

# Half-year financial report 2021

## Key financial data

### Income statement

| in EUR million   | Q2 20        | Q1 21        | Q2 21        | 1-6 20         | 1-6 21         |
|--|--------------|--------------|--------------|----------------|----------------|
| Net interest income  | 1,167.9      | 1,172.1      | 1,276.5      | 2,396.9        | 2,448.7        |
| Net fee and commission income  | 452.5        | 540.0        | 559.0        | 956.7          | 1,099.0        |
| Net trading result and gains/losses from financial instruments at FVPL | 129.2        | 66.4         | 60.3         | 9.3            | 126.7          |
| Operating income   | 1,808.9      | 1,828.6      | 1,962.1      | 3,471.9        | 3,790.7        |
| Operating expenses   | -1,003.5     | -1,103.3     | -999.7       | -2,114.7       | -2,103.0       |
| <b>Operating result</b>  | <b>805.4</b> | <b>725.3</b> | <b>962.4</b> | <b>1,357.2</b> | <b>1,687.7</b> |
| Impairment result from financial instruments                           | -613.7       | -35.7        | -47.2        | -675.4         | -82.9          |
| <b>Post-provision operating result</b>                                 | <b>191.8</b> | <b>689.6</b> | <b>915.2</b> | <b>681.8</b>   | <b>1,604.8</b> |
| Other operating result   | -42.3        | -126.7       | -45.6        | -169.9         | -172.4         |
| Levies on banking activities   | -33.1        | -33.2        | -19.0        | -83.0          | -52.2          |
| Pre-tax result from continuing operations                              | 148.8        | 565.1        | 870.1        | 510.1          | 1,435.1        |
| Taxes on income  | -37.3        | -124.3       | -163.0       | -140.3         | -287.3         |
| <b>Net result for the period</b>                                       | <b>111.5</b> | <b>440.8</b> | <b>707.0</b> | <b>369.8</b>   | <b>1,147.8</b> |
| Net result attributable to non-controlling interests                   | 53.0         | 85.7         | 144.2        | 76.1           | 229.8          |
| <b>Net result attributable to owners of the parent</b>                 | <b>58.5</b>  | <b>355.1</b> | <b>562.9</b> | <b>293.8</b>   | <b>918.0</b>   |
| Earnings per share   | 0.02         | 0.83         | 1.15         | 0.57           | 1.98           |
| Return on equity   | 0.2%         | 9.6%         | 13.0%        | 3.4%           | 11.3%          |
| Net interest margin (on average interest-bearing assets)               | 2.04%        | 1.99%        | 2.13%        | 2.10%          | 2.07%          |
| Cost/income ratio  | 55.5%        | 60.3%        | 51.0%        | 60.9%          | 55.5%          |
| Provisioning ratio (on average gross customer loans)                   | 1.48%        | 0.08%        | 0.11%        | 0.82%          | 0.10%          |
| Tax rate   | 25.1%        | 22.0%        | 18.7%        | 27.5%          | 20.0%          |

### Balance sheet

| in EUR million  | Jun 20         | Mar 21         | Jun 21         | Dec 20         | Jun 21         |
|---|----------------|----------------|----------------|----------------|----------------|
| Cash and cash balances                                | 18,433         | 53,954         | 48,421         | 35,839         | 48,421         |
| Trading, financial assets                             | 47,667         | 48,381         | 50,849         | 46,849         | 50,849         |
| Loans and advances to banks                           | 27,418         | 27,477         | 24,541         | 21,466         | 24,541         |
| Loans and advances to customers                       | 163,736        | 167,839        | 172,114        | 166,050        | 172,114        |
| Intangible assets                                     | 1,331          | 1,332          | 1,342          | 1,359          | 1,342          |
| Miscellaneous assets                                  | 6,106          | 5,985          | 6,168          | 5,830          | 6,168          |
| <b>Total assets</b>                                   | <b>264,692</b> | <b>304,969</b> | <b>303,435</b> | <b>277,394</b> | <b>303,435</b> |
| Financial liabilities held for trading                | 2,737          | 2,192          | 2,412          | 2,625          | 2,412          |
| Deposits from banks                                   | 21,984         | 35,288         | 34,643         | 24,771         | 34,643         |
| Deposits from customers                               | 182,670        | 205,374        | 206,256        | 191,070        | 206,256        |
| Debt securities issued                                | 29,431         | 32,516         | 30,243         | 30,676         | 30,243         |
| Miscellaneous liabilities                             | 6,669          | 6,827          | 6,510          | 5,840          | 6,510          |
| Total equity  | 21,200         | 22,771         | 23,371         | 22,410         | 23,371         |
| <b>Total liabilities and equity</b>                   | <b>264,692</b> | <b>304,969</b> | <b>303,435</b> | <b>277,394</b> | <b>303,435</b> |
| Loan/deposit ratio                                    | 89.6%          | 81.7%          | 83.4%          | 86.9%          | 83.4%          |
| NPL ratio   | 2.4%           | 2.6%           | 2.5%           | 2.7%           | 2.5%           |
| NPL coverage ratio (based on AC loans, ex collateral) | 91.1%          | 89.5%          | 91.4%          | 88.6%          | 91.4%          |
| CET1 ratio (final)                                    | 14.2%          | 14.0%          | 14.2%          | 14.2%          | 14.2%          |

### Ratings

|                              | Jun 20   | Mar 21   | Jun 21   |
|------------------------------|----------|----------|----------|
| <b>Fitch</b>                 |          |          |          |
| Long-term                    | A        | A        | A        |
| Short-term                   | F1       | F1       | F1       |
| Outlook                      | RWN      | Negative | Negative |
| <b>Moody's</b>               |          |          |          |
| Long-term                    | A2       | A2       | A2       |
| Short-term                   | P-1      | P-1      | P-1      |
| Outlook                      | Positive | Stable   | Stable   |
| <b>Standard &amp; Poor's</b> |          |          |          |
| Long-term                    | A        | A        | A        |
| Short-term                   | A-1      | A-1      | A-1      |
| Outlook                      | Stable   | Stable   | Stable   |

# Letter from the CEO

## Dear shareholders,

Erste Group posted an excellent result for the first six months of 2021, a net profit of EUR 918.0 million. This was attributable to a strong operating performance in all core markets – with a particular highlight being the continued positive trend in net fee and commission income – as well as low risk costs. The rebound of the economy in our region has gained further momentum on the back of rising vaccination rates and the gradual removal of a wide range of social and economic restrictions.

Overall, the economic environment developed significantly better in Austria and CEE in the first six months than originally forecast. While at the beginning of the year, pandemic-induced restrictions were still delaying the recovery of the economy, growth forecasts have meanwhile been raised from 2.8-4.5% to 3-7%. Those measures were lifted step by step as vaccination rates rose in all of our seven core markets. In response to rising inflation rates, the central banks of the Czech Republic and Hungary implemented their first rate hikes in June. The ECB, on the other hand, confirmed that it will continue its low-interest-rate policy despite accelerating inflation. Lower tax revenues and increased social spending will, however, continue to have a negative impact on national budgets. It is last but not least due to continuing government support for businesses that the Covid-19 crisis has not triggered a wave of insolvencies so far. This is also reflected in the Erste Group's NPL ratio, which stood at 2.5% at the end of June.

How did these developments impact our operations? In the retail business, demand for mortgage loans remained very strong, supported also by the refinancing of existing loans. Demand for consumer loans increased only slowly. The inflow of deposits remained robust. Prosperity advice – Erste Group's financial advisory services designed to help our clients achieve and maintain prosperity – has been enjoying increasing popularity in the persistent low-interest-rate environment. Clients are increasingly asking about options for green as well as socially responsible investments. Favourable market conditions supported the positive trend in the securities business and in asset management. Our popular digital platform George can now be accessed in all of our core markets, with the exception of Serbia, and is recording a steady rise in the number of digital users and digital transactions. Across the Group, seven million clients are already using George. The development of customer satisfaction is gratifying. In the corporate segment, loan growth is still seen mainly in the large corporate business, but investment activity is generally picking up again. Here again interest in advisory services has been increasing also in connection with considerations concerning sustainability. Overall, customer loan volume was up 3.7% at EUR 172.1 billion year-to-date. The strong rise in retail and corporate customers' deposits reduced the loan-to-deposit ratio to 83.4%.

The better-than-expected development of the economy was reflected in the operating result. Growth was registered in all components of operating income. The continued positive trend in net fee and commission income is encouraging: not just in the securities and asset management business. The lifting of Covid-19 restrictions resulted in increased activity in payment services. Net interest income benefited from the take-up of TLTRO III refinancing from the ECB. Building on an improved net trading and fair value result and rigorous cost discipline we achieved a significant improvement in the operating result. Risk costs remained moderate and, at 10 basis points of gross loan volume, were considerably lower than in the first six months of 2020, which had been impacted by Covid-induced provisions for potential future developments.

In light of these positive developments we have revised the outlook for the financial year: for 2021, we now expect stronger lending growth, higher net fee and commission income, lower risk costs and consequently, a significantly higher net profit.

At the end of June 2021, the common equity tier 1 ratio (final) of 14.2% was substantially above our target of 13.5% and far above the regulatory minimum requirement. In accordance with the resolution passed by the annual general meeting, a cash dividend of EUR 0.5 per share was paid for the financial year 2020 in May. In addition, we are planning – if approved by an extraordinary general meeting – to distribute another EUR 1 per share in the fourth quarter of 2021. For the current financial year, EUR 0.8 per share has likewise already been charged to the regulatory capital. For 2021, we are thus currently planning a dividend of EUR 1.6 per share.

Overall, we are strongly convinced that we are excellently positioned with our strategy and our geographical footprint. We are prepared to keep pursuing our core business in a socially and environmentally responsible manner while also achieving economic success. We will keep supporting people and businesses in our core markets in the future and contribute to the recovery of their economies. The three key pillars of Erste Group's strategy – efficiency, digital transformation and growth – form the sound basis on which we fulfil the purpose of our business as it has been for more than 200 years: to spread and secure prosperity across the region.

Bernhard Spalt m.p.

# Erste Group on the capital markets

## EQUITY MARKET REVIEW

The uptrend seen in international equity markets in previous months continued in the reporting period. The further easing of Covid-19 restrictions, the rollout of vaccinations and the announcement of state economic stimulus programmes supported a global recovery of the markets. Mostly better-than-expected corporate results along with upward revisions of revenues and earnings forecasts confirmed this trend. The leading central banks continued their expansionary monetary policies with low key interest rates and asset purchases. In its most recent economic outlook, the International Monetary Fund (IMF) raised its projection for 2021 global economic growth to 6.0% and, for 2022, to 4.4%.

Amid positive economic and corporate newsflows all equity markets covered posted further gains, with both the US indices and the broader European Euro Stoxx 600 hitting new record highs. Quarter-on-quarter, the Dow Jones Industrials Index rose 4.6% to 34,502.51 points, the Standard & Poor's 500 Index 8.2% to 4,297.50 points. Year-to-date, the indices were up 12.7% and 14.4%, respectively. The Euro Stoxx 600 closed the reporting period up 5.4% at 452.84 points and 13.5% higher than at year-end 2020. In the second quarter, the Austrian Traded Index (ATX) advanced 7.7% due to the strong weighting of financials and cyclicals and ended the first six months up 22.4% at 3,402.02 points, outperforming the other equity markets covered. The Euro Stoxx Banks Index, which is composed of the leading European bank shares, likewise added to the gains of the previous quarter by rising 6.3% to 93.66 points. Year to date, the index was up by a total of 27.0%, thereby offsetting the losses sustained in the preceding year.

In response to the economic impact of the Corona crisis, major central banks provided the markets with large amounts of liquidity by keeping interest rates low and massively expanding their balance sheets. Against the backdrop of positive economic and corporate newsflows and the recently observed rise in inflation rates, the focus of market participants shifted to the forecasts provided by the European Central Bank (ECB) and the US Federal Reserve (Fed) as well as their guidance on the expected end to asset purchases and information on the conditions in which policy rates might rise again in the future. In their most recent statements, the ECB and the Fed underlined that they will continue their accommodating monetary policies while considering an adjustment of inflation targets as well as a tapering of asset purchases and a potential change in rate policies in 2023.

## SHARE PERFORMANCE

In the second quarter, the Erste Group share continued on its uptrend in tandem with the recovery of European banking shares and gained 7.0%. The share marked its year-to-date high at EUR 34.73 on 7 June, and its second-quarter low at EUR 28.30 on 21 April. Closing at EUR 30.94 on 30 June, the share was up 24.1% year-to-date. This performance was driven by upbeat sentiment as well as better-than-expected first-quarter figures and the resulting upward revision of price targets for the Erste Group share by most analysts. The focus of market participants was on the macroeconomic outlook in connection with Covid-19 measures, asset quality and the development of risk provisions as well as expectations regarding the development of operating income and expenses.

The Erste Group share is traded on the stock exchanges of Vienna, Prague and Bucharest. In the second quarter of 2021, trading volume on these stock exchanges averaged 812,127 shares per day.

## FUNDING AND INVESTOR RELATIONS

On the issue side, the current financial year began with the successful placement of a 10-year senior preferred note in the amount of EUR 500 million at MS+55bps. In the second quarter, Erste Group issued its first Sustainability Bond. The 7-year senior preferred note with a volume of EUR 500 million was issued at MS+35bps.

Due to the Covid-19-induced restrictions, banking and investor conferences were again held exclusively as virtual events in the second quarter of 2021, as were the road show with investors from the United States and Europe after the release of first-quarter 2021 results and the annual general meeting of Erste Group Bank AG. The conferences were hosted by Barclays, RCB, KBW, Autonomous, Goldman Sachs, Wood, UBS, Bank of America Merrill Lynch and Danske Bank. In addition, the management and the investor relations team of Erste Group conducted a large number of one-on-one and group meetings as phone and video conferences, in which questions raised by investors and analysts were answered.

# Interim management report

In the interim management report, financial results from January-June 2021 are compared with those from January-June 2020 and balance sheet positions as of 30 June 2021 with those as of 31 December 2020.

## EARNINGS PERFORMANCE IN BRIEF

**Net interest income** increased to EUR 2,448.7 million (+2.2%; EUR 2,396.9 million), primarily due to one-off effects resulting from TLTRO III take-up in Austria and Slovakia. **Net fee and commission income** rose to EUR 1,099.0 million (+14.9%; EUR 956.7 million). Increases were posted across all fee and commission categories and core markets, with significant growth seen most notably in payment services as well as in asset management and in the securities business. **Net trading result** improved to EUR 43.1 million (EUR -19.2 million); the line item **gains/losses from financial instruments measured at fair value through profit or loss** rose to EUR 83.6 million (EUR 28.5 million). The development of these two line items was driven mostly by valuation effects. **Operating income** increased to EUR 3,790.7 million (+9.2%; EUR 3,471.9 million). **General administrative expenses** were reduced moderately to EUR 2,103.0 million (-0.6%; EUR 2,114.7 million). Personnel expenses declined to EUR 1,248.9 million (-1.3%; EUR 1,265.5 million). Other administrative expenses were slightly lower at EUR 581.3 million (-0.4%; EUR 583.3 million) despite a significant rise in payments into deposit insurance schemes to EUR 109.2 million (EUR 92.3 million). Most of the contributions expected for 2021 have already been posted upfront. Depreciation and amortisation rose to EUR 272.8 million (+2.6%; EUR 265.9 million). The **operating result** increased markedly to EUR 1,687.7 million (+24.4%; EUR 1,357.2 million) and the **cost/income ratio** improved to 55.5% (60.9%).

Due to net allocations, the **impairment result from financial instruments** amounted to EUR -82.9 million or 10 basis points of average gross customers loans (EUR -675.4 million or 82 basis points). Net allocations to provisions for loans as well as for commitments and guarantees were posted in all core markets, with the exception of Austria, but remained generally at a low level. A positive contribution came from income related to the recovery of loans already written off. In the comparative period, the updated risk parameters with forward looking information related to Covid-19 had resulted in a marked increase in net allocations to provisions for loans as well as for commitments and guarantees given. The **NPL ratio** based on gross customer loans improved to 2.5% (2.7%). The **NPL coverage ratio** increased to 91.4% (88.6%).

**Other operating result** amounted to EUR -172.4 million (EUR -169.9 million). Expenses for the annual contributions to resolution funds for the full year 2021 included in this line item rose – most strongly in Austria and Romania – to EUR 108.2 million (EUR 93.7 million). The decline in banking levies to EUR 52.2 million (EUR 83.0 million) is primarily attributable to the abolition of banking tax in Slovakia. At present, banking levies are payable in two core markets: in Hungary, banking tax for the full financial year amounted to EUR 14.9 million (EUR 14.3 million) and transaction tax for the first six months to another EUR 23.3 million (EUR 22.3 million). In Austria, banking tax equalled EUR 13.9 million (EUR 12.6 million).

Taxes on income increased to EUR 287.3 million (EUR 140.3 million). The minority charge rose to EUR 229.8 million (EUR 76.1 million) due to significantly higher earnings contributions of the savings banks. On the back of the strong operating result and low risk costs, **net result attributable to owners of the parent** rose to EUR 918.0 million (EUR 293.8 million).

**Total equity** not including AT1 instruments rose to EUR 20.6 billion (EUR 19.7 billion). After regulatory deductions and filtering in accordance with the CRR, **common equity tier 1 capital** (CET1, final) rose to EUR 18.0 billion (EUR 17.1 billion), as were total **own funds** (final) to EUR 23.8 billion (EUR 23.6 billion), both figures include interim profit. Total risk – **risk-weighted assets** including credit, market and operational risk (CRR, final) – increased moderately to EUR 127.1 billion (EUR 120.2 billion). The **common equity tier 1 ratio** (CET1, final) stood at 14.2% (14.2%), the **total capital ratio** at 18.7% (19.7%).

**Total assets** increased to EUR 303.4 billion (+9.4%; EUR 277.4 billion). On the asset side, cash and cash balances increased, primarily in Austria, to EUR 48.4 billion (EUR 35.8 billion), loans and advances to banks to EUR 24.5 billion (EUR 21.5 billion). **Loans and advances to customers** rose to EUR 172.1 billion (+3.7%; EUR 166.1 billion). On the liability side, deposits from banks grew significantly to EUR 34.6 billion (EUR 24.8 billion) as a result of increased ECB refinancing (TLTRO III). **Customer deposits** rose again in all core markets – most strongly in Austria and the Czech Republic – to EUR 206.3 billion (+7.9%; EUR 191.1 billion). The **loan-to-deposit ratio** declined significantly to 83.4% (86.9%).

## OUTLOOK

Erste Group's goal for 2021 is to increase net profit significantly. Among the factors that will support achievement of this goal are a recovery of the economies of all core markets – the Czech Republic, Slovakia, Hungary, Romania, Croatia, Serbia and Austria – and, on this basis, a reduction of risk costs and an improvement in the operating result. A continuation or further escalation of Covid-19 measures by governments as well as potential – and as yet unquantifiable – political, regulatory or economic risks may render meeting this goal more challenging.

In the past months the economic growth outlook for Erste Group's CEE core markets in 2021 was significantly upgraded from 2.8-4.5% to 3-7%. The development of other economic indicators should vary depending on Covid-19 policy measures imposed by authorities and/or the phasing out of state support. Unemployment rates are expected to rise slightly but, in the Czech Republic and Hungary, should remain among the lowest in the EU. Inflation rates are forecast to decline in the Czech Republic and Slovakia while the other core markets are likely to see an acceleration. In most countries, sustained competitiveness should again result in solid and, in Slovakia and Romania, stronger current account balances. The fiscal situation should likewise improve again after the significant budget deficits posted in the year 2020. Public debt is projected to remain largely stable, albeit at a significantly elevated level.

Against this backdrop, Erste Group expects net loan growth in the mid-single digits with upside potential. This performance should lead to a slight increase in net interest income despite negative interest rates in the euro zone. The second most important income component – net fee and commission income – is expected to rise in the high single digits. As in 2020, positive momentum should again come from fund management, the securities business, insurance brokerage as well as a recovery in payment services fees. Given the average result seen in 2020, the net trading and fair value result is expected to come in higher. This, however, will depend substantially on the financial market environment. The remaining income components are forecast to remain, by and large, stable. Overall, operating income should increase markedly in 2021. Operating expenses are expected to rise slightly in 2021, partly due to re-emerging wage pressure across all Erste Group markets. In addition, Erste Group will continue to invest in IT in 2021 and thus strengthening its competitive position, with a focus on progressive IT modernisation, back office digitalisation and expansion of the digital platform George. The rollout of George in Hungary and Croatia should be completed in 2021, as a result of which customers will be able to access George in the six largest core markets. Despite a hard to predict business environment, Erste Group expects solid positive jaws.

Based on the improved macro outlook described above, risks costs should decline significantly in 2021. While precise forecasting is hard in the current Covid-19 environment, Erste Group believes that in 2021 risk costs will not exceed 30 basis points of average gross customer loans. The NPL ratio is expected not to exceed 3%.

Other operating result is expected to remain unchanged in the absence of significant one-off effects. Assuming a lower tax rate of about 20% and despite higher minority charges than in the previous year, Erste Group aims to achieve a significant improvement in net profit resulting in a double-digit ROTE. Erste Group's CET1 ratio is expected to remain strong. As the ECB lifted its dividend recommendation, an additional EUR 1/share is expected to be paid in the fourth quarter of 2021 following approval by an extraordinary general meeting. For the 2021 fiscal year Erste Group targets a dividend of EUR 1.6 per share, thereby returning to its progressive dividend policy.

Potential risks to the guidance are besides other than expected (geo)political, economic (monetary and fiscal policies) and regulatory measures and developments also global health risks and changes to the competitive environment. In addition, given the Covid-19 governmental measures and their impact on the economic development, financial forecasts are still subject to an elevated level of uncertainty. 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.

## PERFORMANCE IN DETAIL

| in EUR million   | 1-6 20         | 1-6 21         | Change            |
|--|----------------|----------------|-------------------|
| Net interest income  | 2,396.9        | 2,448.7        | 2.2%              |
| Net fee and commission income  | 956.7          | 1,099.0        | 14.9%             |
| Net trading result and gains/losses from financial instruments at FVPL | 9.3            | 126.7          | >100.0%           |
| Operating income   | 3,471.9        | 3,790.7        | 9.2%              |
| Operating expenses   | -2,114.7       | -2,103.0       | -0.6%             |
| <b>Operating result</b>  | <b>1,357.2</b> | <b>1,687.7</b> | <b>24.4%</b>      |
| Impairment result from financial instruments                           | -675.4         | -82.9          | -87.7%            |
| Other operating result   | -169.9         | -172.4         | 1.5%              |
| Levies on banking activities   | -83.0          | -52.2          | -37.1%            |
| <b>Pre-tax result from continuing operations</b>                       | <b>510.1</b>   | <b>1,435.1</b> | <b>&gt;100.0%</b> |
| Taxes on income  | -140.3         | -287.3         | >100.0%           |
| <b>Net result for the period</b>                                       | <b>369.8</b>   | <b>1,147.8</b> | <b>&gt;100.0%</b> |
| Net result attributable to non-controlling interests                   | 76.1           | 229.8          | >100.0%           |
| <b>Net result attributable to owners of the parent</b>                 | <b>293.8</b>   | <b>918.0</b>   | <b>&gt;100.0%</b> |

### Net interest income

Net interest income rose to EUR 2,448.7 million (EUR 2,396.9 million). Positive contributions came from the one-off effect from the take-up of TLTRO III funds in Austria and Slovakia in the amount of EUR 92.4 million (EUR 8.0 million) as well as from a significant decline in modification losses from lending, which are reported in net interest income. Low interest rate had a negative impact on the net interest income in all core markets except Hungary and Serbia. The net interest margin (calculated as the annualized sum of net interest income, dividend income and net result from equity method investments over average interest-bearing assets) stood at 2.07% (2.10%).

### Net fee and commission income

Net fee and commission income increased to EUR 1,099.0 million (EUR 956.7 million). Growth was recorded across all fee and commission categories and all core markets. The most notable rises were seen in payment services in Austria, Romania, Hungary and Slovakia as well as in the securities business and in asset management in Austria. Significant growth was also achieved in the securities business in the Czech Republic.

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

Valuation effects have a substantial impact on the net trading result as well as on the line item gains/losses from financial instruments measured at fair value through profit or loss. Debt securities issued measured at FV through profit or loss have a significant impact on these line items as related valuation results are shown in the line item gains/losses from financial instruments measured at fair value through profit or loss, while the valuation results of corresponding hedges are shown in net trading result – as are financial assets in the fair value and trading portfolios.

Due to valuation effects resulting from interest rate developments in the derivatives business as well as growth in foreign exchange trading, net trading result improved to EUR 43.1 million (EUR -19.2 million). Gains/losses from financial instruments measured at fair value rose to EUR 83.6 million (EUR 28.5 million). With long-term interest rates up, small losses from the valuation of the securities and loan portfolios measured at fair value were offset by significantly higher gains from the valuation of debt securities in issue.

### General administrative expenses

| in EUR million                         | 1-6 20         | 1-6 21         | Change       |
|--|----------------|----------------|--------------|
| Personnel expenses                     | 1,265.5        | 1,248.9        | -1.3%        |
| Other administrative expenses          | 583.3          | 581.3          | -0.4%        |
| Depreciation and amortisation          | 265.9          | 272.8          | 2.6%         |
| <b>General administrative expenses</b> | <b>2,114.7</b> | <b>2,103.0</b> | <b>-0.6%</b> |

General administrative expenses declined to EUR 2,103.0 million (EUR 2,114.7 million). **Personnel expenses** decreased to EUR 1,248.9 million (EUR 1,265.5 million). On the back of lower average headcounts, cost reductions were achieved primarily in Austria and Romania.

**Other administrative expenses** were lower at EUR 581.3 million (EUR 583.3 million). Contributions to deposit insurance systems – except for Serbia already for the full year – were substantially higher at EUR 109.2 million (EUR 92.3 million). Contributions were up sharply in Austria, to EUR 76.7 million (EUR 62.7 million) and in Slovakia, to EUR 9.4 million (EUR 1.1 million). No further payments are currently due in Croatia. **Depreciation and amortisation** amounted to EUR 272.8 million (EUR 265.9 million).

## Headcount as of end of the period

|   | Dec 20        | Jun 21        | Change       |
|---|---------------|---------------|--------------|
| <b>Austria</b>                                | <b>15,942</b> | <b>15,842</b> | <b>-0.6%</b> |
| Erste Group, EB Oesterreich and subsidiaries  | 8,866         | 8,796         | -0.8%        |
| Haftungsverbund savings banks                 | 7,076         | 7,046         | -0.4%        |
| <b>Outside Austria</b>                        | <b>29,748</b> | <b>29,281</b> | <b>-1.6%</b> |
| Česká spořitelna Group                        | 9,820         | 9,701         | -1.2%        |
| Banca Comercială Română Group                 | 5,645         | 5,503         | -2.5%        |
| Slovenská sporiteľňa Group                    | 3,770         | 3,715         | -1.5%        |
| Erste Bank Hungary Group                      | 3,227         | 3,221         | -0.2%        |
| Erste Bank Croatia Group                      | 3,252         | 3,255         | 0.1%         |
| Erste Bank Serbia Group                       | 1,198         | 1,207         | 0.8%         |
| Savings banks subsidiaries                    | 1,625         | 1,463         | -9.9%        |
| Other subsidiaries and foreign branch offices | 1,213         | 1,216         | 0.2%         |
| <b>Total</b>                                  | <b>45,690</b> | <b>45,124</b> | <b>-1.2%</b> |

## Operating result

Operating income increased to EUR 3,790.7 million (+9.2%; EUR 3,471.9 million), with a marked rise in key income components, most notably net fee and commission income, but also net interest income. General administrative expenses declined slightly to EUR 2,103.0 million (-0.6%; EUR 2,114.7 million) due to lower personnel expenses. The operating result rose to EUR 1,687.7 million (+24.4%; EUR 1,357.2 million). The cost/income ratio improved to 55.5% (60.9%).

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

Gains from derecognition of financial instruments not measured at fair value through profit or loss amounted to EUR 2.7 million (losses of EUR -1,8 million). This line item includes primarily gains/losses from the sale of securities.

## Impairment result from financial instruments

The impairment result from financial instruments amounted to EUR -82.9 million (EUR -675.4 million). Net allocations to provisions for loans and advances declined to EUR 75.9 million (EUR 664.1 million), those for commitments and guarantees given to EUR 26.4 million (EUR 70.6 million). Positive contributions came from the release of provisions for loans in Austria as well as from income from the recovery of loans already written off in all segments in the amount of EUR 33.6 million (EUR 88.6 million). In the comparative period, updated risk parameters with forward-looking information as well as and stage overlays related to the Covid-19 pandemic had led to a significant rise in allocations to provisions.

## Other operating result

Other operating result came in at EUR -172.4 million (EUR -169.9 million). Levies on banking activities declined to EUR 52.2 million (EUR 83.0 million). This decline is attributable to the abolition of banking levies in Slovakia, which had amounted to EUR 16.9 million in the comparative period. Banking levies payable in Austria were slightly up at EUR 13.9 million (EUR 12.6 million). Hungarian banking tax – already posted upfront for the full year 2021 – rose to EUR 14.9 million (EUR 14.3 million). Together with the financial transaction tax of EUR 23.3 million (EUR 22.3 million), banking levies in Hungary totaled EUR 38.2 million (EUR 36.6 million).

The balance of allocations/releases of other provisions improved to EUR 15.6 million (EUR -5.3 million). Other operating result also reflects the annual contributions to resolution funds in the amount of EUR 108.2 million (EUR 93.7 million). Increases were recorded above all in Austria to EUR 51.5 million (EUR 43.6 million) and in Romania to EUR 11.3 million (EUR 7.7 million).

## Net result

The pre-tax result from continuing operations amounted to EUR 1,435.1 million (EUR 510.1 million). Taxes on income rose to EUR 287.3 million (EUR 140.3 million). The minority charge increased to EUR 229.8 million (EUR 76.1 million) due to higher earnings contributions of the savings banks. The net result attributable to owners of the parent rose to EUR 918.0 million (EUR 293.8 million).



## FINANCIAL RESULTS – QUARTER-ON-QUARTER COMPARISON

Financial results from the second quarter of 2021 are compared with those from the first quarter of 2021.

| in EUR million  | Q2 20        | Q3 20        | Q4 20        | Q1 21        | Q2 21        |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>Income statement</b>   |              |              |              |              |              |
| Net interest income   | 1,167.9      | 1,192.4      | 1,185.6      | 1,172.1      | 1,276.5      |
| Net fee and commission income   | 452.5        | 491.6        | 528.5        | 540.0        | 559.0        |
| Dividend income   | 13.3         | 0.9          | 4.3          | 4.8          | 15.6         |
| Net trading result  | 138.2        | 28.2         | 128.6        | 9.5          | 33.6         |
| Gains/losses from financial instruments measured at fair value through profit or loss | -8.9         | 52.9         | -19.4        | 56.9         | 26.7         |
| Net result from equity method investments   | 2.6          | 4.0          | 0.5          | 1.5          | 4.7          |
| Rental income from investment properties & other operating leases                     | 43.5         | 44.0         | 41.3         | 43.7         | 45.9         |
| Personnel expenses  | -635.5       | -636.7       | -618.5       | -622.4       | -626.5       |
| Other administrative expenses   | -238.6       | -235.6       | -339.9       | -345.8       | -235.5       |
| Depreciation and amortisation   | -129.4       | -136.1       | -138.9       | -135.1       | -137.8       |
| Gains/losses from derecognition of financial assets at AC                             | -0.1         | -0.1         | 6.6          | 2.5          | 0.8          |
| Other gains/losses from derecognition of financial instruments not at FVPL            | -0.5         | 1.4          | 0.3          | -0.3         | -0.3         |
| Impairment result from financial instruments  | -613.7       | -194.7       | -424.7       | -35.7        | -47.2        |
| Other operating result  | -42.3        | -43.8        | -64.6        | -126.7       | -45.6        |
| Levies on banking activities  | -33.1        | -17.3        | -17.4        | -33.2        | -19.0        |
| <b>Pre-tax result from continuing operations</b>                                      | <b>148.8</b> | <b>568.3</b> | <b>289.6</b> | <b>565.1</b> | <b>870.1</b> |
| Taxes on income   | -37.3        | -123.9       | -78.3        | -124.3       | -163.0       |
| <b>Net result for the period</b>  | <b>111.5</b> | <b>444.4</b> | <b>211.3</b> | <b>440.8</b> | <b>707.0</b> |
| Net result attributable to non-controlling interests                                  | 53.0         | 101.0        | 65.2         | 85.7         | 144.2        |
| <b>Net result attributable to owners of the parent</b>                                | <b>58.5</b>  | <b>343.3</b> | <b>146.0</b> | <b>355.1</b> | <b>562.9</b> |

**Net interest income** increased to EUR 1,276.5 million (+8.9%; EUR 1,172.1 million). Increases were recorded in the Czech Republic and Hungary. Another positive contribution came from a one-off effect in the amount of EUR 92.4 million resulting from the uptake of TLTRO III funds in Austria and Slovakia. **Net fee and commission income** rose to EUR 559.0 million (+3.5%; EUR 540.0 million). Growth was registered in nearly all core markets, most notably in payment services. Dividend income amounted to EUR 15.6 million (EUR 4.8 million). The increase in **net trading result** to EUR 33.6 million (EUR 9.5 million) is attributable to foreign exchange trading as well as valuation effects in the derivatives and securities business resulting from interest rate developments. Gains/losses from financial instruments measured at fair value through profit or loss declined to EUR 26.7 million (EUR 56.9 million), primarily due to valuation gains on debt securities in issue on the back of interest rate developments.

**General administrative expenses** declined to EUR 999.7 million (-9.4%; EUR 1,103.3 million). Personnel expenses rose to EUR 626.5 million (+0.7%; EUR 622.4 million). Other administrative expenses decreased to EUR 235.5 million (-31.9%; EUR 345.8 million) as almost all deposit insurance contributions for the full year were booked in the first quarter of 2021. Depreciation and amortisation increased to EUR 137.8 million (EUR 135.1 million). The **cost/income ratio** stood at 51.0% (60.3%).

**Gains/losses from derecognition of financial instruments not measured at fair value through profit or loss** amounted to EUR 0.5 million (EUR 2.2 million).

The **impairment result from financial instruments** amounted to EUR -47.2 million (EUR -35.7 million). Net allocations to provisions for commitments and guarantees given were up. Lower income from the recovery of loans already written off also had a negative impact.

**Other operating result** improved to EUR -45.6 million (EUR -126.7 million). Levies on banking activities amounted to EUR 19.0 million (EUR 33.2 million). Thereof, EUR 11.9 million (EUR 26.2 million) were charged in Hungary, almost exclusively in the form of transaction taxes. Total banking tax for 2021 in the amount of EUR 14.7 million had already been posted upfront in the previous quarter. Banking tax in Austria was unchanged quarter on quarter at EUR 7.0 million (EUR 7.0 million). After an adjustment of the contributions to resolutions funds expected for 2021, another EUR 8.0 million (EUR 100.3 million) was posted in this line item.

The **pre-tax result** increased to EUR 870.1 million (EUR 565.1 million). Taxes on income amounted to EUR 163.0 million (EUR 124.3 million). The minority charge rose to EUR 144.2 million (EUR 85.7 million). As a result, the **net result attributable to owners of the parent** improved to EUR 562.9 million (EUR 355.1 million).

## DEVELOPMENT OF THE BALANCE SHEET

| in EUR million                         | Dec 20         | Jun 21         | Change      |
|--|----------------|----------------|-------------|
| <b>Assets</b>                          |                |                |             |
| Cash and cash balances                 | 35,839         | 48,421         | 35.1%       |
| Trading, financial assets              | 46,849         | 50,849         | 8.5%        |
| Loans and advances to banks            | 21,466         | 24,541         | 14.3%       |
| Loans and advances to customers        | 166,050        | 172,114        | 3.7%        |
| Intangible assets                      | 1,359          | 1,342          | -1.2%       |
| Miscellaneous assets                   | 5,830          | 6,168          | 5.8%        |
| <b>Total assets</b>                    | <b>277,394</b> | <b>303,435</b> | <b>9.4%</b> |
| <b>Liabilities and equity</b>          |                |                |             |
| Financial liabilities held for trading | 2,625          | 2,412          | -8.1%       |
| Deposits from banks                    | 24,771         | 34,643         | 39.9%       |
| Deposits from customers                | 191,070        | 206,256        | 7.9%        |
| Debt securities issued                 | 30,676         | 30,243         | -1.4%       |
| Miscellaneous liabilities              | 5,840          | 6,510          | 11.5%       |
| Total equity                           | 22,410         | 23,371         | 4.3%        |
| <b>Total liabilities and equity</b>    | <b>277,394</b> | <b>303,435</b> | <b>9.4%</b> |

The rise in **cash and cash balances** to EUR 48.4 billion (EUR 35.8 billion) was primarily due to large cash balances held at central banks, not least due to increased TLTRO III funds. **Trading and investment securities** held in various categories of financial assets increased to EUR 50.8 billion (EUR 46.8 billion).

**Loans and advances to credit institutions (net)**, including demand deposits other than overnight deposits, rose, primarily in the Czech Republic, to EUR 24.5 billion (EUR 21.5 billion). **Loans and advances to customers (net)** increased – most notably in Austria and the Czech Republic – to EUR 172.1 billion (EUR 166.1 billion) driven by retail and corporate loan growth.

**Loan loss allowances for loans to customers** were unchanged at EUR 4.0 billion (EUR 4.0 billion). The **NPL ratio** – non-performing loans as a percentage of gross customer loans – improved to 2.5% (2.7%), the **NPL coverage ratio** (based on gross customer loans) to 91.4% (88.6%).

**Intangible assets** remained nearly unchanged at EUR 1.3 billion (EUR 1.4 billion). **Miscellaneous assets** amounted to EUR 6.2 billion (EUR 5.8 billion).

**Financial liabilities – held for trading** declined to EUR 2.4 billion (EUR 2.6 billion). **Deposits from banks**, primarily in the form of term deposits, rose to EUR 34.6 billion (EUR 24.8 billion), including TLTRO III funds with a carrying amount of EUR 19.6 billion (EUR 14.1 billion); **deposits from customers** increased to EUR 206.3 billion (EUR 191.1 billion) due to strong growth in overnight deposits (leasing liabilities of EUR 0.6 billion are not included in this position). The **loan-to-deposit ratio** declined significantly to 83.4% (86.9%). **Debt securities in issue** were lower at EUR 30.2 billion (EUR 30.7 billion). **Miscellaneous liabilities** amounted to EUR 6.5 billion (EUR 5.8 billion).

**Total assets** rose to EUR 303.4 billion (EUR 277.4 billion). **Total equity** increased to EUR 23.4 billion (EUR 22.4 billion). This includes AT1 instruments in the amount of EUR 2,733.0 million from five issuances (June 2016, April 2017, March 2019, January 2020 and November 2020). After regulatory deductions and filtering according to the Capital Requirements Regulation (CRR) **common equity tier 1 capital** (CET1, CRR final) rose to EUR 18.0 billion (EUR 17.1 billion) as were total **own funds** (CRR final) to EUR 23.8 billion (EUR 23.6 billion). The above figures do include interim profit. Total risk – **risk-weighted assets** including credit, market and operational risk (CRR final) – increased moderately to EUR 127.1 billion (EUR 120.2 billion).

The **total capital ratio**, total eligible qualifying capital in relation to total risk (CRR final), stood at 18.7% (19.7%), well above the legal minimum requirement. The **tier 1 ratio** stood at 15.9% (16.5%), the **common equity tier 1 ratio** at 14.2% (14.2%) (both ratios CRR final).

## SEGMENT REPORTING

### January-June 2021 compared with January-June 2020

Erste Group's segment reporting is based on a matrix organisation. It provides comprehensive information to assess the performance of geographical (operating) segments as well as business segments. The tables and information below provide a brief overview and focus on selected and summarized items. For more details please see Note 28. At [www.erstegroup.com/investorrelations](http://www.erstegroup.com/investorrelations) additional information is available in Excel format.

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 summarized 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 summarizes 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.

## GEOGRAPHICAL (OPERATING) SEGMENTS

### Erste Bank Oesterreich & Subsidiaries

| in EUR million   | 1-6 20 | 1-6 21 | Change  |
|--|--------|--------|---------|
| Net interest income  | 321.0  | 322.6  | 0.5%    |
| Net fee and commission income  | 201.3  | 221.7  | 10.1%   |
| Net trading result and gains/losses from financial instruments at FVPL | 5.4    | 7.1    | 32.0%   |
| Operating income   | 563.5  | 587.9  | 4.3%    |
| Operating expenses   | -352.8 | -350.9 | -0.6%   |
| Operating result   | 210.7  | 237.0  | 12.5%   |
| Cost/income ratio  | 62.6%  | 59.7%  |         |
| Impairment result from financial instruments                           | -81.5  | -14.7  | -82.0%  |
| Other result   | -8.1   | -23.5  | >100.0% |
| Net result attributable to owners of the parent                        | 71.9   | 139.1  | 93.4%   |
| Return on allocated capital  | 10.9%  | 16.6%  |         |

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 slightly due to a one-off booking related to TLTRO III refinancing with ECB (EUR 20.1 million) and higher loan volumes, largely offset by lower margins for customer loans and higher interest expense from placement of excess liquidity. Net fee and commission income rose on the back of higher income from securities and payment fees. The improvement in net trading result and gains/losses from financial instruments at FVPL was driven by valuation effects. Operating expenses went down mainly due lower IT and marketing costs, partially offset by an increase of the deposit insurance contribution to EUR 32.3 million (EUR 27.6 million) due to higher deposit volumes. Consequently, operating result increased and the cost/income ratio improved. Impairment result from financial instruments improved as last year the updated risk parameters with forward looking information and stage overlays related to the Covid-19 crisis led to significantly higher risk provisioning. Other result worsened mainly due to lower selling gains from real estate. Payments into the resolution fund increased to EUR 12.3 million (EUR 10.5 million). Banking tax amounted to EUR 2.1 million (EUR 1.8 million). Overall, the net result attributable to owners of the parent improved significantly.

## Savings Banks

| in EUR million   | 1-6 20 | 1-6 21 | Change  |
|--|--------|--------|---------|
| Net interest income  | 532.1  | 537.0  | 0.9%    |
| Net fee and commission income  | 255.2  | 281.7  | 10.4%   |
| Net trading result and gains/losses from financial instruments at FVPL | -25.6  | 20.2   | n/a     |
| Operating income   | 782.9  | 860.3  | 9.9%    |
| Operating expenses   | -556.2 | -548.4 | -1.4%   |
| Operating result   | 226.7  | 311.9  | 37.6%   |
| Cost/income ratio  | 71.0%  | 63.7%  |         |
| Impairment result from financial instruments                           | -140.8 | 15.1   | n/a     |
| Other result   | -10.4  | -10.9  | 4.9%    |
| Net result attributable to owners of the parent                        | 16.7   | 46.4   | >100.0% |
| Return on allocated capital  | 3.4%   | 13.6%  |         |

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 a one-off booking related to TLTRO III refinancing with ECB (EUR 13 million) and higher loan volumes, largely offset by lower margins for customer loans and higher interest expense on the placement of excess liquidity. Net fee and commission income increased on the back of higher securities and payment fees. The notable improvement of net trading result and gains/losses from financial instruments at FVPL was primarily driven by valuation effects. Operating expenses declined due to lower IT and personnel costs. This decrease was partially offset by higher payments into deposit insurance fund of EUR 44.3 million (EUR 35.0 million). Overall, operating result as well as the cost/income ratio improved. Impairment result from financial instruments improved as last year the updated risk parameters with forward looking information and stage overlays related to the Covid-19 crisis led to significantly higher risk provisioning. Other result remained largely stable. The resolution fund contribution amounted to EUR 11.2 million (EUR 9.5 million). Banking tax remained almost unchanged at EUR 2.5 million (EUR 2.2 million). Overall, the net result attributable to the owners of the parent increased considerably.

## Other Austria

| in EUR million   | 1-6 20 | 1-6 21 | Change  |
|--|--------|--------|---------|
| Net interest income  | 226.9  | 195.4  | -13.9%  |
| Net fee and commission income  | 118.6  | 152.6  | 28.7%   |
| Net trading result and gains/losses from financial instruments at FVPL | -46.2  | 32.2   | n/a     |
| Operating income   | 323.2  | 401.9  | 24.4%   |
| Operating expenses   | -176.6 | -169.3 | -4.1%   |
| Operating result   | 146.6  | 232.6  | 58.7%   |
| Cost/income ratio  | 54.6%  | 42.1%  |         |
| Impairment result from financial instruments                           | -110.7 | 0.8    | n/a     |
| Other result   | 5.8    | 18.4   | >100.0% |
| Net result attributable to owners of the parent                        | 31.0   | 191.3  | >100.0% |
| Return on allocated capital  | 3.3%   | 16.2%  |         |

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 went down primarily in Holding markets business on the back of unfavorable market interest rate developments, partially compensated by higher result from corporate lending in the Holding. Net fee and commission income increased due to a higher contribution of securities business and higher assets under management with institutional clients in Austria as well as the good development of corporate lending in the Holding. Net trading result and gains/losses from financial instruments at FVPL increased significantly due to valuation results of interest rate derivatives, FX derivatives and bonds. Overall, operating income improved notably while operating expenses decreased, mostly on lower costs in foreign branches. Consequently, operating result and the cost/income improved. The impairment result from financial instruments improved as last year the updated risk parameters with forward looking information and stage overlays related to the Covid-19 crisis led to significant risk provisioning in the corporate portfolio. Other result improved mainly due to real estate selling gains and lower level of provisions for non-financial commitments. Other result included the resolution fund contribution of EUR 3.7 million (EUR 4.2 million). Overall, the net result attributable to owners of the parent improved significantly.

## Czech Republic

| in EUR million   | 1-6 20 | 1-6 21 | Change |
|--|--------|--------|--------|
| Net interest income  | 533.4  | 535.1  | 0.3%   |
| Net fee and commission income  | 151.0  | 175.5  | 16.2%  |
| Net trading result and gains/losses from financial instruments at FVPL | 44.9   | 37.6   | -16.3% |
| Operating income   | 733.9  | 758.1  | 3.3%   |
| Operating expenses   | -371.9 | -385.8 | 3.8%   |
| Operating result   | 362.0  | 372.3  | 2.8%   |
| Cost/income ratio  | 50.7%  | 50.9%  |        |
| Impairment result from financial instruments                           | -135.8 | -32.9  | -75.8% |
| Other result   | -30.6  | -36.7  | 20.1%  |
| Net result attributable to owners of the parent                        | 155.1  | 233.3  | 50.4%  |
| Return on allocated capital  | 12.1%  | 15.9%  |        |

The segment analysis is done on a constant currency basis. The CZK appreciated by 1.8% against the EUR in the reporting period. Net interest income in the Czech Republic segment (comprising Česká spořitelna Group) decreased in local currency terms on the back of significantly lower interest rates, although volume growth in retail deposits and housing loans and the non-recurrence of loan repayment moratorium modification losses contributed positively. The increase in net fee and commission income was mainly driven by higher securities and insurance brokerage fees. Negative valuation effects resulted in a lower net trading result and gains/losses from financial instruments at FVPL. Operating expenses increased due to higher personnel as well as IT costs. Contribution into the deposit insurance fund amounted to EUR 10.7 million (EUR 10.2 million). Overall, the operating result increased and the cost/income ratio worsened marginally. Impairment result from financial instruments improved significantly as last year the updated risk parameters with forward looking information and stage overlays related to the Covid-19 crisis led to high risk provisioning. Other result deteriorated mainly due to higher contributions to the resolution fund of EUR 31.6 million (EUR 29.2 million) and lower income after the sale of a subsidiary. Altogether, these developments led to a significant improvement in the net result attributable to the owners of the parent.

