



ERSTE 
Bank

**Annual Report for
the year ended
31 December 2025**

#believeinyourself

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Introduction

This Annual report, issued to the shareholders of the Erste&Steiermärkische Bank d.d., comprises the report of the President of the Management Board, Business results of Erste&Steiermärkische Bank d.d. and its subsidiaries, Sustainability Report, Corporate Governance Principles implementation statement, the audited financial statements together with an Independent auditor's report and supplementary reports for the Croatian National Bank (CNB). The audited financial statements are presented for the Group and the Bank.

CROATIAN AND ENGLISH LANGUAGE VERSION

This document comprises the Annual Report of Erste&Steiermärkische Bank d.d. for the year ended 31 December 2025 stated in English. This report is also published in Croatian language.

LEGAL STATUS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by International Accounting Standards Board (IASB) and adopted in EU.

ABBREVIATIONS

In this Annual report, Erste&Steiermärkische Bank d.d. is referred to as the Bank, Erste Bank or EBC and Erste&Steiermärkische Bank d.d. together with its subsidiaries and associates are referred to collectively as the Group, EBC Group or ESB Group.

In this Annual report, ultimate parent of the Group, Erste Group Bank AG is referred as Erste Group.

The Annual Report for the year ended 31 December 2025 has been published in both PDF and ESEF formats. Further, the PDF version is unofficial and the official format is publicly available in the European Single Electronic Format (ESEF).

OTHER

Except as otherwise indicated, amounts in this Annual report are stated in millions of euro ("EUR"). Percentages presented throughout the Annual report are calculated based on absolute amounts. Accordingly, minor differences may arise due to rounding and depending on whether amounts are calculated using full figures or amounts expressed in millions.



Management report

Report of the President of the Management Board

Generally speaking, we continued our stable and growing operating trends which resulted in positive financial results the Bank and local Group achieved in 2025. We have seen an uptrend in lending in both segments, retail and corporate, client deposits also recorded stable growth rates, while the use of our digital channels continued to maintain a solid upward trajectory. A very strong capital position and high level of liquidity enable us to not only to adequately support our clients, continue with our digital innovations and further strengthen our position on local market, but to provide an additional boost to the growth and development of the entire Croatian economy. The fact that we belong to a strong parent group with Central and Eastern European region as its core market, puts the focus of our business operations on efficiency, innovation and striving for excellence. Our goal is to encourage and promote the prosperity of all of our employees, clients and Croatian society as a whole.

Two major strategic milestones achieved

Last year we implemented several initiatives in various areas in order to further improve our operating performance and efficiency. Apart from continuous efforts on the further digitalization of our products and services, as well as the automatization of our internal processes, we have achieved two major strategic milestones related to our future business model. Following the integration of the card issuing segment from Erste Card Club ("ECC") into the Bank in October 2024, in July 2025 an agreement was signed on the sale of the acquiring business segment of ECC to Global Payments s.r.o ("GP"), while the transaction was finalized in January 2026. This was a logical step forward in our strategic orientation towards improving the overall model of the cards' payments business. Thus, we will intensify our cooperation with GP, which will raise the quality of the card acceptance segment, increase the level of customer satisfaction, both merchants and credit card users, and support the development of payment opportunities and innovative functionalities. On the other hand, our internal start-up KEKS Pay became a separate company, currently owned 100% by the Bank. The goal was to provide the new company more room for independent development, innovation, and strategic initiatives, including planned expansion into new markets.

Clients in the center of our activities

After the initial start in Q32024, the project of designing our future operating model based on agile structure and principles, continued at maximum pace during 2025. In order to enable the next level of customer experience, increase product delivery efficiency, decrease bureaucracy and recognize further growth potential, the product and non-product tribes as cross-functional teams, consisting of business and IT experts, have been working together. Each tribe is responsible for E2E product life cycle and demand management which also contributes to the closer, faster and more client-oriented approach in the market. Our goal is to enable a more efficient and value driven organization, which will ensure a long-term and sustainable continuation of the already confirmed successful operations of the bank and its local group on the Croatian banking market, while placing a successful and efficient customer journey at the top of our strategic pillars.

