group retains substantially all risks and rewards of ownership, because the securities are repurchased at a fixed price when the transaction ends. Furthermore, Erste Group is the beneficiary of all coupons and other income payments received on the transferred assets over the period of the transactions. These payments are remitted to Erste Group or are reflected in the repurchase price.

The cash received upon sale of securities is recognised on the balance sheet with a corresponding obligation to return under the line item 'Financial liabilities at amortised cost', sub-items 'Deposits from banks' or 'Deposits from customers' reflecting the transaction's economic substance as a loan to Erste Group. The difference between the sale and repurchase prices is treated as interest expense which is accrued over the life of the agreement and recorded in the statement of income in the line item 'Interest expenses' under 'Net interest income'. Financial assets transferred out by Erste Group under repurchase agreements remain on the Group's balance sheet and are presented separately under the original balance sheet items in the 'thereof pledged as collateral' lines. The measurement category of the transferred financial assets does not change.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised on the balance sheet. Such transactions are also known as 'reverse repos'. The consideration paid is recorded on the balance sheet under the line item 'Financial assets at amortised cost', sub-items 'Loans and advances to banks' and 'Loans and advances to customers' reflecting the transaction's economic substance as a loan by Erste Group. The difference between the purchase and resale prices is treated as interest income and is accrued over the life of the agreement and recorded in the statement of income in the line item 'Interest income' under 'Net interest income'.

Securities lending and borrowing

In securities lending transactions, the lender transfers ownership of securities to the borrower on the condition that the borrower will retransfer, at the end of the agreed loan term, ownership of instruments of the same type, quality and quantity and will pay a fee determined by the duration of the lending. The transfer of the securities to counterparties via securities lending does not result in derecognition. Substantially all the risks and rewards of ownership are retained by Erste Group as a lender because the securities are received at the end of the securities lending transaction. Furthermore, Erste Group is the beneficiary of all the coupons and other income payments received on the transferred assets over the period of the securities lending. Securities lent are presented separately under the original balance sheet items in the 'thereof pledged as collateral' lines. Fee income from securities lending transactions is presented in the statement of income in the line 'Fee and commission income' under 'Net fee and commission income'.

Securities borrowed are not recognised on the balance sheet unless they are then sold to third parties. If such sales occur, the obligation to return the securities is recorded on the balance sheet as a short sale within 'Financial liabilities held for trading', sub-item 'Other financial liabilities'. Fee expense incurred on securities borrowing transactions is presented in the statement of income in the line 'Fee and commission expenses' under 'Net fee and commission income'.

	Dec 22		Dec 23	
in EUR million	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Repurchase agreements	**1,882**	**1,650**	**3,026**	**2,665**
Financial assets at AC	1,455	1,219	2,516	2,209
Trading assets	38	39	230	204
Financial assets at FVOCI	390	392	280	251
Securities lendings	**671**	**0**	**700**	**0**
Financial assets at AC	306	0	609	0
Trading assets	57	0	15	0
Financial assets at FVOCI	309	0	76	0
Total	**2,554**	**1,650**	**3,726**	**2,665**

The transferred financial instruments consist of bonds and other interest-bearing securities. The total amount of transferred financial assets represent the carrying amount of financial assets in the respective balance sheet positions for which the transferee has a right to sell or repledge. The associated liabilities from repo transaction, which are measured at amortised cost, represent an obligation to repay the borrowed funds.

The following table shows fair values of the transferred assets and associated liabilities for repo transactions with an existing recourse right only on the transferred assets:

in EUR million	Dec 22 Fair value of transferred assets	Dec 22 Fair value of associated liabilities	Dec 22 Net position	Dec 23 Fair value of transferred assets	Dec 23 Fair value of associated liabilities	Dec 23 Net position
Financial assets at AC	1,297	1,221	76	2,427	2,214	213
Trading assets	38	39	-1	230	204	26
Financial assets at FVOCI	390	392	-2	280	251	28
Total	**1,724**	**1,651**	**73**	**2,937**	**2,670**	**267**

30. Financial assets pledged as collaterals

Carrying amount of financial assets pledged as collaterals

in EUR million	Dec 22	Dec 23
Financial assets at AC	43,141	38,449
Trading assets	99	301
Non-trading financial assets at FVPL	25	41
Financial assets at FVOCI	932	458
Total	**44,196**	**39,249**

The financial assets pledged as collateral consist of loans and advances to customers, bonds and other interest-bearing securities.

Collaterals were pledged as a result of repurchase transactions shown in line Financial liabilities at amortised cost (EUR 3,026 million, 2022: EUR 1,882 million), securities lending agreements (EUR 700 million, 2022: EUR 671 million), refinancing transactions with the European Central bank (ECB) and the respective National Banks shown in line Financial liabilities at amortised cost (EUR 10,363 million, 2022: EUR 23,371 million), loans backing issued mortgage bonds shown in lines Financial liabilities at amortised cost and Financial liabilities at fair value through profit or loss (EUR 20,788 million, 2022: EUR 16,170 million), derivatives shown in lines Financial liabilities held for trading and Hedge accounting derivatives (EUR 889 million, 2022: EUR 1,082 million) and other collateral arrangements with retained covered bonds (EUR 3,482 million, 2022: EUR 1,019 million).

The fair value of collateral received which may be repledged or resold even without the collateral provider's default was EUR 18,873 million (2022: EUR 16,431 million). Collateral with fair value of EUR 3,982 million (2022: EUR 3,410 million) was resold or repledged. The bank is obliged to return the resold and repledged collateral.

31. Securities

in EUR million	Dec 22 At AC	Dec 22 Trading assets	Dec 22 Financial assets Mandatorily at FVPL	Dec 22 Financial assets Designated at FVPL	Dec 22 At FVOCI	Dec 23 At AC	Dec 23 Trading assets	Dec 23 Financial assets Mandatorily at FVPL	Dec 23 Financial assets Designated at FVPL	Dec 23 At FVOCI
Bonds and other interest-bearing securities	**40,612**	**5,977**	**1,223**	**327**	**9,460**	**44,047**	**7,365**	**1,373**	**178**	**8,794**
Listed	38,587	1,779	614	52	7,714	41,088	2,216	733	16	7,668
Unlisted	2,025	4,198	609	275	1,747	2,959	5,149	640	162	1,126
Equity-related securities	**0**	**70**	**347**	**0**	**99**	**0**	**146**	**415**	**0**	**110**
Listed	0	64	132	0	41	0	139	117	0	1
Unlisted	0	6	215	0	58	0	6	297	0	109
Total	**40,612**	**6,047**	**1,569**	**327**	**9,560**	**44,047**	**7,511**	**1,787**	**178**	**8,905**

Investment funds units are reported within bonds and other interest-bearing securities. Bonds and other interest-bearing securities in the amount of EUR 11,894 million (2022: EUR 11,123 million) are due in the following year.

Risk and capital management

32. Financial risk management

Risk policy and strategy

Erste Group has developed a risk management framework that is forward-looking and tailored to its business and risk profile. This framework is based on a clear risk strategy that sets out general principles according to which risk taking must be performed across the Group. The risk strategy is consistent with the business strategy and incorporates the expected impact of external environment on the planned business and risk development.

The risk strategy describes the current and targeted risk profile, defines risk management principles, strategic goals and initiatives for the main risk types as well as sets strategic limits for the significant financial and non-financial risk types as defined in the Risk Materiality Assessment. The risk strategy is executed within a clearly defined governance structure. This structure also applies to monitoring of risk appetite, additional metrics, as well as to the escalation of limit breaches.

Erste Group uses the Internet as the medium for publishing its disclosures under Article 434 of the Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation - CRR) and Regulation (EU) No. 876/2019 amending Regulation (EU) No. 575/2013. Details are available on the website of Erste Group at www.erstegroup.com/ir. Relevant disclosures are included in the annual report in the section ‘Reports’ or published as separate documents in the section ‘Regulatory disclosure’.

Risk management organisation

Risk monitoring and control is achieved through a clear organisational structure with defined roles and responsibilities, delegated authorities, and risk limits.

The management board and in particular Erste Group’s Chief Risk Officer (Group CRO) perform the oversight function within Erste Group’s risk management structure. Risk control and risk steering within Erste Group are performed based on the business strategy and risk appetite approved by the management board. The Group CRO, working together with the chief risk officers of the subsidiaries, is responsible for the implementation and adherence to the risk control and risk management strategies across all risk types and business lines.

The management board and, in particular the Group CRO, ensure the availability of appropriate infrastructure and staff as well as methods, standards and processes to that effect; the actual identification, measurement, assessment, approval, monitoring, steering and limit setting for the relevant risks are performed on the operating entity level within Erste Group.

At group level, the management board is supported by several divisions established to perform operating risk control functions and exercise strategic risk management responsibilities. The following risk management functions report directly to the Group CRO:
- Group Liquidity and Market Risk Management;
- Enterprise wide Risk Management;
- Credit Risk Methods;
- Group Compliance;
- Retail Risk Management:
- Credit Risk Portfolio;
- Corporate Risk Management;
- Cyber Risk Management;
- Local Chief Risk Officers.

The management board regularly deals with risk issues of all risk types in its regular board meetings. Actions are discussed and taken when needed.

Furthermore, certain cross-divisional committees were established with the purpose of carrying out risk management activities in the Erste Group.
— Risk Committee of the Supervisory Board;
— CRO Board;
— Holding Credit Committee;
— Market Risk Committee;
— Operative Market Risk Committee;
— Strategic Risk Executive Committee;
— Strategic Risk Management Committee;
— Stress Testing Committee;
— Group Resolution Committee;
— United States Risk Committee;
— Regional Operational Conduct Committee;
— Group IT Risk & Security Committee;
— Group Asset/Liability Committee;
— Operational Liquidity Committee;
— Banking Book Committee.

In addition, committees are established at local level, such as the 'Team Risikomanagement' in Austria. It is responsible for a common risk approach with the Austrian savings banks.

Group-wide risk and capital management

Enterprise-wide Risk Management (ERM) includes as its fundamental component the Internal Capital Adequacy Assessment Process (ICAAP) as required under Pillar 2 of the Basel framework and regulatory guides (e.g., ECB Guide to ICAAP).

The ERM framework is designed to support the management of the bank in managing the risk portfolios as well as the coverage potential and to ensure that the bank holds adequate capital for the nature and magnitude of its risk profile at all times. The framework is tailored to the Erste Group's business and risk profile and reflects the strategic goal of protecting shareholders and senior debt holders while ensuring the sustainability of the organisation.

ERM framework is a modular and comprehensive management and steering system within Erste Group as well as an essential part of the overall steering and management instruments. The ERM components necessary to ensure all aspects, in particular to fulfil regulatory requirements and to provide an effective internal steering tool, can be clustered as follows:
— Risk Appetite Statement (RAS), limits and risk strategy;
— portfolio and risk analytics including Risk Materiality Assessment (RMA), concentration risk management, and stress testing;
— Risk-bearing Capacity Calculation (RCC);
— capital allocation and performance management;
— planning of key risk indicators;
— recovery and resolution planning.

In addition to the ICAAP's ultimate goal of assuring capital adequacy and sustainability at all times, the ERM components serve to support the bank's management in pursuing its strategy.

RISK APPETITE

Risk appetite defines the maximum level of risk Erste Group is willing to accept in pursuing its business goals. The overall approach includes a risk appetite statement, risk limits, and the roles and responsibilities of those overseeing the implementation and monitoring of the risk appetite framework. Limit framework (i.e., risk appetite framework) of Erste Group includes risk limits set in Risk Appetite Statement and Risk Strategy, industry limits, maximum lending limits and operational limits.

The Group Risk Appetite Statement (Group RAS) represents a strategic statement that expresses the maximum level of risk it is willing to accept in order to deliver its business objectives. The Group RAS acts as a binding constraint to Erste Group's business activities within its overall risk appetite via triggers and limits approved by the management board and the risk committee of the supervisory board and brought to the supervisory board for information. It is integrated and embedded into Erste Group's structural processes, including business and risk strategy, budgeting process, capital and liquidity planning, recovery plan, stress testing and remuneration framework. The Group RAS consists of a set of core risk metrics (capital, liquidity, risk/earnings) providing quantitative direction for overall risk-return steering and qualitative statements in the form of key risk principles that are part of the guidelines for managing risks.

The core risk metrics are set as ultimate boundaries for the Group risk-return target setting. They are also a key part of the annual strategic planning / budgeting process and give an overall picture of capital, liquidity, and risk-return trade-offs. The key objective of the RAS is to:

- ensure that Erste Group has sufficient resources to support its business at any given point in time and absorb stress events;
- set boundaries for the Group's risk target setting;
- support the group's financial strength and the robustness of its systems and controls.

To foster risk-return steering and ensure proactive management of the risk profile, Erste Group creates its RAS on a forward-looking basis. External constraints such as regulatory requirements create the floor and ceiling for the RAS and therefore the amount of risk Erste Group is willing to accept. To ensure that the group remains within the targeted risk profile, a traffic light system was established and assigned to the core metrics. This approach allows a timely delivery of information to the respective governance and the implementation of effective remediation measures. The RAS traffic light system is defined as follows:

- RAS is green: The target risk profile is within the specified boundaries.
- RAS is amber: The undershooting or overshooting of a pre-defined threshold leads to an escalation to the designated governance and the discussion of potential remediation actions.
- RAS is red: The undershooting or overshooting of a pre-defined limit initiates an immediate escalation to the designated governance and a prompt implementation of remediation actions.

Moreover, stress indicators are defined for selected core metrics and integrated into the assessment of the stress test results. They are reported as early warning signals to the management board to support proactive management of the risk and capital profile.

In addition, supporting metrics and principles are defined by material risk type in the Group Risk Strategy based on Group RAS. These support implementation of the mid- to long-term strategy. Risk management governance ensures full oversight of risk decisions and sound execution of the Group risk strategy. Mitigating actions are undertaken as part of the regular risk management process to ensure that the Group remains within its RAS.

Group RAS is also cascaded to local entities. Local RAS is approved by the management board to ensure compliance with the Group RAS and approved also by the local management board to ensure alignment with local regulatory requirements. The Group may also decide to include further compulsory constraints and limits in local RAS to ensure alignment with Group RAS and Group Risk Strategy.

The Group further developed an aggregated and consolidated risk appetite dashboard, which is part of Group Risk Report(Group Risk Report/Risk Dashboard) illustrating the group and local entities' risk profile developments by comparing the risk exposure and risk limits. The Group Risk Report/Risk Dashboard is regularly presented to the management board and to the supervisory board (including risk committee of supervisory board) to support its review, oversight, and monitoring of the group risk profile and the risk profile of its local entities.

Group RAS 2023-2027 was approved by the management board and the risk committee of the supervisory board and brought to the supervisory board for information in the last quarter of 2022.

ESG risks are embedded in the Risk Appetite Statement and in the risk strategy and are also part of Erste Group's Risk Materiality Assessments. They are integrated into Erste Group's risk taxonomy as transversal risks (risk types that have impact and are reflected through more than one key risk category) and are included in the relevant risk categories credit, market, liquidity and operational risk. Erste Group's definition of ESG risk is part of the Group ICAAP guideline and covers a wide range of risks arising from environmental, social and governance factors.

PORTFOLIO AND RISK ANALYTICS

Erste Group uses dedicated infrastructure, systems and processes to actively identify, measure, control, report and manage risks within its portfolio. Portfolio and risk analytics processes are designed to quantify, qualify, and discuss risks in order to raise awareness to management in a timely manner.

Risk materiality assessment

The Risk Materiality Assessment (RMA) determines the materiality of risk types and consequently the risk profile across Erste Group. RMA is an annual process with the purpose of systematic identification of new and assessment of all risks for the Group. Senior management may require to perform RMA on ad hoc basis in addition, in order to address changing operating environment or emerging risks. As such, the RMA is an integral part of the ICAAP and serves as a steering tool for senior management.

ESG risks and their materiality keep being assessed within existing risk types. The criteria for assessing physical and transitory risks were further enhanced in the most recent RMA.

Insights generated by the assessment are used to improve risk management practices and further mitigate risks within the Group. The assessment also serves as input for the design and definition of the Group's risk strategy and Risk Appetite Statement. Key outputs and recommendations of the RMA are considered in the scenario design and selection of the comprehensive and reverse stress tests.

Risk concentration analysis

Erste Group has implemented a process to identify measure, control and manage risk concentrations. This process is important to ensure the long-term viability of Erste Group, especially in times of an adverse business environment and stressed economic conditions.

The risk concentration analysis at Erste Group is performed on an annual basis covering credit risk, market risk, operational risk, liquidity risk and inter-risk concentrations. Identified risk concentrations are considered in the scenario design of the comprehensive stress test and measured under stressed conditions. The output of the risk concentration analysis additionally contributes to the identification of material risks within the RMA and to the setting/calibration of Erste Group's limit system.

Stress testing

Modelling sensitivities of the group's assets, liabilities and profit or loss provide management steering information and help to optimise Erste Group's risk-return profile. Stress tests help to factor in severe but plausible scenarios providing further robustness to measurement, steering and management. Risk modelling and stress testing are vital forward-looking elements of the ICAAP. Finally, sensitivities and stress scenarios are considered within the group's planning process.

Erste Group's most complex stress testing activities are scenario stress tests that take a comprehensive account of the impact of various economic scenarios. This includes second-round effects on all major risk types (credit, market, liquidity and operational) and effects on the associated volumes of assets and liabilities as well as on profit and loss. In addition to the standard scenario-driven stress testing exercises, reverse stress tests are performed to identify a scenario or a combination of scenarios in which viability of the current business model can be questioned.

Erste Group has developed specific tools to translate macroeconomic variables (e.g., GDP or unemployment rate) into risk parameters in order to support the stress testing process, which combine bottom-up and top-down approaches. For adapting the stress parameters, Erste Group additionally leverages the experience of its local professionals and uses, where appropriate, their statistical models to simulate the impacts of macroeconomic variables on the risk parameters in the respective portfolios. Special attention is taken to account for the granularity and special characteristics (i.e., countries and industries) when determining the segmentation in which the stressed parameters are defined.

Erste Group has integrated climate risk analysis into the internal stress testing framework. Both physical risk and transition risk from projected climate change are now included in the internal stress testing framework. Further development of climate-based stress analysis will support the Group's overall strategic approach to climate risk.

Results from Erste Group's internal stress tests are analysed in order to decide on appropriate measures and inform the bank steering. The internal comprehensive stress tests performed in 2023 indicated no breach of stressed RAS triggers after the application of scenario contingent measures in the adverse scenario.

RISK-BEARING CAPACITY CALCULATION

The Risk-bearing Capacity Calculation (RCC) describes the methodology of Pillar 2 capital adequacy calculation. In contrast to the normative (regulatory) view of Pillar 1, referring to the Group's ability to fulfil all its capital-related regulatory and supervisory requirements and demands, the RCC is based on an economic view of Pillar 1+ approach, assuming continuation of Erste Group as expected by the ECB Guide to ICAAP. The RCC determines whether the Group has sufficient internal capital for covering all (regulatory and economic) risks it is exposed to. Economic and normative perspectives at Erste Group are set in a way to mutually inform each other and are integrated into all material business steering activities and decisions. In addition, with applied Pillar 1+ approach the Group increases efficiency and ensures comparability with the Pillar 1 calculation. Based on the results of the RMA, the economic capital is considered for relevant risk types as approved by the management board. The economic capital requirement is then compared to internally available capital (coverage potential) to cover the Group's risks in Pillar 2. Both economic capital and cover-age potential are computed on the CRR scope of consolidation of Erste Group as ultimate parent entity based on IFRS accounting standards.

Besides the Pillar 1 risk types (credit, market in trading book, FX in banking book and operational risks), concentration risk, interest rate risk in the banking book, credit spread risk in the banking book as well as business risk are explicitly considered within the economic capital calculated over a horizon of one year and at a confidence level of 99.9%. For the calculation of the economic capital, Erste Group uses, where possible, more risk sensitive/advanced methodologies tailored to its individual risk profile and specificities of the Group's individual risk exposures. Diversification effects between risks (inter-risk diversification) are not considered, reflecting the Group's prudent approach to maintain sufficient internal capital in times when correlations between risks may change dramatically (like in times of stress). The largest portion of economic capital requirements is coming from credit risk, which accounts for 73.5% of total economic capital requirements at the end of 2023.

The calculation of internal capital or coverage potential required to cover Pillar 2 risks/unexpected losses is based on Pillar 1+ approach. Namely, CRR and CRR II (Regulation (EU) No. 575/2013 and Regulation (EU) No. 876/2019 amending Regulation (EU) No. 575/2013) regulatory own funds are adjusted by internal capital components, i.e. Pillar 2 adjustments, necessary to come to the internally available capital deemed as risk-bearing and loss absorbing from the economic view (e.g. exclusion of Additional Tier 1 and Tier 2 capital instruments, Pillar 2 IRB expected loss excess/shortfall add-on, year-to-date profit, if it is not already considered in Pillar 1 capital, etc.).

The coverage potential must be sufficient to absorb Pillar 2 risks/unexpected losses resulting from the Group's operations at any point in time (normal and stressed), as reflected in the Group's Risk Appetite through the limits set for Group economic capital adequacy and stressed capital adequacy utilisation. At the end of 2023, the economic capital adequacy was at 56.7%, fully in line with group RAS.

The management board and supervisory board (including risk committee of supervisory board) are briefed quarterly on the results of the ICAAP capital adequacy through the Group Risk Report. The includes risk profile developments, available capital (coverage potential), consideration of potential losses in stress situations, the degree of the risk limit utilisation and the overall status of capital adequacy.

RISK PLANNING

Group Risk Planning framework is essential for the capital allocation and overall financial planning processes and supports the adequate reflection of risks within the strategy, steering and management processes of the group.

Methods and instruments applied

Key risk indicators covered by the Risk Planning framework include indicators that provide an overview of incurred or potential risks, with respect to both portfolio and economic environment developments. Indicators include RWA (and related indicators), portfolio quality indicators (impairments, NPL/NPE and relevant performance indicators etc.), as well as indicators required by the regulatory authorities under the responsibility of the Risk division.

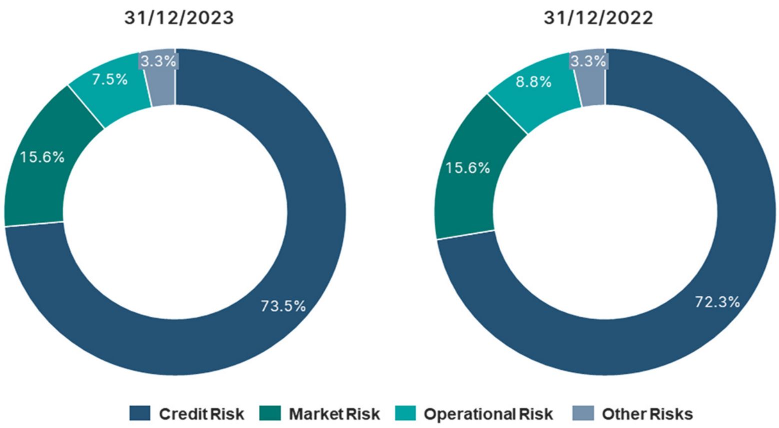
Planning activities are performed in close cooperation with all stakeholders in the group´s overall process and follow a clear governance structure to ensure sound risk planning process.

Capital allocation

An important task integral to the risk planning process is the allocation of capital to entities, business lines and segments. This is done with close cooperation between Risk Management and Controlling. Methodology for allocation reflects risk and controlling processes to allocate capital with risk-return considerations.

ERSTE GROUP'S AGGREGATE CAPITAL REQUIREMENTS BY RISK TYPE

The following diagrams present the composition of the economic capital requirements according to type of risk:



Other risks include business risk.

RECOVERY AND RESOLUTION PLANS

The Directive (EU) 2014/59 as amended (Bank Recovery and Resolution Directive – BRRD) has been implemented in Austria into national law by the Austrian Recovery and Resolution Act ('Sanierungs- und Abwicklungsgesetz – BaSAG'). On 7 June 2019 a legislative package (EU Banking Package) was published in the Official Journal of the EU. The EU Banking Package comprises the Directive (EU) No 2013/36 as amended (CRD IV), and the Regulation (EU) No 575/2013 as amended (CRR) as well as the BRRD as amended and the Regulation (EU) No 806/2014 as amended (SRMR). The EU Banking Package entered into force on 27 June 2019 and was amended into national legislation in Austria on 28 June 2021.

Recovery Planning. In compliance with the current Austrian Banking Recovery and Resolution Law ('Bundesgesetz über die Sanierung und Abwicklung von Banken – BaSAG'), Erste Group annually submits a Group Recovery Plan to Joint Supervisory Team (JST). The Group Recovery Plan is regularly assessed by ECB. The Group Recovery Plan identifies potential options for the replenishment of capital and liquidity resources of the bank in order to cope with a range of severe scenarios including both idiosyncratic and market-wide stress. The Recovery Framework is mainly reconciled with the Risk Appetite Framework across indicators and indicator thresholds, ensuring comprehensive enterprise-wide risk management. It is relevant to demonstrate that in a severe stress, which is close to a failing or likely to fail situation, there is sufficient recovery capacity available in order to be able to recover back into the recovery green zone. The recovery governance described in the plan ensures timely identification and proper management of a recovery situation of Erste Group. Furthermore, the assessment of the Group Recovery Plan and the assessment of the overall recovery capacity are part of the Supervisory Review and Evaluation Process (SREP) assessment.

Resolution Planning. Erste Group collaborates with the resolution authorities in the drawing up of resolution plans as required by BaSAG and EU Regulation No 806/2014 establishing the Single Resolution Mechanism (SRM Regulation). The legislative framework allows for a multiple-point-of-entry (MPE) or a single-point-of-entry (SPE) resolution strategy. The Resolution Authorities formed a joint decision in the resolution college for Erste Group which defines the MPE approach forming six separate resolution groups with Erste Group's core CEE subsidiaries and Austria, but with SPE approaches on country level. This results in having resolution groups in AT, CZ, HR, HU, RO and SK. Under the MPE strategy, a group has more than one Resolution Entity Level which is the entry point for resolution. The resolution plans (including resolution strategy and MREL decisions) are regularly updated by the Resolution Authorities and subject to Joint Decision formed in a resolution college by Resolution College Members.

MREL. The Bank Recovery and Resolution Directive (BRRD) introduced the Minimum Requirement for Own Funds and Eligible Liabilities (MREL). MREL notifications are provided by the national resolution authorities on the level of resolution groups and relevant individual subsidiaries of resolution entities, reflecting the resolution strategy, based on the MREL joint decision taken by the resolution college. MREL requirements are expressed as a percentage of the total risk exposure amount (TREA) as well as leverage ratio exposure (LRE).

Based on the MREL joint decisions taken, the National Resolution Authorities provided their legal notifications. In April 2023, Erste Group received Joint Decision determining the minimum requirement for own funds and eligible liabilities for its resolution groups and some non-resolution entities (i.e. direct and indirect subsidiaries of resolution entities). The requirement is set including binding intermediate requirements as of 1 January 2022 and binding requirements as of 1 January 2024. Information on MREL targets have been published on the local entities' website based on legal notifications released by the relevant national resolution authorities. MREL metric is integrated into the RAS and Recovery Framework of Erste Group.

33. Own funds and capital requirements

Regulatory Requirements

Since 1 January 2014, Erste Group has been calculating the regulatory own funds and the regulatory capital requirements according to the Capital Requirements Regulation (CRR, Regulation (EU) No. 575/2013)[1] and the Capital Requirement Directive (CRD IV, Directive (EU) 2013/36/EU). Both the CRD IV and CRD V[2] were transposed into national law in the Austrian Banking Act (ABA).

All requirements as defined in the CRR, the ABA and in technical standards issued by the European Banking Authority (EBA) are applied by Erste Group for regulatory purposes.

Furthermore Erste Group also fulfils capital requirements determined in the Supervisory Review and Evaluation Process (SREP).

Accounting Principles

The financial and regulatory figures published by Erste Group are based on IFRS. Eligible capital components are derived from the balance sheet and income statement which were prepared in accordance with IFRS.

1 Both CRD IV and CRR have been amended since the entry into force in 2014 inter alia with directive (EU) 2019/878 (CRD V) as well as regulations (EU) 2019/876 (CRR 2) and (EU) 2020/873 (CRR Quick Fix).

2 CRDV has been transposed by an amendment of the ABA (BGBl I 2021/98; BWG-Novelle) which entered into force on 31 May 2021.

Regulatory scope of consolidation and institutional protection scheme

The consolidated regulatory own funds and the consolidated regulatory capital requirements are calculated based on the scope of consolidation stipulated in the CRR. The definition pursuant to CRR differs from the scope of consolidation according to IFRS, which also includes insurance companies and other entities, that are subject to full consolidation.

Erste Group Bank AG is a member of the Haftungsverbund (cross-guarantee system) of the Austrian savings bank sector. As of the balance sheet date Erste Group Bank AG and Erste Bank der oesterreichischen Sparkassen AG as well as Bausparkasse der österreichischen Sparkassen AG and all Austrian savings banks form this cross-guarantee system. Based on the cross-guarantee contract these entities are included as subsidiaries in Erste Group´s regulatory scope of consolidation.

Furthermore, Erste Group Bank AG together with the Haftungsverbund entities form an institutional protection scheme (IPS) according to Art. 113 para 7 CRR. Disclosure requirements for the institutional protection scheme according to Art. 113 para 7 e CRR are met by the publication of the consolidated financial statements, which cover all entities included in the institutional protection scheme.

Consolidated own funds

Own funds according to CRR consist of Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 (T2). In order to determine the capital ratios, each respective capital component – after application of all regulatory deductions and filters – is considered in relation to the total risk amount.

The items of own funds as disclosed are also used for internal capital management purposes, except AT1 and T2 capital instruments. Erste Group fulfilled the capital requirements throughout the reporting period.

Beside the regulatory minimum capital ratios also capital buffers according to ABA and regulations of the Financial Market Authority (FMA) need to be considered.

In addition to minimum capital ratios and capital buffer requirements, institutions also have to fulfil capital requirements determined in the Supervisory Review and Evaluation Process (SREP). As a result of the 2022 SREP process performed by the European Central Bank (ECB) Erste Group applies a Pillar 2 requirement (P2R) of 1.75% as of 31 December 2023.

Following the SREP 2022, Erste Group is expected to meet a Pillar 2 Guidance (P2G) of 1.0% with CET1, valid as of 1 January 2023 onwards.

Overview of capital requirements and capital buffers

	Dec 22	Dec 23
Pillar 1		
Minimum CET 1 requirement	4.50%	4.50%
Minimum Tier 1 requirement	6.00%	6.00%
Minimum Own Funds requirement	8.00%	8.00%
Combined buffer requirement (CBR)	**4.91%**	**5.46%**
Capital conservation buffer	2.50%	2.50%
Countercyclical capital buffer	0.41%	0.71%
Systemic risk buffer	1.00%	1.00%
O-SII capital buffer	1.00%	1.25%
Minimum CET 1 requirement (incl.CBR)	9.41%	9.96%
Minimum Tier 1 requirement (incl.CBR)	10.91%	11.46%
Minimum Own Funds requirement (incl.CBR)	12.91%	13.46%
Pillar 2	**1.75%**	**1.75%**
Minimum CET1 requirement	0.98%	0.98%
Minimum T1 requirement	1.31%	1.31%
Minimum Own Funds requirement	1.75%	1.75%
Total CET 1 requirement for Pillar 1 and Pillar 2	**10.40%**	**10.95%**
Total Tier 1 requirement for Pillar 1 and Pillar 2	**12.23%**	**12.78%**
Total Capital requirement for Pillar 1 and Pillar 2	**14.66%**	**15.21%**

Capital structure

in EUR million	Dec 22 Phased-in	Dec 22 Final	Dec 23 Phased-in	Dec 23 Final
Common equity tier 1 capital (CET1)				
Capital instruments eligible as CET1	2,337	2,337	2,337	2,337
Retained earnings	15,425	15,425	16,911	16,911
Accumulated other comprehensive income	-1,820	-1,820	-1,499	-1,499
Minority interest recognised in CET1	5,866	5,866	6,639	6,639
Common equity tier 1 capital (CET1) before regulatory adjustments	**21,808**	**21,808**	**24,388**	**24,388**
Own CET1 instruments	-87	-87	-77	-77
Prudential filter: cash flow hedge reserve	197	197	31	31
Prudential filter: Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	23	23	66	66
Prudential filter: Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-21	-21	-12	-12
Value adjustments due to the requirements for prudent valuation	-104	-104	-96	-96
Securitizations with a risk weight of 1,250%	-31	-31	-24	-24
Goodwill	-556	-556	-544	-544
Other intangible assets	-386	-386	-333	-333
DTA that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-219	-219	-167	-167
CET1 capital elements or deductions – other	-180	-180	-285	-285
Common equity tier 1 capital (CET1)	**20,443**	**20,443**	**22,945**	**22,945**
Additional tier 1 capital (AT1)				
Capital instruments eligible as AT1	2,236	2,236	2,405	2,405
Instruments issued by subsidiaries that are given recognition in AT1	6	6	6	6
Additional tier 1 capital (AT1) before regulatory adjustments	**2,243**	**2,243**	**2,411**	**2,411**
Own AT1 instruments	-1	-1	-1	-1
Additional tier 1 capital (AT1)	**2,241**	**2,241**	**2,410**	**2,410**
Tier 1 capital = CET1 + AT1	**22,684**	**22,684**	**25,355**	**25,355**
Tier 2 capital (T2)				
Capital instruments eligible as T2	2,782	2,782	3,056	3,056
Instruments issued by subsidiaries recognised in T2	195	195	338	338
Transitional adjustments due to grandfathered T2 instruments	0	0	0	0
IRB excess of provisions over expected losses eligible	575	575	413	413
Tier 2 capital (T2) before regulatory adjustments	**3,552**	**3,552**	**3,806**	**3,806**
Own T2 instruments	-51	-51	-67	-67
Tier 2 capital (T2)	**3,500**	**3,500**	**3,739**	**3,739**
Total own funds	**26,184**	**26,184**	**29,094**	**29,094**
Capital requirement	**11,343**	**11,514**	**11,657**	**11,724**
CET1 capital ratio	**14.4%**	**14.2%**	**15.7%**	**15.7%**
Tier 1 capital ratio	**16.0%**	**15.8%**	**17.4%**	**17.3%**
Total capital ratio	**18.5%**	**18.2%**	**20.0%**	**19.9%**

The column ‘Phased-in’ shows the amounts considered according to CRR phase-in regulations considering the transitional provisions. The column ‘Final’ discloses the amounts under full implementation of the CRR.

Following the approval by the ECB on 1 August 2023, both the management and the supervisory boards approved the share buyback programme up to an amount of EUR 300 million. For regulatory capital purposes the full buyback amount is deducted from the position ‘Retained earnings’.

The position ‘CET1 capital elements or deduction – other’ includes the development of unaudited risk provisions during the year (EU No 183/2014) and insufficient coverage for non-performing exposures (NPE Backstop) covering the requirements from both Art. 36 para 1 (m) CRR in connection with Art. 47(c) CRR and the Addendum to the ECB Guidance to banks on non-performing loans: supervisory expectations for prudential provisioning of non-performing exposures.

Risk structure

in EUR million	Dec 22 Total risk (phased-in)	Dec 22 Capital requirement (phased-in)	Dec 23 Total risk (phased-in)	Dec 23 Capital requirement (phased-in)
Total Risk Exposure Amount	**141,793**	**11,343**	**145,718**	**11,657**
Risk weighted assets (credit risk)	116,730	9,338	121,625	9,730
Standardised approach	20,945	1,676	23,872	1,910
IRB approach	95,620	7,650	97,582	7,807
Contribution to the default fund of a CCP	5	0	9	1
Securitizations	160	13	163	13
Settlement Risk	11	1	2	0
Trading book, foreign FX risk and commodity risk	7,027	562	6,284	503
Operational Risk	14,831	1,187	14,770	1,182
Exposure for CVA	418	33	289	23
Other exposure amounts (incl. Basel 1 floor)	2,775	222	2,748	220

in EUR million	Dec 22 Total risk (final)	Dec 22 Capital requirement (final)	Dec 23 Total risk (final)	Dec 23 Capital requirement (final)
Total Risk Exposure Amount	**143,926**	**11,514**	**146,545**	**11,724**
Risk weighted assets (credit risk)	118,863	9,509	122,453	9,796
Standardised approach	21,942	1,755	24,699	1,976
IRB approach	96,756	7,741	97,582	7,807
Contribution to the default fund of a CCP	5	0	9	1
Securitizations	160	13	163	13
Settlement Risk	11	1	2	0
Trading book, foreign FX risk and commodity risk	7,027	562	6,284	503
Operational Risk	14,831	1,187	14,770	1,182
Exposure for CVA	418	33	289	23
Other exposure amounts (incl. Basel 1 floor)	2,775	222	2,748	220

The position 'Other exposure amounts (incl. Basel 1 floor)' includes a RWA-add-on in view of the calculation of risk-weighted assets for credit risk in Banca Comercială Română (BCR). This RWA increase front-loads the expected difference in BCR between the treatments of exposures under the Standardised Approach compared to the treatment under IRB and is limited in time until the authorization of the IRB-approach in BCR (expected in 2024).

Furthermore it consideres a RWA add-on linked to the limitation related to the group-wide PD estimation methodology.

34. Credit risk: credit risk review and monitoring

ESG RISK MANAGEMENT

Erste Group integrates ESG factors in its risk management and industry strategy framework. In the first place, the Erste Group ESG Factor Heatmap is used as a screening instrument to identify certain industry segments (out of the existing sub-industries) that may be exposed to ESG risk factors and determine those industries which are more vulnerable to ESG risks. Erste Group establishes industry strategies and lending standards to support the steering of the portfolio under considerations of ESG risks; both are the basis for decisions, which determine which clients and transactions fit into the group's portfolio.

Secondly, the Group has established an ESG risk framework for the assessment of material ESG factors, related risks, and appropriateness of the mitigating strategies in the credit and rating processes. In this manner, the Group takes ESG risk criteria into account when making credit decisions.

For large corporate, commercial real estate and commercial residential real estate transactions, the group conducts a systemic ESG analysis via an internal digital ESG assessment questionnaire. The questionnaire is a mandatory prerequisite in the loan origination and monitoring process. By providing a comprehensive ESG risk assessment, Erste Group is able to determine how certain ESG factors may have a positive or negative impact on the financial performance of clients. The questionnaire enables the group to identify clients' ESG risks or opportunities.

Particular questions in the questionnaire may also require an in-depth assessment in order to understand the nature and severity of the ESG risks to which the client is exposed. The questionnaire forms an integral part of the credit application and is updated at least annually, allowing Erste Group to understand the client's business model in the context of carbon transition. In 2023, in order to support achieving the group's decarbonization targets, additional lending guidance has been introduced for large corporate, depending on their communicated strategy to align with climate science recommendations.

Furthermore, ESG relevant data is collected for certain types of collateral, as defined in the Group Collateral Management Policy for real estate collateral valuations, documentation and reporting purposes. Environmental aspects which affect the value of the collateral have to be included in the real estate valuations, which can lead to a higher or lower valuation result. Moreover, any risks arising from social (e.g., location and transportation, mass urbanisation – being indicators for easy accessibility for people) and governance factors (such as improper business practices such as tax fraud or bribery of the financed company being the owner of the building serving as collateral) have to be considered as well. For commercial real estate assets, the questionnaire additionally includes an assessment of the building's environmental footprint, including information on land consumption, space efficiency, and the existence of a sustainable building certificate.

With regards to credit risk measurement and internal models a respective project to define and collect relevant climate risk drivers for all rating systems has started in 2022 to ensure the explicit consideration of climate risks in future model development initiatives. For the LGD models, climate risk is indirectly reflected via the collateral value. In 2023, ESG factors are considered in the soft facts assessment in the corporate rating models. Additionally, the bank is in the process of analyses how the ESG risks can be incorporated into ECL measurement. As of 31 December 2023 no overlays are deemed necessary.

For the assessment and management of physical risks, Erste Group uses Munich Re's Location Risk Intelligence. Over the last year, the group has conducted a physical risks materiality assessment together with the University of Graz in order to identify key hazards and climate change scenarios relevant for its collateral portfolio. The results of the assessment, highlighting the importance of river flood, fire weather stress, drought stress, sea level rise and heat stress, is integrated into the collateral management, incorporating an intermediate climate change scenario of 2-3C by 2100 (Representative Concentration Pathway 4.5 / Shared Socioeconomic Pathway 2, developed by the Intergovernmental Panel on Climate Change) as a reasonable assumption. In case of the existence of very high physical risks of a location, the collateral value would be negatively affected.

To assess the potential impact of physical risk, the internal stress test incorporated a newly developed physical risk model in 2023. The risk 'river flood' was determined to be the most relevant risk for Erste Group applying the climate hazard scores provided by Munich Re on EGBs collaterals. About 15% of Erste Group's real estate eligible collaterals are exposed to a high river flood risk (a 100-year event flood based on current climate data). Total real estate collateral amount to EUR 112 billion (2022: 106 billion), thereof 75% eligible according to CRR.

By year-end 2023, the Energy Performance Certificate (EPC) label of real estate collaterals has been collected for 20% of total portfolio collateralized by real estate, mainly classified in the two best categories A and B.

In terms of total credit risk exposure, 25% is in the sectors identified as highly contributing to climate change (based on ITS on prudential disclosures on ESG risks), which makes 89% of total exposure toward non-financial corporations. Concentration is mainly in Real Estate industry (34%), Manufacturing (21%) and Wholesale and retail trade (14%). More than half of the portfolio identified as highly contributing to climate change matures in 5 years or less, whereas the weighted average maturity of total portfolio in scope is of 7 years, showing potential impact of transition risk from industry perspective in the medium term.

Among the industries presented in the table 'Credit risk exposure by industry and risk category' below in this chapter, Erste Group identified, as part of the strategic climate initiative for the Net Zero Banking Alliance, certain sectors (where Erste Group is exposed to high greenhouse gas emissions due to either the credit risk exposure or its emission intensity) as important levers for setting interim emission targets for 2030, thereby supporting the migration of 'Transition Risk' in Erste Group financed portfolio. Targets are set for the following sectors: housing mortgages, commercial real estate, electricity production, heat production, cement production, auto manufacturing, oil and gas, iron, and steel.

METHODS OF CREDIT RISK MANAGEMENT

Credit risk arises from Erste Group's traditional lending and investment businesses.

Operative credit decisions are made by the credit risk management units in each subsidiary locally and by Corporate Risk Management at the group level.

Credit risk related to retail and corporate loan portfolios is managed at the group and at local entity level with a common interest to ensure regulatory compliant risk management practices and to provide customers with manageable loan facilities that are within their financial capacities and supported by underlying profitability.

INTERNAL RATING SYSTEM

Erste Group has business and risk strategies in place that govern policies for lending and credit approval processes. These policies are reviewed at a minimum on an annual basis and adjusted if necessary. They cover the entire lending business, considering the nature, scope and risk level of the transactions and the counterparties involved. Credit approval considers individual information on the creditworthiness of the customer, the type of credit, collateral, covenant package and other risk mitigation factors involved.

The assessment of credit default risk within Erste Group is based on the customer's probability of default (PD). For each credit exposure and lending decision, Erste Group assigns an internal rating, which is a unique measure of the credit default risk. The internal rating of each customer is updated event-specific, however, at least once a year (annual rating review). Ratings of workout customers are reviewed with a higher frequency.

The main purpose of the internal ratings is to support the decision-making for lending and for the terms of credit facilities. Internal ratings also determine the level of credit approval authority within Erste Group and the monitoring procedures for existing exposures. At a quantitative level, internal ratings influence the level of required risk pricing, loss allowances and, where applicable, risk-weighted assets under Pillar 1 and 2.

For entities of Erste Group that use the internal ratings-based (IRB) approach, internal ratings are key input for the risk-weighted assets calculation. They are also used in the group's assessment of the economic capital requirements according to Pillar 2 and in other relevant model use areas. For these purposes, a distinct PD value is assigned to each rating grade for its IRB portfolios within a calibration process that is performed individually for each rating method. PD values reflect a 12-month probability of default based on long-term average default rates per rating grade. The bank assigns margins of conservatism to the calculated PDs.

Internal ratings take into account all available significant information for the assessment of credit default risk. For non-retail borrowers, internal ratings take into account the financial strength of the counterparty, the possibility of external support, flexibility in corporate financing, general company information and external credit history information, where available. For retail clients, internal ratings are based mainly on payment behaviour versus the bank and, where applicable, credit bureau information, supplemented with information provided by the respective client and general demographic information. Rating ceiling rules on credit quality are applied based on membership in a group of economically related entities and the country of main economic activity (applicable to cross-border financing facilities).