## Slovakia

| in EUR million   | 1-6 20 | 1-6 21 | Change  |
|--|--------|--------|---------|
| Net interest income  | 219.5  | 221.4  | 0.8%    |
| Net fee and commission income  | 67.9   | 79.5   | 17.0%   |
| Net trading result and gains/losses from financial instruments at FVPL | 3.4    | 3.9    | 16.7%   |
| Operating income   | 293.3  | 308.9  | 5.3%    |
| Operating expenses   | -144.6 | -147.9 | 2.3%    |
| Operating result   | 148.7  | 161.0  | 8.3%    |
| Cost/income ratio  | 49.3%  | 47.9%  |         |
| Impairment result from financial instruments                           | -63.5  | -26.0  | -59.1%  |
| Other result   | -40.0  | -8.4   | -78.9%  |
| Net result attributable to owners of the parent                        | 34.8   | 96.4   | >100.0% |
| Return on allocated capital  | 6.3%   | 15.9%  |         |

Net interest income in the Slovakia segment (comprising Slovenská sporiteľňa Group) increased mainly due to a one-off booking related to TLTRO III refinancing with ECB (EUR 12.9 million), largely offset by a lower consumer loans volume and lower margins for housing loans in the retail business. Net fee and commission income increased on the back of higher income from payment, securities and insurance brokerage fees. Net trading result and gains/losses from financial instruments at FVPL improved marginally. Operating expenses increased due to a higher deposit insurance contribution of EUR 9.4 million (EUR 1.1 million) on the back of a methodology change. This increase was partially compensated by lower depreciation and personnel expenses. Consequently, operating result increased and the cost/income ratio improved. Impairment result from financial instruments improved significantly as last year the updated risk parameters with forward looking information and stage overlays related to Covid-19 crisis led to high risk provisioning. Other result improved due to the abolition of the banking tax as of the second half of last year (EUR 33.8 million in the first half year of 2020). Payment into the resolution fund increased slightly to EUR 4.7 million (EUR 4.0 million). Overall, the net result attributable to the owners of the parent increased.

## Romania

| in EUR million   | 1-6 20 | 1-6 21 | Change |
|--|--------|--------|--------|
| Net interest income  | 220.5  | 215.2  | -2.4%  |
| Net fee and commission income  | 65.6   | 78.3   | 19.3%  |
| Net trading result and gains/losses from financial instruments at FVPL | 29.7   | 35.5   | 19.8%  |
| Operating income   | 327.5  | 341.3  | 4.2%   |
| Operating expenses   | -167.2 | -163.6 | -2.1%  |
| Operating result   | 160.3  | 177.7  | 10.8%  |
| Cost/income ratio  | 51.0%  | 47.9%  |        |
| Impairment result from financial instruments                           | -35.3  | -15.8  | -55.3% |
| Other result   | -11.7  | -18.7  | 59.2%  |
| Net result attributable to owners of the parent                        | 81.5   | 116.7  | 43.2%  |
| Return on allocated capital  | 12.0%  | 13.7%  |        |

The segment analysis is done on a constant currency basis. The RON depreciated by 1.7% against the EUR in the reporting period. Net interest income in the Romania segment (comprising Banca Comercială Română Group), in particular in the retail business, was negatively impacted by the lower interest rate environment. Net fee and commission income improved mainly due to higher payment fees in retail and corporate business. Securities fees, insurance brokerage and lending fees went up as well. The increase of net trading result and gains/losses from financial instruments at FVPL was attributable to improved contribution from FX business and bond trading. Operating expenses decreased mainly due to lower personnel expenses driven by deconsolidation of a subsidiary as well as a lower deposit insurance contribution of EUR 3.4 million (EUR 4.4 million). Overall, operating result increased and the cost/income ratio improved. Impairment result from financial instruments improved as last year the updated risk parameters with forward looking information and stage overlays related to the Covid-19 crisis led to higher risk provisioning. The worsening of the other result was driven by a provision related to tax litigation and a higher resolution fund contribution of EUR 11.3 million (EUR 7.7 million). These effects were partially compensated by real estate selling gains. The net result attributable to the owners of the parent increased.

## Hungary

| in EUR million   | 1-6 20 | 1-6 21 | Change  |
|--|--------|--------|---------|
| Net interest income  | 103.7  | 120.7  | 16.5%   |
| Net fee and commission income  | 87.3   | 99.1   | 13.6%   |
| Net trading result and gains/losses from financial instruments at FVPL | 9.9    | 21.9   | >100.0% |
| Operating income   | 204.6  | 245.9  | 20.1%   |
| Operating expenses   | -110.5 | -112.0 | 1.4%    |
| Operating result   | 94.2   | 133.9  | 42.2%   |
| Cost/income ratio  | 54.0%  | 45.5%  |         |
| Impairment result from financial instruments                           | -49.9  | -3.2   | -93.7%  |
| Other result   | -39.3  | -34.7  | -11.6%  |
| Net result attributable to owners of the parent                        | -4.9   | 84.7   | n/a     |
| Return on allocated capital  | -1.1%  | 14.8%  |         |

The segment analysis is done on a constant currency basis. The HUF depreciated by 3.7% against the EUR in the reporting period. Net interest income in the Hungary segment (comprising Erste Bank Hungary Group) increased due to higher customer loan and deposit volumes as well as a positive contribution from securities and money market placements. Net fee and commission income rose predominantly on higher securities fees. Net trading result and gains/losses from financial instruments at FVPL increased due to valuation effects. Operating expenses went up on the back of higher IT, marketing and personnel costs as well as depreciation. Deposit insurance contributions went up slightly to EUR 6.3 million (EUR 6.2 million). Overall, operating result and the cost/income ratio improved. The significant improvement of the impairment result from financial instruments was a consequence of last year's update of risk parameters with forward looking information and stage overlays related to the Covid-19 crisis. Other result improved mainly due to releases of provisions for non-financial guarantees. This line item also included the banking tax of EUR 14.9 million (EUR 14.3 million), transaction tax of EUR 23.3 million (EUR 22.3 million) and the contribution to the resolution fund of EUR 5.6 million (EUR 3.5 million). Consequently, the net result attributable to the owners of the parent increased significantly.

## Croatia

| in EUR million   | 1-6 20 | 1-6 21 | Change  |
|--|--------|--------|---------|
| Net interest income  | 134.4  | 135.0  | 0.4%    |
| Net fee and commission income  | 44.1   | 46.2   | 4.8%    |
| Net trading result and gains/losses from financial instruments at FVPL | 9.8    | 13.4   | 36.5%   |
| Operating income   | 195.1  | 199.8  | 2.4%    |
| Operating expenses   | -111.2 | -106.0 | -4.6%   |
| Operating result   | 83.9   | 93.8   | 11.8%   |
| Cost/income ratio  | 57.0%  | 53.1%  |         |
| Impairment result from financial instruments                           | -52.8  | -5.1   | -90.4%  |
| Other result   | -10.2  | 10.6   | n/a     |
| Net result attributable to owners of the parent                        | 18.7   | 56.1   | >100.0% |
| Return on allocated capital  | 6.4%   | 15.8%  |         |

The segment analysis is done on a constant currency basis. The HRK depreciated moderately by 0.2% against the EUR in the reporting period. Net interest income in the Croatia segment (comprising Erste Bank Croatia Group) increased slightly as the effect of the lower interest rate environment was offset by the non-recurrence of modification losses related to loan moratoria booked last year. Net fee and commission income went up moderately due to higher payment and lending fees. Net trading result and gains/losses from financial instruments at FVPL improved driven by a higher result from foreign currency transactions. Operating expenses decreased on the back of a lower deposit insurance contribution of EUR 0.7 million (EUR 6.0 million) as well as lower personnel costs. Overall, operating result and the cost/income ratio improved. The significant improvement of the impairment result from financial instruments was a consequence of last year's update of risk parameters with forward looking information and stage overlays related to the Covid-19 crisis which lead to high risk provisioning. Other result improved mainly due to releases of provisions for legal expenses and the lower resolution fund contribution of EUR 3.4 million (EUR 5.7 million). Consequently, the net result attributable to the owners of the parent increased.

## Serbia

| in EUR million   | 1-6 20 | 1-6 21 | Change  |
|--|--------|--------|---------|
| Net interest income  | 30.7   | 35.2   | 14.6%   |
| Net fee and commission income  | 7.5    | 9.1    | 21.9%   |
| Net trading result and gains/losses from financial instruments at FVPL | 1.8    | 2.8    | 50.7%   |
| Operating income   | 40.1   | 47.1   | 17.7%   |
| Operating expenses   | -27.5  | -28.6  | 4.1%    |
| Operating result   | 12.5   | 18.5   | 47.5%   |
| Cost/income ratio  | 68.7%  | 60.7%  |         |
| Impairment result from financial instruments                           | -7.7   | -3.4   | -55.0%  |
| Other result   | -0.4   | -2.4   | >100.0% |
| Net result attributable to owners of the parent                        | 3.5    | 9.7    | >100.0% |
| Return on allocated capital  | 4.2%   | 9.4%   |         |

The segment analysis is done on a constant currency basis. The Serbian Dinar (RSD) remained stable against the EUR in the reporting period. Net interest income in the Serbia segment (comprising Erste Bank Serbia Group) increased mainly due to higher loan and deposit volumes in retail and corporate business. Net fee and commission income went up moderately due to higher payment fees. Net trading result and gains/losses from financial instruments at FVPL increased driven by a higher result from foreign currency transactions. Operating expenses rose mainly due to higher personnel expenses owing to an increase in full time employees. Deposit insurance contribution rose to EUR 2.0 million (EUR 1.7 million). Operating result increased and the cost/income ratio improved. Impairment result from financial instruments improved as last year the updated risk parameters with forward looking information and stage overlays related to the Covid-19 crisis led to high risk provisioning. Other result deteriorated due to higher provisions for litigations. Overall, the net result attributable to owners of the parent increased.

## Other

| in EUR million   | 1-6 20  | 1-6 21  | Change  |
|--|---------|---------|---------|
| Net interest income  | 74.7    | 131.1   | 75.4%   |
| Net fee and commission income  | -41.9   | -44.7   | 6.6%    |
| Net trading result and gains/losses from financial instruments at FVPL | -23.7   | -47.9   | >100.0% |
| Operating income   | 7.9     | 39.4    | >100.0% |
| Operating expenses   | -96.3   | -90.4   | -6.1%   |
| Operating result   | -88.4   | -51.0   | -42.3%  |
| Cost/income ratio  | >100.0% | >100.0% |         |
| Impairment result from financial instruments                           | 2.5     | 2.1     | -16.6%  |
| Other result   | -26.9   | -63.3   | >100.0% |
| Net result attributable to owners of the parent                        | -114.6  | -55.8   | -51.4%  |
| Return on allocated capital  | -3.1%   | -1.7%   |         |

The residual segment Other consists mainly of internal service providers, the Group Asset/Liability Management and the Corporate Center of Erste Group Bank AG as well as the reconciliation to the consolidated accounting result (e.g. intercompany elimination, dividend elimination) and free capital.

Operating income improved primarily due to one-off booking related to TLTRO III refinancing with ECB partially offset by lower valuation effects. As a decrease in operating expenses also contributed positively, operating result improved. Other result deteriorated on the back of negative valuation effects. The tax charge developed positively. Consequently, the net result attributable to owners of the parent improved.

## BUSINESS SEGMENTS

### Retail

| in EUR million   | 1-6 20   | 1-6 21   | Change |
|--|----------|----------|--------|
| Net interest income  | 1,063.8  | 1,026.9  | -3.5%  |
| Net fee and commission income  | 504.0    | 576.2    | 14.3%  |
| Net trading result and gains/losses from financial instruments at FVPL | 40.6     | 55.2     | 36.2%  |
| Operating income   | 1,622.5  | 1,674.6  | 3.2%   |
| Operating expenses   | -1,029.9 | -1,027.6 | -0.2%  |
| Operating result   | 592.6    | 647.0    | 9.2%   |
| Cost/income ratio  | 63.5%    | 61.4%    |        |
| Impairment result from financial instruments                           | -245.1   | -31.8    | -87.0% |
| Other result   | -51.1    | -27.5    | -46.2% |
| Net result attributable to owners of the parent                        | 241.0    | 465.3    | 93.1%  |
| Return on allocated capital  | 15.3%    | 27.1%    |        |

The Retail segment comprises the entire business with private individuals, free professionals and micros in the responsibility of account managers in the retail network of the local banks cooperating with their specialised subsidiaries (such as leasing and asset management companies).

The decrease in net interest income was driven by a change of transfer prices in deposit business as a response to the lower interest rate environment, leading to a negative impact in the Retail segment and a corresponding positive effect in ALM & Local Corporate Center. Contributions from the lending business in Slovakia and Austria declined primarily on the impact of lower market rates. These negative effects were partially mitigated by the growth of customer loan volumes across all markets. Net fee and commission income increased due to higher fees from securities business, higher payment fees and improved insurance brokerage fees which were partially offset by lower fees from lending business in the Czech Republic and Hungary. Net trading result and gains/losses from financial instruments FVPL increased due to higher foreign currency transactions in the Czech Republic, Croatia and Hungary as well as positive valuation effects in Hungary. Operating expenses decreased slightly mainly due to a lower deposit insurance contribution in Croatia. Consequently, operating result increased and the cost/income ratio improved. The impairment result from financial instruments improved significantly across all markets as last year the updated risk parameters with forward looking information and stage overlays related to the Covid-19 crisis led to high risk provisioning. The abolition of the banking tax in Slovakia as of the second half of last year led to an improvement in other result. Overall, the net result attributable to the owners of the parent increased significantly.



## Corporates

| in EUR million   | 1-6 20 | 1-6 21 | Change  |
|--|--------|--------|---------|
| Net interest income  | 555.1  | 572.6  | 3.2%    |
| Net fee and commission income  | 134.8  | 152.3  | 13.0%   |
| Net trading result and gains/losses from financial instruments at FVPL | 14.1   | 43.8   | >100.0% |
| Operating income   | 759.0  | 824.2  | 8.6%    |
| Operating expenses   | -265.8 | -260.3 | -2.1%   |
| Operating result   | 493.3  | 563.9  | 14.3%   |
| Cost/income ratio  | 35.0%  | 31.6%  |         |
| Impairment result from financial instruments                           | -275.6 | -67.9  | -75.4%  |
| Other result   | -32.4  | 9.8    | n/a     |
| Net result attributable to owners of the parent                        | 114.0  | 383.1  | >100.0% |
| Return on allocated capital  | 6.2%   | 15.7%  |         |

The Corporates segment comprises business done with SMEs (small and medium sized enterprises), Large Corporate customers, as well as commercial real estate and public sector business.

Net interest income improved primarily due to higher customer loan volumes as well as higher income from early loan repayments. Net fee and commission income increased as a result of higher payment, lending and securities fees. Net trading result and gains/losses from financial instruments at FVPL improved significantly due to positive valuation effects mainly in the Holding and the Czech Republic. Operating expenses decreased in several core markets. Consequently, operating result went up and the cost/income ratio improved. The impairment result from financial instruments improved significantly as last year the updated risk parameters with forward looking information and stage overlays related to the Covid-19 crisis led to high risk provisioning. Other result improved mainly due to real estate selling gains as well as the release of provisions for legal expenses. Consequently, the net result attributable to the owners of the parent improved significantly.

## Group Markets

| in EUR million   | 1-6 20 | 1-6 21 | Change |
|--|--------|--------|--------|
| Net interest income  | 133.3  | 87.4   | -34.4% |
| Net fee and commission income  | 115.0  | 146.2  | 27.1%  |
| Net trading result and gains/losses from financial instruments at FVPL | -12.0  | 65.3   | n/a    |
| Operating income   | 236.4  | 299.3  | 26.6%  |
| Operating expenses   | -111.7 | -114.7 | 2.7%   |
| Operating result   | 124.7  | 184.6  | 48.0%  |
| Cost/income ratio  | 47.2%  | 38.3%  |        |
| Impairment result from financial instruments                           | -11.4  | -4.0   | -64.8% |
| Other result   | -13.8  | -16.0  | 15.6%  |
| Net result attributable to owners of the parent                        | 77.8   | 126.7  | 62.8%  |
| Return on allocated capital  | 18.1%  | 24.7%  |        |

The Group Markets segment comprises trading and markets services as well as business done with financial institutions.

Net interest income decreased on the back of lower market interest rates. Net fee and commission income increased mostly due to the higher contribution of securities business and higher assets under management with institutional clients in Austria. Net trading result and gains/losses from financial instruments at FVPL improved significantly due to valuation results of interest rate derivatives, FX derivatives and bonds. Overall, operating income increased notably. As operating expenses went up only slightly, operating result increased significantly, and the cost/income ratio improved. Impairment result from financial instruments improved due to lower provisioning requirements in Austria. Other result deteriorated mainly due to higher contributions to the resolution funds in Czech Republic and Romania. Overall, the net result attributable to the owners of the parent improved.

## Asset/Liability Management & Local Corporate Center

| in EUR million   | 1-6 20 | 1-6 21 | Change  |
|--|--------|--------|---------|
| Net interest income  | 18.2   | 145.1  | >100.0% |
| Net fee and commission income  | -41.4  | -41.0  | -1.0%   |
| Net trading result and gains/losses from financial instruments at FVPL | -1.6   | -13.2  | >100.0% |
| Operating income   | -3.5   | 114.0  | n/a     |
| Operating expenses   | -66.1  | -72.3  | 9.2%    |
| Operating result   | -69.7  | 41.7   | n/a     |
| Cost/income ratio  | >100%  | 63.4%  |         |
| Impairment result from financial instruments                           | -5.4   | 3.0    | n/a     |
| Other result   | -61.6  | -70.8  | 14.9%   |
| Net result attributable to owners of the parent                        | -122.6 | -47.6  | -61.2%  |
| Return on allocated capital  | -8.6%  | -2.3%  |         |

The 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 internal service providers and reconciliation items to local entity results.

Net interest income improved primarily due to a one-off booking related to TLTRO III refinancing with ECB (EUR 79.3 million), lower transfer prices that led to a negative impact in the retail segment and a corresponding positive effect in ALM & LCC as well as lower refinancing costs in the Holding and higher income from investments in Hungary. These effects were partially offset by higher interest expense from the placement of excess liquidity. Net fee and commission income remained stable. The worsening of net trading result and gains/losses from financial instruments at FVPL was driven by valuation effects. Operating expenses increased mainly due to higher deposit insurance contributions in Erste Bank Oesterreich and Slovakia which were partially compensated by methodological changes resulting in cost allocations to other business segments in Slovakia and Romania. Overall, operating result improved. Other result worsened primarily due to lower real estate selling gains in Austria and a provision related to tax litigation in Romania, partially compensated by higher real estate selling gains in Romania. Consequently, the net result attributable to the owners of the parent improved substantially.

## Savings Banks

The business segment Savings Banks is identical to the geographical (operating) segment Savings Banks.

## Group Corporate Center

| in EUR million   | 1-6 20  | 1-6 21  | Change |
|--|---------|---------|--------|
| Net interest income  | 41.3    | 44.9    | 8.5%   |
| Net fee and commission income  | 7.1     | 0.4     | -94.2% |
| Net trading result and gains/losses from financial instruments at FVPL | 34.9    | -19.3   | n/a    |
| Operating income   | 80.6    | 25.8    | -68.0% |
| Operating expenses   | -496.8  | -472.9  | -4.8%  |
| Operating result   | -416.2  | -447.1  | 7.4%   |
| Cost/income ratio  | >100.0% | >100.0% |        |
| Impairment result from financial instruments                           | 3.0     | 2.7     | -12.5% |
| Other result   | 403.4   | 331.4   | -17.8% |
| Net result attributable to owners of the parent                        | -33.2   | -56.0   | 68.4%  |
| Return on allocated capital  | -0.9%   | -2.1%   |        |

The Group Corporate Center segment covers mainly centrally managed activities and items that are not directly allocated to other segments. It includes the Corporate Center of Erste Group Bank AG as well as internal service providers, therefore in particular the line items “other operating result” and “general administrative expenses” should be considered together with intragroup eliminations. Furthermore, the free capital of Erste Group is included.

Operating income decreased on lower net trading result and gains/losses from financial instruments at FVPL due to valuation effects. As operating expenses decreased only slightly, operating result went down. Other result deteriorated on the back of negative valuation effects. Net result attributable to owners of the parent deteriorated.

# Condensed interim consolidated financial statements

Interim report – 1 January to 30 June 2021

## Consolidated statement of income

| in EUR thousand  | Notes | 1-6 20         | 1-6 21           |
|--|-------|----------------|------------------|
| Net interest income  | 1     | 2,396,895      | 2,448,659        |
| Interest income  | 1     | 2,645,215      | 2,434,098        |
| Other similar income   | 1     | 759,304        | 777,838          |
| Interest expenses  | 1     | -378,846       | -213,373         |
| Other similar expenses   | 1     | -628,777       | -549,904         |
| Net fee and commission income  | 2     | 956,720        | 1,099,039        |
| Fee and commission income  | 2     | 1,146,021      | 1,294,146        |
| Fee and commission expenses  | 2     | -189,302       | -195,107         |
| Dividend income  | 3     | 14,795         | 20,460           |
| Net trading result   | 4     | -19,194        | 43,122           |
| Gains/losses from financial instruments measured at fair value through profit or loss                            | 5     | 28,515         | 83,594           |
| Net result from equity method investments  |       | 5,878          | 6,175            |
| Rental income from investment properties & other operating leases  | 6     | 88,270         | 89,646           |
| Personnel expenses   | 7     | -1,265,497     | -1,248,872       |
| Other administrative expenses  | 7     | -583,346       | -581,297         |
| Depreciation and amortisation  | 7     | -265,861       | -272,832         |
| Gains/losses from derecognition of financial assets measured at amortised cost                                   | 8     | 316            | 3,280            |
| Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss | 9     | -2,150         | -587             |
| Impairment result from financial instruments   | 10    | -675,375       | -82,878          |
| Other operating result   | 11    | -169,861       | -172,367         |
| Levies on banking activities   | 11    | -82,969        | -52,165          |
| <b>Pre-tax result from continuing operations</b>   |       | <b>510,105</b> | <b>1,435,141</b> |
| Taxes on income  | 12    | -140,279       | -287,325         |
| <b>Net result for the period</b>   |       | <b>369,826</b> | <b>1,147,816</b> |
| Net result attributable to non-controlling interests   |       | 76,076         | 229,826          |
| <b>Net result attributable to owners of the parent</b>   |       | <b>293,751</b> | <b>917,990</b>   |

## Earnings per share

|  |                 | 1-6 20      | 1-6 21      |
|--|-----------------|-------------|-------------|
| Net result attributable to owners of the parent  | in EUR thousand | 293,751     | 917,990     |
| Dividend on AT1 capital  | in EUR thousand | -51,250     | -72,210     |
| Net result for the period attributable to owners of the parent after deduction of AT1 capital dividend | in EUR thousand | 242,501     | 845,780     |
| Weighted average number of outstanding shares  |                 | 426,391,650 | 426,246,662 |
| <b>Earnings per share</b>  | <b>in EUR</b>   | <b>0.57</b> | <b>1.98</b> |
| Weighted average diluted number of outstanding shares  |                 | 426,391,650 | 426,246,662 |
| <b>Diluted earnings per share</b>  | <b>in EUR</b>   | <b>0.57</b> | <b>1.98</b> |

## Development of the number of shares

|   | 1-6 20             | 1-6 21             |
|---|--------------------|--------------------|
| Shares outstanding at the beginning of the period       | 408,127,137        | 405,470,710        |
| Acquisition of treasury shares                          | -4,383,634         | -2,926,882         |
| Disposal of treasury shares                             | 1,994,032          | 2,906,882          |
| Shares outstanding at the end of the period             | 405,737,535        | 405,450,710        |
| Treasury shares   | 24,062,465         | 24,349,290         |
| <b>Number of shares issued at the end of the period</b> | <b>429,800,000</b> | <b>429,800,000</b> |
| Weighted average number of outstanding shares           | 426,391,650        | 426,246,662        |
| Weighted average diluted number of outstanding shares   | 426,391,650        | 426,246,662        |

## Consolidated statement of comprehensive income

| in EUR thousand   | 1-6 20          | 1-6 21           |
|---|-----------------|------------------|
| <b>Net result for the period</b>  | <b>369,826</b>  | <b>1,147,816</b> |
| <b>Other comprehensive income</b>   |                 |                  |
| <b>Items that may not be reclassified to profit or loss</b>   | <b>217,858</b>  | <b>60,515</b>    |
| Remeasurement of defined benefit plans  | 4,494           | 51,113           |
| Fair value reserve of equity instruments  | -1,585          | -4,795           |
| Own credit risk reserve   | 234,072         | 26,125           |
| Deferred taxes relating to items that may not be reclassified   | -19,123         | -11,928          |
| <b>Items that may be reclassified to profit or loss</b>   | <b>-263,773</b> | <b>76,210</b>    |
| Fair value reserve of debt instruments  | -6,996          | -67,676          |
| Gain/loss during the period   | -14,976         | -66,431          |
| Reclassification adjustments  | 887             | -418             |
| Credit loss allowances  | 7,094           | -827             |
| Cash flow hedge reserve   | 184,666         | -88,441          |
| Gain/loss during the period   | 193,301         | -85,629          |
| Reclassification adjustments  | -8,635          | -2,812           |
| Currency reserve  | -406,713        | 199,824          |
| Gain/loss during the period   | -406,713        | 199,824          |
| Deferred taxes relating to items that may be reclassified   | -34,685         | 32,511           |
| Gain/loss during the period   | -36,554         | 31,802           |
| Reclassification adjustments  | 1,870           | 709              |
| Share of other comprehensive income of associates and joint ventures accounted for by the equity method | -46             | -8               |
| <b>Total other comprehensive income</b>   | <b>-45,915</b>  | <b>136,726</b>   |
| <b>Total comprehensive income</b>   | <b>323,911</b>  | <b>1,284,541</b> |
| Total comprehensive income attributable to non-controlling interests                                    | 63,195          | 237,347          |
| <b>Total comprehensive income attributable to owners of the parent</b>                                  | <b>260,717</b>  | <b>1,047,194</b> |

## Quarterly results

| in EUR million  | Q2 20        | Q3 20         | Q4 20        | Q1 21         | Q2 21        |
|---|--------------|---------------|--------------|---------------|--------------|
| <b>Income statement</b>   |              |               |              |               |              |
| Net interest income   | 1,167.9      | 1,192.4       | 1,185.6      | 1,172.1       | 1,276.5      |
| Interest income   | 1,253.5      | 1,237.7       | 1,225.0      | 1,208.0       | 1,226.1      |
| Other similar income  | 364.2        | 344.6         | 357.9        | 339.0         | 438.8        |
| Interest expenses   | -147.9       | -122.1        | -120.3       | -104.4        | -109.0       |
| Other similar expenses  | -302.0       | -267.8        | -277.0       | -270.6        | -279.3       |
| Net fee and commission income   | 452.5        | 491.6         | 528.5        | 540.0         | 559.0        |
| Fee and commission income   | 541.4        | 587.3         | 621.2        | 638.2         | 655.9        |
| Fee and commission expenses   | -88.9        | -95.7         | -92.7        | -98.2         | -96.9        |
| Dividend income   | 13.3         | 0.9           | 4.3          | 4.8           | 15.6         |
| Net trading result  | 138.2        | 28.2          | 128.6        | 9.5           | 33.6         |
| Gains/losses from financial instruments measured at fair value through profit or loss                   | -8.9         | 52.9          | -19.4        | 56.9          | 26.7         |
| Net result from equity method investments   | 2.6          | 4.0           | 0.5          | 1.5           | 4.7          |
| Rental income from investment properties & other operating leases                                       | 43.5         | 44.0          | 41.3         | 43.7          | 45.9         |
| Personnel expenses  | -635.5       | -636.7        | -618.5       | -622.4        | -626.5       |
| Other administrative expenses   | -238.6       | -235.6        | -339.9       | -345.8        | -235.5       |
| Depreciation and amortisation   | -129.4       | -136.1        | -138.9       | -135.1        | -137.8       |
| Gains/losses from derecognition of financial assets at AC   | -0.1         | -0.1          | 6.6          | 2.5           | 0.8          |
| Other gains/losses from derecognition of financial instruments not at FVPL                              | -0.5         | 1.4           | 0.3          | -0.3          | -0.3         |
| Impairment result from financial instruments  | -613.7       | -194.7        | -424.7       | -35.7         | -47.2        |
| Other operating result  | -42.3        | -43.8         | -64.6        | -126.7        | -45.6        |
| Levies on banking activities  | -33.1        | -17.3         | -17.4        | -33.2         | -19.0        |
| <b>Pre-tax result from continuing operations</b>  | <b>148.8</b> | <b>568.3</b>  | <b>289.6</b> | <b>565.1</b>  | <b>870.1</b> |
| Taxes on income   | -37.3        | -123.9        | -78.3        | -124.3        | -163.0       |
| <b>Net result for the period</b>  | <b>111.5</b> | <b>444.4</b>  | <b>211.3</b> | <b>440.8</b>  | <b>707.0</b> |
| Net result attributable to non-controlling interests  | 53.0         | 101.0         | 65.2         | 85.7          | 144.2        |
| <b>Net result attributable to owners of the parent</b>  | <b>58.5</b>  | <b>343.3</b>  | <b>146.0</b> | <b>355.1</b>  | <b>562.9</b> |
| <b>Statement of comprehensive income</b>  |              |               |              |               |              |
| <b>Net result for the period</b>  | <b>111.5</b> | <b>444.4</b>  | <b>211.3</b> | <b>440.8</b>  | <b>707.0</b> |
| <b>Other comprehensive income</b>   |              |               |              |               |              |
| <b>Items that may not be reclassified to profit or loss</b>   | <b>-90.7</b> | <b>-56.7</b>  | <b>-99.2</b> | <b>41.2</b>   | <b>19.3</b>  |
| Remeasurement of defined benefit plans  | -55.7        | -0.7          | -64.8        | 51.1          | 0.0          |
| Fair value reserve of equity instruments  | -8.9         | 0.9           | 6.5          | -2.8          | -2.0         |
| Own credit risk reserve   | -44.3        | -57.1         | -49.4        | 7.5           | 18.6         |
| Deferred taxes relating to items that may not be reclassified   | 18.3         | 0.3           | 8.6          | -14.6         | 2.6          |
| <b>Items that may be reclassified to profit or loss</b>   | <b>199.7</b> | <b>-147.6</b> | <b>188.0</b> | <b>-103.5</b> | <b>179.7</b> |
| Fair value reserve of debt instruments  | 65.4         | 20.6          | 30.7         | -62.3         | -5.4         |
| Gain/loss during the period   | 58.9         | 23.9          | 25.8         | -61.9         | -4.5         |
| Reclassification adjustments  | -0.2         | -1.6          | -0.5         | -0.1          | -0.3         |
| Credit loss allowances  | 6.7          | -1.7          | 5.5          | -0.3          | -0.6         |
| Cash flow hedge reserve   | 20.3         | -26.4         | -59.1        | -66.4         | -22.0        |
| Gain/loss during the period   | 24.3         | -23.3         | -56.5        | -63.8         | -21.8        |
| Reclassification adjustments  | -4.0         | -3.0          | -2.6         | -2.6          | -0.3         |
| Currency reserve  | 132.9        | -141.4        | 209.7        | -1.8          | 201.7        |
| Gain/loss during the period   | 132.9        | -141.4        | 209.7        | -1.8          | 201.7        |
| Deferred taxes relating to items that may be reclassified   | -18.9        | -0.5          | 6.6          | 27.1          | 5.4          |
| Gain/loss during the period   | -19.9        | -1.5          | 5.8          | 26.4          | 5.4          |
| Reclassification adjustments  | 1.0          | 1.1           | 0.7          | 0.6           | 0.1          |
| Share of other comprehensive income of associates and joint ventures accounted for by the equity method | 0.0          | 0.0           | 0.0          | 0.0           | 0.0          |
| <b>Total</b>  | <b>109.0</b> | <b>-204.2</b> | <b>88.8</b>  | <b>-62.3</b>  | <b>199.0</b> |
| <b>Total comprehensive income</b>   | <b>220.5</b> | <b>240.1</b>  | <b>300.1</b> | <b>378.5</b>  | <b>906.0</b> |
| Total comprehensive income attributable to non-controlling interests                                    | 42.9         | 102.0         | 49.8         | 93.5          | 143.9        |
| <b>Total comprehensive income attributable to owners of the parent</b>                                  | <b>177.6</b> | <b>138.1</b>  | <b>250.3</b> | <b>285.0</b>  | <b>762.2</b> |

## Consolidated balance sheet

| in EUR thousand   | Notes | Dec 20             | Jun 21             |
|---|-------|--------------------|--------------------|
| <b>Assets</b>   |       |                    |                    |
| Cash and cash balances  | 13    | 35,838,532         | 48,421,205         |
| Financial assets held for trading   |       | 6,356,017          | 6,088,069          |
| Derivatives   | 14    | 2,954,359          | 2,145,577          |
| Other financial assets held for trading                                     | 15    | 3,401,658          | 3,942,492          |
| Pledged as collateral   |       | 67,952             | 372,049            |
| Non-trading financial assets at fair value through profit and loss          | 16    | 3,082,818          | 3,154,421          |
| Pledged as collateral   |       | 7,950              | 4,001              |
| Equity instruments  |       | 347,312            | 309,003            |
| Debt securities   |       | 2,048,457          | 1,998,961          |
| Loans and advances to banks   |       | 0                  | 19,024             |
| Loans and advances to customers   |       | 687,049            | 827,433            |
| Financial assets at fair value through other comprehensive income           | 17    | 8,518,771          | 9,181,154          |
| Pledged as collateral   |       | 49,995             | 1,130,780          |
| Equity instruments  |       | 129,756            | 109,403            |
| Debt securities   |       | 8,389,015          | 9,071,751          |
| Financial assets at amortised cost  | 18    | 210,940,419        | 223,072,340        |
| Pledged as collateral   |       | 1,898,545          | 3,718,307          |
| Debt securities   |       | 29,578,919         | 33,271,672         |
| Loans and advances to banks   |       | 21,466,188         | 24,521,500         |
| Loans and advances to customers   |       | 159,895,312        | 165,279,168        |
| Finance lease receivables   | 19    | 4,127,083          | 4,166,547          |
| Hedge accounting derivatives  | 20    | 205,174            | 131,081            |
| Fair value changes of hedged items in portfolio hedge of interest rate risk |       | 5,271              | -396               |
| Property and equipment  |       | 2,552,076          | 2,545,375          |
| Investment properties   |       | 1,280,412          | 1,369,605          |
| Intangible assets   |       | 1,358,911          | 1,342,321          |
| Investments in associates and joint ventures                                |       | 190,073            | 195,292            |
| Current tax assets  |       | 174,657            | 170,815            |
| Deferred tax assets   |       | 460,128            | 426,726            |
| Assets held for sale  |       | 211,815            | 141,485            |
| Trade and other receivables   | 21    | 1,340,979          | 1,841,050          |
| Other assets  | 22    | 750,572            | 1,187,875          |
| <b>Total assets</b>   |       | <b>277,393,709</b> | <b>303,434,962</b> |
| <b>Liabilities and equity</b>   |       |                    |                    |
| Financial liabilities held for trading                                      |       | 2,625,045          | 2,412,043          |
| Derivatives   | 14    | 2,037,466          | 1,391,506          |
| Other financial liabilities held for trading                                | 23    | 587,578            | 1,020,537          |
| Financial liabilities at fair value through profit or loss                  |       | 12,091,012         | 10,447,913         |
| Deposits from customers   |       | 254,005            | 135,833            |
| Debt securities issued  | 24    | 11,656,648         | 10,135,642         |
| Other financial liabilities   |       | 180,360            | 176,438            |
| Financial liabilities at amortised cost                                     |       | 235,125,299        | 261,690,867        |
| Deposits from banks   | 25    | 24,771,349         | 34,643,492         |
| Deposits from customers   | 25    | 190,816,425        | 206,120,020        |
| Debt securities issued  | 25    | 19,019,787         | 20,107,092         |
| Other financial liabilities   |       | 517,738            | 820,263            |
| Lease liabilities   |       | 559,720            | 593,569            |
| Hedge accounting derivatives  | 20    | 188,662            | 169,977            |
| Fair value changes of hedged items in portfolio hedge of interest rate risk |       | 57                 | 23                 |
| Provisions  | 26    | 2,081,947          | 2,054,983          |
| Current tax liabilities   |       | 58,485             | 64,617             |
| Deferred tax liabilities  |       | 20,044             | 27,549             |
| Liabilities associated with assets held for sale                            |       | 1,403              | 791                |
| Other liabilities   | 27    | 2,231,756          | 2,601,789          |
| <b>Total equity</b>   |       | <b>22,410,280</b>  | <b>23,370,840</b>  |
| Equity attributable to non-controlling interests                            |       | 5,073,100          | 5,282,467          |
| Additional equity instruments   |       | 2,732,965          | 2,732,970          |
| Equity attributable to owners of the parent                                 |       | 14,604,214         | 15,355,403         |
| Subscribed capital  |       | 859,600            | 859,600            |
| Additional paid-in capital  |       | 1,477,719          | 1,477,719          |
| Retained earnings and other reserves  |       | 12,266,895         | 13,018,084         |
| <b>Total liabilities and equity</b>   |       | <b>277,393,709</b> | <b>303,434,962</b> |

## 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 | Remeasurement 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 2021  | 860                | 1,478                      | 13,773            | 36                      | 239                | -290                    | -941             | -549                                   | 14,604                                      | 2,733                         | 5,073  | 22,410       |
| Changes in treasury shares  | 0                  | 0                          | -4                | 0                       | 0                  | 0                       | 0                | 0                                      | -4  | 0                             | 0  | -4           |
| Dividends paid  | 0                  | 0                          | -275              | 0                       | 0                  | 0                       | 0                | 0                                      | -275  | 0                             | -28  | -303         |
| capital increase/decrease   | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 0                | 0                                      | 0   | 0                             | 1  | 1            |
| Changes in scope of consolidation and ownership interest              | 0                  | 0                          | -5                | 0                       | 0                  | 0                       | 0                | 0                                      | -5  | 0                             | -11  | -16          |
| Reclassification from other comprehensive income to retained earnings | 0                  | 0                          | 7                 | 0                       | -9                 | 2                       | 0                | 0                                      | 0   | 0                             | 0  | 0            |
| Other changes   | 0                  | 0                          | -12               | 0                       | 0                  | 0                       | 0                | 0                                      | -12   | 0                             | 10   | -2           |
| Total comprehensive income  | 0                  | 0                          | 918               | -71                     | -43                | 21                      | 196              | 27                                     | 1,047                                       | 0                             | 237  | 1,285        |
| Net result for the period   | 0                  | 0                          | 918               | 0                       | 0                  | 0                       | 0                | 0                                      | 918   | 0                             | 230  | 1,148        |
| Other comprehensive income  | 0                  | 0                          | 0                 | -71                     | -43                | 21                      | 196              | 27                                     | 129   | 0                             | 8  | 137          |
| Change from remeasurement of defined benefit plans                    | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 0                | 27                                     | 27  | 0                             | 18   | 45           |
| Change in fair value reserve  | 0                  | 0                          | 0                 | 0                       | -43                | 0                       | 0                | 0                                      | -43   | 0                             | -12  | -56          |
| Change in cash flow hedge reserve                                     | 0                  | 0                          | 0                 | -71                     | 0                  | 0                       | 0                | 0                                      | -71   | 0                             | 0  | -71          |
| Change in currency reserve  | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 196              | 0                                      | 196   | 0                             | 4  | 200          |
| Change in own credit risk reserve                                     | 0                  | 0                          | 0                 | 0                       | 0                  | 21                      | 0                | 0                                      | 21  | 0                             | -2   | 19           |
| As of 30 June 2021  | 860                | 1,478                      | 14,402            | -36                     | 187                | -267                    | -745             | -522                                   | 15,355                                      | 2,733                         | 5,282  | 23,371       |
| As of 30 June 2020  | 860                | 1,478                      | 13,095            | -45                     | 260                | -399                    | -610             | -509                                   | 14,129                                      | 1,490                         | 4,857  | 20,477       |
| Changes in treasury shares  | 0                  | 0                          | -48               | 0                       | 0                  | 0                       | 0                | 0                                      | -48   | 0                             | 0  | -48          |
| Dividends paid  | 0                  | 0                          | -51               | 0                       | 0                  | 0                       | 0                | 0                                      | -51   | 0                             | -4   | -55          |
| capital increase/decrease   | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 0                | 0                                      | 0   | 497                           | 6  | 503          |
| Changes in scope of consolidation and ownership interest              | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 0                | 0                                      | 0   | 0                             | -1   | -1           |
| Reclassification from other comprehensive income to retained earnings | 0                  | 0                          | 62                | 0                       | -60                | -2                      | 0                | 0                                      | 0   | 0                             | 0  | 0            |
| Total comprehensive income  | 0                  | 0                          | 294               | 150                     | 8                  | 206                     | -399             | 3                                      | 261   | 0                             | 63   | 324          |
| Net result for the period   | 0                  | 0                          | 294               | 0                       | 0                  | 0                       | 0                | 0                                      | 294   | 0                             | 76   | 370          |
| Other comprehensive income  | 0                  | 0                          | 0                 | 150                     | 8                  | 206                     | -399             | 3                                      | -33   | 0                             | -13  | -46          |
| Change from remeasurement of defined benefit plans                    | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | 0                | 3                                      | 3   | 0                             | 1  | 4            |
| Change in fair value reserve  | 0                  | 0                          | 0                 | 0                       | 8                  | 0                       | 0                | 0                                      | 8   | 0                             | -16  | -8           |
| Change in cash flow hedge reserve                                     | 0                  | 0                          | 0                 | 150                     | 0                  | 0                       | 0                | 0                                      | 150   | 0                             | 0  | 150          |
| Change in currency reserve  | 0                  | 0                          | 0                 | 0                       | 0                  | 0                       | -399             | 0                                      | -399  | 0                             | -7   | -407         |
| Change in own credit risk reserve                                     | 0                  | 0                          | 0                 | 0                       | 0                  | 206                     | 0                | 0                                      | 206   | 0                             | 9  | 215          |
| As of 30 June 2020  | 860                | 1,478                      | 13,352            | 105                     | 208                | -195                    | -1,009           | -507                                   | 14,291                                      | 1,987                         | 4,922  | 21,200       |

## Consolidated statement of cash flows

| in EUR million   | 1-6 20        | 1-6 21        |
|--|---------------|---------------|
| <b>Net result for the period</b>   | <b>370</b>    | <b>1,148</b>  |
| Non-cash adjustments for items in net profit/loss for the year   |               |               |
| Depreciation, amortisation and net impairment of non-financial assets  | 292           | 285           |
| Net allocation to credit loss allowances and other provisions  | 756           | 90            |
| Gains/losses from measurement and derecognition of financial assets and financial liabilities                | -272          | 134           |
| Other adjustments  | -293          | 191           |
| <b>Changes in assets and liabilities from operating activities after adjustment for non-cash components</b>  |               |               |
| Financial assets held for trading  | -1,224        | 256           |
| Non-trading financial assets at fair value through profit and loss   |               |               |
| Equity instruments   | 16            | 38            |
| Debt securities  | 197           | 50            |
| Loans and advances to banks  | 0             | -19           |
| Loans and advances to customers  | -144          | -141          |
| Financial assets at fair value through other comprehensive income: debt securities                           | 86            | -725          |
| Financial assets at amortised cost   |               |               |
| Debt securities  | -2,535        | -3,691        |
| Loans and advances to banks  | -4,374        | -3,062        |
| Loans and advances to customers  | -4,058        | -5,449        |
| Finance lease receivables  | -68           | -55           |
| Hedge accounting derivatives   | 10            | 3             |
| Other assets from operating activities   | 80            | -819          |
| Financial liabilities held for trading   | 536           | -451          |
| Financial liabilities at fair value through profit or loss   | -634          | -1,527        |
| Financial liabilities at amortised cost  |               |               |
| Deposits from banks  | 8,844         | 9,872         |
| Deposits from customers  | 9,309         | 15,304        |
| Debt securities issued   | -66           | 1,087         |
| Other financial liabilities  | 90            | 303           |
| Hedge accounting derivatives   | -60           | -19           |
| Other liabilities from operating activities  | 612           | 324           |
| <b>Cash flow from operating activities</b>   | <b>7,471</b>  | <b>13,128</b> |
| Proceeds of disposal   |               |               |
| Financial assets at fair value through other comprehensive income: equity instruments                        | 52            | 0             |
| Investments in associates and joint ventures   | 1             | 4             |
| Property and equipment and intangible assets   | 38            | 30            |
| Investment properties  | 3             | 11            |
| Acquisition of   |               |               |
| Financial assets at fair value through other comprehensive income: equity instruments                        | 0             | 0             |
| Investments in associates and joint ventures   | 0             | 0             |
| Property and equipment and intangible assets   | -144          | -287          |
| Investment properties  | -11           | -25           |
| Acquisition of subsidiaries (net of cash and cash equivalents acquired)                                      | 0             | 0             |
| Disposal of subsidiaries   | 0             | 0             |
| <b>Cash flow from investing activities</b>   | <b>-61</b>    | <b>-267</b>   |
| Capital increases  | 503           | 1             |
| Capital decrease   | 0             | 0             |
| Acquisition of non-controlling interest  | -1            | -16           |
| Dividends paid to equity holders of the parent   | -51           | -275          |
| Dividends paid to non-controlling interests  | -4            | -28           |
| <b>Cash flow from financing activities</b>   | <b>447</b>    | <b>-318</b>   |
| <b>Cash and cash equivalents at the beginning of the period</b>  | <b>10,693</b> | <b>35,839</b> |
| Cash flow from operating activities  | 7,471         | 13,128        |
| Cash flow from investing activities  | -61           | -267          |
| Cash flow from financing activities  | 447           | -318          |
| Effect of currency translation   | -117          | 40            |
| <b>Cash and cash equivalents at the end of period</b>  | <b>18,433</b> | <b>48,421</b> |
| <b>Cash flows related to taxes, interest and dividends (included in cash flow from operating activities)</b> | <b>2,131</b>  | <b>2,054</b>  |
| Payments for taxes on income   | -247          | -209          |
| Interest received  | 3,802         | 3,483         |
| Dividends received   | 15            | 20            |
| Interest paid  | -1,439        | -1,241        |

Cash and cash equivalents are equal to cash in hand, cash balances at central banks and other demand deposits.