Croatian banking system as a regional competitive advantage

In the challenging local environment marked by the enhanced state and regulatory interference into market mechanisms, adequate investment and legal certainty, as well as clear and simple regulations still remain a top priority for all stakeholders involved. With a strong, very well capitalized and highly liquid banking system that represents a significant competitive advantage, the position of Croatia as a regional financial hub and overall economic leader of the region, still remains as a goal that should not be taken out of sight.

Report of the President of the Management Board (continued)

Awards as a confirmation of our stable, long-term and sustainable business model

I am proud of the fact that our bank received several prestigious awards last year. For the second year in a row, the Croatian Chamber of Commerce (“CCC”) awarded us for outstanding achievements in ESG practices in the category of financial institutions. The award is given to companies based on an extensive national ESG rating by the CCC. In addition to that, and again for the second consecutive year, we have been awarded by The Croatian Business Council for Sustainable Development, in the category of Sustainable Corporate Governance. Last but not least, our Erste Private Banking team received an award from the prestigious Global Finance Magazine for the best private banking in Croatia.



Christoph Schoefboeck,

President of the Management Board

Management Board



CHRISTOPH SCHOEFBOECK, President of the Board

Responsibilities: Human Resources Division, Marketing Division, Corporate Communication Office, Strategy and Project Management Division, Internal Audit Division, Management Board Office, SME Division, Large Corporates Division, Corporates and Markets Business Development Division and Financial Markets Division.



KATARINA KRALJEVIĆ, Member of the Board

Responsibilities: Retail Division, Retail Business Development Division and Digital Banking Division.



HANNES FROTZBACHER, Member of the Board

Responsibilities: Strategic Risk Management Division, Credit Risk Management Division, Non-financial Risk Management Division and Legal Division.



KREŠIMIR BARIĆ, Member of the Board

Responsibilities: Accounting and Controlling Division, Assets and Liabilities Management Division, Economic Research Division, Group Tax Office and Data Governance Office.



MARTIN HORNIG, Member of the Board

Responsibilities: Banking Services Division, IT Division and Corporate Security Division.