Internal specialist teams develop and continuously improve internal rating models and risk parameters in cooperation with risk managers. All Pillar 1 and 2, as well as IFRS9 models are subject of an annual review of their estimates, considering the inclusion of most recent data in the estimation of risk parameters, as well as a regular cycle of full model review. Model development follows an internal group-wide methodological standard and utilises relevant data covering the respective market. In this way, Erste Group ensures the availability of rating models with the best possible prediction and discriminatory ability across its core regions.

The central Model Validation department is responsible for defining the validation methodologies and standards to be applied to all credit risk models within Erste Group as well as for conducting the validation activities across the whole Erste Group. All Pillar 1, material Pillar 2 and IFRS9 models are subject to an annual validation, while for non-material Pillar 2 and IFRS9 models a regular validation cycle is implemented. Model Validation employs qualitative as well as quantitative validation methods to challenge conceptual soundness, performance, and model use aspects. The validation outcomes are approved by the respective model committees and, in case of IRB models, shared with the regulatory bodies. In addition to the validation process, the group applies a regular monitoring process on the performance of IRB models, reflecting developments in new defaults and early delinquencies.

Approvals of all new models, model changes, changes to risk parameters, changes in group-wide methodological standards and other model-related aspects are following a dual approval process within the Group – corresponding Holding and local model committee structures reflect joint responsibilities for decisions on Pillar 1 IRB and Pillar 2 credit risk models as well as on methodologies related to IFRS9 parameters. Responsibilities are assigned depending on model perimeter (group-wide or locally developed model). In this context, the following committees are established: Strategic Risk Executive Committee and Strategic Risk Management Committee.

Ultimate responsibility for all models used within the Group (at consolidated level) lies with the Group CRO. All model governance, development, validation, data management and monitoring activities are coordinated by the Credit Risk Methods division.

CREDIT RISK CLASSIFICATION

For the disclosure of asset quality Erste Group assigns each customer to one of the following four risk categories:

Low risk. Typically, regional customers with well-established and rather long-standing relationships with Erste Group or large internationally recognised customers. Very good to satisfactory financial position and low likelihood of financial difficulties relative to the respective market in which the customers operate. Retail clients having long relationships with the bank, or clients with a wide product pool use. No relevant late payments currently or in the most recent 12 months. New business is generally done with clients in this risk category.

Management attention. Vulnerable non-retail clients, who may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium term. Retail clients with possible payment problems in the past triggering early collection reminders. These clients typically have a good recent payment history.

Substandard. The borrower is vulnerable to short-term negative financial and economic developments and shows an elevated probability of failure. In some cases, restructuring measures are possible or already in place. As a rule, such loans are managed in specialised risk management departments.

Non-performing. One or more of the default criteria under Article 178 of the CRR are met, which include full repayment unlikely, interest or principal payments on a material exposure more than 90 days past due, restructuring resulting in a loss to the lender, realisation of a loan loss, or initiation of bankruptcy proceedings. Erste Group applies the customer view for all customer segments, including retail clients; if an obligor defaults on one deal, then the customer's performing transactions are classified as non-performing as well. All non-performing exposures are also defaulted.

The materiality of 90 days past due credit obligation is applied for on-balance exposure at client level and assessed daily against the group-wide defined materiality threshold (except the local regulator has defined different thresholds) for the:
— retail exposure: as an absolute limit on client level of 100 EUR and relative 1% on client level;
— non-retail exposure: as an absolute limit on client level of 500 EUR and relative 1% on client level.

Based on the calibration of internal PDs (probabilities of default) for regulatory purposes to the default rates published by rating agencies, the equivalent external customer rating is used for the assignment to risk categories. For the agency ratings, average one-year default rates resulting from long-term time series are applied.

CREDIT RISK REVIEW AND MONITORING

Retail Risk Management as well as Credit Risk Portfolio in cooperation with Corporate Risk Management conduct periodical reviews of the loan portfolio for each local entity to ensure an adequate portfolio quality and to monitor the compliance of local portfolios with the principles and parameters as stipulated by Erste Group's credit risk policies.

All credit limits and the transactions booked within the limits are reviewed at least once a year. Counterparty credit risk limits are monitored daily in an internal limit management system with remedial actions taken in case limits are exceeded.

A group-wide standardised early warning monitoring process is implemented to proactively identify negative developments. The early warning monitoring process for corporate clients is managed at group level by Credit Risk Portfolio and, at subsidiary level, by the local units responsible for corporate risk management, retail risk management and collections, for respective segments. When early warning signals are identified and validated, the overall client exposure and creditworthiness is reviewed, and adequate risk mitigating actions are taken if deemed necessary. Watch list review meetings are held on a regular basis to monitor customers with a poor credit standing and to discuss pre-emptive measures. For smaller enterprises (micro) and retail customers, the monitoring and credit review are based on an automated early warning system. In retail risk management, the early warning signals for adverse portfolio developments include, for instance, quality deterioration in new business or a decreasing collections effectiveness and require appropriate countermeasures. Additionally, the monitoring is performed for clients where early warning signals have been identified, even if they are still fulfilling their contractual repayment obligations.

Adverse portfolio developments regarding the non-performing and substandard loans portfolio of Erste Group are monitored, discussed and reported regularly. In case of further negative developments clients are managed in specialized workout units aiming to maximise recoveries.

35. Credit risk exposure

Credit risk exposure relates to the sum of the following balance sheet items:
— cash and cash balances - demand deposits to credit institutions;
— instruments (derivatives and debt securities) held for trading (HfT);
— non-trading debt instruments at fair value through profit or loss (FVPL);
— debt instruments at fair value through other comprehensive income (FVOCI);
— debt instruments at amortised cost (AC), other than trade and other receivables;

- trade and other receivables (for disclosure purposes in the tabular summaries below, any contract assets are also included in this category);
- finance lease receivables;
- debt instruments held for sale in disposal groups;
- positive fair value of hedge accounting derivatives;
- off-balance sheet exposures (primarily financial guarantees and undrawn loan commitments).

The credit risk exposure equates the gross carrying amount (or nominal value in the case of off-balance sheet positions) excluding:
- credit loss allowances for financial assets;
- credit loss allowances for loan commitments and financial guarantees;
- provisions for other commitments;
- any collateral held (including risk transfer to guarantors);
- netting effects;
- other credit enhancements;
- credit risk mitigating transactions.

Between the 31 December 2022 and 31 December 2023, the credit risk exposure increased from EUR 349,166 million to EUR 364,450 million. This is an increase of 4% or EUR 15,284 million.

Reconciliation between the gross carrying amount and the carrying amount of the credit risk exposure components

in EUR million	Credit risk exposure	Credit loss allowances	Adjustments	Net carrying amount
Dec 23				
Cash and cash balances - demand deposits to credit institutions	901	-2	0	899
Instruments HfT	8,627	0	0	8,627
Non-trading debt instruments at FVPL	2,590	0	0	2,590
Debt securities	1,551	0	0	1,551
Loans and advances to banks	0	0	0	0
Loans and advances to customers	1,038	0	0	1,038
Debt instruments at FVOCI	8,851	-14	-43	8,794
Debt securities	8,851	-14	-43	8,794
Loans and advances to banks	0	0	0	0
Loans and advances to customers	0	0	0	0
Debt instruments at AC	268,664	-3,944	0	264,721
Debt securities	44,064	-17	0	44,047
Loans and advances to banks	21,444	-12	0	21,432
Loans and advances to customers	203,156	-3,915	0	199,241
Trade and other receivables	2,642	-63	0	2,579
Finance lease receivables	5,059	-90	0	4,970
Debt instruments held for sale in disposal groups	153	-4	0	150
Positive fair value of hedge accounting derivatives	183	0	0	183
Off-balance sheet exposures	66,779	-440	0	-
Financial guarantees	8,288	-146	0	-
Loan commitments	45,363	-269	0	-
Other commitments	13,128	-24	0	-
Total	**364,450**	**-4,556**	**-43**	**293,512**
Dec 22				
Cash and cash balances - demand deposits to credit institutions	723	-1	0	722
Instruments HfT	7,695	0	0	7,695
Non-trading debt instruments at FVPL	2,389	0	0	2,389
Debt securities	1,549	0	0	1,549
Loans and advances to banks	0	0	0	0
Loans and advances to customers	839	0	0	839
Debt instruments at FVOCI	9,929	-24	-444	9,460
Debt securities	9,929	-24	-444	9,460
Loans and advances to banks	0	0	0	0
Loans and advances to customers	0	0	0	0
Debt instruments at AC	257,217	-3,857	0	253,360
Debt securities	40,633	-22	0	40,612
Loans and advances to banks	18,441	-6	0	18,435
Loans and advances to customers	198,143	-3,830	0	194,313
Trade and other receivables	2,469	-65	0	2,404
Finance lease receivables	4,639	-86	0	4,553
Debt instruments held for sale in disposal groups	154	-4	0	150
Positive fair value of hedge accounting derivatives	159	0	0	159
Off-balance sheet exposures	63,792	-534	0	-
Financial guarantees	7,643	-177	0	-
Loan commitments	48,434	-292	0	-
Other commitments	7,716	-65	0	-
Total	**349,166**	**-4,572**	**-444**	**280,892**

Credit loss allowances comprise impairments for financial assets measured at amortised cost (including finance lease and trade and other receivables) and at fair value through other comprehensive income (FVOCI), as well as credit loss allowances and provisions for off-balance sheet exposures. Adjustments refer to the fair value changes of the carrying amount for financial assets at FVOCI.

BREAKDOWN OF CREDIT RISK EXPOSURE

On the following pages the credit risk exposure is presented according to different segmentation criteria.

Credit risk exposure by industry and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total
Dec 23					
Natural Resources & Commodities	10,984	2,219	454	408	14,064
Energy	15,235	1,430	365	47	17,077
Construction and building materials	13,498	2,951	657	376	17,481
Automotive	6,776	1,021	295	134	8,227
Cyclical Consumer Products	6,911	1,562	533	330	9,336
Non-Cyclical Consumer Products	8,822	1,603	302	163	10,891
Machinery	5,719	896	177	226	7,018
Transportation	7,286	1,040	175	132	8,632
TMT; Telecommunications, Media, Technology	6,855	723	144	151	7,873
Healthcare & Services	8,382	1,697	341	226	10,645
Hotels & Leisure	7,272	1,688	420	404	9,784
Real Estate	36,906	6,156	1,157	869	45,089
Public Sector	71,670	370	64	78	72,182
Financial Institutions	26,008	872	686	33	27,599
Private Households	83,309	10,126	3,177	1,562	98,173
Other	233	30	112	5	380
Total	**315,865**	**34,383**	**9,058**	**5,144**	**364,450**
Dec 22					
Natural Resources & Commodities	9,808	3,103	691	279	13,881
Energy	12,869	1,802	191	49	14,912
Construction and building materials	11,481	3,681	637	311	16,111
Automotive	5,836	1,316	228	335	7,715
Cyclical Consumer Products	6,189	2,465	353	307	9,314
Non-Cyclical Consumer Products	7,618	1,780	388	161	9,947
Machinery	4,688	1,019	324	157	6,188
Transportation	4,656	2,352	273	113	7,394
TMT; Telecommunications, Media, Technology	6,104	970	249	165	7,487
Healthcare & Services	8,662	1,831	407	224	11,123
Hotels & Leisure	6,614	2,019	429	425	9,487
Real Estate	36,434	5,459	844	471	43,208
Public Sector	66,263	602	119	10	66,994
Financial Institutions	26,373	1,274	390	36	28,074
Private Households	85,577	6,955	3,004	1,456	96,992
Other	251	39	44	5	339
Total	**299,423**	**36,667**	**8,570**	**4,505**	**349,166**

With 87%, the low risk exposure has the highest share in total credit risk exposure, while management attention represents 9%. The substandard exposure contributes 3% and the non-performing category 1%.

From industry and financial instrument point of view, the highest exposure is represented by households in loans and advances to customers with EUR 87,401 million, representing 24% from total exposure, followed by real estate and housing in loans and advances to customers with an exposure of EUR 39,664 million representing 11% from total and public sector in debt securities with an exposure of EUR 34,678 million representing 10% from total.

Credit risk exposure by region and risk category

The geographic analysis of credit risk exposure is based on the country of risk of borrowers and counterparties. It also includes obligors domiciled in other countries if the economic risk exists in the respective country of risk. Accordingly, the distribution by regions differs from the composition of the credit risk exposure by geographical segments of Erste Group.

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total
Dec 23					
Core markets	**267,695**	**31,998**	**7,960**	**4,538**	**312,190**
Austria	120,585	11,701	3,526	2,432	138,245
Czechia	71,296	7,452	1,541	816	81,105
Slovakia	24,871	3,873	1,309	378	30,431
Romania	20,956	3,406	605	373	25,339
Hungary	15,013	2,572	505	191	18,281
Croatia	11,186	2,329	382	287	14,185
Serbia	3,787	665	92	60	4,605
Other EU	**31,179**	**1,268**	**468**	**387**	**33,302**
Other industrialised countries	**11,733**	**156**	**78**	**27**	**11,995**
Emerging markets	**5,258**	**962**	**552**	**192**	**6,963**
Southeastern Europe/CIS	3,036	855	222	113	4,226
Asia	1,628	74	6	10	1,717
Latin America	236	1	1	0	238
Middle East/Africa	358	33	324	68	782
Total	**315,865**	**34,383**	**9,058**	**5,144**	**364,450**
Dec 22					
Core markets	**254,254**	**33,625**	**7,531**	**3,968**	**299,379**
Austria	119,508	12,861	2,599	1,994	136,962
Czechia	66,699	6,641	1,304	762	75,406
Slovakia	23,572	4,640	1,514	308	30,034
Romania	19,615	3,041	579	348	23,582
Hungary	12,276	2,417	973	181	15,847
Croatia	9,146	3,398	462	325	13,332
Serbia	3,439	627	100	51	4,217
Other EU	**26,629**	**1,471**	**548**	**349**	**28,997**
Other industrialised countries	**13,023**	**215**	**131**	**41**	**13,409**
Emerging markets	**5,517**	**1,357**	**360**	**147**	**7,382**
Southeastern Europe/CIS	3,158	1,015	243	119	4,537
Asia	1,918	87	21	17	2,043
Latin America	137	58	3	9	207
Middle East/Africa	304	196	93	2	595
Total	**299,423**	**36,667**	**8,570**	**4,505**	**349,166**

The credit risk exposure increased by EUR 1,283 million, or 1% in Austria, and by EUR 11,528 million, or 7% in the CEE core markets. In the other EU member states (EU 27 excluding core markets), the credit risk exposure increased by EUR 4,305 million, or 15%, while in other industrialised countries the decrease in exposure amounted to EUR -1,414 (-11%). The emerging markets registered a decrease of EUR -418 million or -6%. In total, Erste Group's core markets and the EU accounted for 95% (2022: 94%) of credit risk exposure. At 2% (2022: 2%), the share of emerging markets remained of minor importance.

Credit risk exposure by reporting segment and risk category

The reporting of segments of Erste Group conforms to the internal management and control structure and is based on geographical segments in order to provide more comprehensive information the segmental reporting also comprises business segments.

Credit risk exposure by geographical segment and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total
Dec 23					
Austria	**168,910**	**13,815**	**4,414**	**2,997**	**190,136**
EBOe & Subs.	47,230	3,392	1,155	765	52,542
Savings Banks	66,135	9,506	2,478	1,821	79,939
Other Austria	55,545	918	781	411	57,655
CEE	**136,959**	**20,531**	**4,594**	**2,145**	**164,229**
Czechia	71,121	7,596	1,596	853	81,166
Slovakia	22,437	3,914	1,396	375	28,123
Romania	19,065	3,412	618	382	23,477
Hungary	9,402	2,514	489	185	12,589
Croatia	11,782	2,450	415	291	14,937
Serbia	3,152	645	81	59	3,937
Other	**9,997**	**37**	**49**	**2**	**10,085**
Total	**315,865**	**34,383**	**9,058**	**5,144**	**364,450**
Dec 22					
Austria	**160,368**	**15,346**	**3,442**	**2,490**	**181,647**
EBOe & Subs.	44,860	4,991	1,111	624	51,585
Savings Banks	67,138	9,036	1,806	1,380	79,360
Other Austria	48,370	1,319	526	486	50,702
CEE	**127,463**	**21,286**	**5,128**	**1,997**	**155,874**
Czechia	67,470	6,927	1,402	798	76,597
Slovakia	20,409	4,622	1,576	299	26,906
Romania	17,674	3,083	577	356	21,690
Hungary	9,483	2,353	968	178	12,982
Croatia	9,567	3,696	513	317	14,092
Serbia	2,860	606	91	50	3,607
Other	**11,592**	**35**	**1**	**17**	**11,645**
Total	**299,423**	**36,667**	**8,570**	**4,505**	**349,166**

Credit risk exposure by business segment and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total
Dec 23					
Retail	65,966	11,588	3,470	1,509	82,533
Corporates	104,163	12,827	2,460	1,805	121,254
Group Markets	23,066	382	520	0	23,967
ALM & LCC	56,433	76	80	6	56,596
Savings Banks	66,135	9,506	2,478	1,821	79,939
GCC	104	4	49	2	160
Total	**315,865**	**34,383**	**9,058**	**5,144**	**364,450**
Dec 22					
Retail	65,536	10,167	3,280	1,381	80,364
Corporates	92,938	16,584	3,131	1,694	114,347
Group Markets	18,785	533	193	0	19,511
ALM & LCC	54,899	318	160	32	55,409
Savings Banks	67,138	9,036	1,806	1,380	79,360
GCC	127	30	1	17	175
Total	**299,423**	**36,667**	**8,570**	**4,505**	**349,166**

36. Use of collateral

Recognition of credit collateral

Collateral Management is integrated in Underwriting Processes department of Credit Risk Portfolio division. The Group Collateral Management Policy Part 1 Credit Collateral defines, among other topics, uniform valuation standards for credit collateral across the entire group. It ensures that the credit risk decision processes are standardised with respect to accepted collateral values.

All collateral types acceptable within the group are contained in the Group Collateral Catalogue. Locally permitted collateral is defined by the respective bank in accordance with applicable national legal provisions. The valuation and revaluation of collateral is done according to the principles defined in the Group Collateral Catalogue broken down by collateral type and based on the internal work instructions in accordance with the individual supervisory requirements. Whether a type of collateral or a specific collateral asset is accepted for credit risk mitigation is decided by Enterprise-wide Risk Management after determining if the applicable regulatory requirements are met. Credit underwriting monitors adherence to the standard processes stipulated for assigning the acceptable collateral assets to the categories available.

Main types of credit collateral

Mostly, the following types of credit collateral are accepted:

- real estate: residential and commercial real estate;
- financial collateral: securities, cash deposits and life insurance policies;
- guarantees: given by sovereigns, public sector entities, financial institutes, companies and private individuals. All guarantors must have a minimum credit rating, which is reviewed annually;
- movables: equipment, investment goods, machinery and motor vehicles;
- claims and rights: trade account receivables, leasehold rights and shares in a company's capital.

Collateral valuation and management

Collateral valuation is based on current market prices while taking into account an amount that can be recovered within a reasonable period. The valuation processes are defined, and their IT-supported technical application is performed by Collateral Management at group level and by authorised staff in each country with the assistance of software applications. The allocated collateral values are capped by the amount of the secured transaction.

Real estate valuation may only be performed by qualified valuators who are independent of the credit decision process. The valuation is to be made according to international, European or national standards and has to follow valuation methods defined by the bank. Internal guidelines define criteria of qualification and requirements of independence for the selection of valuators. A valuator may only perform two sequential valuations of the same asset, any further valuation has to result in the rotation of the valuator. For quality assurance purposes, real estate valuators and real estate valuations are supervised on an ongoing basis.

The methods and discounts used for valuations are based on empirical data representing past experience of the workout departments and on the collected data on recoveries from realising collateral. The valuation discounts are adjusted regularly – at least once a year – to reflect the recoveries under consideration of foreseeable developments (like expected real estate price changes).

The revaluation of collateral is done periodically and is automated as far as possible. In the case of external data sources, the appropriate interfaces are used. The maximum periods for the revaluation of individual collateral assets are predefined and compliance is monitored by risk management using software applications. Apart from periodic revaluations, collateral is assessed when information becomes available that indicates a decrease in the value of the collateral for exceptional reasons, or when defined triggers are exceeded. Particularly real estate collateral assets in development, showing problems like significant cost or time overrun, as well as assets, collateralizing loans with lower credit quality, are monitored or revalued with higher frequencies.

Concentration risks resulting from credit risk mitigation techniques may affect a single customer, but also a portfolio defined by region, industry, or type of collateral. Erste Group is a retail bank, and, due to its customer structure and the markets in which it operates, it does not have any concentrations with respect to collateral from customers. All guarantee liabilities and loans of a corporate guarantee provider are taken into consideration in the credit application process in order to prevent possible concentrations. Guarantees provided by sovereigns, a public sector entity or financial institutions have to lie within the approved limit of the guarantor. Concerning other areas of a potentially detrimental correlation of risks, the collateral portfolios are analysed using statistical evaluations for, among other things, regional or industry-specific concentrations within the scope of portfolio monitoring. The response to those risks identified includes, above all, the adjustment of volume targets, setting of corresponding limits and modification of the staff's discretionary limits for lending.

Collateral obtained in foreclosure proceedings is made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding claim. Generally, Erste Group does not occupy repossessed properties for its own business use. The main part of assets taken onto its own books is commercial land and buildings. In addition, residential real estate properties and transport vehicles are taken into Erste Group's possession. As of 31 December 2023, the carrying value of these assets obtained during the reporting period amounted to EUR 2 million (2022: EUR 4 million).

Treasury collateral

The department Trading Book Risk Management is responsible for treasury collateral. The Group Collateral Management Policy Part 2 defines, among other things, uniform valuation standards for treasury collateral across the entire group.

Under the framework of treasury collateral, netting agreements (international framework agreements for derivatives of the International Swap and Derivatives Association (ISDA), Austrian or German framework agreements, framework agreements for securities lending transactions and repurchase deals) as well as collateral agreements (e.g., ISDA Credit Support Annex) are used for reducing the credit risk from derivatives.

Netting agreements make it possible to net all amounts due or payable for each individual transaction under a framework agreement in the case of a credit default, with the result that only the net receivables vis-à-vis the business partner are of relevance for credit risk. Within the scope of these collateral agreements, the portfolio with the respective counterparty is revalued periodically, usually daily, and in case of insufficient coverage additional collateral is requested. The policy restrictions on collateral types ensure that collateral received predominantly consists of cash or securities of investment grade quality. In the case of securities used as collateral, an additional valuation discount (haircut) depending on credit quality and residual maturity is applied.

The following table compares the credit risk exposure broken down by financial instrument to the allocated collateral which corresponds to the accepted value after internal haircuts capped by the exposure amount.

Credit risk exposure by financial instrument and collateral

			Collateralised by				IFRS 9 impairment relevant		
in EUR million	Total credit risk exposure	Collateral total	Guarantees	Real estate	Other	Credit risk exposure net of collateral	Neither past due nor credit impaired	Past due but not credit impaired	Credit impaired
Dec 23									
Cash and cash balances - demand deposits to credit institutions	901	170	0	0	170	731	884	18	0
Instruments HfT	8,627	98	98	0	0	8,530	0	0	0
Non-trading debt instruments at FVPL	2,590	1,020	818	202	0	1,569	0	0	0
Debt instruments at FVOCI	8,851	637	637	0	0	8,214	8,848	0	3
Debt instruments at AC	**268,664**	**142,095**	**11,714**	**107,865**	**22,515**	**126,570**	**261,382**	**2,808**	**4,628**
Debt securities	44,064	1,673	1,673	0	0	42,390	44,059	0	5
Loans and advances to banks	21,444	16,987	1,847	0	15,140	4,457	21,444	0	0
Loans and advances to customers	203,156	123,434	8,194	107,865	7,375	79,722	195,879	2,808	4,623
Trade and other receivables	2,642	210	195	1	13	2,433	1,527	1,059	56
Finance lease receivables	5,059	2,922	68	201	2,653	2,137	4,749	207	103
Debt instruments held for sale in disposal groups	153	0	0	0	0	153	0	0	0
Positive fair value of hedge accounting derivatives	183	0	0	0	0	183	0	0	0
Off-balance sheet exposures	66,779	7,376	322	3,412	3,643	59,403	53,298	82	271
thereof other commitments	13,128	1,064	0	245	819	12,064	0	0	0
Total	**364,450**	**154,528**	**13,851**	**111,681**	**28,995**	**209,923**	**330,688**	**4,174**	**5,062**
Dec 22									
Cash and cash balances - demand deposits to credit institutions	723	81	0	0	81	642	694	29	0
Instruments HfT	7,695	171	171	0	0	7,525	0	0	0
Non-trading debt instruments at FVPL	2,389	832	662	169	1	1,557	0	0	0
Debt instruments at FVOCI	9,929	587	587	0	0	9,341	9,917	9	3
Debt instruments at AC	**257,217**	**135,090**	**11,794**	**101,418**	**21,878**	**122,127**	**250,718**	**2,584**	**4,070**
Debt securities	40,633	1,629	1,629	0	0	39,004	40,625	4	4
Loans and advances to banks	18,441	16,654	1,854	0	14,801	1,787	18,441	0	0
Loans and advances to customers	198,143	116,807	8,311	101,418	7,077	81,336	191,651	2,580	4,066
Trade and other receivables	2,469	62	43	1	18	2,407	1,545	866	58
Finance lease receivables	4,639	2,679	72	215	2,392	1,960	4,350	201	88
Debt instruments held for sale in disposal groups	154	0	0	0	0	154	0	0	0
Positive fair value of hedge accounting derivatives	159	0	0	0	0	159	0	0	0
Off-balance sheet exposures	63,792	7,426	230	3,781	3,415	56,366	51,932	453	202
thereof other commitments	7,716	1,199	0	163	1,036	6,517	0	0	0
Total	**349,166**	**146,928**	**13,559**	**105,584**	**27,785**	**202,238**	**319,156**	**4,141**	**4,421**

The collateral attributable to exposures that are credit impaired as of 31 December 2023 amounts to EUR 2,449 million (2022: EUR 1,986 million).

37. Measurement of expected credit loss

The general principles and standards for credit loss allowances are governed by internal policies in Erste Group. According to IFRS 9, credit loss allowances are calculated for all components of credit risk exposures which are measured at amortised cost (AC) or at fair value through other comprehensive income. They include debt securities, loans and advances, demand deposits on nostro accounts with commercial banks as well as finance lease and trade receivables. In addition, credit loss allowances are calculated for loan commitments and financial guarantees if they meet the applicable IFRS 9 definitions.

CLASSIFICATION INTO STAGES AND DEFINITION OF CREDIT-IMPAIRED FINANCIAL INSTRUMENTS

There are three main stages outlined for expected credit loss (ECL) determination. The stages approach applies to financial instruments within the scope of the impairment requirements of IFRS 9 and those that are not categorised as purchased or originated credit impaired financial assets (POCI), which form a category of their own. Depending on the impairment status and the assessment of the development of credit risk, these financial instruments are assigned to one of the three stages, as described in the chapter 'Financial instruments – Material accounting policies', in the section 'Impairment of financial instruments'

SIGNIFICANT INCREASE IN CREDIT RISK DETERMINATION

Assessment of significant increase in credit risk (SICR) of financial instruments as at the reporting date since initial recognition is one of the key drivers affecting the amount of the ECL recognised based on IFRS 9 requirements. In this respect, across portfolios and product types, quantitative and qualitative indicators are defined for assessing SICR, including the indicator of 30 days-past-due (DPD).

Erste Group methodology allows introduction of the cure periods for migrations back to Stage 1 from Stage 2 in addition to those already established in general credit risk practices (forbearance, watch lists, default). They are rarely applied, only in specific countries for specific criteria without significant effect on the overall expected credit loss or Stage 2.

Quantitative criteria. Quantitative SICR indicators include adverse changes in lifetime probability of default with significance being assessed by comparison to the thresholds. The bank has established thresholds for significant increases in credit risk based on both a percentage (relative) and absolute change in PD compared to initial recognition. SICR occurs for a particular financial instrument, when both the relative and the absolute thresholds are breached.

The relative measure is calculated as a ratio between current annualised LT PD and annualised LT PD value on initial recognition, considering remaining maturity of the instrument. Cumulative LT PD comparison can be used for simplification according to Erste Group methodology; however, such approach is rarely used. The breach means that such ratio has reached or is higher than the established threshold. These relative thresholds for SICR assessment are established at PD segment level or client rating level for each consolidated entity, as necessary, and are subject to initial and on-going validation.

Relative thresholds for SICR assessment by geographical segment

	Dec 2022		Dec 2023	
Threshold interval (x times)	Min	Max	Min	Max
Austria	**1.13**	**2.6**	**1.13**	**2.37**
EBOe & Subs.	1.13	2.6	1.13	2.37
Savings Banks	1.13	2.6	1.13	2.37
Other Austria	1.13	2.6	1.13	2.37
CEE	**1.03**	**4.08**	**1.01**	**4.08**
Czechia	1.13	3.59	1.01	3.59
Slovakia	1.13	4.08	1.13	4.08
Romania	1.13	3.37	1.06	3.37
Hungary	1.13	3.21	1.13	3.21
Croatia	1.13	3.13	1.13	3.13
Serbia	1.03	3.47	1.02	2.58
Total	**1.03**	**4.08**	**1.01**	**4.08**

Thresholds might seem to show high dispersion, but they are driven mainly by regional and rating diversity. Regions with higher credit quality portfolios have lower thresholds than those with lower credit quality portfolios. The minimal threshold in almost all regions of 1.13 refers to sovereign rating classes that are centrally established. The average threshold of the Group is between 2 and 3.

There are certain portfolios where SICR quantitative criteria are assessed based on the ratings rather than PDs. Predefined rating notches' downgrade leads to SICR recognition. These rules are applied primarily to leasing and factoring business receivables.

The relative thresholds in place since the IFRS9 implementation were kept stable as one of the most significant estimates in ECL measurement and, until 2022, they were re-estimated only for individual entities and portfolios due to either significant change of PD models or internal validation finding. In the fourth quarter of 2022, the process of splitting the corporate portfolio into Group (large) Corporates and Local Corporates was initiated and it triggered in 2023 thresholds' recalibration in most of the entities for these portfolios. Moreover, the methodological update of PD model in the fourth quarter of 2023 led to the thresholds' recalibration for all local portfolios in Banca Comerială Română and review of rating model for private individuals in the third quarter of 2023 to thresholds recalibration for this segment in Erste Bank Serbia.

The absolute threshold refers to difference of LT PD on initial recognition and current LT PD (annualized or cumulative values). It is set to a maximum of 50 bps and serves as a backstop for migrations between the best ratings (LT PDs considered for remaining maturity). In such cases, relative thresholds may be breached, however overall LT PD is very low, and therefore SICR is not triggered.

Qualitative criteria. Qualitative SICR indicators include forbearance-type flags (identification of regulatory forbearance), work-out transfer flags (when the account starts being monitored by the work-out department), information from the early-warning system and fraud indicators. The assignment of some of the qualitative indicators inherently relies on experienced credit risk judgment being exercised adequately and in a timely manner. The related group-wide and entity-level credit risk controlling policies and procedures (adapted as necessary in the light of transition to IFRS 9) ensure the necessary governance framework. These indicators are used internally for identification of insolvency or increased probability that a borrower will enter bankruptcy and there is increased risk of default in the foreseeable future.

Besides the qualitative indicators defined on a client level, the assessment of a significant increase in credit risk is performed on a portfolio level if the increase in credit risk on individual instruments or at a client level is available only with a certain time lag or is observable exclusively on a portfolio level.

Examples are Stage 2 overrides for parts of Swiss franc retail portfolio or in case of high LTV loans resulting from a specific law in Romania (clients are allowed to give up on real estate collateral against waiver of principal). In addition, new overrides were introduced in Romania in 2023 due to changes in the tax law for specific sectors, resulting in ECL allocation of EUR 11 million.

Erste Group has introduced additional portfolio level SICR assessment criteria due to the war in Ukraine (implemented in 2022) and related macroeconomic impacts. For more details refer to 'Collective assessment' in the next chapter.

Backstop. A backstop is applied, and the financial instruments are considered to have experienced a SICR if the borrower is more than 30 days past due on contractual payments. As observed during validation, this does not represent a major trigger for Stage 2 classification.

Low credit risk exemption. The 'Low credit risk exemption' allowed by IFRS 9 for 'Investment grade' assets or other assets deemed 'Low risk' (and resulting in 12 months expected credit losses being calculated irrespective of SICR quantitative measures) has been implemented with limitations in Erste Group. Thus, the potential activation of this exemption is limited to particular types of debt instruments and counterparty categories, and only if supported by sufficient 'Low risk' evidence. On this basis, the 'Low risk exemption' is applied in special cases to debt security exposures and only exceptionally to loans.

As of 31 December 2023, low credit risk exemption is applied only to debt securities in the Czech subsidiary (Česká spořitelna) and sovereign exposures in the Romanian subsidiary (Banca Comercială Română). In Česká spořitelna, the corresponding exposure amounted to EUR 16 billion (2022: EUR 15 billion) with PDs interval of 0.01%-0.5%. In Banca Comercială Română, the respective exposure amounted to EUR 7 billion (2022: EUR 6 billion) with PD below 0.1%.

MEASURING ECL – EXPLANATION OF INPUTS AND MEASUREMENT

Credit loss allowances are calculated individually or collectively.

The individual calculation approach is applied in case of exposures to significant defaulted customers in Stage 3 or POCI. It consists in the individual assessment of the difference between the gross carrying amount and the present value of the expected cash flows, which are estimated by workout or risk managers. The discounting of the cash flows is based on the effective interest rate (POCI: credit-adjusted effective interest rate). However, the discount rate for financial guarantees shall reflect the current market assessment of the time value of money and the risks that are specific to the cash flows which in Erste Group's implementation means using a risk-free rate as a proxy.

A defaulted customer is classified as individually significant if the total on- and off-balance exposure exceeds a predefined materiality limit. Otherwise, the customer is considered insignificant, and a rule-based (collective) approach is used for the calculation of the related credit loss allowance as the product of gross carrying amount and LGD, where the LGD depends on characteristics such as time in default or the stage of the workout process.

For exposures to non-defaulted customers (i.e., in Stage 1 and Stage 2), collective allowances are calculated according to a rule-based approach irrespective of the significance of the customer. The calculation of collective allowances requires grouping the related exposures into homogenous clusters on the basis of shared risk characteristics. The grouping criteria may differ based on the customer segment (retail, corporate) and include product type, collateral type, repayment type, loan to value band, and credit rating band.

The calculation of credit loss allowances is done monthly on a single exposure level and in the contractual currency of the exposure. To compute the collective credit loss allowance, Erste Group applies an expected credit loss (ECL) model based on a three-stage approach that leads to either a 12-month ECL or to a lifetime ECL. ECL is the discounted product of exposure at default (EAD) that also includes a credit conversion factor in the case of off-balance sheet exposures, probability of default (PD) and loss given default (LGD), defined as follows:

— PD represents the likelihood of a borrower defaulting on its financial obligation (per definition of default below), either over next 12 months (1Y PD) for Stage 1 exposures or over the remaining lifetime (LT PD) for Stage 2 and 3 and POCI exposures.
— EAD is based on the amounts Erste Group expects to be owed at the time of default, over next 12 months (1Y EAD) for Stage 1 exposures, or over the remaining lifetime (LT EAD) for Stage 2 and 3 and POCI exposures. The estimation includes current balance, expected repayments and expected drawings up to the current contractual limit by the time of default.
— LGD represents the Erste Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit exposure at the time of default (EAD).

LIFE-TIME PARAMETERS

The LT PD is developed through observation of historical defaults over an available history. The calculated LT PDs are extrapolated, e.g., via matrix multiplication, to ensure that the final lifetime PD covers the lifetime of the loans from initial recognition. It is assumed to be the same across all assets in the same portfolio, rating band, and the country of risk which is an additional relevant PD characteristic considered via forward looking information in case of central models for Group (Large) Corporate since the fourth quarter of 2023.

The 1Y and LT EADs are determined based on the expected payment profiles, which vary by product type. The LT EAD calculation utilises repayment schedule or repayment type (annuity, linear, bullet). In the case of undrawn commitments, credit conversion factor is estimated for reflecting the expected credit exposure in the EAD.

The LGD is estimated as a lifetime curve for any point in time, based on historical loss observations.

The risk parameters used in the ECL calculation take into account available information at the reporting date about past events, current conditions and forecasts on future economic trends. Generally, the risk parameters applied in the calculation of collective allowances differ from the risk parameters compliant with capital requirement regulations, calculated on a through-the-cycle basis, if the characteristics of the respective portfolio in combination with IFRS standards necessitate this.

38. Credit Risk Exposure by IFRS 9 Stage and ECL

Credit risk exposure according to IFRS 9 by region

in EUR million	Stage 1	Stage 2	Stage 3	POCI	Credit risk exposure (AC and FVOCI)	Not subject to IFRS 9 impairment	Total
Dec 23							
Core markets	**247,574**	**41,209**	**4,245**	**413**	**293,441**	**18,749**	**312,190**
Austria	108,206	24,066	2,372	64	134,709	3,536	138,245
Czechia	69,234	7,092	722	78	77,126	3,979	81,105
Slovakia	24,887	2,154	352	123	27,515	2,916	30,431
Romania	19,624	4,103	326	73	24,126	1,214	25,339
Hungary	11,142	1,334	163	35	12,674	5,607	18,281
Croatia	11,262	2,050	268	23	13,602	582	14,185
Serbia	3,220	408	43	18	3,689	916	4,605
Other EU	**27,132**	**2,816**	**376**	**7**	**30,331**	**2,971**	**33,302**
Other industrialised countries	**9,156**	**813**	**27**	**0**	**9,997**	**1,998**	**11,995**
Emerging markets	**4,849**	**1,116**	**178**	**11**	**6,154**	**810**	**6,963**
Southeastern Europe/CIS	2,946	819	108	2	3,876	350	4,226
Asia	1,182	73	10	0	1,265	452	1,717
Latin America	230	7	0	0	238	0	238
Middle East/Africa	490	217	60	9	775	7	782
Total	**288,711**	**45,953**	**4,827**	**431**	**339,923**	**24,527**	**364,450**
Dec 22							
Core markets	**236,852**	**44,711**	**3,724**	**361**	**285,649**	**13,730**	**299,379**
Austria	106,644	25,306	1,944	54	133,948	3,014	136,962
Czechia	62,388	7,644	688	46	70,766	4,639	75,406
Slovakia	25,640	3,294	292	125	29,352	682	30,034
Romania	17,501	4,060	307	58	21,925	1,657	23,582
Hungary	11,768	1,510	146	47	13,472	2,375	15,847
Croatia	9,943	2,453	299	29	12,724	608	13,332
Serbia	2,967	444	48	2	3,462	755	4,217
Other EU	**22,010**	**3,956**	**330**	**10**	**26,306**	**2,691**	**28,997**
Other industrialised countries	**7,769**	**1,618**	**40**	**11**	**9,438**	**3,971**	**13,409**
Emerging markets	**4,880**	**1,301**	**143**	**1**	**6,325**	**1,056**	**7,382**
Southeastern Europe/CIS	2,978	933	115	1	4,028	509	4,537
Asia	1,354	144	17	0	1,515	528	2,043
Latin America	181	15	9	0	205	2	207
Middle East/Africa	366	209	2	0	577	18	595
Total	**271,511**	**51,587**	**4,237**	**383**	**327,718**	**21,448**	**349,166**

Stage 1 and Stage 2 comprise not impaired credit risks while Stage 3 includes impaired credit risks. POCI (purchased or originated credit impaired) consists of credit risks already impaired when purchased or originated. The exposure not subject to IFRS 9 impairment is measured at fair value.

The defaulted part of POCI amounted to EUR 234 million (2022: EUR 184 million), the non-defaulted part to EUR 197 million (2022: EUR 199 million).

Credit risk exposure according to IFRS 9 by geographical segment

in EUR million	Credit risk exposure					Credit loss allowances				NPE coverage ratio		
	Stage 1	Stage 2	Stage 3	POCI	Not subject to IFRS 9 impairment	Stage 1	Stage 2	Stage 3	POCI	Stage 2	Stage 3	POCI
Dec 23												
Austria	**143,871**	**29,852**	**2,923**	**72**	**13,419**	**-167**	**-755**	**-1,049**	**0**	**2.5%**	**35.9%**	**0.1%**
EBOe & Subs.	44,173	7,032	746	21	570	-38	-160	-259	0	2.3%	34.7%	0.1%
Savings Banks	58,970	16,983	1,775	50	2,161	-88	-508	-667	0	3.0%	37.6%	0.1%
Other Austria	40,728	5,837	403	0	10,687	-41	-88	-122	0	1.5%	30.4%	0.0%
CEE	**134,811**	**16,098**	**1,902**	**360**	**11,058**	**-326**	**-911**	**-1,234**	**-88**	**5.7%**	**64.9%**	**24.6%**
Czechia	69,299	7,015	746	90	4,014	-108	-316	-462	-23	4.5%	61.8%	25.2%
Slovakia	22,549	1,993	350	121	3,109	-42	-115	-193	-27	5.8%	55.0%	22.1%
Romania	18,882	3,522	335	73	664	-100	-316	-261	-8	9.0%	77.9%	10.8%
Hungary	9,336	1,105	156	35	1,957	-28	-54	-106	-10	4.9%	67.5%	27.3%
Croatia	12,060	2,125	271	23	458	-36	-94	-182	-13	4.4%	67.2%	55.2%
Serbia	2,685	337	42	18	855	-11	-16	-30	-9	4.7%	71.8%	49.7%
Other	**10,029**	**3**	**2**	**0**	**51**	**-2**	**0**	**0**	**0**	**0.0%**	**7.2%**	**0.0%**
Total	**288,711**	**45,953**	**4,827**	**431**	**24,527**	**-495**	**-1,666**	**-2,283**	**-88**	**3.6%**	**47.3%**	**20.5%**
Dec 22												
Austria	**135,236**	**32,407**	**2,430**	**66**	**11,508**	**-169**	**-772**	**-996**	**-1**	**2.4%**	**41.0%**	**0.9%**
EBOe & Subs.	43,281	7,179	614	12	499	-43	-169	-210	0	2.4%	34.2%	0.0%
Savings Banks	61,345	14,565	1,336	54	2,060	-91	-434	-579	-1	3.0%	43.3%	1.1%
Other Austria	30,611	10,663	480	0	8,949	-36	-170	-207	0	1.6%	43.3%	0.0%
CEE	**124,821**	**19,079**	**1,790**	**317**	**9,868**	**-300**	**-975**	**-1,181**	**-93**	**5.1%**	**66.0%**	**29.4%**
Czechia	63,049	8,032	714	54	4,748	-99	-332	-466	-20	4.1%	65.4%	36.3%
Slovakia	22,712	3,062	286	126	720	-49	-122	-168	-37	4.0%	58.7%	28.9%
Romania	15,924	3,771	311	58	1,626	-71	-314	-236	-11	8.3%	75.8%	19.3%
Hungary	9,986	1,250	143	47	1,556	-30	-62	-89	-12	4.9%	62.5%	25.1%
Croatia	10,670	2,612	290	29	491	-37	-127	-192	-13	4.9%	66.1%	46.0%
Serbia	2,479	352	47	2	727	-15	-18	-30	0	5.2%	64.4%	22.6%
Other	**11,454**	**100**	**17**	**0**	**72**	**-4**	**-3**	**-12**	**0**	**2.8%**	**69.1%**	**0.0%**
Total	**271,511**	**51,587**	**4,237**	**383**	**21,448**	**-474**	**-1,750**	**-2,190**	**-94**	**3.4%**	**51.7%**	**24.5%**

Credit risk exposure according to IFRS 9 treatment by business segment

in EUR million	Credit risk exposure					Credit loss allowances				NPE coverage ratio		
	Stage 1	Stage 2	Stage 3	POCI	Not subject to IFRS 9 impairment	Stage 1	Stage 2	Stage 3	POCI	Stage 2	Stage 3	POCI
Dec 23												
Retail	70,058	9,742	1,446	116	1,172	-163	-547	-851	-27	5.6%	58.9%	23.2%
Corporates	89,235	18,761	1,599	265	11,395	-213	-601	-758	-61	3.2%	47.4%	23.1%
Group Markets	14,086	309	0	0	9,572	-19	-5	0	0	1.5%	30.4%	100.0%
ALM & LCC	56,256	155	6	0	179	-12	-6	-6	0	3.6%	98.1%	94.2%
Savings Banks	58,970	16,983	1,775	50	2,161	-88	-508	-667	0	3.0%	37.6%	0.1%
GCC	106	3	2	0	49	0	0	0	0	0.0%	7.2%	0.0%
Total	**288,711**	**45,953**	**4,827**	**431**	**24,527**	**-495**	**-1,666**	**-2,283**	**-88**	**3.6%**	**47.3%**	**20.5%**
Dec 22												
Retail	67,843	10,180	1,339	91	911	-162	-627	-796	-23	6.2%	59.4%	25.7%
Corporates	77,131	26,181	1,513	238	9,285	-180	-677	-786	-70	2.6%	52.0%	29.3%
Group Markets	10,398	250	0	0	8,862	-20	-3	0	0	1.1%	54.7%	60.3%
ALM & LCC	54,711	409	32	0	257	-19	-10	-16	0	2.5%	51.5%	21.3%
Savings Banks	61,345	14,565	1,336	54	2,060	-91	-434	-579	-1	3.0%	43.3%	1.1%
GCC	83	2	17	0	72	-2	0	-12	0	5.6%	69.1%	0.0%
Total	**271,511**	**51,587**	**4,237**	**383**	**21,448**	**-474**	**-1,750**	**-2,190**	**-94**	**3.4%**	**51.7%**	**24.5%**

39. Development of credit loss allowances

The following tables give an overview over the development of credit loss allowances per balance sheet line item.