# Condensed notes to the interim consolidated financial statements 1 January to 30 June 2021

## BASIS OF PREPARATION

The condensed consolidated interim financial statements ("interim financial statements") of the group of Erste Group Bank AG ("Erste Group") for the period from 1 January to 30 June 2021 were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and are presented in accordance with the requirements of IAS 34 "Interim Financial Reporting".

These interim financial statements were neither audited nor reviewed by an auditor.

## BASIS OF CONSOLIDATION

Subsidiaries are consolidated from the date when control is obtained until the date when control is lost. Control is achieved when Erste Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power to direct the relevant activities of the investee. Relevant activities are those which most significantly affect the variable returns of an entity.

### IFRS consolidation scope - evolution of number of entities and funds included

|  |            |
|--|------------|
| <b>As of 31 December 2020</b>                      | <b>353</b> |
| <b>Additions</b>                                   |            |
| Entities newly added to the scope of consolidation | 0          |
| <b>Disposals</b>                                   |            |
| Companies sold or liquidated                       | -6         |
| Mergers  | -2         |
| <b>As of 30 June 2021</b>                          | <b>345</b> |

## COVID-19 DISCLOSURES

In the condensed interim consolidated financial statements of Erste Group, considerations and significant impacts of the Covid-19 outbreak are presented in those chapters to which they can be assigned thematically. An overview about these disclosures is presented in the following:

- \_ The chapter "Accounting treatment of issues related to Covid-19" discusses the accounting and measurement methods used for public moratoria and payment holidays, public guarantees and non-financial assets impairment testing.
- \_ Note 29 Risk Management contains a separate sub-chapter "Covid-19" which explains the considerations of the pandemic on the ECL measurement, sensitivity analyses and information on credit exposures subject to certain Covid-19 measures.
- \_ Note 34 Own funds and capital requirements discusses the adjustments to the regulatory framework due to the current Covid-19 crisis.

## ACCOUNTING AND MEASUREMENT METHODS

The interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and are presented in euro, which is the functional currency of the parent company. The interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements. Therefore, the interim financial statements should be read in conjunction with Erste Group's consolidated financial statements as of 31 December 2020.

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the group's last annual financial statements for the year ended 31 December 2020, with the exception of the calculation of the current income taxes for the interim reporting period for which the estimated effective tax rate for the group is applied. Regarding the Covid-19 pandemic uncertainties, all negative effects that could be reasonably estimated were recognised in the first half of 2021. Erste Group will continue to follow the developments closely and will recognise any effects as the situation further unfolds.

## ACCOUNTING TREATMENT OF ISSUES RELATED TO COVID-19

### Accounting and measurement methods

#### Public moratoria and payment holidays

In light of the spread of Covid-19, a variety of measures have been taken by governments in Erste Group's region aimed at addressing the economic consequences of the outbreak on individuals, households and businesses. Such measures include public moratoria on repayment of loans, overdraft facilities and mortgages. Further, Erste Group banks are offering renegotiations of repayment schedules and payment holidays on a voluntary basis to customers facing liquidity shortages.

The public moratoria in general relate to customers which were performing and to their exposures existing before the outbreak of Covid-19 pandemic. None of the existing public moratoria extends beyond the 2021 end. In most cases interest continues to accrue on the outstanding balance during the moratorium period. Nevertheless, in many cases an economic loss is incurred and modification losses are recognised from accounting perspective. This results from the fact that the interest accrued, instead of being repaid or capitalised at the end of the moratorium, is repaid over the period after the moratorium. Regarding accounting policies for recognition of modification gain or loss, derecognition and the assessment of significant increases in credit risk in relation to public moratoria and payment holidays please refer to the group's last annual financial statements for the year ended 31 December 2020.

Despite the fact that some new public and private moratoria and extensions of the existing ones occurred in the first half of 2021 no material modification losses were recognised in this period.

#### Public guarantees

Regarding accounting policy for recognition of Covid-19 related public guarantees on Erste Group's exposures please refer to the group's last annual financial statements for the year ended 31 December 2020.

#### Impairment of non-financial assets

Following the thorough analysis of potential impairment of Erste Group's non-financial assets, including goodwill, performed for the 2020 year end no additional impairment indicators which would lead to impairment testing have been identified. As a result, no Covid-19 related impairments on non-financial assets were recognised in the first half of 2021.

## 1. Net interest income

| in EUR million                                     | 1-6 20          | 1-6 21         |
|--|-----------------|----------------|
| Financial assets at AC                             | 2,548.0         | 2,349.2        |
| Financial assets at FVOCI                          | 97.2            | 84.9           |
| Interest income                                    | 2,645.2         | 2,434.1        |
| Non-trading financial assets at FVPL               | 32.2            | 28.0           |
| Financial assets HFT                               | 648.6           | 506.8          |
| Derivatives - hedge accounting, interest rate risk | -25.4           | -2.9           |
| Other assets                                       | 60.6            | 57.2           |
| Negative interest from financial liabilities       | 43.3            | 188.8          |
| Other similar income                               | 759.3           | 777.8          |
| <b>Interest and other similar income</b>           | <b>3,404.5</b>  | <b>3,211.9</b> |
| Financial liabilities at AC                        | -378.8          | -213.4         |
| Interest expenses                                  | -378.8          | -213.4         |
| Financial liabilities at FVPL                      | -177.5          | -144.2         |
| Financial liabilities HFT                          | -479.8          | -365.9         |
| Derivatives - hedge accounting, interest rate risk | 68.3            | 60.0           |
| Other liabilities                                  | -16.2           | -10.1          |
| Negative Interest from financial assets            | -23.5           | -89.7          |
| Other similar expenses                             | -628.8          | -549.9         |
| <b>Interest and other similar expenses</b>         | <b>-1,007.6</b> | <b>-763.3</b>  |
| <b>Net interest income</b>                         | <b>2,396.9</b>  | <b>2,448.7</b> |

In the reporting period an amount of EUR 40.4 million (EUR 38.5 million) relating to impaired financial assets is included in various line items of net interest income. In addition, the line item "Financial assets at AC" includes modification gains or losses of financial instruments which are allocated to the Stage 1 of EUR -2.2 million (EUR -25.4 million).

The negative interest from financial liabilities also includes a catch-up adjustment on TLTRO III in the amount of EUR 92.4 million (EUR 8.0 million). The interest rate reduction by 50 bp in the additional special lending period between June 2021 and June 2022 is conditional upon reaching the lending threshold of 0% between 1 October 2020 and 31 December 2021. In the second quarter of 2021 Erste Group revised the expectations and considered that the eligibility criteria will be fulfilled which resulted in the recognition of the positive catch up.

## 2. Net fee and commission income

| in EUR million                                      | 1-6 20         |               | 1-6 21         |               |
|---|----------------|---------------|----------------|---------------|
|   | Income         | Expenses      | Income         | Expenses      |
| Securities  | 130.8          | -21.0         | 156.4          | -27.2         |
| Issues  | 18.4           | -0.5          | 22.3           | -0.3          |
| Transfer orders                                     | 105.8          | -19.9         | 122.1          | -21.3         |
| Other   | 6.5            | -0.7          | 12.0           | -5.6          |
| Clearing and settlement                             | 0.7            | -1.6          | 0.8            | -1.6          |
| Asset management                                    | 193.0          | -19.0         | 238.8          | -25.2         |
| Custody   | 48.7           | -10.5         | 57.0           | -6.7          |
| Fiduciary transactions                              | 0.8            | -0.6          | 0.7            | 0.0           |
| Payment services                                    | 524.5          | -92.7         | 562.9          | -98.5         |
| Card business                                       | 162.2          | -74.5         | 154.9          | -64.7         |
| Other   | 362.3          | -18.3         | 408.0          | -33.8         |
| Customer resources distributed but not managed      | 105.9          | -4.2          | 122.6          | -3.4          |
| Collective investment                               | 6.0            | -1.1          | 9.1            | -0.8          |
| Insurance products                                  | 87.0           | -1.1          | 98.6           | -0.5          |
| Building society brokerage                          | 0.3            | -0.5          | 1.1            | -0.4          |
| Foreign exchange transactions                       | 11.9           | -0.6          | 13.0           | -0.9          |
| Other   | 0.6            | -1.1          | 0.8            | -0.7          |
| Structured finance                                  | 0.0            | 0.0           | 0.1            | 0.0           |
| Servicing fees from securitization activities       | 0.0            | -1.0          | 0.0            | -1.2          |
| Lending business                                    | 93.0           | -19.5         | 102.1          | -21.6         |
| Guarantees given, guarantees received               | 37.5           | -1.8          | 40.4           | -1.4          |
| Loan commitments given, loan commitments received   | 11.4           | -0.3          | 19.4           | -0.5          |
| Other lending business                              | 44.1           | -17.3         | 42.2           | -19.6         |
| Other   | 48.6           | -19.1         | 52.9           | -9.8          |
| <b>Total fee and commission income and expenses</b> | <b>1,146.0</b> | <b>-189.3</b> | <b>1,294.1</b> | <b>-195.1</b> |
| <b>Net fee and commission income</b>                | <b>956.7</b>   |               | <b>1,099.0</b> |               |

Asset management, custody and fiduciary transactions fees relate to fees earned by Erste Group on trust and fiduciary activities in which Erste Group holds or invests assets on behalf of its customers.

## 3. Dividend income

| in EUR million                       | 1-6 20      | 1-6 21      |
|--------------------------------------|-------------|-------------|
| Financial assets HFT                 | 0.5         | 0.7         |
| Non-trading financial assets at FVPL | 6.3         | 15.4        |
| Financial assets at FVOCI            | 7.9         | 4.3         |
| <b>Dividend income</b>               | <b>14.8</b> | <b>20.4</b> |

## 4. Net trading result

| in EUR million                     | 1-6 20       | 1-6 21      |
|------------------------------------|--------------|-------------|
| Securities and derivatives trading | -78.0        | -64.0       |
| Foreign exchange transactions      | 59.1         | 113.8       |
| Result from hedge accounting       | -0.3         | -6.6        |
| <b>Net trading result</b>          | <b>-19.2</b> | <b>43.1</b> |

## 5. Gains/losses from financial instruments measured at fair value through profit or loss

| in EUR million   | 1-6 20      | 1-6 21      |
|--|-------------|-------------|
| Result from measurement/sale of financial assets designated at FVPL                          | 9.3         | -4.2        |
| Result from measurement/repurchase of financial liabilities designated at FVPL               | 46.6        | 94.7        |
| <b>Result from financial assets and liabilities designated at FVPL</b>                       | <b>55.9</b> | <b>90.5</b> |
| Result from measurement/sale of financial assets mandatorily at FVPL                         | -27.3       | -6.9        |
| <b>Gains/losses from financial instruments measured at fair value through profit or loss</b> | <b>28.5</b> | <b>83.6</b> |

## 6. Rental income from investment properties & other operating leases

| in EUR million   | 1-6 20      | 1-6 21      |
|--|-------------|-------------|
| Investment properties  | 48.2        | 50.5        |
| Other operating leases   | 40.0        | 39.2        |
| <b>Rental income from investment properties &amp; other operating leases</b> | <b>88.3</b> | <b>89.6</b> |

## 7. General administrative expenses

| in EUR million   | 1-6 20          | 1-6 21          |
|--|-----------------|-----------------|
| <b>Personnel expenses</b>  | <b>-1,265.5</b> | <b>-1,248.9</b> |
| Wages and salaries   | -960.9          | -959.1          |
| Compulsory social security                                       | -239.2          | -239.7          |
| Long-term employee provisions                                    | -14.7           | -9.5            |
| Other personnel expenses   | -50.7           | -40.5           |
| <b>Other administrative expenses</b>                             | <b>-583.3</b>   | <b>-581.3</b>   |
| Deposit insurance contribution                                   | -92.3           | -109.2          |
| IT expenses  | -204.1          | -202.6          |
| Expenses for office space  | -79.0           | -78.3           |
| Office operating expenses  | -59.3           | -58.8           |
| Advertising/marketing  | -67.8           | -64.2           |
| Legal and consulting costs                                       | -48.8           | -48.1           |
| Sundry administrative expenses                                   | -32.0           | -20.1           |
| <b>Depreciation and amortisation</b>                             | <b>-265.9</b>   | <b>-272.8</b>   |
| Software and other intangible assets                             | -88.4           | -96.6           |
| Owner occupied real estate                                       | -76.9           | -75.3           |
| Investment properties  | -14.3           | -14.0           |
| Customer relationships   | -3.9            | -3.8            |
| Office furniture and equipment and sundry property and equipment | -82.5           | -83.2           |
| <b>General administrative expenses</b>                           | <b>-2,114.7</b> | <b>-2,103.0</b> |

**Employee Share Program and Erste Mitarbeiterbeteiligung Privatstiftung.** In 2021, Erste Mitarbeiterbeteiligung Privatstiftung has received 6,452 treasury shares under an escrow agreement for employees of a subsidiary. It was agreed that employees shall not have access to the shares for a certain period. The majority of the shares have been purchased with a payment of EUR 0.2 million made by the subsidiary to settle an obligation under a defined benefit plan. The settlement did not result in a gain or loss.

## 8. Gains/losses from derecognition of financial assets measured at amortised cost

| in EUR million  | 1-6 20     | 1-6 21     |
|---|------------|------------|
| Gains from sale of financial assets at AC   | 0.6        | 8.8        |
| Losses from sale of financial assets at AC  | -0.3       | -5.5       |
| <b>Gains/losses from derecognition of financial assets measured at amortised cost</b> | <b>0.3</b> | <b>3.3</b> |

## 9. Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss

| in EUR million  | 1-6 20      | 1-6 21      |
|---|-------------|-------------|
| Sale of financial assets at FVOCI   | -0.9        | 0.4         |
| Sale of financial lease receivables   | 0.0         | 0.0         |
| Derecognition of financial liabilities at AC  | -1.3        | -1.0        |
| <b>Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss</b> | <b>-2.1</b> | <b>-0.6</b> |

## 10. Impairment result from financial instruments

| in EUR million  | 1-6 20        | 1-6 21       |
|---|---------------|--------------|
| Financial assets at FVOCI   | -7.1          | 0.6          |
| Financial assets at AC  | -580.7        | -43.1        |
| Net allocation to credit loss allowances                          | -647.1        | -61.9        |
| Direct write-offs   | -11.7         | -7.7         |
| Recoveries recorded directly to the income statement              | 88.6          | 33.6         |
| Modification gains or losses                                      | -10.5         | -7.1         |
| Lease receivables   | -17.0         | -14.0        |
| Net allocation of provisions for commitments and guarantees given | -70.6         | -26.4        |
| <b>Impairment result from financial instruments</b>               | <b>-675.4</b> | <b>-82.9</b> |

## 11. Other operating result

| in EUR million  | 1-6 20        | 1-6 21        |
|---|---------------|---------------|
| <b>Other operating expenses</b>   | <b>-264.9</b> | <b>-257.0</b> |
| Allocation to other provisions  | -82.6         | -90.7         |
| Levies on banking activities  | -83.0         | -52.2         |
| Banking tax   | -60.7         | -28.8         |
| Financial transaction tax   | -22.3         | -23.3         |
| Other taxes   | -5.6          | -5.9          |
| Recovery and resolution fund contributions                                  | -93.7         | -108.2        |
| <b>Other operating income</b>   | <b>77.3</b>   | <b>106.3</b>  |
| Release of other provisions   | 77.3          | 106.3         |
| Result from properties/movables/other intangible assets other than goodwill | -5.8          | 0.5           |
| Result from other operating expenses/income                                 | 23.5          | -22.2         |
| <b>Other operating result</b>   | <b>-169.9</b> | <b>-172.4</b> |

## 12. Taxes on income

The consolidated net tax expense for the reporting period amounted to EUR 287.3 million (EUR 140.3 million), thereof EUR 65.7 million deferred tax expense (EUR 28.0 million deferred tax income).

## 13. Cash and cash balances

| in EUR million                               | Dec 20        | Jun 21        |
|--|---------------|---------------|
| Cash on hand                                 | 7,694         | 9,056         |
| Cash balances at central banks               | 27,006        | 37,159        |
| Other demand deposits at credit institutions | 1,139         | 2,206         |
| <b>Cash and cash balances</b>                | <b>35,839</b> | <b>48,421</b> |

## 14. Derivatives held for trading

| in EUR million                              | Dec 20         |                     |                     | Jun 21         |                     |                     |
|---|----------------|---------------------|---------------------|----------------|---------------------|---------------------|
|   | Notional value | Positive fair value | Negative fair value | Notional value | Positive fair value | Negative fair value |
| <b>Derivatives held in the trading book</b> | <b>206,411</b> | <b>3,524</b>        | <b>3,606</b>        | <b>203,615</b> | <b>2,745</b>        | <b>2,849</b>        |
| Interest rate                               | 139,393        | 2,742               | 2,829               | 134,616        | 2,241               | 2,298               |
| Equity                                      | 435            | 4                   | 3                   | 378            | 4                   | 4                   |
| Foreign exchange                            | 65,541         | 740                 | 748                 | 67,819         | 467                 | 523                 |
| Credit                                      | 820            | 15                  | 25                  | 580            | 11                  | 24                  |
| Commodity                                   | 16             | 0                   | 0                   | 22             | 0                   | 0                   |
| Other                                       | 205            | 23                  | 0                   | 199            | 22                  | 0                   |
| <b>Derivatives held in the banking book</b> | <b>27,229</b>  | <b>1,330</b>        | <b>409</b>          | <b>20,883</b>  | <b>1,048</b>        | <b>240</b>          |
| Interest rate                               | 16,836         | 1,233               | 246                 | 15,596         | 945                 | 194                 |
| Equity                                      | 5,202          | 41                  | 64                  | 1,204          | 57                  | 23                  |
| Foreign exchange                            | 4,742          | 52                  | 98                  | 3,684          | 42                  | 22                  |
| Credit                                      | 305            | 4                   | 1                   | 259            | 4                   | 1                   |
| Commodity                                   | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Other                                       | 144            | 0                   | 0                   | 141            | 0                   | 0                   |
| <b>Total gross amounts</b>                  | <b>233,640</b> | <b>4,854</b>        | <b>4,015</b>        | <b>224,499</b> | <b>3,793</b>        | <b>3,089</b>        |
| Offset                                      |                | -1,900              | -1,977              |                | -1,648              | -1,698              |
| <b>Total</b>                                |                | <b>2,954</b>        | <b>2,037</b>        |                | <b>2,146</b>        | <b>1,392</b>        |

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.

## 15. Other financial assets held for trading

| in EUR million                                 | Dec 20       | Jun 21       |
|--|--------------|--------------|
| Equity instruments                             | 34           | 71           |
| Debt securities                                | 3,368        | 3,871        |
| General governments                            | 2,628        | 2,903        |
| Credit institutions                            | 606          | 723          |
| Other financial corporations                   | 57           | 161          |
| Non-financial corporations                     | 76           | 85           |
| <b>Other financial assets held for trading</b> | <b>3,402</b> | <b>3,942</b> |

## 16. Non-trading financial assets at fair value through profit or loss

| in EUR million  | Dec 20     |              | Jun 21     |              |
|---|------------|--------------|------------|--------------|
|   | Designated | Mandatorily  | Designated | Mandatorily  |
| Equity instruments  | 0          | 347          | 0          | 309          |
| Debt securities   | 603        | 1,446        | 573        | 1,426        |
| General governments   | 63         | 214          | 63         | 187          |
| Credit institutions   | 524        | 101          | 494        | 99           |
| Other financial corporations  | 16         | 983          | 16         | 1,011        |
| Non-financial corporations  | 0          | 148          | 0          | 129          |
| Loans and advances to banks   | 0          | 0            | 0          | 19           |
| Credit institutions   | 0          | 0            | 0          | 19           |
| Loans and advances to customers   | 0          | 687          | 0          | 827          |
| General governments   | 0          | 1            | 0          | 1            |
| Non-financial corporations  | 0          | 107          | 0          | 98           |
| Households  | 0          | 579          | 0          | 728          |
| Financial assets designated and mandatorily at FVPL                       | 603        | 2,480        | 573        | 2,582        |
| <b>Non-trading financial assets at fair value through profit and loss</b> |            | <b>3,083</b> |            | <b>3,154</b> |

## 17. Financial assets at fair value through other comprehensive income

### Equity Instruments

The carrying amount of Erste Group's equity instruments FVOCI as of 30 June 2021 amounted to EUR 109.4 million (EUR 132.1 million), the cumulative fair value change for equity instruments FVOCI before taxes recognized in other comprehensive income amounted to EUR 65.6 million (EUR 88.1 million).

### Debt Instruments

#### Debt securities

| in EUR million               | Gross carrying amount |            |          |              | Credit loss allowances |            |          |            | Amortised cost | Accumulated OCI changes | Fair value   |
|------------------------------|-----------------------|------------|----------|--------------|------------------------|------------|----------|------------|----------------|-------------------------|--------------|
|                              | Stage 1               | Stage 2    | Stage 3  | Total        | Stage 1                | Stage 2    | Stage 3  | Total      |                |                         |              |
| <b>Jun 21</b>                |                       |            |          |              |                        |            |          |            |                |                         |              |
| Central banks                | 0                     | 0          | 0        | 0            | 0                      | 0          | 0        | 0          | 0              | 0                       | 0            |
| General governments          | 6,555                 | 190        | 0        | 6,745        | -4                     | -6         | 0        | -10        | 6,734          | 162                     | 6,896        |
| Credit institutions          | 926                   | 0          | 0        | 926          | -3                     | 0          | 0        | -3         | 923            | 28                      | 951          |
| Other financial corporations | 143                   | 118        | 0        | 261          | 0                      | -3         | 0        | -3         | 258            | 10                      | 268          |
| Non-financial corporations   | 520                   | 407        | 0        | 927          | -2                     | -6         | 0        | -8         | 919            | 38                      | 957          |
| <b>Total</b>                 | <b>8,143</b>          | <b>715</b> | <b>0</b> | <b>8,858</b> | <b>-9</b>              | <b>-15</b> | <b>0</b> | <b>-24</b> | <b>8,834</b>   | <b>238</b>              | <b>9,072</b> |
| <b>Dec 20</b>                |                       |            |          |              |                        |            |          |            |                |                         |              |
| Central banks                | 5                     | 0          | 0        | 5            | 0                      | 0          | 0        | 0          | 5              | 0                       | 5            |
| General governments          | 5,757                 | 241        | 0        | 5,998        | -3                     | -5         | 0        | -9         | 5,989          | 212                     | 6,202        |
| Credit institutions          | 944                   | 0          | 0        | 944          | -3                     | 0          | 0        | -3         | 941            | 43                      | 985          |
| Other financial corporations | 122                   | 83         | 0        | 205          | 0                      | -4         | 0        | -4         | 201            | 10                      | 211          |
| Non-financial corporations   | 655                   | 301        | 0        | 957          | -3                     | -7         | 0        | -9         | 947            | 39                      | 987          |
| <b>Total</b>                 | <b>7,483</b>          | <b>626</b> | <b>0</b> | <b>8,109</b> | <b>-9</b>              | <b>-16</b> | <b>0</b> | <b>-25</b> | <b>8,084</b>   | <b>305</b>              | <b>8,389</b> |

As defined in IFRS 9, the gross carrying amount of debt instruments at FVOCI equals the amortised cost before deducting any credit loss allowances. As of 30 June 2021, there were no purchased or originated credit-impaired (POCI) debt securities at FVOCI.

#### Development of credit loss allowances

| in EUR million | As of         | Additions | Derecognitions | Transfer between stages | Other changes in credit risk (net) | Other    | As of         |
|----------------|---------------|-----------|----------------|-------------------------|------------------------------------|----------|---------------|
|                |               |           |                |                         |                                    |          |               |
| Stage 1        | -9            | -2        | 1              | 1                       | -1                                 | 0        | -9            |
| Stage 2        | -16           | 0         | 0              | -3                      | 4                                  | 0        | -15           |
| Stage 3        | 0             | 0         | 0              | 0                       | 0                                  | 0        | 0             |
| <b>Total</b>   | <b>-25</b>    | <b>-2</b> | <b>1</b>       | <b>-2</b>               | <b>4</b>                           | <b>0</b> | <b>-24</b>    |
|                | <b>Jan 20</b> |           |                |                         |                                    |          | <b>Jun 20</b> |
| Stage 1        | -6            | -1        | 0              | 0                       | -2                                 | 0        | -9            |
| Stage 2        | -8            | 0         | 0              | -3                      | -1                                 | 0        | -12           |
| Stage 3        | 0             | 0         | 0              | 0                       | 0                                  | 0        | 0             |
| <b>Total</b>   | <b>-14</b>    | <b>-1</b> | <b>0</b>       | <b>-2</b>               | <b>-4</b>                          | <b>0</b> | <b>-21</b>    |



## 18. Financial assets at amortised cost

### Debt securities

| in EUR million               | Gross carrying amount |           |          |               | Credit loss allowances |           |           |            | Carrying amount |
|------------------------------|-----------------------|-----------|----------|---------------|------------------------|-----------|-----------|------------|-----------------|
|                              | Stage 1               | Stage 2   | Stage 3  | Total         | Stage 1                | Stage 2   | Stage 3   | Total      |                 |
| <b>Jun 21</b>                |                       |           |          |               |                        |           |           |            |                 |
| Central banks                | 25                    | 0         | 0        | 25            | -1                     | 0         | 0         | -1         | 24              |
| General governments          | 28,236                | 16        | 0        | 28,253        | -7                     | 0         | 0         | -7         | 28,246          |
| Credit institutions          | 4,045                 | 30        | 0        | 4,075         | -2                     | 0         | 0         | -3         | 4,072           |
| Other financial corporations | 155                   | 10        | 0        | 165           | 0                      | -1        | 0         | -2         | 163             |
| Non-financial corporations   | 733                   | 36        | 2        | 771           | -1                     | -3        | -1        | -5         | 766             |
| <b>Total</b>                 | <b>33,194</b>         | <b>92</b> | <b>3</b> | <b>33,289</b> | <b>-11</b>             | <b>-5</b> | <b>-1</b> | <b>-17</b> | <b>33,272</b>   |
| <b>Dec 20</b>                |                       |           |          |               |                        |           |           |            |                 |
| Central banks                | 14                    | 0         | 0        | 14            | 0                      | 0         | 0         | 0          | 14              |
| General governments          | 25,215                | 11        | 0        | 25,227        | -7                     | 0         | 0         | -7         | 25,220          |
| Credit institutions          | 3,490                 | 19        | 0        | 3,510         | -2                     | 0         | 0         | -2         | 3,508           |
| Other financial corporations | 135                   | 11        | 0        | 146           | 0                      | -1        | 0         | -1         | 145             |
| Non-financial corporations   | 667                   | 28        | 3        | 698           | -1                     | -2        | -1        | -5         | 693             |
| <b>Total</b>                 | <b>29,521</b>         | <b>70</b> | <b>3</b> | <b>29,594</b> | <b>-10</b>             | <b>-3</b> | <b>-2</b> | <b>-15</b> | <b>29,579</b>   |

There were no purchased or originated credit-impaired (POCI) debt securities at amortised cost as of 30 June 2021.

### Development of credit loss allowances for debt securities

| in EUR million | As of         | Additions | Derecognitions | Transfer between stages | Other changes in credit risk (net) | Other    | As of         |
|----------------|---------------|-----------|----------------|-------------------------|------------------------------------|----------|---------------|
|                | <b>Jan 21</b> |           |                |                         |                                    |          | <b>Jun 21</b> |
| Stage 1        | -11           | -3        | 3              | 1                       | -2                                 | 0        | -11           |
| Stage 2        | -3            | 0         | 0              | -2                      | 1                                  | 0        | -5            |
| Stage 3        | -2            | 0         | 0              | 0                       | 0                                  | 0        | -1            |
| <b>Total</b>   | <b>-15</b>    | <b>-3</b> | <b>3</b>       | <b>-1</b>               | <b>-2</b>                          | <b>0</b> | <b>-17</b>    |
|                | <b>Jan 20</b> |           |                |                         |                                    |          | <b>Jun 20</b> |
| Stage 1        | -7            | -2        | 1              | 0                       | -3                                 | 0        | -9            |
| Stage 2        | -2            | 0         | 0              | -1                      | 1                                  | 0        | -2            |
| Stage 3        | -2            | 0         | 0              | 0                       | 0                                  | 0        | -2            |
| <b>Total</b>   | <b>-11</b>    | <b>-2</b> | <b>1</b>       | <b>0</b>                | <b>-2</b>                          | <b>0</b> | <b>-13</b>    |

## Loans and advances to banks

| in EUR million      | Gross carrying amount |            |          |               | Credit loss allowances |           |          |           | Carrying amount |
|---------------------|-----------------------|------------|----------|---------------|------------------------|-----------|----------|-----------|-----------------|
|                     | Stage 1               | Stage 2    | Stage 3  | Total         | Stage 1                | Stage 2   | Stage 3  | Total     |                 |
| <b>Jun 21</b>       |                       |            |          |               |                        |           |          |           |                 |
| Central banks       | 19,452                | 0          | 0        | 19,452        | -1                     | 0         | 0        | -1        | 19,451          |
| Credit institutions | 4,919                 | 155        | 0        | 5,074         | -2                     | -2        | 0        | -4        | 5,070           |
| <b>Total</b>        | <b>24,371</b>         | <b>155</b> | <b>0</b> | <b>24,526</b> | <b>-3</b>              | <b>-2</b> | <b>0</b> | <b>-5</b> | <b>24,522</b>   |
| <b>Dec 20</b>       |                       |            |          |               |                        |           |          |           |                 |
| Central banks       | 16,763                | 0          | 0        | 16,763        | -1                     | 0         | 0        | -1        | 16,762          |
| Credit institutions | 4,669                 | 38         | 0        | 4,707         | -2                     | 0         | 0        | -3        | 4,704           |
| <b>Total</b>        | <b>21,432</b>         | <b>38</b>  | <b>0</b> | <b>21,469</b> | <b>-3</b>              | <b>0</b>  | <b>0</b> | <b>-3</b> | <b>21,466</b>   |

There were no purchased or originated credit-impaired (POCI) AC loans and advances to banks as of 30 June 2021.

## Development of credit loss allowances for loans and advances to banks

| in EUR million | As of         | Additions  | Derecognitions | Transfer between stages | Other changes in credit risk (net) | Other    | As of         |
|----------------|---------------|------------|----------------|-------------------------|------------------------------------|----------|---------------|
|                | Jan 21        |            |                |                         |                                    |          | Jun 21        |
| Stage 1        | -3            | -9         | 10             | 0                       | -1                                 | 0        | -3            |
| Stage 2        | 0             | 0          | 2              | -2                      | -2                                 | 0        | -2            |
| Stage 3        | 0             | 0          | 0              | 0                       | 0                                  | 0        | 0             |
| <b>Total</b>   | <b>-3</b>     | <b>-9</b>  | <b>12</b>      | <b>-1</b>               | <b>-3</b>                          | <b>0</b> | <b>-5</b>     |
|                | <b>Jan 20</b> |            |                |                         |                                    |          | <b>Jun 20</b> |
| Stage 1        | -7            | -17        | 7              | 0                       | 6                                  | 0        | -12           |
| Stage 2        | 0             | 0          | 0              | 0                       | 0                                  | 0        | -1            |
| Stage 3        | -2            | 0          | 0              | 0                       | -2                                 | 0        | -4            |
| <b>Total</b>   | <b>-9</b>     | <b>-17</b> | <b>7</b>       | <b>0</b>                | <b>3</b>                           | <b>0</b> | <b>-17</b>    |

## Loans and advances to customers

| 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         |                 |
| <b>Jun 21</b>                |                       |               |              |            |                |                        |               |               |             |               |                 |
| General governments          | 6,692                 | 348           | 2            | 3          | 7,044          | -6                     | -15           | -2            | -1          | -23           | 7,021           |
| Other financial corporations | 3,532                 | 612           | 51           | 11         | 4,206          | -10                    | -18           | -23           | 0           | -51           | 4,155           |
| Non-financial corporations   | 52,213                | 18,781        | 1,973        | 214        | 73,180         | -205                   | -704          | -1,083        | -88         | -2,080        | 71,100          |
| Households                   | 71,992                | 10,627        | 1,892        | 124        | 84,634         | -141                   | -453          | -1,006        | -30         | -1,631        | 83,004          |
| <b>Total</b>                 | <b>134,428</b>        | <b>30,366</b> | <b>3,918</b> | <b>352</b> | <b>169,064</b> | <b>-362</b>            | <b>-1,190</b> | <b>-2,113</b> | <b>-120</b> | <b>-3,785</b> | <b>165,279</b>  |
| <b>Dec 20</b>                |                       |               |              |            |                |                        |               |               |             |               |                 |
| General governments          | 6,455                 | 330           | 3            | 3          | 6,791          | -4                     | -4            | -2            | -1          | -11           | 6,779           |
| Other financial corporations | 2,860                 | 836           | 19           | 11         | 3,727          | -8                     | -38           | -6            | 0           | -51           | 3,676           |
| Non-financial corporations   | 50,673                | 18,379        | 2,075        | 227        | 71,354         | -186                   | -657          | -1,172        | -92         | -2,107        | 69,247          |
| Households                   | 69,241                | 10,554        | 1,935        | 125        | 81,855         | -136                   | -472          | -1,021        | -33         | -1,662        | 80,193          |
| <b>Total</b>                 | <b>129,229</b>        | <b>30,100</b> | <b>4,031</b> | <b>367</b> | <b>163,727</b> | <b>-335</b>            | <b>-1,171</b> | <b>-2,201</b> | <b>-125</b> | <b>-3,831</b> | <b>159,895</b>  |

## Development of credit loss allowances for loans and advances to customers

| in EUR million               | As of         | Additions   | Derecognitions | Transfer between stages | Other changes in credit risk (net) | Insignificant modifications (net) | Write-offs | Other      | As of         |               |
|------------------------------|---------------|-------------|----------------|-------------------------|------------------------------------|-----------------------------------|------------|------------|---------------|---------------|
|                              |               |             |                |                         |                                    |                                   |            |            | Jan 21        | Jun 21        |
| <b>Stage 1</b>               | <b>-335</b>   | <b>-136</b> | <b>37</b>      | <b>223</b>              | <b>-149</b>                        | <b>0</b>                          | <b>0</b>   | <b>-3</b>  | <b>-362</b>   | <b>-362</b>   |
| General governments          | -4            | -1          | 0              | 1                       | -2                                 | 0                                 | 0          | 0          | -6            | -6            |
| Other financial corporations | -8            | -5          | 1              | 7                       | -5                                 | 0                                 | 0          | 0          | -10           | -10           |
| Non-financial corporations   | -186          | -84         | 25             | 78                      | -37                                | 0                                 | 0          | -1         | -205          | -205          |
| Households                   | -136          | -47         | 11             | 138                     | -105                               | 0                                 | 0          | -3         | -141          | -141          |
| <b>Stage 2</b>               | <b>-1,171</b> | <b>-59</b>  | <b>84</b>      | <b>-336</b>             | <b>296</b>                         | <b>0</b>                          | <b>1</b>   | <b>-4</b>  | <b>-1,190</b> | <b>-1,190</b> |
| General governments          | -4            | -1          | 0              | -3                      | 0                                  | 0                                 | 0          | -7         | -15           | -15           |
| Other financial corporations | -38           | 0           | 2              | -9                      | 26                                 | 0                                 | 0          | 1          | -18           | -18           |
| Non-financial corporations   | -657          | -46         | 52             | -134                    | 85                                 | 0                                 | 0          | -4         | -704          | -704          |
| Households                   | -472          | -12         | 31             | -191                    | 185                                | 0                                 | 1          | 6          | -453          | -453          |
| <b>Stage 3</b>               | <b>-2,201</b> | <b>-24</b>  | <b>136</b>     | <b>-28</b>              | <b>-124</b>                        | <b>1</b>                          | <b>138</b> | <b>-12</b> | <b>-2,113</b> | <b>-2,113</b> |
| General governments          | -2            | 0           | 0              | 0                       | 0                                  | 0                                 | 0          | 0          | -2            | -2            |
| Other financial corporations | -6            | 0           | 0              | 0                       | -17                                | 0                                 | 1          | 0          | -23           | -23           |
| Non-financial corporations   | -1,172        | -12         | 62             | -8                      | -11                                | 1                                 | 62         | -5         | -1,083        | -1,083        |
| Households                   | -1,021        | -12         | 74             | -20                     | -96                                | 0                                 | 76         | -7         | -1,006        | -1,006        |
| <b>POCI</b>                  | <b>-125</b>   | <b>0</b>    | <b>9</b>       | <b>0</b>                | <b>-4</b>                          | <b>0</b>                          | <b>1</b>   | <b>-1</b>  | <b>-120</b>   | <b>-120</b>   |
| General governments          | -1            | 0           | 0              | 0                       | 0                                  | 0                                 | 0          | 0          | -1            | -1            |
| Other financial corporations | 0             | 0           | 0              | 0                       | 0                                  | 0                                 | 0          | 0          | 0             | 0             |
| Non-financial corporations   | -92           | 0           | 7              | 0                       | -3                                 | 0                                 | 0          | 0          | -88           | -88           |
| Households                   | -33           | 0           | 2              | 0                       | 0                                  | 0                                 | 1          | -1         | -30           | -30           |
| <b>Total</b>                 | <b>-3,831</b> | <b>-219</b> | <b>267</b>     | <b>-141</b>             | <b>19</b>                          | <b>1</b>                          | <b>140</b> | <b>-20</b> | <b>-3,785</b> | <b>-3,785</b> |
|                              | <b>Jan 20</b> |             |                |                         |                                    |                                   |            |            |               | <b>Jun 20</b> |
| <b>Stage 1</b>               | <b>-320</b>   | <b>-106</b> | <b>29</b>      | <b>179</b>              | <b>-89</b>                         | <b>0</b>                          | <b>0</b>   | <b>3</b>   | <b>-304</b>   | <b>-304</b>   |
| General governments          | -17           | -5          | 2              | 1                       | 14                                 | 0                                 | 0          | 0          | -5            | -5            |
| Other financial corporations | -5            | -3          | 1              | 2                       | -3                                 | 0                                 | 0          | 0          | -8            | -8            |
| Non-financial corporations   | -176          | -68         | 18             | 69                      | -18                                | 0                                 | 0          | 2          | -172          | -172          |
| Households                   | -122          | -31         | 7              | 107                     | -82                                | 0                                 | 0          | 2          | -119          | -119          |
| <b>Stage 2</b>               | <b>-506</b>   | <b>-39</b>  | <b>42</b>      | <b>-559</b>             | <b>62</b>                          | <b>-2</b>                         | <b>1</b>   | <b>9</b>   | <b>-993</b>   | <b>-993</b>   |
| General governments          | -3            | 0           | 0              | -3                      | 0                                  | 0                                 | 0          | 0          | -5            | -5            |
| Other financial corporations | -9            | -2          | 1              | -7                      | 1                                  | 0                                 | 0          | 0          | -16           | -16           |
| Non-financial corporations   | -243          | -17         | 25             | -287                    | -22                                | -1                                | 0          | 3          | -542          | -542          |
| Households                   | -251          | -20         | 16             | -262                    | 83                                 | -2                                | 1          | 6          | -429          | -429          |
| <b>Stage 3</b>               | <b>-2,003</b> | <b>-42</b>  | <b>114</b>     | <b>-45</b>              | <b>-167</b>                        | <b>1</b>                          | <b>100</b> | <b>20</b>  | <b>-2,022</b> | <b>-2,022</b> |
| General governments          | -2            | 0           | 0              | 0                       | 0                                  | 0                                 | 0          | 0          | -2            | -2            |
| Other financial corporations | -8            | 0           | 0              | 0                       | -2                                 | 0                                 | 1          | 0          | -9            | -9            |
| Non-financial corporations   | -965          | -21         | 55             | -15                     | -92                                | 1                                 | 45         | 8          | -984          | -984          |
| Households                   | -1,029        | -21         | 59             | -30                     | -73                                | 0                                 | 54         | 12         | -1,027        | -1,027        |
| <b>POCI</b>                  | <b>-139</b>   | <b>0</b>    | <b>9</b>       | <b>0</b>                | <b>4</b>                           | <b>0</b>                          | <b>1</b>   | <b>0</b>   | <b>-124</b>   | <b>-124</b>   |
| General governments          | -1            | 0           | 0              | 0                       | 0                                  | 0                                 | 0          | 0          | -1            | -1            |
| Other financial corporations | 0             | 0           | 0              | 0                       | 0                                  | 0                                 | 0          | 0          | 0             | 0             |
| Non-financial corporations   | -96           | 0           | 6              | 0                       | 3                                  | 0                                 | 0          | -1         | -87           | -87           |
| Households                   | -43           | 0           | 3              | 0                       | 1                                  | 0                                 | 1          | 1          | -36           | -36           |
| <b>Total</b>                 | <b>-2,969</b> | <b>-187</b> | <b>194</b>     | <b>-426</b>             | <b>-190</b>                        | <b>-1</b>                         | <b>103</b> | <b>32</b>  | <b>-3,443</b> | <b>-3,443</b> |

## 19. Finance lease receivables

| 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       |                 |
| <b>Jun 21</b>                |                       |            |            |          |              |                        |            |            |          |             |                 |
| General governments          | 294                   | 61         | 13         | 0        | 367          | -1                     | -20        | -2         | 0        | -22         | 345             |
| Credit institutions          | 4                     | 0          | 0          | 0        | 4            | 0                      | 0          | 0          | 0        | 0           | 4               |
| Other financial corporations | 69                    | 1          | 0          | 0        | 70           | 0                      | 0          | 0          | 0        | 0           | 70              |
| Non-financial corporations   | 2,363                 | 511        | 151        | 0        | 3,026        | -11                    | -26        | -68        | 0        | -105        | 2,921           |
| Households                   | 776                   | 48         | 15         | 0        | 839          | -3                     | -2         | -7         | 0        | -11         | 828             |
| <b>Total</b>                 | <b>3,506</b>          | <b>621</b> | <b>179</b> | <b>0</b> | <b>4,306</b> | <b>-15</b>             | <b>-47</b> | <b>-76</b> | <b>0</b> | <b>-139</b> | <b>4,167</b>    |
| <b>Dec 20</b>                |                       |            |            |          |              |                        |            |            |          |             |                 |
| General governments          | 358                   | 1          | 16         | 0        | 374          | -3                     | 0          | -2         | 0        | -4          | 370             |
| Credit institutions          | 4                     | 0          | 0          | 0        | 4            | 0                      | 0          | 0          | 0        | 0           | 4               |
| Other financial corporations | 66                    | 7          | 0          | 0        | 73           | 0                      | 0          | 0          | 0        | 0           | 73              |
| Non-financial corporations   | 2,319                 | 484        | 171        | 0        | 2,974        | -11                    | -10        | -70        | 0        | -91         | 2,883           |
| Households                   | 739                   | 56         | 15         | 0        | 810          | -3                     | -2         | -7         | 0        | -12         | 798             |
| <b>Total</b>                 | <b>3,485</b>          | <b>548</b> | <b>201</b> | <b>0</b> | <b>4,235</b> | <b>-17</b>             | <b>-12</b> | <b>-78</b> | <b>0</b> | <b>-108</b> | <b>4,127</b>    |

## Development of credit loss allowances for finance lease receivables

| in EUR million | As of       | Additions | Derecognitions | Transfer between stages | Other changes in credit risk (net) | Insignificant modifications (net) | Write-offs | Other      | As of       |
|----------------|-------------|-----------|----------------|-------------------------|------------------------------------|-----------------------------------|------------|------------|-------------|
|                | Jan 21      |           |                |                         |                                    |                                   |            |            | Jun 21      |
| Stage 1        | -17         | -3        | 0              | 3                       | 2                                  | 0                                 | 0          | 0          | -15         |
| Stage 2        | -12         | 0         | 0              | -9                      | -27                                | 0                                 | 0          | -1         | -47         |
| Stage 3        | -78         | 0         | 2              | -2                      | 14                                 | 0                                 | 2          | -13        | -76         |
| POCI           | 0           | 0         | 0              | 0                       | 0                                  | 0                                 | 0          | 0          | 0           |
| <b>Total</b>   | <b>-108</b> | <b>-3</b> | <b>3</b>       | <b>-7</b>               | <b>-11</b>                         | <b>0</b>                          | <b>2</b>   | <b>-14</b> | <b>-139</b> |
|                | Jan 20      |           |                |                         |                                    |                                   |            |            | Jun 20      |
| Stage 1        | -15         | -3        | 0              | 4                       | -4                                 | 0                                 | 0          | 0          | -18         |
| Stage 2        | -5          | 0         | 0              | -3                      | -10                                | 0                                 | 0          | 0          | -18         |
| Stage 3        | -114        | 0         | 1              | -4                      | 1                                  | 0                                 | 3          | 4          | -110        |
| POCI           | 0           | 0         | 0              | 0                       | 0                                  | 0                                 | 0          | 0          | 0           |
| <b>Total</b>   | <b>-134</b> | <b>-3</b> | <b>1</b>       | <b>-4</b>               | <b>-13</b>                         | <b>0</b>                          | <b>3</b>   | <b>4</b>   | <b>-147</b> |

## 20. Hedge accounting derivatives

| in EUR million             | Dec 20         |                     |                     | Jun 21         |                     |                     |
|----------------------------|----------------|---------------------|---------------------|----------------|---------------------|---------------------|
|                            | Notional value | Positive fair value | Negative fair value | Notional value | Positive fair value | Negative fair value |
| <b>Fair value hedges</b>   | <b>13,540</b>  | <b>537</b>          | <b>291</b>          | <b>13,779</b>  | <b>362</b>          | <b>287</b>          |
| Interest rate              | 13,540         | 537                 | 291                 | 13,779         | 362                 | 287                 |
| Equity                     | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Foreign exchange           | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Credit                     | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Commodity                  | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Other                      | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| <b>Cash flow hedges</b>    | <b>3,300</b>   | <b>86</b>           | <b>15</b>           | <b>3,541</b>   | <b>38</b>           | <b>26</b>           |
| Interest rate              | 2,704          | 83                  | 8                   | 2,667          | 30                  | 18                  |
| Equity                     | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Foreign exchange           | 596            | 2                   | 7                   | 873            | 8                   | 8                   |
| Credit                     | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Commodity                  | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Other                      | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| <b>Total gross amounts</b> | <b>16,840</b>  | <b>623</b>          | <b>306</b>          | <b>17,319</b>  | <b>400</b>          | <b>314</b>          |
| Offset                     | 0              | -418                | -117                |                | -269                | -144                |
| <b>Total</b>               |                | <b>205</b>          | <b>189</b>          |                | <b>131</b>          | <b>170</b>          |

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.