**Business results of
Erste&Steiermärkische
Bank d.d. and its
subsidiaries in 2025**

Business results of Erste&Steiermärkische Bank d.d. and its subsidiaries in 2025

I. Retail segment

RETAIL LOANS AND DEPOSITS

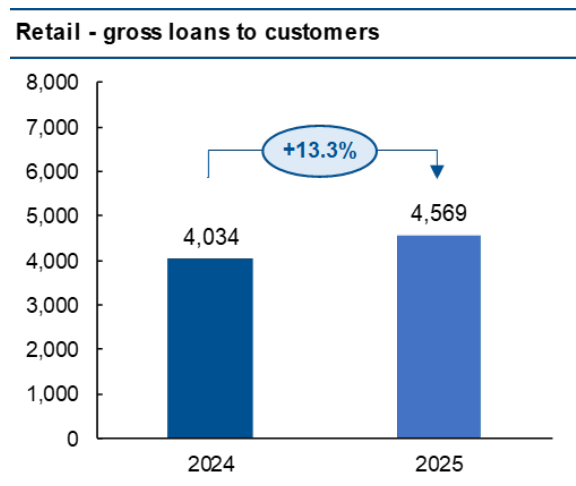


Chart 1: Retail loans in EUR million

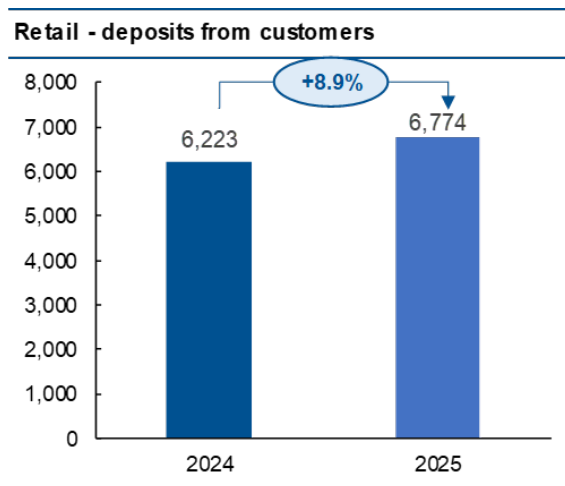


Chart 2: Deposits from customers in EUR million

Total portfolio of the Bank's gross retail loans as of 31 December 2025, amounted to 4.57 billion EUR, representing an increase of 0.53 billion EUR compared to the previous year. The market share of household loans, according to the Croatian National Bank, as of 31 December 2025, was 16.28%, which represents an increase of 5 basis points compared to 31 December 2024.

Bank's retail deposit portfolio recorded growth in 2025, despite the impact of competitive investment products on the market (government bonds and treasury bills for citizens, etc.). Household deposits as of 31 December 2025, amounted to 6.77 billion EUR, representing an increase of 0.55 billion EUR compared to the previous year. The market share of household deposits as of 31 December 2025, was 15.34%, which represents an increase of 28 basis points compared to 31 December 2024.

FOCUS ON CLIENTS IN 2025

In 2025, Erste Bank placed special emphasis on maintaining top-quality service and customer satisfaction, which are key strategic business guidelines. Additionally, the Bank focused its activities on strengthening its market position in lending and deposit operations and on further developing products and services, with a particular focus on digitalization and automation, which further contributed to improving service quality for more than 1.1 million private clients.

Due to changes in client behavior and habits, the development of new technologies, and the regulatory framework, there is a constant need to adapt the existing business model and the role of various distribution and communication channels. Clients are increasingly using digital services and self-service devices to conduct transactions and handle simpler requests, while branches are becoming centers for advisory and handling more complex client requests. Accordingly, activities continued throughout the year to transform branches, which, in addition to a new visual identity, include a new way of working focused on the advisory role of employees and providing a unique customer experience. Additionally, a third cashless branch fully dedicated to advisory service was opened, and the total number of branches at the end of 2025 was 108.

I. Retail segment (continued)

After a pilot in 2024, a new application was successfully implemented across the entire branch network in 2025, supporting the digital advisory process aimed at raising client awareness about the importance of financial planning and long-term financial health. In meetings with their advisor, clients can discuss key financial areas such as budget management, financial reserves, risk insurance, retirement care, and investing in the future. The advisory process guides clients through determining their financial status and plans, defining personalized financial solutions, and executing them in the George application, making the process seamless.

In the area of CRM (Customer Relationship Management), the focus in the past year was on the implementation of a new tool for automating direct marketing communication with clients in collaboration with Erste Group. The tool brings efficiency to the campaign preparation process, enables automation, and contributes to improving campaign success. Intra-group collaboration provides new insights into client communication and approaches to their needs.

The past year was characterized by very strong credit activity, particularly in the housing loan segment. The Mortgage Centre in Zagreb played a significant role in addressing the increased demand, thanks to specialists dedicated solely to advising and proposing financial solutions in the housing loan area, as well as mobile bankers focused on special housing construction models and collaboration with external partners. The market share of housing loans as of 31 December 2025, was 13.49%, representing an increase of 16 basis points compared to 31 December 2024. The market share of cash loans as of 31 December 2025, was 20.16%, marking an increase of 40 basis points compared to 31 December 2024, due to reclassification impact.

Erste bank continues to emphasize the importance of the topic of sustainability to its clients through the offer of products for purposes related to the energy efficiency of real estate and vehicles. The focus was on promoting the benefits of investing in more energy-efficient projects. Video materials were prepared for client education in cooperation with the Croatian Office for Creativity and Innovation, we participated in conferences (with the Croatian Chamber of Commerce) and held workshops with clients (in Pula, Zagreb, online). Also, internal processes are being developed to track regulatory and business policy needs (for example, a sustainability index calculation tool).