In column 'Additions' increases of CLA due to the initial recognition of financial instruments during the current reporting period are disclosed. Releases of CLA following the derecognition of the related financial instruments are reported in column 'Derecognitions'.

In column 'Transfers between stages' CLA net changes due to changes in credit risk that triggered re-assignments of the related financial instruments from Stage 1 (at 1 January 2023 or initial recognition date) to Stages 2 or 3 at 31 December 2023 or vice-versa are reported. The effects of transfers from Stage 1 to Stages 2 or 3 on the related CLAs are adverse and presented in lines attributable to Stages 2 or 3. The effects of transfers from Stages 2 or 3 to Stage 1 on the related CLAs are favourable and presented in line 'Stage 1'. The P&L-neutral effect from cross-stage transferring of the related CLA amounts recognised prior to stage re-assignments are presented above in column 'Other changes in credit risk (net)'.

Any other changes in credit risk which do not trigger a transfer between Stage 1 and Stage 2 or 3 or vice-versa are disclosed in column 'Other changes in credit risk (net)'.

FINANCIAL INSTRUMENTS HELD AT AMORTISED COST

Movement in credit loss allowances – debt securities

in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of
	Jan 23						Dec 23
Stage 1	-13	-5	3	2	3	0	-10
Stage 2	-5	0	1	-2	4	0	-3
Stage 3	-3	0	0	0	-1	0	-4
Total	**-22**	**-5**	**3**	**1**	**6**	**0**	**-17**
	Jan 22						Dec 22
Stage 1	-12	-6	4	2	-2	1	-13
Stage 2	-3	0	0	-6	3	0	-5
Stage 3	0	0	0	-1	-2	0	-3
Total	**-15**	**-6**	**4**	**-5**	**-1**	**1**	**-22**

The year-end total GCAs of AC debt securities that were initially recognised (purchased) during the year 2023 and not fully derecognised by 31 December 2023 amounts to EUR 7,484 million (2022: EUR 9,136 million.) The GCA of AC debt securities that were held at 1 January 2023 and derecognised during the year 2023 amounts to EUR 3,680 million (2022: EUR 3,987 million).

Movement in credit loss allowances – loans and advances to banks

in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of
	Jan 23						Dec 23
Stage 1	-6	-18	11	0	4	0	-8
Stage 2	0	0	1	-2	-2	0	-3
Stage 3	0	0	0	0	0	0	0
Total	**-6**	**-19**	**13**	**-2**	**2**	**0**	**-12**
	Jan 22						Dec 22
Stage 1	-6	-17	12	0	5	0	-6
Stage 2	-1	0	2	0	-2	0	0
Stage 3	0	0	0	0	0	0	0
Total	**-6**	**-17**	**15**	**0**	**3**	**0**	**-6**

The year-end total GCA of AC loans and advances to banks that were initially recognised during the year 2023 and not fully derecognised by 31 December 2023 amounts to EUR 19,207 million (2022: EUR 15,641 million). The GCA of AC loans and advances to banks that were held as of 1 January 2023 and fully derecognised during the year 2023 amounts to EUR 15,179 million (2022: 18,260 million).

Movement in credit loss allowances – loans and advances to customers

in EUR million	As of	Additions	Derecog-nitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	Other	As of
	Jan 23							Dec 23
Stage 1	**-335**	**-277**	**66**	**496**	**-314**	**0**	**8**	**-357**
General governments	-4	-2	1	3	-3	0	0	-5
Other financial corporations	-8	-5	3	14	-13	0	1	-9
Non-financial corporations	-162	-170	38	201	-98	0	3	-188
Households	-161	-100	23	277	-199	0	4	-155
Stage 2	**-1,415**	**-192**	**204**	**-847**	**843**	**1**	**5**	**-1,401**
General governments	-28	-2	0	-2	13	0	-1	-19
Other financial corporations	-20	-9	1	-7	26	0	-1	-10
Non-financial corporations	-773	-147	140	-382	323	0	5	-835
Households	-594	-34	63	-456	481	0	2	-536
Stage 3	**-1,994**	**-34**	**268**	**-93**	**-494**	**268**	**6**	**-2,072**
General governments	-1	0	0	0	-5	1	0	-5
Other financial corporations	-37	-1	2	0	2	3	4	-28
Non-financial corporations	-1,043	-20	144	-41	-260	141	-3	-1,082
Households	-913	-13	123	-52	-230	124	5	-957
POCI	**-86**	**0**	**16**	**0**	**-30**	**13**	**2**	**-85**
General governments	0	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0	0
Non-financial corporations	-65	0	13	0	-20	11	1	-60
Households	-22	0	3	0	-10	2	1	-25
Total	**-3,830**	**-504**	**553**	**-444**	**6**	**282**	**22**	**-3,915**
	Jan 22							Dec 22
Stage 1	**-383**	**-320**	**77**	**643**	**-348**	**0**	**-5**	**-335**
General governments	-4	-3	1	4	-1	0	0	-4
Other financial corporations	-10	-12	4	18	-7	0	0	-8
Non-financial corporations	-211	-201	49	328	-128	0	1	-162
Households	-158	-103	23	293	-211	0	-5	-161
Stage 2	**-1,203**	**-143**	**183**	**-1,055**	**799**	**1**	**4**	**-1,415**
General governments	-20	-8	2	-12	11	0	0	-28
Other financial corporations	-14	-1	3	-30	24	0	-1	-20
Non-financial corporations	-666	-113	113	-553	442	0	2	-773
Households	-504	-20	65	-460	322	1	3	-594
Stage 3	**-2,066**	**-27**	**213**	**-124**	**-356**	**375**	**-9**	**-1,994**
General governments	-2	0	0	0	0	1	0	-1
Other financial corporations	-16	0	1	0	-20	4	-5	-37
Non-financial corporations	-1,069	-16	115	-64	-228	223	-3	-1,043
Households	-979	-10	97	-60	-108	148	-1	-913
POCI	**-88**	**0**	**8**	**0**	**-12**	**4**	**0**	**-86**
General governments	0	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0	0
Non-financial corporations	-61	0	6	0	-12	3	0	-65
Households	-26	0	2	0	0	1	1	-22
Total	**-3,740**	**-490**	**482**	**-536**	**83**	**381**	**-9**	**-3,830**

CLAs recognised against drawings from non-revolving loan commitments are deemed as additions for the purpose of presenting current period's movement in CLA. Therefore, additions in Stages 2 and 3 reflect transfers from Stage 1 having occurred between commitment and drawing dates of related credit facilities. They also reflect deals for which the CLA initial recognition in accounting occurred after those deals having been already assigned to Stage 2 as a result of applying the SICR collective assessment overlays further described in Note 40.

The column 'Other changes in credit risk (net)' also captures the passage-of-time adverse effect ('unwinding correction') over the lifetime expected cash shortfalls of AC loans and advances to customers that were assigned to Stage 3 for any period throughout the year, as well as of any POCI loans and advances to customers. This adverse effect amounted to EUR 107 million (2022: EUR 90 million) cumulatively for the year 2023, which also reflects the unrecognised interest income out of the related AC loans and advances to customers throughout the year.

The use of CLA triggered by full or partial write-offs of AC loans and advances to customers is reported in column 'Write-offs'.

One significant driver of the CLA movements for the year has been the transfer of the related instruments across different impairment stages. The year-end GCA of AC loans and advances to customers that were assigned at 31 December 2023 to a different stage compared to 1 January 2023 (or to the initial recognition date, if originated during the year) are summarized below:

in EUR million	Transfers between Stage 1 and Stage 2 To Stage 2 from Stage 1	Transfers between Stage 1 and Stage 2 To Stage 1 from Stage 2	Transfers between Stage 2 and Stage 3 To Stage 3 from Stage 2	Transfers between Stage 2 and Stage 3 To Stage 2 from Stage 3	Transfers between Stage 1 and Stage 3 To Stage 3 from Stage 1	Transfers between Stage 1 and Stage 3 To Stage 1 from Stage 3	POCI To Defaulted from Non-Defaulted	POCI To Non-Defaulted from Defaulted
Dec 23								
General governments	77	361	41	0	0	0	0	0
Other financial corporations	301	461	4	0	1	0	0	0
Non-financial corporations	10,731	7,442	745	72	427	16	1	91
Households	4,802	3,865	388	144	287	31	3	9
Total	**15,911**	**12,129**	**1,178**	**217**	**715**	**47**	**5**	**100**
Dec 22								
General governments	389	497	10	0	0	0	0	0
Other financial corporations	883	303	14	0	30	0	0	0
Non-financial corporations	14,882	6,722	404	133	357	6	5	8
Households	6,105	3,379	301	182	198	40	3	6
Total	**22,259**	**10,901**	**728**	**315**	**585**	**46**	**8**	**15**

The year-end total GCA of the AC loans and advances to customers that were initially recognised during the reporting period and not fully derecognised by 31 December 2023 amounts to EUR 40,602 million (2022: EUR 51,949 million). The GCA of the AC loans and advances to customers that were held at 1 January 2023 and fully derecognised during the reporting period amounts to EUR 19,578 million (2022: EUR 18,338 million).

The undiscounted amount of the lifetime expected credit losses considered in the initial measurement of the AC loans and advances to customers initially recognised and identified as POCI during the year 2023 amounted to EUR 58 million (2022: EUR 107 million).

Movement in credit loss allowances – trade and other receivables

in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	Other	As of
	Jan 23							**Dec 23**
Stage 1	-9	-10	6	2	0	0	0	-11
Stage 2	-11	0	4	-3	0	0	0	-10
Stage 3	-44	0	4	-3	-6	5	2	-41
POCI	-1	0	0	0	0	0	0	-1
Total	**-65**	**-10**	**15**	**-4**	**-7**	**5**	**3**	**-63**
	Jan 22							**Dec 22**
Stage 1	-12	-13	9	1	6	0	0	-9
Stage 2	-9	-1	2	-2	-3	1	1	-11
Stage 3	-66	0	22	-1	-5	7	0	-44
POCI	0	0	0	0	-1	0	0	-1
Total	**-87**	**-14**	**33**	**-2**	**-3**	**7**	**1**	**-65**

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – DEBT INSTRUMENTS

Movement in credit loss allowances – debt instrument financial assets

in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of
	Jan 23						**Dec 23**
Stage 1	-7	-2	3	6	-4	0	-5
Stage 2	-16	-3	2	-1	9	0	-9
Stage 3	-1	0	0	0	0	0	-1
Total	**-24**	**-5**	**5**	**5**	**6**	**0**	**-14**
	Jan 22						**Dec 22**
Stage 1	-7	-5	1	4	-1	0	-7
Stage 2	-16	0	0	-4	5	0	-16
Stage 3	0	0	0	-1	0	0	-1
Total	**-23**	**-5**	**2**	**-2**	**4**	**0**	**-24**

One significant driver of the above presented CLA movements for the year has been the transfer of the related instruments across different stages. The year-end GCAs of FVOCI debt securities that were assigned at 31 December 2023 to a different stage compared to 1 January 2023 (or to the initial recognition date, if purchased during the year) are summarized in the table below:

Transfers between stages – debt instrument financial assets

in EUR million	Dec 22	Dec 23
Transfers between Stage 1 and Stage 2		
To Stage 2 from Stage 1	370	25
To Stage 1 from Stage 2	185	373
Transfers between Stage 1 and Stage 3		
To Stage 3 from Stage 1	3	0

FINANCE LEASE RECEIVABLES

Movement in credit loss allowances – finance lease receivables

in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	Other	As of
	Jan 23							**Dec 23**
Stage 1	-17	-7	0	8	-1	0	0	-17
Stage 2	-28	0	1	-12	7	0	0	-33
Stage3	-41	0	7	-5	-3	2	0	-40
POCI	0	0	0	0	0	0	0	0
Total	**-86**	**-7**	**9**	**-9**	**3**	**2**	**0**	**-90**
	Jan 22							**Dec 22**
Stage 1	-17	-7	1	7	-1	0	0	-17
Stage 2	-27	0	2	-9	6	0	0	-28
Stage3	-67	0	4	-5	20	7	0	-41
POCI	0	0	0	0	0	0	0	0
Total	**-111**	**-7**	**7**	**-7**	**25**	**7**	**0**	**-86**

The column ‘Other changes in credit risk (net)’ captures the passage-of-time adverse effect (‘unwinding correction’) over the lifetime expected cash shortfalls of finance lease receivables that were assigned to Stage 3 for any period throughout the year, as well as of any POCI finance lease receivables. This adverse effect amounted to EUR 1 million (2022: EUR 1 million) cumulatively for the year 2023, which also reflects the unrecognised interest income out of the related finance lease receivables throughout the year.

The use of CLA triggered by full or partial write-offs of finance lease receivables is reported in column ‘Write-offs’.

One significant driver of the CLA movements for the year has been the transfer of the related instruments across impairment stages. The year-end GCA of finance lease receivables that were assigned at 31 December 2023 to a different stage compared to 1 January 2023 (or to the initial recognition date, if originated during the year) are summarized below:

Transfers between stages – finance lease receivables

in EUR million	Dec 22	Dec 23
Transfers between Stage 1 and Stage 2		
To Stage 2 from Stage 1	322	355
To Stage 1 from Stage 2	89	227
Transfers between Stage 2 and Stage 3		
To Stage 3 from Stage 2	10	26
To Stage 2 from Stage 3	53	4
Transfers between Stage 1 and Stage 3		
To Stage 3 from Stage 1	16	16
To Stage 1 from Stage 3	2	4

The year-end total GCA of the finance lease receivables that were initially recognised during the reporting period and not fully derecognised by 31 December 2023 amounts to EUR 1,431 million (2022: EUR 1,104 million). The GCA of the finance lease receivables that were held at 1 January 2023 and fully derecognised during the year 2023 amounts to EUR 499 million (2022: EUR 447 million).

LOAN COMMITMENTS AND FINANCIAL GUARANTEES

Movement in credit loss allowances – loan commitments and financial guarantees

in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of
	Jan 23						**Dec 23**
Stage 1	81	226	-52	-152	-26	4	82
Stage 2	274	0	-91	190	-173	7	208
Stage 3	107	0	-38	37	0	18	124
POCI	6	1	-2	0	-3	0	2
Total	**469**	**227**	**-182**	**75**	**-201**	**29**	**416**
	Jan 22						**Dec 22**
Stage 1	113	229	-80	-191	9	0	81
Stage 2	228	0	-93	285	-142	-4	274
Stage 3	111	0	-20	12	-3	7	107
POCI	12	1	-1	0	-5	0	6
Total	**464**	**229**	**-193**	**106**	**-141**	**3**	**469**

The column 'Other changes in credit risk (net)' captures the passage-of-time adverse effect ('unwinding') over the lifetime expected cash shortfalls of defaulted loan commitments and financial guarantees.

One significant driver of the CLA movements for the year has been the transfer of the related instruments across different stages. The year-end notional amounts of loan commitments and financial guarantees that were assigned at 31 December 2023 to a different stage compared to 1 January 2023 (or to the initial recognition date, if originated during the year) are summarized below:

Transfers between stages – loan commitments and financial guarantees

in EUR million	Dec 22	Dec 23
Transfers between Stage 1 and Stage 2	**10,631**	**7,995**
To Stage 2 from Stage 1	7,907	2,273
To Stage 1 from Stage 2	2,724	5,721
Transfers between Stage 2 and Defaulted	**71**	**121**
To Defaulted from Stage 2	52	101
To Stage 2 from Defaulted	19	20
Transfers between Stage 1 and Defaulted	**68**	**21**
To Defaulted from Stage 1	66	20
To Stage 1 from Defaulted	2	1

The year-end nominal amounts of unused off-balance commitments and financial guarantees that were initially recognised during the year 2023 and not fully derecognised by 31 December 2023 amounts to EUR 18,964 million (2022: EUR 18,051 million). The nominal amounts of unused off-balance commitments or financial guarantees that were held at 1 January 2023 and fully derecognised during the year 2023 amounts to EUR 11,976 million (2022: EUR 11,360 million).

40. Scenarios used in forward looking information and Crises Effects

Overview on scenarios used in forward-looking information

INCORPORATION OF FORWARD-LOOKING INFORMATION

Parameters are determined to reflect the risk as a 'point-in-time' measure and with consideration of forward-looking information (FLI). This results in using a baseline forecast and several alternative scenarios for selected macroeconomic variables. The alternative scenarios are derived, together with their weights of scenario outcome, as a deviation from baseline forecasts. The baseline forecasts are, with a few exceptions, internally determined by Erste Group's research department. Given multiple scenarios, the 'neutral' PDs (and partially included in LGDs) are adjusted using macro models that link relevant macroeconomic variables with risk drivers. The same macro-shift models as for external and internal stress test are used. Forward-looking information is incorporated for first three years of ECL measurement. Measurement of the parameters for the remaining lifetime returns to through-the-cycle observations immediately in year four.

Thus, the unbiased scenario weighted ECL considering FLI is derived using the weights representing the outcome of each macroeconomic scenario. Typical macroeconomic variables may include real gross domestic product, unemployment rate, inflation rate, production index as well as market interest rates. The selection of variables also depends on the availability of reliable forecasts for the given local market. The main indicator of the estimated economic development and basis for alternative scenario derivation is the GDP. In addition, economic effects of the ongoing war in Ukraine and the emerging conflicts in the middle east came along with the increases of the inflation and/or the interest rates. Erste Group adjusted macro-shift models to reflect expected effects of those into credit risk parameters.

Macro-shift FLI models are recalibrated regularly to reflect the most relevant macro-variables. The recalibration is performed by the local entities (except for the central models for Group (Large) Corporate) and variables with the highest statistical relevance are included.

In case of central model for Group (Large) Corporates, the Group (dedicated central units) is responsible for the PD review including FLI. In 2023, a new characteristic, the country of risk, was implemented into FLI for distinguishing the macro development in different countries.

Erste Group reviewed the FLI in the fourth quarter of 2023 according to the disclosed forecasts for baseline, downside, and upside scenarios. Based on the assessment of conditions (exit triggers) for applying in-model adjustments in FLI models (40% weight assigned to baseline scenarios, expertly set up weights for downside and upside scenarios, and incorporation of comprehensive stress test scenario into the downside scenario, applied in December 2022), Erste Group decided to assign 50% scenario weight to baseline forecast due to more stable macroeconomic forecasts than were observed during previous year. Moreover, the higher NPL inflows in Austria and Czechia, observed in the second half of 2023, led to the decision to apply the modelled weights for downside and upside scenarios instead of expertly set weights applied in 2022. It relates to all local models used in Austria and Czechia, including Group (Large) Corporate model due to significant exposure of this portfolio booked in these two entities (Austria and Czechia). The approach of including the comprehensive stress test (CST) scenario into the downside scenario design is kept unchanged. However, the CST scenario was updated according to the assumptions considered in comprehensive stress test 2023.These model adjustments took place to address the still persisting uncertainty of the macroeconomic forecasts, higher downside risks and effects of those on ECL resulting from the unstable geopolitical situation.

The bank is disclosing sensitivity of the staging and ECL on macro scenarios in the 'Collective assessment' section below.

Baseline scenario

Erste Group expects the Eurozone economy to gradually recover from the first half of 2024 onwards. The main factor supporting the constructive baseline outlook for the Eurozone in 2024 is a further slight easing of inflationary pressures on a domestic and as well as on global level. European gas- and electricity prices have already dropped substantially and easing pressures from global supply chains have already eased inflationary pressures in recent months. In this environment it is forecasted real wage gains for consumers in 2024, which should be supportive for private consumption growth 2024.

The expected end of global destocking in the course of 2024 should gradually improve the order situation and order backlogs of manufacturing companies. This should be another growth supportive factor during the first half of 2024. Erste Group forecasts that in this environment, a gradual acceleration of consumption and investments will be seen in the first half of 2024. In this environment the Erste Group expects the ECB to deliver the first rate cut in June 2024.

RISKS TO THE BASELINE SCENARIO AND COMPREHENSIVE STRESS TEST SCENARIO AS CONSIDERATIONS ADDED TO DOWNSIDE SCENARIO

The ongoing war in Ukraine, including emerging conflicts in the middle east, remains significant risk factor. If it escalates further could potentially harm the sentiment of global investors versus the Eurozone with potential dampening effects on growth.

Russia could cut off gas supply to an increased number of 'unfriendly' countries. Energy security becomes a priority for EU policymakers who regard the momentum to become less dependent from Russian commodities and to accelerate the transition to a low carbon economy. This goal could trigger an energy policy shock, whereby the price of CO2 emissions skyrocket in the first year, crystalizing a disorderly transition risk. The energy policy shock could exacerbate the increase in energy/consumer prices and unanchor the inflation expectations; prompting the ECB to tighten monetary policy aggressively (affecting the entire yield curve) to keep inflation under control. In addition, the fast rise of green energy investments adds volatility and instability to an European power grid. Temporary pressure on the power grid from large swings in energy supply from green energy could result in temporary price spikes for electricity which could harm industrial activity and the consumers purchasing power.

Moreover, the current turmoil in the Red Sea, which exerts pressure on container ship traffic between Europe and Asia could flare up again supply chain issues. This could translate into higher inflation than anticipated in our current base line scenario.

The fast rise of interest rates is a threat for the investment activity of companies and consumers could lead to lower investments than currently anticipated for our base case scenario. In general, higher Harmonized Index of Consumer Prices (HICP), especially electricity/gas bills, reduces disposable income and contracts consumption. Given the high debt inherited from the pandemic, increasing military spending and expansive fiscal policies to mitigate higher energy prices/influx of refugees could make investors to question debt sustainability.

UPSIDE RISK TO THE BASELINE SCENARIO

In case the global industry recovers faster and stronger than it is expected in the baseline scenario, it would certainly have an immediate positive impact on the German economy. In light of the tight interconnections between Germany and other major countries of the Eurozone, a stronger and faster recovery of German industry would also have an immediate positive impact on the entire industry of the Eurozone. A faster and stronger recovery of European industry would give GDP growth in 2024 and 2025 certainly a positive boost, as the recovery of investment activity would take hold faster and stronger than currently expected in our baseline scenario. We would expect in this scenario that consumer sentiment would also be impacted positively. So private consumption would have a bigger contribution to growth in 2024 and 2025, when comparing to our baseline scenario. The services sector of the economy would benefit from a better and higher consumer sentiment as well. However, a further gradual easing of inflationary pressure (especially in the services sector) is mandatory in this scenario in order not to endanger expected rate cuts by the ECB in 2024.

Overview of Baseline, Upside and Downside scenarios

Below we are summarizing expected development of the GDP for all regions, all scenarios and scenario weights, as main indicator of the macro-economic situation. In case of Group (Large) Corporate clients, the applied weights are 23%, 50%, and 27% assigned to upside, baseline, and downside scenarios respectively. However, the considered GDP scenarios are the same as shown below for the standalone countries.

Additionally, we are disclosing the most relevant variables for the macro-shift model in the most significant regions.

Austria, Czechia, Slovakia, and Romania are presented as they have the highest share of credit risk exposure, expected credit loss and the highest share of FLI component in the expected credit loss measurement. Macro-shift models are calibrated for the three main sub-portfolios: private individuals, micro enterprises, and another corporate business. Models' calibration and variables disclosed below are incorporated into expected credit loss measurement as of 31 December 2023. The baseline and weighted scenario outcome for the major variables is disclosed in the tabular format for the years 2024-2026.

Baseline, upside and downside scenarios of GDP growth by geographic region

	Scenario	Probability weights	GDP growth in %			
		2024-2026	2023	2024	2025	2026
Dec 2023						
Austria	Upside	28%	-	3.1	4.1	4.1
	Baseline	50%	-	0.6	1.6	1.6
	Downside	22%	-	-3.3	-1.4	-0.5
Czechia	Upside	21%	-	3.8	5.3	4.8
	Baseline	50%	-	1.8	3.3	2.8
	Downside	29%	-	-2.5	-0.9	0.3
Slovakia	Upside	1%	-	4.7	5.1	4.8
	Baseline	50%	-	2.3	2.7	2.4
	Downside	49%	-	-2.5	-1.3	-0.3
Romania	Upside	1%	-	4.5	6	7.2
	Baseline	50%	-	1.4	2.9	4.1
	Downside	49%	-	-3	-1	0.6
Hungary	Upside	1%	-	5.5	5.7	5.6
	Baseline	50%	-	3.2	3.4	3.3
	Downside	49%	-	-2	-0.5	0.6
Croatia	Upside	1%	-	4.3	5.2	4.9
	Baseline	50%	-	2.4	2.6	2.5
	Downside	49%	-	-2	-1.2	0.1
Serbia	Upside	1%	-	5.5	5.8	6
	Baseline	50%	-	3.3	3.6	3.8
	Downside	49%	-	-1.4	-0.2	0.9

Dec 22		**2023-2025**	**2023**	**2024**	**2025**	**2026**
Austria	Upside	1%	2.9	3.5	3.9	-
	Baseline	40%	0.6	1.2	1.6	-
	Downside	59%	-4.6	-1.9	0.1	-
Czechia	Upside	1%	3.4	6.2	5.9	-
	Baseline	40%	0.9	3.7	3.4	-
	Downside	59%	-4.9	-0.3	0.9	-
Slovakia	Upside	1%	3.6	4.7	4.1	-
	Baseline	40%	1.5	2.6	2.0	-
	Downside	59%	-4.6	-2.2	1.1	-
Romania	Upside	1%	5.7	8.3	7.8	-
	Baseline	40%	2.7	5.3	4.8	-
	Downside	59%	-3.0	0.2	2.8	-
Hungary	Upside	1%	2.7	6.7	5.9	-
	Baseline	40%	0.2	4.2	3.4	-
	Downside	59%	-6.5	0.5	1.8	-
Croatia	Upside	1%	3.2	4.7	6.1	-
	Baseline	40%	1.0	2.5	2.5	-
	Downside	59%	-3.9	-1.0	0.4	-
Serbia	Upside	1%	4.7	5.7	5.8	-
	Baseline	40%	3.0	4.0	4.1	-
	Downside	59%	-2.7	0.1	2.4	-

Baseline and scenario weighted values of the main variables in the most significant regions

	Baseline scenario				Scenario weighted outcome			
	2023	2024	2025	2026	2023	2024	2025	2026
Dec 23								
Austria								
GDP growth	-	0.6	1.6	1.6	-	0.4	1.6	1.8
Inflation	-	4.0	2.7	2.3	-	3.8	2.5	2.1
Yields_10Y	-	2.9	2.8	2.9	-	3.0	2.9	2.9
Czechia								
Unemployment Rate	-	3.7	4.0	4.0	-	3.7	4.3	4.4
Inflation (PPI)	-	141.8	144.3	147.2	-	142.2	144.7	147.6
Slovakia								
Unemployment Rate	-	6.0	5.7	5.4	-	6.6	6.9	6.6
Inflation	-	5.0	3.5	2.5	-	6.8	5.1	3.8
Romania								
GDP growth	-	1.4	2.9	4.1	-	-0.7	1.0	2.4
Interest Rate (ROBOR 3M)	-	6.3	5.3	4.3	-	7.7	6.7	5.7
Inflation (CPI)	-	6.6	4.3	3.2	-	8.2	5.4	3.8
	2023	2024	2025	2026	2023	2024	2025	2026
Dec 22								
Austria								
GDP growth	0.6	1.2	1.6	-	-2.4	-0.6	0.7	-
Inflation	5.2	2.8	2.0	-	6.3	3.5	2.3	-
Yields_10Y	2.2	2.2	2.2	-	2.6	3.0	3.3	-
Czechia								
Unemployment Rate	3.3	3.4	3.4	-	3.8	4.5	4.4	-
Inflation (PPI)	144.2	146.6	149.6	-	146.2	148.7	151.7	-
Slovakia								
Unemployment Rate	6.5	6.5	6.3	-	7.6	7.9	7.6	-
Inflation	9.3	4.5	3.5	-	10.5	5.9	4.3	-
Romania								
GDP growth	2.7	5.3	4.8	-	-0.6	2.3	3.7	-
Interest Rate (ROBOR 3M)	7.3	6.0	4.5	-	9.3	8.9	8.1	-
Inflation (CPI)	10.5	5.8	3.4	-	11.8	7.6	4.2	-

Collective assessment

In addition to standard SICR assessment, Erste Group applied collective SICR assessment, i.e., transfer into Stage 2 based on pre-defined portfolio characteristics, due to emerging risks not covered by standard models. This approach is aligned with all affected entities and business lines and approved by the respective governance bodies of Erste Group. It requires, after the assessment of the outliers from the common portfolio characteristics, to have exemptions from the collective SICR assessment, if properly documented why they would behave differently than the rest of the portfolio.

In June 2022, Erste Group implemented rules for collective staging assessment due to the war in Ukraine (UA war overlays) as a combination of industries with correlation to economic downturn (cyclical industries) and one-year IFRS PD. Erste Group has identified the portfolio of industry sectors susceptible to being hit by the macro-economic environment based on cost inflation and interest rate increases leading to decreasing confidence levels on consumer as well as production side, and consequently a decrease in consumption and investments.

In addition to cyclical industries, from September 2022 Erste Group has introduced additional Energy stage overlay due to the distortions in the energy market with implications on gas/energy availability and price. Two-folds effects were considered. Effects of energy prices and availability on clients either due to energy intensive production processes or relying on gas as a primary input in their business processes. Vulnerability was driven by gas dependency, (limited) substitution possibilities and implications of a substitution on financials, hedging and price mechanisms. Within the industry Natural Resources and Commodities, Metals and Chemical sub-industries were identified as being most affected.

Erste Group evaluates on quarterly basis the conditions (exit triggers) for applying of collective SICR assessment. It was concluded that in case of cyclical industries the risk neither passed nor was materialized. Therefore, in December 2023, the rules for collective SICR assessment were kept the same as they were applied in 2022.

In case of Energy industries, it was concluded that conditions for exit triggers were partly fulfilled mainly on energy availability part. Electricity demand in the European Union declined for the second consecutive year in 2023, even though energy prices fell from record highs. On the other hand, in 2023, there were also signs of some permanent demand destruction, especially in the energy-intensive chemical and primary metal production sectors. These segments will remain vulnerable to energy price shocks. Moreover, all companies belonging to the Energy sector can potentially be affected by the distortions in the current energy market. However, certain business models in the energy sector rather benefit from the current situation and, thus, do not match the overall portfolio characteristics as energy sector is widely defined. Therefore, in December 2023 only selected industries (production & distribution of energy and heating) were considered within collective SICR assessment and migrated to Stage 2; except -companies excluded based on individual assessment.

Out of the overall credit risk exposure of EUR 364 billion (2022: EUR 349 billion) portfolio under collective staging assessment represents:
— EUR 95 billion of cyclical industries, out of which EUR 23 billion is in Stage 2;
— EUR 16 billion of energy intensive industries, out of which EUR 7 billion is in stage 2.

In 2022, local risk management in Czechia and Croatia assessed that the recalibration of private individuals' macro shift FLI model did not bring feasible results and does not sufficiently address current situation. Therefore, the additional SICR collective assessment on Private individual side was introduced and is still in place. It triggers additional stage 2 exposure of EUR 2 billion as of 31 December 2023 and increase of allocated ECL by EUR 19 million.

EFFECT ON EXPECTED CREDIT LOSS

The analysis tables below present the effects of the collective SICR assessment and FLI on both exposure migration to Stage 2 and the resulting increase of ECL. Additional sensitivities to the baseline, upside and downside scenarios are simulated. Effects on geographical segments are disclosed.

In December 2023, the exposure in Stage 2 due to the application of the rules for Ukraine war collective SICR assessment stood for cyclical industries at EUR 10,232 million (2022: EUR 7,092 million) and for energy (intensive) industries at EUR 6,525 million (2022: EUR 17,345 million), with additional ECL allocated in the amount of EUR 195 million (2022: EUR 184 million) for cyclical industries and EUR 49 million (2022: EUR 150 million) for energy (intensive) industries.

As described above, FLI were reassessed based on the latest macro-scenarios in the fourth quarter of 2023. Considering the review of in-model adjustments (change the weight assigned to baseline scenario from 40% to 50%, and application of modelled weights assigned to upside and downside scenarios for the local model in Austria and Czechia and Group (Large) Corporate model central), the Stage 2 exposure triggered by FLI decreased to EUR 5,274 million as of December 2023 (2022: EUR 5,554 million). The decrease of the Stage 2 exposure and PD levels affected the level of ECL allocated in Stage 2 due to FLI: EUR 478 million as of December 2023 versus EUR 572 million as of December 2022.

Scenario simulation presents sensitivity analyses taking into consideration only changes due to the different values of PDs, if baseline, upside or downside FLI scenarios had 100% weight. Sensitivities of these scenarios are calculated in comparison to current production - weighted scenarios FLI shifted - PDs (weights and scenarios are disclosed in the 'Incorporation of forward-looking information' section above). Both staging and resulting ECL were simulated with the scenario PDs.

The incorporation of 100% baseline scenario instead of the currently applied weighted scenario outcome would lead to a decrease of Stage 2 exposure by EUR 598 million (2022: EUR 3,771 million), resulting in an ECL drop by EUR 77 million (2022: EUR 296 million). The lower difference between weighted scenario and baseline scenario is affected by the increase of the weight assigned to baseline scenario in 2023.

The downside scenario would lead to additional EUR 2,402 million of exposure migration to Stage 2 in comparison with scenario weighted FLI (2022: EUR 3,121 million), resulting in ECL increase of EUR 207 million (2022: EUR 238 million).

For the ECL change a positive sign (+) equals a release while a negative sign (-) equals an allocation. Values presented sensitivities are results of internal simulations.

Forward looking information (FLI) and collective SICR assessment

Impact on credit risk exposure by geographical segment

in EUR million	Current status - parameters (FLI shifted)							Simulations - difference to FLI shifts effect		
	Stage 1	Stage 2	Total	Stage 2 impacted by				Upside scenario	Baseline scenario	Downside scenario
				Collective assessment			FLI shifts			
				Cyclical	Energy	PI				
Dec 23										
Austria	**143,871**	**29,852**	**173,723**	**7,592**	**3,984**	**0**	**3,699**	**-1,285**	**-273**	**1,492**
EBOe & Subs.	44,173	7,032	51,205	1,849	413	0	906	-301	-73	508
Savings Banks	58,970	16,983	75,953	5,107	1,559	0	1,747	-494	-69	905
Other Austria	40,728	5,837	46,565	636	2,012	0	1,046	-491	-131	78
CEE	**134,811**	**16,098**	**150,910**	**2,639**	**2,541**	**1,577**	**1,574**	**-1,165**	**-326**	**911**
Czechia	69,299	7,015	76,315	1,390	1,156	1,224	621	-346	-36	485
Slovakia	22,549	1,993	24,543	260	16	0	175	-193	-43	19
Romania	18,882	3,522	22,404	582	282	0	514	-469	-162	189
Hungary	9,336	1,105	10,441	60	469	0	110	-100	-50	64
Croatia	12,060	2,125	14,185	308	521	353	28	-13	-5	112
Serbia	2,685	337	3,022	39	97	0	127	-44	-29	43
Other	**10,029**	**3**	**10,032**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**288,711**	**45,953**	**334,664**	**10,232**	**6,525**	**1,577**	**5,274**	**-2,450**	**-598**	**2,402**
Dec 22										
Austria	**135,236**	**32,407**	**167,643**	**4,976**	**11,352**	**0**	**3,489**	**-3,727**	**-2,598**	**1,889**
EBOe & Subs.	43,281	7,179	50,460	927	1,340	0	828	-883	-632	363
Savings Banks	61,345	14,565	75,910	3,906	2,440	0	1,578	-1,716	-1,073	964
Other Austria	30,611	10,663	41,273	143	7,571	0	1,083	-1,128	-893	562
CEE	**124,821**	**19,079**	**143,900**	**2,116**	**5,993**	**1,628**	**2,065**	**-1,905**	**-1,173**	**1,232**
Czechia	63,049	8,032	71,081	851	2,109	1,286	715	-601	-269	261
Slovakia	22,712	3,062	25,774	283	1,129	0	18	-121	-114	212
Romania	15,924	3,771	19,695	311	1,138	0	1,104	-1,012	-669	558
Hungary	9,986	1,250	11,236	224	677	0	157	-113	-77	69
Croatia	10,670	2,612	13,282	427	767	342	12	-3	-2	4
Serbia	2,479	352	2,831	19	174	0	61	-55	-42	128
Other	**11,454**	**100**	**11,555**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**271,511**	**51,587**	**323,098**	**7,092**	**17,345**	**1,628**	**5,554**	**-5,632**	**-3,771**	**3,121**

Impact on credit loss allowances by geographical segment

in EUR million	Current status - parameters (FLI shifted)							Simulations - difference to FLI shifts effect		
	Stage 1	Stage 2	Total	Out of which:				Upside scenario	Baseline scenario	Downside scenario
				Collective assessment due to			FLI shifts			
				Cyclical	Energy	PI				
Dec 23										
Austria	**-167**	**-755**	**-923**	**-113**	**-27**	**0**	**-204**	**65**	**15**	**-104**
EBOe & Subs.	-38	-160	-198	-24	-3	0	-43	14	3	-24
Savings Banks	-88	-508	-596	-84	-17	0	-128	31	7	-56
Other Austria	-41	-88	-129	-4	-8	0	-33	20	5	-24
CEE	**-326**	**-911**	**-1,237**	**-82**	**-21**	**-19**	**-274**	**173**	**61**	**-103**
Czechia	-108	-316	-424	-40	-8	-14	-100	28	3	-30
Slovakia	-42	-115	-157	-9	-0	0	-2	8	4	-2
Romania	-100	-316	-416	-22	-2	0	-124	116	44	-52
Hungary	-28	-54	-82	-1	-2	0	-25	15	7	-8
Croatia	-36	-94	-130	-11	-8	-5	-14	3	1	-8
Serbia	-11	-16	-27	-1	-1	0	-9	3	2	-3
Other	**-2**	**0**	**-2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**-495**	**-1,666**	**-2,161**	**-195**	**-49**	**-19**	**-478**	**238**	**77**	**-207**
Dec 22										
Austria	**-169**	**-772**	**-942**	**-104**	**-85**	**0**	**-205**	**201**	**129**	**-98**
EBOe & Subs.	-43	-169	-211	-19	-10	0	-50	49	32	-21
Savings Banks	-91	-434	-525	-83	-29	0	-105	104	66	-48
Other Austria	-36	-170	-206	-2	-46	0	-49	48	32	-29
CEE	**-296**	**-975**	**-1,271**	**-80**	**-65**	**-21**	**-368**	**280**	**166**	**-140**
Czechia	-99	-332	-431	-33	-14	-16	-87	59	24	-20
Slovakia	-49	-122	-171	-11	-9	0	-15	12	8	-5
Romania	-67	-314	-381	-14	-16	0	-198	171	110	-93
Hungary	-30	-62	-91	-5	-3	0	-38	27	17	-12
Croatia	-37	-127	-164	-18	-19	-6	-21	3	2	-1
Serbia	-15	-18	-33	-0	-4	0	-8	7	5	-7
Other	**-4**	**-3**	**-7**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**-470**	**-1,750**	**-2,220**	**-184**	**-150**	**-21**	**-572**	**481**	**296**	**-238**

41. Restructuring, renegotiation and forbearance

Restructuring means contractual modification of any of the customer's loan repayment conditions including tenor, interest rate, fees, principal amount due or a combination thereof. Forbearance can be initiated by the bank or by the customer (on account of loss of employment, illness etc.). Components of forbearance can be instalment reduction, tenor extension, interest reduction or forgiveness, principal reduction or forgiveness, revolving exposure change to instalment and/or others.

A restructuring is considered 'forbearance' if it entails a concession towards a customer facing or about to face financial difficulties in meeting their contractual financial commitments. A borrower is in financial difficulties if any of the following conditions are met:
— the customer was more than 30 days past due in the past 3 months;
— the customer would be 30 days past due or more without receiving forbearance;
— the customer is in default;
— the customer would default without receiving forbearance.

Additional criteria for non-retail segment:
— early warning signals for this customer identified;
— customer has deteriorated financial figures, which led to decline of the rating grade;
— customer has increased probability of default.

Forbearance concession triggers the performing forbearance classification and means that any of the following conditions are met:
— modification/refinancing of the contract would not have been granted, had the customer not been in financial difficulty;
— there is a difference in favour of the customer between the modified/refinanced terms of the contract and the previous terms of the contract;
— the modified/refinanced contract includes more favourable terms than other customers with a similar risk profile would have obtained from the same institution;
— activation of embedded forbearance clause of the contract;
— any waiver of a material financial or non-financial covenant.

The performing forbearance classification can be discontinued, and the account can become a non-forborne account when all the following conditions are met:

- a minimum of two years has passed from the date of classifying the exposure as performing forbearance (probation period);
- under the forborne payment plan, at least 50% of the original (pre-forbearance) instalment has been regularly repaid (significant repayment) at least during half of the probation period (in the case of retail customers);
- regular repayments in a significant amount during at least half of the probation period have been made (in the case of non-retail customers);
- significant repayment includes amount previously past-due (if any) or written-off (if no-past due amounts) for both segments retail and non-retail;
- none of the exposure of the customer is more than 30 days past due at the end of the probation period.

Performing forborne exposures become non-performing when one of the following forbearance classifications is fulfilled during the monitoring period of a minimum two years:

- the contract modification involves total or partial cancellation of the debt by (partial) write-off;
- an additional forbearance measure is extended;
- the customer becomes more than 30 days past due on forborne exposure and in the past the customer was in the non-performing forbearance category;
- the customer meets any of the default event criteria defined in the default definition;
- for corporate customers, when a final restructuring agreement cannot be concluded within 18 months after the first forbearance measure.

The non-performing forbearance classification can be discontinued and reclassified as performing under probation when all the following conditions are met:

- the customer is not classified as defaulted according to the definition of default;
- the customer has demonstrated the ability to comply with the post-forbearance conditions;
- one year has passed from the date of classifying the exposure as non-performing forbearance or from the latest of the following events:
  - the moment of extending the restructuring measure;
  - the end of the grace period included in the restructuring agreement;
  - the moment when the exposure has been classified as defaulted;
  - the forbearance has not led the exposure to be classified as non-performing.

Credit risk exposure, forbearance exposure and credit loss allowances

in EUR million	Loans and advances	Debt securities	Other positions	Loan commitments	Total
Dec 23					
Credit exposure	**233,341**	**54,466**	**31,280**	**45,363**	**364,450**
thereof gross forborne exposure	4,227	0	0	220	4,448
Performing exposure	228,555	54,458	31,116	45,176	359,306
thereof performing forborne exposure	2,433	0	0	151	2,584
Credit loss allowances for performing exposure	-1,859	-26	-113	-194	-2,193
thereof credit loss allowances for performing forborne exposure	-113	0	0	-8	-121
Non-performing exposure	4,786	8	164	187	5,144
thereof non-performing forborne exposure	1,794	0	0	69	1,863
Credit loss allowances for non-performing exposure	-2,221	-5	-63	-75	-2,363
thereof credit loss allowances for non-performing forborne exposure	-712	0	0	-23	-735
Dec 22					
Credit exposure	**224,531**	**52,111**	**24,090**	**48,434**	**349,166**
thereof gross forborne exposure	4,088	0	1	128	4,218
Performing exposure	220,309	52,104	23,961	48,287	344,661
thereof performing forborne exposure	2,524	0	0	89	2,613
Credit loss allowances for performing exposure	-1,849	-41	-152	-246	-2,288
thereof credit loss allowances for performing forborne exposure	-105	0	0	-3	-109
Non-performing exposure	4,222	8	129	146	4,505
thereof non-performing forborne exposure	1,564	0	1	39	1,605
Credit loss allowances for non-performing exposure	-2,139	-5	-95	-46	-2,284
thereof credit loss allowances for non-performing forborne exposure	-675	0	-1	-20	-696

Types of forbearance exposure

in EUR million	Gross forborne exposure	Modification in terms and conditions	Refinancing
Dec 23			
Loans and advances	4,227	3,762	465
Debt securities	0	0	0
Loan commitments	220	198	22
Total	**4,448**	**3,960**	**487**
Dec 22			
Loans and advances	4,088	3,771	317
Debt securities	0	0	0
Loan commitments	128	113	15
Total	**4,216**	**3,885**	**332**

Loans and advances also include lease, trade and other receivables.