## 21. Trade and other receivables

| 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      |                 |
| <b>Jun 21</b>                |                       |            |           |          |              |                        |            |            |          |            |                 |
| Central banks                | 1                     | 0          | 0         | 0        | 1            | 0                      | 0          | 0          | 0        | 0          | 1               |
| General governments          | 124                   | 25         | 0         | 0        | 150          | -1                     | 0          | 0          | 0        | -1         | 149             |
| Credit institutions          | 23                    | 5          | 0         | 0        | 28           | 0                      | -1         | 0          | 0        | -1         | 27              |
| Other financial corporations | 25                    | 3          | 0         | 0        | 28           | 0                      | 0          | 0          | 0        | 0          | 28              |
| Non-financial corporations   | 714                   | 822        | 59        | 0        | 1,596        | -5                     | -4         | -52        | 0        | -61        | 1,535           |
| Households                   | 91                    | 16         | 20        | 0        | 127          | -2                     | -5         | -18        | 0        | -24        | 103             |
| <b>Total</b>                 | <b>978</b>            | <b>870</b> | <b>80</b> | <b>0</b> | <b>1,929</b> | <b>-7</b>              | <b>-10</b> | <b>-70</b> | <b>0</b> | <b>-87</b> | <b>1,841</b>    |
| <b>Dec 20</b>                |                       |            |           |          |              |                        |            |            |          |            |                 |
| Central banks                | 1                     | 0          | 0         | 0        | 1            | 0                      | 0          | 0          | 0        | 0          | 1               |
| General governments          | 35                    | 20         | 0         | 0        | 55           | 0                      | 0          | 0          | 0        | 0          | 55              |
| Credit institutions          | 27                    | 2          | 0         | 0        | 29           | 0                      | 0          | 0          | 0        | -1         | 29              |
| Other financial corporations | 25                    | 2          | 0         | 0        | 28           | 0                      | 0          | 0          | 0        | 0          | 27              |
| Non-financial corporations   | 484                   | 639        | 39        | 0        | 1,162        | -4                     | -5         | -29        | 0        | -38        | 1,124           |
| Households                   | 88                    | 21         | 21        | 0        | 130          | -2                     | -5         | -18        | 0        | -24        | 106             |
| <b>Total</b>                 | <b>660</b>            | <b>684</b> | <b>61</b> | <b>0</b> | <b>1,405</b> | <b>-6</b>              | <b>-10</b> | <b>-47</b> | <b>0</b> | <b>-64</b> | <b>1,341</b>    |

## Development of credit loss allowances for trade and other receivables

| in EUR million | As of         | Additions | Derecognitions | Transfer between stages | Other changes in credit risk (net) | Insignificant modifications (net) | Write-offs | Other    | As of         |
|----------------|---------------|-----------|----------------|-------------------------|------------------------------------|-----------------------------------|------------|----------|---------------|
|                | <b>Jan 21</b> |           |                |                         |                                    |                                   |            |          | <b>Jun 21</b> |
| Stage 1        | -6            | -4        | 3              | 1                       | -1                                 | 0                                 | 0          | 0        | -7            |
| Stage 2        | -10           | 0         | 1              | -1                      | 0                                  | 0                                 | 0          | 0        | -10           |
| Stage 3        | -47           | 0         | 3              | 0                       | -27                                | 0                                 | 2          | 0        | -70           |
| POCI           | 0             | 0         | 0              | 0                       | 0                                  | 0                                 | 0          | 0        | 0             |
| <b>Total</b>   | <b>-64</b>    | <b>-4</b> | <b>6</b>       | <b>0</b>                | <b>-28</b>                         | <b>0</b>                          | <b>2</b>   | <b>0</b> | <b>-87</b>    |
|                | <b>Jan 20</b> |           |                |                         |                                    |                                   |            |          | <b>Jun 20</b> |
| Stage 1        | -6            | -1        | 0              | 0                       | 1                                  | 0                                 | 0          | 0        | -6            |
| Stage 2        | -10           | 0         | 1              | -1                      | -1                                 | 0                                 | 0          | 0        | -11           |
| Stage 3        | -55           | 0         | 1              | 0                       | -5                                 | 0                                 | 3          | 1        | -55           |
| POCI           | -1            | 0         | 1              | 0                       | 0                                  | 0                                 | 0          | 0        | 0             |
| <b>Total</b>   | <b>-72</b>    | <b>-1</b> | <b>2</b>       | <b>-1</b>               | <b>-5</b>                          | <b>0</b>                          | <b>3</b>   | <b>1</b> | <b>-73</b>    |

## 22. Other assets

| in EUR million      | Dec 20     | Jun 21       |
|---------------------|------------|--------------|
| Prepayments         | 124        | 144          |
| Inventories         | 171        | 152          |
| Sundry assets       | 456        | 892          |
| <b>Other assets</b> | <b>751</b> | <b>1,188</b> |

## 23. Other financial liabilities held for trading

| in EUR million                                      | Dec 20     | Jun 21       |
|---|------------|--------------|
| Short positions                                     | 521        | 953          |
| Equity instruments                                  | 135        | 97           |
| Debt securities                                     | 386        | 856          |
| Debt securities issued                              | 66         | 67           |
| <b>Other financial liabilities held for trading</b> | <b>588</b> | <b>1,021</b> |

## 24. Financial liabilities at fair value through profit and loss

### Debt securities issued

| in EUR million                                   | Dec 20        | Jun 21        |
|--|---------------|---------------|
| Subordinated debt securities issued              | 3,944         | 3,511         |
| Other debt securities issued                     | 7,713         | 6,625         |
| Bonds  | 4,784         | 4,197         |
| Other certificates of deposits/name certificates | 854           | 872           |
| Mortgage covered bonds                           | 1,858         | 1,378         |
| Public sector covered bonds                      | 216           | 178           |
| <b>Debt securities issued</b>                    | <b>11,657</b> | <b>10,136</b> |

## 25. Financial liabilities at amortised costs

### Deposits from banks

| in EUR million             | Dec 20        | Jun 21        |
|----------------------------|---------------|---------------|
| Overnight deposits         | 2,115         | 3,876         |
| Term deposits              | 21,728        | 28,657        |
| Repurchase agreements      | 927           | 2,110         |
| <b>Deposits from banks</b> | <b>24,771</b> | <b>34,643</b> |

### Deposits from customers

| in EUR million                 | Dec 20         | Jun 21         |
|--------------------------------|----------------|----------------|
| <b>Overnight deposits</b>      | <b>144,864</b> | <b>159,197</b> |
| Savings deposits               | 37,265         | 40,748         |
| Other financial corporations   | 185            | 267            |
| Non-financial corporations     | 2,457          | 2,226          |
| Households                     | 34,623         | 38,254         |
| Non-savings deposits           | 107,599        | 118,449        |
| General governments            | 5,806          | 7,148          |
| Other financial corporations   | 6,936          | 7,540          |
| Non-financial corporations     | 33,312         | 35,571         |
| Households                     | 61,544         | 68,190         |
| <b>Term deposits</b>           | <b>44,684</b>  | <b>44,224</b>  |
| Deposits with agreed maturity  | 38,142         | 37,473         |
| Savings deposits               | 25,996         | 23,923         |
| Other financial corporations   | 1,050          | 502            |
| Non-financial corporations     | 1,331          | 1,320          |
| Households                     | 23,615         | 22,102         |
| Non-savings deposits           | 12,146         | 13,550         |
| General governments            | 2,832          | 2,683          |
| Other financial corporations   | 1,890          | 3,392          |
| Non-financial corporations     | 2,285          | 2,555          |
| Households                     | 5,140          | 4,919          |
| Deposits redeemable at notice  | 6,543          | 6,751          |
| General governments            | 1              | 7              |
| Other financial corporations   | 110            | 123            |
| Non-financial corporations     | 256            | 279            |
| Households                     | 6,175          | 6,342          |
| <b>Repurchase agreements</b>   | <b>1,269</b>   | <b>2,699</b>   |
| General governments            | 2              | 1,139          |
| Other financial corporations   | 1,260          | 1,560          |
| Non-financial corporations     | 6              | 0              |
| <b>Deposits from customers</b> | <b>190,816</b> | <b>206,120</b> |
| General governments            | 8,642          | 10,978         |
| Other financial corporations   | 11,431         | 13,384         |
| Non-financial corporations     | 39,648         | 41,951         |
| Households                     | 131,097        | 139,807        |

The carrying amount of the TLTRO III liabilities as of 30 June 2021 was EUR 19.6 billion (EUR 14.1 billion). For details on the catch-up adjustment recognised in the second quarter of 2021 refer to Note 1 Net interest income.

## Debt securities issued

| in EUR million                                   | Dec 20        | Jun 21        |
|--|---------------|---------------|
| Subordinated debt securities issued              | 1,477         | 1,451         |
| Senior non-preferred bonds                       | 669           | 867           |
| Other debt securities issued                     | 16,874        | 17,789        |
| Bonds  | 4,680         | 6,467         |
| Certificates of deposit                          | 520           | 1,502         |
| Other certificates of deposits/name certificates | 178           | 166           |
| Mortgage covered bonds                           | 10,977        | 9,654         |
| Public sector covered bonds                      | 0             | 0             |
| Other  | 519           | 0             |
| <b>Debt securities issued</b>                    | <b>19,020</b> | <b>20,107</b> |

## 26. Provisions

| in EUR million  | Dec 20       | Jun 21       |
|---|--------------|--------------|
| Long-term employee provisions                                   | 1,042        | 967          |
| Pending legal issues and tax litigation                         | 359          | 328          |
| Commitments and guarantees given                                | 399          | 396          |
| Provisions for commitments and financial guarantees in Stage 1  | 83           | 97           |
| Provisions for commitments and financial guarantees in Stage 2  | 211          | 199          |
| Provisions for commitments and financial guarantees - Defaulted | 104          | 100          |
| Other provisions  | 282          | 364          |
| Provisions for onerous contracts                                | 3            | 2            |
| Other   | 279          | 362          |
| <b>Provisions</b>   | <b>2,082</b> | <b>2,055</b> |

### Effects from the change in material valuation parameters

For the calculation of the defined benefit obligation for pension and severance payment provisions as well as for jubilee provisions, the interest rate used has been increased to 0.94% p.a. as of 30 June 2021 (31 December 2020: 0.50% p.a.) to reflect the actual interest rate levels. Furthermore, the collective agreement trend remained unchanged at 1.90% p.a. (31 December 2020: 1.90% p.a.) as well as the ASVG trend at 1.70% p.a. (31 December 2020: 1.70% p.a.). According to IAS 19 the resulting measurement adjustment for pension and severance payment provisions amounting to EUR 51.1 million (before tax) has been recognised in other comprehensive income those for jubilee provisions, an amount of EUR 6.0 million has been considered in the income statement.

## 27. Other liabilities

| in EUR million           | Dec 20       | Jun 21       |
|--------------------------|--------------|--------------|
| Deferred income          | 117          | 126          |
| Sundry liabilities       | 2,115        | 2,476        |
| <b>Other liabilities</b> | <b>2,232</b> | <b>2,602</b> |

## 28. Segment reporting

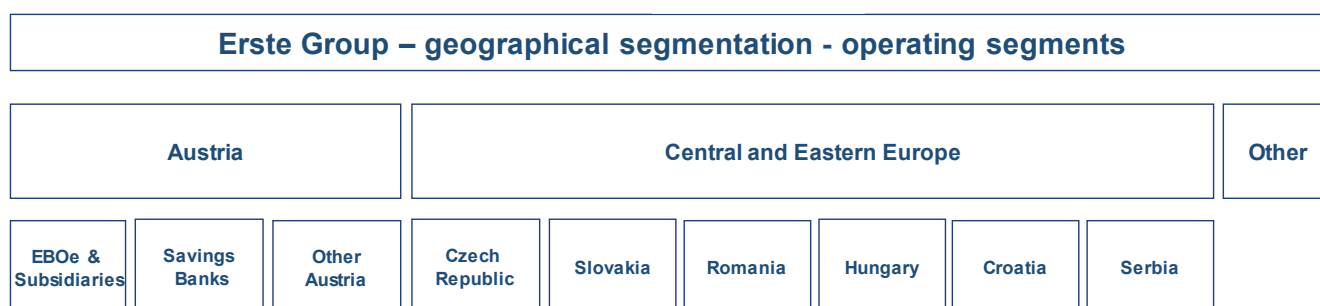
Erste Group's segment reporting is based on IFRS 8 Operating Segments, which adopts the management approach. Accordingly, segment information is prepared on the basis of internal management reporting that is regularly reviewed by the chief operating decision maker to assess the performance of the segments 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 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       |              | Central and Eastern Europe |              | Other         |               | Total Group    |                |
|--|---------------|--------------|----------------------------|--------------|---------------|---------------|----------------|----------------|
|  | 1-6 20        | 1-6 21       | 1-6 20                     | 1-6 21       | 1-6 20        | 1-6 21        | 1-6 20         | 1-6 21         |
|  | 1,080.0       | 1,055.0      | 1,242.1                    | 1,262.6      | 74.7          | 131.1         | 2,396.9        | 2,448.7        |
| Net interest income  | 575.1         | 655.9        | 423.5                      | 487.8        | -41.9         | -44.7         | 956.7          | 1,099.0        |
| Dividend income  | 8.9           | 6.8          | 1.7                        | 7.6          | 4.2           | 6.1           | 14.8           | 20.5           |
| Net trading result   | -31.7         | 22.9         | 90.6                       | 115.4        | -78.0         | -95.2         | -19.2          | 43.1           |
| Gains/losses from financial instruments at FVPL                                | -34.7         | 36.7         | 8.9                        | -0.3         | 54.3          | 47.3          | 28.5           | 83.6           |
| Net result from equity method investments                                      | 1.2           | 0.0          | 2.1                        | 3.0          | 2.6           | 3.2           | 5.9            | 6.2            |
| Rental income from investment properties & other operating leases              | 70.7          | 72.8         | 25.5                       | 25.0         | -8.0          | -8.2          | 88.3           | 89.6           |
| General administrative expenses  | -1,085.6      | -1,068.7     | -932.8                     | -943.9       | -96.3         | -90.4         | -2,114.7       | -2,103.0       |
| Gains/losses from derecognition of financial assets at AC                      | -0.1          | 1.2          | 0.5                        | 2.1          | -0.1          | 0.0           | 0.3            | 3.3            |
| Other gains/losses from derecognition of financial instruments not at FVPL     | -1.3          | -0.9         | 0.1                        | 0.0          | -0.9          | 0.3           | -2.1           | -0.6           |
| Impairment result from financial instruments                                   | -332.9        | 1.3          | -345.0                     | -86.3        | 2.5           | 2.1           | -675.4         | -82.9          |
| Other operating result   | -11.3         | -16.4        | -132.7                     | -92.4        | -25.9         | -63.6         | -169.9         | -172.4         |
| Levies on banking activities   | -4.1          | -4.7         | -70.3                      | -38.2        | -8.5          | -9.3          | -83.0          | -52.2          |
| <b>Pre-tax result from continuing operations</b>                               | <b>238.3</b>  | <b>766.7</b> | <b>384.6</b>               | <b>780.6</b> | <b>-112.8</b> | <b>-112.2</b> | <b>510.1</b>   | <b>1,435.1</b> |
| Taxes on income  | -57.6         | -187.9       | -86.0                      | -155.3       | 3.3           | 55.9          | -140.3         | -287.3         |
| <b>Net result for the period</b>   | <b>180.7</b>  | <b>578.8</b> | <b>298.6</b>               | <b>625.3</b> | <b>-109.4</b> | <b>-56.3</b>  | <b>369.8</b>   | <b>1,147.8</b> |
| Net result attributable to non-controlling interests                           | 61.0          | 202.0        | 9.9                        | 28.3         | 5.2           | -0.5          | 76.1           | 229.8          |
| <b>Net result attributable to owners of the parent</b>                         | <b>119.7</b>  | <b>376.7</b> | <b>288.7</b>               | <b>597.0</b> | <b>-114.6</b> | <b>-55.8</b>  | <b>293.8</b>   | <b>918.0</b>   |
| Operating income   | 1,669.5       | 1,850.1      | 1,794.5                    | 1,901.1      | 7.9           | 39.4          | 3,471.9        | 3,790.7        |
| Operating expenses   | -1,085.6      | -1,068.7     | -932.8                     | -943.9       | -96.3         | -90.4         | -2,114.7       | -2,103.0       |
| <b>Operating result</b>  | <b>583.9</b>  | <b>781.5</b> | <b>861.7</b>               | <b>957.2</b> | <b>-88.4</b>  | <b>-51.0</b>  | <b>1,357.2</b> | <b>1,687.7</b> |
| Risk-weighted assets (credit risk, eop)  | 50,279        | 58,004       | 41,302                     | 44,725       | 2,248         | 2,999         | 93,830         | 105,729        |
| Average allocated capital  | 6,925         | 7,711        | 7,080                      | 8,363        | 7,086         | 6,762         | 21,092         | 22,836         |
| Cost/income ratio  | 65.0%         | 57.8%        | 52.0%                      | 49.6%        | >100%         | >100%         | 60.9%          | 55.5%          |
| Return on allocated capital  | 5.2%          | 15.1%        | 8.5%                       | 15.1%        | -3.1%         | -1.7%         | 3.5%           | 10.1%          |
| Total assets (eop)   | 170,528       | 196,933      | 120,435                    | 131,769      | -26,271       | -25,267       | 264,692        | 303,435        |
| Total liabilities excluding equity (eop)                                       | 137,287       | 160,753      | 108,689                    | 118,849      | -2,485        | 462           | 243,492        | 280,064        |
| <b>Impairments</b>   | <b>-333.1</b> | <b>0.2</b>   | <b>-353.6</b>              | <b>-95.9</b> | <b>-17.5</b>  | <b>1.5</b>    | <b>-704.2</b>  | <b>-94.2</b>   |
| Net impairment loss on financial assets AC/FVOCI and finance lease receivables | -286.2        | -15.3        | -322.9                     | -56.5        | 4.3           | 15.3          | -604.8         | -56.5          |
| Net impairment loss on commitments and guarantees given                        | -46.7         | 16.6         | -22.0                      | -29.8        | -1.8          | -13.2         | -70.6          | -26.4          |
| Impairment of goodwill   | 0.0           | 0.0          | 0.0                        | 0.0          | 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          | -2.1          | 0.0           | -2.1           | 0.0            |
| Net impairment on other non-financial assets                                   | -0.2          | -1.1         | -8.7                       | -9.6         | -17.9         | -0.6          | -26.7          | -11.3          |

## Operating segments: Geographical area – Austria

| in EUR million   | EBOe & Subsidiaries |              | Savings Banks |              | Other Austria |              | Austria       |              |
|--|---------------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|  | 1-6 20              | 1-6 21       | 1-6 20        | 1-6 21       | 1-6 20        | 1-6 21       | 1-6 20        | 1-6 21       |
|  | Net interest income | 321.0        | 322.6         | 532.1        | 537.0         | 226.9        | 195.4         | 1,080.0      |
| Net fee and commission income  | 201.3               | 221.7        | 255.2         | 281.7        | 118.6         | 152.6        | 575.1         | 655.9        |
| Dividend income  | 6.1                 | 4.6          | 2.1           | 1.5          | 0.7           | 0.7          | 8.9           | 6.8          |
| Net trading result   | 10.3                | -10.9        | 2.8           | -5.3         | -44.8         | 39.1         | -31.7         | 22.9         |
| Gains/losses from financial instruments at FVPL                                | -4.9                | 18.0         | -28.4         | 25.5         | -1.4          | -6.9         | -34.7         | 36.7         |
| Net result from equity method investments                                      | 1.1                 | 0.7          | 0.0           | 0.0          | 0.1           | -0.7         | 1.2           | 0.0          |
| General income from investment properties & other operating leases             | 28.5                | 31.2         | 19.1          | 20.0         | 23.1          | 21.7         | 70.7          | 72.8         |
| General administrative expenses  | -352.8              | -350.9       | -556.2        | -548.4       | -176.6        | -169.3       | -1,085.6      | -1,068.7     |
| Gains/losses from derecognition of financial assets at AC                      | 0.0                 | 0.0          | -0.1          | 1.2          | 0.1           | 0.0          | -0.1          | 1.2          |
| Other gains/losses from derecognition of financial instruments not at FVPL     | -0.1                | -0.2         | -1.2          | -0.5         | 0.0           | -0.1         | -1.3          | -0.9         |
| Impairment result from financial instruments                                   | -81.5               | -14.7        | -140.8        | 15.1         | -110.7        | 0.8          | -332.9        | 1.3          |
| Other operating result   | -8.0                | -23.2        | -9.0          | -11.6        | 5.8           | 18.5         | -11.3         | -16.4        |
| Levies on banking activities   | -1.8                | -2.1         | -2.3          | -2.5         | 0.0           | 0.0          | -4.1          | -4.7         |
| <b>Pre-tax result from continuing operations</b>                               | <b>121.1</b>        | <b>198.9</b> | <b>75.5</b>   | <b>316.1</b> | <b>41.7</b>   | <b>251.8</b> | <b>238.3</b>  | <b>766.7</b> |
| Taxes on income  | -28.7               | -48.5        | -21.5         | -79.9        | -7.4          | -59.6        | -57.6         | -187.9       |
| <b>Net result for the period</b>   | <b>92.4</b>         | <b>150.4</b> | <b>54.0</b>   | <b>236.2</b> | <b>34.4</b>   | <b>192.2</b> | <b>180.7</b>  | <b>578.8</b> |
| Net result attributable to non-controlling interests                           | 20.4                | 11.3         | 37.2          | 189.8        | 3.3           | 0.9          | 61.0          | 202.0        |
| <b>Net result attributable to owners of the parent</b>                         | <b>71.9</b>         | <b>139.1</b> | <b>16.7</b>   | <b>46.4</b>  | <b>31.0</b>   | <b>191.3</b> | <b>119.7</b>  | <b>376.7</b> |
| Operating income   | 563.5               | 587.9        | 782.9         | 860.3        | 323.2         | 401.9        | 1,669.5       | 1,850.1      |
| Operating expenses   | -352.8              | -350.9       | -556.2        | -548.4       | -176.6        | -169.3       | -1,085.6      | -1,068.7     |
| <b>Operating result</b>  | <b>210.7</b>        | <b>237.0</b> | <b>226.7</b>  | <b>311.9</b> | <b>146.6</b>  | <b>232.6</b> | <b>583.9</b>  | <b>781.5</b> |
| Risk-weighted assets (credit risk, eop)  | 12,125              | 14,793       | 23,046        | 26,993       | 15,109        | 16,219       | 50,279        | 58,004       |
| Average allocated capital  | 1,702               | 1,824        | 3,161         | 3,498        | 2,062         | 2,389        | 6,925         | 7,711        |
| Cost/income ratio  | 62.6%               | 59.7%        | 71.0%         | 63.7%        | 54.6%         | 42.1%        | 65.0%         | 57.8%        |
| Return on allocated capital  | 10.9%               | 16.6%        | 3.4%          | 13.6%        | 3.3%          | 16.2%        | 5.2%          | 15.1%        |
| Total assets (eop)   | 50,463              | 57,697       | 70,052        | 75,590       | 50,013        | 63,646       | 170,528       | 196,933      |
| Total liabilities excluding equity (eop)                                       | 48,330              | 55,455       | 64,958        | 70,129       | 23,999        | 35,169       | 137,287       | 160,753      |
| <b>Impairments</b>   | <b>-81.5</b>        | <b>-14.6</b> | <b>-140.9</b> | <b>15.1</b>  | <b>-110.7</b> | <b>-0.3</b>  | <b>-333.1</b> | <b>0.2</b>   |
| Net impairment loss on financial assets AC/FVOCI and finance lease receivables | -67.7               | -17.3        | -123.8        | 18.8         | -94.7         | -16.8        | -286.2        | -15.3        |
| Net impairment loss on commitments and guarantees given                        | -13.8               | 2.7          | -16.9         | -3.7         | -16.0         | 17.6         | -46.7         | 16.6         |
| Impairment of goodwill   | 0.0                 | 0.0          | 0.0           | 0.0          | 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          | 0.0           | 0.0          | 0.0           | 0.0          |
| Net impairment on other non-financial assets                                   | 0.0                 | 0.0          | -0.1          | 0.0          | 0.0           | -1.1         | -0.2          | -1.1         |

## Operating segments: Geographical area – Central and Eastern Europe

|  | Czech Republic |        | Slovakia |        | Romania |        | Hungary |        | Croatia |        | Serbia |        | Central and Eastern Europe |         |
|--|----------------|--------|----------|--------|---------|--------|---------|--------|---------|--------|--------|--------|----------------------------|---------|
|  | 1-6 20         | 1-6 21 | 1-6 20   | 1-6 21 | 1-6 20  | 1-6 21 | 1-6 20  | 1-6 21 | 1-6 20  | 1-6 21 | 1-6 20 | 1-6 21 | 1-6 20                     | 1-6 21  |
| in EUR million   |                |        |          |        |         |        |         |        |         |        |        |        |                            |         |
| Net interest income  | 533.4          | 535.1  | 219.5    | 221.4  | 220.5   | 215.2  | 103.7   | 120.7  | 134.4   | 135.0  | 30.7   | 35.2   | 1,242.1                    | 1,262.6 |
| Net fee and commission income  | 151.0          | 175.5  | 67.9     | 79.5   | 65.6    | 78.3   | 87.3    | 99.1   | 44.1    | 46.2   | 7.5    | 9.1    | 423.5                      | 487.8   |
| Dividend income  | 0.4            | 6.4    | 0.6      | 0.5    | 0.7     | 0.6    | 0.0     | 0.0    | 0.0     | 0.1    | 0.0    | 0.0    | 1.7                        | 7.6     |
| Net trading result   | 30.1           | 43.4   | 3.7      | 3.9    | 29.7    | 35.0   | 14.7    | 16.6   | 10.6    | 13.7   | 1.8    | 2.8    | 90.6                       | 115.4   |
| Gains/losses from financial instruments at FVPL                                | 14.8           | -5.8   | -0.3     | 0.1    | 0.0     | 0.5    | -4.8    | 5.3    | -0.8    | -0.4   | 0.0    | 0.0    | 8.9                        | -0.3    |
| Net result from equity method investments                                      | 0.0            | -1.2   | 1.7      | 3.5    | -0.1    | 0.1    | 0.0     | 0.0    | 0.5     | 0.6    | 0.0    | 0.0    | 2.1                        | 3.0     |
| Rental income from investment properties & other operating leases              | 4.2            | 4.7    | 0.2      | 0.1    | 11.1    | 11.6   | 3.8     | 4.1    | 6.2     | 4.5    | 0.0    | 0.0    | 25.5                       | 25.0    |
| General administrative expenses  | -371.9         | -385.8 | -144.6   | -147.9 | -167.2  | -163.6 | -110.5  | -112.0 | -111.2  | -106.0 | -27.5  | -28.6  | -932.8                     | -943.9  |
| Gains/losses from derecognition of financial assets at AC                      | 0.0            | 0.0    | 0.0      | 0.0    | 0.0     | 0.0    | 0.5     | 2.0    | 0.0     | 0.0    | 0.0    | 0.0    | 0.5                        | 2.1     |
| Other gains/losses from derecognition of financial instruments not at FVPL     | 0.0            | 0.0    | 0.0      | -0.3   | 0.0     | 0.0    | 0.1     | 0.3    | 0.0     | 0.0    | 0.0    | 0.0    | 0.1                        | 0.0     |
| Impairment result from financial instruments                                   | -135.8         | -32.9  | -63.5    | -26.0  | -35.3   | -15.8  | -49.9   | -3.2   | -52.8   | -5.1   | -7.7   | -3.4   | -345.0                     | -86.3   |
| Other operating result   | -30.5          | -36.7  | -40.0    | -8.1   | -11.7   | -18.7  | -39.8   | -37.0  | -10.2   | 10.5   | -0.4   | -2.4   | -132.7                     | -92.4   |
| Levies on banking activities   | 0.0            | 0.0    | -33.8    | 0.0    | 0.0     | 0.0    | -36.6   | -38.2  | 0.0     | 0.0    | 0.0    | 0.0    | -70.3                      | -38.2   |
| Pre-tax result from continuing operations                                      | 195.7          | 302.6  | 45.2     | 126.6  | 113.3   | 143.3  | 5.1     | 96.1   | 20.9    | 99.3   | 4.5    | 12.7   | 384.6                      | 780.6   |
| Taxes on income  | -40.5          | -69.3  | -10.3    | -30.2  | -31.7   | -26.6  | -10.0   | -11.3  | 6.6     | -17.3  | -0.1   | -0.5   | -86.0                      | -155.3  |
| Net result for the period  | 155.1          | 233.3  | 34.8     | 96.4   | 81.6    | 116.7  | -4.9    | 84.7   | 27.5    | 82.0   | 4.5    | 12.2   | 298.6                      | 625.3   |
| Net result attributable to non-controlling interests                           | 0.0            | 0.0    | 0.0      | 0.0    | 0.1     | 0.0    | 0.0     | 0.0    | 8.8     | 25.8   | 1.0    | 2.5    | 9.9                        | 28.3    |
| Net result attributable to owners of the parent                                | 155.1          | 233.3  | 34.8     | 96.4   | 81.5    | 116.7  | -4.9    | 84.7   | 18.7    | 56.1   | 3.5    | 9.7    | 288.7                      | 597.0   |
| Operating income   | 733.9          | 758.1  | 293.3    | 308.9  | 327.5   | 341.3  | 204.6   | 245.9  | 195.1   | 199.8  | 40.1   | 47.1   | 1,794.5                    | 1,901.1 |
| Operating expenses   | -371.9         | -385.8 | -144.6   | -147.9 | -167.2  | -163.6 | -110.5  | -112.0 | -111.2  | -106.0 | -27.5  | -28.6  | -932.8                     | -943.9  |
| Operating result   | 362.0          | 372.3  | 148.7    | 161.0  | 160.3   | 177.7  | 94.2    | 133.9  | 83.9    | 93.8   | 12.5   | 18.5   | 861.7                      | 957.2   |
| Risk-weighted assets (credit risk, eop)  | 17,156         | 18,714 | 7,028    | 7,286  | 5,948   | 6,937  | 4,034   | 4,252  | 5,662   | 5,990  | 1,474  | 1,548  | 41,302                     | 44,725  |
| Average allocated capital  | 2,576          | 2,960  | 1,117    | 1,224  | 1,367   | 1,717  | 942     | 1,153  | 866     | 1,048  | 212    | 261    | 7,080                      | 8,363   |
| Cost/income ratio  | 50.7%          | 50.9%  | 49.3%    | 47.9%  | 51.0%   | 47.9%  | 54.0%   | 45.5%  | 57.0%   | 53.1%  | 68.7%  | 60.7%  | 52.0%                      | 49.6%   |
| Return on allocated capital  | 12.1%          | 15.9%  | 6.3%     | 15.9%  | 12.0%   | 13.7%  | -1.1%   | 14.8%  | 6.4%    | 15.8%  | 4.2%   | 9.4%   | 8.5%                       | 15.1%   |
| Total assets (eop)   | 62,356         | 65,784 | 19,401   | 22,909 | 15,747  | 16,878 | 9,877   | 11,674 | 10,671  | 11,878 | 2,384  | 2,645  | 120,435                    | 131,769 |
| Total liabilities excluding equity (eop)                                       | 56,888         | 59,769 | 17,680   | 21,071 | 13,893  | 14,857 | 8,754   | 10,385 | 9,372   | 10,441 | 2,102  | 2,326  | 108,689                    | 118,849 |
| Impairments  | -136.9         | -32.9  | -62.6    | -25.9  | -42.7   | -24.6  | -50.6   | -3.2   | -53.2   | -5.9   | -7.7   | -3.4   | -353.6                     | -95.9   |
| Net impairment loss on financial assets AC/FVOCI and finance lease receivables | -127.4         | -18.8  | -60.4    | -23.4  | -34.7   | -8.5   | -46.7   | -3.2   | -46.3   | 0.8    | -7.4   | -3.4   | -322.9                     | -56.5   |
| Net impairment loss on commitments and guarantees given                        | -8.4           | -14.1  | -3.1     | -2.5   | -0.6    | -7.3   | -3.2    | 0.0    | -6.5    | -5.9   | -0.3   | -0.1   | -22.0                      | -29.8   |
| Impairment of goodwill   | 0.0            | 0.0    | 0.0      | 0.0    | 0.0     | 0.0    | 0.0     | 0.0    | 0.0     | 0.0    | 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    | 0.0     | 0.0    | 0.0     | 0.0    | 0.0     | 0.0    | 0.0    | 0.0    | 0.0                        | 0.0     |
| Net impairment on other non-financial assets                                   | -1.0           | 0.1    | 0.9      | 0.1    | -7.4    | -8.8   | -0.7    | 0.0    | -0.4    | -0.9   | 0.0    | 0.0    | -8.7                       | -9.6    |

## Business segments (1)

| in EUR million   | Retail        |              | Corporates    |              | Group Markets |              | ALM&LCC       |              |
|--|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|  | 1-6 20        | 1-6 21       | 1-6 20        | 1-6 21       | 1-6 20        | 1-6 21       | 1-6 20        | 1-6 21       |
|  | 1,063.8       | 1,026.9      | 555.1         | 572.6        | 133.3         | 87.4         | 18.2          | 145.1        |
| Net interest income  | 504.0         | 576.2        | 134.8         | 152.3        | 115.0         | 146.2        | -41.4         | -41.0        |
| Dividend income  | 0.0           | 0.4          | 0.7           | 0.5          | 0.0           | 0.2          | 7.8           | 11.8         |
| Net trading result   | 47.3          | 52.4         | 20.0          | 46.8         | -16.5         | 68.4         | -61.3         | -83.3        |
| Gains/losses from financial instruments at FVPL                                | -6.7          | 2.8          | -5.8          | -2.9         | 4.5           | -3.1         | 59.7          | 70.1         |
| Net result from equity method investments                                      | 2.2           | 4.0          | 0.0           | 0.0          | 0.0           | 0.0          | 1.1           | -1.0         |
| Rental income from investment properties & other operating leases              | 12.1          | 11.8         | 54.4          | 55.0         | 0.0           | 0.2          | 12.4          | 12.3         |
| General administrative expenses  | -1,029.9      | -1,027.6     | -265.8        | -260.3       | -111.7        | -114.7       | -66.1         | -72.3        |
| Gains/losses from derecognition of financial assets at AC                      | 0.0           | 0.0          | 0.1           | 0.1          | 0.0           | 0.0          | -0.4          | 2.0          |
| Other gains/losses from derecognition of financial instruments not at FVPL     | 0.0           | 0.0          | 0.1           | 0.0          | 0.0           | -0.1         | -0.1          | -0.3         |
| Impairment result from financial instruments                                   | -245.1        | -31.8        | -275.6        | -67.9        | -11.4         | -4.0         | -5.4          | 3.0          |
| Other operating result   | -51.1         | -27.5        | -32.5         | 9.7          | -13.8         | -15.9        | -61.1         | -72.6        |
| Levies on banking activities   | -43.0         | -19.7        | -12.6         | -10.8        | -2.6          | -2.5         | -14.0         | -7.4         |
| <b>Pre-tax result from continuing operations</b>                               | <b>296.4</b>  | <b>587.8</b> | <b>185.3</b>  | <b>505.8</b> | <b>99.5</b>   | <b>164.6</b> | <b>-136.7</b> | <b>-26.1</b> |
| Taxes on income  | -51.9         | -106.0       | -38.1         | -100.7       | -19.6         | -35.4        | 9.1           | -21.9        |
| <b>Net result for the period</b>   | <b>244.5</b>  | <b>481.7</b> | <b>147.2</b>  | <b>405.1</b> | <b>79.9</b>   | <b>129.3</b> | <b>-127.7</b> | <b>-48.0</b> |
| Net result attributable to non-controlling interests                           | 3.5           | 16.4         | 33.2          | 22.0         | 2.1           | 2.6          | -5.1          | -0.5         |
| <b>Net result attributable to owners of the parent</b>                         | <b>241.0</b>  | <b>465.3</b> | <b>114.0</b>  | <b>383.1</b> | <b>77.8</b>   | <b>126.7</b> | <b>-122.6</b> | <b>-47.6</b> |
| Operating income   | 1,622.5       | 1,674.6      | 759.0         | 824.2        | 236.4         | 299.3        | -3.5          | 114.0        |
| Operating expenses   | -1,029.9      | -1,027.6     | -265.8        | -260.3       | -111.7        | -114.7       | -66.1         | -72.3        |
| <b>Operating result</b>  | <b>592.6</b>  | <b>647.0</b> | <b>493.3</b>  | <b>563.9</b> | <b>124.7</b>  | <b>184.6</b> | <b>-69.7</b>  | <b>41.7</b>  |
| Risk-weighted assets (credit risk, eop)  | 17,876        | 20,536       | 42,368        | 45,435       | 3,621         | 3,787        | 5,511         | 6,261        |
| Average allocated capital  | 3,223         | 3,584        | 4,802         | 5,220        | 889           | 1,054        | 2,987         | 4,179        |
| Cost/income ratio  | 63.5%         | 61.4%        | 35.0%         | 31.6%        | 47.2%         | 38.3%        | >100%         | 63.4%        |
| Return on allocated capital  | 15.3%         | 27.1%        | 6.2%          | 15.7%        | 18.1%         | 24.7%        | -8.6%         | -2.3%        |
| Total assets (eop)   | 63,674        | 68,066       | 59,384        | 61,275       | 37,214        | 51,383       | 72,752        | 84,530       |
| Total liabilities excluding equity (eop)                                       | 94,014        | 107,286      | 33,757        | 35,597       | 37,900        | 47,269       | 52,572        | 58,341       |
| <b>Impairments</b>   | <b>-245.4</b> | <b>-32.1</b> | <b>-302.6</b> | <b>-76.7</b> | <b>-11.4</b>  | <b>-4.0</b>  | <b>-4.9</b>   | <b>1.4</b>   |
| Net impairment loss on financial assets AC/FVOCI and finance lease receivables | -240.3        | -34.3        | -226.9        | -60.0        | -11.5         | 1.6          | -7.0          | 1.6          |
| Net impairment loss on commitments and guarantees given                        | -4.9          | 2.5          | -48.7         | -7.9         | 0.1           | -5.6         | 1.6           | 1.4          |
| Impairment of goodwill   | 0.0           | 0.0          | 0.0           | 0.0          | 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          | 0.0           | 0.0          | 0.0           | 0.0          |
| Net impairment on other non-financial assets                                   | -0.2          | -0.4         | -26.9         | -8.8         | 0.0           | 0.0          | 0.6           | -1.6         |

## Business segments (2)

| in EUR million   | Savings Banks |              | Group Corporate Center |               | Intragroup Elimination |              | Total Group    |                |
|--|---------------|--------------|------------------------|---------------|------------------------|--------------|----------------|----------------|
|  | 1-6 20        | 1-6 21       | 1-6 20                 | 1-6 21        | 1-6 20                 | 1-6 21       | 1-6 20         | 1-6 21         |
| Net interest income  | 532.1         | 537.0        | 41.3                   | 44.9          | 53.1                   | 34.8         | 2,396.9        | 2,448.7        |
| Net fee and commission income  | 255.2         | 281.7        | 7.1                    | 0.4           | -18.0                  | -16.7        | 956.7          | 1,099.0        |
| Dividend income  | 2.1           | 1.5          | 4.2                    | 6.1           | 0.0                    | 0.0          | 14.8           | 20.5           |
| Net trading result   | 2.8           | -5.3         | 29.6                   | -10.4         | -41.1                  | -25.4        | -19.2          | 43.1           |
| Gains/losses from financial instruments at FVPL                                | -28.4         | 25.5         | 5.3                    | -8.8          | 0.0                    | 0.0          | 28.5           | 83.6           |
| Net result from equity method investments                                      | 0.0           | 0.0          | 2.6                    | 3.2           | 0.0                    | 0.0          | 5.9            | 6.2            |
| Rental income from investment properties & other operating leases              | 19.1          | 20.0         | -9.5                   | -9.5          | -0.2                   | -0.2         | 88.3           | 89.6           |
| General administrative expenses  | -556.2        | -548.4       | -496.8                 | -472.9        | 411.8                  | 393.1        | -2,114.7       | -2,103.0       |
| Gains/losses from derecognition of financial assets at AC                      | -0.1          | 1.2          | 0.8                    | 0.4           | 0.0                    | -0.4         | 0.3            | 3.3            |
| Other gains/losses from derecognition of financial instruments not at FVPL     | -1.2          | -0.5         | -0.9                   | 0.0           | 0.0                    | 0.3          | -2.1           | -0.6           |
| Impairment result from financial instruments                                   | -140.8        | 15.1         | 3.0                    | 2.7           | 0.0                    | 0.0          | -675.4         | -82.9          |
| Other operating result   | -9.0          | -11.6        | 403.4                  | 331.0         | -405.7                 | -385.5       | -169.9         | -172.4         |
| Levies on banking activities   | -2.3          | -2.5         | -8.5                   | -9.3          | 0.0                    | 0.0          | -83.0          | -52.2          |
| <b>Pre-tax result from continuing operations</b>                               | <b>75.5</b>   | <b>316.1</b> | <b>-9.8</b>            | <b>-113.1</b> | <b>0.0</b>             | <b>0.0</b>   | <b>510.1</b>   | <b>1,435.1</b> |
| Taxes on income  | -21.5         | -79.9        | -18.3                  | 56.6          | 0.0                    | 0.0          | -140.3         | -287.3         |
| <b>Net result for the period</b>   | <b>54.0</b>   | <b>236.2</b> | <b>-28.1</b>           | <b>-56.5</b>  | <b>0.0</b>             | <b>0.0</b>   | <b>369.8</b>   | <b>1,147.8</b> |
| Net result attributable to non-controlling interests                           | 37.2          | 189.8        | 5.2                    | -0.5          | 0.0                    | 0.0          | 76.1           | 229.8          |
| <b>Net result attributable to owners of the parent</b>                         | <b>16.7</b>   | <b>46.4</b>  | <b>-33.2</b>           | <b>-56.0</b>  | <b>0.0</b>             | <b>0.0</b>   | <b>293.8</b>   | <b>918.0</b>   |
| Operating income   | 782.9         | 860.3        | 80.6                   | 25.8          | -6.1                   | -7.5         | 3,471.9        | 3,790.7        |
| Operating expenses   | -556.2        | -548.4       | -496.8                 | -472.9        | 411.8                  | 393.1        | -2,114.7       | -2,103.0       |
| <b>Operating result</b>  | <b>226.7</b>  | <b>311.9</b> | <b>-416.2</b>          | <b>-447.1</b> | <b>405.7</b>           | <b>385.6</b> | <b>1,357.2</b> | <b>1,687.7</b> |
| Risk-weighted assets (credit risk, eop)  | 23,046        | 26,993       | 1,409                  | 2,717         | 0                      | 0            | 93,830         | 105,729        |
| Average allocated capital  | 3,161         | 3,498        | 6,031                  | 5,301         | 0                      | 0            | 21,092         | 22,836         |
| Cost/income ratio  | 71.0%         | 63.7%        | >100%                  | >100%         | >100%                  | >100%        | 60.9%          | 55.5%          |
| Return on allocated capital  | 3.4%          | 13.6%        | -0.9%                  | -2.1%         | -41,486                | -40,643      | 264,692        | 303,435        |
| Total assets (eop)   | 70,052        | 75,590       | 3,100                  | 3,233         | -41,486                | -40,643      | 264,692        | 303,435        |
| Total liabilities excluding equity (eop)                                       | 64,958        | 70,129       | 1,804                  | 2,132         | -41,513                | -40,688      | 243,492        | 280,064        |
| <b>Impairments</b>   | <b>-140.9</b> | <b>15.1</b>  | <b>0.9</b>             | <b>2.1</b>    | <b>0.0</b>             | <b>0.0</b>   | <b>-704.2</b>  | <b>-94.2</b>   |
| Net impairment loss on financial assets AC/FVOCI and finance lease receivables | -123.8        | 18.8         | 4.8                    | 15.8          | 0.0                    | 0.0          | -604.8         | -56.5          |
| Net impairment loss on commitments and guarantees given                        | -16.9         | -3.7         | -1.7                   | -13.2         | 0.0                    | 0.0          | -70.6          | -26.4          |
| Impairment of goodwill   | 0.0           | 0.0          | 0.0                    | 0.0           | 0.0                    | 0.0          | 0.0            | 0.0            |
| Net impairment on investments in subsidiaries, joint ventures and associates   | 0.0           | 0.0          | -2.1                   | 0.0           | 0.0                    | 0.0          | -2.1           | 0.0            |
| Net impairment on other non-financial assets                                   | -0.1          | 0.0          | 0.0                    | -0.6          | 0.0                    | 0.0          | -26.7          | -11.3          |

## 29. Risk management

A core function of a bank is taking risks in a conscious and selective manner and professionally steering those risks. Adequate risk policy and risk strategy is essential to a bank's fundamental financial health and operational business success. Concerning risk policy and strategy as well as regarding risk management organisation, reference is made to the note of the same name in the annual report 2020.

### Credit risk

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 with clients in this 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.

**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: 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.

### 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;
- \_ debt instruments held for trading;
- \_ 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 credit risks (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.



The credit risk exposure increased in the reporting period to EUR 304.0 billion (+6.0%; EUR 286.7 billion).