INNOVATIONS IN RETAIL SEGMENT

Intense development and enhancement of the digital platform George continued throughout 2025, with the aim of ensuring long-term financial prosperity for clients and providing new and improved services.

In addition to the already large number of products and services available for contracting through the George application (cash loans, accounts, savings, credit cards, overdrafts, travel & supplementary health & additional health & accident insurance & loan repayment insurance, investment funds, etc.), it is now possible to fully digitally open accounts for low-risk foreigners and contract new Round-Up Savings, which allows saving through spending, by rounding up the amount spent to the nearest whole number every time a debit card is used, and placing the difference into savings. This method of saving has been exceptionally well accepted by clients. In the lending business segment, the possibility of early loan repayment and the digital issuance of a debt status certificate for loans have been developed. In collaboration with Wiener osiguranje Vienna Insurance Group d.d., fully digital contracting of car insurance policies has been developed, and in collaboration with Erste d.o.o., a company for managing mandatory and voluntary pension funds, digital contracting of a voluntary pension fund on George has been developed.

Following the integration of the credit card issuing segment from Erste Card Club into the Bank at the close of 2024, the previous year marked the rollout of various card management functionalities. These include the issuance of virtual debit cards, the ability to view PIN, PAN, and CVV, reissuing and blocking cards in the event of loss or theft. For credit cards, new features such as push notifications for invoices, early repayment of installments, automatic billing, the introduction and management of new credit limits, and the digital issuance of debt certificates were introduced.

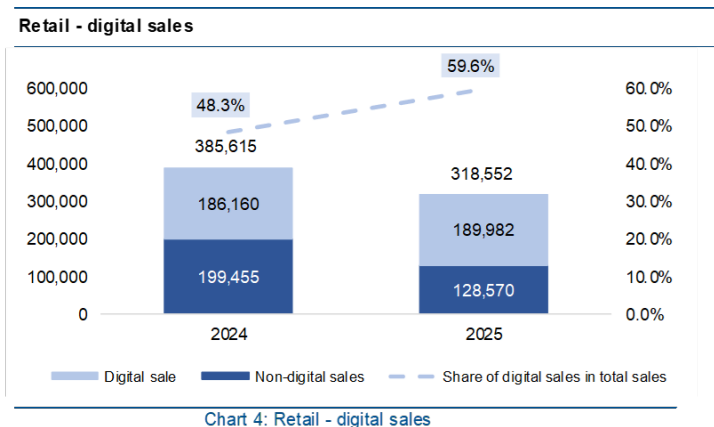
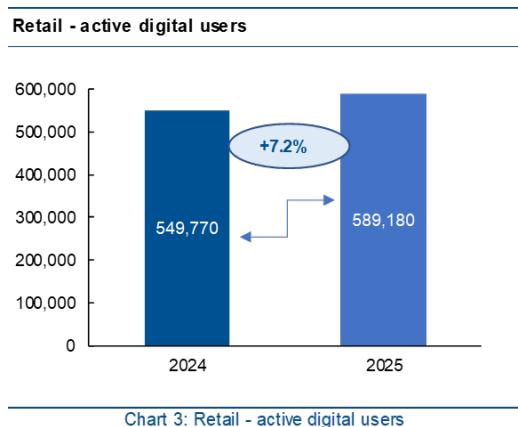
The offering of investment products through George has been further expanded by enabling and successfully conducting the public subscription of shares of Žito d.d., optimizing the investment questionnaire, and enabling the contracting of MIFID, custodial, and brokerage accounts in one step, as well as the purchase of structured and unstructured bonds.

Projects that marked the year 2025 include: Instant payments, which enabled instant transfer of funds to other banks and automatic control of fund recipients, and as part of the AML project, digital updating of personal data, KYC questionnaire, and PEP statement was enabled, further simplifying business for clients.

I. Retail segment (continued)

To facilitate digital onboarding for new users, George Open was implemented – a new homepage and navigation within the George application for new users installing the app for the first time. Additionally, a range of functionalities aimed at increasing user satisfaction was developed, such as: payment request via 2D barcode, travel corner, change of statement delivery method, application for sending push notifications, and email verification.