Impact of non-significant contractual modifications of debt instruments AC assigned to Stage 2 and 3

	Dec 22		Dec 23	
in EUR million	Amortised cost before the modification	Net modification gains/losses	Amortised cost before the modification	Net modification gains/losses
Loans and advances				
General governments	16	0	172	1
Other financial corporations	95	0	52	0
Non-financial corporations	1,545	1	2,365	-2
Households	862	-11	1,078	-14
Total	**2,518**	**-10**	**3,667**	**-15**

As of 31 December 2023, the total GCA of Erste Group's debt instruments measured at AC, which were impacted by non-significant contractual modifications while they were assigned to Stage 2 or 3 and re-assigned to Stage 1 during the year 2023 amounted to EUR 1,212 million (2022: EUR 1,606 million).

42. Non-performing credit risk exposure and credit loss allowances

For the definition of credit risk exposure classified as non-performing, please refer to the description of risk categories in the subsection 'Credit risk classification'. Credit risk allowances include credit loss allowances for financial assets, credit loss allowances for loan commitments and financial guarantees (all allowances within the scope of IFRS 9) and provisions for other commitments.

Credit loss allowances (all stages combined) covered 90% (2022: 102%) of the reported non-performing on-balance and off-balance credit risk exposure.

During 2023, the non-performing credit risk exposure increased by EUR 639 million, or 14%, as well as the credit loss allowances for loans and advances together with credit loss allowances for loan commitments and financial guarantees slightly increased by EUR 25 million or 1%. This development resulted in a moderate decrease of 12 percentage points in the coverage of non-performing credit risk exposure by credit risk allowances.

The following tables show the coverage of the non-performing credit risk exposure by credit loss allowances (without taking into consideration collateral). The differences in the credit allowance levels between the reporting segments result from the risk situation in the respective markets, different levels of collateralisation as well as the local legal environment and regulatory requirements.

The non-performing exposure ratio (NPE ratio) is calculated as the non-performing credit risk exposure divided by total credit risk exposure while the NPE coverage ratio is computed as total credit loss allowances (all allowances within the scope of IFRS 9) divided by non-performing credit risk exposure at AC and FVOCI. Collateral is not considered in the NPE coverage ratio.

Non-performing credit risk exposure by geographical segment and coverage by credit loss allowances and collateral

	Non-performing		Credit risk exposure		Credit loss allowances	Collateral for NPE		NPE ratio		NPE coverage ratio	NPE collateralisation ratio	
in EUR million	Total	AC and FVOCI	Total	AC and FVOCI	AC and FVOCI	Total	AC and FVOCI	Total	AC and FVOCI	AC and FVOCI	Total	AC and FVOCI
Dec 23												
Austria	**2,997**	**2,973**	**190,136**	**176,718**	**-1,971**	**1,661**	**1,661**	**1.6%**	**1.7%**	**66.3%**	**55.4%**	**55.9%**
EBOe & Subs.	765	764	52,542	51,972	-457	417	417	1.5%	1.5%	59.7%	54.6%	54.6%
Savings Banks	1,821	1,806	79,939	77,778	-1,264	1,075	1,075	2.3%	2.3%	70.0%	59.0%	59.5%
Other Austria	411	403	57,655	46,968	-251	168	168	0.7%	0.9%	62.3%	40.9%	41.8%
CEE	**2,145**	**2,084**	**164,229**	**153,171**	**-2,559**	**792**	**787**	**1.3%**	**1.4%**	**122.8%**	**36.9%**	**37.8%**
Czechia	853	817	81,166	77,152	-909	276	276	1.1%	1.1%	111.2%	32.4%	33.8%
Slovakia	375	363	28,123	25,013	-376	184	184	1.3%	1.5%	103.6%	48.9%	50.6%
Romania	382	381	23,477	22,812	-685	119	117	1.6%	1.7%	180.1%	31.0%	30.8%
Hungary	185	175	12,589	10,632	-197	68	65	1.5%	1.6%	113.0%	36.9%	37.3%
Croatia	291	290	14,937	14,479	-325	132	132	1.9%	2.0%	112.2%	45.4%	45.5%
Serbia	59	59	3,937	3,082	-66	13	13	1.5%	1.9%	111.7%	22.5%	22.6%
Other	**2**	**2**	**10,085**	**10,034**	**-2**	**0**	**0**	**0.0%**	**0.0%**	**91.8%**	**0.0%**	**0.0%**
Total	**5,144**	**5,060**	**364,450**	**339,923**	**-4,532**	**2,453**	**2,449**	**1.4%**	**1.5%**	**89.6%**	**47.7%**	**48.4%**
Dec 22												
Austria	**2,490**	**2,473**	**181,647**	**170,139**	**-1,939**	**1,245**	**1,244**	**1.4%**	**1.5%**	**78.4%**	**50.0%**	**50.3%**
EBOe & Subs.	624	624	51,585	51,086	-421	378	378	1.2%	1.2%	67.5%	60.6%	60.6%
Savings Banks	1,380	1,370	79,360	77,299	-1,104	738	737	1.7%	1.8%	80.6%	53.5%	53.8%
Other Austria	486	480	50,702	41,753	-413	129	129	1.0%	1.1%	86.2%	26.6%	26.8%
CEE	**1,997**	**1,928**	**155,874**	**146,007**	**-2,549**	**739**	**736**	**1.3%**	**1.3%**	**132.2%**	**37.0%**	**38.2%**
Czechia	798	760	76,597	71,849	-917	239	239	1.0%	1.1%	120.6%	29.9%	31.4%
Slovakia	299	297	26,906	26,186	-375	147	147	1.1%	1.1%	126.4%	49.2%	49.5%
Romania	356	338	21,690	20,064	-632	120	120	1.6%	1.7%	187.0%	33.6%	35.5%
Hungary	178	173	12,982	11,426	-192	77	74	1.4%	1.5%	111.5%	43.4%	43.1%
Croatia	317	314	14,092	13,601	-370	145	145	2.2%	2.3%	117.9%	45.7%	46.1%
Serbia	50	47	3,607	2,880	-64	11	11	1.4%	1.6%	135.8%	23.2%	24.5%
Other	**17**	**14**	**11,645**	**11,572**	**-19**	**9**	**6**	**0.2%**	**0.1%**	**132.4%**	**51.3%**	**41.0%**
Total	**4,505**	**4,416**	**349,166**	**327,718**	**-4,507**	**1,992**	**1,986**	**1.3%**	**1.3%**	**102.1%**	**44.2%**	**45.0%**

Non-performing credit risk exposure by business segment and coverage by credit loss allowances and collateral

	Non-performing		Credit risk exposure		Credit loss allowances	Collateral for NPE		NPE ratio		NPE coverage ratio	NPE collateralisation ratio	
in EUR million	Total	AC and FVOCI	Total	AC and FVOCI	AC and FVOCI	Total	AC and FVOCI	Total	AC and FVOCI	AC and FVOCI	Total	AC and FVOCI
Dec 23												
Retail	1,509	1,506	82,533	81,361	-1,588	609	606	1.8%	1.9%	105.5%	40.3%	40.2%
Corporates	1,805	1,739	121,254	109,860	-1,632	769	767	1.5%	1.6%	93.9%	42.6%	44.1%
Group Markets	0	0	23,967	14,396	-24	0	0	0.0%	0.0%	>500.0%	69.1%	89.0%
ALM & LCC	6	6	56,596	56,417	-24	0	0	0.0%	0.0%	382.9%	0.9%	0.9%
Savings Banks	1,821	1,806	79,939	77,778	-1,264	1,075	1,075	2.3%	2.3%	70.0%	59.0%	59.5%
GCC	2	2	160	111	-1	0	0	1.5%	2.1%	22.2%	0.0%	0.0%
Total	**5,144**	**5,060**	**364,450**	**339,923**	**-4,532**	**2,453**	**2,449**	**1.4%**	**1.5%**	**89.6%**	**47.7%**	**48.4%**
Dec 22												
Retail	1,381	1,375	80,364	79,453	-1,609	564	561	1.7%	1.7%	117.0%	40.8%	40.8%
Corporates	1,694	1,624	114,347	105,062	-1,713	675	674	1.5%	1.5%	105.5%	39.8%	41.5%
Group Markets	0	0	19,511	10,648	-22	0	0	0.0%	0.0%	>500.0%	6.2%	13.9%
ALM & LCC	32	32	55,409	55,152	-45	7	7	0.1%	0.1%	142.8%	22.2%	22.3%
Savings Banks	1,380	1,370	79,360	77,299	-1,104	738	737	1.7%	1.8%	80.6%	53.5%	53.8%
GCC	17	14	175	103	-14	9	6	10.0%	14.0%	95.4%	51.3%	41.0%
Total	**4,505**	**4,416**	**349,166**	**327,718**	**-4,507**	**1,992**	**1,986**	**1.3%**	**1.3%**	**102.1%**	**44.2%**	**45.0%**

43. Detailed analysis of loans and advances to customers

The tables on the following pages present the structure of the customer loan book, excluding loans to central banks and credit institutions broken down by different categories. Loans and advances to customers comprise:
— loans and advances to customers at FVPL;
— loans and advances to customers at AC;
— finance lease receivables;
— trade and other receivables.

The presentation is by gross carrying amount excluding loan loss allowances and collateral.

Loans and advances to customers by geographical segment and currency

in EUR million	EUR	CEE-LCY	CHF	USD	Other	Total
Dec 23						
Austria	**113,703**	**0**	**1,857**	**2,809**	**2,459**	**120,828**
EBOe & Subs.	40,159	0	780	38	23	41,000
Savings Banks	56,539	0	1,045	57	1,305	58,946
Other Austria	17,006	0	32	2,714	1,131	20,882
CEE	**43,681**	**47,052**	**11**	**183**	**86**	**91,013**
Czechia	7,902	33,685	1	63	69	41,720
Slovakia	19,214	0	0	3	15	19,232
Romania	3,782	8,497	0	105	1	12,386
Hungary	1,698	4,365	0	2	0	6,065
Croatia	9,423	0	8	8	0	9,439
Serbia	1,662	506	0	2	0	2,171
Other	**12**	**0**	**0**	**5**	**39**	**56**
Total	**157,396**	**47,052**	**1,867**	**2,998**	**2,583**	**211,897**
Dec 22						
Austria	**111,966**	**0**	**2,027**	**2,930**	**2,543**	**119,466**
EBOe & Subs.	39,117	0	871	44	34	40,066
Savings Banks	55,657	0	1,110	54	1,151	57,972
Other Austria	17,193	0	46	2,832	1,358	21,429
CEE	**37,491**	**47,552**	**12**	**133**	**87**	**85,274**
Czechia	6,424	32,193	1	62	64	38,744
Slovakia	18,246	0	0	7	23	18,275
Romania	3,482	8,186	0	40	0	11,708
Hungary	1,857	4,008	0	6	0	5,873
Croatia	5,913	2,668	10	15	0	8,607
Serbia	1,568	496	0	3	0	2,067
Other	**1,274**	**36**	**4**	**8**	**27**	**1,349**
Total	**150,731**	**47,589**	**2,043**	**3,070**	**2,657**	**206,090**

'CEE-LCY' refers to the CEE geographical segment view where the local currency is the currency of the respective country (e.g., CZK in Czechia, RON in Romania etc.).

Loans and advances to customers by geographical segment and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total
Dec 23					
Austria	**102,984**	**11,568**	**3,473**	**2,803**	**120,828**
EBOe & Subs.	36,303	2,906	1,067	724	41,000
Savings Banks	47,015	8,022	2,177	1,732	58,946
Other Austria	19,667	640	228	347	20,882
CEE	**68,775**	**16,378**	**3,881**	**1,979**	**91,013**
Czechia	33,377	6,255	1,317	771	41,720
Slovakia	14,418	3,258	1,200	357	19,232
Romania	9,324	2,212	496	354	12,386
Hungary	3,344	2,116	449	156	6,065
Croatia	6,694	2,103	361	282	9,439
Serbia	1,619	435	58	59	2,171
Other	35	13	5	2	56
Total	**171,794**	**27,959**	**7,359**	**4,784**	**211,897**
Dec 22					
Austria	**101,474**	**12,717**	**2,947**	**2,328**	**119,466**
EBOe & Subs.	34,092	4,426	960	587	40,066
Savings Banks	47,599	7,468	1,602	1,304	57,972
Other Austria	19,783	823	385	437	21,429
CEE	**64,138**	**15,209**	**4,052**	**1,876**	**85,274**
Czechia	32,167	4,655	1,188	735	38,745
Slovakia	13,177	3,526	1,281	290	18,275
Romania	8,975	1,993	413	327	11,708
Hungary	3,151	1,861	694	167	5,873
Croatia	5,120	2,757	423	307	8,607
Serbia	1,548	417	52	49	2,067
Other	1,324	8	0	17	1,349
Total	**166,936**	**27,934**	**7,000**	**4,220**	**206,090**

Loans and advances to customers by business segment and risk category

in EUR million	Low risk	Management attention	Substandard	Non-performing	Total
Dec 23					
Retail	59,182	10,709	3,268	1,489	74,648
Corporates	64,560	9,170	1,850	1,554	77,135
Group Markets	689	12	6	0	707
ALM & LCC	348	43	52	6	449
Savings Banks	47,015	8,022	2,177	1,732	58,946
GCC	0	4	5	2	12
Total	**171,794**	**27,959**	**7,359**	**4,784**	**211,897**
Dec 22					
Retail	57,514	9,391	3,007	1,362	71,274
Corporates	59,381	10,975	2,217	1,512	74,084
Group Markets	939	6	45	0	990
ALM & LCC	1,471	89	129	26	1,715
Savings Banks	47,599	7,468	1,602	1,304	57,972
GCC	33	6	0	17	56
Total	**166,936**	**27,934**	**7,000**	**4,220**	**206,090**

In the following tables, the non-performing loans and advances to customers divided by segments are contrasted with allowances for customer loans (all allowances for loans and advances to customers within the scope of IFRS 9) and the collateral for non-performing loans (NPL). The NPL ratio, the NPL coverage ratio (excluding collateral), and the NPL collateralisation ratio are also included.

Non-performing loans and advances to customers by geographical segment and coverage by loan loss allowances and collateral

in EUR million	Non-performing		Customer loans		Loan loss allowances	Collateral for NPL		NPL ratio		NPL coverage ratio	NPL collateralisation ratio	
	Total	AC	Total	AC	AC	Total	AC	Total	AC	AC	Total	AC
Dec 23												
Austria	**2,803**	**2,803**	**120,828**	**120,800**	**-1,712**	**1,633**	**1,633**	**2.3%**	**2.3%**	**61.1%**	**58.3%**	**58.3%**
EBOe & Subs.	724	724	41,000	40,992	-403	411	411	1.8%	1.8%	55.6%	56.7%	56.7%
Savings Banks	1,732	1,732	58,946	58,944	-1,122	1,057	1,057	2.9%	2.9%	64.8%	61.0%	61.0%
Other Austria	347	347	20,882	20,864	-188	166	166	1.7%	1.7%	54.0%	47.8%	47.8%
CEE	**1,979**	**1,975**	**91,013**	**90,003**	**-2,355**	**763**	**760**	**2.2%**	**2.2%**	**119.2%**	**38.5%**	**38.5%**
Czechia	771	771	41,720	41,719	-857	258	258	1.8%	1.8%	111.1%	33.4%	33.4%
Slovakia	357	357	19,232	19,232	-363	183	183	1.9%	1.9%	101.6%	51.2%	51.2%
Romania	354	354	12,386	12,386	-596	115	115	2.9%	2.9%	168.5%	32.6%	32.6%
Hungary	156	153	6,065	5,056	-172	65	62	2.6%	3.0%	112.8%	41.8%	40.7%
Croatia	282	282	9,439	9,439	-303	129	129	3.0%	3.0%	107.6%	45.6%	45.6%
Serbia	59	59	2,171	2,171	-64	13	13	2.7%	2.7%	108.8%	22.8%	22.8%
Other	2	2	56	56	0	0	0	4.1%	4.1%	20.1%	0.0%	0.0%
Total	**4,784**	**4,781**	**211,897**	**210,858**	**-4,068**	**2,396**	**2,393**	**2.3%**	**2.3%**	**85.1%**	**50.1%**	**50.1%**
Dec 22												
Austria	**2,328**	**2,321**	**119,466**	**119,405**	**-1,637**	**1,223**	**1,221**	**1.9%**	**1.9%**	**70.5%**	**52.5%**	**52.6%**
EBOe & Subs.	587	587	40,066	40,059	-362	370	370	1.5%	1.5%	61.7%	63.0%	63.0%
Savings Banks	1,304	1,303	57,972	57,968	-959	723	723	2.2%	2.2%	73.6%	55.5%	55.5%
Other Austria	437	431	21,429	21,378	-316	129	129	2.0%	2.0%	73.2%	29.6%	29.8%
CEE	**1,876**	**1,873**	**85,274**	**84,497**	**-2,331**	**719**	**716**	**2.2%**	**2.2%**	**124.5%**	**38.3%**	**38.2%**
Czechia	735	735	38,744	38,744	-863	228	228	1.9%	1.9%	117.4%	31.0%	31.0%
Slovakia	290	290	18,275	18,275	-352	147	147	1.6%	1.6%	121.3%	50.5%	50.5%
Romania	327	327	11,708	11,708	-560	116	116	2.8%	2.8%	171.4%	35.5%	35.5%
Hungary	167	164	5,873	5,096	-172	76	73	2.8%	3.2%	104.6%	45.3%	44.5%
Croatia	307	307	8,607	8,607	-325	142	142	3.6%	3.6%	105.9%	46.1%	46.1%
Serbia	49	49	2,067	2,067	-59	11	11	2.4%	2.4%	119.8%	23.2%	23.2%
Other	17	14	1,349	1,349	-14	9	6	1.3%	1.1%	96.3%	52.0%	41.7%
Total	**4,220**	**4,208**	**206,090**	**205,251**	**-3,981**	**1,951**	**1,944**	**2.0%**	**2.1%**	**94.6%**	**46.2%**	**46.2%**

Total gross customer loans, total non-performing loans, and total collateral include both AC and FVPL portfolios.

The NPL ratio of loans and advances to customers is calculated by dividing the gross carrying amount of non-performing loans and advances to customers by the total gross carrying amount of loans and advances to customers. Consequently, it differs from the NPE ratio in section 'Credit risk exposure'. Collaterals for non-performing loans mainly consist of real estates.

The NPL coverage ratio is calculated by dividing total loss allowances by the gross carrying amount of the non-performing loans and advances to customers. Collateral is not considered.

Non-performing loans and advances to customers by business segment and coverage by loan loss allowances and collateral

in EUR million	Non-performing Total	Non-performing AC	Customer loans Total	Customer loans AC	Loan loss allowances AC	Collateral for NPL Total	Collateral for NPL AC	NPL ratio Total	NPL ratio AC	NPL coverage ratio AC	NPL collateralisation ratio Total	NPL collateralisation ratio AC
Dec 23												
Retail	1,489	1,486	74,648	73,637	-1,543	606	603	2.0%	2.0%	103.8%	40.7%	40.6%
Corporates	1,554	1,554	77,135	77,111	-1,389	734	734	2.0%	2.0%	89.4%	47.2%	47.2%
Group Markets	0	0	707	707	-1	0	0	0.0%	0.0%	>500.0%	0.0%	0.0%
ALM & LCC	6	6	449	448	-13	0	0	1.4%	1.4%	204.9%	0.9%	0.9%
Savings Banks	1,732	1,732	58,946	58,944	-1,122	1,057	1,057	2.9%	2.9%	64.8%	61.0%	61.0%
GCC	2	2	12	12	0	0	0	18.9%	18.9%	16.7%	0.0%	0.0%
Total	**4,784**	**4,781**	**211,897**	**210,858**	**-4,068**	**2,396**	**2,393**	**2.3%**	**2.3%**	**85.1%**	**50.1%**	**50.1%**
Dec 22												
Retail	1,362	1,359	71,274	70,496	-1,560	559	556	1.9%	1.9%	114.8%	41.0%	40.9%
Corporates	1,512	1,506	74,084	74,028	-1,429	652	652	2.0%	2.0%	94.9%	43.1%	43.3%
Group Markets	0	0	990	990	-2	0	0	0.0%	0.0%	>500.0%	28.8%	28.8%
ALM & LCC	26	26	1,715	1,715	-18	7	7	1.5%	1.5%	67.5%	27.0%	27.0%
Savings Banks	1,304	1,303	57,972	57,968	-959	723	723	2.2%	2.2%	73.6%	55.5%	55.5%
GCC	17	14	56	55	-13	9	6	31.0%	25.9%	94.0%	52.0%	41.7%
Total	**4,220**	**4,208**	**206,090**	**205,251**	**-3,981**	**1,951**	**1,944**	**2.0%**	**2.1%**	**94.6%**	**46.2%**	**46.2%**

Loans and advances to customers at AC and coverage by loan loss allowances by geographical segment and IFRS 9 treatment

in EUR million	Loans to customers Stage 1	Stage 2	Stage 3	POCI	Not subject to IFRS 9 impairment	Loan loss allowances Stage 1	Stage 2	Stage 3	POCI	Coverage ratio Stage 2	Stage 3	POCI
Dec 23												
Austria	**92,808**	**25,167**	**2,754**	**71**	**29**	**-118**	**-621**	**-973**	**0**	**2.5%**	**35.4%**	**0.0%**
EBOe & Subs.	34,236	6,029	706	21	8	-30	-133	-239	0	2.2%	33.9%	0.0%
Savings Banks	42,591	14,603	1,701	50	2	-70	-429	-624	0	2.9%	36.7%	0.0%
Other Austria	15,981	4,536	347	0	19	-19	-59	-110	0	1.3%	31.8%	0.0%
CEE	**74,389**	**13,471**	**1,795**	**349**	**1,010**	**-267**	**-823**	**-1,180**	**-86**	**6.1%**	**65.7%**	**24.7%**
Czechia	34,874	6,055	703	88	1	-96	-298	-441	-23	4.9%	62.7%	25.6%
Slovakia	16,926	1,847	344	115	0	-38	-109	-190	-26	5.9%	55.3%	22.3%
Romania	9,371	2,637	307	71	0	-75	-268	-246	-7	10.2%	80.0%	10.4%
Hungary	4,052	834	136	34	1,009	-21	-48	-94	-9	5.8%	69.4%	26.7%
Croatia	7,351	1,802	263	23	0	-27	-85	-179	-13	4.7%	67.9%	55.2%
Serbia	1,815	297	42	18	0	-10	-15	-30	-9	5.0%	72.2%	49.7%
Other	**50**	**3**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0.0%**	**3.5%**	**0.0%**
Total	**167,247**	**38,641**	**4,551**	**420**	**1,038**	**-385**	**-1,443**	**-2,153**	**-86**	**3.7%**	**47.3%**	**20.5%**
Dec 22												
Austria	**92,420**	**24,642**	**2,277**	**65**	**61**	**-123**	**-603**	**-910**	**-1**	**2.4%**	**40.0%**	**0.9%**
EBOe & Subs.	33,461	6,008	577	12	7	-33	-139	-190	0	2.3%	32.9%	0.0%
Savings Banks	44,419	12,227	1,269	53	4	-71	-360	-527	-1	2.9%	41.5%	1.1%
Other Austria	14,539	6,408	431	0	50	-19	-103	-193	0	1.6%	44.8%	0.0%
CEE	**68,048**	**14,428**	**1,734**	**287**	**777**	**-237**	**-851**	**-1,156**	**-87**	**5.9%**	**66.6%**	**30.3%**
Czechia	31,524	6,478	688	54	1	-80	-307	-456	-20	4.7%	66.2%	36.4%
Slovakia	15,628	2,267	280	100	0	-44	-111	-166	-32	4.9%	59.2%	31.8%
Romania	8,759	2,593	301	54	0	-54	-266	-230	-10	10.3%	76.4%	17.7%
Hungary	4,007	908	134	47	777	-20	-54	-86	-12	5.9%	63.8%	25.1%
Croatia	6,443	1,851	283	29	0	-28	-96	-188	-13	5.2%	66.4%	46.0%
Serbia	1,687	331	47	2	0	-11	-18	-30	0	5.3%	64.5%	22.6%
Other	**1,327**	**4**	**17**	**0**	**1**	**-2**	**0**	**-12**	**0**	**2.9%**	**68.6%**	**0.0%**
Total	**161,795**	**39,074**	**4,029**	**352**	**839**	**-361**	**-1,454**	**-2,078**	**-87**	**3.7%**	**51.6%**	**24.8%**

Stage 1 and Stage 2 comprise not credit impaired loans and advances while Stage 3 includes credit impaired loans and advances. POCI (purchased or originated credit impaired) consists of loans already credit impaired when purchased or originated.

The defaulted part of POCI loans amounted to EUR 230 million (2022: EUR 181 million), the non-defaulted part to EUR 189 million (2022: EUR 172 million).

Loans and advances to customers at AC and coverage by loan loss allowances by business segment and IFRS 9 treatment

	Loans to customers					Loan loss allowances				Coverage ratio		
in EUR million	Stage 1	Stage 2	Stage 3	POCI	Not subject to IFRS 9 impairment	Stage 1	Stage 2	Stage 3	POCI	Stage 2	Stage 3	POCI
Dec 23												
Retail	63,169	8,929	1,428	111	1,011	-153	-521	-843	-26	5.8%	59.0%	23.6%
Corporates	60,480	14,958	1,414	259	25	-160	-488	-681	-60	3.3%	48.2%	23.1%
Group Markets	592	115	0	0	0	-1	0	0	0	0.4%	10.7%	100.0%
ALM & LCC	409	33	6	0	1	-2	-5	-6	0	14.9%	97.9%	94.2%
Savings Banks	42,591	14,603	1,701	50	2	-70	-429	-624	0	2.9%	36.7%	0.0%
GCC	7	3	2	0	0	0	0	0	0	0.0%	3.5%	0.0%
Total	**167,247**	**38,641**	**4,551**	**420**	**1,038**	**-385**	**-1,443**	**-2,153**	**-86**	**3.7%**	**47.3%**	**20.5%**
Dec 22												
Retail	59,702	9,385	1,321	88	779	-151	-598	-788	-23	6.4%	59.7%	26.1%
Corporates	55,126	17,294	1,397	211	56	-135	-494	-736	-64	2.9%	52.7%	30.3%
Group Markets	836	153	0	0	0	-1	-1	0	0	0.8%	38.0%	60.3%
ALM & LCC	1,675	14	26	0	0	-1	-1	-15	0	7.7%	58.3%	21.3%
Savings Banks	44,419	12,227	1,269	53	4	-71	-360	-527	-1	2.9%	41.5%	1.1%
GCC	36	2	17	0	1	-1	0	-12	0	6.9%	68.6%	0.0%
Total	**161,795**	**39,074**	**4,029**	**352**	**839**	**-361**	**-1,454**	**-2,078**	**-87**	**3.7%**	**51.6%**	**24.8%**

The NPL exposures above exclude any write-offs recognised in accordance with IFRS 9. Erste Group distinguishes between contractual write-offs (debt forgiveness towards the defaulted client, either unconditional or subject to conditions) and technical write-offs (claim removal from the books due to no reasonable expectation of recovery, whereby the legal claim towards the customer remains). Both types of write-offs have as a pre-condition that all reasonable workout measures and late collections tools have been applied for optimal recovery. In case of collateralised loans, write-off prior to the realisation of the collateral is not allowed unless specific circumstances apply. Additional technical write-off triggers include enforcement, worthlessness of claim/collateral, legally binding bankruptcy/liquidation or other economic loss of the rights to claim/sale. The amount written off during 2023, which is still subject to enforcement activity, totals EUR 135 million (2022: EUR 113 million).

44. Market risk

Market risk is the risk of loss that may arise due to adverse changes in market prices and to the parameters derived from them. These market value changes might appear in the profit and loss account, in the statement of comprehensive income or in hidden reserves. At Erste Group, market risk is divided into interest rate risk; credit spread risk, currency risk, equity risk, commodity risk, and volatility risk. This concerns both trading and banking book positions.

METHODS AND INSTRUMENTS EMPLOYED

At Erste Group, potential losses that may arise from market movements are assessed using the value at risk (VaR) methodology. The VaR describes what level of losses may be expected as a maximum at a defined probability – the confidence level – within a certain holding period of the positions under historically observed market conditions.

The VaR calculation for the trading book is based on the methodology of historical simulation with a one-sided confidence level of 99%, a holding period of one day, and a look back period of two years.

Back-testing for the trading book is used to constantly monitor the validity of the internal market risk model. This process is conducted with a one-day delay to monitor if the model projections regarding losses have actually materialised. At a confidence level of 99%, the actual loss on a given day should exceed the VaR estimate statistically only two to three times a year (1% of around 250 workdays).

The VaR calculation for banking book positions (BB-VaR) is based on the methodology used for ICAAP calculation of Erste Group where 250.000 historical scenarios (starting with 2010) are calculated with a theoretical holding period of 1 year and a confidence level of 99.90%. The same calculation is used for the BB-VaR with a 1 day holding period and a 99% confidence level, consistent with the trading book methodology. The results of both calculations, ICAAP and BB-VaR are presented in the Group ALCO to the management board.

A known limitation of the VaR approach is that on the one hand, that it estimates losses only up to the confidence level, and on the other hand, the model considers only those market scenarios observed within the look-back period to calculate the VaR for the current position of the bank. To address this limitation and to investigate any extreme market situations not reflected in the VaR approach, stress tests are conducted at Erste Group. These stress tests are designed to cover market movements of low probability and high impact.

The stress tests are carried out according to several methods: for the trading book, a stressed VaR (SVaR) is derived from the normal VaR calculation. But instead of simulating only over the two most recent years, an analysis of a much longer period is carried out to identify a one-year period that constitutes a relevant period of stress for the current portfolio mix. According to the legal framework, that one-year stressed period is used to calculate a VaR with a 99% confidence level. This enables Erste Group on the one hand to hold sufficient own funds available for the trading book even in periods of elevated market volatility, while on the other hand also enabling it to incorporate these resulting effects into the management of trading positions.

Standard scenarios are also defined, in which selected market risk factors are subject to extreme movements. Such scenarios are calculated at Erste Group for interest rates, stock prices, exchange rates and volatilities. Historic scenarios are a modification of the concept of standard scenarios. In this case, risk factor movements modelled after certain crisis events such as 'Covid-19 crisis' or 'Lehman bankruptcy' form the basis of the stress calculation. In addition, hypothetical stress test scenarios are defined based on analysis of the current economic environment and projections of adverse developments of key market risk drivers. These analyses are made available to the Market Risk Committee within the scope of the regular market risk reporting. Banking book positions are considered in the comprehensive stress test.

METHODS AND INSTRUMENTS OF RISK MITIGATION

At Erste Group, market risks are controlled in the trading book by setting several layers of limits. The overall limit on the basis of risk-weighted assets (RWAs) for the trading book is allocated by the management board in the Risk Appetite Statement while taking into account the risk-bearing capacity and projected earnings. A further breakdown in VaR, SVaR, and sensitivity limits is done by the Market Risk Committee on the basis of a proposal from the Trading Book Risk Management unit.

All market risk activities of the trading book are assigned risk limits that are entirely consistent with the overall RWA limit. The RWA limit is broken down into dedicated VaR and SVaR limits and assigned in a top-down procedure to the individual trading units. Additionally, in a bottom-up procedure, sensitivity limits are assigned on trading desk level in order to control exposures to individual risk drivers and ensure sufficient diversification. These are then aggregated and applied as a second-limit layer to the VaR and SVaR limits.

Limit compliance is verified at two levels: by the appropriate local risk management unit and by the Trading Book Risk Management unit. The monitoring of sensitivity limits is performed on both intraday and end-of-day basis. On demand, limit reports can also be triggered by the trading units or risk management on an ad-hoc basis.

Trading book VaR and SVaR are calculated daily at group level and reported to all key stakeholders including the relevant board members. In case of a limit breach, the escalation procedure ensures the timely remediation of the limit breach.

In Banking Book, limits are implemented top-down from Group to individual entity covering change in economic value and in net interest income as well as limits on market risk Pillar 2 RWA. Limit monitoring is done by respective local risk management and Group Banking Book Risk Management. Dedicated escalation procedure is in place in case of limit breaches.

ANALYSIS OF MARKET RISK

The following tables show the VaR amounts at the 99% confidence level using equally weighted market data and with a holding period of one day. The figures do not cover exposures which are accounted for in the standardized approach (e.g., FX risks in the banking book, specific position risk):

Value at Risk of banking book and trading book

in EUR thousand	Total	Interest	Credit spread	Currency	Shares	Commodity	Volatility
Dec 23							
Erste Group	**80,759**	**81,545**	**16,204**	**1,150**	**962**	**120**	**784**
Banking book	74,250	75,177	16,204	-	-	-	-
Trading book	6,509	6,369	-	1,150	962	120	784
Dec 22							
Erste Group	**85,976**	**87,202**	**16,356**	**980**	**1,583**	**211**	**1,064**
Banking book	81,705	82,929	16,356	-	-	-	-
Trading book	4,271	4,273	-	980	1,583	211	1,064

As of year-end 2023 the number of VaR backtesting outliers is 1 in the trading book and hence the regulatory multiplier has a value of 3.0. This is significantly lower compared to the 6 outliers at year-end 2022. The internal model reacted to the increased levels of volatility observed on the market and the overall level of VaR figures increased. As a result we only observed one new outlier throughout 2023. The outlier was related to the market reaction to the banking crisis in the U.S. in March 2023.

Interest rate risk in the banking book (IRRBB)

Interest rate risk is the current and prospective risk of a negative impact to the institution's economic value of equity, or to the institution's net interest income, taking market value changes into account as appropriate, which arise from adverse movements in interest rates affecting interest rate sensitive instruments, including gap risk, basis risk and option risk.
In order to identify interest rate risk, all financial instruments, including off-balance instruments are used to calculate the impact of certain interest rate scenarios on their economic value and their net interest income. Limits and thresholds are implemented for both aspects of the IRRBB, the change in economic value as well as the change in net interest income. Positions without contractually defined maturity or repricing structures, such as demand deposits or overdrafts are modelled accordingly. For positions where the customer has the right to prepay his debt prepayment models are applied.

In line with internal Model Risk Management Policy, Erste Group continued in 2023 on the regular update of behavioral models for on-demand deposits, loan prepayments in all major CEE entities. Overdraft, credit card and working capital positions have been updated for Sparkassen and Erste Bank Oesterreich. Demand deposit models and loan prepayment models are scheduled for recalibrations in 2024. For internal risk calculations and for the regulatory interest rate risk measures, the maximum downward shock is floored according to the Article 4 (k) of the EBA Regulatory Technical Standard on the supervisory outlier tests (EBA/RTS/2022/10). With increasing yield curves, especially in EUR, USD and CZK, these embedded floors have become less relevant.

For the purpose of calculating IRRBB measures there is ongoing effort to migrate all relevant Erste Group entities to new Brita data infrastructure where part of the entities (Savings Banks) was already migrated during 2023. As a result improvement in data capture is observed with limited impact on total Group result.

Exchange rate risk

Risk from open foreign exchange positions is the risk related to exchange rates that derives from the mismatch between assets and liabilities, or from currency-related financial derivatives. In the trading book, these risks might originate from customer-related or trading operations and are monitored and managed on a daily basis. Foreign currency exposure is subject to regulatory and internal limits. The internal limits for the trading book are set by the Market Risk Committee.

Erste Group separately measures and manages other types of risks relating to the group's balance sheet and earnings structure.
The translation risk related to the valuation of the balance sheet items, earnings, dividends and participations/net investments in local currency or foreign exchange has an impact on consolidated earnings and consolidated capital. Erste Group is also reducing the negative impact related to volatility of foreign exchange rates on asset performance (for example as a result of foreign exchange lending in the CEE countries that was stopped for clients not having sufficient regular income in the respective loan currency).

In order to manage its multi-currency earnings structure, Erste Group regularly discusses hedging opportunities and takes decisions in the Group Asset Liability Committee (ALCO). Asset and Liability Management (ALM) uses as the usual source of information the current financial results and the financial budget prepared for the upcoming period to obtain as much information as possible on the future foreign currency cash flows. The proposal, which mainly includes the volume, hedging level, hedge ratio and timeline of the hedging, is submitted by ALM to ALCO. The impact of translation on consolidated capital is monitored and reported to ALCO. The ALCO decisions are then implemented by ALM and the implementation status is reported on a monthly basis to ALCO.

The following table shows the largest open foreign currency positions of Erste Group. The inclusion of structural FX positions in the table below as of 2022 is in line with the EBA guideline on the treatment of structural FX (EBA/GL/2020/09) which requires banks to calculate own funds for FX positions resulting from participations in foreign subsidiaries. The inclusion of structural FX positions leads to overall significantly higher open positions in the core market currencies. The reduction in the CZK position is due to FX hedges while the increase in HUF is due to changes in the capital structure in Erste Bank Hungary:

Open foreign currency positions

in EUR thousand	Open Position
Dec 23	
CZK	1,813,213
RON	1,471,317
HUF	1,130,317
RSD	413,652
MKD	258,654
BAM	196,395
USD	84,258
GBP	81,637
PLN	16,053
CNH	10,806
Dec 22	
CZK	2,940,118
RON	1,346,093
HUF	530,802
RSD	376,336
MKD	227,258
BAM	181,863
USD	84,819
PLN	25,771
GBP	9,020
CHF	6,093

Credit spread risk

Credit spread risk is the risk driven by changes in the market perception about the price of credit risk, liquidity premium and potentially other components of credit-risky instruments. Erste Group is exposed to credit spread risk with respect to its securities portfolio, both in the trading as well as in the banking book.

For the trading book, credit spread risk for government bonds is part of the general market risk covered by VaR and SVaR. Corporate bonds are allocated to benchmark spread curves depending on sector, rating, and currency as part of the general risk covered by VaR and SVaR. The issuer specific risk is covered by the standardised approach for Pillar 1 of regulatory capital requirements. For the issuer specific risk of the trading book in Pillar 2, the spread risk is broken down into a systematic and a residual part risk and reported on an aggregated level.

Quantifying the credit spread risk of the securities in the banking book is based on a historical simulation. The maximum (hypothetical) drawdown that can be attributed to credit related risk factors over a one-year horizon is calculated. It is based on credit spread sensitivities (CR01) and the risk factors used are mainly asset swap spreads for sovereigns and iTRAXX CDS indices for financials and corporates. The resulting amount is used as part of the ICAAP calculations to determine the capital consumption of the banking book portfolio.
For banking book positions, the impacts of changes in credit spreads on the economic value and net interest income are additionally assessed through rating-dependent widening and narrowing shock scenarios derived from historical data.

Hedging

Banking book market risk management consists of optimising Erste Group's risk position by finding the proper trade-off between the economic value of the balance sheet and forecasted earnings. Balance Sheet Management Division (BSM) is responsible for the interest rate risk management of the banking book and respective hedging actions. ALCO committee is informed by BSM on a regular basis about the interest rate risk of the banking book and required approvals (e.g., for strategic positions, the BSM strategy, pouvoir for investments, etc.) by the members of the ALCO committee.

In order to achieve the goals of risk management, hedging activities focus on the two main control variables: net interest income and market value of equity risk. In a broader sense, hedging refers to an economic activity that mitigates risk but does not necessarily qualify for hedge accounting under IFRS rules. IFRS hedge accounting is applied, if possible, to avoid accounting mismatches due to hedging activity. Within the scope of IFRS-compliant hedge accounting, fair value hedges and cash flow hedges are used. In addition, the fair value option is used for hedging the market risk from the economic perspective. Most of the hedging within Erste Group concerns hedging of interest rate risk. The remainder is hedging of foreign exchange rate risk.

45. Liquidity risk

LIQUIDITY STRATEGY

In 2023, customer deposits remained the primary source of funding for Erste Group. The growth in loan volume was financed by inflows of customer deposits.

With regards its own issuance, Erste Group Bank AG issued EUR 6.1 billion in bonds in 2023 (2022: EUR 6.1 billion). EUR 2.7 billion (2022: EUR 3.4 billion) was collected by issuing senior preferred bonds, of which EUR 1.25 billion (2022: 500 Mio) was printed via benchmark sized transactions. Mortgage bonds issued in amount of EUR 3.0 billion (2022: EUR 2.3 billion), whereby Tier 2 subordinated debt issuance amounted to EUR 400 Mio (2022: EUR 500 Mio). This was offset by repurchases of EUR 49 Mio (2022: EUR 70 Mio). The average tenor of all new issues in 2023 is approximately 5.5 years (2022: 6.3 years).

Erste Group's total TLTRO participation in 2023 decreased to EUR 6.35 billion (2022: 15.5 billion).

LIQUIDITY METRICS AND REPORTS

The liquidity risk in Erste Group is defined in line with the principles set out by the Basel Committee on Banking Supervision as well as the European and Austrian regulations Regulation (EU) No 575/2013 (CRR), Regulation (EU) 2015/61 and the Council and the 'Kreditinstitute-Risikomanagement-Verordnung - KI-RMV' in their current versions. Accordingly, a distinction is made between market liquidity risk, which is the risk that the group entities cannot easily offset or close a position at the market price because of inadequate market depth or market disruption, and funding liquidity risk, which is the risk that the banks in the group will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the group members.

Funding liquidity risk is further divided into insolvency risk and structural liquidity risk. The former is the short-term risk that current or future payment obligations cannot be met in full and on time in an economically justified manner, while structural liquidity risk is the long-term risk of losses due to a change in the Group's own refinancing cost or spread.

The regulatory liquidity ratios LCR and NSFR are well implemented in Erste Group which uses the above-mentioned technical environment to calculate the LCR according Regulation (EU) No 2015/61 as well as the NSFR according to the Regulation (EU) No 575/2013 in their currently valid versions.

Erste Group calculates LCR on a daily basis on solo and group level and reports it on a monthly basis to the authorities. Furthermore, the LCR is part of the internal Risk Appetite Statement (RAS). LCR limits are defined in the RAS targeting to be well above the regulatory requirement of 100%. Legal lending limits exist in all CEE countries where Erste Group is represented. As they restrict liquidity flows between Erste Group's subsidiaries in different countries they are taken into account for the assessment of liquidity risk in the survival period model as well as in the calculation of the LCR at group level.

The NSFR is calculated on a monthly basis on solo and group level and is reported on a quarterly basis to the authorities. Same as the LCR, the NSFR is part of the internal RAS and limits are defined in the RAS targeting to be well above the regulatory requirement of 100%.

Short-term insolvency risk is monitored by calculating the survival period analysis (SPA) on both entity and group levels. This analysis determines the maximum period during which the entity can survive a set of defined scenarios, including a severe combined market and idiosyncratic crisis while relying on its pool of liquid assets. The monitored worst-case scenario simulates very limited money market and capital market access and at the same time significant client deposit outflows. Furthermore, the simulation assumes increased drawdown on guarantees and loan commitments dependent on the type of customer, as well as the potential outflows from collateralised derivative transactions estimating the effect of collateral outflows in the case of adverse market movements. The SPA is covering a stress horizon of up to 12 months. It is calculated on a monthly basis at entity and group level.

Structural liquidity is monitored with the internal Structural Liquidity Ratio (STRL), depicting the going concern maturity mismatches of the subsidiaries and the group as a whole. The STRL is calculated on a monthly basis both on solo entity level and on group level.

All above mentioned reports (LCR, NSFR, SPA and STRL) are reported to the Operational Liquidity Committee (OLC) as well as to the management board during the Group Asset and Liability Committee (Group ALCO).

Additionally, concentration risks in the funding structure and 'Counterbalancing Capacity' (CBC) are regularly monitored and reported to the regulator. Erste Group's funds transfer pricing (FTP) system has also proven to be an efficient tool for structural liquidity risk management.

METHODS AND INSTRUMENTS OF RISK MITIGATION

Apart from the reporting of liquidity metrics to the OLC and the Group ALCO, another important instrument for managing the liquidity risk within Erste Group and in relation to its subsidiaries is the FTP system. Important information for liquidity management can be obtained by the process of planning funding needs. Therefore, a detailed overview of funding needs is prepared on a quarterly basis for the planning horizon across Erste Group.
The Comprehensive Contingency Plan of the Erste Group ensures the necessary coordination of all parties involved in the liquidity management process in case of crisis and is reviewed on a regular basis. The contingency plans of the subsidiaries are coordinated as part of the plan for Erste Group.

ANALYSIS OF LIQUIDITY RISK

In Erste Group, the liquidity risk is analysed by the following methods.

Liquidity coverage ratio. Erste Group uses the regulatory LCR for internal monitoring and steering of the liquidity position. To keep the LCR according LCR DA above both limits, the regulatory limit and the internal limit, Erste Group closely monitors its short-term liquidity inflows and outflows as well as its available counterbalancing capacity (CBC).