### Reconciliation between gross carrying amount and carrying amount of the credit risk exposure components

| in EUR million  | Credit risk exposure | Allowances    | Adjustments | Carrying amount |
|---|----------------------|---------------|-------------|-----------------|
| <b>Jun 21</b>   |                      |               |             |                 |
| Cash and cash balances - demand deposits to credit institutions | 2,208                | -2            | 0           | 2,206           |
| Debt instruments HFT  | 6,017                | 0             | 0           | 6,017           |
| Non-trading debt instruments at FVPL                            | 2,845                | 0             | 0           | 2,845           |
| Debt securities   | 1,999                | 0             | 0           | 1,999           |
| Loans and advances to banks                                     | 19                   | 0             | 0           | 19              |
| Loans and advances to customers                                 | 827                  | 0             | 0           | 827             |
| Debt instruments at FVOCI                                       | 8,859                | -24           | 213         | 9,072           |
| Debt securities   | 8,859                | -24           | 213         | 9,072           |
| Loans and advances to banks                                     | 0                    | 0             | 0           | 0               |
| Loans and advances to customers                                 | 0                    | 0             | 0           | 0               |
| Debt instruments at AC  | 226,880              | -3,807        | 0           | 223,072         |
| Debt securities   | 33,289               | -17           | 0           | 33,272          |
| Loans and advances to banks                                     | 24,526               | -5            | 0           | 24,522          |
| Loans and advances to customers                                 | 169,064              | -3,785        | 0           | 165,279         |
| Trade and other receivables                                     | 1,929                | -87           | 0           | 1,841           |
| Finance lease receivables                                       | 4,306                | -139          | 0           | 4,167           |
| Debt instruments held for sale in disposal groups               | 0                    | 0             | 0           | 0               |
| Positive fair value of hedge accounting derivatives             | 131                  | 0             | 0           | 131             |
| Off balance-sheet exposures                                     | 50,855               | -479          | 0           | 0               |
| <b>Total</b>  | <b>304,028</b>       | <b>-4,538</b> | <b>213</b>  | <b>249,351</b>  |
| <b>Dec 20</b>   |                      |               |             |                 |
| Cash and cash balances - demand deposits to credit institutions | 1,140                | -1            | 0           | 1,139           |
| Debt instruments HFT  | 6,322                | 0             | 0           | 6,322           |
| Non-trading debt instruments at FVPL                            | 2,736                | 0             | 0           | 2,736           |
| Debt securities   | 2,048                | 0             | 0           | 2,048           |
| Loans and advances to banks                                     | 0                    | 0             | 0           | 0               |
| Loans and advances to customers                                 | 687                  | 0             | 0           | 687             |
| Debt instruments at FVOCI                                       | 8,109                | -25           | 280         | 8,389           |
| Debt securities   | 8,109                | -25           | 280         | 8,389           |
| Loans and advances to banks                                     | 0                    | 0             | 0           | 0               |
| Loans and advances to customers                                 | 0                    | 0             | 0           | 0               |
| Debt instruments at AC  | 214,790              | -3,850        | 0           | 210,940         |
| Debt securities   | 29,594               | -15           | 0           | 29,579          |
| Loans and advances to banks                                     | 21,469               | -3            | 0           | 21,466          |
| Loans and advances to customers                                 | 163,727              | -3,831        | 0           | 159,895         |
| Trade and other receivables                                     | 1,405                | -64           | 0           | 1,341           |
| Finance lease receivables                                       | 4,235                | -108          | 0           | 4,127           |
| Debt instruments held for sale in disposal groups               | 0                    | 0             | 0           | 0               |
| Positive fair value of hedge accounting derivatives             | 205                  | 0             | 0           | 205             |
| Off balance-sheet exposures                                     | 47,758               | -474          | 0           | -               |
| <b>Total</b>  | <b>286,699</b>       | <b>-4,522</b> | <b>280</b>  | <b>235,199</b>  |

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 debt instruments at FVOCI.

Credit risk volume is presented by:

- \_ counterparty sector and financial instrument;
- \_ industry and risk category;
- \_ region and risk category;
- \_ business segment and risk category;
- \_ business segment and IFRS 9 treatment;
- \_ geographical segment and risk category;
- \_ geographical segment and IFRS 9 treatment.

### Credit risk exposure by counterparty sector and financial instrument

| in EUR million               | At amortised cost   |                      |                                      |                           |                 |                             |                                 |                           |                                    |                             | Total         |                             |
|------------------------------|---|----------------------|--------------------------------------|---------------------------|-----------------|-----------------------------|---------------------------------|---------------------------|------------------------------------|-----------------------------|---------------|-----------------------------|
|                              | Cash and cash balances - demand deposits to credit institutions | Debt instruments Hft | Non-trading debt instruments at FVPL | Debt instruments at FVOCI | Debt securities | Loans and advances to banks | Loans and advances to customers | Finance lease receivables | Positive fair value of derivatives | Trade and other receivables |               | Off balance-sheet exposures |
| <b>Jun 21</b>                |   |                      |                                      |                           |                 |                             |                                 |                           |                                    |                             |               |                             |
| Central banks                | 0   | 14                   | 0                                    | 54                        | 24              | 19,452                      | 0                               | 0                         | 0                                  | 1                           | 0             | 19,545                      |
| General governments          | 0   | 3,014                | 251                                  | 6,690                     | 28,253          | 0                           | 7,044                           | 367                       | 0                                  | 150                         | 3,031         | 48,800                      |
| Credit institutions          | 2,208   | 2,340                | 617                                  | 926                       | 4,075           | 5,074                       | 0                               | 4                         | 131                                | 28                          | 901           | 16,303                      |
| Other financial corporations | 0   | 292                  | 1,023                                | 261                       | 165             | 0                           | 4,206                           | 70                        | 0                                  | 28                          | 2,035         | 8,080                       |
| Non-financial corporations   | 0   | 346                  | 227                                  | 927                       | 771             | 0                           | 73,180                          | 3,026                     | 0                                  | 1,596                       | 29,463        | 109,535                     |
| Households                   | 0   | 10                   | 728                                  | 0                         | 0               | 0                           | 84,634                          | 839                       | 0                                  | 127                         | 15,425        | 101,763                     |
| <b>Total</b>                 | <b>2,208</b>  | <b>6,017</b>         | <b>2,845</b>                         | <b>8,859</b>              | <b>33,289</b>   | <b>24,526</b>               | <b>169,064</b>                  | <b>4,306</b>              | <b>131</b>                         | <b>1,929</b>                | <b>50,855</b> | <b>304,028</b>              |
| <b>Dec 20</b>                |   |                      |                                      |                           |                 |                             |                                 |                           |                                    |                             |               |                             |
| Central banks                | 0   | 38                   | 0                                    | 42                        | 35              | 16,763                      | 0                               | 0                         | 0                                  | 1                           | 0             | 16,878                      |
| General governments          | 0   | 2,806                | 278                                  | 5,961                     | 25,206          | 0                           | 6,791                           | 374                       | 0                                  | 55                          | 3,154         | 44,625                      |
| Credit institutions          | 1,140   | 2,914                | 625                                  | 944                       | 3,510           | 4,707                       | 0                               | 4                         | 204                                | 29                          | 852           | 14,928                      |
| Other financial corporations | 0   | 146                  | 999                                  | 205                       | 146             | 0                           | 3,727                           | 73                        | 1                                  | 28                          | 2,235         | 7,560                       |
| Non-financial corporations   | 0   | 418                  | 254                                  | 957                       | 698             | 0                           | 71,324                          | 2,974                     | 0                                  | 1,162                       | 29,595        | 107,381                     |
| Households                   | 0   | 1                    | 579                                  | 0                         | 0               | 0                           | 81,885                          | 810                       | 0                                  | 130                         | 11,922        | 95,327                      |
| <b>Total</b>                 | <b>1,140</b>  | <b>6,322</b>         | <b>2,736</b>                         | <b>8,109</b>              | <b>29,594</b>   | <b>21,469</b>               | <b>163,727</b>                  | <b>4,235</b>              | <b>205</b>                         | <b>1,405</b>                | <b>47,758</b> | <b>286,699</b>              |

## Credit risk exposure by industry and risk category

| in EUR million                   | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|----------------------------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Jun 21</b>                    |                |                      |              |                |                |
| Agriculture and forestry         | 2,050          | 1,086                | 241          | 130            | 3,507          |
| Mining                           | 747            | 98                   | 3            | 23             | 870            |
| Manufacturing                    | 15,929         | 3,345                | 707          | 666            | 20,648         |
| Energy and water supply          | 3,710          | 806                  | 217          | 49             | 4,782          |
| Construction                     | 9,638          | 2,979                | 378          | 329            | 13,325         |
| Trade                            | 10,671         | 3,196                | 539          | 453            | 14,858         |
| Transport and communication      | 6,512          | 1,361                | 317          | 178            | 8,368          |
| Hotels and restaurants           | 3,297          | 1,762                | 401          | 336            | 5,797          |
| Financial and insurance services | 43,141         | 1,487                | 293          | 96             | 45,017         |
| Real estate and housing          | 27,153         | 5,500                | 893          | 357            | 33,903         |
| Services                         | 12,302         | 2,104                | 365          | 496            | 15,267         |
| Public administration            | 46,004         | 542                  | 187          | 1              | 46,734         |
| Education, health and art        | 2,933          | 665                  | 147          | 96             | 3,842          |
| Households                       | 78,521         | 4,590                | 1,990        | 1,575          | 86,676         |
| Other                            | 330            | 1                    | 102          | 0              | 434            |
| <b>Total</b>                     | <b>262,939</b> | <b>29,523</b>        | <b>6,781</b> | <b>4,785</b>   | <b>304,028</b> |
| <b>Dec 20</b>                    |                |                      |              |                |                |
| Agriculture and forestry         | 2,080          | 830                  | 253          | 125            | 3,289          |
| Mining                           | 742            | 63                   | 4            | 23             | 832            |
| Manufacturing                    | 15,950         | 2,966                | 676          | 634            | 20,226         |
| Energy and water supply          | 3,940          | 655                  | 233          | 64             | 4,893          |
| Construction                     | 9,594          | 2,284                | 435          | 331            | 12,645         |
| Trade                            | 10,754         | 2,702                | 575          | 513            | 14,544         |
| Transport and communication      | 6,555          | 1,368                | 189          | 202            | 8,313          |
| Hotels and restaurants           | 3,618          | 1,442                | 294          | 343            | 5,697          |
| Financial and insurance services | 37,653         | 1,557                | 364          | 37             | 39,611         |
| Real estate and housing          | 26,262         | 4,982                | 1,344        | 377            | 32,965         |
| Services                         | 12,086         | 1,719                | 375          | 495            | 14,675         |
| Public administration            | 41,937         | 387                  | 46           | 1              | 42,370         |
| Education, health and art        | 2,877          | 620                  | 77           | 103            | 3,677          |
| Households                       | 74,640         | 4,507                | 1,662        | 1,593          | 82,403         |
| Other                            | 352            | 3                    | 203          | 0              | 558            |
| <b>Total</b>                     | <b>249,041</b> | <b>26,086</b>        | <b>6,731</b> | <b>4,841</b>   | <b>286,699</b> |

## Credit risk exposure by region and risk category

| in EUR million                        | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|---------------------------------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Jun 21</b>                         |                |                      |              |                |                |
| <b>Core markets</b>                   | <b>228,374</b> | <b>26,730</b>        | <b>6,068</b> | <b>4,202</b>   | <b>265,375</b> |
| Austria                               | 108,381        | 11,263               | 1,803        | 1,863          | 123,310        |
| Czech Republic                        | 59,727         | 7,464                | 1,321        | 679            | 69,190         |
| Romania                               | 16,895         | 1,752                | 377          | 451            | 19,476         |
| Slovakia                              | 21,764         | 1,516                | 1,165        | 395            | 24,840         |
| Hungary                               | 11,822         | 1,336                | 688          | 184            | 14,030         |
| Croatia                               | 7,054          | 3,021                | 608          | 600            | 11,283         |
| Serbia                                | 2,732          | 379                  | 106          | 30             | 3,247          |
| <b>Other EU</b>                       | <b>23,094</b>  | <b>1,355</b>         | <b>343</b>   | <b>314</b>     | <b>25,105</b>  |
| <b>Other industrialised countries</b> | <b>6,389</b>   | <b>369</b>           | <b>30</b>    | <b>102</b>     | <b>6,890</b>   |
| <b>Emerging markets</b>               | <b>5,082</b>   | <b>1,068</b>         | <b>340</b>   | <b>167</b>     | <b>6,658</b>   |
| Southeastern Europe/CIS               | 2,686          | 777                  | 202          | 128            | 3,794          |
| Asia                                  | 1,937          | 121                  | 30           | 29             | 2,116          |
| Latin America                         | 175            | 6                    | 9            | 9              | 199            |
| Middle East/Africa                    | 284            | 164                  | 100          | 2              | 549            |
| <b>Total</b>                          | <b>262,939</b> | <b>29,523</b>        | <b>6,781</b> | <b>4,785</b>   | <b>304,028</b> |
| <b>Dec 20</b>                         |                |                      |              |                |                |
| <b>Core markets</b>                   | <b>216,858</b> | <b>23,219</b>        | <b>5,981</b> | <b>4,163</b>   | <b>250,221</b> |
| Austria                               | 104,551        | 10,786               | 1,839        | 1,826          | 119,002        |
| Czech Republic                        | 52,874         | 6,075                | 1,194        | 642            | 60,784         |
| Romania                               | 17,217         | 1,837                | 397          | 455            | 19,905         |
| Slovakia                              | 20,738         | 1,487                | 1,594        | 409            | 24,229         |
| Hungary                               | 10,394         | 1,147                | 539          | 181            | 12,262         |
| Croatia                               | 8,446          | 1,513                | 305          | 622            | 10,885         |
| Serbia                                | 2,637          | 376                  | 114          | 27             | 3,154          |
| <b>Other EU</b>                       | <b>20,704</b>  | <b>1,153</b>         | <b>311</b>   | <b>463</b>     | <b>22,631</b>  |
| <b>Other industrialised countries</b> | <b>6,855</b>   | <b>662</b>           | <b>89</b>    | <b>66</b>      | <b>7,671</b>   |
| <b>Emerging markets</b>               | <b>4,624</b>   | <b>1,053</b>         | <b>350</b>   | <b>149</b>     | <b>6,175</b>   |
| Southeastern Europe/CIS               | 2,771          | 650                  | 119          | 120            | 3,660          |
| Asia                                  | 1,450          | 124                  | 26           | 27             | 1,626          |
| Latin America                         | 138            | 12                   | 8            | 1              | 159            |
| Middle East/Africa                    | 265            | 268                  | 197          | 1              | 730            |
| <b>Total</b>                          | <b>249,041</b> | <b>26,086</b>        | <b>6,731</b> | <b>4,841</b>   | <b>286,699</b> |

The geographic analysis of credit exposure is based on the country of risk of borrowers and counterparties and 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.

### Credit risk exposure by reporting segment and risk category

The segment reporting of Erste Group is based on the matrix organisation by business segment as well as by geographical segment. The geographical segmentation follows the country markets in which Erste Group operates and the locations of the banking and other financial institutions participations.

### Credit risk exposure by business segment and risk category

| in EUR million | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|----------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Jun 21</b>  |                |                      |              |                |                |
| Retail         | 63,339         | 5,648                | 2,527        | 1,526          | 73,041         |
| Corporates     | 66,760         | 14,515               | 2,653        | 1,871          | 85,799         |
| Group Markets  | 20,011         | 532                  | 110          | 1              | 20,653         |
| ALM & LCC      | 50,029         | 285                  | 162          | 20             | 50,495         |
| Savings Banks  | 62,521         | 8,516                | 1,277        | 1,347          | 73,660         |
| GCC            | 280            | 27                   | 52           | 20             | 380            |
| <b>Total</b>   | <b>262,939</b> | <b>29,523</b>        | <b>6,781</b> | <b>4,785</b>   | <b>304,028</b> |
| <b>Dec 20</b>  |                |                      |              |                |                |
| Retail         | 60,580         | 5,596                | 2,143        | 1,514          | 69,833         |
| Corporates     | 66,644         | 11,727               | 2,747        | 1,819          | 82,936         |
| Group Markets  | 16,522         | 384                  | 224          | 1              | 17,131         |
| ALM & LCC      | 44,527         | 223                  | 155          | 20             | 44,925         |
| Savings Banks  | 60,446         | 8,111                | 1,221        | 1,470          | 71,249         |
| GCC            | 320            | 46                   | 242          | 17             | 625            |
| <b>Total</b>   | <b>249,041</b> | <b>26,086</b>        | <b>6,731</b> | <b>4,841</b>   | <b>286,699</b> |

### Credit risk exposure by business segment and IFRS 9 treatment

| in EUR million | Stage 1        | Stage 2       | Stage 3      | POCI       | Not subject to IFRS 9 impairment | Total          |
|----------------|----------------|---------------|--------------|------------|----------------------------------|----------------|
| <b>Jun 21</b>  |                |               |              |            |                                  |                |
| Retail         | 62,014         | 8,520         | 1,475        | 117        | 914                              | 73,041         |
| Corporates     | 62,501         | 16,833        | 1,598        | 241        | 4,626                            | 85,799         |
| Group Markets  | 13,886         | 204           | 0            | 0          | 6,562                            | 20,653         |
| ALM & LCC      | 49,760         | 374           | 19           | 0          | 341                              | 50,495         |
| Savings Banks  | 56,740         | 12,430        | 1,316        | 45         | 3,130                            | 73,660         |
| GCC            | 263            | 8             | 20           | 0          | 89                               | 380            |
| <b>Total</b>   | <b>245,165</b> | <b>38,369</b> | <b>4,429</b> | <b>403</b> | <b>15,663</b>                    | <b>304,028</b> |
| <b>Dec 20</b>  |                |               |              |            |                                  |                |
| Retail         | 59,028         | 8,461         | 1,461        | 118        | 763                              | 69,833         |
| Corporates     | 60,296         | 16,931        | 1,551        | 251        | 3,907                            | 82,936         |
| Group Markets  | 10,273         | 116           | 1            | 0          | 6,741                            | 17,131         |
| ALM & LCC      | 44,273         | 308           | 19           | 0          | 326                              | 44,925         |
| Savings Banks  | 53,972         | 12,669        | 1,431        | 50         | 3,126                            | 71,249         |
| GCC            | 357            | 169           | 17           | 0          | 82                               | 625            |
| <b>Total</b>   | <b>228,200</b> | <b>38,655</b> | <b>4,480</b> | <b>419</b> | <b>14,945</b>                    | <b>286,699</b> |

Stage 1 and Stage 2 comprise not impaired credit risks, while Stage 3 includes impaired credit risks. POCI (purchased or originated credit impaired) exposure consists of credit risks already impaired when purchased or originated.

The defaulted part of POCI amounted to 262 million (EUR 274 million), the non-defaulted part to EUR 141 million (EUR 145 million).

## Credit risk exposure by geographical segment and risk category

| in EUR million                    | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|-----------------------------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Jun 21</b>                     |                |                      |              |                |                |
| <b>Austria</b>                    | <b>142,130</b> | <b>13,880</b>        | <b>2,270</b> | <b>2,456</b>   | <b>160,737</b> |
| EBOe & Subsidiaries               | 42,926         | 3,574                | 558          | 599            | 47,658         |
| Savings Banks                     | 62,521         | 8,516                | 1,277        | 1,347          | 73,660         |
| Other Austria                     | 36,684         | 1,790                | 435          | 510            | 39,418         |
| <b>Central and Eastern Europe</b> | <b>113,440</b> | <b>15,602</b>        | <b>4,433</b> | <b>2,309</b>   | <b>135,784</b> |
| Czech Republic                    | 60,210         | 7,585                | 1,600        | 719            | 70,115         |
| Romania                           | 15,244         | 1,633                | 376          | 476            | 17,729         |
| Slovakia                          | 18,564         | 1,470                | 1,009        | 397            | 21,440         |
| Hungary                           | 10,147         | 1,262                | 636          | 166            | 12,211         |
| Croatia                           | 7,109          | 3,290                | 707          | 521            | 11,628         |
| Serbia                            | 2,166          | 361                  | 104          | 29             | 2,661          |
| <b>Other</b>                      | <b>7,369</b>   | <b>41</b>            | <b>78</b>    | <b>20</b>      | <b>7,508</b>   |
| <b>Total</b>                      | <b>262,939</b> | <b>29,523</b>        | <b>6,781</b> | <b>4,785</b>   | <b>304,028</b> |
| <b>Dec 20</b>                     |                |                      |              |                |                |
| <b>Austria</b>                    | <b>135,415</b> | <b>13,923</b>        | <b>2,200</b> | <b>2,533</b>   | <b>154,072</b> |
| EBOe & Subsidiaries               | 41,761         | 3,512                | 566          | 615            | 46,455         |
| Savings Banks                     | 60,446         | 8,111                | 1,221        | 1,470          | 71,249         |
| Other Austria                     | 33,208         | 2,299                | 413          | 448            | 36,368         |
| <b>Central and Eastern Europe</b> | <b>106,783</b> | <b>12,115</b>        | <b>4,289</b> | <b>2,291</b>   | <b>125,478</b> |
| Czech Republic                    | 53,910         | 6,034                | 1,405        | 684            | 62,033         |
| Romania                           | 15,361         | 1,737                | 396          | 481            | 17,975         |
| Slovakia                          | 17,707         | 1,439                | 1,455        | 411            | 21,012         |
| Hungary                           | 8,834          | 1,007                | 539          | 160            | 10,539         |
| Croatia                           | 8,907          | 1,535                | 380          | 529            | 11,351         |
| Serbia                            | 2,064          | 364                  | 114          | 26             | 2,568          |
| <b>Other</b>                      | <b>6,842</b>   | <b>48</b>            | <b>242</b>   | <b>17</b>      | <b>7,149</b>   |
| <b>Total</b>                      | <b>249,041</b> | <b>26,086</b>        | <b>6,731</b> | <b>4,841</b>   | <b>286,699</b> |

## Credit risk exposure by geographical segment and IFRS 9 treatment

| in EUR million                    | Stage 1        | Stage 2       | Stage 3      | POCI       | Not subject to IFRS 9 impairment | Total          |
|-----------------------------------|----------------|---------------|--------------|------------|----------------------------------|----------------|
| <b>Jun 21</b>                     |                |               |              |            |                                  |                |
| <b>Austria</b>                    | <b>121,388</b> | <b>25,440</b> | <b>2,405</b> | <b>52</b>  | <b>11,451</b>                    | <b>160,737</b> |
| EBOe & Subsidiaries               | 38,506         | 7,643         | 588          | 7          | 913                              | 47,658         |
| Savings Banks                     | 56,740         | 12,430        | 1,316        | 45         | 3,130                            | 73,660         |
| Other Austria                     | 26,142         | 5,367         | 501          | 0          | 7,408                            | 39,418         |
| <b>Central and Eastern Europe</b> | <b>116,507</b> | <b>12,815</b> | <b>2,003</b> | <b>351</b> | <b>4,108</b>                     | <b>135,784</b> |
| Czech Republic                    | 63,200         | 5,088         | 650          | 54         | 1,123                            | 70,115         |
| Romania                           | 13,731         | 2,395         | 404          | 65         | 1,134                            | 17,729         |
| Slovakia                          | 17,583         | 2,952         | 290          | 128        | 487                              | 21,440         |
| Hungary                           | 9,954          | 987           | 128          | 85         | 1,058                            | 12,211         |
| Croatia                           | 9,893          | 1,190         | 505          | 18         | 23                               | 11,628         |
| Serbia                            | 2,145          | 204           | 26           | 2          | 283                              | 2,661          |
| <b>Other</b>                      | <b>7,270</b>   | <b>114</b>    | <b>20</b>    | <b>0</b>   | <b>104</b>                       | <b>7,508</b>   |
| <b>Total</b>                      | <b>245,165</b> | <b>38,369</b> | <b>4,429</b> | <b>403</b> | <b>15,663</b>                    | <b>304,028</b> |
| <b>Dec 20</b>                     |                |               |              |            |                                  |                |
| <b>Austria</b>                    | <b>114,235</b> | <b>26,033</b> | <b>2,452</b> | <b>72</b>  | <b>11,278</b>                    | <b>154,072</b> |
| EBOe & Subsidiaries               | 37,174         | 7,633         | 603          | 6          | 1,038                            | 46,455         |
| Savings Banks                     | 53,972         | 12,669        | 1,431        | 50         | 3,126                            | 71,249         |
| Other Austria                     | 23,089         | 5,731         | 418          | 17         | 7,114                            | 36,368         |
| <b>Central and Eastern Europe</b> | <b>107,204</b> | <b>12,351</b> | <b>2,011</b> | <b>347</b> | <b>3,565</b>                     | <b>125,478</b> |
| Czech Republic                    | 56,144         | 4,793         | 642          | 47         | 408                              | 62,033         |
| Romania                           | 13,775         | 2,430         | 403          | 69         | 1,298                            | 17,975         |
| Slovakia                          | 17,413         | 2,709         | 302          | 130        | 459                              | 21,012         |
| Hungary                           | 8,307          | 919           | 130          | 77         | 1,106                            | 10,539         |
| Croatia                           | 9,468          | 1,317         | 511          | 22         | 33                               | 11,351         |
| Serbia                            | 2,098          | 183           | 24           | 2          | 262                              | 2,568          |
| <b>Other</b>                      | <b>6,760</b>   | <b>271</b>    | <b>17</b>    | <b>0</b>   | <b>101</b>                       | <b>7,149</b>   |
| <b>Total</b>                      | <b>228,200</b> | <b>38,655</b> | <b>4,480</b> | <b>419</b> | <b>14,945</b>                    | <b>286,699</b> |

### Expected credit loss measurement

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.

Stage 1 includes not credit-impaired financial instruments at initial recognition and not credit-impaired financial instruments without a significant increase in credit risk (SICR) since initial recognition, irrespective of their credit quality, or subject to the 'low risk exemption' allowed by IFRS 9. Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.

Stage 2 includes not credit-impaired financial instruments with a significant increase in credit risk since initial recognition and not subject to the 'low credit risk exemption' allowed by IFRS 9. Also, Stage 2 includes trade receivables without significant financing component to which the 'simplified approach' is applied mandatorily based on IFRS 9 requirements. In stage 2, the credit loss allowances are calculated as lifetime ECL. 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.

Stage 3 includes financial instruments that are credit-impaired at the reporting date but were not credit-impaired at initial recognition. In principle, a financial instrument becomes credit-impaired when the customer defaults. The default definition applied in Erste Group has been developed in accordance with EBA/GL/2016/07 'Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013' and 'Commission Delegated Regulation (EU) 2018/171 of 19 October 2017 on supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the materiality threshold for credit obligations past due'. The definition specifies the rules for default contagion across groups of connected clients and clarifies the concept of technical default. Erste Group generally applies a customer view in applying the default definition, which leads to an impairment of all claims 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 the total exposure ceases to be impaired. In stage 3, credit loss allowances are calculated as lifetime ECLs.

POCI includes financial instruments that were credit-impaired at initial recognition, irrespective of whether they are still credit-impaired at the reporting date. Expected credit losses against POCI exposures are always calculated on a lifetime basis (cumulative changes in lifetime ECL since initial recognition), and are reflected in the credit-adjusted effective interest rate at initial recognition. 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.

### 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).

**Quantitative criteria.** Quantitative SICR indicators include adverse changes in annualised lifetime probability of default and in lifetime probability of default with significance being assessed by reference to a mix of relative and absolute change 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. In order for the SICR to occur for a particular financial instrument, both the relative and absolute thresholds need to be breached.

The relative measure is calculated as a ratio between current annualised PD and annualised PD value on initial recognition. 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

|                | Threshold interval (x times) |             |
|----------------|------------------------------|-------------|
|                | Min                          | Max         |
| <b>Jun 21</b>  |                              |             |
| <b>Austria</b> | <b>1.13</b>                  | <b>2.37</b> |
| EBOe & Subs.   | 1.13                         | 2.37        |
| Savings Banks  | 1.13                         | 2.37        |
| Other Austria  | 1.13                         | 2.37        |
| <b>CEE</b>     | <b>1.03</b>                  | <b>4.08</b> |
| Czech Republic | 1.13                         | 3.59        |
| Slovakia       | 1.13                         | 4.08        |
| Romania        | 1.13                         | 3.37        |
| Hungary        | 1.13                         | 3.21        |
| Croatia        | 1.13                         | 3.13        |
| Serbia         | 1.03                         | 3.47        |
| <b>Total</b>   | <b>1.03</b>                  | <b>4.08</b> |
| <b>Dec 20</b>  |                              |             |
| <b>Austria</b> | <b>1.13</b>                  | <b>2.37</b> |
| EBOe & Subs.   | 1.13                         | 2.37        |
| Savings Banks  | 1.13                         | 2.37        |
| Other Austria  | 1.13                         | 2.37        |
| <b>CEE</b>     | <b>1.03</b>                  | <b>4.08</b> |
| Czech Republic | 1.13                         | 3.59        |
| Slovakia       | 1.13                         | 4.08        |
| Romania        | 1.13                         | 3.37        |
| Hungary        | 1.13                         | 3.21        |
| Croatia        | 1.13                         | 3.13        |
| Serbia         | 1.03                         | 3.47        |
| <b>Total</b>   | <b>1.03</b>                  | <b>4.08</b> |

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. The main rule in those cases is that downgrading of the ratings would lead to a positive conclusion on SICR. These rules are applied primarily to leasing and factoring business receivables.

Erste Group has not significantly recalibrated relative thresholds since IFRS9 implementation. They are kept stable as one of the most significant estimates in ECL measurement, therefore can be changed as a result of validation or after significant change of PD models. There were reestimations for individual entities and portfolios.

For migration back to Stage 1 there are no additional cure periods established for quantitative criteria other than those already established in general credit risk practice (e.g. for rating improvement).

The absolute threshold refers to difference of LT PD on initial recognition and current LT PD. It is set to a maximum of 50 bps and serves as a back-stop 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 positively concluded.

**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 (if it is not sufficiently considered in the rating) 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. We have introduced additional portfolio level SICR assessment criteria due to COVID-19 pandemic and related economic impacts. Please see Covid-19 disclosures in the next chapter.

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).

For migration back to Stage 1 there are no additional cure periods established for qualitative criteria other than those already established in general credit risk practice for the above-mentioned flags (forbearance, watch lists).

**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 only occasionally to some debt security exposures and only exceptionally to loans.

#### 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 on a monthly basis 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 from initial recognition through the life-time of the loans. It is assumed to be the same across all assets in the same portfolio and rating band.

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.

### 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 a number of alternative scenarios for selected macroeconomic variables. The alternative scenarios are derived, together with their probabilities of occurrence, as a deviation from baseline forecasts, where the baseline forecasts are, with a few exceptions, internally determined by Erste Group's research department. Given multiple scenarios, the 'neutral' PDs (and, with a few exceptions, also 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 back to through-the-cycle observations immediately in year four.

Specific situation of the Covid-19 pandemic and extensive supporting measures, mainly moratoria, lead to the lagging of the macroeconomic reflection in credit risk parameters. Therefore, macroeconomic variables of 2020 were included as additional predictors for future values of credit risk parameters. Variables in year 2020 have same values across all three scenarios.

Thus, the unbiased probability-weighted ECL considering FLI is derived using the weights representing the probability of occurrence 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. Nevertheless, the main indication of estimated economic development is the GDP development. We are disclosing sensitivity of the staging and ECL on macro scenarios in the Covid-19 section below.

Although positive signs in development of macroeconomic variables were observed in 2021, for parameter estimation the FLI shifts calculated based on the December 2020 scenarios, weights and GDP values as well, are applied also in June 2021.

Considering all reasonable and justifiable information in ECL calculation, including that which is forward looking (as required by IFRS 9), Erste Group decided to keep risk parameters unchanged in the first half of 2021.

We have not incorporated the positive macro forecast to the CLA calculation yet due to the still prevailing level of uncertainty of the development of the Covid-19 situation in the second half of 2021 (especially the occurrence and developments triggered by new variants, the pace of vaccination and potential new government measures). We therefore only upgraded the industry heat-map moderately in the second quarter of 2021. When we have more evidence of the forecasted optimistic development we will revise FLI and credit risk parameters. We plan to do that in the second half of 2021.

Below we are publishing scenarios used for CLA calculation and as well latest available GDP forecasts.

## Baseline, upside and downside scenarios of GDP growth by geographical segment

|                | Scenario | Probability weights |      | GDP growth in % |      |      |
|----------------|----------|---------------------|------|-----------------|------|------|
|                |          | 2021-2023           | 2020 | 2021            | 2022 | 2023 |
| <b>Jun 21</b>  |          |                     |      |                 |      |      |
| Austria        | Upside   | 1%                  |      | 5.0             | 3.9  | 3.3  |
|                | Baseline | 40%                 | -7.6 | 3.4             | 2.3  | 1.7  |
|                | Downside | 59%                 |      | -2.1            | 1.0  | -0.1 |
| Czech Republic | Upside   | 4%                  |      | 5.5             | 7.3  | 6.4  |
|                | Baseline | 40%                 | -7.7 | 3.9             | 5.7  | 4.8  |
|                | Downside | 56%                 |      | -1.7            | 1.2  | 1.7  |
| Slovakia       | Upside   | 25%                 |      | 8.2             | 6.7  | 6.4  |
|                | Baseline | 35%                 | -7.1 | 6.0             | 4.5  | 4.2  |
|                | Downside | 40%                 |      | -1.2            | -0.0 | 0.9  |
| Romania        | Upside   | 18%                 |      | 5.3             | 7.1  | 7.3  |
|                | Baseline | 40%                 | -5.9 | 2.7             | 4.5  | 4.7  |
|                | Downside | 42%                 |      | -3.6            | -0.2 | 1.9  |
| Hungary        | Upside   | 6%                  |      | 5.1             | 6.6  | 5.2  |
|                | Baseline | 40%                 | -6.4 | 3.9             | 5.4  | 4.0  |
|                | Downside | 54%                 |      | -1.3            | 1.6  | 2.0  |
| Croatia        | Upside   | 8%                  |      | 8.2             | 9.0  | 9.1  |
|                | Baseline | 40%                 | -9.9 | 5.2             | 3.6  | 4.0  |
|                | Downside | 52%                 |      | -2.5            | -1.4 | 0.9  |
| Serbia         | Upside   | 15%                 |      | 6.3             | 5.3  | 5.8  |
|                | Baseline | 40%                 | -1.3 | 5.0             | 4.0  | 4.5  |
|                | Downside | 45%                 |      | -0.5            | 0.9  | 2.6  |

The growth rates for the year 2020 correspond to estimated values.

In order to reflect on the higher volatility of macro-economic variables estimates and significantly higher downward risk of macro-economic recovery due to current developments of the Covid-19 pandemics we have introduced a conservative downside scenario with relatively high probability of occurrence as shown in the GDP overview table above.

## Actual and forecast of GDP growth

| in %           | 2020 | 2021 | 2022 | 2023 |
|----------------|------|------|------|------|
| <b>Jun 21</b>  |      |      |      |      |
| Austria        | -6.4 | 3.8  | 4.3  | 2.2  |
| Czech Republic | -5.8 | 3.7  | 4.4  | 4.0  |
| Slovakia       | -4.8 | 4.0  | 4.8  | 4.1  |
| Romania        | -3.9 | 6.7  | 4.5  | 4.7  |
| Hungary        | -5.0 | 6.9  | 4.1  | 4.1  |
| Croatia        | -8.0 | 5.0  | 5.5  | 4.5  |
| Serbia         | -1.0 | 6.0  | 4.0  | 4.5  |

## Covid-19

The Covid-19 pandemic has been causing high uncertainty in the global economy and on the global markets. Social distancing rules and lockdown restrictions imposed by governments led to economic slow-down and a significant drop of revenues across industries. Unprecedented state aid packages (e.g. state guarantees, bridge financing, the state temporarily paying workers' salaries to avoid redundancies, hardship funds for one-person and micro businesses) and moratoria programs were introduced in all of Erste Group's core markets to support citizens and companies. Especially in light of the vaccination progress, restricting measures were step by step reduced and economic development gained again momentum. The mid and long term effect on the asset quality of the banking sector has still to be seen.

## Effect on customers

Immediately upon the crisis showing severe economic impacts in our region (governmental decisions on lockdowns in countries of Erste Group perimeter), initiatives were started aiming to, on the one hand support Erste Group's clients to the utmost extent, and on the other hand, manage the respective risks and bearing the responsibility of Erste Group towards all stakeholders in mind.

The measures differed from country to country as they had to be based on the legislative steps taken by the respective governments. Nevertheless, Erste Group gave a guidance to the entities in respect of underwriting, reporting and classification processes. Whereas overall valid state-moratoria were applied only in some countries, as e.g. in Hungary and Serbia, other measures like short-term deferrals or financial support schemes with public or state guarantees were offered in all countries. In addition to programmes with standard parameters that were defined at a very early stage of the crisis and should support an efficient processing, also individual solutions were agreed with clients that

did not meet all predefined requirements. In the meantime, many of the (governmental) support measures expired without resulting in a severe negative effect on the portfolio quality.

### Credit risk exposure of non-financial corporations by industry – measures applied in response to the Covid-19 crisis

| in EUR million                   | Loans and advances<br>subject to EBA-compliant moratoria | Other loans and advances<br>subject to Covid-19-related<br>forbearance measures | Newly originated loans and advances<br>subject to public guarantee schemes<br>in the context of the Covid-19 crisis |
|----------------------------------|--|---|---|
| <b>Jun 21</b>                    |  |   |   |
| Agriculture and forestry         | 17   | 4   | 48  |
| Mining                           | 0  | -   | 8   |
| Manufacturing                    | 13   | 39  | 742   |
| Energy and water supply          | 6  | -   | 26  |
| Construction                     | 4  | 7   | 151   |
| Trade                            | 16   | 16  | 555   |
| Transport and communication      | 21   | 11  | 326   |
| Hotels and restaurants           | 145  | 106   | 187   |
| Financial and insurance services | -  | 4   | 0   |
| Real estate and housing          | 22   | 62  | 18  |
| Services                         | 14   | 7   | 207   |
| Public administration            | -  | 0   | -   |
| Education, health and art        | 6  | 2   | 48  |
| <b>Total</b>                     | <b>265</b>   | <b>257</b>  | <b>2,317</b>  |
| <b>Dec 20</b>                    |  |   |   |
| Agriculture and forestry         | 54   | 1   | 31  |
| Mining                           | 0  | -   | 5   |
| Manufacturing                    | 274  | 15  | 514   |
| Energy and water supply          | 9  | -   | 19  |
| Construction                     | 45   | 12  | 125   |
| Trade                            | 116  | 22  | 416   |
| Transport and communication      | 96   | 4   | 235   |
| Hotels and restaurants           | 497  | 17  | 164   |
| Financial and insurance services | 17   | -   | 0   |
| Real estate and housing          | 369  | 63  | 14  |
| Services                         | 90   | 1   | 181   |
| Public administration            | 0  | -   | -   |
| Education, health and art        | 17   | 18  | 35  |
| <b>Total</b>                     | <b>1,583</b>   | <b>155</b>  | <b>1,739</b>  |

Loans and advances of non-financial corporations to which measures applied in the response to Covid-19 were granted and are currently valid (have not expired) amounted to EUR 2,838 million (31 December 2020: EUR 3,477 million). Manufacturing, trade followed by hotels and restaurants, and transport and communication, accounted for the highest volumes.

As of 30 June 2021, loans and advances of households to which the measures applied in the response to Covid-19 were granted and were currently valid (have not expired), amounted to EUR 521 million (EUR 3,270 million).

Besides the measures disclosed in the table above, additional measures that do not meet the forbearance criteria amounting to EUR 6,824 million (EUR 3,582 million) were approved as a direct response to the Covid-19 crisis.

#### Effect on business

In March 2020, risk management and business divisions started a joint initiative aiming to quickly provide a harmonised guidance for a focused industry approach within Erste Group, reflecting the changed economic environment. Industries and sub-industries were categorised into critical, high, medium or low risk according to the expected impacts from Covid-19 based on a combination of research material, feedback collected from client meetings and single name analyses, both centrally as well as in the entities.

Main driver for assigning an industry classification was the assessment of impacts of the crisis on the specific (sub)industry. The classifications are regularly reviewed on a 12-month rolling forecast basis to take current developments into account. Recently, the economic development and the ability of many industries to adapt to new conditions resulted in several upgrades from critical or high risk categories into lower risk categories. In light of this, the respective business and risk strategies for the (sub)industries were also adapted accordingly. This approach was aligned with all affected entities and business lines and approved by the respective governance bodies of Erste Group.

Exposures in particular industries that belong to critical or high risk sub-industries are referred to as significant risk in the following tables.

### Credit risk exposure and credit loss allowances by industry and IFRS9 treatment – industry heatmap

| in EUR million                   | Stage 1        | Stage 2       | Stage 3      | POCI       | Credit risk exposure (AC and FVOCI) | Not subject to IFRS 9 impairment | Total          | Credit loss allowances |
|----------------------------------|----------------|---------------|--------------|------------|-------------------------------------|----------------------------------|----------------|------------------------|
| <b>Jun 21</b>                    |                |               |              |            |                                     |                                  |                |                        |
| Agriculture and forestry         | 2,758          | 583           | 126          | 6          | 3,472                               | 35                               | 3,507          | -107                   |
| of which significant risk        | 10             | 2             | 0            | -          | 12                                  | 0                                | 12             | -0                     |
| Mining                           | 538            | 140           | 15           | 5          | 698                                 | 173                              | 870            | -20                    |
| of which significant risk        | 58             | 2             | 0            | -          | 60                                  | 1                                | 61             | -0                     |
| Manufacturing                    | 14,116         | 4,627         | 611          | 44         | 19,398                              | 1,250                            | 20,648         | -576                   |
| of which significant risk        | 3,120          | 2,648         | 260          | 18         | 6,046                               | 474                              | 6,520          | -248                   |
| Energy and water supply          | 3,854          | 677           | 44           | 4          | 4,580                               | 202                              | 4,782          | -98                    |
| of which significant risk        | 18             | 37            | 0            | -          | 55                                  | 0                                | 55             | -0                     |
| Construction                     | 9,444          | 1,860         | 274          | 14         | 11,592                              | 1,733                            | 13,325         | -316                   |
| of which significant risk        | 23             | 24            | 3            | 0          | 50                                  | 2                                | 52             | -3                     |
| Trade                            | 10,543         | 2,930         | 434          | 21         | 13,928                              | 930                              | 14,858         | -428                   |
| of which significant risk        | 1,465          | 925           | 111          | 4          | 2,505                               | 98                               | 2,603          | -91                    |
| Transport and communication      | 5,757          | 2,172         | 163          | 16         | 8,108                               | 260                              | 8,368          | -187                   |
| of which significant risk        | 584            | 1,188         | 21           | 8          | 1,801                               | 39                               | 1,841          | -49                    |
| Hotels and restaurants           | 1,196          | 4,184         | 323          | 29         | 5,733                               | 64                               | 5,797          | -292                   |
| of which significant risk        | 1,135          | 4,179         | 309          | 29         | 5,651                               | 64                               | 5,715          | -281                   |
| Financial and insurance services | 38,746         | 1,185         | 90           | 11         | 40,032                              | 4,984                            | 45,017         | -109                   |
| Real estate and housing          | 26,806         | 6,036         | 243          | 130        | 33,216                              | 687                              | 33,903         | -420                   |
| of which significant risk        | 158            | 441           | 22           | 0          | 621                                 | 4                                | 625            | -23                    |
| Services                         | 9,770          | 4,145         | 485          | 6          | 14,406                              | 861                              | 15,267         | -391                   |
| of which significant risk        | 1,879          | 2,771         | 235          | 2          | 4,888                               | 131                              | 5,019          | -210                   |
| Public administration            | 42,839         | 596           | 1            | 2          | 43,437                              | 3,297                            | 46,734         | -43                    |
| Education, health and art        | 2,672          | 1,022         | 92           | 1          | 3,786                               | 56                               | 3,842          | -116                   |
| of which significant risk        | 337            | 507           | 53           | 0          | 897                                 | 28                               | 924            | -58                    |
| Private households               | 75,732         | 8,211         | 1,528        | 112        | 85,584                              | 1,093                            | 86,676         | -1,437                 |
| Other                            | 394            | 1             | 0            | 0          | 396                                 | 38                               | 434            | -0                     |
| <b>Total</b>                     | <b>245,165</b> | <b>38,369</b> | <b>4,429</b> | <b>403</b> | <b>288,365</b>                      | <b>15,663</b>                    | <b>304,028</b> | <b>-4,538</b>          |
| <b>Dec 20</b>                    |                |               |              |            |                                     |                                  |                |                        |
| Agriculture and forestry         | 2,550          | 593           | 122          | 5          | 3,270                               | 19                               | 3,289          | -101                   |
| of which significant risk        | 6              | 8             | 0            | -          | 14                                  | 0                                | 14             | -0                     |
| Mining                           | 544            | 64            | 16           | 2          | 626                                 | 207                              | 832            | -20                    |
| of which significant risk        | 382            | 10            | 8            | 2          | 401                                 | 199                              | 601            | -13                    |
| Manufacturing                    | 13,658         | 4,914         | 585          | 46         | 19,202                              | 1,023                            | 20,226         | -587                   |
| of which significant risk        | 3,838          | 3,264         | 268          | 22         | 7,392                               | 434                              | 7,826          | -278                   |
| Energy and water supply          | 4,054          | 577           | 56           | 8          | 4,695                               | 198                              | 4,893          | -97                    |
| of which significant risk        | 0              | 3             | -            | -          | 3                                   | 0                                | 3              | -0                     |
| Construction                     | 9,330          | 1,789         | 279          | 16         | 11,414                              | 1,231                            | 12,645         | -320                   |
| of which significant risk        | 23             | 13            | 4            | 0          | 40                                  | 2                                | 43             | -3                     |
| Trade                            | 9,251          | 3,758         | 472          | 44         | 13,525                              | 1,019                            | 14,544         | -441                   |
| of which significant risk        | 2,169          | 2,244         | 193          | 10         | 4,617                               | 213                              | 4,830          | -172                   |
| Transport and communication      | 5,759          | 1,993         | 196          | 4          | 7,952                               | 361                              | 8,313          | -182                   |
| of which significant risk        | 977            | 1,192         | 29           | 1          | 2,199                               | 60                               | 2,259          | -48                    |
| Hotels and restaurants           | 1,281          | 3,977         | 331          | 29         | 5,618                               | 79                               | 5,697          | -271                   |
| of which significant risk        | 1,225          | 3,933         | 312          | 29         | 5,500                               | 73                               | 5,573          | -255                   |
| Financial and insurance services | 32,797         | 1,714         | 30           | 12         | 34,551                              | 5,060                            | 39,611         | -110                   |
| Real estate and housing          | 25,893         | 5,824         | 262          | 129        | 32,108                              | 857                              | 32,965         | -390                   |
| of which significant risk        | 242            | 340           | 17           | 0          | 599                                 | 4                                | 603            | -21                    |
| Services                         | 9,461          | 3,976         | 488          | 5          | 13,930                              | 745                              | 14,675         | -426                   |
| of which significant risk        | 2,395          | 2,688         | 341          | 5          | 5,430                               | 173                              | 5,603          | -263                   |
| Public administration            | 38,571         | 560           | 1            | 3          | 39,135                              | 3,235                            | 42,370         | -25                    |
| Education, health and art        | 2,604          | 932           | 102          | 1          | 3,638                               | 38                               | 3,677          | -99                    |
| of which significant risk        | 280            | 465           | 60           | 0          | 806                                 | 8                                | 814            | -58                    |
| Private households               | 71,994         | 7,967         | 1,541        | 116        | 81,619                              | 784                              | 82,403         | -1,452                 |
| Other                            | 452            | 19            | 0            | 0          | 471                                 | 88                               | 558            | -1                     |
| <b>Total</b>                     | <b>228,200</b> | <b>38,655</b> | <b>4,480</b> | <b>419</b> | <b>271,754</b>                      | <b>14,945</b>                    | <b>286,699</b> | <b>-4,522</b>          |

### Effect on Expected Credit Loss

As described above, an increase of the ECL might result from a re-assessment of the credit risk parameters and a migration to worse stages either via significant increase in credit risk (SICR) or a default.

We have concluded so far that the majority of moratoria introduced in our core markets due to the Covid-19 pandemic fulfil the conditions as defined in the EBA guidelines published during the year 2020. Relief offered to credit owners thus did not result in an automatic transfers from Stage 1 to Stage 2. However, Erste Group continues to perform individual assessments whether there are other circumstances that would lead to forbearance or default classification.