All these activities resulted in the growth of active private digital users to nearly 590 thousand by the end of 2025, with a digital sales share of 60%, while the number of transactions increased by 10% in number and 17% in volume, maintaining a very high user satisfaction index of 93.1 (out of 100) in 2025 with a stable average rating of 4.8 for the George application in app stores.



The strong growth trend for the KEKS Pay application continued throughout 2025. More than 80,000 new users in 2025, predominantly clients of other banks, led to a total of 567,000 users. Over 73% of these users are clients of other banks, while the rest are Erste Bank clients. The fully digital opening of prepaid KEKS accounts with an associated Visa card, as well as other types of electronic money accounts, continued with a stable trend. The number of new users of such accounts in 2025 exceeded 26,500.

The innovative KEKS Pay utility service (“KEKS Pay režije”), which enabled the receipt of digital bills and their payment without fees throughout Croatia in 2021, has further expanded its scope and now offers more than 120 different issuers, including ZG Holding, Vodoopskrba i odvodnja, Hrvatska radiotelevizija, Zagrebačka plinara, Telemach, A1, HEP Plin, Merkur and Allianz osiguranje and many others. At the end of 2025, with more than 125,000 approved requests for digital utilities, more than 1.8 million bills were paid, with a clear growth trend from month to month.

During 2025, a significant transformation of the technological basis of the KEKS Pay platform was carried out, ensuring scalability, flexibility and business security. Key infrastructure improvements represents a strategic step towards lower operating costs, increased service availability and greater system resistance to global challenges.

As part of strategic development, on 1 September 2025, the program solution, employees and contractual relations were separated into a separate legal structure, KEKS Pay d.o.o. This time and resource-demanding organizational transformation enables greater agility, faster business decision-making, and at the same time facilitates potential strategic collaborations.

At the same time, the offer of services in the application has been expanded with a number of new features that strengthen position in the market and support monetization efforts. Following the above mentioned, the “KEKS Plus” subscription model was introduced, which offers users additional services and options. During its first year on the market, it has gained more than 3,000 subscribers. Furthermore, a new product was introduced at the end of the year. It is the latest type of electronic money account “Keksich” with a VISA debit card issued to minors, which opens the possibility of accessing a completely new user base, strengthens the innovative brand image and at the same time helps promote financial literacy from an early age. In addition to all the above, and in accordance with regulatory requirements, the application also enables users to make instant payments. Additional technological innovations include additional user identification via NFC, email verification as an additional layer of security in onboarding processes, and the ability to display PIN, CVV and PAN directly in the application with implemented encryption. In parallel with other development activities, the implementation of AML regulatory requirements was also carried out, ensuring compliance with the latest standards for preventing money laundering and terrorist financing.

I. Retail segment (continued)

These measures represent a critical infrastructure for maintaining the trust of regulators and the security of our business in the long term. All these functionalities are the result of extensive development and refinements that were continuously implemented throughout the year.

Increased acquisition activities towards business entities in the past period have also yielded results, so KEKS Pay, with a presence in more than 500 online stores, has become one of the mainstream payment methods in the field of e-commerce in Croatia. Activities in other areas, such as retail (implementation of KEKS Pay payments at more than 800 Konzum, Spar and Interspar points of sale), HoReCa channels (KEKS Pay payments at more than 600 cafes, bars and restaurants), ticketing (Eventim, Entrio, Ulaznice.hr) and public transport (Jadrolinija, Croatia Airlines), will certainly contribute to the continuation of the positive trend.

User satisfaction with the KEKS Pay application is also evidenced by the exceptionally high satisfaction index (CSI) of 94.6 (out of 100), as well as high user satisfaction ratings in app stores (Apple, Google) which amount to 4.9 and have been at the highest level in the financial industry for years, but also among all Croatian applications in general.