Erste Group has continued to actively increase their liquidity buffer resulting in a higher LCR ratio in comparison to previous year. Thus, Erste Group is having a more than comfortable buffer well above internal and external limits.

Liquidity coverage ratio

in EUR million	Dec 22	Dec 23
Liquidity buffer	72,877	81,843
Net liquidity outflow	52,825	53,356
Liquidity coverage ratio	138.0%	153.4%

Structural liquidity gaps. The long-term liquidity position is managed using structural liquidity gaps on the basis of contractual and partially behavioural cash flows of all liquidity relevant components of the balance sheet (on-balance and off-balance). This liquidity position is calculated for each material currency.

Cash flows are broken down by contractual maturities in accordance with the amortisation schedule and arranged in maturity ranges. All customer products without contractual maturities (such as demand deposits and overdrafts) are included according to a going concern maturity profile using model based on statistically observed client behaviour.

The increased liquidity buffer has – analogous to LCR – also a positive impact on the first year time band of the structural liquidity gap.

Structural liquidity gap

	0-12 months		1-3 years		3-5 years		> 5 years	
in EUR million	Dec 22	Dec 23	Dec 22	Dec 23	Dec 22	Dec 23	Dec 22	Dec 23
Liquidity gap	10,857	14,918	7,829	1,134	2,076	-1,680	-25,452	-20,601

An excess of assets over liabilities is indicated by a positive value, while an excess of liabilities over assets is indicated by a negative value. The cash inflows from liquid securities amounting to EUR 56 billion (2022: EUR 42 billion), which are accepted as collateral by the central banks to which Erste Group has access, are considered in the first-time bucket rather than considering them at their contractual maturity.

Counterbalancing capacity. Erste Group regularly monitors its counterbalancing capacity, which consists of cash, excess minimum reserves at the central banks as well as unencumbered central bank eligible assets and other liquid securities, including impacts from repos, reverse repos and securities lending transactions. These assets can be mobilised in the short term to offset potential cash outflows in a crisis situation. The time bucketing has been changed in comparison to last year from '< 1 week, 1 week - 1month, 1-3 months, 3-6 months, 6-12 months' into '< 3 month, 3-12 months, 1-5 years, >5 years'.

Term structure of counterbalancing capacity

in EUR million	< 3 month	3-12 months	1-5 years	> 5 years
Dec 23				
Cash, excess reserve	**33,705**	**0**	**0**	**0**
Liquid assets	45,202	-7,110	-20,206	-17,886
Other central bank eligible assets	14,827	3,024	-10,606	-7,246
Thereof retained covered bonds	10,274	1,098	-8,766	-2,605
Thereof credit claims	4,214	1,140	0	-5,354
Counterbalancing capacity	**93,734**	**-4,086**	**-30,812**	**-25,131**

in EUR million	< 3 month	3-12 months	1-5 years	> 5 years
Dec 22				
Cash, excess reserve	8,743	0	0	0
Liquid assets	37,473	-6,061	-16,641	-14,770
Other central bank eligible assets	2,682	8,208	-3,065	-7,825
Thereof retained covered bonds	58	6,676	-3,721	-3,012
Thereof credit claims	1,561	1,591	2,109	-5,261
Counterbalancing capacity	**48,898**	**2,147**	**-19,707**	**-22,595**

The figures above show the total amount of potential liquidity available for the group in a going concern situation considering the applicable central bank haircuts. In a crisis situation, adverse market movements can decrease this amount. The initial counterbalancing capacity available at group level is reduced by additional stressed haircuts. Negative figures are maturing positions of the counterbalancing capacity. Positive figures after first time bucket are positions not immediately available as counterbalancing capacity.

Apart from shifting surplus liquidity from central bank loans to excess minimum reserve, a massive increase in highly liquid assets of quality number one including covered bonds took place. Additionally, repayment of TLTRO during 2023 year lead to increase of available retained covered bonds which were blocked previously.

Financial liabilities. The table below shows the undiscounted principal cash flows for all financial liabilities and it contains interest cash flows. Analogous with previous table, the time bucketing has been changed in comparison to last year from '< 1 month, 1-12 months, 1-5 years, >5 years' into '< 3 month, 3-12 months, 1-5 years, >5years'. In the financial reporting per yearend 2022 carrying amounts of Senior non preferred bonds were included in category 'Subordinated liabilities'. Due to change in accounting treatment per yearend 2023 senior non preferred bonds are now included in category 'Debt securities in issue' and the 2022 carrying amounts were amended respectively.

Financial liabilities

in EUR million	Carrying amounts	Contractual cash flows	< 3 month	3-12 months	1-5 years	> 5 years
Dec 23						
Non-derivative liabilities	**299,486**	**312,728**	**236,301**	**16,671**	**40,212**	**19,544**
Deposits by banks	22,911	27,932	13,400	5,535	6,215	2,783
Customer deposits	232,815	236,578	222,045	7,333	5,626	1,574
Debt securities in issue	39,195	42,913	524	3,553	26,792	12,044
Subordinated liabilities	4,565	5,305	331	251	1,580	3,144
Derivative liabilities	**1,900**	**3,811**	**367**	**900**	**2,291**	**253**
Derivatives liabilities with netted Cash Flows	-	3,406	218	766	2,163	260
Derivatives liabilities with gross Cash Flow (net)	-	404	149	134	128	-6
Outflows	-	66,180	53,671	5,159	6,485	865
Inflows	-	-65,776	-53,522	-5,025	-6,357	-871
Contingent liabilities	**-**	**66,779**	**66,779**	**-**	**-**	**-**
Financial guarantees	-	8,288	8,288	-	-	-
Commitments	-	58,491	58,491	-	-	-
Other financial liabilities	**2,199**	**2,199**	**2,199**	**-**	**-**	**-**
Total	**303,584**	**385,517**	**305,646**	**17,571**	**42,502**	**19,798**
Dec 22						
Non-derivative liabilities	**288,697**	**301,416**	**227,727**	**18,844**	**34,361**	**20,484**
Deposits by banks	28,821	33,173	8,292	9,815	12,026	3,041
Customer deposits	223,973	229,398	216,947	6,958	4,380	1,113
Debt securities in issue	30,967	33,818	2,326	1,625	16,120	13,747
Subordinated liabilities	4,936	5,027	162	446	1,835	2,583
Derivative liabilities	**2,999**	**5,905**	**377**	**1,109**	**3,540**	**878**
Derivatives liabilities with netted Cash Flows	-	4,877	121	736	3,181	839
Derivatives liabilities with gross Cash Flow (net)	-	1,028	256	373	359	39
Outflows	-	77,798	63,548	7,865	5,727	658
Inflows	-	-76,770	-63,292	-7,491	-5,367	-619
Contingent liabilities	**-**	**63,792**	**63,792**	**-**	**-**	**-**
Financial guarantees	-	7,643	7,643	-	-	-
Commitments	-	56,150	56,150	-	-	-
Other financial liabilities	**1,687**	**1,687**	**1,687**	**-**	**-**	**-**
Total	**293,383**	**372,800**	**293,583**	**19,953**	**37,901**	**21,362**

As of year-end 2023, the currency composition of the non-derivative liabilities consisted of approximately 72% EUR, 17% CZK, 4% RON, 3% USD, and 4% in other currencies (2022: 69% EUR, 17% CZK, 4% RON, 4% USD, and 6% in other currencies).

Besides the contingent liabilities from unused credit lines and guarantees, material potential cash outflow is calculated from the collateralised derivative transactions for the stress testing, following a historical lookback approach, which amounted to EUR 2 billion (2022: EUR 2 billion) in the severe combined idiosyncratic and market crisis scenario as of 31 December 2023.

As of 31 December 2023, the volume of customer deposits due on demand amounted to EUR 161 billion (2022: EUR 172 billion). According to customer segments, the customer demand deposits are composed as follows: 65% private individuals, 20% small and medium-sized enterprises, 8% large corporates, 4% public sector, and 3% non-banking financial institutions (2022: 63% private individuals, 21% small and medium-sized enterprises, 8% large corporates, 4% public sector, and 4% non-banking financial institutions).

46. Operational risk

In line with point (52) of Article 4(1) of regulation (EU) No 575/2013 (CRR), Erste Group defines Operational Risk (OpRisk) as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events and includes legal risk. Non-Financial Risks (NFR) comprise both operational and reputational risks. Erste Group's operational risk appetite sets the limits and escalation levels in line with the group risk strategy for risk-taking as a consequence of doing business. The OpRisk Framework is a modular, interrelated and comprehensive approach integrated into the banks and the group's steering and risk management system. It is designed to fulfil internal risk management and external regulatory requirements.

ORGANISATION AND GOVERNANCE

The roles and responsibilities for OpRisk management is defined by the 'Three Lines of Defence' model. The day-to-day management of operational risk is the primary responsibility of Business Line Management (BLM). BLM is responsible for identifying, assessing and managing the risks residual in the products, activities, processes and systems on an ongoing basis by using operational risk management instruments. Group Operational and Non-Financial Risk independently oversees the Group-wide management of operational risks, identifies and reports risks on the Group-level. The NFR function defines the NFR Framework, promotes a consistent application across the group, develops and maintains the OpRisk capital model.

Regional Operational Conduct Committee (ROCC) decides on strategic steering topics based on NFR reporting, serves as a sounding board for risk decisions concerning non-financial risks and decides on escalations to the Holding Board of Erste Group.

NON-FINANCIAL RISK FRAMEWORK AND MEASUREMENT

Erste Group implemented Advanced Measurement Approach (AMA) in 2009 and uses partially Basic Indicator Approach (BIA).

The OpRisk Framework consists of various elements in the AMA. Risk identification takes place through the collection of internal loss data and Key Risk Indicators (KRI) to measure the risk level changes. Risk indicators are reviewed periodically to ensure early detection of risk potentials to cause losses. The risk identification process includes an on-going mechanism to identify new sub-risk types, risk drivers and emerging risks. Risk evaluation is an ongoing process in which the Business Line Management (BLM) proactively identifies and analyses relevant non-financial risks and assesses the effectiveness of the controls to mitigate those risks, both for the run and change the bank processes (e.g., new product approval, outsourcings). BLM evaluates the risks in line with the risk appetite and reports the residual risks to senior management or risk committees for risk response. The acceptance level of NFR is managed by using the Group Operational Risk Scaling Matrix which is setting the limits of the residual operational risk tolerated by Erste Group. Risk monitoring via corrective measures is performed on a regular basis. Regular risk reporting provides detailed information to business and risk management units, senior management and the board of directors, most importantly the quarterly Group Risk Re-port, which informs on recent losses, loss trends, qualitative information derived from Risk Control Self-Assessments, NFR decisions, risk indicators, key ratios and the Erste Group VaR for operational risk. Entities following Basic Indicator Approach (BIA) implemented internal loss data collection, new product approval and outsourcing risk management instruments.

Erste Group measures the regulatory and economic capital requirements for operational risk using the AMA for 14 entities and the rest of the Group uses BIA on the group level. The basis for calculating the BIA capital is the three-year average of the gross income which is multiplied by a fixed rate of 15%. Pursuant to AMA, the required capital is calculated using an internal VaR model, considering internal data, external data (Operational Riskdata eXchange Association consortium data), scenario analysis, business environment and internal risk control factors. The AMA capital calculation is based on the loss distribution approach. The single distributions of loss frequency and loss severity are computed and these distributions are compounded to the loss distribution applying Monte-Carlo-Simulation.

Additionally, Erste Group received the approval to use the Group Insurance program including the captive insurance subsidiary (Erste Reinsurance s.a.) for risk transfer and recognition as a mitigant in the capital requirement calculation within the AMA.

Non-current assets and other investments

47. Property, equipment and investment properties

PROPERTY AND EQUIPMENT

Depreciation of property and equipment is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Depreciation is recognised in the statement of income in the line item 'Depreciation and amortisation' and impairment in the line item 'Other operating result'.

	Useful lives in years
Buildings	30-50
Re-buildings on own and foreign real estates	15-50
Office furniture and equipment	4-10
Passenger cars	4-8
Computer hardware	4-6

Land is not depreciated.

Any impairment losses including their reversals and gain or loss arising on disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are recognised in the statement of income under the line item 'Other operating result'.

INVESTMENT PROPERTIES

Investment property is property (land and buildings or part of a building or both) held for the purpose of earning rental income or for capital appreciation or both.

Investment property is presented on the balance sheet in the line item 'Investment properties'.

Rental income is recognised in the statement of income in the line item 'Rental income from investment properties and other operating leases'. Depreciation is presented in the statement of income in the line item 'Depreciation and amortisation' using the straight-line method over an estimated useful life. The useful lives of investment properties are in the range of 15-100 years. Any impairment losses, as well as their reversals, are recognised under the line item 'Other operating result'.

IMPAIRMENT

The bank assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. Testing for impairment is done at individual asset level if the asset generates cash inflows that are largely independent of those from other assets. The typical case is investment property. Otherwise, the impairment test is carried out at the level of the cash-generating unit (CGU) to which the asset belongs.

ACQUISITION AND PRODUCTION COSTS

Own property, equipment and investment properties

in EUR million	Land and buildings	Office and plant equipment/other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
Jan 22	**2,498**	**945**	**593**	**479**	**4,515**	**1,736**
Additions	81	81	81	46	290	107
Disposals	-60	-57	-83	-71	-270	-16
Acquisition of subsidiaries	11	0	0	0	11	0
Disposal of subsidiaries	0	0	0	-150	-150	-2
Reclassification	16	11	1	0	28	-28
Assets held for sale	-25	-2	-1	0	-28	-11
Currency translation	17	2	1	5	24	1
Dec 22	**2,538**	**980**	**591**	**309**	**4,419**	**1,788**
Additions	105	81	85	53	324	157
Disposals	-76	-64	-60	-46	-246	-26
Acquisition of subsidiaries	0	0	0	0	0	0
Disposal of subsidiaries	0	0	0	0	-1	0
Reclassification	-60	-1	3	-1	-58	70
Assets held for sale	-12	0	0	0	-12	0
Currency translation	-15	-2	-1	-3	-22	-2
Dec 23	**2,481**	**994**	**617**	**312**	**4,405**	**1,987**

ACCUMULATED DEPRECIATION

Own property, equipment and investment properties

in EUR million	Land and buildings	Office and plant equipment/other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
Jan 22	**-1,084**	**-651**	**-415**	**-190**	**-2,340**	**-484**
Amortisation and depreciation	-71	-54	-63	-39	-228	-27
Disposals	30	50	82	50	213	8
Acquisition of subsidiaries	0	0	0	0	0	0
Disposal of subsidiaries	1	0	0	36	37	2
Impairment	-16	-2	0	0	-19	-17
Reversal of impairment	3	0	0	0	3	1
Reclassification	-7	0	0	0	-7	7
Assets held for sale	9	1	1	0	11	5
Currency translation	-8	-1	0	-3	-12	-2
Dec 22	**-1,143**	**-658**	**-396**	**-145**	**-2,342**	**-506**
Amortisation and depreciation	-72	-57	-69	-33	-231	-29
Disposals	56	60	57	27	201	10
Acquisition of subsidiaries	0	0	0	0	0	0
Disposal of subsidiaries	0	0	0	0	0	0
Impairment	-20	-1	0	-1	-23	-4
Reversal of impairment	17	0	0	0	17	3
Reclassification	21	0	0	0	21	-30
Assets held for sale	9	0	0	0	9	0
Currency translation	9	2	1	2	14	2
Dec 23	**-1,123**	**-655**	**-407**	**-150**	**-2,334**	**-554**

CARRYING AMOUNTS

Own property, equipment and investment properties

in EUR million	Land and buildings (used by the Group)	Office and plant equipment/other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
Dec 22	**1,395**	**322**	**196**	**164**	**2,077**	**1,281**
Dec 23	**1,358**	**340**	**211**	**162**	**2,070**	**1,433**

Rights of use: property, equipment and investment properties

in EUR million	Land and buildings (used by the Group)	Office and plant equipment/other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
Dec 22	518	4	0	18	541	91
Dec 23	509	5	0	20	534	91

Total carrying amounts

in EUR million	Land and buildings (used by the Group)	Office and plant equipment/other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
Dec 22	1,913	327	196	182	2,618	1,372
Dec 23	1,868	345	211	181	2,605	1,524

For details related to right of use assets capitalized in balance sheet arising from leases where Erste Group is lessee, please see Note 51 Leases where the Group is a lessee.

The carrying amount of investment properties include properties subject to operating leases in the amount of EUR 1,468 million (2022: EUR 1,301 million). Investment properties with a carrying amount of EUR 674 million (2022: EUR 596 million) are pledged as collaterals. Investment properties with a carrying amount of EUR 716 million (2022: EUR 636 million) are subject to the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz) and hence are subject to the specific rules in respect of sale and use of these properties. The carrying amount of property and equipment includes properties subject to operating leases in the amount of EUR 200 million (2022: EUR 211 million).

In the reporting period, expenditures in the amount of EUR 87 million (2022: EUR 89 million) are capitalised in the carrying amount of fixed assets and investment properties during their construction. The contractual commitments for purchase of fixed assets are EUR 5 million (2022: EUR 17 million).

In 2023, land and buildings were impaired in the amount of EUR 13 million in Czech Republic (2022: EUR 14 million). As of 31 December 2023, the recoverable amount of these impaired assets amounted to EUR 23 million (2022: EUR 14 million).

As of 31 December 2023 the fair value of investment properties with a carrying amount of EUR 1,524 million (2022: EUR 1,372 million) amounts to 1,962 million (2022: EUR 1,597 million) and is classified as level 3 of the fair value hierarchy.

The fair values are determined by experts with recognised and relevant professional qualification. Fair values of commercial real estate in Austria and CEE owned by Erste Group through Austrian companies are based on valuation reports relying essentially, but not solely, on observable market inputs (such as selling price per square meter charged in recent market observable transactions for similar assets). For all other property owned by Erste Group through subsidiaries located in CEE countries the valuations are carried out mainly using the comparative and investment methods. Assessment is made on the basis of a comparison and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the relevant property. The characteristics of such similar transactions are then applied to the asset, taking into account size, location, terms, covenant and other material factors.

48. Intangible assets

Erste Group's intangible assets include goodwill (see Note 57 Subsidiaries), computer software, customer relationships and other intangible assets.

Intangible assets with finite lives are amortised over their useful economic lives using the straight-line method. The amortisation expense is recognised in the statement of income under the line item 'Depreciation and amortisation'.

	Useful lives in years
Computer software	4-10
Customer relationships	10-20

IMPAIRMENT OF INTANGIBLE ASSETS INCLUDING GOODWILL

It is typical of intangible assets that they do not generate cash inflows that are largely independent of those from other assets. As a result, the impairment test is carried out at the level of the cash-generating unit (CGU) to which the asset belongs. For CGUs to which goodwill has been allocated the impairment test is carried out annually in November, or whenever there is an indication of possible impairment during the year.

For CGUs at Erste Group the recoverable amount for determining the potential impairment loss is typically based on value in use which is the present value of the future cash flows expected to be derived from the CGU. The calculation starts with estimation of future earnings distributable to shareholders. In this respect financial plans for the CGUs as agreed by the management while taking into account the fulfilment of the respective regulatory capital requirements are used. The planning period is five years. Any forecasted earnings beyond the planning period are derived on the basis of the last year of the planning period and a long-term growth rate. The present value of such perpetual earnings growing at a stable rate (referred to as terminal value) takes into consideration macroeconomic parameters and economically sustainable cash flows for each CGU.

The cash flows are determined by subtracting the annual capital requirement generated by a change in the amount of risk-weighted assets from the estimated future earnings. The capital requirement was defined through the target tier 1 ratio in light of the expected future minimum regulatory capital requirements.

The discount rates reflect risks specific to the CGU and have been determined based on the capital asset pricing model (CAPM). According to the CAPM, the discount rate comprises a risk-free interest rate together with a market risk premium that itself is multiplied by a factor that represents the systematic market risk (beta factor). Furthermore, a country-risk premium component is considered in calculation of the discount rate. The values used to establish the discount rates are determined using external sources of information.

When the recoverable amount of a CGU is less than its carrying amount, the difference is recognised as an impairment loss in the statement of income under the line item 'Other operating result'.

The analysis on the recoverability of non-financial assets is explained in section 'Material accounting policies' in the chapter 'Material accounting judgements, assumptions and estimates'.

Acquisition and production costs

in EUR million	Goodwill	Customer relationships	Software acquired	Self-constructed software within the Group	Others (licenses, patents, etc.)	Total
Jan 22	**660**	**159**	**1,763**	**585**	**343**	**3,510**
Additions	12	0	131	42	9	194
Disposals	0	0	-86	-9	-16	-111
Acquisition of subsidiaries	0	0	0	0	0	0
Disposal of subsidiaries	0	0	-1	0	0	-1
Reclassification	0	0	4	-4	0	0
Assets held for sale	0	0	-1	0	0	-1
Currency translation	-1	-2	5	0	1	4
Dec 22	**671**	**157**	**1,815**	**614**	**338**	**3,596**
Additions	0	0	173	33	16	221
Disposals	-9	0	-74	-6	-3	-91
Acquisition of subsidiaries	0	0	0	0	0	0
Disposal of subsidiaries	0	0	-1	0	0	-1
Reclassification	0	0	6	-9	-9	-12
Assets held for sale	0	0	0	0	0	0
Exchange-rate changes	1	1	-11	0	-2	-11
Dec 23	**663**	**158**	**1,908**	**632**	**341**	**3,701**

Accumulated depreciation

in EUR million	Goodwill	Customer relationships	Software acquired	Self-constructed software within the Group	Others (licenses, patents, etc.)	Total
Jan 22	**-110**	**-124**	**-1,284**	**-356**	**-274**	**-2,148**
Amortisation and depreciation	0	-7	-108	-62	-22	-200
Disposals	0	0	85	9	16	110
Acquisition of subsidiaries	0	0	0	0	0	0
Disposal of subsidiaries	0	0	1	0	0	1
Impairment	-5	0	-3	0	0	-9
Reversal of impairment	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0
Assets held for sale	0	0	1	0	0	1
Currency translation	0	2	-5	0	-1	-4
Dec 22	**-115**	**-129**	**-1,313**	**-409**	**-282**	**-2,248**
Amortisation and depreciation	0	-7	-103	-64	-24	-197
Disposals	5	0	68	6	2	81
Acquisition of subsidiaries	0	0	0	0	0	0
Disposal of subsidiaries	0	0	1	0	0	1
Impairment	-9	0	-33	0	-1	-43
Reversal of impairment	0	0	0	0	0	0
Reclassification	0	0	4	0	5	9
Assets held for sale	0	0	0	0	0	0
Currency translation	0	-1	8	0	1	9
Dec 23	**-118**	**-138**	**-1,368**	**-467**	**-297**	**-2,388**

Carrying amounts

in EUR million	Goodwill	Customer relationships	Software acquired	Self-constructed software within the Group	Others (licenses, patents, etc.)	Total
Dec 22	**556**	**27**	**502**	**205**	**56**	**1,347**
Dec 23	**544**	**20**	**540**	**165**	**44**	**1,313**

The contractual commitments for the purchase of intangible assets amounted to EUR 3 million (2022: EUR 3 million). As of 31 December 2023 the customer relationship Ringturm Kapitalanlagegesellschaft m.b.H. amounted to EUR 20 million (2022: EUR 24 million). The remaining amortization period of the customer relationship in Ringturm Kapitalanlagegesellschaft m.b.H. was 4.8 years.

GOODWILL

In the reporting period the goodwill of Commerrzbank Zrt. was impaired in the amount of EUR 9 million.

The goodwill of Česká spořitelna a.s. ('CSAS') was tested for objective evidence of impairment on a quarterly basis during 2023. The annual goodwill impairment test was performed as of 31 October 2023. Due to the ongoing planning uncertainty caused by the unpredictable economic environment due to several global conflicts (Israel, Ukraine), Erste Group derived an additional planning scenario for the impairment test, like in the previous year. In addition to the base case scenario, which was weighted as the most likely scenario with 60% probability, a downside scenario with 40% probability weighting was also defined. The recoverable amount was higher than the carrying amount, thus no impairment was required.

Carrying amount and material parameters used for the impairment test per subsidiary (CGU) for significant goodwills

	CSAS
Carrying amount of goodwill as of 1 January 2023 (in EUR million)	544
Effect of exchange rate changes for the year 2023 (in EUR million)	0
Basis upon which recoverable amount has been determined	Value in Use (discounted cash flow model based)
Key interest input parameters into the discounted cash flow model	Risk Free Rate, Terminal Growth Rate, β Factor, Market Risk Premium
Description of approach to determining value assigned to risk free rate	Risk Free Rate has been set at 3.02% p.a. throughout relevant Group's CGUs based on relevant financial statistics published by Deutsche Bundesbank as at the reference date 31 October 2023.
Description of approach to determining values assigned to terminal growth rate	For non-Austrian (CEE) CGUs: Terminal Growth Rate has been equated to 3%, representing the recommended cap level for the Terminal Growth Rate, as per the report ESMA/2013/2 'European Enforcers Review of Impairment of Goodwill and Other Intangible Assets in the IFRS Financial Statements' published by the European Securities and Markets Authority (ESMA).
Description of approach to determining values assigned to β factor	Set as the median value of a group of levered β factors attributable to a sample of 'peer banks' representative of the tested banks (CGUs), as published by Capital IQ as of the reference date 31 October 2023.
Description of approach to determining values assigned to market risk premium	Set at 6.57% throughout relevant Group's CGUs based on published evaluations by the Austrian Chamber of Commerce (Kammer der Steuerberater und Wirtschaftsprüfer).
Period of cash flow projection (years)	5 years (2024 - 2028); extrapolation to perpetuity based on Terminal Growth Rate
Discount rate applied to cash flow projections (pre-tax)	14.2%
The value assigned to β Factor	1.19
Amount of goodwill impairment loss recognised in profit or loss for the year 2023 (in EUR million)	0
Post-impairment carrying amount of goodwill as of 31 December 2023 (in EUR million)	544

Carrying amount of goodwill as of 1 January 2022 (in EUR million)	544
Effect of exchange rate changes for the year 2022 (in EUR million)	0
Basis upon which recoverable amount has been determined	Value in Use (discounted cash flow model based)
Key interest input parameters into the discounted cash flow model	Risk Free Rate, Terminal Growth Rate, β Factor, Market Risk Premium
Description of approach to determining value assigned to risk free rate	Risk Free Rate has been set at 2.16% p.a. throughout relevant Group's CGUs based on relevant financial statistics published by Deutsche Bundesbank as at the reference date 31 October 2022.
Description of approach to determining values assigned to terminal growth rate	For non-Austrian (CEE) CGUs: Terminal Growth Rate has been equated to 3%, representing the recommended cap level for the Terminal Growth Rate, as per the report ESMA/2013/2 'European Enforcers Review of Impairment of Goodwill and Other Intangible Assets in the IFRS Financial Statements' published by the European Securities and Markets Authority (ESMA).
Description of approach to determining values assigned to β factor	Set as the median value of a group of levered β factors attributable to a sample of 'peer banks' representative of the tested banks (CGUs), as published by Capital IQ as of the reference date 31 October 2022.
Description of approach to determining values assigned to market risk premium	Set at 7.77% throughout relevant Group's CGUs based on published evaluations by the Austrian Chamber of Commerce (Kammer der Steuerberater und Wirtschaftsprüfer).
Period of cash flow projection (years)	5 years (2023 - 2027); extrapolation to perpetuity based on Terminal Growth Rate
Discount rate applied to cash flow projections (pre-tax)	16.1%
The value assigned to β Factor	1.18
Amount of goodwill impairment loss recognised in profit or loss for the year 2022 (in EUR million)	0
Post-impairment carrying amount of goodwill as of 31 December 2022 (in EUR million)	544

For cash generating units outside the euro-zone, an inflation differential has been considered when determining the discount rates applicable to the related 2024-2028 cash flow projections.

The outcome of the sensitivity analysis shows by how much the key input parameters into the applied discounted cash flow models would need to vary in order to cause the unit's calculated recoverable amount to equal its related carrying amount:

Dec 23	CSAS
Amount by which recoverable amount exceeds/fall short the carrying amount (in EUR million)	2,499
Risk free rate increase/decrease that would cause recoverable amount to equal carrying amount (basis points)	432
Terminal growth rate increase/decrease that would cause recoverable amount to equal carrying amount (basis points)	-4,581
β factor increase/decrease that would cause recoverable amount to equal carrying amount (coefficient value)	0.658
Market risk premium increase/decrease that would cause recoverable amount to equal carrying amount (basis points)	364

Dec 22	
Amount by which recoverable amount exceeds/fall short the carrying amount (in EUR million)	2,715
Risk free rate increase/decrease that would cause recoverable amount to equal carrying amount (basis points)	528
Terminal growth rate increase/decrease that would cause recoverable amount to equal carrying amount (basis points)	-5,223
β factor increase/decrease that would cause recoverable amount to equal carrying amount (coefficient value)	0.680
Market risk premium increase/decrease that would cause recoverable amount to equal carrying amount (basis points)	448

49. Other assets

in EUR million	Dec 22	Dec 23
Prepayments	135	135
Inventories	94	98
Sundry assets	1,003	742
Other assets	**1,232**	**976**

In the line 'Inventories' real estate project developments and repossessed assets (mainly real estate) are disclosed.

The impairment of inventories, shown as expense in the reporting period amounts to EUR 2 million (2022: EUR 2 million). The carrying amount of inventories carried at fair value less costs to sell amounts to EUR 29 million (2022: EUR 23 million). The cost of inventories recognised as expense in the reporting period amounts to EUR 21 million (2022: EUR 9 million).

FIDUCIARY ASSETS

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity are not reported in the financial statements, as they are not the assets of Erste Group.

Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

50. Erste Group as a lessor

On the side of the lessor, a distinction is made between finance leases and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. In the case of a finance lease, Erste Group reports a receivable from the lessee under the line item 'Finance lease receivables'. The receivable is equal to the present value of the contractually agreed payments taking into account any residual value. Interest income on the receivable is reported in the statement of income in the line item 'Other similar income' under 'Net interest income'.

In the case of operating leases, which are leases other than finance leases, the leased asset is reported in 'Property and equipment' or in 'Investment properties' and is depreciated in accordance with the principles applicable to the assets involved. Lease income is recognised on a straight-line basis over the lease term in the statement of income under the line item 'Rental income from investment properties and other operating leases'.

Erste Group is mitigating the risk associated with any rights it retains in underlying assets. This is achieved especially by means of residual value guarantees, variable lease payments for use in excess of specified limits and buy-back agreements with third parties.

Erste Group (intermediate lessor) accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The vast majority of lease agreements in which Erste Group operates as a lessor are finance leases.

FINANCE LEASES

Erste Group leases both movable property and real estate to other parties under finance lease arrangements. For finance lease receivables included in this item, the reconciliation of the gross investment in leases to the present value of the minimum lease payments is as follows:

in EUR million	Dec 22	Dec 23
Outstanding lease payments	4,841	5,571
Non-guaranteed residual values	165	182
Gross investment	**5,006**	**5,754**
Unrealised financial income	365	692
Net investment	**4,641**	**5,062**
Present value of non-guaranteed residual values	137	130
Present value of outstanding lease payments	**4,504**	**4,931**

Maturity analysis by residual maturities

	Dec 22		Dec 23	
in EUR million	Gross investment	Present value of outstanding lease payments	Gross investment	Present value of outstanding lease payments
< 1 year	1,372	1,248	1,487	1,301
1-2 years	1,054	968	1,249	1,108
2-3 years	889	819	1,021	893
3-4 years	674	602	750	676
4-5 years	405	374	478	429
> 5 years	612	494	769	526
Total	**5,006**	**4,504**	**5,754**	**4,931**

During 2023, Erste Group recognised interest income on finance lease receivables in the amount of EUR 244 million (2022: EUR 129 million). Gains/losses from derecognition of finance lease receivables are recognised in line item 'Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss' (Note 10).

Finance lease receivables

Gross carrying amounts and credit loss allowances per impairment buckets

in EUR million	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
Dec 23											
General governments	254	9	0	0	263	-1	-1	0	0	-2	261
Credit institutions	1	0	0	0	1	0	0	0	0	0	1
Other financial corporations	159	14	0	0	174	0	0	0	0	-1	173
Non-financial corporations	2,865	810	87	0	3,762	-11	-30	-34	0	-75	3,687
Households	776	68	15	0	860	-5	-2	-6	0	-12	847
Total	**4,055**	**901**	**103**	**0**	**5,059**	**-17**	**-33**	**-40**	**0**	**-90**	**4,970**
Dec 22											
General governments	254	10	0	0	264	-1	-1	0	0	-2	262
Credit institutions	1	0	0	0	1	0	0	0	0	0	1
Other financial corporations	88	1	0	0	89	0	0	0	0	0	88
Non-financial corporations	2,654	691	74	1	3,420	-12	-25	-36	0	-73	3,347
Households	790	62	13	0	866	-4	-2	-5	0	-11	854
Total	**3,787**	**765**	**87**	**1**	**4,639**	**-17**	**-28**	**-41**	**0**	**-86**	**4,553**

For information about development of credit loss allowances refer to Note 39 Development of credit loss allowances.

OPERATING LEASES

Under operating leases, Erste Group leases both real estate and movable property to other parties.

Maturity analysis of lease payments from operating leases

in EUR million	Dec 22	Dec 23
< 1 year	254	331
1-2 years	102	307
2-3 years	93	210
3-4 years	73	122
4-5 years	60	115
> 5 years	136	116
Total	**718**	**1,200**

During 2023, Erste Group recognised income relating to variable lease payments in the amount of EUR 3 million (2022: EUR 4 million). For information about rental income please refer to Note 7 Rental income from investment properties and other operating leases.

51. Leases where the Group is a lessee

Under IFRS 16, Erste Group as a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The right-of-use asset is depreciated to the earlier of the end of its useful life or the end of the lease term. Erste Group uses the straight-line method of depreciation. The right-of-use assets are presented on the balance sheet as part of 'Property and equipment' or, if they are sub-leased to third parties, for operating leases as part of 'Investment properties' and for finance leases as a 'Finance lease receivable'.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments also include the exercise price under a purchase option and consider lease payments in an optional renewal period if Erste Group is reasonably certain to exercise the options. Extension and termination options are included in a number of real estate leases across Erste Group. The use of extension and termination options gives Erste Group added flexibility in case more suitable premises in terms of costs and/or location are identified or in case it is considered favourable to remain in a location beyond the original lease term.

When determining the present value of lease payment Erste Group typically uses the incremental borrowing rate as the discount rate. For movables it consists of EURIBOR as a base rate, adjusted by a surcharge based on the entity's rating, the amount of funds borrowed, the term of the lease and the collateral provided. The determination of the incremental borrowing rate for property leases is based on two components, the market rate and the single property rate. The market rate considers the lease term, creditworthiness and the base rate EURIBOR and is derived from existing bank data. The single property rate represents a surcharge to the market rate based on the quality of the single property. On the balance sheet the lease liabilities are presented in the line item 'Lease liabilities'.

Erste Group primarily rents real estates such as buildings and land for headquarters, branches and parking lots. In addition, movables such as IT equipment and ATMs are rented for business operations.

Rights of Use Assets

in EUR million	Land and buildings	Property and equipment
Dec 23		
Carrying amount	509	534
Additions	127	135
Depreciation	-96	-100
Dec 22		
Carrying amount	518	541
Additions	169	179
Depreciation	-89	-93

Maturity analysis of lease liabilities based on undiscounted cash flows

in EUR million	Dec 22	Dec 23
< 1 year	93	103
1-5 years	335	281
> 5 years	281	340
Total	**709**	**724**

During 2023, interest expenses on lease liabilities were recognised in the amount of EUR 12 million (2022: EUR 9 million). In addition expenses in the amount of EUR 4 million (2022: EUR 4 million) relating to short term leases and expenses amounting to EUR 7 million (2022: EUR 7 million) relating to leases of low value items, for which the recognition exemption of IFSR 16 applies, were recognised. Gains arising from sale and leaseback transactions in the amount of EUR 1 million (2022: EUR 0 million) were recognised. During 2023, income from subleasing right-of-use assets was recognised in the amount of EUR 9 million (2022: EUR 2 million). Total cash outflow for leases in 2023 was EUR 123 million (2022: EUR 116 million).

Accruals, provisions, contingent liabilities and legal proceedings

52. Other liabilities

in EUR million	Dec 22	Dec 23
Deferred income	116	114
Sundry liabilities	2,465	2,282
Other liabilities	**2,581**	**2,396**

Deferred income outstanding at 31 December 2023 includes 'contract liabilities' in accordance with IFRS 15 in amount of EUR 101 million (2022: EUR 107 million). Revenue recognised in the reporting year 2023 that was included in the contract liability balance at the beginning of the period amounts to EUR 59 million (2022: EUR 55 million).

The item 'Sundry liabilities' mainly contains outstanding settlement liabilities as well as other liabilities from employee benefits.

53. Provisions

Provisions are liabilities with uncertain timing or amount. The balance sheet line item 'Provisions' includes:
— provisions for defined employee benefit plans recognised based on requirements of IAS 19
— provisions for expected credit losses from loan commitments and financial guarantees recognised based on requirements of IFRS 9; and
— remaining classes of provisions recognised in accordance with IAS 37 such as provisions or litigation, restructuring, commitments and guarantees not in scope of IFRS 9.

MATERIAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

Recognition of provisions requires judgement with respect to whether Erste Group has a present obligation as a result of a past event and whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Furthermore, estimates are necessary with respect to the amount and timing of future cash flows when determining the amount of provisions. Further details on provisions for off-balance credit risk exposures are explained in Notes 35 Credit risk exposure and 39 Development of credit loss allowances. Legal proceedings that do not meet the criteria for recognition of provisions are described in Note 54 Contingent liabilities.

Following classes of provision can be distinguished in the business of Erste Group:

in EUR million	Dec 22	Dec 23
Defined employee benefit plans	802	812
Loan commitments and financial guarantees given in scope of IFRS 9	469	416
Pending legal issues and tax litigation	288	289
Commitments and guarantees given out of scope of IFRS 9	65	24
Other provisions	53	71
Provisions	**1,676**	**1,612**

DEFINED EMPLOYEE BENEFIT PLANS

Defined employee benefit plans operated by Erste Group are for pensions, severance and jubilee benefits. They largely relate to plans operated in Austria which are described below. In addition, there are defined employee benefit plans for foreign subsidiaries in Romania, Croatia, Serbia and Slovakia and the New York branch.

In Austria, the defined benefit pension plans relate largely to retired employees before 2000. The pension obligations for current employees or those who retired after 2000 were transferred to external pension funds.

Employees of Austrian entities who started their employment before 1 January 2003, are entitled to receive a severance payment if their employment is terminated by the employer or if they retire. The amount depends on the number of years of service and the employee's salary at termination of the employment. For other employees a contribution-based system is provided. The contributions to external employee pension funds are recognised as expenses.

Jubilee provisions are special one-off payments stipulated in the collective agreement which are dependent on remuneration and duration of service. Eligibility is conditioned on a certain minimum duration of the employment.

From IAS 19 categorisation perspective, pension and severance benefits qualify as post-employment defined benefits plans whereas jubilee benefits are other long-term employee benefits.

Obligations ensuing from defined employee benefit plans are determined using the projected unit credit method. The calculation involves actuarial assumptions which are further discussed below.

The liability recognised under a defined benefit plan represents the present value of the defined benefit obligation less the fair value of the plan assets available for the direct settlement of obligations. The resulting defined benefit liability is reported on the balance sheet under the line item 'Provisions'. At Erste Group, the plan assets consist of qualifying insurance policies purchased to back severance and jubilee benefit provisions. Plan assets for pension provision are held by a long-term employee benefit fund.

Remeasurements consist of actuarial gains and losses on the defined benefit obligations and the return on plan assets. Remeasurements of pension and severance defined benefit plans are recognised as accumulated OCI in equity specifically under 'Remeasurement of defined benefit plans' in the statement of changes in equity. The change for the period is reported as OCI in the statement of comprehensive income in the line 'Remeasurement of defined benefit plans'. Remeasurements of jubilee defined benefit plans are recognised in the statement of income under the line item 'Personnel expenses'.

Long-term employee provisions

in EUR million	Pensions	Severance payments	Jubilee benefits	Total
Present value of long-term employee benefit obligations – Dec 19	**791**	**497**	**113**	**1,400**
Present value of long-term employee benefit obligations – Dec 20	**774**	**493**	**119**	**1,386**
Present value of long-term employee benefit obligations – Dec 21	**720**	**447**	**115**	**1,282**
Settlements/curtailments	1	0	0	1
Service cost	1	10	7	19
Interest cost	8	5	1	15
Payments	-60	-41	-5	-106
Exchange rate difference	3	0	0	3
Other changes	-2	0	0	-1
Actuarial gains/losses recognised in OCI	**-62**	**-54**	**0**	**-116**
Actuarial gains/losses recognised in PL	**0**	**0**	**-21**	**-21**
Present value of long-term employee benefit obligations – Dec 22	**609**	**367**	**98**	**1,074**
Obligations covered by plan assets	27	191	55	272
Obligations covered by provisions	582	176	43	802
Less fair value of plan assets	**27**	**191**	**55**	**272**
Provisions – Dec 22	**582**	**176**	**43**	**802**
Present value of long-term employee benefit obligations – Dec 22	**609**	**367**	**98**	**1,074**
Settlements/curtailments	1	0	0	0
Service cost	1	10	6	17
Interest cost	22	14	4	39
Payments	-62	-44	-5	-111
Exchange rate difference	-1	0	0	-1
Other changes	0	0	0	0
Actuarial gains/losses recognised in OCI	**29**	**29**	**0**	**58**
Actuarial gains/losses recognised in PL	**0**	**0**	**5**	**5**
Present value of long-term employee benefit obligations – Dec 23	**599**	**375**	**108**	**1,082**
Obligations covered by plan assets	30	180	60	270
Obligations covered by provisions	569	195	48	811
Less fair value of plan assets	**30**	**180**	**60**	**270**
Provisions – Dec 23	**570**	**195**	**48**	**812**

ACTUARIAL ASSUMPTIONS

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about interest rates, future pension increases, future salary increases and mortality rates.

For Austrian entities the actuarial calculation of pension obligations is based on the following assumptions:

in %	Dec 22	Dec 23
Interest rate	3.75	3.27
Expected increase in retirement benefits	3.10	3.10

The expected retirement age for each employee was individually calculated on the basis of the changes set out in the Budget Implementation Act of 2003 (Austrian Federal Law Gazette Vol. I No. 71/2003) regarding the increase in the minimum retirement age. The currently applicable legislation on the gradual raising of the retirement age for men and women to 65 was taken into consideration.

For Austrian entities the actuarial calculation of severance payment and jubilee benefits is based on the following assumptions:

in %	Dec 22	Dec 23
Interest rate	3.75	3.27
Average increase in salary (incl. career trend and collective agreement trend)	4.00	4.00

The interest rate applied for the calculation of the long-term employee provisions is derived from the yield of a portfolio of AA-rated corporate bonds. For this purpose the weighted average yield of the underlying portfolio with a corresponding duration is determined.

For the non-Austrian subsidiaries and branches interest rates between 1.2% (2022: 1.0%) and 6.5% (2022: 7.6%) were used.

Obligations were calculated based on mortality tables entitled 'AVÖ 2018–P – Rechnungsgrundlagen für die Pensionsversicherung' or comparable mortality tables.

The following table presents a sensitivity analysis for each significant actuarial assumptions showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the balance sheet.

	Dec 22			Dec 23		
in EUR million	Pensions	Severance payments	Total	Pensions	Severance payments	Total
Change in discount rate +0.5%	588	349	937	578	356	934
Change in discount rate -0.5%	632	386	1,018	621	394	1,015
Change in future salary increases +0.5%	609	386	995	599	393	992
Change in future salary increases -0.5%	609	349	958	599	356	955
Change in future benefit increases +0.5%	645	367	1,012	635	375	1,010
Change in future benefit increases -0.5%	575	367	942	565	375	940
Increase in survival rate by approx. 10%	655	367	1,022	647	375	1,022

INVESTMENT STRATEGY

Erste Group's severance payments and jubilee payments are partially covered by the fair value of plan assets, while large majority of the defined benefit pension plans are unfunded.

The primary investment strategy of Erste Group is the continuous optimization of plan assets and the effective coverage of existing entitlements. The Group works with professional fund managers for the investment of plan assets. The Investment Fund Act applies as a requirement with respect to specific investment guidelines relating to the investment of plan assets. Additionally, the Investment Committee is responsible for monitoring the mandate guidelines and the investment structure, the supervision, which may arise from regulatory or other legal requirements, as well as the monitoring of demographic changes. It is composed of senior staff in the financial sector and representatives of the S-Versicherung and Erste Asset Management.