We have re-assessed credit risk parameters based on the new macro-scenarios FLI overlay in December 2020. We continued in monitoring of the macro and macro-prediction development in order to reflect up-to-date information in our credit risk parameters. GDP scenarios and weights are shown in the table displayed within Incorporation of forward looking information section above. The effect of the FLI in the ECL calculation as of 30 June 2021 amounted to EUR 581 million. The increase of EUR 464 million (thereof EUR 53 million in the first half of 2021) since 31 December 2019 can be directly attributed to the Covid-19 situation.

Erste Group has addressed expected SICR by introducing Covid-19 portfolio overlays. We divided the portfolio in private individuals (PIs) and non-private individuals (non-PIs) and assessed the customers by taking into account any Covid-19 related relief measure granted as well as the internal industry heat-map and corresponding customer-specific one-year IFRS PD levels. Based on this assessment and individual reviews, customers were migrated to stage 2, i.e. lifetime ECL measure. The industry heat map and the portfolio overlays are subject to regular reviews. The effect of Covid-19 portfolio overlays in the ECL calculation as of 30 June 2021 amounted to EUR 219 million; the decrease by EUR 26 million observed in the first half of 2021 was mainly affected by the industry heat map review in the second quarter.

Erste Group will assess releases of Covid-19 portfolio overlays for PI portfolios once the moratoria are lifted. When moratoria do no longer distort DPD information, behavioural scoring will allow an unbiased SICR assessment. In case of non-PI portfolios, release of the overlays will be assessed after expiration of the measures enables a proper re-rating. Release will follow in combination with a consistent improvement of the macro indicators.

Erste Group expects an increase in defaults especially after state aid measures, in particular moratoria, are lifted. Elevated level of portfolio deterioration is expected in the second half of 2021 and during 2022.

The analysis tables below present staging splits of the current performing exposure and ECL. Movements of exposures between performing stages and resulting changes in ECL triggered by effect of Covid-19 SICR overlays and FLI macro overlays is shown. Effects on industry segments, high risk industry subsegments and geographical segment are disclosed.

Analysis shows that out of a EUR 38,369 million exposure in Stage 2, EUR 12,902 million were migrated due to Covid-19 overlays, resulting in an increase of ECL of EUR 219 million. Further EUR 5,460 million were migrated to Stage 2 due to FLI overlay, resulting in an ECL increase of EUR 464 million (the difference of the FLI effect between 31 December 2019 and 30 June 2021).

For the ECL change a positive sign (+) equals a release while a negative sign (-) equals an allocation. Values presented as sensitivities are results of internal simulations.

## Forward looking information (FLI) and stage overlays due to the Covid-19 pandemic

### Impact on credit risk exposure by geographical segment

| in EUR million       | Current status - parameters (FLI shifted) |               | Effect of stage overlays due to Covid-19 |                  | Effect of FLI shifts |                 |
|----------------------|---|---------------|--|------------------|----------------------|-----------------|
|                      | Stage 1                                   | Stage 2       | Stage 1                                  | Stage 2          | Stage 1              | Stage 2         |
| <b>Jun 21</b>        |   |               |  |                  |                      |                 |
| <b>Austria</b>       | <b>121,388</b>                            | <b>25,440</b> | <b>+8,223.5</b>                          | <b>-8,223.5</b>  | <b>+3,864.3</b>      | <b>-3,864.3</b> |
| EBOe & Subs.         | 38,506                                    | 7,643         | +2,525.5                                 | -2,525.5         | +1,075.2             | -1,075.2        |
| Savings Banks        | 56,740                                    | 12,430        | +4,518.7                                 | -4,518.7         | +1,763.8             | -1,763.8        |
| Other Austria        | 26,142                                    | 5,367         | +1,179.3                                 | -1,179.3         | +1,025.2             | -1,025.2        |
| <b>CEE</b>           | <b>116,507</b>                            | <b>12,815</b> | <b>+4,678.5</b>                          | <b>-4,678.5</b>  | <b>+1,595.3</b>      | <b>-1,595.3</b> |
| Czech Republic       | 63,200                                    | 5,088         | +1,500.3                                 | -1,500.3         | +569.7               | -569.7          |
| Slovakia             | 17,583                                    | 2,952         | +1,712.0                                 | -1,712.0         | +217.3               | -217.3          |
| Romania              | 13,731                                    | 2,395         | +541.7                                   | -541.7           | +617.9               | -617.9          |
| Hungary              | 9,954                                     | 987           | +337.2                                   | -337.2           | +143.1               | -143.1          |
| Croatia              | 9,893                                     | 1,190         | +460.3                                   | -460.3           | +35.4                | -35.4           |
| Serbia               | 2,145                                     | 204           | +127.0                                   | -127.0           | +11.9                | -11.9           |
| Other                | 7,270                                     | 114           | +0.0                                     | +0.0             | +0.0                 | +0.0            |
| <b>Total</b>         | <b>245,165</b>                            | <b>38,369</b> | <b>+12,902.0</b>                         | <b>-12,902.0</b> | <b>+5,459.5</b>      | <b>-5,459.5</b> |
| <b>Dec 20</b>        |   |               |  |                  |                      |                 |
| Austria              | 114,235                                   | 26,033        | +9,496.9                                 | -9,496.9         | +4,519.9             | -4,519.9        |
| EBOe & Subs.         | 37,174                                    | 7,633         | +2,635.1                                 | -2,635.1         | +1,305.2             | -1,305.2        |
| Savings Banks        | 53,972                                    | 12,669        | +5,007.5                                 | -5,007.5         | +2,042.6             | -2,042.6        |
| <b>Other Austria</b> | <b>23,089</b>                             | <b>5,731</b>  | <b>+1,854.4</b>                          | <b>-1,854.4</b>  | <b>+1,172.1</b>      | <b>-1,172.1</b> |
| CEE                  | 107,204                                   | 12,351        | +4,922.6                                 | -4,922.6         | +1,363.7             | -1,363.7        |
| Czech Republic       | 56,144                                    | 4,793         | +1,576.0                                 | -1,576.0         | +534.2               | -534.2          |
| Slovakia             | 17,413                                    | 2,709         | +1,535.5                                 | -1,535.5         | +103.1               | -103.1          |
| Romania              | 13,775                                    | 2,430         | +793.4                                   | -793.4           | +480.2               | -480.2          |
| Hungary              | 8,307                                     | 919           | +468.0                                   | -468.0           | +162.2               | -162.2          |
| Croatia              | 9,468                                     | 1,317         | +455.8                                   | -455.8           | +66.7                | -66.7           |
| Serbia               | 2,098                                     | 183           | +93.9                                    | -93.9            | +17.3                | -17.3           |
| Other                | 6,760                                     | 271           | +0.0                                     | +0.0             | +0.0                 | +0.0            |
| <b>Total</b>         | <b>228,200</b>                            | <b>38,655</b> | <b>+14,419.5</b>                         | <b>-14,419.5</b> | <b>+5,883.6</b>      | <b>-5,883.6</b> |

### Impact on credit loss allowances by geographical segment

| in EUR million | Current status - parameters (FLI shifted) |               | Effect of stage overlays due to Covid-19 |               | Effect of FLI shifts |               |
|----------------|---|---------------|--|---------------|----------------------|---------------|
|                | Stage 1                                   | Stage 2       | Stage 1                                  | Stage 2       | Stage 1              | Stage 2       |
| <b>Jun 21</b>  |   |               |  |               |                      |               |
| <b>Austria</b> | <b>-195</b>                               | <b>-699</b>   | <b>-36.3</b>                             | <b>+137.8</b> | <b>+82.5</b>         | <b>+187.2</b> |
| EBOe & Subs.   | -42                                       | -161          | -8.3                                     | +39.1         | +17.3                | +39.5         |
| Savings Banks  | -129                                      | -379          | -24.7                                    | +84.2         | +47.9                | +94.6         |
| Other Austria  | -24                                       | -159          | -3.4                                     | +14.5         | +17.3                | +53.1         |
| <b>CEE</b>     | <b>-311</b>                               | <b>-767</b>   | <b>-60.5</b>                             | <b>+177.6</b> | <b>+118.2</b>        | <b>+193.0</b> |
| Czech Republic | -115                                      | -263          | -18.4                                    | +45.8         | +45.6                | +57.0         |
| Slovakia       | -37                                       | -144          | -16.0                                    | +52.5         | +15.1                | +12.4         |
| Romania        | -61                                       | -193          | -8.8                                     | +28.4         | +17.8                | +82.8         |
| Hungary        | -25                                       | -71           | -3.7                                     | +12.1         | +13.5                | +31.5         |
| Croatia        | -61                                       | -83           | -11.3                                    | +32.0         | +22.9                | +7.3          |
| Serbia         | -11                                       | -15           | -2.4                                     | +6.9          | +3.3                 | +2.0          |
| Other          | -1  | -2            | +0.0                                     | +0.0          | +0.0                 | +0.0          |
| <b>Total</b>   | <b>-507</b>                               | <b>-1,468</b> | <b>-96.9</b>                             | <b>+315.4</b> | <b>+200.7</b>        | <b>+380.2</b> |
| <b>Dec 20</b>  |   |               |  |               |                      |               |
| Austria        | -183                                      | -685          | -43.6                                    | +158.4        | +68.6                | +202.3        |
| EBOe & Subs.   | -41                                       | -152          | -10.2                                    | +39.8         | +17.8                | +39.1         |
| Savings Banks  | -119                                      | -371          | -28.6                                    | +95.2         | +42.9                | +94.2         |
| Other Austria  | -23                                       | -162          | -4.8                                     | +23.4         | +7.8                 | +69.0         |
| <b>CEE</b>     | <b>-280</b>                               | <b>-737</b>   | <b>-66.0</b>                             | <b>+196.2</b> | <b>+97.6</b>         | <b>+159.1</b> |
| Czech Republic | -100                                      | -252          | -20.6                                    | +50.4         | +40.9                | +56.3         |
| Slovakia       | -35                                       | -140          | -13.7                                    | +51.4         | +12.7                | +3.1          |
| Romania        | -53                                       | -183          | -12.9                                    | +39.7         | +6.2                 | +62.1         |
| Hungary        | -22                                       | -64           | -6.5                                     | +19.1         | +14.3                | +25.6         |
| Croatia        | -57                                       | -86           | -10.2                                    | +30.5         | +20.2                | +9.6          |
| Serbia         | -12                                       | -13           | -2.1                                     | +5.2          | +3.3                 | +2.5          |
| Other          | -1  | -1            | +0.0                                     | +0.0          | +0.0                 | +0.0          |
| <b>Total</b>   | <b>-464</b>                               | <b>-1,424</b> | <b>-109.5</b>                            | <b>+354.6</b> | <b>+166.2</b>        | <b>+361.4</b> |

## Impact on credit risk exposure by industry

| in EUR million                   | Current status - parameters (FLI shifted) |               | Effect of stage overlays due to Covid-19 |                  | Effect of FLI shifts |                 |
|----------------------------------|---|---------------|--|------------------|----------------------|-----------------|
|                                  | Stage 1                                   | Stage 2       | Stage 1                                  | Stage 2          | Stage 1              | Stage 2         |
| <b>Jun 21</b>                    |   |               |  |                  |                      |                 |
| Agriculture and forestry         | 2,758                                     | 583           | +144.6                                   | -144.6           | +90.4                | -90.4           |
| of which significant risk        | 10  | 2             | +2.1                                     | -2.1             | +0.2                 | -0.2            |
| Mining                           | 538                                       | 140           | +16.3                                    | -16.3            | +103.6               | -103.6          |
| of which significant risk        | 58  | 2             | +0.0                                     | -0.0             | +1.7                 | -1.7            |
| Manufacturing                    | 14,116                                    | 4,627         | +2,038.0                                 | -2,038.0         | +731.0               | -731.0          |
| of which significant risk        | 3,120                                     | 2,648         | +1,600.1                                 | -1,600.1         | +114.4               | -114.4          |
| Energy and water supply          | 3,854                                     | 677           | +22.8                                    | -22.8            | +85.9                | -85.9           |
| of which significant risk        | 18  | 37            | +0.0                                     | +0.0             | +0.0                 | +0.0            |
| Construction                     | 9,444                                     | 1,860         | +283.5                                   | -283.5           | +693.5               | -693.5          |
| of which significant risk        | 23  | 24            | +172.7                                   | -172.7           | +0.1                 | -0.1            |
| Trade                            | 10,543                                    | 2,930         | +1,080.4                                 | -1,080.4         | +416.5               | -416.5          |
| of which significant risk        | 1,465                                     | 925           | +761.3                                   | -761.3           | +52.6                | -52.6           |
| Transport and communication      | 5,757                                     | 2,172         | +878.6                                   | -878.6           | +207.0               | -207.0          |
| of which significant risk        | 584                                       | 1,188         | +679.8                                   | -679.8           | +4.4                 | -4.4            |
| Hotels and restaurants           | 1,196                                     | 4,184         | +2,979.9                                 | -2,979.9         | +22.0                | -22.0           |
| of which significant risk        | 1,135                                     | 4,179         | +2,943.3                                 | -2,943.3         | +22.0                | -22.0           |
| Financial and insurance services | 38,746                                    | 1,185         | +20.9                                    | -20.9            | +114.6               | -114.6          |
| Real estate and housing          | 26,806                                    | 6,036         | +1,941.0                                 | -1,941.0         | +1,540.0             | -1,540.0        |
| of which significant risk        | 158                                       | 441           | +307.6                                   | -307.6           | +35.1                | -35.1           |
| Services                         | 9,770                                     | 4,145         | +2,115.4                                 | -2,115.4         | +261.7               | -261.7          |
| of which significant risk        | 1,879                                     | 2,771         | +2,080.4                                 | -2,080.4         | +13.2                | -13.2           |
| Public administration            | 42,839                                    | 596           | +10.1                                    | -10.1            | +253.7               | -253.7          |
| Education, health and art        | 2,672                                     | 1,022         | +572.0                                   | -572.0           | +138.6               | -138.6          |
| of which significant risk        | 337                                       | 507           | +372.6                                   | -372.6           | +58.8                | -58.8           |
| Households                       | 75,732                                    | 8,211         | +798.5                                   | -798.5           | +801.0               | -801.0          |
| Other                            | 394                                       | 1             | +0.0                                     | +0.0             | +0.0                 | -0.0            |
| <b>Total</b>                     | <b>245,165</b>                            | <b>38,369</b> | <b>+12,902.0</b>                         | <b>-12,902.0</b> | <b>+5,459.5</b>      | <b>-5,459.5</b> |
| <b>Dec 20</b>                    |   |               |  |                  |                      |                 |
| Agriculture and forestry         | 2,550                                     | 593           | +145.9                                   | -145.9           | +88.3                | -88.3           |
| of which significant risk        | 6   | 8             | +0.4                                     | -0.4             | +0.0                 | -0.0            |
| Mining                           | 544                                       | 64            | +16.4                                    | -16.4            | +8.7                 | -8.7            |
| of which significant risk        | 382                                       | 10            | +5.9                                     | -5.9             | +0.1                 | -0.1            |
| Manufacturing                    | 13,658                                    | 4,914         | +3,199.3                                 | -3,199.3         | +1,020.0             | -1,020.0        |
| of which significant risk        | 3,838                                     | 3,264         | +2,737.2                                 | -2,737.2         | +236.2               | -236.2          |
| Energy and water supply          | 4,054                                     | 577           | +6.5                                     | -6.5             | +84.7                | -84.7           |
| of which significant risk        | 0   | 3             | +0.0                                     | +0.0             | +0.0                 | +0.0            |
| Construction                     | 9,330                                     | 1,789         | +186.3                                   | -186.3           | +848.6               | -848.6          |
| of which significant risk        | 23  | 13            | +103.6                                   | -103.6           | +0.0                 | +0.0            |
| Trade                            | 9,251                                     | 3,758         | +1,861.1                                 | -1,861.1         | +386.5               | -386.5          |
| of which significant risk        | 2,169                                     | 2,244         | +1,600.7                                 | -1,600.7         | +72.0                | -72.0           |
| Transport and communication      | 5,759                                     | 1,993         | +1,178.8                                 | -1,178.8         | +201.2               | -201.2          |
| of which significant risk        | 977                                       | 1,192         | +989.0                                   | -989.0           | +10.8                | -10.8           |
| Hotels and restaurants           | 1,281                                     | 3,977         | +2,935.3                                 | -2,935.3         | +100.9               | -100.9          |
| of which significant risk        | 1,225                                     | 3,933         | +2,898.5                                 | -2,898.5         | +100.9               | -100.9          |
| Financial and insurance services | 32,797                                    | 1,714         | +13.0                                    | -13.0            | +137.3               | -137.3          |
| Real estate and housing          | 25,893                                    | 5,824         | +1,415.7                                 | -1,415.7         | +1,715.3             | -1,715.3        |
| of which significant risk        | 242                                       | 340           | +240.3                                   | -240.3           | +6.1                 | -6.1            |
| Services                         | 9,461                                     | 3,976         | +1,916.4                                 | -1,916.4         | +173.4               | -173.4          |
| of which significant risk        | 2,395                                     | 2,688         | +1,891.4                                 | -1,891.4         | +92.6                | -92.6           |
| Public administration            | 38,571                                    | 560           | +1.3                                     | -1.3             | +253.8               | -253.8          |
| Education, health and art        | 2,604                                     | 932           | +572.5                                   | -572.5           | +117.7               | -117.7          |
| of which significant risk        | 280                                       | 465           | +336.0                                   | -336.0           | +7.6                 | -7.6            |
| Households                       | 71,994                                    | 7,967         | +971.0                                   | -971.0           | +745.7               | -745.7          |
| Other                            | 452                                       | 19            | +0.0                                     | -0.0             | +1.4                 | -1.4            |
| <b>Total</b>                     | <b>228,200</b>                            | <b>38,655</b> | <b>+14,419.5</b>                         | <b>-14,419.5</b> | <b>+5,883.6</b>      | <b>-5,883.6</b> |



## Impact on credit loss allowances by industry

| in EUR million                   | Current status -<br>parameters (FLI shifted) | Effect of stage overlays<br>due to Covid-19 |               | Effect of FLI shifts |               |
|----------------------------------|--|---|---------------|----------------------|---------------|
|                                  | All stages                                   | Stage 1                                     | Stage 2       | Stage 1              | Stage 2       |
| <b>Jun 21</b>                    |  |   |               |                      |               |
| Agriculture and forestry         | -107   | -2.6  | +6.4          | +5.9                 | +10.1         |
| of which significant risk        | -0   | -0.0  | +0.1          | +0.1                 | +0.0          |
| Mining                           | -20  | -0.1  | +0.4          | +0.0                 | +1.7          |
| of which significant risk        | -0   | -0.0  | +0.0          | +0.0                 | +0.0          |
| Manufacturing                    | -576   | -19.0                                       | +48.0         | +27.9                | +67.6         |
| of which significant risk        | -248   | -13.5                                       | +34.6         | +11.6                | +26.2         |
| Energy and water supply          | -98  | -0.2  | +1.0          | +6.4                 | +11.5         |
| of which significant risk        | -0   | +0.0  | +0.0          | +0.0                 | +0.0          |
| Construction                     | -316   | -2.1  | +5.1          | +16.3                | +30.2         |
| of which significant risk        | -3   | -1.1  | +1.9          | +0.7                 | +0.3          |
| Trade                            | -428   | -11.0                                       | +26.3         | +21.7                | +33.7         |
| of which significant risk        | -91  | -6.2  | +14.7         | +5.5                 | +7.3          |
| Transport and communication      | -187   | -7.4  | +26.6         | +9.7                 | +22.1         |
| of which significant risk        | -49  | -4.8  | +19.1         | +3.3                 | +5.6          |
| Hotels and restaurants           | -292   | -21.7                                       | +80.1         | +11.2                | +17.8         |
| of which significant risk        | -281   | -21.6                                       | +79.3         | +11.1                | +17.8         |
| Financial and insurance services | -109   | -0.2  | +0.5          | +13.7                | +6.4          |
| Real estate and housing          | -420   | -11.9                                       | +44.2         | +29.1                | +43.7         |
| of which significant risk        | -23  | -1.9  | +7.0          | +3.8                 | +5.1          |
| Services                         | -391   | -7.8  | +30.6         | +8.2                 | +21.3         |
| of which significant risk        | -210   | -7.3  | +29.4         | +3.7                 | +6.3          |
| Public administration            | -43  | -0.1  | +0.4          | +3.5                 | +1.1          |
| Education, health and art        | -116   | -3.2  | +10.4         | +3.7                 | +10.2         |
| of which significant risk        | -58  | -2.1  | +6.8          | +1.2                 | +4.3          |
| Households                       | -1,437                                       | -9.5  | +35.4         | +43.4                | +103.0        |
| Other                            | -0   | +0.0  | +0.0          | +0.1                 | +0.0          |
| <b>Total</b>                     | <b>-4,538</b>                                | <b>-96.9</b>                                | <b>+315.4</b> | <b>+200.7</b>        | <b>+380.2</b> |
| <b>Dec 20</b>                    |  |   |               |                      |               |
| Agriculture and forestry         | -101   | -2.4  | +5.3          | +4.4                 | +15.9         |
| of which significant risk        | 0  | -0.0  | +0.0          | +0.1                 | +0.0          |
| Mining                           | -20  | -0.1  | +0.3          | +0.3                 | +0.4          |
| of which significant risk        | -13  | -0.0  | +0.1          | +0.2                 | +0.1          |
| Manufacturing                    | -587   | -26.2                                       | +64.8         | +20.9                | +65.2         |
| of which significant risk        | -278   | -20.6                                       | +51.4         | +11.7                | +22.4         |
| Energy and water supply          | -97  | -0.1  | +0.2          | +5.4                 | +8.2          |
| of which significant risk        | 0  | +0.0  | +0.0          | +0.0                 | +0.0          |
| Construction                     | -320   | -1.7  | +4.5          | +12.6                | +29.4         |
| of which significant risk        | -3   | -0.7  | +1.1          | +0.4                 | +0.2          |
| Trade                            | -441   | -14.0                                       | +35.1         | +16.3                | +29.7         |
| of which significant risk        | -172   | -9.6  | +25.3         | +6.2                 | +10.3         |
| Transport and communication      | -182   | -6.9  | +26.9         | +8.3                 | +15.8         |
| of which significant risk        | -48  | -4.5  | +20.0         | +2.8                 | +3.4          |
| Hotels and restaurants           | -271   | -19.1                                       | +72.5         | +9.7                 | +15.7         |
| of which significant risk        | -255   | -18.9                                       | +71.7         | +9.6                 | +15.7         |
| Financial and insurance services | -110   | -0.1  | +0.4          | +5.8                 | +8.5          |
| Real estate and housing          | -390   | -10.8                                       | +44.5         | +24.1                | +46.0         |
| of which significant risk        | -21  | -1.8  | +7.6          | +0.1                 | +0.2          |
| Services                         | -426   | -8.7  | +32.0         | +7.2                 | +15.0         |
| of which significant risk        | -263   | -8.5  | +31.4         | +4.1                 | +8.2          |
| Public administration            | -25  | -0.0  | +0.0          | +2.7                 | +0.3          |
| Education, health and art        | -99  | -7.5  | +18.8         | +18.8                | +22.2         |
| of which significant risk        | -58  | -1.9  | +6.1          | +2.2                 | +2.4          |
| Households                       | -1,452                                       | -11.9                                       | +49.2         | +29.5                | +88.1         |
| Other                            | -1   | -0.0  | +0.0          | +0.2                 | +0.9          |
| <b>Total</b>                     | <b>-4,522</b>                                | <b>-109.5</b>                               | <b>+354.6</b> | <b>+166.2</b>        | <b>+361.4</b> |

The following tables present sensitivity analyses taking into consideration only changes due to the different values of PDs according to the baseline, upside and downside FLI scenarios. Covid-19 SICR overlays are ignored. Sensitivities of these particular 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). The staging and ECL results if each baseline, upside or downside scenario were of 100% weight are shown in industry and geographical segmentation.

The analyses confirm that the FLI macro shift due to the Covid-19 induced macro situation is comparable in both exposure and ECL as of 30 June 2021 and 31 December 2020. Credit risk exposure in an amount of EUR 5,460 million was in Stage 2 due to the FLI shift as of 30 June 2021 (EUR 5,884 million as of 31 December 2020). The ECL increased by EUR 53 million to EUR 581 million from EUR 527 million as of 31 December 2020. Our conservative probability weighted scenario results in higher Stage 2 migrations than the pure baseline scenario. That would lead to a decrease of Stage 2 exposure by EUR 1,756 million resulting in an ECL drop by EUR 94 million (EUR 99 million release from Stage 2 and EUR 4 million allocation in Stage 1). The downside scenario would lead to additional EUR 1,457 million of exposure migration to Stage 2, resulting in ECL increase of EUR 90 million. Differences between the scenarios are rather mild. The biggest effect is caused by the incorporation of the 2020 macroeconomic variables relating to the Covid-19 induced crisis into the scenarios. These variables are however taken into account in each scenario with the same value. The differences among the scenarios are therefore caused by differences in the recovery estimates for the years 2021-2023.

## Scenario analysis – Different probabilities of default (PD)

### Impact of different scenarios on credit risk exposure by geographical segment

| in EUR million | Point in time<br>(effect of FLI shifts) |                 | Upside scenario |                 | Baseline scenario |                 | Downside scenario |                 |
|----------------|---|-----------------|-----------------|-----------------|-------------------|-----------------|-------------------|-----------------|
|                | Stage 1                                 | Stage 2         | Stage 1         | Stage 2         | Stage 1           | Stage 2         | Stage 1           | Stage 2         |
|                | <b>Jun 21</b>                           |                 |                 |                 |                   |                 |                   |                 |
| <b>Austria</b> | +3,864.3                                | -3,864.3        | +2,235.9        | -2,235.9        | +1,322.9          | -1,322.9        | -874.0            | +874.0          |
| EBOe & Subs.   | +1,075.2                                | -1,075.2        | +632.2          | -632.2          | +474.9            | -474.9          | -199.8            | +199.8          |
| Savings Banks  | +1,763.8                                | -1,763.8        | +746.5          | -746.5          | +460.5            | -460.5          | -389.2            | +389.2          |
| Other Austria  | +1,025.2                                | -1,025.2        | +857.2          | -857.2          | +387.5            | -387.5          | -285.0            | +285.0          |
| <b>CEE</b>     | <b>+1,595.3</b>                         | <b>-1,595.3</b> | <b>+828.7</b>   | <b>-828.7</b>   | <b>+432.9</b>     | <b>-432.9</b>   | <b>-583.0</b>     | <b>+583.0</b>   |
| Czech Republic | +569.7                                  | -569.7          | +429.1          | -429.1          | +281.3            | -281.3          | -211.2            | +211.2          |
| Slovakia       | +217.3                                  | -217.3          | +8.2            | -8.2            | +4.4              | -4.4            | -4.3              | +4.3            |
| Romania        | +617.9                                  | -617.9          | +354.1          | -354.1          | +127.8            | -127.8          | -265.1            | +265.1          |
| Hungary        | +143.1                                  | -143.1          | +18.7           | -18.7           | +7.2              | -7.2            | -52.9             | +52.9           |
| Croatia        | +35.4                                   | -35.4           | +14.7           | -14.7           | +9.7              | -9.7            | -26.6             | +26.6           |
| Serbia         | +11.9                                   | -11.9           | +3.9            | -3.9            | +2.4              | -2.4            | -22.9             | +22.9           |
| <b>Other</b>   | <b>+0.0</b>                             | <b>+0.0</b>     | <b>+0.0</b>     | <b>+0.0</b>     | <b>+0.0</b>       | <b>+0.0</b>     | <b>+0.0</b>       | <b>+0.0</b>     |
| <b>Total</b>   | <b>+5,459.5</b>                         | <b>-5,459.5</b> | <b>+3,064.6</b> | <b>-3,064.6</b> | <b>+1,755.8</b>   | <b>-1,755.8</b> | <b>-1,456.9</b>   | <b>+1,456.9</b> |
| <b>Dec 20</b>  |   |                 |                 |                 |                   |                 |                   |                 |
| <b>Austria</b> | <b>+4,519.9</b>                         | <b>-4,519.9</b> | <b>+2,187.5</b> | <b>-2,187.5</b> | <b>+1,537.0</b>   | <b>-1,537.0</b> | <b>-1,131.9</b>   | <b>+1,131.9</b> |
| EBOe & Subs.   | +1,305.2                                | -1,305.2        | +730.6          | -730.6          | +569.4            | -569.4          | -269.3            | +269.3          |
| Savings Banks  | +2,042.6                                | -2,042.6        | +911.6          | -911.6          | +597.5            | -597.5          | -509.4            | +509.4          |
| Other Austria  | +1,172.1                                | -1,172.1        | +545.4          | -545.4          | +370.1            | -370.1          | -353.2            | +353.2          |
| <b>CEE</b>     | <b>+1,363.7</b>                         | <b>-1,363.7</b> | <b>+688.1</b>   | <b>-688.1</b>   | <b>+330.0</b>     | <b>-330.0</b>   | <b>-458.1</b>     | <b>+458.1</b>   |
| Czech Republic | +534.2                                  | -534.2          | +305.0          | -305.0          | +164.1            | -164.1          | -164.1            | +164.1          |
| Slovakia       | +103.1                                  | -103.1          | +8.5            | -8.5            | +4.8              | -4.8            | -5.3              | +5.3            |
| Romania        | +480.2                                  | -480.2          | +315.0          | -315.0          | +129.2            | -129.2          | -247.6            | +247.6          |
| Hungary        | +162.2                                  | -162.2          | +20.6           | -20.6           | +9.2              | -9.2            | -8.0              | +8.0            |
| Croatia        | +66.7                                   | -66.7           | +30.5           | -30.5           | +15.9             | -15.9           | -15.0             | +15.0           |
| Serbia         | +17.3                                   | -17.3           | +8.5            | -8.5            | +6.8              | -6.8            | -18.1             | +18.1           |
| <b>Other</b>   | <b>+0.0</b>                             | <b>+0.0</b>     | <b>+0.0</b>     | <b>+0.0</b>     | <b>+0.0</b>       | <b>+0.0</b>     | <b>+0.0</b>       | <b>+0.0</b>     |
| <b>Total</b>   | <b>+5,883.6</b>                         | <b>-5,883.6</b> | <b>+2,875.7</b> | <b>-2,875.7</b> | <b>+1,867.1</b>   | <b>-1,867.1</b> | <b>-1,590.0</b>   | <b>+1,590.0</b> |

## Impact of different scenarios on credit loss allowances by geographical segment

| in EUR million | Point in time<br>(effect of FLI shifts) |               | Upside scenario |               | Baseline scenario |               | Downside scenario |               |
|----------------|---|---------------|-----------------|---------------|-------------------|---------------|-------------------|---------------|
|                | Stage 1                                 | Stage 2       | Stage 1         | Stage 2       | Stage 1           | Stage 2       | Stage 1           | Stage 2       |
|                |   |               |                 |               |                   |               |                   |               |
| <b>Jun 21</b>  |   |               |                 |               |                   |               |                   |               |
| <b>Austria</b> | <b>+82.5</b>                            | <b>+187.2</b> | <b>-11.5</b>    | <b>+97.8</b>  | <b>-6.7</b>       | <b>+61.7</b>  | <b>+18.5</b>      | <b>-46.6</b>  |
| EBOe & Subs.   | +17.3                                   | +39.5         | -2.4            | +19.8         | -1.5              | +12.8         | +4.7              | -9.5          |
| Savings Banks  | +47.9                                   | +94.6         | -4.8            | +41.1         | -2.8              | +25.1         | +8.3              | -22.6         |
| Other Austria  | +17.3                                   | +53.1         | -4.2            | +36.9         | -2.4              | +23.7         | +5.4              | -14.4         |
| <b>CEE</b>     | <b>+118.2</b>                           | <b>+193.0</b> | <b>+1.6</b>     | <b>+73.6</b>  | <b>+2.4</b>       | <b>+36.9</b>  | <b>-0.2</b>       | <b>-61.2</b>  |
| Czech Republic | +45.6                                   | +57.0         | +1.0            | +28.4         | +0.9              | +19.6         | -0.2              | -17.5         |
| Slovakia       | +15.1                                   | +12.4         | +2.7            | +1.9          | +1.5              | +1.0          | -3.1              | -1.7          |
| Romania        | +17.8                                   | +82.8         | -3.9            | +37.4         | -1.1              | +13.0         | +3.1              | -33.5         |
| Hungary        | +13.5                                   | +31.5         | -0.2            | +2.9          | -0.1              | +1.4          | +0.8              | -4.8          |
| Croatia        | +22.9                                   | +7.3          | -0.6            | +2.4          | -0.3              | +1.6          | +0.7              | -2.4          |
| Serbia         | +3.3                                    | +2.0          | +2.6            | +0.6          | +1.5              | +0.3          | -1.5              | -1.3          |
| <b>Other</b>   | <b>+0.0</b>                             | <b>+0.0</b>   | <b>+0.0</b>     | <b>+0.0</b>   | <b>+0.0</b>       | <b>+0.0</b>   | <b>+0.0</b>       | <b>+0.0</b>   |
| <b>Total</b>   | <b>+200.7</b>                           | <b>+380.2</b> | <b>-9.9</b>     | <b>+171.5</b> | <b>-4.3</b>       | <b>+98.5</b>  | <b>+18.3</b>      | <b>-107.8</b> |
| <b>Dec 20</b>  |   |               |                 |               |                   |               |                   |               |
| <b>Austria</b> | <b>+68.6</b>                            | <b>+202.3</b> | <b>-11.8</b>    | <b>+100.8</b> | <b>-7.5</b>       | <b>+66.2</b>  | <b>+6.2</b>       | <b>-52.6</b>  |
| EBOe & Subs.   | +17.8                                   | +39.1         | -2.8            | +20.6         | -2.0              | +14.2         | +1.7              | -10.1         |
| Savings Banks  | +42.9                                   | +94.2         | -6.2            | +43.6         | -3.4              | +26.7         | +3.4              | -24.5         |
| Other Austria  | +7.8                                    | +69.0         | -2.9            | +36.7         | -2.1              | +25.3         | +1.1              | -18.1         |
| <b>CEE</b>     | <b>+97.6</b>                            | <b>+159.1</b> | <b>+2.4</b>     | <b>+64.8</b>  | <b>+1.9</b>       | <b>+36.3</b>  | <b>-2.6</b>       | <b>-51.3</b>  |
| Czech Republic | +40.9                                   | +56.3         | +1.5            | +25.4         | +1.0              | +17.4         | -0.2              | -16.3         |
| Slovakia       | +12.7                                   | +3.1          | +2.8            | +1.8          | +1.6              | +1.0          | -3.2              | -1.7          |
| Romania        | +6.2                                    | +62.1         | -3.2            | +30.7         | -1.5              | +14.3         | +1.8              | -29.3         |
| Hungary        | +14.3                                   | +25.6         | -0.4            | +2.3          | -0.2              | +1.2          | +0.2              | -0.9          |
| Croatia        | +20.2                                   | +9.6          | -1.0            | +3.9          | -0.5              | +2.1          | +0.4              | -1.8          |
| Serbia         | +3.3                                    | +2.5          | +2.6            | +0.6          | +1.5              | +0.4          | -1.6              | -1.2          |
| <b>Other</b>   | <b>+0.0</b>                             | <b>+0.0</b>   | <b>+0.0</b>     | <b>+0.0</b>   | <b>+0.0</b>       | <b>+0.0</b>   | <b>+0.0</b>       | <b>+0.0</b>   |
| <b>Total</b>   | <b>+166.2</b>                           | <b>+361.4</b> | <b>-9.4</b>     | <b>+165.6</b> | <b>-5.6</b>       | <b>+102.5</b> | <b>+3.6</b>       | <b>-103.9</b> |

## Impact of different scenarios on credit risk exposure by industry

| in EUR million                   | Point in time<br>(effect of FLI shifts) |                 | Upside scenario |                 | Baseline scenario |                 | Downside scenario |                 |
|----------------------------------|---|-----------------|-----------------|-----------------|-------------------|-----------------|-------------------|-----------------|
|                                  | Stage 1                                 | Stage 2         | Stage 1         | Stage 2         | Stage 1           | Stage 2         | Stage 1           | Stage 2         |
|                                  |   |                 |                 |                 |                   |                 |                   |                 |
| <b>Jun 21</b>                    |   |                 |                 |                 |                   |                 |                   |                 |
| Agriculture and forestry         | +90.4                                   | -90.4           | +28.9           | -28.9           | +11.7             | -11.7           | -19.5             | +19.5           |
| of which significant risk        | +0.2                                    | -0.2            | +0.0            | -0.0            | +0.0              | -0.0            | -0.1              | +0.1            |
| Mining                           | +103.6                                  | -103.6          | +8.7            | -8.7            | +7.0              | -7.0            | -13.3             | +13.3           |
| of which significant risk        | +1.7                                    | -1.7            | +0.0            | +0.0            | +0.0              | +0.0            | +0.0              | +0.0            |
| Manufacturing                    | +731.0                                  | -731.0          | +382.7          | -382.7          | +200.9            | -200.9          | -255.6            | +255.6          |
| of which significant risk        | +114.4                                  | -114.4          | +59.2           | -59.2           | +21.2             | -21.2           | -51.4             | +51.4           |
| Energy and water supply          | +85.9                                   | -85.9           | +43.7           | -43.7           | +31.1             | -31.1           | -16.0             | +16.0           |
| of which significant risk        | +0.0                                    | +0.0            | +0.0            | +0.0            | +0.0              | +0.0            | +0.0              | +0.0            |
| Construction                     | +693.5                                  | -693.5          | +332.3          | -332.3          | +147.5            | -147.5          | -100.0            | +100.0          |
| of which significant risk        | +0.1                                    | -0.1            | +0.0            | -0.0            | +0.0              | -0.0            | -6.2              | +6.2            |
| Trade                            | +416.5                                  | -416.5          | +123.8          | -123.8          | +67.5             | -67.5           | -97.0             | +97.0           |
| of which significant risk        | +52.6                                   | -52.6           | +16.1           | -16.1           | +5.8              | -5.8            | -26.3             | +26.3           |
| Transport and communication      | +207.0                                  | -207.0          | +100.4          | -100.4          | +82.6             | -82.6           | -98.1             | +98.1           |
| of which significant risk        | +4.4                                    | -4.4            | +3.8            | -3.8            | +0.1              | -0.1            | -19.9             | +19.9           |
| Hotels and restaurants           | +22.0                                   | -22.0           | +9.4            | -9.4            | +7.5              | -7.5            | -95.5             | +95.5           |
| of which significant risk        | +22.0                                   | -22.0           | +9.4            | -9.4            | +7.5              | -7.5            | -95.5             | +95.5           |
| Financial and insurance services | +114.6                                  | -114.6          | +60.8           | -60.8           | +52.5             | -52.5           | +203.0            | -203.0          |
| Real estate and housing          | +1,540.0                                | -1,540.0        | +1,000.2        | -1,000.2        | +534.9            | -534.9          | -440.4            | +440.4          |
| of which significant risk        | +35.1                                   | -35.1           | +31.1           | -31.1           | +17.9             | -17.9           | -65.7             | +65.7           |
| Services                         | +261.7                                  | -261.7          | +91.7           | -91.7           | +52.0             | -52.0           | -138.3            | +138.3          |
| of which significant risk        | +13.2                                   | -13.2           | +2.3            | -2.3            | +1.1              | -1.1            | -89.0             | +89.0           |
| Public administration            | +253.7                                  | -253.7          | +211.1          | -211.1          | +204.7            | -204.7          | -5.7              | +5.7            |
| Education, health and art        | +138.6                                  | -138.6          | +83.9           | -83.9           | +78.4             | -78.4           | -68.0             | +68.0           |
| of which significant risk        | +58.8                                   | -58.8           | +49.9           | -49.9           | +49.2             | -49.2           | -61.6             | +61.6           |
| Households                       | +801.0                                  | -801.0          | +587.0          | -587.0          | +277.5            | -277.5          | -312.7            | +312.7          |
| Other                            | +0.0                                    | -0.0            | +0.0            | -0.0            | +0.0              | +0.0            | +0.0              | +0.0            |
| <b>Total</b>                     | <b>+5,459.5</b>                         | <b>-5,459.5</b> | <b>+3,064.6</b> | <b>-3,064.6</b> | <b>+1,755.8</b>   | <b>-1,755.8</b> | <b>-1,456.9</b>   | <b>+1,456.9</b> |
| <b>Dec 20</b>                    |   |                 |                 |                 |                   |                 |                   |                 |
| Agriculture and forestry         | +88.3                                   | -88.3           | +20.5           | -20.5           | +13.7             | -13.7           | -12.6             | +12.6           |
| of which significant risk        | +0.0                                    | -0.0            | +0.0            | -0.0            | +0.0              | -0.0            | -0.0              | +0.0            |
| Mining                           | +8.7                                    | -8.7            | +6.5            | -6.5            | +3.6              | -3.6            | -37.1             | +37.1           |
| of which significant risk        | +0.1                                    | -0.1            | +0.0            | +0.0            | +0.0              | +0.0            | -27.0             | +27.0           |
| Manufacturing                    | +1,020.0                                | -1,020.0        | +367.1          | -367.1          | +265.3            | -265.3          | -281.0            | +281.0          |
| of which significant risk        | +236.2                                  | -236.2          | +147.4          | -147.4          | +116.4            | -116.4          | -164.7            | +164.7          |
| Energy and water supply          | +84.7                                   | -84.7           | +50.6           | -50.6           | +43.1             | -43.1           | -16.3             | +16.3           |
| of which significant risk        | +0.0                                    | +0.0            | +0.0            | +0.0            | +0.0              | +0.0            | +0.0              | +0.0            |
| Construction                     | +848.6                                  | -848.6          | +320.9          | -320.9          | +228.0            | -228.0          | -104.4            | +104.4          |
| of which significant risk        | +0.0                                    | +0.0            | +0.0            | +0.0            | +0.0              | +0.0            | +0.0              | +0.0            |
| Trade                            | +386.5                                  | -386.5          | +110.1          | -110.1          | +60.4             | -60.4           | -125.9            | +125.9          |
| of which significant risk        | +72.0                                   | -72.0           | +17.2           | -17.2           | +9.7              | -9.7            | -66.0             | +66.0           |
| Transport and communication      | +201.2                                  | -201.2          | +127.5          | -127.5          | +110.5            | -110.5          | -74.8             | +74.8           |
| of which significant risk        | +10.8                                   | -10.8           | +6.2            | -6.2            | +5.4              | -5.4            | -17.5             | +17.5           |
| Hotels and restaurants           | +100.9                                  | -100.9          | +79.8           | -79.8           | +29.3             | -29.3           | -78.6             | +78.6           |
| of which significant risk        | +100.9                                  | -100.9          | +79.8           | -79.8           | +29.3             | -29.3           | -78.6             | +78.6           |
| Financial and insurance services | +137.3                                  | -137.3          | +64.3           | -64.3           | +56.3             | -56.3           | -25.3             | +25.3           |
| Real estate and housing          | +1,715.3                                | -1,715.3        | +959.7          | -959.7          | +624.1            | -624.1          | -425.2            | +425.2          |
| of which significant risk        | +6.1                                    | -6.1            | +0.3            | -0.3            | +0.2              | -0.2            | -6.9              | +6.9            |
| Services                         | +173.4                                  | -173.4          | +34.3           | -34.3           | +10.8             | -10.8           | -42.7             | +42.7           |
| of which significant risk        | +92.6                                   | -92.6           | +13.7           | -13.7           | +1.5              | -1.5            | -35.9             | +35.9           |
| Public administration            | +253.8                                  | -253.8          | +172.7          | -172.7          | +171.8            | -171.8          | -3.0              | +3.0            |
| Education, health and art        | +117.7                                  | -117.7          | +110.4          | -110.4          | +58.0             | -58.0           | -65.6             | +65.6           |
| of which significant risk        | +7.6                                    | -7.6            | +6.3            | -6.3            | +6.2              | -6.2            | -4.6              | +4.6            |
| Households                       | +745.7                                  | -745.7          | +450.4          | -450.4          | +191.9            | -191.9          | -289.8            | +289.8          |
| Other                            | +1.4                                    | -1.4            | +0.7            | -0.7            | +0.2              | -0.2            | -7.7              | +7.7            |
| <b>Total</b>                     | <b>+5,883.6</b>                         | <b>-5,883.6</b> | <b>+2,875.7</b> | <b>-2,875.7</b> | <b>+1,867.1</b>   | <b>-1,867.1</b> | <b>-1,590.0</b>   | <b>+1,590.0</b> |

## Impact of different scenarios on credit loss allowances by industry

| in EUR million                   | Point in time<br>(effect of FLI shifts) |               | Upside scenario |               | Baseline scenario |               | Downside scenario |               |
|----------------------------------|---|---------------|-----------------|---------------|-------------------|---------------|-------------------|---------------|
|                                  | Stage 1                                 | Stage 2       | Stage 1         | Stage 2       | Stage 1           | Stage 2       | Stage 1           | Stage 2       |
|                                  |   |               |                 |               |                   |               |                   |               |
| <b>Jun 21</b>                    |   |               |                 |               |                   |               |                   |               |
| Agriculture and forestry         | +5.9                                    | +10.1         | -0.2            | +3.0          | +0.0              | +1.1          | +0.1              | -1.8          |
| of which significant risk        | +0.1                                    | +0.0          | +0.1            | +0.0          | +0.1              | +0.0          | -0.1              | -0.0          |
| Mining                           | +0.0                                    | +1.7          | -0.1            | +0.6          | -0.1              | +0.4          | +0.0              | -0.2          |
| of which significant risk        | +0.0                                    | +0.0          | +0.0            | +0.0          | +0.0              | +0.0          | +0.0              | -0.0          |
| Manufacturing                    | +27.9                                   | +67.6         | -1.5            | +29.5         | -0.2              | +15.9         | +1.3              | -17.4         |
| of which significant risk        | +11.6                                   | +26.2         | +0.4            | +9.8          | +0.4              | +5.8          | -0.1              | -5.6          |
| Energy and water supply          | +6.4                                    | +11.5         | -0.2            | +4.5          | -0.1              | +2.6          | -0.0              | -2.2          |
| of which significant risk        | +0.0                                    | +0.0          | +0.0            | +0.0          | +0.0              | +0.0          | +0.0              | +0.0          |
| Construction                     | +16.3                                   | +30.2         | -1.3            | +12.2         | -0.8              | +7.2          | +0.5              | -6.0          |
| of which significant risk        | +0.7                                    | +0.3          | +0.1            | +0.0          | +0.1              | +0.0          | +0.0              | -0.2          |
| Trade                            | +21.7                                   | +33.7         | -0.1            | +10.4         | +0.1              | +5.5          | +0.7              | -7.1          |
| of which significant risk        | +5.5                                    | +7.3          | +0.4            | +1.9          | +0.3              | +1.1          | +0.2              | -1.7          |
| Transport and communication      | +9.7                                    | +22.1         | -0.2            | +10.3         | -0.1              | +6.1          | +0.9              | -9.3          |
| of which significant risk        | +3.3                                    | +5.6          | +0.2            | +3.1          | +0.2              | +1.9          | -0.1              | -2.1          |
| Hotels and restaurants           | +11.2                                   | +17.8         | +0.0            | +7.7          | +0.0              | +4.8          | +0.8              | -6.3          |
| of which significant risk        | +11.1                                   | +17.8         | +0.0            | +7.7          | +0.0              | +4.8          | +0.8              | -6.3          |
| Financial and insurance services | +13.7                                   | +6.4          | -0.1            | +3.4          | -0.1              | +2.3          | +12.3             | +2.7          |
| Real estate and housing          | +29.1                                   | +43.7         | -4.5            | +26.1         | -2.8              | +17.5         | +2.3              | -13.9         |
| of which significant risk        | +3.8                                    | +5.1          | +0.0            | +1.6          | +0.0              | +1.1          | +0.3              | -1.8          |
| Services                         | +8.2                                    | +21.3         | -0.3            | +8.6          | -0.1              | +5.0          | +1.1              | -9.8          |
| of which significant risk        | +3.7                                    | +6.3          | +0.0            | +2.3          | +0.0              | +1.3          | +0.8              | -5.5          |
| Public administration            | +3.5                                    | +1.1          | -0.0            | +0.4          | -0.0              | +0.2          | -0.0              | -0.1          |
| Education, health and art        | +3.7                                    | +10.2         | -0.8            | +6.3          | -0.8              | +5.2          | +0.2              | -3.1          |
| of which significant risk        | +1.2                                    | +4.3          | -0.5            | +3.1          | -0.5              | +2.8          | +0.1              | -2.0          |
| Households                       | +43.4                                   | +103.0        | -0.5            | +48.6         | +0.7              | +24.7         | -1.8              | -33.2         |
| Other                            | +0.1                                    | +0.0          | +0.0            | +0.0          | +0.0              | +0.0          | +0.0              | -0.0          |
| <b>Total</b>                     | <b>+200.7</b>                           | <b>+380.2</b> | <b>-9.9</b>     | <b>+171.5</b> | <b>-4.3</b>       | <b>+98.5</b>  | <b>+18.3</b>      | <b>-107.8</b> |
| <b>Dec 20</b>                    |   |               |                 |               |                   |               |                   |               |
| Agriculture and forestry         | +4.4                                    | +15.9         | +0.1            | +4.3          | +0.0              | +2.7          | -0.1              | -2.1          |
| of which significant risk        | +0.1                                    | +0.0          | +0.1            | +0.0          | +0.1              | +0.0          | -0.1              | -0.0          |
| Mining                           | +0.3                                    | +0.4          | -0.0            | +0.2          | -0.0              | +0.1          | +0.1              | -0.9          |
| of which significant risk        | +0.2                                    | +0.1          | +0.0            | +0.0          | +0.0              | +0.0          | +0.1              | -0.7          |
| Manufacturing                    | +20.9                                   | +65.2         | -1.4            | +28.7         | -1.1              | +19.5         | +0.9              | -16.8         |
| of which significant risk        | +11.7                                   | +22.4         | -0.5            | +11.3         | -0.6              | +8.5          | +0.4              | -7.3          |
| Energy and water supply          | +5.4                                    | +8.2          | -0.3            | +4.2          | -0.3              | +3.1          | -0.1              | -2.0          |
| of which significant risk        | +0.0                                    | +0.0          | +0.0            | +0.0          | +0.0              | +0.0          | +0.0              | +0.0          |
| Construction                     | +12.6                                   | +29.4         | -2.0            | +12.2         | -1.3              | +8.0          | +0.7              | -5.5          |
| of which significant risk        | +0.4                                    | +0.2          | +0.0            | +0.0          | +0.0              | +0.0          | +0.0              | -0.0          |
| Trade                            | +16.3                                   | +29.7         | +0.0            | +10.4         | +0.1              | +6.3          | +0.5              | -6.9          |
| of which significant risk        | +6.2                                    | +10.3         | +0.4            | +3.5          | +0.2              | +2.2          | +0.5              | -3.5          |
| Transport and communication      | +8.3                                    | +15.8         | -0.3            | +9.4          | -0.4              | +7.2          | -0.1              | -4.8          |
| of which significant risk        | +2.8                                    | +3.4          | +0.2            | +1.8          | +0.1              | +1.2          | -0.1              | -1.2          |
| Hotels and restaurants           | +9.7                                    | +15.7         | -0.4            | +7.6          | -0.0              | +4.3          | +0.8              | -6.2          |
| of which significant risk        | +9.6                                    | +15.7         | -0.4            | +7.6          | -0.0              | +4.3          | +0.8              | -6.2          |
| Financial and insurance services | +5.8                                    | +8.5          | -0.2            | +4.8          | -0.2              | +3.3          | +0.1              | -2.3          |
| Real estate and housing          | +24.1                                   | +46.0         | -4.3            | +25.0         | -2.8              | +17.3         | +2.0              | -12.3         |
| of which significant risk        | +0.1                                    | +0.2          | +0.0            | +0.2          | +0.0              | +0.1          | +0.1              | -0.3          |
| Services                         | +7.2                                    | +15.0         | -0.0            | +5.0          | +0.1              | +2.8          | +0.2              | -3.2          |
| of which significant risk        | +4.1                                    | +8.2          | -0.0            | +3.0          | +0.0              | +1.7          | +0.3              | -2.2          |
| Public administration            | +2.7                                    | +0.3          | -0.0            | +0.3          | -0.0              | +0.3          | +0.0              | -0.1          |
| Education, health and art        | +18.8                                   | +22.2         | +0.4            | +12.9         | +0.4              | +8.2          | -0.4              | -6.9          |
| of which significant risk        | +2.2                                    | +2.4          | +0.0            | +1.3          | -0.0              | +1.0          | +0.0              | -0.6          |
| Households                       | +29.5                                   | +88.1         | -1.1            | +40.4         | -0.1              | +19.2         | -1.1              | -33.4         |
| Other                            | +0.2                                    | +0.9          | +0.0            | +0.3          | +0.0              | +0.1          | +0.0              | -0.5          |
| <b>Total</b>                     | <b>+166.2</b>                           | <b>+361.4</b> | <b>-9.4</b>     | <b>+165.6</b> | <b>-5.6</b>       | <b>+102.5</b> | <b>+3.6</b>       | <b>-103.9</b> |

## Loans and advances to customers

The following tables present the structure of the customer loan book, excluding loans to central banks and credit institutions broken-down by different categories. The presentation is by gross carrying amount excluding loan loss allowances and collateral.