Movements in plan assets

in EUR million	Pensions	Severance payments	Jubilee benefits	Total
Fair value of plan assets – Dec 21	**34**	**234**	**64**	**332**
Addition	2	-1	0	0
Interest income on plan assets	1	2	1	4
Contributions by the employer	0	7	4	12
Benefits paid	-1	-29	-7	-37
Return on plan assets recognised in OCI	-9	-8	0	-17
Return on plan assets recognised in PL	0	0	-1	-1
Fair value of plan assets – Dec 22	**27**	**205**	**60**	**293**
Addition	0	1	0	1
Interest income on plan assets	1	8	2	11
Contributions by the employer	0	5	6	11
Benefits paid	-1	-31	-8	-40
Return on plan assets recognised in OCI	3	-4	0	-2
Return on plan assets recognised in PL	0	0	-1	-1
Fair value of plan assets – Dec 23	**30**	**183**	**60**	**273**

In 2024, the expected contributions for the severance and jubilee benefit obligations will amount to EUR 7 million (2023: EUR 7 million). The contributions shown in the table include not only regular contributions but also one-time payments at the end of the year. The total gain on plan assets amounted to EUR 8 million (2022: gain EUR 15 million).

Asset allocation in the different asset classes

	Dec 22					Dec 23				
in EUR million	Europe-EMU	Europe-non EMU	USA	Other countries	Total	Europe-EMU	Europe-non EMU	USA	Other countries	Total
Cash and cash equivalents					70					22
Equity instruments	1	1	21	11	34	2	2	36	13	54
Investment-grade bonds										
Government	3	0	0	0	3	71	3	1	8	83
Non-government bonds	10	3	3	1	17	31	12	11	12	65
Non-investment-grade bonds										
Government	1	0	0	7	8	0	0	0	6	6
Non-government bonds	97	16	9	38	160	19	5	8	10	42
Derivatives (market risk)										
Other					2					1
Plan assets					**293**					**273**

In the table above, Investment-grade refers to BBB and above. The plan assets shown in the table above include mainly assets that are quoted and traded on active markets.

For the yearly pension payments of the unfunded defined benefit plans and the unfunded part of severance payments Erste Group generally takes care within its asset-liability management strategy covering the funding plan and interest rate risk position of the Group.

Effects of defined post-employment benefit plans in profit or loss and other long-term employee benefits

in EUR million	Dec 22	Dec 23
Settlements/curtailments	-1	0
Service cost	-19	-17
Net interest	-11	-28
Total	**-30**	**-45**

Settlements and curtailments as well as service costs are included in the income statement in the line item ‘Personnel expenses’. Net interest includes interest expenses for long-term employee benefits as well as the expected return on plan assets. These are disclosed in the income statement in the line item ‘Other similar income’ and ‘Other similar expense’ under ‘Net interest income’. As of 31 December 2023, the cumulative amount of remeasurement from defined benefit plans, recognised in other comprehensive income amounted to EUR 775 million before tax (2022: EUR -716 million).

IMPACT ON CASH FLOWS

Benefits expected to be paid by the defined benefit plans in each of the respective periods

in EUR million	Pensions	Severance payments	Total
2024	59	19	78
2025	56	17	73
2026	52	16	68
2027	49	22	71
2028	46	21	67
2029-2033	184	127	311

DURATION

Weighted average duration of the defined-benefit obligations

in years	Dec 22	Dec 23
Pensions	7.30	7.25
Severance payments	10.04	9.63
Total	8.33	8.17

The weighted average duration is affected by changes in longevity and in the mortality table.

LOAN COMMITMENTS AND FINANCIAL GUARANTEES GIVEN IN SCOPE OF IFRS 9

In the ordinary course of business, Erste Group provides financial guarantees, consisting of various types of letters of credit and guarantees. A financial guarantee is a contract that requires the guarantor to make specified payments to reimburse the holder for a loss it incurs in case a specified debtor fails to make a payment when due in accordance with the original or modified terms of a debt instrument.

For financial guarantees provisions are recognised based on the expected credit loss impairment model if the amount is higher than the unamortised balance of the initial premium.

Loan commitments are firm commitments to provide credit under prespecified terms and conditions. Loan commitments are generally not recognised in the balance sheet before they are drawn. If it is probable that the bank will enter into the loan agreement loan commitment fees received are deferred and adjust the effective interest rate of the loan when the commitment is drawn. Loan commitments result in recognition of provisions based on the expected credit loss impairment model.

Expenses or income related to provisions for loan commitments and financial guarantees are reported in the statement of income under the line item 'Impairment result from financial instruments'.

For information about development of credit loss allowances for provision for financial guarantees and loan commitments refer to Note 39 Development of credit loss allowances, part 'Loan commitments and financial guarantees': table 'Movement in credit loss allowances – loan commitments and financial guarantees'.

PROVISIONS RECOGNISED IN ACCORDANCE WITH IAS 37

Expenses or income related to provisions which are in scope of IAS 37 are reported in the statement of income under the line item 'Other operating result'.

Following table provides the information about the development of the IAS 37 provisions

in EUR million	Jan 23	Allocations	Use	Releases	Unwind of discount	Exchange rate and other changes	Dec 23
Pending legal issues and tax litigation	288	55	-28	-25	0	-2	289
Commitments and guarantees given out of scope of IFRS9	65	97	0	-108	0	-30	24
Other provisions	53	27	-3	-7	0	2	71
Provisions	**406**	**179**	**-31**	**-140**	**0**	**-30**	**384**
	Jan 22						**Dec 22**
Pending legal issues and tax litigation	332	56	-12	-85	0	-3	288
Commitments and guarantees given out of scope of IFRS9	80	111	0	-128	0	1	65
Other provisions	159	33	-130	-9	0	0	53
Provisions	**571**	**200**	**-142**	**-222**	**0**	**-1**	**406**

Under position 'Pending legal issues and tax litigation' provisions related to litigations from lending business, asset management or litigations related to customer protection topics, which normally occur in banking business, are disclosed. In 2023, a release of provisions for risks related to Romanian Consumer Protection Claims Act was recognised in the income statement in the amount of EUR 8 million (2022: EUR 54 million). The total amount of the provision as of 31 December 2023 was EUR 65 million (2022: EUR 74 million).

With respect to the business activities of the Romanian building society subsidiary BCR Banca pentru Locuinte SA (BPL) the recognition of a penalty (in relation to whether state subsidies had been disbursed to building society's clients in accordance with the applicable legal provisions) amounting in total to EUR 79 million remains unchanged compared to 2022 and is recognized as liability.

In Croatia, the Supreme Court, in a proceeding initiated by a local consumer protection association against several credit institutions ('Collective Case'), among them Erste Bank Croatia ('EBC'), declared in 2015 that Swiss Franc (CHF) clauses in loan agreements with consumers are valid, but contractual provisions permitting unilateral change of the variable interest rates in CHF denominated consumer loans, used by the majority of credit institutions until 2008, are null and void. In 2016, the Croatian Constitutional Court rescinded the part of the Supreme Court of Croatia decision relating to the validity of CHF clauses. After the case had been returned for a retrial with respect to the CHF clause to the court of second instance, such court delivered its decision in 2018, declaring in essence the nullification of the CHF currency clause, holding that collective and individual consumer rights were breached.

The Supreme Court reached a legal standing in December 2022 according to which clients who have converted their CHF denominated loans to EUR denominated loans (in accordance with applicable laws enacted in 2015) are entitled to default interest for overpaid amounts taken into account by a credit institution when converting. However, a local consumer protection association declared its willingness to pursue further actions before the Constitutional Court against the legal standing. The specific impact of the aforementioned legal standing to the court practices in individual cases is still difficult to predict since it was not finally and officially confirmed.

54. Contingent liabilities

To meet the financial needs of customers, the bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the balance sheet, they do involve credit risk and are therefore part of the overall risk of the Bank (see Note 35 Credit risk exposure and 39 Development of Credit loss allowances).

Legal proceedings

Erste Group Bank AG and some of its subsidiaries are involved in legal disputes, most of which have arisen in the course of ordinary banking business. These proceedings are not expected to have a significant negative impact on the financial position or profitability of Erste Group or Erste Group Bank AG. Erste Group is also subject to the following ongoing proceedings, some of which, if adversely adjudicated, may have a significant impact on the financial position or profitability of Erste Group or Erste Group Bank AG. Any possible financial impacts of these proceedings are not disclosed, as neither the duration nor the outcome can be reliably estimated and to avoid influencing the outcome of the various proceedings.

CONSUMER PROTECTION CLAIMS

Several subsidiaries of Erste Group have been named in their respective jurisdictions as defendants in a number of lawsuits and in regulatory proceedings, filed by individual customers, regulatory authorities or consumer protection agencies and associations. Some of the lawsuits are class actions. The proceedings mainly relate to allegations that certain contractual provisions, particularly in respect of consumer loans, violate mandatory consumer protection laws and regulations and principles of general civil law and that certain fees or parts of interest payments charged to customers in the past must be repaid. The allegations relate to the enforceability of certain fees as well as to contractual provisions for the adjustment of interest rates and currencies. In some jurisdictions, the legal risks in connection with loans granted in the past are also increased by the enactment of politically-motivated laws impacting existing lending relationships, which may result in repayment obligations towards customers. The following consumer protection issues are deemed noteworthy.

In Romania, BCR is - aside from being a defendant in a number of individual lawsuits initiated by consumers regarding alleged violations of applicable consumer protection laws - among several local credit institutions pursued by the consumer protection authority for allegedly abusive clauses pertaining to pre-2010 lending practices. In connection therewith, BCR is currently a defendant in an individual litigation claim filed by the local consumer protection authority on behalf of or several borrowers. The court proceeding is still pending. A potential adverse judgment on the validity of certain contractual clauses may have an impact of invalidating such clauses also in other similar agreements concluded by BCR with other consumers.

CSAS MINORITY SHAREHOLDERS CLAIMS

Following the completion of a squeeze-out procedure in CSAS resulting in Erste Group Bank AG becoming the sole shareholder of CSAS, some former minority shareholders of CSAS filed legal actions with the courts in Prague against Erste Group Bank AG. In that proceedings the plaintiffs allege in essence that the share price of 1.328 CZK (then approx. EUR 51 per share) paid by Erste Group Bank AG in the squeeze-out of the CSAS minority shareholders in 2018 was unfair and too low and should be increased. In case the courts find there should be an increase, this would affect all minority shareholders squeezed-out. In the squeeze-out performed in 2018 Erste Group Bank AG acquired a total of 1.03% of minority shares for a consideration of approx. EUR 80 million. Erste Group Bank AG views that the purchase price, established by a valuation done by professional external experts and in the course of the ongoing proceeding supported by another external expert valuation appointed by Erste Group Bank AG, was correct and fair. The competent first instance court in Prague confirmed the view of Erste Group Bank AG of having paid a fair and correct share price to the former minority shareholders and ruled against the plaintiffs in its first instance judgement, rejecting their claims for an increase of the share price being paid out. Since the judgement is not yet final, it may be appealed by the plaintiffs.

Capital instruments, equity and reserves

55. Total equity

in EUR million	Dec 22	Dec 23
Subscribed capital	860	843
Additional paid-in capital	1,478	1,494
Retained earnings and other reserves	14,774	16,906
Owners of the parent	**17,111**	**19,243**
Additional equity instruments	2,236	2,405
Non-controlling interests	5,957	6,853
Total	**25,305**	**28,502**

As of 31 December 2023, subscribed capital (also known as registered capital) consists of 429,800,000 (2022: 429,800,000) voting bearer shares (ordinary shares). The pro rata amount of registered capital, per no-par value share, was EUR 2.00. Additional paid-in capital (or share premium) represents the amount by which the issue price of the shares exceeded their par value. Retained earnings and other reserves represent accumulated net profit brought forward, as well as income and expenses recognised in other comprehensive income.

SHARE BUYBACK PROGRAM

At the Annual General Meeting of Erste Group on 12 May 2023, the management board was authorized, with the approval of the supervisory board, to repurchase own shares up to 10% of the share capital within a period of 30 months and to cancel own shares pursuant to section 65 (1) 8 in conjunction with section 192 of the Austrian Stock Corporation Act. After approval by the ECB on 1 August 2023, the management board and supervisory board of Erste Group decided to launch a share buyback program with a volume of up to EUR 300 million. The share buyback program started on 16 August 2023 and by the reporting date of 31 December 2023, 8,137,141 treasury shares with acquisition costs of EUR 270 million had been repurchased. The share buyback program was carried out by a bank commissioned by Erste Group.

According to the Austrian Stock Corporation Act, this capital reduction is only effective once the capital reduction measure has been entered in the commercial register and the cancellation of the underlying treasury shares has been resolved and implemented. In accordance with Section 229 (1a) UGB, a reduced subscribed capital is already shown in the unconsolidated financial statements when treasury shares are repurchased. This presentation is also followed in the consolidated financial statements. The shares repurchased by 31 December 2023 are treated as treasury shares in the information on the number of shares held.

The share buyback program of Erste Group Bank AG was completed on 16 February 2024. For further details, please refer to Note 66 Events after the balance sheet date.

ADDITIONAL EQUITY INSTRUMENTS

In addition Erste Group Bank AG issued additional tier 1 capital (AT1 bonds). AT1 bonds are unsecured and subordinated bonds. AT1 bonds are perpetual and can be cancelled only by the issuer at predetermined dates. The bonds include discretionary non-cumulative coupon payments. Due to these features they are classified as equity under IFRS.

AT1 bonds issued

Nominal value	Currency	Issue	Initial fixed rate	Reset rate after the first call date	Coupon payments	First and subsequent call dates
169 million	EUR	April 2017	6.5%	5Y swap +6.204%	Semi-annually on 15th April and 15th October	15.04.2024 + coupon dates thereafter
500 million	EUR	March 2019	5.125%	5Y swap +4.851%	Semi-annually on 15th April and 15th October	15.10.2025 + coupon dates thereafter
500 million	EUR	January 2020	3.375%	5Y swap +3.433%	Semi-annually on 15th April and 15th October	15.04.2027 + coupon dates thereafter
750 million	EUR	November 2020	4.25%	5Y swap +4.646%	Semi-annually on 15th April and 15th October	15.10.2027 + coupon dates thereafter
500 million	EUR	September 2023	4.25%	5Y swap +5.463%	Semi-annually on 15th April and 15th October	16.10.2028 + monthly on 15th until coupon payment + coupon dates thereafter

If common equity tier 1 ratio of Erste Group or Erste Group Bank AG falls below 5.125% (i.e. a trigger event occurs) the principal amount will be written down (fully or partially) on a temporary basis. The issuer may, at its sole discretion, write up the amount (fully or partially) provided a positive profit has been recorded and the trigger event no longer exists.

In 2023 there was a new AT1 issuance amounting to EUR 500 million as well as a partial buyback of AT1 issuance from 2017 totaling EUR 331 million. In 2022 there was no redeemed AT1 bond.

DISTRIBUTIONS ON OWN EQUITY INSTRUMENTS

Distributions on own equity instruments are recognised as a liability and deducted from equity when their payment is confirmed. For dividends on common shares the decision is taken by the Annual General Meeting. For coupons on additional tier 1 instruments the payouts do not need approvals but an event of non-payment would require a decision of Erste Group Bank AG Board.

Changes in number of outstanding shares

	Dec 22	Dec 23
Shares outstanding as of 1 January	**405,434,710**	**407,175,838**
Acquisition of treasury shares	-8,454,712	-12,439,308
Disposal of treasury shares	10,195,840	4,558,169
Shares outstanding as of 31 December	**407,175,838**	**399,294,699**
Treasury shares	22,624,162	30,505,301
Number of shares issued as of 31 December	**429,800,000**	**429,800,000**
Weighted average undiluted number of outstanding shares	427,019,261	425,951,928
Weighted average diluted number of outstanding shares	427,492,890	426,324,432

In addition to the calculation of the annual average number of shares outstanding by incorporation of acquisitions and disposals of treasury shares during the year, the line items 'weighted average number of outstanding shares' and 'weighted average diluted number of outstanding shares' consider a proportionate allocation of the treasury shares held by non-controlling interests.

TREASURY SHARES AND CONTRACTS ON TREASURY SHARES

Equity instruments of Erste Group that it or any of its subsidiaries acquire (referred to as treasury shares) are deducted from equity.

TRANSACTIONS AND SHARES HELD BY THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The shares of management- and supervisory board member, whose office term began or ended during the financial year, held as at the date of inception or termination of their term in office were recognised as additions or disposals.

Shares and related dividends held by management board

Managing board member	Dec 22	Additions	Disposals	Dec 23	Dividends received in 2023 (in EUR)
Cernko Willibald (Chairman)	7,206	3,311	0	10,517	19,543
Bleier Ingo	4,111	5,283	2,900	6,494	12,339
Dörfler Stefan	4,456	5,514	0	9,970	18,504
Habeler-Drabek Alexandra	1,328	5,514	0	6,842	12,561
O'Mahony David	5,456	5,514	0	10,970	20,404
Poletto Maurizio	456	3,838	0	4,294	7,720

Shares and related dividends held by supervisory board

Supervisory board member	Dec 22	Additions	Disposals	Dec 23	Dividends received in 2023 (in EUR)
Rödler Friedrich (Chairman)	3,802	0	0	3,802	7,224
Hardegg Maximilian (1st Vice Chairman)	240	0	0	240	456
Krainer Senger-Weiss Elisabeth (2nd Vice Chairwoman)	0	0	0	0	0
Catasta Christine	0	0	0	0	0
Egerth-Stadlhuber Henrietta	0	0	0	0	0
Ersek Hikmet (until 11 October 2023)	3,966	0	3,966	0	7,535
Flatz Alois	0	0	0	0	0
Grießer Martin	120	60	0	180	228
Haag Markus	317	60	0	377	602
Haberhauer Regina	294	60	0	354	559
Khüny Marion	0	0	0	0	0
Kühnel Mariana	583	10	0	593	1,127
Lachs Andreas	106	60	0	166	201
Pichler Barbara	553	122	0	675	1,051
Pinter Jozef	106	60	0	166	201
Santner Friedrich	0	0	0	0	0
Schuster Michael	0	30	0	30	57
Simor András	0	0	0	0	0
Sutter-Rüdisser Michèle F.	2,222	0	0	2,222	4,222
Tusek Christiane (since 12 May 2023)	0	0	0	0	0
Zeisel Karin	54	60	0	114	103

As of 31 December 2023, supervisory board members did not receive any Erste Group Bank AG shares or options for such shares as part of their remuneration. Persons related to members of the management board or supervisory board held 1,640 shares (2022: 1,518 shares) of Erste Group Bank AG.

REMAINING AUTHORISED AND CONTINGENT CAPITAL AS OF 31 DECEMBER 2023

Clause 5 of the articles of association authorises the management board to increase the registered capital with the consent of the supervisory board until 18 May 2027 – also in several tranches – by an amount of up to EUR 343,600,000 by issuing up to 171,800,000 voting no-par value bearer shares in return for contributions in cash and/or in kind, with the issue price and the issuing conditions being determined by the management board with the consent of the supervisory board. Furthermore, the management board is authorized to fully or partly exclude the statutory subscription right of the shareholders with the consent of the supervisory board if the capital increase is in return for a cash contribution and the shares issued while excluding the subscription right of the shareholders, taken together, do not exceed EUR 85,960,000; and/or if the capital increase is in return for contributions in kind or if the capital increase is in return for cash and the pro rata amount of the share capital attributable to the shares issued under exclusion of subscription rights in both cases (section 5.1.1 capital increase against contribution in kind and section 5.1.2 capital increase against cash contribution) does not exceed EUR 85,960,000.

The measures in sections 5.1.1 (capital increase against contribution in kind) to 5.1.2 (capital increase against cash contribution) can also be combined. The aggregate pro rata amount of registered capital represented by new shares in respect of which the shareholders' subscription rights are excluded under this authorization in section 5.1 (authorized capital), together with the pro rata amount of registered capital attributable to new shares which serve to fulfill subscription rights, conversion rights, and conversion obligations arising from convertible bonds issued with the exclusion of subscription rights from 18 May 2022 onwards pursuant to section 8.3, and which are issued from conditional capital pursuant to section 6.3 to satisfy share options of employees, senior employees and members of the Management Board of the Company or of a group company, must not exceed the proportionate amount of 10% of the share capital in total.

Clause 6.3 of the articles of association states that conditional capital based on the resolutions of the management board in 2002 and 2010 (both approved by the supervisory board) with a nominal value of EUR 21,923,264 persists that can be consumed by issuing up to 10,961,632 ordinary bearer shares or ordinary registered shares (ordinary share) with an issue price of at least EUR 2.00 per share against cash contribution and by excluding the subscription rights of the current shareholders. This conditional capital is used for granting options to staff, management and members of the management board of the entity of one of its related undertakings.

Under clause 6.4 of the articles of association, the company has conditional capital of EUR 124,700,000.00 available, which may be utilized by issuing up to 62,350,000 pieces bearer shares. This conditional capital can be used for granting conversion or subscription rights to holders of convertible bonds. In case the terms and conditions of the convertible bonds provide for a mandatory conversion, it shall also serve to cover the mandatory conversion. The issue price and exchange ratio shall be determined pursuant to a recognised pricing method on the basis of accepted finance-mathematical methods and the share price of the company.

According to clause 7 of the articles of association, currently no authorized conditional capital exists.

56. Non controlling interest

	Haftungsverbund Savings Banks, thereof:			
in EUR million	Total	Sparkasse Oberösterreich	Sparkasse Steiermark	Sparkasse Kärnten
Dec 23				
Country of incorporation	Austria	Austria	Austria	Austria
Place of business	Austria	Austria	Austria	Austria
Main business activity	Banking	Banking	Banking	Banking
Ownership% held by NCI	50.1%-100%	83%	75%	75%
Reporting currency	EUR	EUR	EUR	EUR
Dividends paid to equity holders of the parent	54	18	15	9
Net result attributable to non-controlling interests	796	97	208	33
Accumulated NCI	6,049	795	1,505	258
Subsidiary-level stand-alone key financial information				
Current assets	25,369	5,628	4,835	1,449
Non-current assets	58,989	9,460	13,543	3,565
Current liabilities	61,104	10,046	14,319	4,122
Non-current liabilities	14,719	3,932	1,823	461
Operating income	2,765	404	671	158
Profit or loss from continuing operations	1,343	162	477	60
Total comprehensive income	**1,222**	**137**	**404**	**57**
Dec 22				
Country of incorporation	Austria	Austria	Austria	Austria
Place of business	Austria	Austria	Austria	Austria
Main business activity	Banking	Banking	Banking	Banking
Ownership% held by NCI	50.1%-100%	81%	75%	75%
Reporting currency	EUR	EUR	EUR	EUR
Dividends paid to equity holders of the parent	94	40	11	29
Net result attributable to non-controlling interests	404	49	94	16
Accumulated NCI	5,260	691	1,284	234
Subsidiary-level stand-alone key financial information				
Current assets	28,470	6,310	6,002	1,625
Non-current assets	54,565	9,105	12,145	3,381
Current liabilities	62,482	10,286	14,740	4,051
Non-current liabilities	13,153	4,129	1,556	569
Operating income	1,966	328	445	129
Profit or loss from continuing operations	685	99	157	45
Total comprehensive income	**189**	**-6**	**77**	**10**

Scope of consolidation

As at 31 December 2023, Erste Group Bank AG, as parent entity of Erste Group, includes in its IFRS scope of consolidation a total of 300 subsidiaries (31 December 2022: 314). These comprise a total of 50 entities, which are members of the Haftungsverbund (cross-guarantee system) of the Austrian savings bank sector. Alongside Erste Group Bank AG, local savings banks, Bausparkasse der österreichischen Sparkassen Aktiengesellschaft, Erste Bank der oesterreichischen Sparkassen AG and Zweite Wiener Vereins-Sparcasse are members of the Haftungsverbund (cross-guarantee system). The scope of consolidation also includes 'ex-ante fund' IPS GesbR which can be used solely for the purpose to cover loss events of members of the cross-guarantee system. It was established in 2014 and the members are required to pay into the fund until 31 December 2031.

Additions and disposals 2023. Additions and disposals had no material impact on the financial position and performance of the Group.

Additions and disposals 2022. On 17 December 2021 Erste Bank Hungary (EBH) has signed a sale and purchase agreement with Commerzbank AG to acquire 100% of the share capital (306.016 shares) in its Hungarian subsidiary Commerzbank Zrt ('CBK'). This acquisition enables EBH to significantly strengthen its existing market position in Hungary.

The transaction was effectuated as of 30 November 2022, with the approval of National Bank of Hungary. At year-end 2022, the measurement process had not yet been finalized. Due to the complexity of the deal and the focus on the rapid implementation to maintain the daily operations, the purchase price allocation was carried out on a preliminary basis. The finalisation of the business combination during the year 2023 did not lead to a significant change of the fair value of the net assets as identified as of the date of first consolidation.

The net equity as of the acquisition date amounted to EUR 62 million. Assets and liabilities recognized in first consolidation are as follows:

in EUR million	Carrying amount
Cash and cash balances	180
Financial assets at fair value through profit or loss	49
Financial assets at fair value through other comprehensive income	118
Financial assets at amortised cost	396
Property and equipment	5
Tax assets	1
Other assets	1
Total Assets	**749**
Financial liabilities at fair value through profit or loss	37
Financial liabilities at amortised cost	646
Provisions	2
Tax liabilities	0
Other liabilities	3
Total Liabilities	**687**
Subscribed capital	62
Total Equity	**62**
Total Liabilities and Equity	**749**

The fair value of the acquired loans at the acquisition date amounted to EUR 396 million. The best estimate at the acquisition date of the contractual cash flows from acquired loans not expected to be collected amounts to EUR 5 million.

In course of its analysis EBH identified items subject to fair value adjustment, mainly related to a building which served as headquarter of CBK. The adjusted net equity was equal to EUR 68 million. The preliminary purchase price allocation results in a goodwill of EUR 12 million. This amount is calculated as the difference of adjusted net equity and preliminary purchase price and is not deductible for tax purposes. The cash consideration transferred amounted to EUR 80 million at the date of the transaction and was decreased in the year 2023 by EUR 4 million.

Since the acquisition date until the reporting date 31 December 2022, CBK's contribution to Erste Group's operating income amounted to EUR 2 million. The contribution to the net result for the period amounted to EUR 2 million. If CBK had already been included in the Erste Group's consolidated financial statements as of 1 January 2022, the contribution to the operating income would have been EUR 43 million and the contribution to net result for the period would have been EUR -2 million.

The other additions and disposals had no material impact on the financial position and performance of the Group.

57. Subsidiaries

A subsidiary is an entity controlled by another entity. All entities directly or indirectly controlled by Erste Group Bank AG are consolidated in the Group financial statements on the basis of their annual accounts as of 31 December 2023, and for the year then ended.

Non-controlling interests represent those portions of total comprehensive income and net assets that are neither directly nor indirectly attributable to the owners of Erste Group Bank AG. Non-controlling interests are presented separately in the consolidated statement of income, in the consolidated statement of comprehensive income and within equity on the consolidated balance sheet.

CONTROL

Assessing the existence of control may require considerable accounting judgements, assumptions and estimates, notably in non-standard situations such as:
- power stemming both from voting rights and from contractual arrangements (or mostly from the latter);
- exposure to variable returns from the involvement with the investee stemming from on-balance investments and from off-balance commitments or guarantees (or mostly from the latter); or from readily identifiable income streams (e.g. dividends, interest, fees) and from cost savings, economies of scale and/or operational synergies (or mostly from the latter).

In the case of Erste Group, such accounting judgements, assumptions and estimates have been primarily relevant for the assessment of the following cases:

i. The savings bank members of the Austrian cross-guarantee system (Haftungsverbund)
Erste Group Bank AG is a member of the Haftungsverbund (cross-guarantee system) of the Austrian savings bank sector. As of the balance sheet date, all of Austria's savings banks, in addition to Erste Group Bank AG, Erste Bank der oesterreichischen Sparkassen AG and Bausparkasse der österreichischen Sparkassen Aktiengesellschaft, formed part of this cross-guarantee system. The provisions of the agreement governing the Haftungsverbund are implemented by the steering company Haftungsverbund GmbH. Erste Group Bank AG always holds directly and indirectly at least 51% of the voting rights of the steering company. The indirect voting rights are held through Erste Bank der oesterreichischen Sparkassen AG and through other savings banks in which companies of Erste Group hold the majority of voting rights.

For all savings banks in which Erste Group holds less than 50% of the voting rights, an assessment of whether control is achieved through the provisions of the Haftungsverbund agreement has been performed.

Based on the contractual agreement, Haftungsverbund GmbH as the steering company is vested with the following substantive rights related to the savings banks:
- participation in the appointment of board members;
- approval of budgets including capital decisions;
- provision of binding guidelines in the areas of risk and liquidity management as well as internal audit; and
- determination of thresholds for capital requirement including the payment of dividends.

Furthermore, taking into account the magnitude of Erste Group's involvement with the member banks – whether in the form of synergies, investments, commitments, guarantees, or access to common resources – the Group has significant exposure to each of the member banks' variable returns. As Haftungsverbund GmbH is able to affect the variable returns through its power, it has been assessed that Haftungsverbund GmbH has control over the savings banks.

As Erste Group Bank AG controls the steering company, it exercises control over the members of the cross-guarantee system.

ii. Investment funds under own management
The Group has assessed whether the investment funds it manages through its asset management subsidiaries are controlled and hence shall be consolidated. This assessment has been made on the basis that power over such investment funds is generally conferred based on the contractual arrangements appointing an Erste Group subsidiary as fund manager without any substantive removal rights by fund's investors. Furthermore, Erste Group made the conclusive judgement that its exposure to such own-managed funds' variable returns is basically considered as significant if, additionally to the exposure through management fees, Erste Group is also exposed in the form of at least 20% investment in the fund. Furthermore, in its capacity as fund manager, Erste Group is also able to affect the returns of the funds through its power. Following this assessment, investment funds under own management in which Erste Group – directly or through its subsidiaries – has significant unit holdings (i.e. holds at least 20% of the units issued by the fund) are deemed to be controlled and included in the scope of consolidation.

iii. Pension funds under own management

The Group has assessed whether the contractual arrangements appointing an Erste Group subsidiary as pension fund manager (with no substantive removal rights by the fund's participants) are generally expected to confer power over such funds, followed by an assessment of the Group's exposure/rights to the pension fund's variable returns. The relevant legal requirements regulating the activities of such pension funds in their respective jurisdictions were also considered, notably in assessing the significance of the rights to variable returns from management fees, as well as of the exposure to losses from any guarantees that the fund manager may be legally bound to. As a result of this review, the Czech pension fund 'Transformovaný fond penzijního připojištění se státním příspěvkem Česká spořitelna – penzijní společnost, a.s' (the 'Transformed pension fund') is not consolidated. There are no further cases of application in Erste Group.

58. Investments in associates and joint ventures

In the case of Erste Group, all equity method investments are direct or indirect investments in associates and joint ventures over which the Group exercises significant influence or joint control stemming from voting power greater than 20% up to 50%.

Carrying amounts of at equity measured entities

in EUR million	Dec 22	Dec 23
Credit institutions	43	44
Financial institutions	83	93
Others	83	105
Total	**209**	**241**

Aggregated financial information of at equity measured entities

in EUR million	Dec 22	Dec 23
Total assets	5,253	5,234
Total liabilities	4,511	4,383
Income	520	546
Profit/loss	54	52

None of Erste Group's investments accounted for using the equity method published price quotations.

Selected equity method investments where the Erste Group has strategic interest

in EUR million	Dec 22 Global Payments s.r.o.	Dec 22 Prvá stavebná	Dec 22 VBV - Betriebliche Altersvorsorge AG	Dec 23 Global Payments s.r.o.	Dec 23 Prvá stavebná	Dec 23 VBV - Betriebliche Altersvorsorge AG
Country of Incorporation	Czechia	Slovakia	Austria	Czechia	Slovakia	Austria
Place of business	Czechia	Slovakia	Austria	Czechia	Slovakia	Austria
Main business activity	Payment services	Financing building society	Insurance	Payment services	Financing building society	Insurance
Ownership held %	49%	35%	32%	49%	35%	32%
Voting rights held %	49%	35%	29%	49%	35%	29%
IFRS Classification (JV/A)	Associate	Associate	Associate	Associate	Associate	Associate
Reporting currency	CZK	EUR	EUR	CZK	EUR	EUR
Investee's financial information for the reporting year						
Cash and cash balances	21	0	9	37	1	9
Other current assets	118	189	80	148	180	114
Non-current assets	118	2,766	65	122	2,925	48
Current liabilities	112	2,370	0	158	2,473	0
Non-current liabilities	23	292	79	15	321	86
Operating Income	69	74	18	80	71	18
Post-tax result from continuing operations	7	8	18	17	18	18
Total comprehensive income	7	9	18	17	18	18
Depreciation and amortization	-7	-6	0	-7	-6	0
Interest income	0	86	8	1	98	8
Interest expense	-2	-24	0	-3	-34	0
Tax expense/income	-1	-5	0	-1	-5	0
Reconciliation of investee's net assets against equity investment's carrying amount						
Net assets attributable to Erste Group	60	102	24	66	109	28
Accumulated impairment	0	-62	0	0	-68	0
Carrying amount	60	40	24	66	41	28

The classification of current and non-current financial assets and liabilities is based on the expected remaining maturities of assets and liabilities.

In 2023 carrying amount of Prvá stavebná was impaired in the amount of EUR 5 million (2022: impairment of EUR 21 million).

Aggregated financial information of other equity method investments

in EUR million	Dec 22 Associates	Dec 22 Joint Ventures	Dec 23 Associates	Dec 23 Joint Ventures
Total comprehensive income	**7**	**15**	**-3**	**3**
Carrying amount	**56**	**28**	**49**	**33**

59. Unconsolidated structured entities

INTERESTS IN STRUCTURED ENTITIES

Assessing which entities are structured entities, and which involvements in such entities are interests, may require considerable accounting judgements and assumptions. In the case of Erste Group, such accounting judgements, assumptions and estimates have been primarily relevant for assessing involvements with investment funds and securitisation vehicles.

For investment funds, Erste Group reached the conclusion that direct Group exposure would typically indicate an interest in these structured entities, irrespective of whether such exposure comes from on-balance financial assets – mostly in the form of units held in such funds, off-balance commitments given or management fees varying in relation to the assets under management (for own-managed funds in general). As described under Note 57 Subsidiaries above, own-managed funds where the Group cumulatively holds less than 20% of the related fund units in issue are not consolidated due to lack of control and thus are subject to specific disclosures for unconsolidated structured entities. Erste Group uses following structured entities in the course of its business activity.

INVESTMENT FUNDS

Direct investments in own-managed and third-party-managed investment funds as well as management fees earned for the management of investment funds by subsidiaries of Erste Group are classified as interests in unconsolidated structured entities, if they are not consolidated.

Direct investments in investment funds. Erste Group is invested in several mutual funds as well as in private investment funds which are registered in Austria, Central- and Eastern Europe or other countries. The majority of those funds is managed by subsidiaries of Erste Group, the smaller part of the funds being managed by independent third parties. The investments in funds held by Erste Group do not constitute material investments (basically below 20%) and mostly take the form of redeemable fund unit investments. They are measured at fair value on the Group's balance sheet and are disclosed as debt securities either under line item 'Non-trading financial assets at fair value through profit or loss' or 'Financial assets held for trading'.

Management fees. Moreover, Erste Group earns management fees for providing investment management services as fund manager (by subsidiaries of Erste Group); meaning for making the investment decision for the funds under management of the relevant investment fund.

Beside the management fees for the services as fund manager Erste Group also receives distributions for their investments in fund units. On the other side stand expenses for the administration of investment funds and fees for the business activity of investment funds, especially custodian fees and fees for securities trading transactions. In the normal course of business activity Erste Group enters into derivative transactions with own-managed unconsolidated investment funds. Moreover, own-managed unconsolidated investment funds are also invested - over different time periods - in debt securities issued by or deposits of Erste Group. In restricted cases Erste Group offers capital guarantees for own-managed unconsolidated investment funds.

The magnitude of the Group's equity interests in unconsolidated investment funds may vary in the future depending on the future performance of their respective underlying assets, relevant market circumstances and opportunities, or regulatory requirements.

OTHERS

To a lesser extent, Erste Group is also exposed (notably as lender) to unconsolidated structured entities having other business activities. The respective loans and advances are either measured at amortised cost or at fair value through profit or loss, depending whether they are SPPI-compliant or not. Debt securities include investments in Collateralised Mortgage Obligations as well as securitizations.

MAXIMUM EXPOSURE TO UNCONSOLIDATED STRUCTURED ENTITIES

Erste Group's maximum exposure to losses from its interests in unconsolidated structured entities is equal to the total fair value of its fund units, bond investments, trading derivative assets, provided loans and off-balance sheet commitments and guarantees as of the respective balance sheet date. The maximum exposure corresponds to the carrying amounts after risk provisions as of the balance sheet date. For off-balance sheet loan commitments and guarantees the maximum exposure corresponds to the respective nominal value.

The table below summarises the Group's business relations to unconsolidated structured entities per balance sheet line item, business activity and business location. The summary includes the assets identified as impaired at year-end, as well as related net impairment losses/gains incurred during the year. The carrying amounts of the exposures summarized below are mostly referring to assets already measured at fair value in the balance sheet of the Group. The carrying amounts of the remaining exposures (notably 'Loans and advances') are materially similar to their fair values.

in EUR million	Investment Funds Own-managed	Investment Funds Third-party managed	Investment Funds Total	Other	Total
Dec 23					
Assets					
Equity instruments, thereof:	0	0	0	60	60
at FVPL	0	0	0	60	60
Debt securities, thereof:	607	253	860	24	884
Financial assets HfT	1	203	204	0	204
at FVPL	607	49	656	24	681
Loans and advances	209	0	209	202	411
Trading derivatives	8	0	8	0	8
Total assets	**825**	**253**	**1,077**	**286**	**1,363**
thereof impaired	0	0	0	0	0
On-balance sheet exposure analysis per jurisdiction					
Austria	815	0	815	0	815
Central and Eastern Europe	10	11	21	261	282
Other jurisdictions	0	242	242	24	266
Liabilities					
Equity instruments	155	0	155	0	155
Debt securities issued	408	0	408	0	408
Deposits	1,567	0	1,567	7	1,574
Trading derivatives	56	0	56	1	58
Total liabilities	**2187**	**0**	**2,187**	**9**	**2,195**
Off balance-sheet commitments	**212**	**0**	**212**	**98**	**311**
Dec 22					
Assets					
Equity instruments, thereof:	0	0	0	13	13
at FVPL	0	0	0	13	13
Debt securities, thereof:	575	172	747	33	780
Financial assets HfT	0	121	121	0	121
at FVPL	575	51	626	33	659
Loans and advances	10	0	10	90	100
Trading derivatives	2	0	2	0	2
Total assets	**588**	**172**	**760**	**136**	**896**
thereof impaired	0	0	0	0	0
On-balance sheet exposure analysis per jurisdiction					
Austria	574	0	574	0	574
Central and Eastern Europe	14	16	30	103	133
Other jurisdictions	0	156	156	33	190
Liabilities					
Equity instruments	148	0	148	0	148
Debt securities issued	268	0	268	0	268
Deposits	1,952	0	1,952	0	1,952
Trading derivatives	99	0	99	0	99
Total liabilities	**2,467**	**0**	**2,467**	**0**	**2,467**
Off balance-sheet commitments	**80**	**0**	**80**	**0**	**80**

Other disclosure matters

60. Related-party transactions

In the course of its ordinary business activity Erste Group enters into business relationships with related persons and entities. Shareholders of Erste Group Bank AG are classified as related parties if they have significant influence over Erste Group. In addition, Erste Group also defines as related parties subsidiaries that are controlled but not consolidated due to non-materiality as well as associated entities and joint ventures that are included in the consolidated financial statements by the equity method. Transactions between Erste Group Bank AG and fully consolidated companies are not recognised in the consolidated financial statements as they have been eliminated. Furthermore, related persons consist of key management personnel, i.e. management and supervisory board members of Erste Group Bank AG. Moreover, Erste Group defines close family members of management and supervisory board members of Erste Group Bank AG, as well as companies which are controlled or significantly influenced by management and supervisory board members of Erste Group Bank AG, as other related parties. Banking transactions with related persons and entities are done at arm's length.

TRANSACTIONS WITH SHAREHOLDERS OF ERSTE GROUP BANK AG

Erste österreichische Spar-Casse Privatstiftung

In addition to its shareholding of the subscribed capital of Erste Group Bank AG, there are other factors giving Erste österreichische Spar-Casse Privatstiftung (ERSTE Stiftung) significant influence over Erste Group. As of 31 December 2023, Erste Group had liabilities toward ERSTE Foundation of EUR 16 million (2022: EUR 19 million). ERSTE Foundation held no bonds issued by Erste Group Bank AG and consequently there were no interest expenses for Erste Group. Furthermore, Erste Group did not receive fee and commission income or rental income. In 2023, ERSTE Foundation received a dividend of EUR 95 million (2022: EUR 78 million) on its shareholding in Erste Group Bank AG.

Under article 15.1 of the articles of association of Erste Group Bank AG, for the duration of its assumption of liability for all current and future debts in the event of default on payment by Erste Group Bank AG, the ERSTE Foundation is entitled, pursuant to Section 92 (9) of the Austrian Banking Act, to delegate up to one-third of the supervisory board members to be elected at the Annual General Meeting of Erste Group Bank AG.

TRANSACTIONS WITH NOT CONSOLIDATED SUBSIDIARIES, ASSOCIATED ENTITIES AND JOINT VENTURES

Balances and off-balance exposures

in EUR million	Dec 22			Dec 23		
	Subsidiaries, not consolidated	Associated entities	Joint ventures	Subsidiaries, not consolidated	Associated entities	Joint ventures
Financial assets	**86**	**598**	**386**	**80**	**712**	**442**
Equity instruments	55	62	18	55	92	19
Debt securities	0	52	0	0	5	0
Loans and advances	31	484	369	25	614	423
Loans and advances credit institutions	0	0	0	0	10	0
Loans and advances customers	31	484	369	25	604	423
of which impaired	2	0	0	0	0	0
Financial liabilities	**29**	**192**	**12**	**30**	**177**	**25**
Deposits	29	192	12	30	177	25
Deposits from banks	1	0	0	1	0	1
Deposits from customers	28	192	12	29	177	25
Other financial instruments						
Loan commitments, financial guarantees and other commitments given (notional amount)	5	144	111	3	273	125
of which defaulted	0	0	0	0	0	0
Loan commitments, financial guarantees and other commitments received (notional amount)	0	1	0	0	0	0
Credit loss allowances and provisions	9	-5	0	3	0	0

Expenses and income

in EUR million	1-12 22			1-12 23		
	Subsidiaries, not consolidated	Associated entities	Joint ventures	Subsidiaries, not consolidated	Associated entities	Joint ventures
Interest income	1	7	4	1	21	11
Fee and commission income	0	1	2	0	1	2
Dividend income	4	4	1	7	5	1
Interest expenses	0	0	0	0	-1	0
Fee and commission expenses	-2	-2	0	-2	-2	0
Impairment result from financial instruments	3	1	3	0	0	0

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Remuneration of management and supervisory board members

The following table shows total remuneration of the members of the management and supervisory board. The expenses were recognised on an accrual basis in line with the respective rules of the underlying standards IAS 19 and IFRS 2. The amounts disclosed correspond to the estimated disbursement as of the balance sheet date and may deviate from the ones which will be finally paid.

in EUR million	1-12 22			1-12 23		
	Management board	Supervisory board	Total	Management board	Supervisory board	Total
Short-term employee benefits	7	1	9	8	2	10
Post-employment benefits	1		1	1		1
Other long-term benefits	1		1	2		2
Share-based payment	2		2	4		4
Total	**12**	**1**	**14**	**15**	**2**	**16**

Short-term employee benefits. Under this category salaries, benefits in kind, social security contributions and other short-term benefits are included. Further, this category includes variable remuneration to be settled in cash within one year. Disclosed remuneration for supervisory board members comprises supervisory board compensation, meeting fees as well as remuneration for board functions in fully consolidated subsidiaries.

Post-employment benefits. The members of the management board participate in the defined contribution pension plan of Erste Group according to the same principles as the employees of the Group (see Note 53 Provisions). Post-employment benefits shown in the table above contain contribution payments to pension schemes and to severance schemes ('Mitarbeitervorsorgekasse').

Other long-term benefits. This category includes variable remuneration to be settled in cash, but payable - deferred over several years - only after one year. In addition, net allocations to provisions for jubilee payments (see Note 53 Provisions) are also reported under this category.

Share-based payment transactions. Expenses for variable share-based payments are disclosed under this line (refer to Note 61 Share-based payments, Share-based payment for the management board of Erste Group Bank AG).

On 31 December 2023 the outstanding amount of liability for variable remuneration towards members of the management board amounts to EUR 8 million (2022: EUR 7 million). This amount includes liabilities resulting from the Share-based Payment Program for the management board of Erste Group Bank AG (for the performance year 2021 for the first time) and liabilities from unpaid deferred tranches from the Phantom Shares Program (for performance years up to 2021). For further details please refer to Note 61 Share-based payments.

The members of the management board of Erste Group were granted a remuneration of 0.5% (2022: 0.5%) of the total personnel expenses for their activities in the financial year 2023.

In 2023, EUR 3 million (2022: EUR 3 million) was paid in cash and EUR 43,651 (2022: EUR 57,669) share-equivalents were assigned to former board members and their dependents.

BANKING TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

As of the end of 2023, loans and advances granted to members of the management board and supervisory board totalled EUR 2 million (2022: EUR 2 million). Deposits of members of the management board and supervisory board at Erste Group amounted to EUR 18 million (2022: EUR 16 million) in total. Members of the management and supervisory board held bonds issued by Erste Group of EUR 0 million (2022: EUR 0 million). Loan commitments and financial guarantees, issued in favour of members of the management and supervisory board totalled EUR 0 million (2022: EUR 0 million) as of the end of 2023. From banking transactions with members of the management board and supervisory board Erste Group received interest income and fee income of EUR 0 million (2022: EUR 0 million) in total.

TRANSACTIONS WITH OTHER RELATED PARTIES

Loans and advances to close family members of key management employees and companies over which key management employees have control or significant influence (hereinafter referred to 'other related parties') totalled EUR 1 million (2022: EUR 4 million) as of 31 December 2023. As of the end of 2023, deposits of other related parties at Erste Group amounted to EUR 14 million (2022: EUR 72 million) in total. Loan commitments and financial guarantees, issued in favour of other related parties totalled EUR 0 million (2022: EUR 0 million) as of the end of 2023. From banking transactions with other related parties Erste Group received interest income and fee income of EUR 0 million (2022: EUR 0 million) in total, and paid interest and fee expenses of EUR 0 million (2022: EUR 0 million).

61. Share-based payments

The total expense recognised during the reporting period arising from share-based payment transactions amounts to EUR 45 million (2022: EUR 33 million), thereof EUR 31 million (2022: EUR 31 million) relate to equity-settled share-based payment transactions. At the end of the reporting period the liability arising from share-based payment transactions amounts to EUR 40 million (2022: EUR 32 million). The intrinsic value of the liability is EUR 45 million (2022: EUR 34 million).

SHARE-BASED PAYMENT FOR THE MANAGEMENT BOARD OF ERSTE GROUP BANK AG

The share-based remuneration plan for the executive board of Erste Group Bank AG comprises short-term and long-term variable remuneration components. The total amount of variable compensation is determined in the following year by a resolution of the supervisory board.

Upfront share-based remuneration. 20% of the bonus will be converted into shares on the date of this supervisory board resolution and is transferred to the participant's securities deposit after one year.

Deferred share-based remuneration. 30% of the bonus is converted into performance share units (PSUs) on the day of the supervisory board resolution using the average share price of the last 30 trading days. A PSU represents an unsecured, conditional right to receive shares of Erste Group Bank AG in the future. In the following five years, the initial number of PSUs is adjusted in a range from 120% to 0% to the group's performance based on performance criteria, which the supervisory board reviews on a yearly basis and adjusts in exceptional cases. The final number of PSUs corresponds to the number of shares, which is transferred to the participant's securities deposit after a retention period of another year.

The awarded shares and PSUs are equity-settled share-based payments that vest by the end of the performance year. The determination of the grant date requires an assessment of all the circumstances. As the supervisory board has significant discretionary powers in connection with the assessment of the performance in the performance year, the grant is made with the resolution of the supervisory board on the bonus awarded for the past performance year.

For the performance year 2023, it is expected that 29,571 shares and 44,356 PSUs (2022: 30,959 shares and 46,439PSUs) will be granted to participants. The fair value of PSUs on the measurement date is calculated based on a Monte Carlo simulation model considering the achievement level of Erste Group performance over the next five years and the share price of Erste Group Bank AG. The estimated fair value on the balance sheet date is EUR 2 million (2022: EUR 2 million). In 2023 in total personnel expenses of EUR 3 million (2022: EUR 2 million) and a corresponding retained earnings reserve were recognised.

PHANTOM SHARES PROGRAM

Erste Group grants selected employees every year a bonus for services rendered in the past year (vesting period). If the individual bonus exceeds a certain limit, the final payout amount of at least 25% depends on the development of the average, volume-weighted, daily price of Erste Group shares in subsequent years (phantom share program). The program applies to Erste Group entities in different countries, with different amounts and share equivalents. The share equivalents (phantom shares) are divided into several tranches, which differ in the duration of the observation period for the development of the Erste Group share price.

The phantom share program meets the criteria for cash-settled share-based payments in accordance with IFRS 2.

The estimated fair value of variable compensation for share equivalents is recognised in profit or loss. The liability for stock equivalents that have not yet been paid out is continuously measured at fair value until payment is made. Fair value changes and changes of the final allocation in subsequent years are recognised in profit or loss. To determine the fair value, the number of share equivalents not yet paid out as at the balance sheet date is multiplied by the estimated average price of Erste Group shares for the respective payout year. The fair values of the share equivalents for the respective payout year are determined using an option pricing model (Black-Scholes model). The main parameters are the share price of the Erste Group share on the balance sheet date and the dividend payments expected until payment.

For 2023, it is expected that 280,079 (2022: 243,127) share equivalents with a fair value of EUR 10 million (2022: EUR 7 million) will be granted to eligible employees. The total expense recognised in the reporting period for the phantom share program amounts to EUR 13 million (2022: EUR 2 million), the carrying amount of the liability as at the balance sheet date is EUR 40 million (2022: EUR 32 million). The intrinsic value of the liability from unpaid share equivalents is EUR 45 million (2022: EUR 34 million).

WESHARE BY ERSTE GROUP PROGRAM

The WeShare by Erste Group-Participation program and the WeShare by Erste Group-Investment Plus program are equity-settled share-based payment transactions. Both programs are offered to employees of Erste Group provided that specific requirements (e.g. capital and liquidity requirements, payment of dividends, ECB approval) are met.

Under the WeShare by Erste Group-Investment Plus program all employees, who had been employed by an entity of the Erste Group, from March/April 2023 until June 2023 could voluntarily invest in Erste Group shares and receive free shares depending on the amount of their personal investment. The WeShare by Erste Group-Investment Plus program was settled in June 2023. The number of free shares, which were granted under this program for the reporting period, is 506,947 (2022: 966,742). Personnel expenses in the amount of EUR 16 million (2022: EUR 22 million) were recorded.

Under the WeShare by Erste Group-Participation program all employees, who have been employed by an entity of the Erste Group for at least six months in year 2023 and are still employed until the transfer of the shares to the employees in June 2024 are entitled to receive shares in an equivalent amount of EUR 350. The expected number of free shares, which are granted under this program for the period, is 389,884 (2022: 544,374). Based on the number of entitled employees, personnel expenses in the amount of EUR 7 million (2022: EUR 7 million) were recorded and a corresponding reserve in retained earnings was created. Furthermore, during 2023 an expense of EUR 6 million was booked, which is related to the active employment requirement of the WeShare by Erste Group-Participation that was offered to employees in 2022.

62. Fees of the Auditors

The following table contains fees charged by the auditors of Erste Group Bank AG and subsidiaries for the financial years 2023 and 2022; the auditors being Sparkassen-Prüfungsverband (auditing agency) and Price Waterhouse Coopers. The values for PricewaterhouseCoopers comprise the services of 'PwC Wirtschaftsprüfung GmbH' as well as the PwC network. The amounts in the table include value-added tax.

in EUR million	Dec 22	Dec 23
Statutory audit of financial statements/consolidated financial statements	**14**	**15**
Audit fees - PwC	6	8
Audit fees - Sparkassen-Prüfungsverband	8	8
Other assurance services	**3**	**3**
Other assurance services - PwC	2	2
Other assurance services - Sparkassen-Prüfungsverband	1	1
Tax consulting	**0**	**0**
Tax consulting - PwC	0	0
Tax consulting - Sparkassen-Prüfungsverband	0	0
Other services	**1**	**1**
Other services - PwC	1	1
Other services - Sparkassen-Prüfungsverband	0	0
Total	**17**	**19**

The Sparkassen-Prüfungsverband (Austrian Savings Bank Auditing Association) provided audit services for an amount of EUR 2 million (2022: EUR 2 million) to Erste Group Bank AG and EUR 6 million (2022: EUR 6 million) for the subsidiaries. For other assurance services EUR 0 million (2022: EUR 0 million) were charged to the subsidiaries of Erste Group Bank AG while EUR 0 million (2022: EUR 0 million) is the amount for other services provided to the subsidiaries. The amounts in the table above include also fees for services provided by SPV Wirtschaftsprüfungsges.m.b.H.

The auditor 'PwC Wirtschaftsprüfung GmbH' provided audit services to Erste Group Bank AG for EUR 2 million (2022: EUR 1 million) and to the subsidiaries for EUR 1 million (2022: EUR 1 million). An amount of EUR 5 million (2022: EUR 4 million) was charged for audit services of the PricewaterhouseCoopers network to the subsidiaries. The total amount for other assurance services provided by 'PwC Wirtschaftsprüfung GmbH' is EUR 1 million (2022: EUR 1 million).

63. Assets held for sale and liabilities associated with assets held for sale

Assets classified as held for sale and assets belonging to disposal groups held for sale are reported under the balance sheet line item 'Assets held for sale'. Liabilities belonging to the disposal groups held for sale are presented on the balance sheet under the line item 'Liabilities associated with assets held for sale'.

Non-current assets and disposal groups that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Should the impairment loss in a disposal group exceed the carrying amount of the assets that are within the scope of IFRS 5 measurement requirements, there is no specific guidance on how to treat such a difference. Erste Group recognises this difference as a provision under the balance sheet line item 'Provisions'.

in EUR million	Dec 22	Dec 23
Assets held for sale	167	163
Liabilities associated with assets held for sale	115	113

In 2022, entity Banca Comerciala Romana Chisinau S.A. met the criteria for the classification as a disposal group held for sale for the first time. Due to the requirement of several regulatory approvals, which were all approved in the end, the transaction was completed slightly after the period of 12 months and hence still shown as assets held for sale in the financial statements 2023. It consists of assets held for sale in the amount of EUR 153 million (2022: EUR 152 million) and liabilities associated with assets held for sale in the amount of EUR 113 million (2022: EUR 115 million). The fair value less costs to sell was lower than the carrying amount of the disposal group. The difference was first allocated to nonfinancial assets in scope of IFRS 5 measurement requirements and resulted in an overall impairment loss of EUR 3 million (2022: EUR 2 million) since initial recognition. The remaining amount of EUR 23 million (2022: EUR 20 million) was recognised as a provision. The transaction was completed on 15th January 2024.

As of the end of 2023, 'Assets held for sale' other than those belonging to the disposal group held for sale include mainly land and buildings in amount of EUR 12 million (2022: EUR 14 million).
Assets held for sale are measured at fair value on non-recurring basis when their carrying amount is impaired down to fair value less costs to sell. The fair values are determined by experts with recognised and relevant professional qualification.

Fair values and fair value hierarchy

in EUR million	Carrying amount	Fair value	Level 1	Level 2	Level 3
Dec 23					
Assets for which the FV is presented in the balance sheet					
Assets held for sale	10	11	0	0	11
Dec 22					
Assets for which the FV is presented in the balance sheet					
Assets held for sale	12	13	0	0	13

64. Assets and liabilities denominated in foreign currencies and outside Austria and return on assets

Assets and liabilities not denominated in EUR

in EUR million	Dec 22	Dec 23
Assets	115,254	116,241
Liabilities	92,881	92,498

Assets and liabilities outside Austria

in EUR million	Dec 22	Dec 23
Assets	189,680	197,405
Liabilities	145,529	156,857

Return on assets (net profit after tax for the year divided by total assets at the reporting period) was 1.16% at 31 December 2023 (2022: 0.84%).

65. Analysis of remaining maturities

Expected remaining maturities of assets and liabilities

in EUR million	Dec 22		Dec 23	
	< 1 year	> 1 year	< 1 year	> 1 year
Cash and cash balances	35,685	0	36,685	0
Financial assets HfT	5,636	2,129	5,992	2,781
Derivatives	819	900	611	651
Other financial assets held for trading	4,818	1,229	5,381	2,130
Non-trading financial assets at FVPL	350	2,385	527	2,477
Equity instruments	21	325	190	225
Debt securities	299	1,251	335	1,216
Loans and advances to customers	30	809	1	1,037
Financial assets at FVOCI	2,283	7,276	1,366	7,538
Equity instruments	0	99	12	98
Debt securities	2,283	7,177	1,354	7,440
Financial assets at AC	56,358	197,002	53,739	210,981
Debt securities	3,790	36,821	4,725	39,322
Loans and advances to banks	15,689	2,747	18,350	3,082
Loans and advances to customers	36,879	157,434	30,664	168,577
Finance lease receivables	499	4,054	559	4,410
Hedge accounting derivatives	49	110	21	162
Fair value changes of hedged items in portfolio hedge of interest rate risk	-1	-37	-1	-24
Property and equipment	0	2,618	0	2,605
Investment properties	0	1,372	0	1,524
Intangible assets	0	1,347	0	1,313
Investments in associates and joint ventures	0	209	0	241
Current tax assets	109	0	72	0
Deferred tax assets	0	629	0	468
Assets held for sale	167	0	163	0
Trade and other receivables	2,268	136	2,484	95
Other assets	1,171	61	874	101
Total Assets	**104,575**	**219,290**	**102,483**	**234,673**
Financial liabilities HfT	1,538	1,726	1,051	1,252
Derivatives	1,441	1,185	872	742
Other trading liabilities	97	541	179	511
Financial liabilities at FVPL	2,677	8,138	2,150	9,002
Deposits	1,299	54	498	95
Debt securities issued	1,226	8,084	1,522	8,907
Other financial liabilities	151	0	130	0
Financial liabilities at AC	207,389	71,543	216,004	73,838
Deposits from banks	16,886	11,934	16,598	6,313
Deposits from customers	184,047	38,572	194,190	38,033
Debt securities issued	5,569	21,024	3,858	29,472
Other financial liabilities	886	13	1,358	21
Lease liabilities	58	604	50	620
Hedge accounting derivatives	133	240	8	278
Provisions	428	1,248	406	1,206
Current tax liabilities	127	0	265	0
Deferred tax liabilities	0	16	0	14
Liabilities associated with assets held for sale	115	0	113	0
Other liabilities	1,968	614	2,043	353
Total Liabilities	**214,432**	**84,128**	**222,089**	**86,565**

66. Events after the balance sheet date

The share buyback program of Erste Group Bank AG, which was conducted on the basis of the authorization granted in the 30th Annual General Meeting of Erste Group on 12 May 2023 pursuant to section 65 (1) 8 of the Austrian Stock Corporation Act, was completed on 16 February 2024. A total of 8,887,092 shares were acquired at an average price of EUR 33.76 (totaling EUR 300 million). The resolution to cancel the 8,887,092 shares was passed by the management board and the supervisory board of Erste Group Bank AG on 22 February 2024 and became effective upon entry in the commercial register.

67. Country by country reporting

The following country by country breakdown complies with the disclosure requirements of Article 89 of the EU Capital Requirements Directive IV:

in EUR million	Operating income	Pre-tax result from continuing operations	Taxes on income	Taxes paid
Dec 23				
Austria	3,730	699	-364	-191
Croatia	562	312	-50	-64
Czech Republic	2,341	1,307	-158	124
Hungary	1,471	1,035	-43	-23
Romania	1,059	661	-136	-73
Serbia	178	76	-4	-1
Slovakia	788	457	-92	-77
Other locations	424	247	-27	-9
Total	**10,552**	**4,795**	**-874**	**-315**
Dec 22				
Austria	4,040	1,283	-142	-197
Croatia	414	213	-48	-31
Czech Republic	1,617	615	-172	-153
Hungary	721	338	-27	-23
Romania	840	408	-83	-69
Serbia	129	27	-1	0
Slovakia	588	260	-66	-69
Other locations	221	79	-17	-5
Total	**8,571**	**3,222**	**-556**	**-549**

The table above presents consolidated figures after consideration of intercompany transaction eliminations and all consolidation adjustments. Income tax represents the expenses arising split to each individual tax jurisdiction where the Group is present.

For information regarding the country of residence of each fully consolidated entity refer to Note 70 Details of the companies wholly or partly owned by Erste Group as of 31 December 2023. Information about the geographical split of the average number of head-counts employed in Erste Group throughout 2023 is disclosed in Note 8 General administrative expenses.

68. Interest Rate Benchmark Reform

On 31 December 2021 publication of the CHF, GBP, JPY LIBOR rates for all tenors and USB LIBOR rates for 1-week and 2-month tenors was ceased. Remaining USD LIBOR rates representing the more liquid tenors (overnight, 1-month, 3-month, 6-month, 12month) were ceased on 30 June 2023.

Regarding other IBOR-linked financial instruments, Erste Group considers that EURIBOR interest rates which have been reformed and are EU Benchmark Regulation compliant are not currently affected. Also, other local IBOR rates used in Erste Group member countries are considered not to be affected (PRIBOR for CZK, BUBOR for HUF, ROBOR for RON, BELIBOR for RSD).

The alternative reference rates (ARRs) replacing USD LIBOR rates in 2023 are SOFR overnight rates. In the consumer protected loan business of Erste Group where the rates have to be known at the beginning of interest periods forward-looking term SOFR rates were mandatorily applied. The ARRs include a spread adjustment to ensure economic equivalence addressing the tenor, credit risk and other differences compared to the LIBOR rates.

The LIBOR rate replacements for ARRs in Erste Group business qualified for application of the practical expedient provided by the Interest Rate Benchmark Reform – Phase 2 amendments of IFRS 9 issued in August 2020. As a result, the changes in the benchmark rates were reflected by adjusting the effective interest rate of the instruments and no immediate gain or loss is recognised.

Erste Group had a dedicated project addressing the interest rate benchmark reform ensuring a smooth transition to the ARRs. By 2023 year end all financial instruments with USD, GBP, JPY and CHF LIBOR-linked interest were transitioned to the ARRs.

Disclosures regarding application of the interest rate benchmark reform in the area of hedge accounting can be found in Note 27 Hedge Accounting.

69. Government grants

A government grant is recognised in Erste Group's financial statements, when there is reasonable assurance that it will be received and that Erste Group will comply with the conditions attached to it. Grants that compensate for the acquisition of assets are presented as deduction from the cost of the related asset and are recognised in profit or loss over the periods and in the proportions, in which depreciation and amortisation expenses on those assets are recognised. Grants that compensate for expenses incurred are presented as deduction of relevant expenses in the period in which the expenses are incurred.

The total amount of government grants recognised in the group adds up to EUR 8 million (2022: EUR 8 million). Out of this total amount, EUR 1 million (2022: EUR 2 million) are related to an investment program in Austria ('Investitionsprämie'), which was offered to support the economy due to the Covid-19 crisis. Using this opportunity, Erste Group invested in tangible and intangible depreciable fixed assets and the government refunded 7% or 14% (in case of digitalisation projects) of the investment. Further, some entities applied for a reimbursement of the remuneration paid to their employees during quarantine and childcare leave ('Personalkostenzuschuss') and received around EUR 2 million (2022: EUR 4 million).

70. Details of the companies wholly or partly owned by Erste Group as of 31 December 2023

The table below presents material, fully consolidated subsidiaries, investments in associates accounted for at equity and other investments.

Company name, registered office		Interest of Erste Group in %	
		Dec 22	Dec 23
Fully consolidated subsidiaries			
Credit institutions			
Banca Comerciala Romana Chisinau S.A.	Chisinau	99.9	99.9
Banca Comerciala Romana SA	Bucharest	99.9	99.9
Banka Sparkasse d.d.	Ljubljana	28.0	28.0
Bausparkasse der österreichischen Sparkassen Aktiengesellschaft	Wien	100.0	100.0
BCR Banca pentru Locuinte SA	Bucharest	99.9	99.9
Ceska sporitelna, a.s.	Praha	100.0	100.0
Die Zweite Wiener Vereins-Sparcasse	Wien	0.0	0.0
Dornbirner Sparkasse Bank AG	Dornbirn	0.0	0.0
Erste & Steiermärkische Bank d.d.	Rijeka	69.3	69.3
ERSTE BANK AD PODGORICA	Podgorica	69.3	69.3
ERSTE BANK AKCIONARSKO DRUŠTVO, NOVI SAD	Novi Sad	80.5	80.5
Erste Bank der oesterreichischen Sparkassen AG	Wien	100.0	100.0
Erste Bank Hungary Zrt	Budapest	100.0	100.0
Erste Group Bank AG	Wien	-	-
ERSTE Jelzálogbank Zártkörüen Müködö Részvénytársaság	Budapest	100.0	100.0
Erste Lakas-Takarekpenztar Zartkoruen Mukodo Reszvenytarsasag	Budapest	100.0	100.0
Kärntner Sparkasse Aktiengesellschaft	Klagenfurt	25.0	25.0
KREMSER BANK UND SPARKASSEN AKTIENGESELLSCHAFT	Krems	0.0	0.0
Lienzer Sparkasse AG	Lienz	0.0	0.0
Salzburger Sparkasse Bank Aktiengesellschaft	Salzburg	100.0	100.0
Slovenska sporitelna, a. s.	Bratislava	100.0	100.0
Sparkasse Baden	Baden	0.0	0.0
Sparkasse Bank AD Skopje	Skopje	24.1	24.1
Sparkasse Bank dd Bosna i Hercegovina	Sarajevo	25.0	25.0
Sparkasse Bludenz Bank AG	Bludenz	0.0	0.0
Sparkasse Bregenz Bank Aktiengesellschaft	Bregenz	0.0	0.0
Sparkasse der Gemeinde Egg	Egg	0.0	0.0
Sparkasse der Stadt Amstetten AG	Amstetten	0.0	0.0
Sparkasse der Stadt Feldkirch	Feldkirch	0.0	0.0
Sparkasse der Stadt Kitzbühel	Kitzbühel	0.0	0.0
Sparkasse Eferding-Peuerbach-Waizenkirchen	Eferding	0.0	0.0
Sparkasse Feldkirchen/Kärnten	Feldkirchen	0.0	0.0
SPARKASSE FRANKENMARKT AKTIENGESELLSCHAFT	Frankenmarkt	0.0	0.0
Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft	Hainburg	75.0	75.0
Sparkasse Haugsdorf	Haugsdorf	0.0	0.0
Sparkasse Herzogenburg-Neulengbach Bank Aktiengesellschaft	Herzogenburg	0.0	0.0
Sparkasse Horn-Ravelsbach-Kirchberg Aktiengesellschaft	Horn	0.0	0.0
Sparkasse Imst AG	Imst	0.0	0.0
Sparkasse Korneuburg AG	Korneuburg	0.0	0.0
Sparkasse Kufstein Tiroler Sparkasse von 1877	Kufstein	0.0	0.0
Sparkasse Lambach Bank Aktiengesellschaft	Lambach	0.0	0.0
Sparkasse Langenlois	Langenlois	0.0	0.0
Sparkasse Mittersill Bank AG	Mittersill	0.0	0.0
Sparkasse Mühlviertel-West Bank Aktiengesellschaft	Rohrbach	40.0	40.0
Sparkasse Mürzzuschlag Aktiengesellschaft	Mürzzuschlag	0.0	0.0
Sparkasse Neuhofen Bank Aktiengesellschaft	Neuhofen	0.0	0.0
Sparkasse Neunkirchen	Neunkirchen	0.0	0.0
SPARKASSE NIEDERÖSTERREICH MITTE WEST AKTIENGESELLSCHAFT	St. Pölten	0.0	0.0
Sparkasse Oberösterreich Bank AG	Linz	19.0	16.8
Sparkasse Pöllau AG	Pöllau	0.0	0.0
Sparkasse Pottenstein N.Ö.	Pottenstein	0.0	0.0
Sparkasse Poysdorf AG	Poysdorf	0.0	0.0
Sparkasse Pregarten - Unterweißenbach AG	Pregarten	0.0	0.0
Sparkasse Rattenberg Bank AG	Rattenberg	0.0	0.0
Sparkasse Reutte AG	Reutte	0.0	0.0
Sparkasse Ried im Innkreis-Haag am Hausruck	Ried	0.0	0.0
Sparkasse Salzkammergut AG	Bad Ischl	0.0	0.0
Sparkasse Scheibbs AG	Scheibbs	0.0	0.0
Sparkasse Schwaz AG	Schwaz	0.0	0.0
Sparkasse Voitsberg-Köflach Bankaktiengesellschaft	Voitsberg	4.2	4.2

Company name, registered office		Interest of Erste Group in %	
		Dec 22	Dec 23
Stavebni sporitelna Ceske sporitelny, a.s.	Praha	100.0	100.0
Steiermärkische Bank und Sparkassen Aktiengesellschaft	Graz	25.0	25.0
Tiroler Sparkasse Bankaktiengesellschaft Innsbruck	Innsbruck	75.0	75.0
Waldviertler Sparkasse Bank AG	Zwettl	0.0	0.0
Wiener Neustädter Sparkasse	Wiener Neustadt	0.0	0.0
Financial institutions			
"Die Kärntner" Trust- Vermögensverwaltungsgesellschaft m.b.H. & Co KG	Klagenfurt	25.0	25.0
"Die Kärntner" Trust-Vermögensverwaltungsgesellschaft m.b.H.	Klagenfurt	25.0	25.0
"Nare" Grundstücksverwertungs-Gesellschaft m.b.H.	Wien	100.0	100.0
ACP Financial Solutions GmbH	Wien	75.0	75.0
Alea-Grundstückverwaltung Gesellschaft m.b.H.	Wien	100.0	100.0
AVION-Grundverwertungsgesellschaft m.b.H.	Wien	51.0	51.0
BCR Leasing IFN SA	Bucharest	99.9	99.9
BCR Payments Services SRL	Sibiu	99.9	99.9
DENAR-Immorent Grundverwertungsgesellschaft m.b.H.	Wien	62.5	62.5
DIE ERSTE Leasing Grundbesitzgesellschaft m.b.H.	Wien	100.0	100.0
DIE ERSTE Leasing Grundstückverwaltungsgesellschaft m.b.H.	Wien	100.0	100.0
DIE ERSTE Leasing Immobilienbesitzgesellschaft m.b.H.	Wien	100.0	100.0
DIE ERSTE Leasing Immobilienverwaltungs- und -vermietungsgesellschaft m.b.H.	Wien	100.0	100.0
Društvo za leasing Sparkase Lizing d.o.o. Skopje	Skopje	24.6	24.6
EB Erste Bank Internationale Beteiligungen GmbH	Wien	100.0	100.0
EB-Grundstücksbeteiligungen GmbH	Wien	100.0	100.0
EKZ-Immorent Vermietung GmbH	Wien	100.0	100.0
Erste & Steiermärkische S-Leasing drustvo s ogranicenom odgovornoscu za leasing vozila i strojeva	Zagreb	47.1	47.1
Erste Bank und Sparkassen Leasing GmbH	Wien	100.0	100.0
ERSTE CARD CLUB d.o.o.	Zagreb	69.3	69.3
ERSTE CARD poslovanje s kreditnimi karticami, d.o.o.	Ljubljana	28.0	28.0
Erste Finance (Delaware) LLC	Wilmington	100.0	100.0
Erste Group Immorent CR s.r.o.	Praha	100.0	100.0
Erste Group Immorent GmbH	Wien	100.0	100.0
Erste Group Immorent International Holding GmbH	Wien	100.0	100.0
Erste Group Immorent Lízing Zártkörüen Müködö Részvénytársaság	Budapest	100.0	100.0
ERSTE GROUP IMMORENT LJUBLJANA, financne storitve, d.o.o.	Ljubljana	100.0	100.0
Eva-Realitätenverwaltungsgesellschaft m.b.H.	Wien	100.0	100.0
F & S Leasing GmbH	Klagenfurt	100.0	100.0
Factoring Ceske sporitelny a.s.	Praha	100.0	100.0
GIROLEASING-Mobilienvermietungsgesellschaft m.b.H.	Wien	62.5	62.5
Holding Card Service s.r.o.	Praha	100.0	100.0
Hotel- und Sportstätten-Beteiligungs-, Errichtungs- und Betriebsgesellschaft m.b.H. Leasing KG	St. Pölten	54.6	54.6
Immo Smaragd GmbH	Schwaz	0.0	0.0
Immorent - Immobilienleasing Gesellschaft m.b.H.	Wien	100.0	100.0
ImmoRent Einkaufszentren Verwaltungsgesellschaft m.b.H.	Wien	100.0	100.0
Immorent Oktatási Ingatlanhasznosító és Szolgáltató Kft.	Budapest	56.0	56.0
IMMORENT RIED GmbH	Wien	100.0	100.0
IMMORENT-ANUBIS Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
Immorent-Clio-Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
Immorent-Gamma-Grundstücksverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
IMMORENT-GREKO Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
Immorent-Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
Immorent-Kappa Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
IMMORENT-LEANDER Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
IMMORENT-MOMO Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
IMMORENT-NERO Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
IMMORENT-PAN Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
IMMORENT-Raiffeisen Fachhochschule Errichtungs- und BetriebsgmbH	Wien	55.0	55.0
IMMORENT-RASTA Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
IMMORENT-REMUS Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
IMMORENT-RIALTO Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
IMMORENT-RIO Grundverwertungsgesellschaft m.b.H.	Wien	55.0	55.0
IMMORENT-RIWA Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
IMMORENT-RONDO Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
IMMORENT-RUBIN Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
Immorent-Theta-Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
IMMORENT-TRIAS Grundverwertungsgesellschaft m.b.H.	Wien	62.5	62.5
Immorent-WBV Grundverwertungsgesellschaft m.b.H.	Wien	50.0	50.0
IMNA-Immorent Immobilienleasing GmbH	Wien	100.0	100.0
Intermarket Bank AG	Wien	93.8	93.8
IR Beteiligungsverwaltungsgesellschaft mbH	Wien	100.0	100.0

Company name, registered office		Interest of Erste Group in %	
		Dec 22	Dec 23
IR REAL ESTATE LEASING d.o.o. u likvidaciji	Zagreb	92.5	92.5
Leasing Ceské sporitelny, a.s.	Praha	100.0	100.0
MEKLA Leasing Gesellschaft m.b.H.	Wien	100.0	100.0
NAXOS-Immorent Immobilienleasing GmbH	Wien	100.0	100.0
NÖ-Sparkassen Beteiligungsgesellschaft m.b.H.	St. Pölten	2.5	2.5
Ölim-Grundverwertungsgesellschaft m.b.H.	Graz	25.0	25.0
OMEGA IMMORENT s.r.o.	Praha	100.0	100.0
OREST-Immorent Leasing GmbH	Wien	100.0	100.0
Österreichisches Volkswohnungswerk, Gemeinnützige Gesellschaft mit beschränkter Haftung	Wien	100.0	100.0
PAROS-Immorent Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
PREDUZECE ZA FINANSIJSKI LIZING S-LEASING DOO, BEOGRAD	Belgrade	66.6	66.6
RHEA-Immorent Holding GmbH	Wien	100.0	100.0
s Autoleasing SK, s.r.o.	Bratislava	100.0	100.0
S IMMORENT OMIKRON drustvo s ogranicenom odgovornoscu za poslovanje nekretninama	Zagreb	100.0	100.0
s Wohnbaubank AG	Wien	100.0	100.0
SCIENTIA Immorent GmbH	Wien	100.0	100.0
Sieben Tiroler Sparkassen Beteiligungsgesellschaft m.b.H.	Kufstein	0.0	0.0
S-Leasing Immobilienvermietungsgesellschaft m.b.H.	Wiener Neustadt	33.3	33.3
Sparfinanz-, Vermögens-, Verwaltungs- und Beratungs- Gesellschaft m.b.H.	Wiener Neustadt	0.0	0.0
SPARKASSE IMMORENT Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
Sparkasse Leasing društvo sa ogranicenom odgovornošcu za leasing nekretnina, vozila, brodova i mašina, Sarajevo	Sarajevo	25.0	25.0
Sparkasse Leasing S, družba za financiranje d.o.o.	Ljubljana	28.0	28.0
Sparkassen IT Holding AG	Wien	28.8	28.5
Sparkassen Leasing Süd GmbH	Graz	25.0	25.0
Strabag Oktatási PPP Ingatlanhasznosító és Szolgáltató Korlátolt Felelösségü Társaság	Budapest	70.0	70.0
Subholding Immorent GmbH	Wien	100.0	100.0
TAURIS-Immorent Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
Theuthras-Immorent Grundverwertungsgesellschaft m.b.H.	Wien	62.5	62.5
UBG-Unternehmensbeteiligungsgesellschaft m.b.H.	Wien	100.0	100.0
Vorarlberger Sparkassen Beteiligungs GmbH	Dornbirn	0.0	0.0
WIESTA-Immorent Immobilienleasing GmbH	Wien	100.0	100.0

Company name, registered office		Interest of Erste Group in % Dec 22	Dec 23
Other			
"DIE EVA" Grundstückverwaltungsgesellschaft m.b.H.	Wien	100.0	100.0
BCR Fleet Management SRL	Bucharest	99.9	99.9
BCR Pensii, Societate de Administrare a Fondurilor de Pensii Private SA	Bucharest	99.9	99.9
BOOTES-Immorent Grundverwertungs-Gesellschaft m.b.H.	Wien	100.0	100.0
BP Budejovicka, s. r. o.	Praha	100.0	100.0
BP Olbrachtova, s. r. o.	Praha	100.0	100.0
BP Polackova, s. r. o.	Praha	100.0	100.0
BTV-Beteiligungs-, Treuhand-, Vermögens-Verwaltungsgesellschaft m.b.H.	Klagenfurt	25.0	25.0
Budejovicka development, s. r. o.	Praha	100.0	100.0
CEE Property Development Portfolio 2 a.s.	Praha	100.0	100.0
CEE Property Development Portfolio B.V.	Amsterdam	20.0	20.0
Ceska sporitelna - penzijni spolecnost, a.s.	Praha	100.0	100.0
Cinci-Immorent Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
Collat-real Korlátolt Felelösségü Társaság	Budapest	100.0	100.0
Commerzbank Zrt.	Budapest	100.0	100.0
CPDP 2003 s.r.o.	Praha	100.0	100.0
CPP Lux S. 'ar.l.	Luxembourg	20.0	20.0
CS NHQ, s.r.o.	Praha	100.0	100.0
CS Seed Starter, a.s.	Praha	100.0	100.0
DBCS Cerny Most, s.r. o.	Praha	0.0	100.0
DBCS Zdar s.r.o.	Praha	0.0	100.0
DIE ERSTE Leasing Grundaufschließungs- und Immobilienvermietungsgesellschaft m.b.H. in Liqu.	Wien	100.0	100.0
DIE EVA - Liegenschaftsverwaltungsgesellschaft m.b.H. in Liqu.	Wien	100.0	100.0
DIE EVA-Gebäudeleasinggesellschaft m.b.H.	Wien	100.0	100.0
DIE EVA-Immobilienleasing und -erwerb Gesellschaft m.b.H.	Wien	100.0	100.0
Dienstleistungszentrum Leoben GmbH	Wien	51.0	51.0
Dostupné bydlení Ceské sporitelny, a.s.	Praha	100.0	100.0
EBB Beteiligungen GmbH	Wien	100.0	100.0
EB-Restaurantsbetriebe Ges.m.b.H.	Wien	100.0	100.0
Erste Asset Management d.o.o.	Zagreb	91.1	91.1
Erste Asset Management GmbH	Wien	91.1	91.1
Erste Asset Management Ltd. (vm Erste Alapkezelo Zrt.)	Budapest	91.1	91.1
Erste Befektetesi Zrt.	Budapest	100.0	100.0
ERSTE CAMPUS Immobilien AG & Co KG	Wien	100.0	100.0
Erste Digital GmbH	Wien	82.1	82.1
Erste Grantika Advisory, a.s.	Brno	100.0	100.0
Erste Group Card Processor d.o.o.	Zagreb	100.0	100.0
ERSTE GROUP IMMORENT HRVATSKA drustvo s ogranicenom odgovornoscu za upravljanje	Zagreb	100.0	100.0
Erste Group Immorent Slovensko s.r.o.	Bratislava	100.0	100.0
Erste Group IT HR društvo s ogranicenom odgovornošcu za usluge informacijskih tehnologija	Bjelovar	75.4	69.3
Erste Group Services GmbH	Wien	100.0	100.0
Erste Group Shared Services (EGSS), s.r.o.	Hodonin	100.0	100.0
ERSTE Immobilien Gamma Seepark Campus West GmbH & Co KG	Wien	0.0	90.0
ERSTE Immobilien Kapitalanlagegesellschaft m.b.H.	Wien	68.7	68.7
Erste Ingatlan Fejleszto, Hasznosito es Mernoki Kft.	Budapest	100.0	100.0
ERSTE NEKRETNINE d.o.o. za poslovanje nekretninama	Zagreb	69.3	69.3
Erste Reinsurance S.A.	Luxembourg	100.0	100.0
Erste Securities Polska S.A.	Warsaw	100.0	100.0
Eva-Immobilienverwaltungsgesellschaft m.b.H.	Wien	100.0	100.0
FUKO-Immorent Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
George Labs GmbH	Wien	100.0	100.0
GLADIATOR LEASING IRELAND DESIGNATED ACTIVITY COMPANY	Dublin	100.0	100.0
Gladiator Leasing Limited	Pieta	100.0	100.0
GLL A319 AS LIMITED	Pieta	100.0	100.0
GLL MSN 2118 DESIGNATED ACTIVITY COMPANY (in Liqui)	Dublin	100.0	100.0
Graben 21 Liegenschaftsverwaltung GmbH	Wien	100.0	100.0
Haftungsverbund GmbH	Wien	63.8	63.6
HBM Immobilien Kamp GmbH	Wien	100.0	100.0
HP Immobilien Psi GmbH	Wien	100.0	100.0
HT Immobilien Tau GmbH	Wien	100.0	100.0
HT Immobilien Theta GmbH	Wien	100.0	100.0
HV Immobilien Hohenems GmbH	Wien	100.0	100.0
IBF-Anlagenleasing 95 Gesellschaft m.b.H.	Wien	100.0	100.0
IGP Industrie und Gewerbepark Wörgl Gesellschaft m.b.H.	Kufstein	0.0	0.0
ILGES - Immobilien- und Leasing - Gesellschaft m.b.H.	Rohrbach	40.0	40.0
Immobilienverwertungsgesellschaft m.b.H.	Klagenfurt	25.0	25.0
IMMORENT EPSILON, leasing druzba, d.o.o. - v likvidaciji	Ljubljana	50.0	50.0
IMMORENT Österreich GmbH	Wien	100.0	100.0

Company name, registered office		Interest of Erste Group in % Dec 22	Dec 23
IMMORENT PPP Ingatlanhasznosító és Szolgáltató Korlátolt Felelösségü Társaság "végelszámolás alatt"	Budapest	100.0	100.0
Immorent Singidunum d.o.o.	Belgrade	100.0	100.0
IMMORENT Térinvest Ingatlanhasznosító és Szolgáltató Korlátolt Felelösségü Társaság	Budapest	100.0	100.0
IMMORENT-ASTRA Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
IMMORENT-HATHOR Grundverwertungsgesellschaft m.b.H.	Wien	62.5	62.5
IMMORENT-KRABA Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
IMMORENT-MÖRE Grundverwertungsgesellschaft m.b.H. in Liqu.	Wien	59.3	58.3
IMMORENT-Objektvermietungsgesellschaft m.b.H.	Wien	100.0	100.0
IMMORENT-RAMON Grundverwertungsgesellschaft m.b.H.	Wien	62.5	62.5
IPS Fonds Gesellschaft bürgerlichen Rechts	Wien	62.6	62.5
IR CEE Project Development Holding GmbH	Wien	100.0	100.0
IZBOR NEKRETNINA D.O.O. ZA USLUGE	Zagreb	69.3	69.3
Jura GrundverwertungsgmbH	Graz	25.0	25.0
Kärntner Sparkasse Vermögensverwaltungsgesellschaft m.b.H.	Klagenfurt	25.0	25.0
KS - Dienstleistungsgesellschaft m.b.H.	Klagenfurt	25.0	25.0
KS-Beteiligungs- und Vermögens-Verwaltungsgesellschaft m.b.H.	Klagenfurt	25.0	25.0
LANED a.s.	Bratislava	100.0	100.0
Lassallestraße 7b Immobilienverwaltung GmbH	Wien	100.0	100.0
LIEGESA Immobilienvermietung GmbH Nfg OG	Graz	25.0	25.0
MCS 14 Projektentwicklung GmbH & Co KG	Wien	100.0	100.0
OM Objektmanagement GmbH	Wien	100.0	100.0
Österreichische Sparkassenakademie GmbH	Wien	44.4	44.3
ÖVW Bauträger GmbH	Wien	100.0	100.0
Procurement Services CZ s.r.o.	Praha	99.9	99.9
Procurement Services GmbH	Wien	99.9	99.9
Procurement Services HR d.o.o.	Zagreb	99.9	99.9
Procurement Services HU Kft.	Budapest	99.9	99.9
Procurement Services RO srl	Bucharest	99.9	99.9
Procurement Services SK, s.r.o.	Bratislava	99.9	99.9
Project Development Vest s.r.l	Bucharest	100.0	100.0
QBC Management und Beteiligungen GmbH	Wien	65.0	65.0
QBC Management und Beteiligungen GmbH & Co KG	Wien	65.0	65.0
Real-Service für oberösterreichische Sparkassen Realitätenvermittlungsgesellschaft m.b.H.	Linz	59.9	59.0
Real-Service für steirische Sparkassen, Realitätenvermittlungsgesellschaft m.b.H.	Graz	61.7	61.7
REICO investicni spolecnost Ceske sporitelny, a.s.	Praha	100.0	100.0
s ASG Sparkassen Abwicklungs- und Servicegesellschaft mbH	Graz	25.0	25.0
s IM Immobilien Management GmbH	Graz	25.0	25.0
s REAL Immobilienvermittlung GmbH	Wien	100.0	100.0
s ServiceCenter GmbH	Wien	56.2	56.0
s Wohnbauträger GmbH	Wien	100.0	100.0
s Wohnfinanzierung Beratungs GmbH	Wien	100.0	100.0
SAI Erste Asset Management S.A.	Bucharest	91.1	91.1
sBAU Holding GmbH	Wien	100.0	100.0
sDG Dienstleistungsgesellschaft mbH	Wien	100.0	100.0
S-Invest Beteiligungsgesellschaft m.b.H.	Wien	70.0	70.0
SK - Immobiliengesellschaft m.b.H.	Krems	0.0	0.0
SK Immobilien Epsilon GmbH	Wien	100.0	100.0
SKT Immobilien GmbH	Kufstein	0.0	0.0
SKT Immobilien GmbH & Co KG	Kufstein	0.0	0.0
SLSP Seed Starter, s.r.o.	Bratislava	100.0	100.0
SLSP Social Finance, s.r.o.	Bratislava	84.2	79.8
sMS Marktservice für Sparkassen GmbH	Krems	0.0	0.0
SPARDAT - Bürohauserrichtungs- und Vermietungsgesellschaft m.b.H.	Wien	100.0	100.0
Sparkasse Mühlviertel-West Holding GmbH	Rohrbach	40.0	40.0
Sparkasse Oberösterreich Kapitalanlagegesellschaft m.b.H.	Linz	20.7	18.9
Sparkassen Real Vorarlberg Immobilienvermittlung GmbH	Dornbirn	50.0	50.0
Sparkassen-Haftungs GmbH	Wien	63.8	63.6
Sparkassen-Real-Service für Kärnten und Osttirol Realitätenvermittlungs-Gesellschaft m.b.H.	Klagenfurt	57.6	57.6
Sparkassen-Real-Service -Tirol Realitätenvermittlungs-Gesellschaft m.b.H.	Innsbruck	68.7	68.7
SPK OÖ Beteiligungsholding GmbH	Linz	19.0	16.8
SPK OÖ Immobilien GmbH	Linz	19.0	16.8
S-Real, Realitätenvermittlungs- und -verwaltungs Gesellschaft m.b.H.	Wiener Neustadt	0.0	0.0
S-RENT DOO BEOGRAD	Belgrade	35.5	35.5
Steiermärkische Verwaltungssparkasse Immobilien & Co KG	Graz	25.0	25.0
Suport Colect SRL	Bucharest	99.9	99.9
Toplice Sveti Martin d.o.o.	Sveti Martin	100.0	100.0
VIA Immobilien Errichtungsgesellschaft m.b.H.	Wien	100.0	100.0