Loans and advances to customers comprise:

- \_ loans and advances to customers at FVPL
- \_ loans and advances to customers at AC
- \_ finance lease receivables and
- \_ trade and other receivables.

On the next pages loans and advances to customers are presented by:

- \_ business segment and risk category;
- \_ business segment and IFRS 9 treatment;
- \_ geographical segment and risk category;
- \_ geographical segment and IFRS 9 treatment;
- \_ business segment and coverage of non-performing loans and advances to customers by loan loss allowances and collateral;
- \_ business segment and coverage by loan loss allowances and IFRS 9 treatment;
- \_ geographical segment and coverage of non-performing loans and advances to customers by loan loss allowances and collateral;
- \_ geographical segment and coverage by loan loss allowances and IFRS 9 treatment;
- \_ geographical segment and currency.

## Loans and advances to customers by business segment and risk category

| in EUR million | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|----------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Jun 21</b>  |                |                      |              |                |                |
| Retail         | 54,571         | 5,032                | 2,351        | 1,507          | 63,461         |
| Corporates     | 44,772         | 11,068               | 2,214        | 1,591          | 59,645         |
| Group Markets  | 772            | 17                   | 72           | 0              | 862            |
| ALM & LCC      | 49             | 17                   | 100          | 5              | 170            |
| Savings Banks  | 42,768         | 6,749                | 1,069        | 1,280          | 51,866         |
| GCC            | 30             | 7                    | 33           | 20             | 90             |
| <b>Total</b>   | <b>142,962</b> | <b>22,890</b>        | <b>5,838</b> | <b>4,404</b>   | <b>176,094</b> |
| <b>Dec 20</b>  |                |                      |              |                |                |
| Retail         | 52,511         | 5,013                | 2,007        | 1,495          | 61,025         |
| Corporates     | 44,961         | 8,735                | 2,247        | 1,624          | 57,567         |
| Group Markets  | 565            | 10                   | 1            | 1              | 577            |
| ALM & LCC      | 65             | 50                   | 124          | 4              | 243            |
| Savings Banks  | 41,535         | 6,449                | 1,016        | 1,394          | 50,393         |
| GCC            | 23             | 17                   | 158          | 17             | 215            |
| <b>Total</b>   | <b>139,660</b> | <b>20,275</b>        | <b>5,552</b> | <b>4,533</b>   | <b>170,021</b> |

## Loans and advances to customers by business segment and IFRS 9 treatment

| in EUR million | Stage 1        | Stage 2       | Stage 3      | POCI       | Customer loans (AC) | Not subject to IFRS 9 impairment | Total          |
|----------------|----------------|---------------|--------------|------------|---------------------|----------------------------------|----------------|
| <b>Jun 21</b>  |                |               |              |            |                     |                                  |                |
| Retail         | 53,464         | 7,702         | 1,457        | 114        | 62,736              | 724                              | 63,461         |
| Corporates     | 44,100         | 13,819        | 1,440        | 194        | 59,553              | 92                               | 59,645         |
| Group Markets  | 838            | 24            | 0            | 0          | 862                 | 0                                | 862            |
| ALM & LCC      | 150            | 15            | 5            | 0          | 170                 | 0                                | 170            |
| Savings Banks  | 40,274         | 10,285        | 1,255        | 44         | 51,858              | 8                                | 51,866         |
| GCC            | 59             | 8             | 20           | 0          | 87                  | 4                                | 90             |
| <b>Total</b>   | <b>138,885</b> | <b>31,853</b> | <b>4,176</b> | <b>352</b> | <b>175,267</b>      | <b>827</b>                       | <b>176,094</b> |
| <b>Dec 20</b>  |                |               |              |            |                     |                                  |                |
| Retail         | 51,256         | 7,638         | 1,443        | 115        | 60,452              | 573                              | 61,025         |
| Corporates     | 42,700         | 13,097        | 1,466        | 203        | 57,466              | 100                              | 57,567         |
| Group Markets  | 532            | 44            | 1            | 0          | 577                 | 0                                | 577            |
| ALM & LCC      | 213            | 26            | 4            | 0          | 243                 | 0                                | 243            |
| Savings Banks  | 38,616         | 10,355        | 1,363        | 49         | 50,383              | 10                               | 50,393         |
| GCC            | 26             | 169           | 17           | 0          | 211                 | 4                                | 215            |
| <b>Total</b>   | <b>133,343</b> | <b>31,329</b> | <b>4,293</b> | <b>368</b> | <b>169,333</b>      | <b>687</b>                       | <b>170,021</b> |

## Loans and advances to customers by geographical segment and risk category

| in EUR million                        | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|---------------------------------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Jun 21</b>                         |                |                      |              |                |                |
| <b>Austria</b>                        | <b>89,193</b>  | <b>10,797</b>        | <b>1,899</b> | <b>2,280</b>   | <b>104,170</b> |
| EBOe & Subsidiaries                   | 32,363         | 2,994                | 493          | 565            | 36,416         |
| Savings Banks                         | 42,768         | 6,749                | 1,069        | 1,280          | 51,866         |
| Other Austria                         | 14,062         | 1,054                | 337          | 435            | 15,888         |
| <b>Central and Eastern Europe</b>     | <b>53,714</b>  | <b>12,073</b>        | <b>3,906</b> | <b>2,104</b>   | <b>71,797</b>  |
| Czech Republic                        | 24,240         | 5,862                | 1,419        | 679            | 32,200         |
| Romania                               | 7,669          | 1,166                | 349          | 416            | 9,600          |
| Slovakia                              | 12,886         | 1,270                | 859          | 351            | 15,365         |
| Hungary                               | 3,647          | 876                  | 564          | 156            | 5,243          |
| Croatia                               | 3,945          | 2,571                | 613          | 474            | 7,603          |
| Serbia                                | 1,327          | 328                  | 102          | 28             | 1,786          |
| <b>Other</b>                          | <b>55</b>      | <b>19</b>            | <b>33</b>    | <b>20</b>      | <b>127</b>     |
| <b>Total</b>                          | <b>142,962</b> | <b>22,890</b>        | <b>5,838</b> | <b>4,404</b>   | <b>176,094</b> |
| <b>Dec 20</b>                         |                |                      |              |                |                |
| <b>Austria</b>                        | <b>86,658</b>  | <b>10,610</b>        | <b>1,708</b> | <b>2,401</b>   | <b>101,376</b> |
| Erste Bank Oesterreich & Subsidiaries | 31,623         | 2,928                | 504          | 578            | 35,634         |
| Savings Banks                         | 41,535         | 6,449                | 1,016        | 1,394          | 50,393         |
| Other Austria                         | 13,500         | 1,233                | 188          | 428            | 15,349         |
| <b>Central and Eastern Europe</b>     | <b>52,956</b>  | <b>9,645</b>         | <b>3,687</b> | <b>2,116</b>   | <b>68,404</b>  |
| Czech Republic                        | 22,899         | 4,771                | 1,275        | 651            | 29,597         |
| Romania                               | 7,317          | 1,231                | 349          | 419            | 9,316          |
| Slovakia                              | 12,481         | 1,227                | 1,216        | 364            | 15,289         |
| Hungary                               | 3,512          | 851                  | 433          | 151            | 4,947          |
| Croatia                               | 5,465          | 1,237                | 303          | 506            | 7,511          |
| Serbia                                | 1,281          | 327                  | 110          | 25             | 1,744          |
| <b>Other</b>                          | <b>46</b>      | <b>20</b>            | <b>158</b>   | <b>17</b>      | <b>240</b>     |
| <b>Total</b>                          | <b>139,660</b> | <b>20,275</b>        | <b>5,552</b> | <b>4,533</b>   | <b>170,021</b> |

## Loans and advances to customers by geographical segment and IFRS 9 treatment

| in EUR million                    | Stage 1        | Stage 2       | Stage 3      | POCI       | Customer loans (AC) | Not subject to IFRS 9 impairment | Total          |
|-----------------------------------|----------------|---------------|--------------|------------|---------------------|----------------------------------|----------------|
| <b>Jun 21</b>                     |                |               |              |            |                     |                                  |                |
| <b>Austria</b>                    | <b>80,785</b>  | <b>20,992</b> | <b>2,242</b> | <b>52</b>  | <b>104,070</b>      | <b>99</b>                        | <b>104,170</b> |
| EBOe & Subsidiaries               | 29,503         | 6,333         | 561          | 7          | 36,405              | 11                               | 36,416         |
| Savings Banks                     | 40,274         | 10,285        | 1,255        | 44         | 51,858              | 8                                | 51,866         |
| Other Austria                     | 11,007         | 4,374         | 426          | 0          | 15,807              | 81                               | 15,888         |
| <b>Central and Eastern Europe</b> | <b>58,016</b>  | <b>10,841</b> | <b>1,914</b> | <b>301</b> | <b>71,073</b>       | <b>724</b>                       | <b>71,797</b>  |
| Czech Republic                    | 27,293         | 4,223         | 631          | 53         | 32,200              | 0                                | 32,200         |
| Romania                           | 7,133          | 2,017         | 387          | 62         | 9,599               | 0                                | 9,600          |
| Slovakia                          | 12,466         | 2,528         | 289          | 82         | 15,365              | 0                                | 15,365         |
| Hungary                           | 3,403          | 910           | 122          | 84         | 4,519               | 724                              | 5,243          |
| Croatia                           | 6,160          | 967           | 458          | 18         | 7,603               | 0                                | 7,603          |
| Serbia                            | 1,561          | 197           | 26           | 2          | 1,786               | 0                                | 1,786          |
| <b>Other</b>                      | <b>84</b>      | <b>19</b>     | <b>20</b>    | <b>0</b>   | <b>124</b>          | <b>4</b>                         | <b>127</b>     |
| <b>Total</b>                      | <b>138,885</b> | <b>31,853</b> | <b>4,176</b> | <b>352</b> | <b>175,267</b>      | <b>827</b>                       | <b>176,094</b> |
| <b>Dec 20</b>                     |                |               |              |            |                     |                                  |                |
| <b>Austria</b>                    | <b>78,106</b>  | <b>20,748</b> | <b>2,341</b> | <b>71</b>  | <b>101,267</b>      | <b>109</b>                       | <b>101,376</b> |
| EBOe & Subsidiaries               | 28,688         | 6,352         | 575          | 6          | 35,622              | 12                               | 35,634         |
| Savings Banks                     | 38,616         | 10,355        | 1,363        | 49         | 50,383              | 10                               | 50,393         |
| Other Austria                     | 10,803         | 4,041         | 403          | 16         | 15,262              | 87                               | 15,349         |
| <b>Central and Eastern Europe</b> | <b>55,187</b>  | <b>10,410</b> | <b>1,935</b> | <b>296</b> | <b>67,829</b>       | <b>575</b>                       | <b>68,404</b>  |
| Czech Republic                    | 24,980         | 3,958         | 611          | 47         | 29,596              | 2                                | 29,597         |
| Romania                           | 6,818          | 2,044         | 387          | 66         | 9,316               | 0                                | 9,316          |
| Slovakia                          | 12,514         | 2,390         | 301          | 84         | 15,289              | 0                                | 15,289         |
| Hungary                           | 3,354          | 820           | 124          | 76         | 4,374               | 573                              | 4,947          |
| Croatia                           | 5,973          | 1,028         | 489          | 22         | 7,511               | 0                                | 7,511          |
| Serbia                            | 1,548          | 171           | 23           | 2          | 1,744               | 0                                | 1,744          |
| <b>Other</b>                      | <b>49</b>      | <b>171</b>    | <b>17</b>    | <b>0</b>   | <b>237</b>          | <b>4</b>                         | <b>240</b>     |
| <b>Total</b>                      | <b>133,343</b> | <b>31,329</b> | <b>4,293</b> | <b>368</b> | <b>169,333</b>      | <b>687</b>                       | <b>170,021</b> |

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) loans are loans already credit impaired when purchased or originated.

The defaulted part of POCI loans amounted to EUR 214 million (EUR 226 million), the non-defaulted part to EUR 138 million (EUR 142 million).

In the following tables, the non-performing loans and advances to customers divided by reporting segment 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.

Customer loans, non-performing loans and collateral include both AC and FVPL portfolios.

### Non-performing loans and advances to customers by business segment and coverage by loan loss allowances and collateral

| in EUR million | Non-performing |              | Customer loans |                | Allowances    | Collateral for NPL |              | NPL ratio   |             | NPL coverage ratio (exc collateral) |    | NPL collateralisation ratio |              |
|----------------|----------------|--------------|----------------|----------------|---------------|--------------------|--------------|-------------|-------------|-------------------------------------|----|-----------------------------|--------------|
|                | Total          | AC           | Total          | AC             | AC            | Total              | AC           | Total       | AC          | Total                               | AC | Total                       | AC           |
| <b>Jun 21</b>  |                |              |                |                |               |                    |              |             |             |                                     |    |                             |              |
| Retail         | 1,507          | 1,506        | 63,461         | 62,736         | -1,457        | 590                | 589          | 2.4%        | 2.4%        | 96.7%                               |    | 39.1%                       | 39.1%        |
| Corporates     | 1,591          | 1,582        | 59,645         | 59,553         | -1,581        | 610                | 610          | 2.7%        | 2.7%        | 99.9%                               |    | 38.4%                       | 38.5%        |
| Group Markets  | 0              | 0            | 862            | 862            | -1            | 0                  | 0            | 0.0%        | 0.0%        | 415.8%                              |    | 0.0%                        | 0.0%         |
| ALM & LCC      | 5              | 5            | 170            | 170            | -11           | 0                  | 0            | 2.7%        | 2.6%        | 245.0%                              |    | 1.4%                        | 1.4%         |
| Savings Banks  | 1,280          | 1,278        | 51,866         | 51,858         | -941          | 661                | 660          | 2.5%        | 2.5%        | 73.6%                               |    | 51.7%                       | 51.6%        |
| GCC            | 20             | 18           | 90             | 87             | -19           | 7                  | 5            | 22.4%       | 20.4%       | 109.2%                              |    | 36.3%                       | 27.2%        |
| <b>Total</b>   | <b>4,404</b>   | <b>4,389</b> | <b>176,094</b> | <b>175,267</b> | <b>-4,011</b> | <b>1,869</b>       | <b>1,863</b> | <b>2.5%</b> | <b>2.5%</b> | <b>91.4%</b>                        |    | <b>42.4%</b>                | <b>42.5%</b> |
| <b>Dec 20</b>  |                |              |                |                |               |                    |              |             |             |                                     |    |                             |              |
| Retail         | 1,495          | 1,494        | 61,025         | 60,452         | -1,466        | 599                | 599          | 2.4%        | 2.5%        | 98.2%                               |    | 40.1%                       | 40.1%        |
| Corporates     | 1,624          | 1,614        | 57,567         | 57,466         | -1,530        | 631                | 630          | 2.8%        | 2.8%        | 94.8%                               |    | 38.9%                       | 39.1%        |
| Group Markets  | 1              | 1            | 577            | 577            | -3            | 0                  | 0            | 0.1%        | 0.1%        | 378.4%                              |    | 0.0%                        | 0.0%         |
| ALM & LCC      | 4              | 4            | 243            | 243            | -11           | 0                  | 0            | 1.6%        | 1.6%        | 278.6%                              |    | 1.8%                        | 1.8%         |
| Savings Banks  | 1,394          | 1,391        | 50,393         | 50,383         | -976          | 732                | 729          | 2.8%        | 2.8%        | 70.2%                               |    | 52.5%                       | 52.4%        |
| GCC            | 17             | 15           | 215            | 211            | -16           | 8                  | 6            | 7.8%        | 6.9%        | 111.4%                              |    | 47.3%                       | 39.4%        |
| <b>Total</b>   | <b>4,533</b>   | <b>4,518</b> | <b>170,021</b> | <b>169,333</b> | <b>-4,002</b> | <b>1,970</b>       | <b>1,964</b> | <b>2.7%</b> | <b>2.7%</b> | <b>88.6%</b>                        |    | <b>43.5%</b>                | <b>43.5%</b> |

### Loans and advances to customers at AC and coverage by loan loss allowances by business segment and IFRS 9 treatment

| in EUR million | Loans to customers |               |              |            | Allowances  |               |               |             | Coverage ratio |              |              |  |
|----------------|--------------------|---------------|--------------|------------|-------------|---------------|---------------|-------------|----------------|--------------|--------------|--|
|                | Stage 1            | Stage 2       | Stage 3      | POCI       | Stage 1     | Stage 2       | Stage 3       | POCI        | Stage 2        | Stage 3      | POCI         |  |
| <b>Jun 21</b>  |                    |               |              |            |             |               |               |             |                |              |              |  |
| Retail         | 53,464             | 7,702         | 1,457        | 114        | -135        | -431          | -859          | -32         | 5.6%           | 58.9%        | 28.3%        |  |
| Corporates     | 44,100             | 13,819        | 1,440        | 194        | -147        | -517          | -830          | -87         | 3.7%           | 57.7%        | 44.7%        |  |
| Group Markets  | 838                | 24            | 0            | 0          | -1          | 0             | 0             | 0           | 1.4%           | 15.2%        | 0.0%         |  |
| ALM & LCC      | 150                | 15            | 5            | 0          | -2          | -5            | -4            | 0           | 33.2%          | 96.1%        | 0.0%         |  |
| Savings Banks  | 40,274             | 10,285        | 1,255        | 44         | -100        | -293          | -547          | -1          | 2.9%           | 43.6%        | 1.7%         |  |
| GCC            | 59                 | 8             | 20           | 0          | 0           | 0             | -19           | 0           | 1.0%           | 92.8%        | 0.0%         |  |
| <b>Total</b>   | <b>138,885</b>     | <b>31,853</b> | <b>4,176</b> | <b>352</b> | <b>-385</b> | <b>-1,247</b> | <b>-2,259</b> | <b>-120</b> | <b>3.9%</b>    | <b>54.1%</b> | <b>34.0%</b> |  |
| <b>Dec 20</b>  |                    |               |              |            |             |               |               |             |                |              |              |  |
| Retail         | 51,256             | 7,638         | 1,443        | 115        | -129        | -455          | -849          | -34         | 6.0%           | 58.8%        | 29.4%        |  |
| Corporates     | 42,700             | 13,097        | 1,466        | 203        | -135        | -443          | -865          | -88         | 3.4%           | 59.0%        | 43.2%        |  |
| Group Markets  | 532                | 44            | 1            | 0          | -1          | -2            | 0             | 0           | 4.5%           | 5.3%         | 100.0%       |  |
| ALM & LCC      | 213                | 26            | 4            | 0          | -1          | -6            | -4            | 0           | 21.7%          | 115.2%       |              |  |
| Savings Banks  | 38,616             | 10,355        | 1,363        | 49         | -93         | -287          | -592          | -4          | 2.8%           | 43.5%        | 7.6%         |  |
| GCC            | 26                 | 169           | 17           | 0          | 0           | 0             | -16           | 0           | 0.1%           | 93.7%        | 0.0%         |  |
| <b>Total</b>   | <b>133,343</b>     | <b>31,329</b> | <b>4,293</b> | <b>368</b> | <b>-358</b> | <b>-1,193</b> | <b>-2,326</b> | <b>-125</b> | <b>3.8%</b>    | <b>54.2%</b> | <b>34.1%</b> |  |



**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 |                | Allowances    | Collateral for NPL |              | NPL ratio   |             | NPL coverage ratio (exc collateral) | NPL collateralisation ratio |              |
|----------------|----------------|--------------|----------------|----------------|---------------|--------------------|--------------|-------------|-------------|-------------------------------------|-----------------------------|--------------|
|                | Total          | AC           | Total          | AC             | AC            | Total              | AC           | Total       | AC          | AC                                  | Total                       | AC           |
| <b>Jun 21</b>  |                |              |                |                |               |                    |              |             |             |                                     |                             |              |
| <b>Austria</b> | <b>2,280</b>   | <b>2,269</b> | <b>104,170</b> | <b>104,070</b> | <b>-1,657</b> | <b>1,094</b>       | <b>1,092</b> | <b>2.2%</b> | <b>2.2%</b> | <b>73.0%</b>                        | <b>48.0%</b>                | <b>48.1%</b> |
| EBOe & Subs    | 565            | 565          | 36,416         | 36,405         | -365          | 316                | 316          | 1.6%        | 1.6%        | 64.6%                               | 55.9%                       | 55.9%        |
| Savings Banks  | 1,280          | 1,278        | 51,866         | 51,858         | -941          | 661                | 660          | 2.5%        | 2.5%        | 73.6%                               | 51.7%                       | 51.6%        |
| Other Austria  | 435            | 426          | 15,888         | 15,807         | -351          | 117                | 116          | 2.7%        | 2.7%        | 82.4%                               | 26.9%                       | 27.3%        |
| <b>CEE</b>     | <b>2,104</b>   | <b>2,102</b> | <b>71,797</b>  | <b>71,073</b>  | <b>-2,334</b> | <b>768</b>         | <b>767</b>   | <b>2.9%</b> | <b>3.0%</b> | <b>111.0%</b>                       | <b>36.5%</b>                | <b>36.5%</b> |
| Czech Republic | 679            | 679          | 32,200         | 32,200         | -775          | 175                | 175          | 2.1%        | 2.1%        | 114.0%                              | 25.7%                       | 25.7%        |
| Romania        | 416            | 415          | 9,600          | 9,599          | -520          | 141                | 141          | 4.3%        | 4.3%        | 125.3%                              | 33.8%                       | 33.9%        |
| Slovakia       | 351            | 351          | 15,365         | 15,365         | -386          | 153                | 153          | 2.3%        | 2.3%        | 110.0%                              | 43.7%                       | 43.7%        |
| Hungary        | 156            | 155          | 5,243          | 4,519          | -174          | 90                 | 89           | 3.0%        | 3.4%        | 112.4%                              | 57.6%                       | 57.3%        |
| Croatia        | 474            | 474          | 7,603          | 7,603          | -435          | 206                | 206          | 6.2%        | 6.2%        | 91.8%                               | 43.5%                       | 43.5%        |
| Serbia         | 28             | 28           | 1,786          | 1,786          | -45           | 3                  | 3            | 1.6%        | 1.6%        | 158.0%                              | 12.4%                       | 12.4%        |
| Other          | 20             | 18           | 127            | 124            | -19           | 7                  | 5            | 15.9%       | 14.3%       | 109.2%                              | 36.3%                       | 27.2%        |
| <b>Total</b>   | <b>4,404</b>   | <b>4,389</b> | <b>176,094</b> | <b>175,267</b> | <b>-4,011</b> | <b>1,869</b>       | <b>1,863</b> | <b>2.5%</b> | <b>2.5%</b> | <b>91.4%</b>                        | <b>42.4%</b>                | <b>42.5%</b> |
| <b>Dec 20</b>  |                |              |                |                |               |                    |              |             |             |                                     |                             |              |
| <b>Austria</b> | <b>2,401</b>   | <b>2,388</b> | <b>101,376</b> | <b>101,267</b> | <b>-1,670</b> | <b>1,182</b>       | <b>1,179</b> | <b>2.4%</b> | <b>2.4%</b> | <b>69.9%</b>                        | <b>49.2%</b>                | <b>49.4%</b> |
| EBOe & Subs    | 578            | 578          | 35,634         | 35,622         | -367          | 318                | 318          | 1.6%        | 1.6%        | 63.4%                               | 54.9%                       | 54.9%        |
| Savings Banks  | 1,394          | 1,391        | 50,393         | 50,383         | -976          | 732                | 729          | 2.8%        | 2.8%        | 70.2%                               | 52.5%                       | 52.4%        |
| Other Austria  | 428            | 419          | 15,349         | 15,262         | -327          | 132                | 132          | 2.8%        | 2.7%        | 78.1%                               | 30.9%                       | 31.5%        |
| <b>CEE</b>     | <b>2,116</b>   | <b>2,115</b> | <b>68,404</b>  | <b>67,829</b>  | <b>-2,317</b> | <b>780</b>         | <b>779</b>   | <b>3.1%</b> | <b>3.1%</b> | <b>109.5%</b>                       | <b>36.9%</b>                | <b>36.8%</b> |
| Czech Republic | 651            | 651          | 29,597         | 29,596         | -750          | 178                | 178          | 2.2%        | 2.2%        | 115.1%                              | 27.3%                       | 27.3%        |
| Romania        | 419            | 418          | 9,316          | 9,316          | -512          | 154                | 154          | 4.5%        | 4.5%        | 122.5%                              | 36.7%                       | 36.7%        |
| Slovakia       | 364            | 364          | 15,289         | 15,289         | -391          | 145                | 145          | 2.4%        | 2.4%        | 107.4%                              | 39.8%                       | 39.8%        |
| Hungary        | 151            | 150          | 4,947          | 4,374          | -167          | 90                 | 89           | 3.0%        | 3.4%        | 111.4%                              | 59.8%                       | 59.6%        |
| Croatia        | 506            | 506          | 7,511          | 7,511          | -454          | 210                | 210          | 6.7%        | 6.7%        | 89.7%                               | 41.5%                       | 41.5%        |
| Serbia         | 25             | 25           | 1,744          | 1,744          | -43           | 4                  | 4            | 1.5%        | 1.5%        | 168.2%                              | 14.1%                       | 14.1%        |
| Other          | 17             | 15           | 240            | 237            | -16           | 8                  | 6            | 7.0%        | 6.1%        | 111.4%                              | 47.3%                       | 39.4%        |
| <b>Total</b>   | <b>4,533</b>   | <b>4,518</b> | <b>170,021</b> | <b>169,333</b> | <b>-4,002</b> | <b>1,970</b>       | <b>1,964</b> | <b>2.7%</b> | <b>2.7%</b> | <b>88.6%</b>                        | <b>43.5%</b>                | <b>43.5%</b> |

## 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 |               |              |            | Allowances  |               |               |             | Coverage ratio |              |              |
|----------------|--------------------|---------------|--------------|------------|-------------|---------------|---------------|-------------|----------------|--------------|--------------|
|                | Stage 1            | Stage 2       | Stage 3      | POCI       | Stage 1     | Stage 2       | Stage 3       | POCI        | Stage 2        | Stage 3      | POCI         |
| <b>Jun 21</b>  |                    |               |              |            |             |               |               |             |                |              |              |
| <b>Austria</b> | 80,785             | 20,992        | 2,242        | 52         | -145        | -543          | -969          | -1          | 2.6%           | 43.2%        | 1.5%         |
| EBOe & Subs    | 29,503             | 6,333         | 561          | 7          | -31         | -129          | -205          | 0           | 2.0%           | 36.5%        | 0.0%         |
| Savings Banks  | 40,274             | 10,285        | 1,255        | 44         | -100        | -293          | -547          | -1          | 2.9%           | 43.6%        | 1.7%         |
| Other AT       | 11,007             | 4,374         | 426          | 0          | -14         | -121          | -216          | 0           | 2.8%           | 50.8%        | 0.1%         |
| <b>CEE</b>     | <b>58,016</b>      | <b>10,841</b> | <b>1,914</b> | <b>301</b> | <b>-240</b> | <b>-703</b>   | <b>-1,272</b> | <b>-119</b> | <b>6.5%</b>    | <b>66.4%</b> | <b>39.6%</b> |
| Czech Republic | 27,293             | 4,223         | 631          | 53         | -93         | -243          | -419          | -19         | 5.8%           | 66.4%        | 36.5%        |
| Romania        | 7,133              | 2,017         | 387          | 62         | -44         | -176          | -286          | -14         | 8.7%           | 74.0%        | 22.3%        |
| Slovakia       | 12,466             | 2,528         | 289          | 82         | -32         | -129          | -168          | -56         | 5.1%           | 58.1%        | 68.5%        |
| Hungary        | 3,403              | 910           | 122          | 84         | -17         | -65           | -72           | -20         | 7.2%           | 58.6%        | 23.6%        |
| Croatia        | 6,160              | 967           | 458          | 18         | -44         | -75           | -307          | -9          | 7.8%           | 66.9%        | 52.8%        |
| Serbia         | 1,561              | 197           | 26           | 2          | -10         | -14           | -20           | 0           | 7.3%           | 75.5%        | 24.3%        |
| Other          | 84                 | 19            | 20           | 0          | 0           | 0             | -19           | 0           | 0.4%           | 92.8%        | 0.0%         |
| <b>Total</b>   | <b>138,885</b>     | <b>31,853</b> | <b>4,176</b> | <b>352</b> | <b>-385</b> | <b>-1,247</b> | <b>-2,259</b> | <b>-120</b> | <b>3.9%</b>    | <b>54.1%</b> | <b>34.0%</b> |
| <b>Dec 20</b>  |                    |               |              |            |             |               |               |             |                |              |              |
| <b>Austria</b> | 78,106             | 20,748        | 2,341        | 71         | -139        | -514          | -1,014        | -4          | 2.5%           | 43.3%        | 5.3%         |
| EBOe & Subs    | 28,688             | 6,352         | 575          | 6          | -31         | -119          | -217          | 0           | 1.9%           | 37.6%        | 0.1%         |
| Savings Banks  | 38,616             | 10,355        | 1,363        | 49         | -93         | -287          | -592          | -4          | 2.8%           | 43.5%        | 7.6%         |
| Other AT       | 10,803             | 4,041         | 403          | 16         | -15         | -107          | -205          | 0           | 2.7%           | 50.8%        | 0.0%         |
| <b>CEE</b>     | <b>55,187</b>      | <b>10,410</b> | <b>1,935</b> | <b>296</b> | <b>-219</b> | <b>-679</b>   | <b>-1,297</b> | <b>-122</b> | <b>6.5%</b>    | <b>67.0%</b> | <b>41.1%</b> |
| Czech Republic | 24,980             | 3,958         | 611          | 47         | -83         | -232          | -413          | -22         | 5.9%           | 67.6%        | 46.1%        |
| Romania        | 6,818              | 2,044         | 387          | 66         | -38         | -170          | -287          | -17         | 8.3%           | 74.3%        | 25.1%        |
| Slovakia       | 12,514             | 2,390         | 301          | 84         | -31         | -128          | -175          | -57         | 5.4%           | 58.1%        | 68.5%        |
| Hungary        | 3,354              | 820           | 124          | 76         | -16         | -59           | -76           | -16         | 7.2%           | 61.5%        | 21.2%        |
| Croatia        | 5,973              | 1,028         | 489          | 22         | -41         | -76           | -327          | -9          | 7.4%           | 66.8%        | 43.5%        |
| Serbia         | 1,548              | 171           | 23           | 2          | -10         | -13           | -18           | -1          | 7.8%           | 78.6%        | 35.5%        |
| Other          | 49                 | 171           | 17           | 0          | 0           | 0             | -16           | 0           | 0.1%           | 93.7%        | 0.0%         |
| <b>Total</b>   | <b>133,343</b>     | <b>31,329</b> | <b>4,293</b> | <b>368</b> | <b>-358</b> | <b>-1,193</b> | <b>-2,326</b> | <b>-125</b> | <b>3.8%</b>    | <b>54.2%</b> | <b>34.1%</b> |

## Loans and advances to customers by geographical segment and currency

| in EUR million                        | EUR            | CEE-LCY       | CHF          | USD          | Other        | Total          |
|---------------------------------------|----------------|---------------|--------------|--------------|--------------|----------------|
| <b>Jun 21</b>                         |                |               |              |              |              |                |
| <b>Austria</b>                        | 96,650         | 0             | 2,319        | 3,028        | 2,173        | 104,170        |
| Erste Bank Oesterreich & Subsidiaries | 35,281         | 0             | 992          | 70           | 72           | 36,416         |
| Savings Banks                         | 49,440         | 0             | 1,289        | 67           | 1,069        | 51,866         |
| Other Austria                         | 11,929         | 0             | 38           | 2,890        | 1,031        | 15,888         |
| <b>Central and Eastern Europe</b>     | <b>29,534</b>  | <b>42,042</b> | <b>20</b>    | <b>146</b>   | <b>55</b>    | <b>71,797</b>  |
| Czech Republic                        | 3,997          | 28,136        | 0            | 35           | 32           | 32,200         |
| Romania                               | 2,988          | 6,512         | 0            | 100          | 0            | 9,600          |
| Slovakia                              | 15,339         | 0             | 0            | 3            | 23           | 15,365         |
| Hungary                               | 1,250          | 3,988         | 2            | 3            | 0            | 5,243          |
| Croatia                               | 4,644          | 2,939         | 17           | 3            | 0            | 7,603          |
| Serbia                                | 1,316          | 467           | 0            | 3            | 0            | 1,786          |
| Other                                 | 65             | 53            | 4            | 5            | 0            | 127            |
| <b>Total</b>                          | <b>126,249</b> | <b>42,095</b> | <b>2,342</b> | <b>3,179</b> | <b>2,228</b> | <b>176,094</b> |
| <b>Dec 20</b>                         |                |               |              |              |              |                |
| <b>Austria</b>                        | 93,915         | 0             | 2,672        | 2,518        | 2,272        | 101,376        |
| Erste Bank Oesterreich & Subsidiaries | 34,395         | 0             | 1,124        | 41           | 73           | 35,634         |
| Savings Banks                         | 47,503         | 0             | 1,505        | 57           | 1,329        | 50,393         |
| Other Austria                         | 12,017         | 0             | 43           | 2,420        | 869          | 15,349         |
| <b>Central and Eastern Europe</b>     | <b>29,657</b>  | <b>38,515</b> | <b>22</b>    | <b>154</b>   | <b>56</b>    | <b>68,404</b>  |
| Czech Republic                        | 4,069          | 25,446        | 0            | 41           | 40           | 29,597         |
| Romania                               | 3,108          | 6,130         | 0            | 78           | 0            | 9,316          |
| Slovakia                              | 15,269         | 0             | 0            | 3            | 16           | 15,289         |
| Hungary                               | 1,277          | 3,643         | 3            | 23           | 0            | 4,947          |
| Croatia                               | 4,624          | 2,864         | 19           | 4            | 0            | 7,511          |
| Serbia                                | 1,310          | 431           | 0            | 3            | 0            | 1,744          |
| Other                                 | 175            | 45            | 4            | 16           | 0            | 240            |
| <b>Total</b>                          | <b>123,747</b> | <b>38,560</b> | <b>2,698</b> | <b>2,687</b> | <b>2,328</b> | <b>170,021</b> |

## Market risk

The following table shows the value at risk of the trading book at the 99% confidence level using equally weighted market data and with a holding period of one day.

| in EUR million | Dec 20     | Jun 21     |
|----------------|------------|------------|
| Interest       | 3.4        | 3.8        |
| Currency       | 1.6        | 3.6        |
| Shares         | 1.4        | 1.2        |
| Commodity      | 0.5        | 0.3        |
| Volatility     | 0.5        | 1.0        |
| <b>Total</b>   | <b>3.5</b> | <b>4.5</b> |

The method used is subject to limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved. This restriction applies to the inclusion of credit spreads in the calculation of the VaR. Issuer specific spreads are applied to sovereign issuers, while sector specific spreads are applied to non-sovereign issuers.

## Liquidity risk

Taking into account the favourable liquidity position and the usage of the TLTRO III programme (Targeted Longer-Term Refinancing Operation) of the European Central Bank, Erste Group Bank AG has budgeted long term issuance for 2021 in the amount of EUR 2.8 billion. In the first six months of the year, Erste Group issued about EUR 1.4 billion (net of EUR 3 million buybacks), including two senior preferred EUR benchmark transactions (one of them being Erste Group's inaugural sustainability bond). The liquidity situation remained stable also in the CEE entities and did not show any negative impacts due to the Covid-19 situation in the first half of 2021. On group level, Erste Group's total TLTRO participation amounted to EUR 19.8 billion.

## Leverage ratio

The leverage ratio represents the relationship between core capital (tier 1) and the leverage exposure according to Article 429 Capital Requirements Regulation (CRR). Essentially, the leverage exposure represents the sum of unweighted on- and off-balance-sheet positions considering valuation and risk adjustments as defined within the CRR.

As of 30 June 2021, the leverage ratio for Erste Group Bank AG at consolidated level amounted to 6.3%, comfortably above the 3.0% minimum requirement defined in Article 92 Capital Requirements Regulation (CRR). Tier 1 capital amounted to EUR 20.2 billion at the reference date, while total leverage exposure stood at EUR 322.7 billion.

The calculation and disclosure of the leverage ratio are based on the European Commission's Delegated Regulation (EU) 2015/62 of 10 October 2014 and on the Regulation (EU) 2019/876 (CRR2) of the European Parliament and of the Council of 20 May 2019.

## 30. Related party transactions

The foundation DIE ERSTE oesterreichische Spar-Casse Privatstiftung (Privatstiftung) controls a total of 31.17% interest in Erste Group Bank AG. Privatstiftung is the largest single investor in Erste Group Bank AG. At the end of the reporting period, Erste Group had, in relation to Privatstiftung, accounts payable of EUR 19.8 million (EUR 10.7 million) and no accounts receivable. At the end of the reporting period, Privatstiftung held bonds issued by Erste Group Bank AG of EUR 0.2 million (EUR 7.2 million). In the reporting period interest expenses amounted to EUR 0.1 million (EUR 0.2 million), resulting from the above mentioned accounts payable.

## 31. Contingent liabilities – legal proceedings

There have not been any material changes since year-end 2020 in the assessment of the influence of the outcome of the litigation cases in which Erste Group Bank AG and some of its subsidiaries are involved with respect of the financial and/or earnings situation of Erste Group.

## 32. Fair value of financial instruments

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. 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.

For all financial instruments the fair value is measured on recurring basis.

### Financial instruments carried at fair value

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 derivatives as well as liquid OTC bonds.

### 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. In 2015, as a consequence of the negative interest environment, valuation models of interest rate options for the respective currencies were adjusted. Log-normal valuation models were replaced by standard market models which are based on a shifted log-normal distribution or a standard distribution. For such models negative interest rates are no restriction.

**Loans.** Not SPPI (solely payments of principal and interest) 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 where expected cash flows of assets are discounted by the full rate including risk premium required for non-market risk based part of the interest rate to be compliant with fair value definition. The credit risk is recognized by adjusting contractual cash flows to come to expected cash flows accounting for customer's probability of default and loss given default. These adjusted cash flows are then discounted by a yield curve which consists of a risk free rate and a funding spread. For a limited number of profit-participating loans, the expected cash flows are discounted using a risk-adjusted discount rate. This risk-adjusted rate is determined applying the Capital Assets Pricing Model (CAPM) on the basis of comparable listed entities.

**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.** Non-trading equity instruments which have quoted market prices in an active market are valued by using the quoted market price. For other investments in non-trading equity instruments 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 models based on multiples. The comparable company multiple method is a valuation technique within the market approach that uses 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.** The fair value of financial liabilities designated at fair value through profit or loss under the fair value option is determined based on quoted prices in active markets, if available. For issued 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 investment banks, which are provided on a regular basis. The applied spreads are validated on a regular basis from an independent Risk Management unit. Moreover, optionality is taken into account 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 derivatives collateralised in EURO a discounting interest rate reflecting the interest rate of the corresponding cash collateral is used. As a result of the IBOR reform it has been decided that the so far used EONIA (Euro Over Night Index Average) will be replaced by EURO-STR (Euro Short-Term Rate) with a transition phase until 31 December 2021. In Erste Group all contracts with CCP's (Central Counter Parties), LCH (London Clearing House) and EUREX have been converted in 2020 and for the respective collaterals EURO-STR is used as interest rate. Furthermore, the conversion for a significant part of unsecured derivatives was done in November 2020. The fair value of these derivatives is already determined using EURO-STR as discount rate. Furthermore, the conversion for the most part of unsecured derivatives was done in November 2020. The valuation difference resulting from the conversion has been offset by a compensation payment. The change for all bilateral contracts and CSA's (Credit Support Annex) is in process and will take place the same way as for CCP's contracts.

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 and notional size. Parameters are reviewed on a regular basis or in case of significant market moves. Netting is not applied when determining the bid-ask-spread adjustments.

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 all derivatives and the credit quality of the counterparty. DVA is driven by the expected negative exposure and Erste Group's credit quality. Erste Group has implemented an approach, where the modeling of the expected exposure is based on option replication strategies. For products where an option replication is not feasible the exposure is computed with Monte-Carlo simulation techniques. One of the two modeling approaches is considered for the most relevant portfolios and products. The methodology for the remaining entities and products is determined by market value plus add-on considerations. The probability of default by counterparties that are not traded in an active market is determined from internal PDs mapped to a basket of liquid titles present in the central European market. Market based valuation concepts are incorporated for this. Counterparties with liquid bond or CDS markets are valued by the respective single-name market based PD derived from the prices. Erste Group's probability of default has been derived from the buy-back levels of Erste Group's issuances. Netting has only been considered for a few counterparties where the impact was material. In these cases, netting has been applied for both CVA and DVA. For counterparties with CSA-agreements in place no CVA was taken into account for all cases with immaterial threshold amounts.

According to the described methodology the accumulated CVA-adjustments amounted to EUR 15.0 million (2020: EUR 17.6 million) and the total DVA-adjustment amounted to EUR 3.2 million (2020: EUR 3.1 million).

#### 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

The fair value of financial instruments assigned to Level 1 of the fair value hierarchy is determined based on quoted prices in active markets for identical financial assets and liabilities. More particular, the evaluated fair value can qualify as Level 1 if transactions occur with sufficient frequency, volume and pricing consistency on an ongoing basis.

These include exchange traded derivatives (futures, options), shares, government bonds as well as other bonds and funds, which are traded in highly liquid and active markets.

### Leve 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. If all the significant inputs in the valuation model are observable the instrument is classified as Level 2 of the fair value hierarchy. For Level 2 valuations typically yield curves, credit spreads and implied volatilities are used as observable market parameters.

These include OTC 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

In some cases, the fair value can be determined neither on the basis of sufficiently frequent quoted market prices nor on the basis of valuation models that rely entirely on observable market data. In these cases individual valuation parameters which are not observable in the market are estimated on the basis of reasonable assumptions. 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. For Level 3 valuations besides observable parameters 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.

These include shares, participations and funds not quoted, illiquid bonds as well as collateralized mortgage obligations (CMO) as well as loans. In addition, fund units issued by investment funds fully consolidated by Erste Group as well as own issues are reported in this category.

A reclassification from Level 1 into Level 2 or Level 3 as well as vice versa will be done 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

| in EUR million                               | Dec 20        |               |              |               | Jun 21        |               |              |               |
|--|---------------|---------------|--------------|---------------|---------------|---------------|--------------|---------------|
|  | Level 1       | Level 2       | Level 3      | Total         | Level 1       | Level 2       | Level 3      | Total         |
| <b>Assets</b>                                |               |               |              |               |               |               |              |               |
| Financial assets HFT                         | 2,390         | 3,881         | 85           | 6,356         | 2,734         | 3,224         | 129          | 6,088         |
| Derivatives                                  | 4             | 2,875         | 75           | 2,954         | 4             | 2,065         | 77           | 2,146         |
| Other financial assets held for trading      | 2,385         | 1,007         | 10           | 3,402         | 2,731         | 1,160         | 52           | 3,942         |
| Non-trading financial assets - FVPL          | 1,805         | 232           | 1,046        | 3,083         | 1,737         | 234           | 1,184        | 3,154         |
| Equity instruments                           | 59            | 7             | 282          | 347           | 37            | 16            | 256          | 309           |
| Debt securities                              | 1,747         | 225           | 77           | 2,048         | 1,700         | 218           | 81           | 1,999         |
| Loans and advances                           | 0             | 0             | 687          | 687           | 0             | 0             | 846          | 846           |
| Financial assets FVOCI                       | 7,347         | 795           | 376          | 8,519         | 7,872         | 853           | 456          | 9,181         |
| Hedge accounting derivatives                 | 0             | 205           | 0            | 205           | 0             | 131           | 0            | 131           |
| <b>Total assets</b>                          | <b>11,542</b> | <b>5,113</b>  | <b>1,508</b> | <b>18,163</b> | <b>12,343</b> | <b>4,443</b>  | <b>1,769</b> | <b>18,555</b> |
| <b>Liabilities</b>                           |               |               |              |               |               |               |              |               |
| Financial liabilities HFT                    | 500           | 2,123         | 2            | 2,625         | 948           | 1,461         | 3            | 2,412         |
| Derivatives                                  | 3             | 2,032         | 2            | 2,037         | 4             | 1,385         | 3            | 1,392         |
| Other financial liabilities held for trading | 496           | 91            | 0            | 588           | 944           | 76            | 0            | 1,021         |
| Financial liabilities - FVPL                 | 347           | 11,408        | 336          | 12,091        | 347           | 9,907         | 194          | 10,448        |
| Deposits from customers                      | 0             | 254           | 0            | 254           | 0             | 136           | 0            | 136           |
| Debt securities issued                       | 347           | 11,154        | 155          | 11,657        | 347           | 9,771         | 18           | 10,136        |
| Other financial liabilities                  | 0             | 0             | 180          | 180           | 0             | 0             | 176          | 176           |
| Hedge accounting derivatives                 | 0             | 189           | 0            | 189           | 0             | 169           | 1            | 170           |
| <b>Total liabilities</b>                     | <b>846</b>    | <b>13,720</b> | <b>338</b>   | <b>14,905</b> | <b>1,295</b>  | <b>11,538</b> | <b>198</b>   | <b>13,030</b> |

Derivatives transacted via clearing houses are presented after netting in compliance with their balance sheet treatment. The netted derivatives are allocated to Level 2.

The allocation of the appropriate level of positions is determined at the end of the reporting period.

### 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

#### Changes in Level 1 and Level 2 volumes of financial instruments carried at fair value in the balance sheet

| in EUR million                   | Dec 20      |            | Jun 21     |             |
|----------------------------------|-------------|------------|------------|-------------|
|                                  | Level 1     | Level 2    | Level 1    | Level 2     |
| Securities                       |             |            |            |             |
| Net transfer from Level 1        |             | -5         |            | 290         |
| Net transfer from Level 2        | 5           |            | -290       |             |
| Net transfer from Level 3        | 0           | -7         | -1         | -9          |
| Purchases/sales/expiries         | -400        | 163        | 1,093      | -68         |
| Changes in derivatives           | -2          | 230        | -1         | -884        |
| <b>Total year-to-date change</b> | <b>-397</b> | <b>381</b> | <b>801</b> | <b>-671</b> |

**Level 1-Movements.** The total amount of Level 1 financial assets increased by EUR 801 million compared to last year. The volume of Level 1 securities increased by EUR 802 million. The main changes are caused by matured or sold assets in the amount of EUR 2,492 million and by new investments in the amount of EUR 1,584 million. Furthermore, the increase in volume for securities that were allocated to Level 1 at both reporting dates (2021 and 2020) amounted to EUR 1,882 million (due to partial purchases and sales and fair value changes caused by market movements). Due to improved market liquidity, assets in the amount of EUR 31 million have been reclassified from Level 2 to Level 1. This applied mainly to securities issued by financial institutions (EUR 19 million), but also to securities issued by other corporates (EUR 8 million) and governments (EUR 4 million). Due to lower market activity and changes to modelled fair value, securities in total of EUR 322 million have been moved from Level 1 to Level 2. This applies mainly to securities issued by governments (EUR 281 million), as well as securities issued by financial institutions (EUR 29 million) and securities issued by other corporates (EUR 12 million). Deteriorated availability of market-observable prices led to a reclassification of EUR 1 million from Level 1 to Level 3. The remaining positive change in the amount of EUR 120 million was due to partial sales and fair value changes of reclassified instruments. The volume of derivatives decreased by EUR 1 million.

**Level 2-Movements: Financial Assets.** The total value of Level 2 financial assets decreased between 2021 and 2020 by EUR 670 million. The Level 2 fair value change of securities and other receivables (in total up by EUR 214 million) can be explained for the most part by matured or sold positions in the amount of EUR 786 million and new investments in the amount of EUR 746 million. The increase in volume for securities that have been allocated to Level 2 at both reporting dates 2021 and 2020 amounted to EUR 31 million due to purchases or sales in volumes and changes in market values. Due to reduced market depth a total volume of EUR 322 million was reclassified from Level 1 to Level 2 in 2020. This applies mainly to securities issued by governments (EUR 281 million) and securities issued by financial institutions (EUR 29 million) and securities issued by other corporates (EUR 12 million). Securities in the amount of EUR 31 million were reclassified from Level 2 to Level 1 for the reporting date. Due to the use of significant non-observable valuation parameters a total volume of EUR 10 million was reclassified from Level 2 to Level 3. Due to a change to valuation models with significant observable parameters a total volume of EUR 1 million was reclassified from Level 3 to Level 2. The remaining negative change in the amount of EUR 59 million was due to partial sales and fair value changes of reclassified instruments. The decrease on the asset side derivatives in Level 2 by EUR 884 million are caused by changes in market values and by netting effects.

**Level 2-Movements: Financial Liabilities.** The total Level 2 financial liabilities decreased by EUR 2,183 million. Whereas the fair value of derivatives decreased by EUR 666 million, the portfolio of securities decreased by EUR 1,398 million. The fair value of client deposits decreased by EUR 118 million.

## Movements in Level 3 of financial instruments carried at fair value

### Development of fair value of financial instruments in Level 3

| in EUR million                               | Gain/loss in other comprehensive income |   | Purchases | Sales      | Settle-ments | Additions to Group | Disposal out of Group | Transfer into Level 3 | Transfer out of Level 3 | Currency translation |            |              |
|--|---|---|-----------|------------|--------------|--------------------|-----------------------|-----------------------|-------------------------|----------------------|------------|--------------|
|  | Gain/loss in profit or loss             | Gain/loss in other comprehensive income |           |            |              |                    |                       |                       |                         |                      | Jan 21     | Jun 21       |
| <b>Assets</b>                                |   |   |           |            |              |                    |                       |                       |                         |                      |            |              |
| Financial assets HFT                         | 85                                      | 25                                      | 0         | 44         | -1           | 0                  | 0                     | 0                     | 0                       | -24                  | 0          | 129          |
| Derivatives                                  | 75                                      | 25                                      | 0         | 0          | 0            | 0                  | 0                     | 0                     | 0                       | -24                  | 0          | 77           |
| Other financial assets held for trading      | 10                                      | 0                                       | 0         | 44         | -1           | 0                  | 0                     | 0                     | 0                       | 0                    | 0          | 52           |
| Non-trading financial assets at FVPL         | 1,046                                   | -13                                     | 0         | 160        | -15          | -14                | 0                     | 0                     | 3                       | -8                   | 25         | 1,184        |
| Equity instruments                           | 282                                     | -15                                     | 0         | 7          | -14          | 0                  | 0                     | 0                     | 1                       | -6                   | 1          | 256          |
| Debt securities                              | 77                                      | 3                                       | 0         | 2          | -2           | -1                 | 0                     | 0                     | 2                       | -1                   | 1          | 81           |
| Loans and advances                           | 687                                     | 0                                       | 0         | 151        | 0            | -13                | 0                     | 0                     | 0                       | -1                   | 23         | 846          |
| Financial assets FVOCI                       | 376                                     | 0                                       | -6        | 39         | -20          | -10                | 0                     | 0                     | 73                      | 0                    | 4          | 456          |
| Hedge accounting derivatives                 | 0                                       | 0                                       | 0         | 0          | 0            | 0                  | 0                     | 0                     | 0                       | 0                    | 0          | 0            |
| <b>Total assets</b>                          | <b>1,508</b>                            | <b>12</b>                               | <b>-6</b> | <b>243</b> | <b>-37</b>   | <b>-24</b>         | <b>0</b>              | <b>0</b>              | <b>77</b>               | <b>-32</b>           | <b>29</b>  | <b>1,769</b> |
| <b>Liabilities</b>                           |   |   |           |            |              |                    |                       |                       |                         |                      |            |              |
| Financial liabilities HFT                    | 2                                       | 1                                       | 0         | 0          | 0            | 0                  | 0                     | 0                     | 0                       | 0                    | 0          | 3            |
| Derivatives                                  | 2                                       | 1                                       | 0         | 0          | 0            | 0                  | 0                     | 0                     | 0                       | 0                    | 0          | 3            |
| Other financial liabilities held for trading | 0                                       | 0                                       | 0         | 0          | 0            | 0                  | 0                     | 0                     | 0                       | 0                    | 0          | 0            |
| Financial liabilities at FVPL                | 336                                     | 1                                       | 0         | 22         | -26          | -1                 | 0                     | 0                     | 11                      | -149                 | 0          | 194          |
| Deposits from customers                      | 0                                       | 0                                       | 0         | 0          | 0            | 0                  | 0                     | 0                     | 0                       | 0                    | 0          | 0            |
| Debt securities issued                       | 155                                     | 0                                       | 0         | 0          | 0            | 0                  | 0                     | 0                     | 11                      | -149                 | 0          | 18           |
| Other financial liabilities                  | 180                                     | 0                                       | 0         | 22         | -26          | -1                 | 0                     | 0                     | 0                       | 0                    | 0          | 176          |
| <b>Total liabilities</b>                     | <b>338</b>                              | <b>2</b>                                | <b>0</b>  | <b>22</b>  | <b>-26</b>   | <b>-1</b>          | <b>0</b>              | <b>0</b>              | <b>11</b>               | <b>-149</b>          | <b>0</b>   | <b>198</b>   |
| <b>Jan 20</b>                                |   |   |           |            |              |                    |                       |                       |                         |                      |            |              |
| <b>Assets</b>                                |   |   |           |            |              |                    |                       |                       |                         |                      |            |              |
| Financial assets HFT                         | 93                                      | 26                                      | 0         | 44         | 0            | -1                 | 0                     | 0                     | 44                      | -1                   | -1         | 204          |
| Derivatives                                  | 79                                      | 26                                      | 0         | 0          | 0            | -1                 | 0                     | 0                     | 42                      | -1                   | -1         | 144          |
| Other financial assets held for trading      | 14                                      | 0                                       | 0         | 44         | 0            | 0                  | 0                     | 0                     | 2                       | 0                    | 0          | 60           |
| Non-trading financial assets at FVPL         | 922                                     | -2                                      | 0         | 191        | -5           | -7                 | 0                     | 0                     | 3                       | -11                  | -34        | 1,057        |
| Financial assets at FVOCI                    | 457                                     | 0                                       | -5        | 29         | -76          | -8                 | 0                     | 0                     | 22                      | -9                   | -4         | 406          |
| <b>Total assets</b>                          | <b>1,473</b>                            | <b>24</b>                               | <b>-5</b> | <b>265</b> | <b>-81</b>   | <b>-16</b>         | <b>0</b>              | <b>0</b>              | <b>68</b>               | <b>-21</b>           | <b>-39</b> | <b>1,668</b> |
| <b>Liabilities</b>                           |   |   |           |            |              |                    |                       |                       |                         |                      |            |              |
| Financial liabilities HFT                    | 5                                       | 1                                       | 0         | 0          | 0            | 0                  | 0                     | 0                     | 1                       | 0                    | 0          | 7            |
| Derivatives                                  | 5                                       | 1                                       | 0         | 0          | 0            | 0                  | 0                     | 0                     | 1                       | 0                    | 0          | 7            |
| Other financial liabilities held for trading | 0                                       | 0                                       | 0         | 0          | 0            | 0                  | 0                     | 0                     | 0                       | 0                    | 0          | 0            |
| Financial liabilities at FVPL                | 308                                     | -3                                      | -3        | 70         | -62          | -34                | 0                     | 0                     | 0                       | -6                   | 0          | 269          |
| Deposits from customers                      | 0                                       | 0                                       | 0         | 0          | 0            | 0                  | 0                     | 0                     | 0                       | 0                    | 0          | 0            |
| Debt securities issued                       | 89                                      | 1                                       | -3        | 12         | 0            | -1                 | 0                     | 0                     | 0                       | -6                   | 0          | 93           |
| Other financial liabilities                  | 219                                     | -4                                      | 0         | 57         | -62          | -33                | 0                     | 0                     | 0                       | 0                    | 0          | 177          |
| <b>Total liabilities</b>                     | <b>313</b>                              | <b>-2</b>                               | <b>-3</b> | <b>70</b>  | <b>-62</b>   | <b>-34</b>         | <b>0</b>              | <b>0</b>              | <b>1</b>                | <b>-6</b>            | <b>0</b>   | <b>276</b>   |

**Level 3-Movements.** The reclassification of securities to Level 3 was caused by a decrease in market liquidity and was based on an in-depth analysis of broker quotes. Based on the described analysis securities in the amount of EUR 10 million were reclassified from Level 2 to Level 3. The change is coming from securities issued by other corporates (EUR 7 million) and securities issued by governments (EUR 3 million). On the other hand, securities that were on the balance at both reporting dates (2021 and 2020) were reclassified from Level 3 to Level 2 in the amount of EUR 1 million. Thereof, EUR 1 million are securities issued by financial institutions. Loans and advances which are measured at fair value under IFRS 9 increased by EUR 159 million, mainly by purchases. The additional change in Level 3 positions was on the one hand caused by a increase in derivative exposure of EUR 3 million and on the other hand by an increase caused by the purchase, sale and market value change of securities in the amount of EUR 91 million.



## Gains/losses in profit or loss on Level 3 instruments held at the end of the reporting period

| in EUR million                          | 1-6 20      | 1-6 21      |
|---|-------------|-------------|
| <b>Assets</b>                           |             |             |
| Financial assets HFT                    | 31.9        | 25.0        |
| Derivatives                             | 32.2        | 25.4        |
| Other financial assets held for trading | -0.2        | -0.4        |
| Non-trading financial assets at FVPL    | -2.0        | -13.0       |
| Equity instruments                      | 2.7         | -15.5       |
| Debt securities                         | 3.5         | 3.0         |
| Loans and advances                      | -8.2        | -0.4        |
| Financial assets at FVOCI               | 0.4         | -1.4        |
| <b>Total</b>                            | <b>30.4</b> | <b>10.6</b> |

For financial liabilities designated at FVPL in Level 3 a valuation of EUR -1.6 million was posted via income statement for the end of the reporting period (2020: EUR -5.6 million).

The volume of Level 3 financial assets can be allocated to the following categories:

- \_ Market values of 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 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.

### 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 measurements

| Financial assets                    | Type of instrument                              | Fair value in EUR million | Valuation technique   | Significant unobservable inputs  | Range of unobservable inputs (weighted average)  |
|-------------------------------------|---|---------------------------|---|--|--|
| <b>Jun 21</b>                       |   |                           |   |  |  |
| Positive fair value of derivatives  | Forwards, swaps, options                        | 109.5                     | Discounted cash flow and option models with CVA adjustment based on potential future exposure | PD<br>LGD  | 0.50%-100% (2.97%)<br>60%  |
| Financial assets at FVPL            | Fixed and variable coupon bonds                 | 4.7                       | Discounted cash flow  | Credit Spread  | 0.81%-6.10% (2.11%)  |
|                                     | Loans   | 846.5                     | Discounted cash flow  | PD<br>LGD  | 1.16%-6.10% (2.36%)<br>0%-68.22% (36.55%)  |
| Financial assets at FVOCI           | Fixed and variable coupon bonds                 | 140.6                     | Discounted cash flow  | Credit Spread  | 0.59%-6.52% (1.75%)  |
| Financial assets at FVOCI / at FVPL | Non-trading equity instruments (participations) | 217.6                     | Dividend Discount Model; Simplified Income Approach   | Beta relevered   | Industries:<br>Insurance (General) 1.04-1.10;<br>Recreation 0.96;<br>Real Estate (General/Diversified) 0.78; Real Estate (Operations & Services) 0.63; Financial Svcs. (Non-bank & Insurance) 0.91-1.00<br>Banks (Regional) 0.57; Health Resort & Gesundheitszentrum GmbH 0.74 |
|                                     |   |                           |   | Country risk premium   | Croatia 2.21%, Austria 0.35%-0.47%<br>Czech Republic 0.53%<br>Romania 1.95%, Russia 1.95%, Slovakia 0.75%, Hungary 1.95%<br>Resulting cost of equity based on above inputs: 5.48%-12.33%   |
|                                     |   | 130.9                     | Adjusted Net Asset Value  | Adjusted Equity  | Depending on accounting equity of investment.  |
|                                     |   | 33.0                      | Market comparable companies   | EV / SALES<br>EV / EBITDA<br>EV / EBIT<br>P/E<br>P/E (implicit)<br>P/B | Depending on industry classification according to Damodaran.   |

## Dez 20

|                                     |   |       |   |  |   |
|-------------------------------------|---|-------|---|--|---|
| Positive fair value of derivatives  | Forwards, swaps, options                        | 75.5  | Discounted cash flow and option models with CVA adjustment based on potential future exposure | PD<br>LGD  | 0.60%-100% (4.12%)<br>60%   |
| Financial assets at FVPL            | Fixed and variable coupon bonds                 | 6.1   | Discounted cash flow  | Credit Spread  | 0.81%-6.10% (4.51%)   |
|                                     | Loans   | 687.0 | Discounted cash flow  | PD<br>LGD  | 1,16%-6,10% (2,38%)<br>0%-68,22% (27,94%)   |
| Financial assets at FVOCI           | Fixed and variable coupon bonds                 | 132.3 | Discounted cash flow  | Credit Spread  | 0.86%-6.52% (2.18%)   |
| Financial assets at FVOCI / at FVPL | Non-trading equity instruments (participations) | 236.0 | Dividend Discount Model; Simplified Income Approach   | Beta relevered   | Industries: Insurance (General) 0.90-0.95; Recreation 0.96; Real Estate (General/Diversified) 0.78; Real Estate (Operations & Services) 0.49; Financial Svcs. (Non-bank & Insurance) 0.91-1.10<br>Banks (Regional) 0.51; Health Resort & Gesundheitszentrum GmbH 0.74 |
|                                     |   |       |   | Country risk premium   | Croatia 4.45%, Austria 0.35%-0.5%<br>Czech Republic 0.90%<br>Romania 3.26%, Russia 2.58%, Slovakia 1.26%, Hungary 3.26%<br>Resulting cost of equity based on above inputs: 4.19%-12.83%   |
|                                     |   | 183.6 | Adjusted Net Asset Value  | Adjusted Equity  | Depending on accounting equity of investment.   |
|                                     |   | 33.0  | Market comparable companies   | EV / SALES<br>EV / EBITDA<br>EV / EBIT<br>P/E<br>P/E (implicit)<br>P/B | Depending on industry classification according to Damodaran.  |

In addition to the information above, equity instruments with a fair value in amount of EUR 24.8 million (2020: EUR 21.6 million) are assessed on the basis of expert opinions.

Furthermore, for equity instruments other than participations classified as Level 3, the amount of EUR 32.2 million (2020: EUR 49.9 million) is presented in the statement of financial position using the criteria of availability and quality of broker quotes.

## Fair value changes per product type using reasonably possible alternatives

| in EUR million                    | Dec 20       |               | Jun 21       |               |
|-----------------------------------|--------------|---------------|--------------|---------------|
|                                   | Positive     | Negative      | Positive     | Negative      |
| Derivatives                       | 2.4          | -2.3          | 2.8          | -4.3          |
| Income statement                  | 2.4          | -2.3          | 2.8          | -4.3          |
| Debt securities                   | 11.7         | -15.6         | 20.4         | -27.2         |
| Income statement                  | 2.1          | -2.8          | 3.7          | -4.9          |
| Other comprehensive income        | 9.6          | -12.8         | 16.7         | -22.3         |
| Equity instruments                | 113.0        | -73.4         | 91.3         | -59.3         |
| Income statement                  | 73.1         | -49.9         | 55.5         | -38.6         |
| Other comprehensive income        | 39.9         | -23.5         | 35.8         | -20.7         |
| Loans                             | 16.7         | -35.4         | 20.0         | -48.1         |
| Income statement                  | 16.7         | -35.4         | 20.0         | -48.1         |
| <b>Total</b>                      | <b>143.8</b> | <b>-126.7</b> | <b>134.5</b> | <b>-138.9</b> |
| <b>Income statement</b>           | <b>94.3</b>  | <b>-90.4</b>  | <b>82.0</b>  | <b>-95.9</b>  |
| <b>Other comprehensive income</b> | <b>49.5</b>  | <b>-36.3</b>  | <b>52.5</b>  | <b>-43.0</b>  |

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.

#### Fair values of financial instruments for which fair value is disclosed in the notes

| in EUR million                              | Dec 20                             |            | Jun 21                             |            |
|---|------------------------------------|------------|------------------------------------|------------|
|   | Carrying amount<br>(balance sheet) | Fair value | Carrying amount<br>(balance sheet) | Fair value |
| <b>Assets</b>                               |                                    |            |                                    |            |
| Cash and cash balances                      | 35,839                             | 35,839     | 48,421                             | 48,421     |
| Financial assets at AC                      | 210,940                            | 218,023    | 223,072                            | 226,985    |
| Loans and advances to banks                 | 21,466                             | 21,502     | 24,522                             | 24,564     |
| Loans and advances to customers             | 159,895                            | 165,257    | 165,279                            | 168,196    |
| Debt securities                             | 29,579                             | 31,264     | 33,272                             | 34,224     |
| Finance lease receivables                   | 4,127                              | 4,124      | 4,167                              | 4,174      |
| Assets held for sale                        | 4                                  | 4          | 4                                  | 4          |
| Trade and other receivables                 | 1,341                              | 1,338      | 1,841                              | 1,843      |
| <b>Liabilities</b>                          |                                    |            |                                    |            |
| Financial liabilities at AC                 | 235,125                            | 235,688    | 261,691                            | 262,012    |
| Deposits from banks                         | 24,771                             | 24,763     | 34,643                             | 34,719     |
| Deposits from customers                     | 190,816                            | 191,098    | 206,120                            | 206,119    |
| Debt securities issued                      | 19,020                             | 19,309     | 20,107                             | 20,354     |
| Other financial liabilities                 | 518                                | 518        | 820                                | 820        |
| <b>Financial guarantees and commitments</b> |                                    |            |                                    |            |
| Financial guarantees                        | n/a                                | 5          | n/a                                | -36        |
| Irrevocable commitments                     | n/a                                | 895        | n/a                                | 202        |

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. For the calculation of fair value 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. These positions are assigned to the Level 3 category. 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 quoted prices in active markets, if available. For issued 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. Moreover optionality is taken into account when calculating the fair value. For off-balance sheet liabilities (i.e. financial guarantees and unused loan commitments) the following fair value approaches are applied: 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.

### 33. Average number of employees during the financial period (weighted according to the level of employment)

|   | 1-6 20        | 1-6 21        |
|---|---------------|---------------|
| <b>Austria</b>                                | <b>16,285</b> | <b>15,883</b> |
| Erste Group, EB Oesterreich and subsidiaries  | 9,173         | 8,849         |
| Haftungsverbund savings banks                 | 7,113         | 7,034         |
| <b>Outside Austria</b>                        | <b>31,305</b> | <b>29,510</b> |
| Česká spořitelna Group                        | 9,932         | 9,786         |
| Banca Comercială Română Group                 | 6,812         | 5,556         |
| Slovenská sporiteľňa Group                    | 4,043         | 3,745         |
| Erste Bank Hungary Group                      | 3,207         | 3,224         |
| Erste Bank Croatia Group                      | 3,307         | 3,290         |
| Erste Bank Serbia Group                       | 1,157         | 1,205         |
| Savings banks subsidiaries                    | 1,621         | 1,488         |
| Other subsidiaries and foreign branch offices | 1,226         | 1,216         |
| <b>Total</b>                                  | <b>47,590</b> | <b>45,393</b> |

### 34. Own funds and capital requirements

#### Regulatory Requirements

Since 1 January 2014, Erste Group has been calculating the regulatory capital and the regulatory capital requirements according to the Capital Requirements Directive (CRR, Regulation (EU) No. 575/2013) and the Capital Requirements Directive (CRD IV, Directive (EU) 2013/36/EU)<sup>1</sup>. Both the CRD IV and CRD V<sup>2</sup> were transposed into national law in the Austrian Banking Act (ABA).

#### 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. Based on Art. 4 para 1 (3), (16) to (27) CRR in line with Art. 18 and 19 CRR and para 30 ABA, the scope consists of credit institutions, investment firms, financial institutions and ancillary service undertakings. 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.

The Austrian savings banks are included as subsidiaries in Erste Group's regulatory scope of consolidation based on the cross-guarantee contract of the Haftungsverbund. Furthermore, Erste Group Bank AG together with the savings banks forms 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.

#### Accounting Principles

The financial and regulatory figures published by Erste Group are based on IFRS.

#### 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 regulatory minimum capital ratios including the capital buffers as of 30 June 2021 amount to

- \_ 9.17% for CET1 (4.5% CET1, +2.5% capital conservation buffer, +1.0% systemic risk buffer, +1.0% O-SII buffer and +0.17% counter-cyclical capital buffer),
- \_ 10.67% for tier 1 capital (sum of CET1 and AT1) and
- \_ 12.67% for total own funds.

<sup>1</sup> 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).

<sup>2</sup> CRDV has been transposed by an amendment of the BWG (BGBl I 2021/98; BWG-Novelle) which entered into force on 31 May 2021.

Capital buffer requirements are set out in sections 22 (capital conservation buffer), 23a (countercyclical buffer), 23d (Other Systemic Important Institution (O-SII) buffer) and 23e (systemic risk buffer) of the ABA and further specified in the regulation of the Financial Market Authority (FMA) on the establishment and recognition of the countercyclical buffer rate in accordance with section 23a para 3 ABA, on the establishment of the systemic risk buffer in accordance with section 23e para 3 ABA. All capital buffers have to be met entirely with CET1 capital and relate, except the countercyclical buffer, to total risk.

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). The ECB Banking Supervision adjusted the SREP approach for 2020 in light of the Covid-19 crisis. Therefore the ECB has not issued a SREP decision 2020, but rather chose a pragmatic SREP 2020 approach keeping the SREP 2019 decision in place and confirming a Pillar 2 requirement (P2R) of 1.75%.

After having enacted the transposition of the CRD V into national law, the relief regarding the composition of capital for the Pillar 2 requirement under article 70b (7) ABA can be applied. Therefore, the minimum CET1 ratio of 5.48% encompasses the Pillar 1 minimum requirement of 4.5% and the Pillar 2 requirement of 0.98% (56.25% of 1.75%) as of 30 June 2021.

The regulatory minimum capital ratios including the capital buffers and SREP requirements as of 30 June 2021 amount to

- \_ a CET1 requirement of 10.16%,  
(Pillar 1 requirement of 4.5%, combined capital buffers of 4.67% and 56.25% of 1.75% Pillar 2 requirement)
- \_ a T1 requirement of 11.99%  
(CET1 requirement plus Pillar 1 AT1 requirement of 1.5% and 18.75% of 1.75% Pillar 2 requirement) and
- \_ a total own funds requirement of 14.42%  
(Tier 1 requirement plus Pillar 1 T2 requirement of 2.0% and 25% of 1.75% Pillar 2 requirement).

Following the SREP 2019, Erste Group is expected to meet a Pillar 2 Guidance (P2G) of 1.0% valid as of 1 January 2020 onwards. The ECB press release of 12 March 2020<sup>3</sup> and 1 July, 2021<sup>4</sup> also indicated that the Pillar 2 Guidance need not be fully complied with temporarily by credit institutions during the current Covid-19 crisis. The Pillar 2 Guidance is not MDA (maximum distributable amount) relevant

## Overview of capital requirements and capital buffers

|  | Dec 20        | Jun 21        |
|--|---------------|---------------|
| <b>Pillar 1</b>  |               |               |
| Minimum CET1 requirement                                     | 4.50%         | 4.50%         |
| Minimum Tier 1 requirement                                   | 6.00%         | 6.00%         |
| Minimum Own Funds requirements                               | 8.00%         | 8.00%         |
| <b>Combined buffer requirement (CBR)</b>                     | <b>4.68%</b>  | <b>4.67%</b>  |
| Capital conservation buffer                                  | 2.50%         | 2.50%         |
| Institution-specific countercyclical capital buffer          | 0.18%         | 0.17%         |
| Systemic risk buffer (SRB)                                   | 2.00%         | 1.00%         |
| O-SII capital buffer   | 2.00%         | 1.00%         |
| Minimum CET 1 requirement (incl. CBR)                        | 9.18%         | 9.17%         |
| Minimum Tier 1 requirement (incl. CBR)                       | 10.68%        | 10.67%        |
| Minimum Own Funds requirement (incl. CBR)                    | 12.68%        | 12.67%        |
| <b>Pillar2</b>   |               |               |
| Minimum CET1 requirement                                     | 0.98%         | 0.98%         |
| Minimum T1 requirement                                       | 1.31%         | 1.31%         |
| Minimum Own Funds requirement                                | 1.75%         | 1.75%         |
| Pillar 2 requirement (P2R)                                   | 1.75%         | 1.75%         |
| <b>Total CET1 requirement for Pillar 1 and Pillar 2</b>      | <b>10.16%</b> | <b>10.16%</b> |
| <b>Total Tier 1 requirement for Pillar 1 and Pillar 2</b>    | <b>11.99%</b> | <b>11.99%</b> |
| <b>Total Own Funds requirement for Pillar 1 and Pillar 2</b> | <b>14.43%</b> | <b>14.42%</b> |

The combined buffer requirement consist of the capital conservation buffer, the countercyclical capital buffer, the systemic risk buffer and the O-SII capital buffer. Previously the combined buffer requirement was calculated as the sum of the capital conservation buffer, the countercyclical capital buffer and the maximum of the O-SII capital buffer or the systemic risk buffer.

As announced by the European Central Bank (ECB) in its press release on 12 March 2020 as well on the release on 1 July 2021, Erste Group is not obliged to fully comply with the capital conservation buffer of 2.5% during the current Covid-19 crisis. In the "Frequently

<sup>3</sup> <https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200312~43351ac3ac.en.html>

<sup>4</sup> <https://www.bankingsupervision.europa.eu/press/speeches/date/2021/html/ssm.sp210701~3f0230c51f.en.html>

Asked Questions - FAQs<sup>5</sup> published on 20 March 2020, however, the ECB states that the incomplete fulfillment of the combined buffer requirement leads to restrictions on distributions and banks are only allowed to make distributions within the limits of the maximum distributable amount (MDA).

Taking into account ECB's communication on the temporary capital relief measures with regard to the Pillar 2 requirement, the full usage of the capital conservation buffer as well as the Pillar 2 guidance (P2G), Erste Group's CET1 requirement amounts to 7.66%, its T1 requirement amounts to 9.49% and its total own funds requirement amounts to 11.92%.

## Capital structure

| in EUR million  | Dec 20        |               | Jun 21         |                |
|---|---------------|---------------|----------------|----------------|
|   | Phased-in     | Final         | Phased-in      | Final          |
| <b>Common equity tier 1 capital (CET1)</b>  |               |               |                |                |
| Capital instruments eligible as CET1  | 2,337         | 2,337         | 2,337          | 2,337          |
| Retained earnings   | 13,002        | 13,002        | 12,985         | 12,985         |
| Interim profit  | 0             | 0             | 565            | 565            |
| Accumulated other comprehensive income  | -1,690        | -1,690        | -1,565         | -1,565         |
| Minority interest recognised in CET1  | 4,891         | 4,891         | 4,983          | 4,983          |
| <b>Common equity tier 1 capital (CET1) before regulatory adjustments</b>  | <b>18,540</b> | <b>18,540</b> | <b>19,305</b>  | <b>19,305</b>  |
| Own CET1 instruments  | -63           | -63           | -90            | -90            |
| Prudential filter: cash flow hedge reserve  | -36           | -36           | 36             | 36             |
| Prudential filter: cumulative gains and losses due to changes in own credit risk on fair valued liabilities                     | 289           | 289           | 268            | 268            |
| Prudential filter: fair value gains and losses arising from the institution's own credit risk related to derivative liabilities | -3            | -3            | -3             | -3             |
| Value adjustments due to the requirements for prudent valuation   | -58           | -58           | -62            | -62            |
| Securitisations with a risk weight of 1,250%  | -29           | -29           | -18            | -18            |
| Goodwill  | -544          | -544          | -544           | -544           |
| Other intangible assets   | -720          | -720          | -704           | -704           |
| Deferred tax assets dependent upon future profitability and not temporary differences net of associated tax liabilities         | -48           | -48           | -42            | -42            |
| IRB shortfall of credit risk adjustments to expected losses   | 0             | 0             | 0              | 0              |
| CET1 capital elements or deductions – other   | -270          | -270          | -159           | -159           |
| <b>Common equity tier 1 capital (CET1)</b>  | <b>17,057</b> | <b>17,057</b> | <b>17,986</b>  | <b>17,986</b>  |
| <b>Additional tier 1 capital (AT1)</b>  |               |               |                |                |
| Capital instruments eligible as AT1   | 2,733         | 2,733         | 2,733          | 2,733          |
| Instruments issued by subsidiaries that are given recognition in AT1  | 7             | 7             | 7              | 7              |
| <b>Additional tier 1 capital (AT1) before regulatory adjustments</b>  | <b>2,740</b>  | <b>2,740</b>  | <b>2,740</b>   | <b>2,740</b>   |
| Own AT1 instruments   | -2            | -2            | -498           | -498           |
| AT1 instruments of financial sector entities where the institution has a significant investment                                 | 0             | 0             | 0              | 0              |
| <b>Additional tier 1 capital (AT1)</b>  | <b>2,738</b>  | <b>2,738</b>  | <b>2,242</b>   | <b>2,242</b>   |
| <b>Tier 1 capital - total of common equity tier 1 (CET1) and additional tier 1 (AT1)</b>  | <b>19,795</b> | <b>19,795</b> | <b>20,228</b>  | <b>20,228</b>  |
| <b>Tier 2 capital (T2)</b>  |               |               |                |                |
| Capital instruments and subordinated loans eligible as T2   | 3,222         | 3,222         | 2,845          | 2,845          |
| Instruments issued by subsidiaries recognised in T2   | 209           | 209           | 194            | 194            |
| Transitional adjustments due to grandfathered T2 instruments and subordinated loans   | 0             | 0             | 89             | 89             |
| IRB excess of provisions over expected losses eligible  | 467           | 467           | 508            | 508            |
| <b>Tier 2 capital (T2) before regulatory adjustments</b>  | <b>3,898</b>  | <b>3,898</b>  | <b>3,636</b>   | <b>3,636</b>   |
| Own T2 instruments  | -50           | -50           | -55            | -55            |
| Standardised approach general credit risk adjustments   | 0             | 0             | 0              | 0              |
| <b>Tier 2 capital (T2)</b>  | <b>3,848</b>  | <b>3,848</b>  | <b>3,581</b>   | <b>3,581</b>   |
| <b>Total own funds</b>  | <b>23,643</b> | <b>23,643</b> | <b>23,809</b>  | <b>23,809</b>  |
| <b>Capital requirement</b>  | <b>9,440</b>  | <b>9,612</b>  | <b>124,934</b> | <b>127,073</b> |
| <b>CET1 capital ratio</b>   | <b>14.5%</b>  | <b>14.2%</b>  | <b>14.4%</b>   | <b>14.2%</b>   |
| <b>Tier 1 capital ratio</b>   | <b>16.8%</b>  | <b>16.5%</b>  | <b>16.2%</b>   | <b>15.9%</b>   |
| <b>Total capital ratio</b>  | <b>20.0%</b>  | <b>19.7%</b>  | <b>19.1%</b>   | <b>18.7%</b>   |

The position CET1 elements or deduction – Others include the development of unaudited risk provisions during the year (EU No 183/2014) and the 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.

<sup>5</sup> [https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200320\\_FAQs~a4ac38e3ef.en.html](https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200320_FAQs~a4ac38e3ef.en.html)

The capital structure table above is based on the Commission Implementing Regulation (EU) 2021/637 with regard to disclosure of own funds requirements. Positions, which are not relevant for Erste Group are not disclosed. Figures shown under full implementation of Basel 3 considered the current CRR.

On 15 March 2021, the ECB granted permission to revert to the use of the Standardised Approach for the exposures of Erste Group Bank AG classified as Specialised Lending Object Finance. The implementation of this change was performed in the second quarter of 2021 and resulted in an insignificant increase in the RWAs. Following the application from February 2019, Erste Group Bank AG received on 26 May 2021 the ECB's final decision on the material model change related to the LGD model. The final decision requires the implementation of specific RWA add-ons with the go-live of the new model, which was done in the second quarter of 2021. The implementation of the new model resulted thus in an increase of over EUR 2 billion in RWA on consolidated level. On 21 June 2021, the ECB granted permission to implement a material model change to the model used for the housing associations portfolio of Česká spořitelna, a.s. and Stavební spořitelna České spořitelny, a.s.. Although the ECB decision contains 2 limitations, which impose an add-on to be added to the PD estimates of the model, the implementation of this model change will lead to a slight decrease of RWAs.

Following the finalization of the horizontal analysis of ECB, a new decision complementing the initial TRIM (Targeted Review of Internal Models) Market risk decision from October 2018 has been issued in February 2021. This follow-up decision required the implementation of multiplier factors, which led to an immaterial increase of the RWAs for market risk as of 31 March 2021.

The AMA-model related add-on, which was implemented in the fourth quarter of 2018, has been removed after the respective confirmation from the regulator. This led to a RWA reduction of approximately EUR 700 million on Erste Group's consolidated level.

## Risk structure

| in EUR million                                   | Dec 20                 |                                 | Jun 21                 |                                 |
|--|------------------------|---------------------------------|------------------------|---------------------------------|
|  | Total risk (phased-in) | Capital requirement (phased-in) | Total risk (phased-in) | Capital requirement (phased-in) |
| Total risk exposure amount                       | 118,005                | 9,440                           | 124,934                | 9,995                           |
| Risk-weighted assets (credit risk)               | 95,923                 | 7,674                           | 103,194                | 8,255                           |
| Standardised approach                            | 18,056                 | 1,444                           | 18,450                 | 1,476                           |
| IRB approach                                     | 77,852                 | 6,228                           | 84,741                 | 6,779                           |
| Contribution to the default fund of a CCP        | 15                     | 0                               | 2                      | 0                               |
| Settlement risk                                  | 1                      | 0                               | 0                      | 0                               |
| Trading book, foreign FX risk and commodity risk | 3,630                  | 290                             | 4,443                  | 355                             |
| Operational risk                                 | 14,813                 | 1,185                           | 14,246                 | 1,140                           |
| Exposure for CVA                                 | 397                    | 32                              | 396                    | 32                              |
| Other exposure amounts (including Basel 1 floor) | 3,241                  | 259                             | 2,655                  | 212                             |

| in EUR million                                   | Dec 20             |                             | Jun 21             |                             |
|--|--------------------|-----------------------------|--------------------|-----------------------------|
|  | Total risk (final) | Capital requirement (final) | Total risk (final) | Capital requirement (final) |
| Total risk exposure amount                       | 120,151            | 9,612                       | 127,073            | 10,166                      |
| Risk-weighted assets (credit risk)               | 98,069             | 7,846                       | 105,333            | 8,427                       |
| Standardised approach                            | 18,065             | 1,445                       | 19,381             | 1,550                       |
| IRB approach                                     | 79,988             | 6,399                       | 85,950             | 6,876                       |
| Contribution to the default fund of a CCP        | 15                 | 0                           | 2                  | 0                           |
| Settlement risk                                  | 1                  | 0                           | 0                  | 0                           |
| Trading book, foreign FX risk and commodity risk | 3,630              | 290                         | 4,443              | 355                         |
| Operational risk                                 | 14,813             | 1,185                       | 14,246             | 1,140                       |
| Exposure for CVA                                 | 397                | 32                          | 396                | 32                          |
| Other exposure amounts (including Basel 1 floor) | 3,241              | 259                         | 2,655              | 212                         |

## 35. Events after the reporting date

There are no significant events after the balance sheet date.

## Statement of all Legal Representatives

We confirm to the best of our knowledge that the interim 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 important events that have occurred during the first six months of the financial year and their impact on the interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

| <b>Management board</b>             |                             |
|-------------------------------------|-----------------------------|
| Bernhard Spalt mp, Chairman         |                             |
| Ingo Bleier mp, Member              | David O'Mahony mp, Member   |
| Stefan Dörfler mp, Member           | Maurizio Poletto mp, Member |
| Alexandra Habeler-Drabek mp, Member | Thomas Schaufler mp, Member |

Vienna, 30 July 2021



## Abbreviations

|             |   |
|-------------|---|
| ABA         | Austrian Banking Act                                |
| AC          | Amortized cost                                      |
| AFS         | Available for sale                                  |
| ALM         | Asset Liability Management                          |
| AT1         | Additional Tier 1                                   |
| BCR         | Banca Comercială Română S.A.                        |
| ALM & LCC   | Asset/Liability Management & Local Corporate Center |
| CEE         | Central and Eastern Europe                          |
| CIS         | Commonwealth of Independent States                  |
| CRD         | Capital Requirements Directive                      |
| CRR         | Capital Requirements Regulation                     |
| CSAS        | Česká spořitelna, a.s.                              |
| CVA         | Credit Value Adjustments                            |
| EBA         | European Banking Authority                          |
| EBC         | Erste Bank Croatia                                  |
| EBH         | Erste Bank Hungary Zrt.                             |
| EBOe        | Erste Bank Oesterreich                              |
| EBOe & Subs | Erste Bank Oesterreich and Subsidiaries             |
| ECL         | Expected Credit Loss                                |
| EIR         | Effective interest rate                             |
| EU          | European Union                                      |
| FVO         | Fair value option-designated at fair value          |
| FVOCI       | Fair value through other comprehensive income       |
| FVPL        | Fair value through profit or loss                   |
| FX          | Foreign exchange                                    |
| G-SII       | Global Systemic Important Institution               |
| HFT         | Held for trading                                    |
| HTM         | Held to maturity                                    |
| IAS         | International Accounting Standards                  |
| IFRS        | International Financial Reporting Standards         |
| LGD         | Loss Given Default                                  |
| L&R         | Loans and receivables                               |
| MDA         | Maximum distributable amount                        |
| NPL         | Non-performing loans                                |
| OCI         | Other comprehensive income                          |
| O-SII       | Other Systemic Important Institution                |
| P2G         | Pillar 2 Guidance                                   |
| P2R         | Pillar 2 Requirement                                |
| P&L         | Profit or loss                                      |
| PD          | Probability of Default                              |
| POCI        | Purchased or originated credit impaired             |
| RTS         | Regulatory Technical Standards                      |
| RW          | Risk weight   |
| RWA         | Risk Weighted Assets                                |
| SICR        | Significant increase in credit risk                 |
| SLSP        | Slovenská sporiteľňa                                |
| SPPI        | Solely payments of principal and interest           |
| SREP        | Supervisory Review and Evaluation Process           |
| T1          | Tier 1  |
| T2          | Tier 2  |
| VAR         | Value at Risk                                       |

## Your Notes

We have prepared this report with the greatest possible care and have thoroughly checked the data presented in it. However, we cannot rule out errors associated with rounding, transmission, typesetting or printing. The English version of the report is a translation.

#### Note regarding forward-looking statements

This report contains forward-looking statements. These statements are based on current estimates, assumptions and projections of Erste Group Bank AG and currently available public information. They are not guarantees of future performance and involve certain known and yet unknown risks and uncertainties and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results or performance to be materially different from those that may be expressed or implied by such statements. Erste Group Bank AG does not assume any obligation to update the forward-looking statements contained in this report.

## Events

2 November 2021      Results for the first three quarters of 2021

The financial calendar is subject to change. The latest updated version is available on Erste Group's website:

[www.erstegroup.com/investorrelations](http://www.erstegroup.com/investorrelations)

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## Ticker Symbols

Reuters: ERST.VI  
Bloomberg: EBS AV  
Datastream: O:ERS  
ISIN: AT0000652011

[www.erstegroup.com](http://www.erstegroup.com)