Company name, registered office		Interest of Erste Group in % Dec 22	Dec 23
XENIA-Immorent Grundverwertungsgesellschaft m.b.H.	Wien	100.0	100.0
Z3 Ingatlanhasznosító Kft.	Budapest	100.0	100.0
ZWETTLER LEASING Gesellschaft m.b.H.	Zwettl	0.0	0.0
Funds			
ERSTE RESERVE CORPORATE	Wien	0.0	0.0
IPS Fonds II	Wien	0.0	0.0
SPARKASSEN 4	Wien	0.0	0.0
SPARKASSEN 5	Wien	0.0	0.0
SPARKASSEN 8	Wien	0.0	0.0

Company name, registered office		Interest of Erste Group in % Dec 22	Dec 23
Equity method investments			
Credit institusions			
Prva stavebna sporitelna, a.s.	Bratislava	35.0	35.0
SPAR-FINANZ BANK AG	Salzburg	50.0	50.0
Financial institutions			
Adoria Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	24.5	24.5
BCR Social Finance IFN S.A.	Bucharest	79.5	73.9
Erste Social Finance Holding GmbH	Wien	60.0	49.0
Esquilin Grundstücksverwaltungs Gesellschaft m.b.H.	St. Pölten	24.5	24.5
FORIS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	24.5	24.5
Global Payments s.r.o.	Praha	49.0	49.0
HOSPES-Grundstückverwaltungs Gesellschaft m.b.H.	St. Pölten	33.3	33.3
Immorent-Hypo-Rent Grundverwertungsgesellschaft m.b.H.	Innsbruck	49.0	49.0
LITUS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	24.5	24.5
Neue Eisenstädter gemeinnützige Bau-, Wohn- und Siedlungsgesellschaft m.b.H.	Eisenstadt	50.0	50.0
NÖ Bürgschaften und Beteiligungen GmbH	Wien	14.4	14.4
NÖ-KL Kommunalgebäudeleasing Gesellschaft m.b.H.	Wien	33.4	33.4
O.Ö. Kommunalgebäude-Leasing Gesellschaft m.b.H.	Linz	40.0	40.0
Quirinal Grundstücksverwaltungs Gesellschaft m.b.H.	Wien	33.3	33.3
Steirische Gemeindegebäude Leasing Gesellschaft m.b.H.	Wien	50.0	50.0
Steirische Kommunalgebäudeleasing Gesellschaft m.b.H.	Wien	50.0	50.0
Steirische Leasing für Gebietskörperschaften Gesellschaft m.b.H.	Wien	50.0	50.0
STUWO Gemeinnützige Studentenwohnbau Aktiengesellschaft	Wien	50.5	50.5
SWO Kommunalgebäudeleasing Gesellschaft m.b.H.	Wien	50.0	50.0
TKL V Grundverwertungsgesellschaft m.b.H.	Innsbruck	33.3	33.3
TKL VIII Grundverwertungsgesellschaft m.b.H.	Innsbruck	24.5	24.5
VALET-Grundstückverwaltungs Gesellschaft m.b.H.	St. Pölten	24.5	24.5
VBV - Betriebliche Altersvorsorge AG	Wien	29.5	29.4
VOLUNTAS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	35.0	35.0
Other			
APHRODITE Bauträger GmbH	Wien	50.0	50.0
CIT ONE SA	Bucharest	33.3	33.3
Dostupny Domov j.s.a.	Nitra	42.0	39.8
Dostupny Najom j.s.a.	Nitra	0.0	39.8
Epsilon - Grundverwertungsgesellschaft m.b.H. in Liqu.	Wien	50.0	50.0
ERSTE d.o.o.	Zagreb	45.2	45.2
Erste ÖSW Wohnbauträger GmbH	Wien	50.5	50.5
Flottenmanagement GmbH	Wien	51.0	51.0
GELUP GmbH	Wien	33.3	33.3
Gemdat Niederösterreichische Gemeinde-Datenservice Gesellschaft m. b. H.	Korneuburg	0.8	0.8
Hochkönig Bergbahnen GmbH	Mühlbach	53.2	49.2
Investown Technologies s.r.o.	Zlatniky-Hodkovice	26.0	25.0
KWC Campus Errichtungsgesellschaft m.b.H.	Klagenfurt	13.6	13.6
Monilogi s.r.o.	Bratislava	26.0	26.0
Slovak Banking Credit Bureau, s.r.o.	Bratislava	33.3	33.3
Steirische Leasing für öffentliche Bauten Gesellschaft m.b.H.	Wien	50.0	50.0
TRABITUS Grundstückvermietungs Gesellschaft m.b.H.	Wien	25.0	25.0
Vorarlberger Kommunalgebäudeleasing Gesellschaft m.b.H. in Liqu.	Dornbirn	33.3	33.3
Other investments			
Credit institutions			
ALTA BANKA AD BEOGRAD	Belgrade	0.0	0.0
EUROAXIS BANK AD Moskva	Moscow	1.6	1.6
Oesterreichische Kontrollbank Aktiengesellschaft	Wien	12.9	12.9
Public Joint-stock company commercial Bank "Center-Invest"	Rostov	9.1	9.1
Südtiroler Sparkasse AG	Bozen	0.1	0.1
Financial institutions			
"Österreichisches Siedlungswerk" Gemeinnützige Wohnungsaktiengesellschaft	Wien	1.0	1.0
"Wohnungseigentum", Tiroler gemeinnützige Wohnbaugesellschaft m.b.H.	Innsbruck	19.1	19.1
"Wohnungseigentümer" Gemeinnützige Wohnbaugesellschaft m.b.H.	Mödling	20.3	20.3
ARWAG Holding-Aktiengesellschaft	Wien	19.3	19.3
Central Securities Depository AD Skopje	Skopje	4.6	4.6
CONATUS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	24.5	24.5
CULINA Grundstücksvermietungs Gesellschaft m.b.H.	St. Pölten	25.0	25.0
EPCBT Beteiligungs GmbH	Wien	91.1	91.1
Erste Asset Management Deutschland GmbH	Vaterstetten	91.1	91.1
EUROPEAN INVESTMENT FUND	Luxembourg	0.1	0.1
EWU Wohnbau Unternehmensbeteiligungs-GmbH	St. Pölten	20.2	20.2
Garantiqa Hitelgarancia Zrt.	Budapest	2.0	2.3

Company name, registered office		Interest of Erste Group in % Dec 22	Dec 23
GEBAU-NIOBAU Gemeinnützige Baugesellschaft m.b.H.	Mödling	19.2	19.2
Gemeinnützige Bau- und Siedlungsgenossenschaft "Waldviertel" registrierte Genossenschaft mit beschränkter Haftung	Raabs	0.0	0.0
Gemeinnützige Wohn- und Siedlungsgesellschaft Schönere Zukunft, Gesellschaft m.b.H.	Wien	15.0	15.0
Gemeinnützige Wohnungsgesellschaft "Austria" Aktiengesellschaft	Mödling	20.0	20.0
GWS Gemeinnützige Alpenländische Gesellschaft für Wohnungsbau und Siedlungswesen m.b.H.	Graz	7.5	7.5
KERES-Immorent Immobilienleasing GmbH	Wien	25.0	25.0
LBH Liegenschafts- und Beteiligungsholding GmbH	Innsbruck	75.0	75.0
Lorit Kommunalgebäudeleasing Gesellschaft m.b.H.	Wien	26.7	26.7
LV Holding GmbH	Linz	20.7	19.2
MIGRA Gemeinnützige Wohnungsges.m.b.H.	Wien	19.8	19.8
O.Ö. Kommunal-Immobilienleasing GmbH	Linz	40.0	40.0
Oberösterreichische Kreditgarantiegesellschaft m.b.H.	Linz	3.3	3.0
ÖSW Wohnbauvereinigung Gemeinnützige Gesellschaft m.b.H.	Salzburg	15.6	15.6
ÖWB Gemeinnützige Wohnungsaktiengesellschaft	Innsbruck	26.3	26.3
ÖWGES Gemeinnützige Wohnbaugesellschaft m.b.H.	Graz	2.5	2.5
PSA Payment Services Austria GmbH	Wien	18.5	18.5
Seilbahnleasing GmbH	Innsbruck	33.3	33.3
SREDISNJE KLIRINSKO DEPOZITARNO DRUSTVO D.D.(CENTRAL DEPOZITORY & CLEARING COMPANY Inc.)	Zagreb	0.1	0.1
TKL II. Grundverwertungsgesellschaft m.b.H.	Wien	26.7	26.7
TKL VI Grundverwertungsgesellschaft m.b.H.	Innsbruck	33.3	33.3
TKL VII Grundverwertungsgesellschaft m.b.H.	Innsbruck	33.3	33.3
WBV Beteiligungs- und Vermögensverwaltungsgesellschaft m.b.H.	Feldkirch	0.0	0.0
WKBG Wiener Kreditbürgschafts- und Beteiligungsbank AG (vorm.Kapital-Beteiligungs Aktiengesellschaft)	Wien	14.4	14.4
Other			
"Die Kärntner" - Förderungs- und Beteiligungsgesellschaft für die Stadt Friesach Gesellschaft m.b.H.	Friesach	25.0	25.0
"Die Kärntner" - Förderungsgesellschaft für das Gurktal Gesellschaft m.b.H.	Gurk	25.0	25.0
"Die Kärntner"-Förderungs- und Beteiligungsgesellschaft für den Bezirk Wolfsberg Gesellschaft m.b.H.	Wolfsberg	25.0	25.0
"Gasthof Löwen" Liegenschaftsverwaltung GmbH & Co., KG	Feldkirch	0.0	0.0
"Photovoltaik-Gemeinschaftsanlage" der Marktgemeinde Wolfurt	Wolfurt	0.0	0.0
"S-PREMIUM" Drustvo sa ogranicenom odgovornoscu za posredovanje i zastupanje u osiguranju d.o.o. Sarajevo	Sarajevo	25.0	25.0
"Stolz auf Wien" Beteiligungs GmbH	Wien	0.0	0.0
"TBG" Thermenzentrum Geinberg Betriebsgesellschaft m.b.H.	Geinberg	0.7	0.6
"THG" Thermenzentrum Geinberg Errichtungs-GmbH	Linz	0.7	0.6
AB Banka, a.s. v likvidaci	Mladá Boleslav	4.5	4.5
Achenseebahn-Aktiengesellschaft in Abwicklung	Jenbach	0.0	0.0
Achtundsechzigste Sachwert Rendite-Fonds Holland GmbH & Co KG	Hamburg	0.0	0.0
AD SPORTSKO POSLOVNI CENTAR MILLENNIUM VRŠAC	Vršac	0.2	0.2
Agrargemeinschaft Kirchschlag	Kirchschlag	0.0	0.0
Alpbacher Bergbahn Gesellschaft m.b.H. & Co.KG.	Alpbach	0.0	0.0
AMC V SCA SICAV-RAIF	Senningerberg	0.0	2.9
AREALIS Liegenschaftsmanagement GmbH	Wien	50.0	50.0
AS LEASING Gesellschaft m.b.H.	Linz	19.0	16.8
AS Support GmbH	Linz	19.0	16.8
ASEF S.C.Sp.	Senningerberg	5.3	5.3
Austrian Reporting Services GmbH	Wien	14.3	14.3
aws Gründerfonds Beteiligungs GmbH & Co KG	Wien	5.1	5.1
Bankovní identita, a.s.	Praha	17.0	17.0
Bäuerliches Blockheizkraftwerk Kautzen registrierte Genossenschaft mit beschränkter Haftung	Kautzen	0.0	0.0
BCR Asigurari de Viata Vienna Insurance Group SA	Bucharest	5.5	5.5
BCR SEED STARTER SRL	Bucharest	0.0	99.9
beeex GmbH	Pöllau	0.0	0.0
Berg- und Schilift Schwaz-Pill Gesellschaft m.b.H.	Schwaz	0.0	0.0
Bergbahn Aktiengesellschaft Kitzbühel	Kitzbühel	0.0	0.0
Bergbahn Lofer GmbH	Lofer	7.1	7.1
Bergbahnen Oetz Gesellschaft m.b.H.	Oetz	0.0	0.0
Bergbahnen Westendorf Gesellschaft m.b.H.	Westendorf	0.0	0.0
BGM - EB-Grundstücksbeteiligungen GmbH & Co KG	Wien	0.0	0.0
Biogenrohstoffgenossenschaft Kamptal und Umgebung registrierte Genossenschaft mit beschränkter Haftung	Maiersch	0.0	0.0
Biomasse Heizwerk Zürs GmbH	Zürs	0.0	0.0
Biroul de Credit SA	Bucharest	19.4	19.4
Biroul de Credit SRL	Chisinau	9.1	9.1
Born Digital s.r.o.	Praha	0.0	4.4

Company name, registered office		Interest of Erste Group in % Dec 22	Dec 23
Brauerei Murau eGen	Murau	0.7	0.7
Bregenz Tourismus & Stadtmarketing GmbH	Bregenz	0.0	0.0
Budapesti Értéktozsde Zártköruen Muködo Részvénytársaság	Budapest	2.0	2.3
Burza cennych papierov v Bratislave, a.s.	Bratislava	3.9	3.9
Camelot Informatik und Consulting Gesellschaft m.b.H.	Wien	4.1	4.1
CAMPUS 02 Fachhochschule der Wirtschaft GmbH	Graz	1.5	1.5
capital300 EuVECA GmbH & Co KG	Wien	1.3	1.1
Capriel Investment S.A.	Luxembourg	9.4	9.4
Cargo-Center-Graz Betriebsgesellschaft m.b.H	Werndorf	1.6	1.6
Cargo-Center-Graz Betriebsgesellschaft m.b.H. & Co KG	Werndorf	1.6	1.6
Casa Romana de Compensatie Sibiu	Sibiu	0.4	0.4
CBCB-Czech Banking Credit Bureau, a.s.	Praha	20.0	20.0
Clearing House KIBS AD Skopje	Skopje	4.5	4.5
CRNOMEREC CENTAR D.O.O. ZA PROJEKTIRANJE GRAĐENJE I NADZOR	Zagreb	0.0	0.0
Dachstein Tourismus AG	Gosau	0.0	0.0
Dateio s.r.o.	Praha	25.8	31.0
Die Kärntner Sparkasse - Förderungsgesellschaft für den Bezirk Hermagor Gesellschaft m.b.H.	Hermagor	25.0	25.0
Digital factory s.r.o.	Brno	15.0	15.0
DINESIA a.s. v likvidaci	Praha	100.0	100.0
Dornbirner Seilbahn AG	Dornbirn	0.0	0.0
DRUŠTVO ZA KONSALTING I MENADŽMENT POSLOVE TRŽIŠTE NOVCA A.D. BEOGRAD (SAVSKI VENAC)	Belgrade	0.8	0.8
EBB-Delta Holding GmbH	Wien	100.0	100.0
EBV-Leasing Gesellschaft m.b.H.	Wien	51.0	51.0
EC Energie Center Lipizzanerheimat GmbH	Bärnbach	0.0	0.0
Egg Investment GmbH	Egg	0.0	0.0
E-H Liegenschaftsverwaltungs-GmbH	Etsdorf	0.0	0.0
Einlagensicherung AUSTRIA Ges.m.b.H.	Wien	1.8	1.8
ELAG Immobilien AG	Linz	0.8	0.7
encall s.r.o.	Praha	0.0	10.0
Energie AG Oberösterreich	Linz	0.1	0.1
Energiegemeinschaft Kamptal eGen	Langenlois	0.0	0.0
Erste Diversified Private Equity I	Senningerberg	0.0	0.0
ERSTE Immobilien Alpha "WE-Objekte" GmbH & Co KG	Wien	0.0	0.0
ERSTE Immobilien Alpha APS 85 GmbH & Co KG	Wien	0.0	0.0
ERSTE Immobilien Alpha Baufeld Omega GmbH & Co KG	Wien	0.0	0.0
ERSTE Immobilien Alpha Brünner Straße 124 Liegenschaftsverwaltung GmbH & Co KG	Wien	0.0	0.0
ERSTE Immobilien Alpha Eggenberger Gürtel GmbH & Co KG	Graz	0.0	0.0
ERSTE Immobilien Alpha Favoritenstraße 92 GmbH & Co KG	Wien	0.0	0.0
ERSTE Immobilien Alpha GmbH	Wien	68.7	68.7
ERSTE Immobilien Alpha Hirschstettner Straße 61 GmbH & Co KG	Wien	0.0	0.0
ERSTE Immobilien Alpha Kerensstraße GmbH & Co KG	Wien	0.0	0.0
ERSTE Immobilien Alpha Lastenstraße GmbH & Co KG	Wien	0.0	0.0
ERSTE Immobilien Alpha Lemböckgasse 59 GmbH & Co KG	Wien	0.0	0.0
ERSTE Immobilien Alpha Monte Laa GmbH & Co. KG	Wien	0.0	0.0
ERSTE Immobilien Alpha Paragonstraße GmbH & Co KG	Wien	0.0	0.0
ERSTE Immobilien Alpha Ulmgasse GmbH & Co. KG	Wien	0.0	0.0
ERSTE Immobilien Alpha W175 GmbH & Co KG	Wien	0.0	0.0
ERSTE Immobilien Aspernbrückengasse 2 GmbH & Co KG	Wien	0.1	0.1
ERSTE Immobilien Beta GmbH	Wien	68.7	68.7
ERSTE Immobilien Beta GS 131 GmbH & Co KG	Wien	0.0	0.0
ERSTE Immobilien Gamma Breitenfurter Straße 235 GmbH & Co KG	Wien	0.0	0.0
ERSTE Immobilien Gamma GmbH	Wien	68.7	68.7
ERSTE Immobilien Gamma Hilde-Spiel-Gasse GmbH & Co KG	Wien	0.0	0.0
ERSTE Immobilien Gamma Lemböckgasse GmbH & Co KG	Wien	0.0	0.0
ERSTE Immobilien Gamma Poststraße 1 GmbH & Co KG	Bregenz	0.0	0.0
Erste PEWO Immobilienverwaltung GmbH	Wien	0.0	96.9
Erste Private Capital S.a r.l.	Senningerberg	91.1	91.1
Erste Private Capital S.C.A. SICAV-RAIF	Senningerberg	0.0	0.0
Finanzpartner GmbH	Wien	51.1	51.1
FLIP GmbH - gemeinnützige Gesellschaft zur Förderung der finanziellen Bildung	Wien	0.0	49.0
Flourish d.o.o Podgorica	Podgorica	3.5	3.5
Fortenova Group STAK Stichting	Amsterdam	0.3	0.3
Freizeitpark Zell GmbH	Zell	0.0	0.0
Freizeitzentrum Zillertal GmbH	Fügen	0.0	0.0
Fund of Excellence Förderungs GmbH	Wien	45.0	45.0
FWG-Fernwärmeversorgung Engelbrechts registrierte Genossenschaft mit beschränkter Haftung	Kautzen	0.0	0.0

Company name, registered office		Interest of Erste Group in %	
		Dec 22	Dec 23
FWG-Fernwärmeversorgung Raabs a.d. Thaya registrierte Genossenschaft mit beschränkter Haftung	Raabs	0.0	0.0
Gasteiner Bergbahnen Aktiengesellschaft	Bad Hofgastein	13.4	13.4
GEMDAT OÖ GmbH	Linz	6.2	5.8
GEMDAT OÖ GmbH & Co KG	Linz	6.9	6.4
Gerlitzen - Kanzelbahn - Touristik Gesellschaft m.b.H. & Co KG	Sattendorf	0.0	0.0
Gewerbe- und Dienstleistungspark der Stadtgemeinde Bad Radkersburg KG	Bad Radkersburg	12.5	12.5
Gladiator Aircraft Management Limited	Pieta	100.0	100.0
Golfclub Bludenz-Braz GmbH	Bludenz-Braz	0.0	0.0
Golfclub Brand GmbH	Brand	0.0	0.0
Golfclub Pfarrkirchen im Mühlviertel GesmbH	Pfarrkirchen	0.2	0.2
Golfplatz Hohe Salve - Brixental Errichtergesellschaft m.b.H. & Co KG	Westendorf	0.0	0.0
Golfresort Haugschlag GmbH & Co KG	Litschau	0.0	0.0
Großarler Bergbahnen Gesellschaft mit beschränkter Haftung & Co. KG.	Großarl	0.2	0.2
GW St. Pölten Integrative Betriebe GmbH	St. Pölten	0.0	0.0
GXT Vermögensverwaltung GmbH & Co KG	Wien	0.4	0.4
HAPIMAG AG	Baar	0.0	0.0
Harkin Limited	Dublin	100.0	100.0
Haus für Senioren 1 Fischamend Errichtungsgesellschaft m.b.H. & Co KG	Wien	0.0	0.0
Hauser Kaibling Seilbahn- und Liftgesellschaft m.b.H. & Co. KG.	Haus	0.4	0.4
HDL Fiecht GmbH	Vomp	0.0	0.0
Heiltherme Bad Waltersdorf GmbH	Bad Waltersdorf	4.5	4.5
Heiltherme Bad Waltersdorf GmbH & Co KG	Bad Waltersdorf	4.1	4.1
Hinterstoder-Wurzeralm Bergbahnen Aktiengesellschaft	Hinterstoder	0.2	0.2
Hrvatski olimpijski centar Bjelolosica d.o.o. (Kroatisches Olympiazentrum) in bankruptcy	Jesenak	1.2	1.2
Hrvatski registar obveza po kreditima d.o.o. (HROK)	Zagreb	7.3	7.3
HV-Veranstaltungsservice GmbH	St. Lorenzen	100.0	100.0
IMMORENT S-Immobilienmanagement GesmbH	Wien	100.0	100.0
Innova/7 SCA SICAV-RAIF	Senningerberg	0.0	2.9
JAVNO SKLADIŠTE SLOBODNA CARINSKA ZONA NOVI SAD AD NOVI SAD	Novi Sad	4.1	4.1
JUGOALAT-JAL AD NOVI SAD	Novi Sad	5.0	5.0
Kaiser-Ebersdorfer Straße 8 GmbH & Co KG	Wien	0.0	0.0
Kapruner Freizeitzentrum Betriebs GmbH	Kaprun	0.0	0.0
Kapruner Promotion und Lifte GmbH	Kaprun	6.5	6.5
K-Businesscom Banking Services GmbH	Wien	0.3	0.3
Kitzbüheler Anzeiger Gesellschaft m.b.H.	Kitzbühel	0.0	0.0
Kleinkraftwerke-Betriebsgesellschaft m.b.H.	Wien	100.0	100.0
KOOPERATIVA poistovna, a.s. Vienna Insurance Group	Bratislava	1.5	1.5
Kooperativa pojistovna, a.s. Vienna Insurance Group	Praha	1.6	1.6
Kur- und Fremdenverkehrsbetriebe Bad Radkersburg Gesellschaft m.b.H.	Bad Radkersburg	0.3	0.3
ländleticket marketing gmbh	Dornbirn	0.0	0.0
Langenloiser Liegenschaftsverwaltungs-Gesellschaft m.b.H.	Langenlois	0.0	0.0
Lebens.Resort & Gesundheitszentrum GmbH	Ottenschlag	0.0	0.0
Lienzer-Bergbahnen-Aktiengesellschaft	Gaimberg	0.0	0.0
Liezener Bezirksnachrichten Gesellschaft m.b.H.	Liezen	1.1	1.1
LOCO 597 Investment GmbH	Egg	0.0	0.0
Macedonian Stock Exchange AD	Skopje	5.9	5.9
Maissauer Amethyst GmbH	Maissau	0.0	0.0
MAJEVICA HOLDING AKCIONARSKO DRUŠTVO, BACKA PALANKA	Bacčka Palanka	5.2	5.2
Mayer Property Alpha d.o.o.	Zagreb	100.0	100.0
Mayrhofner Bergbahnen Aktiengesellschaft	Mayrhofen	0.0	0.0
MCG Graz e.gen.	Graz	1.4	1.4
MEG Hausgemeinschaft "Bahnhofstraße 1, 4481 Asten"	Asten	0.0	0.0
Mittersiller Golf- und Freizeitanlagen Gesellschaft m.b.H.	Mittersill	0.0	0.0
Montfort Investment GmbH	Götzis	0.0	0.0
Mühlbachgasse 8 Immobilien GmbH	Langenlois	0.0	0.0
MUNDO FM & S GmbH	Wien	100.0	100.0
Murauer WM Halle Betriebsgesellschaft m.b.H.	Murau	3.1	3.1
Nahwärme Frankenmarkt eGen	Frankenmarkt	0.0	0.0
Neo Investment B.V.	Amsterdam	0.0	0.0
Neuhofner Bauträger GmbH	Neuhofen	0.0	0.0
Oberösterreichische Unternehmensbeteiligungsgesellschaft m.b.H.	Linz	3.3	3.0
Oberpinzgauer Fremdenverkehrsförderungs- und Bergbahnen - Aktiengesellschaft	Neukirchen	0.0	0.0
Obertilliacher Bergbahnen-Gesellschaft m.b.H.	Obertilliach	0.0	0.0
ÖKO-Heizkraftwerk Pöllau GmbH	Pöllau	0.0	0.0
ÖKO-Heizkraftwerk Pöllau GmbH & Co KG	Pöllau	0.0	0.0
Old Byr Holding ehf.	Reykjavik	1.5	1.5
Omniasig Vienna Insurance Group SA	Bucharest	0.1	0.1
OÖ HightechFonds GmbH	Linz	4.6	4.2

Company name, registered office		Interest of Erste Group in % Dec 22	Dec 23
Ortswärme Fügen GmbH	Fügen	0.0	0.0
Österreichische Wertpapierdaten Service GmbH	Wien	32.6	32.6
Osttiroler Wirtschaftspark GesmbH	Lienz	0.0	0.0
Planai - Hochwurzen - Bahnen Gesellschaft m.b.H.	Schladming	0.7	0.7
Planung und Errichtung von Kleinkraftwerken GmbH	Wien	100.0	100.0
POSLOVNO UDRUŽENJE DAVAOCA LIZINGA "ALCS" BEOGRAD	Belgrade	8.3	8.3
PREDUZECE ZA PRUŽANJE CONSULTING USLUGA BANCOR CONSULTING GROUP DOO NOVI SAD	Novi Sad	2.6	2.6
Prvni certifikacni autorita, a.s.	Praha	23.3	23.3
Q-ENERGY V, FCR	Madrid	0.0	1.3
Radio Osttirol GesmbH	Lienz	0.0	0.0
Rätikon-Center Errichtungs- und Betriebsgesellschaft m.b.H.	Bludenz	0.0	0.0
Realitäten und Wohnungsservice Gesellschaft m.b.H.	Köflach	4.0	4.0
REGIONALNA AGENCIJA ZA RAZVOJ MALIH I SREDNJIH PREDUZECA ALMA MONS D.O.O.	Novi Sad	3.3	3.3
Riesneralm - Bergbahnen Gesellschaft m.b.H. & Co. KG.	Donnersbach	0.0	0.0
Rolling Stock Lease s.r.o.	Bratislava	3.0	3.0
RTG Tiefgaragenerrichtungs und -vermietungs GmbH	Graz	25.0	25.0
S - Leasing und Vermögensverwaltung - Gesellschaft m.b.H.	Peuerbach	0.0	0.0
S IMMOKO Leasing GesmbH	Korneuburg	0.0	0.0
S Servis, s.r.o.	Znojmo	100.0	100.0
SALIX-Grundstückserwerbs Ges.m.b.H.	Eisenstadt	50.0	50.0
SALZBURG INNENSTADT, Vereinigung zur Förderung selbständiger Unternehmer der Salzburger Innenstadt, registrierte Genossenschaft mit beschränkter Haftung in Liquidation	Salzburg	2.0	2.0
Salzburger Kreditgarantiegesellschaft m.b.H. in Liquidation	Salzburg	18.2	18.2
S-AMC1 DOOEL Skopje	Skopje	24.1	24.1
Schweighofer Gesellschaft m.b.H. & Co KG	Friedersbach	0.0	0.0
S-City Center Wirtschaftsgütervermietungsgesellschaft m.b.H.	Wiener Neustadt	0.0	0.0
S-COMMERZ Immobilienvermittlung GmbH	Neunkirchen	0.0	0.0
SEG Sport Event GmbH	Hohenems	0.0	0.0
Seniorenresidenz "Am Steinberg" GmbH	Graz	25.0	25.0
S-Finanzservice Gesellschaft m.b.H.	Baden	0.0	0.0
SILO II Komplementärgesellschaft m.b.H.	Wien	49.0	49.0
Silvrettaseilbahn Aktiengesellschaft	Ischgl	0.0	0.0
SK 2 Properties s.r.o.	Bratislava	0.0	0.0
Skilifte Unken - Heutal Gesellschaft m.b.H. & Co, KG	Unken	0.0	0.0
Skilifte Unken Heutal Gesellschaft m.b.H.	Unken	2.2	2.2
Smart City GmbH	Eferding	0.0	0.0
SmartHead Co. s.r.o.	Bratislava	0.0	13.8
Snow Space Salzburg Bergbahnen AG	Wagrain	0.0	0.0
SOCIETATEA DE TRANSFER DE FONDURI SI DECONTARI TRANSFOND SA	Bucharest	3.2	3.2
Society for Worldwide Interbank Financial Telecommunication scrl	La Hulpe	0.3	0.3
Sparkasse Amstetten Service- und Verwaltungsgesellschaft m. b. H.	Amstetten	0.0	0.0
Sparkasse Bludenz Beteiligungsgesellschaft mbH	Bludenz	0.0	0.0
Sparkasse Bludenz Immobilienverwaltungsgesellschaft mbH	Bludenz	0.0	0.0
Sparkasse Imst Immobilienverwaltung GmbH	Imst	0.0	0.0
Sparkasse Imst Immobilienverwaltung GmbH & Co KG	Imst	0.0	0.0
Sparkassen Bankbeteiligungs GmbH	Dornbirn	0.0	0.0
Sparkassen Beteiligungs GmbH & Co KG	Wien	3.5	3.3
Sparkassen Facility Management GmbH	Innsbruck	75.0	75.0
Speedinvest III EuVECA GmbH & Co KG	Wien	1.8	1.8
Speedinvest IV EuVECA GmbH & Co KG	Wien	0.0	1.6
SPES GmbH & Co. KG	Schlierbach	0.0	0.0
SPK OÖ City Immobilien GmbH	Linz	19.0	16.8
SPK OÖ Investment GmbH	Linz	0.0	16.8
SPKR Liegenschaftsverwertungs GmbH	Reutte	0.0	0.0
Sport- und Freizeitanlagen Gesellschaft m.b.H.	Schwanenstadt	6.3	5.6
SPRON ehf.	Reykjavik	4.9	4.9
Stadtgemeinde Weiz - Wirtschaftsentwicklungs KG	Weiz	0.0	0.0
Stadtmarketing-Ternitz GmbH	Ternitz	0.0	0.0
Sternstein Sessellift Gesellschaft m.b.H.	Bad Leonfelden	7.2	7.2
Stoderzinken - Liftgesellschaft m.b.H. & Co. KG.	Gröbming	0.4	0.4
SVB Lambach Versicherungsmakler GmbH	Lambach	0.0	0.0
SZG-Dienstleistungsgesellschaft m.b.H.	Salzburg	100.0	100.0
Tannheimer Bergbahnen GmbH & Co KG	Tannheim	0.0	0.0
Tauern SPA World Betriebs- Gmbh & Co KG	Kaprun	11.1	11.1
Tauern SPA World Betriebs-GmbH	Kaprun	12.2	12.2
Tauern SPA World Errichtungs- GmbH & Co KG	Kaprun	11.1	11.1
Tauern SPA World Errichtungs-GmbH	Kaprun	12.2	12.2
TAUROS Capital Investment GmbH & Co KG	Wien	40.4	40.4

Company name, registered office		Interest of Erste Group in % Dec 22	Dec 23
TAUROS Capital Management GmbH	Wien	44.6	44.6
TDG Techn. Dienstleistungs- und Objektservicegesellschaft m.b.H.	Wien	100.0	100.0
TECH21 Bürohaus und Gewerbehof Errichtungs- und Betriebsgesellschaft mbH & Co KG	Wien	0.1	0.1
Technologie- und Dienstleistungszentrum Ennstal GmbH	Reichraming	0.0	0.0
TECHNOLOGIE- und GRÜNDERPARK ROSENTAL GmbH	Rosental	0.3	0.3
Technologie- und Innovationszentrum Kirchdorf GmbH	Schlierbach	0.0	0.0
Technologiezentrum Inneres Salzkammergut GmbH	Bad Ischl	0.0	0.0
Technologiezentrum Salzkammergut GmbH	Gmunden	0.3	0.3
Technologiezentrum Salzkammergut-Bezirk Vöcklabruck GmbH	Attnang-Puchheim	0.0	0.0
Techno-Z Ried Technologiezentrum GmbH	Ried	0.0	0.0
Tennis-Center Hofkirchen i. M. GmbH	Hofkirchen	7.3	7.3
Therme Wien Ges.m.b.H.	Wien	15.3	15.3
Therme Wien GmbH & Co KG	Wien	15.3	15.3
Tiefgarage Anger, Gesellschaft m.b.H. & Co. KG.	Lech	0.0	0.0
TIZ Landl - Grieskirchen GmbH	Grieskirchen	0.0	0.0
Tourismus- u. Freizeitanlagen GmbH	Hinterstoder	0.0	0.0
Tourismusgenossenschaft Ramsau am Dachstein eGen	Ramsau am Dachstein	0.5	0.5
TSG EDV-Terminal-Service Ges.m.b.H.	Wien	0.1	0.1
UNION Vienna Insurance Group Biztosito Zrt.	Budapest	1.2	1.4
VERMREAL Liegenschaftserwerbs- und -betriebs GmbH	Wien	25.6	25.6
VISA INC.	San Francisco	0.0	0.0
VIVEA Bad Schönau GmbH	Bad Schönau	0.0	0.0
VIVIThv GmbH	St. Pölten	20.0	20.0
VIVITimmo GmbH	St. Pölten	20.0	20.0
Waldviertler Leasing s.r.o.	Jindrichuv Hradec	0.0	0.0
Wassergenossenschaft Mayrhofen	Mayrhofen	0.0	0.0
WB & VC Sparkasse Korneuburg GmbH	Korneuburg	0.0	0.0
WE.TRADE INNOVATION DESIGNATED ACTIVITY COMPANY	Dublin	3.2	3.2
Web Value GmbH	Wien	0.0	6.5
WEB Windenergie AG	Pfaffenschlag	0.0	0.0
Weißsee-Gletscherwelt GmbH	Uttendorf	0.0	0.0
WET Wohnbaugruppe Service GmbH	Mödling	19.9	19.9
wflow.com Czech Republic s.r.o.	Praha	17.0	17.0
Wien 3420 Aspern Development AG	Wien	24.5	24.5
Wiener Börse AG	Wien	11.7	11.7
Wiener osiguranje Vienna Insurance Group dionicko društvo za osiguranje	Zagreb	1.1	1.1
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group	Wien	2.2	2.2
WIEPA-Vermögensverwaltungsgesellschaft m.b.H.	Dornbirn	0.0	0.0
Wirtschaftspark Kleinregion Fehring Errichtungs- und Betriebsgesellschaft m.b.H.	Fehring	1.3	1.3
WNI Wiener Neustädter Immobilienleasing Ges.m.b.H.	Wiener Neustadt	0.0	0.0
WW Wohnpark Wehlistraße GmbH	Wien	100.0	100.0
Yokoy Holding AG	Zürich	0.0	1.6
Zagreb Stock Exchange, Inc.	Zagreb	2.3	2.3
Zweite Beteiligungsgesellschaft Reefer-Flottenfonds mbH & Co KG	Hamburg	0.0	0.0

Additional information

GLOSSARY

Book value per share
Equity (attributable to owners of the parent) divided by the number of outstanding shares at the end of the period.

Cash return on equity (cash RoE)
Net profit for the period attributable to the owners of the parent less dividends for Additional Tier 1 capital (AT1), adjusted for non-cash items such as goodwill amortisation and amortisation of customer relationship as a percentage of the average equity attributable to the owners of the parent. The average is calculated on the basis of final quarterly values.

Cash earnings per share
Net profit for the period attributable to owners of the parent, less dividends for Additional Tier 1 capital (AT1), adjusted for non-cash items such as goodwill impairment and amortisation of customer relationship divided by the weighted average number of outstanding shares.

CEE (Central and Eastern Europe)
Abbreviation for the economic area Central and Eastern Europe. Includes the new EU member states of the enlargement rounds 2004 and 2007 as well as the successor states of Yugoslavia and the Soviet Union as well as Albania.

CET1
Common equity Tier 1.

CET1 ratio
Common equity Tier 1 as a percentage of the total risk (according to CRR).

CRR
Capital Requirements Regulation: one of the two legal acts containing the new Capital Requirements.

Cost/income ratio
General administrative expenses or operating expenses as a percentage of operating income.

Dividend yield
Dividend distribution of the financial year as a percentage of the year-end closing price or the most recent price of the share.

Earnings per share
Net profit for the period attributable to owners of the parent, less dividends for Additional Tier 1 capital (AT1), divided by the weighted average number of outstanding shares.

Interest-bearing assets
Total assets less cash and cash balances, derivatives – held for trading, hedge accounting derivatives, property and equipment, investment properties, intangible assets, current and deferred tax assets, assets held for sale and other assets.

Loan to deposit ratio
Loans and receivables to customers (net) in relation to deposits from customers

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

Miscellaneous liabilities
The total of other financial liabilities at fair value through profit or loss, other financial liabilities at amortised cost, hedge accounting derivatives, changes in fair value of portfolio hedged items, provisions, current and deferred tax liabilities, liabilities associated with assets held for sale and other liabilities.

Net interest margin
Net interest income as a percentage of average interest-bearing assets. The average is calculated on the basis of quarterly values.

Operating expenses (general administrative expenses)
The total of personnel expenses, other administrative expenses and depreciation and amortisation.

Operating income
Total of net interest income, net fee and commission income, dividend income, net trading result, gains/losses from financial instruments measured at fair value through profit or loss, net result from equity method investments and rental income from investment properties & other operating leases.

Operating result
Operating income less operating expenses.

Own funds
Own funds according to CRR consist of Common equity Tier 1 (CET1), Additional Tier 1 capital (AT1) and the supplementary capital (T2).

Price/earnings ratio
Ratio between closing price of the financial year and earnings per share of the financial year.

Non-performing exposure (NPE) collateralisation ratio
Collateral for non-performing credit risk exposure as a percentage of non-performing credit risk exposure.

Non-performing exposure (NPE) coverage ratio
Credit risk allowances for credit risk exposure (all allowances in scope of IFRS 9 and provisions for other commitments) as a percentage of non-performing credit risk exposure.

Non-performing exposure (NPE) ratio
Non-performing credit risk exposure as a percentage of total credit risk exposure.

Non-performing loans (NPL) collateralisation ratio
Collateral for non-performing loans and advances to customers as a percentage of non-performing loans and advances to customers.

Non-performing loans (NPL) coverage ratio
Credit risk allowances for loans and advances to customers as a percentage of non-performing loans and advances to customers.

Non-performing loans (NPL) ratio
Non-performing loans and advances to customers as a percentage of total loans and advances to customers.

Return on equity (RoE)
Net profit for the period attributable to owners of the parent, less dividends for Additional Tier 1 capital (AT1) as a percentage of the average equity attributable to the owners of the parent. The average is calculated on the basis of final quarterly figures.

Return on equity excluding intangible assets (ROTE)
Net profit for the period attributable to owners of the parent, less dividends for Additional Tier 1 capital (AT1) as a percentage of average equity attributable to owners of the parent and adjusted for intangible assets. The average is calculated on the basis of quarterly final values.

Risk Appetite Statement (RAS)
The RAS is a strategic document, which concludes the maximum risk an organization is willing to take in order to reach any given target.

Risk categories
Risk categories classify the risk exposures of Erste Group based on the internal ratings of Erste Group. There exist three risk categories for performing risk exposures and one risk category for non-performing risk exposures.

Risk category – low risk
Typically regional customers with well-established and rather long-standing relationships with Erste Group or large, internationally recognised customers. Very good to satisfactory financial position and low likelihood of financial difficulties relative to the respective market in which the customers operate. Retail clients having long relationships with the bank, or clients with a wide product pool use. No relevant late payments currently or in the most recent 12 months. New business is generally done with clients in this risk category.

Risk category – management attention
Vulnerable non-retail clients, which may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium term. Retail clients with possible payment problems in the past triggering early collection reminders. These clients typically have a good recent payment history.

Risk category – substandard
The borrower is vulnerable to short term negative financial and economic developments and shows an elevated probability of failure. In some cases, restructuring measures are possible or already in place. As a rule, such loans are managed in specialised risk management departments.

Risk category – non-performing
One or more of the default criteria under Article 178 of the CRR are met: among others, full repayment unlikely, interest or principal payments on a material exposure more than 90 days past due, restructuring resulting in a loss to the lender, realisation of a loan loss, or initiation of bankruptcy proceedings. Erste Group applies the customer view for all customer segments, including retail clients; if an obligor defaults on one deal then the customer's performing transactions are classified as non-performing as well. Furthermore, non-performing exposures also comprise non-performing forborne transactions even in cases where the client has not defaulted.

Share capital
Total equity attributable to owners of the parent subscribed by the shareholders.

Tax ratio
Taxes on income as a percentage of pre-tax profit from continuing operations.

Texas ratio
Total capital according to IFRS dividends for Additional Tier 1 capital (AT1), and intangible assets plus allowances for loans and advances to customers as a percentage of non-performing loans.

T 1 ratio
Tier 1 as a percentage of the total risk (according to CRR).

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

Total risk (risk-weighted assets, RWA)
Includes credit, market and operational risk (according to CRR).

Total shareholder return
Performance of an investment in Erste Group Bank AG shares within one year including all distributions, such as dividends, as a percentage of the share price at the end of the previous year.

ABBREVIATIONS

ABA	Austrian Banking Act
AC	Amortised cost
ALCO	Asset Liability Committee
ALM	Asset Liability Management
AMA	Advanced Measurement Approach
AT1	Additional Tier 1
BCR	Banca Comercială Română S.A.
CEE	Central and Eastern Europe
CET1	Common Equity Tier 1
CGU	Cash-Generating Unit
CLA	Credit Loss Allowance
CMO	Collateralised Mortgage Obligation
CRD	Capital Requirements Directive
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CSAS	Česká spořitelna, a.s.
CVA	Credit Value Adjustments
DFR	Deposit Facility Rate
DTA	Deferred Tax Asset
DVA	Debit Value Adjustment
EAD	Exposure At Default
EBA	European Banking Authority
EBC	Erste Bank Croatia
EBH	Erste Bank Hungary Zrt.
EBOe	Erste Bank Oesterreich
ECB	European Central Bank
ECL	Expected Credit Loss
EIR	Effective interest rate
eop	end of period
ERM	Enterprise wide Risk Management
ESG	Environmental Social Governance
ESMA	European Security and Markets Authority
FLI	Forward Looking Information
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit or loss
FX	Foreign exchange
GCA	Gross Carrying Amount
GCC	Group Corporate Markets
HFT	Held for trading
IAS	International Accounting Standards
IC	Intercompany
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
LCC	Local Corporate Center
LGD	Loss Given Default
LT PD	Lifetime Probability of Default
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
NCI	Non Controlling Interest
NFR	Non Financial Risk
NPE	Non Performing Exposure
NPL	Non Performing Loans
OCI	Other comprehensive income
O-SII	Other Systemic Important Institution
OTC	Over the Counter
P&L	Profit or loss
P2G	Pillar 2 Guidance
P2R	Pillar 2 Requirement
PD	Probability of Default
POCI	Purchased or originated credit impaired
PSU	Performance Share Unit
RAS	Risk Appetite Statement
RWA	Risk Weighted Assets
SICR	Significant increase in credit risk
SLSP	Slovenská sporiteľňa
Sparkasse Kärnten	Kärntner Sparkasse Aktiengesellschaft
Sparkasse Oberösterreich	Sparkasse Oberösterreich Bank AG
Sparkasse Steiermark	Steiermärkische Bank und Sparkassen Aktiengesellschaft
SPPI	Solely payments of principal and interest
SREP	Supervisory Review and Evaluation Process

T1	Tier 1
T2	Tier 2
TLTRO	Target Longer-Term Refinancing Operations
UGB	Unternehmensgesetzbuch; Austrian Company Code
VAR	Value at Risk

Management Board	
Willibald Cernko mp, Chairman	Ingo Bleier mp, Member
Stefan Dörfler mp, Member	Alexandra Habeler-Drabek mp, Member
David O'Mahony mp, Member	Maurizio Poletto mp, Member

Vienna, 29 February 2024

STATEMENT OF ALL MEMBERS OF THE MANAGEMENT BOARD

We confirm that to the best of our knowledge the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties to which the Group is exposed.

Management Board	
Willibald Cernko mp, Chairman	Ingo Bleier mp, Member
Stefan Dörfler mp, Member	Alexandra Habeler-Drabek mp, Member
David O'Mahony mp, Member	Maurizio Poletto mp, Member

Vienna, 29 February 2024

Your notes

Your notes

Your notes

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