CONTACT CENTRE

The Contact Centre plays an increasingly important role in client interactions given the growing trends in the use of digital services and clients' preference for remote communication with the bank. In 2025, a total of 1.3 million contacts were recorded, which is 18% more than in 2024, largely due to the takeover of credit card customer support at the end of 2024. The most prevalent communication channel remains the telephone (accounting for 82% of the total number of recorded contacts), followed by email (12%), chat channels (web chat, George chat, Viber, WhatsApp, Facebook - 4%), and video identification (1%). A significant portion of the contacts handled includes authenticated calls from the George app, accounting for 26% of total telephone contacts, and authenticated George chat, which accounts for 65% of chat communication with clients. The ability to authenticate clients through the George app significantly contributes to the quality of customer support services, as authenticated clients can be provided with more specific information about their business relationship with the Bank, enabling the provision of complete information and faster query resolution. The service provided by the Contact Centre is of a high standard, as evidenced by a consistently high service quality index (91.9 out of 100). Furthermore, collaboration with an external partner in service externalization continued and expanded in 2025, with clients rating the partner's service highly, resulting in a service quality index of 92.5 (out of 100) for 2025.

In 2025, the Contact Centre received 73,000 complaints, or 78% of the total number of complaints in the Bank. To accelerate the complaint resolution process and enhance customer experience, activities are focused on increasing the share of independently resolved complaints through process improvement and taking on new responsibilities for resolution, with the Contact Centre independently resolving 53% of the total complaints received in 2025.

Within the Contact Centre, acting as a bridge between physical and digital business operations, the Digital Branch and the Specialized Advisory Centre are focused on providing remote advisory services on all Bank products and services through various remote communication technologies. The focus of the Digital Branch is on supporting and advising clients in the process of realizing and contracting products, with the realization of products most often conducted through the George app. The number of remote advisory meetings in all segments of the business process shows a growing trend year after year, which is a testament to the high quality of service provided and a successful business model.

In 2025, the Contact Centre was involved in several projects and activities, notably those related to the automation of customer support processes (primarily in the implementation of artificial intelligence in work processes), providing remote advisory services, and activities related to strengthening clients' financial health, particularly in the investment business segment.

II. Corporate segment

CORPORATE LOANS AND DEPOSITS

Corporate - gross loans to customers

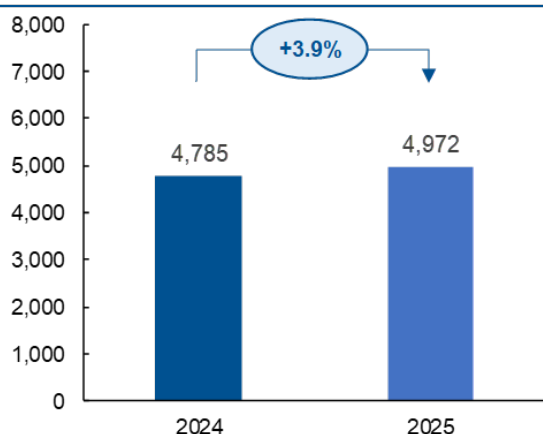


Chart 5: Corporate loans in EUR million

Corporate - deposits from customers

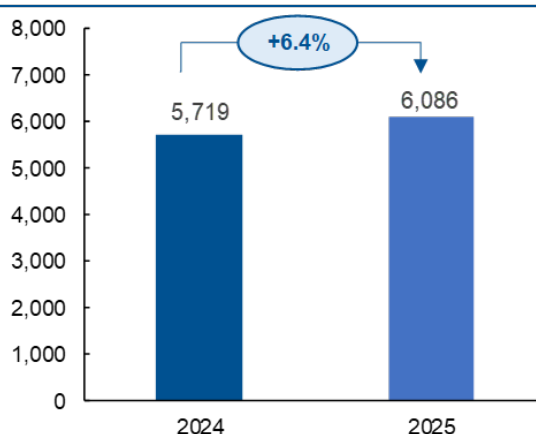


Chart 6: Corporate deposits in EUR million

Total portfolio of the Bank's gross corporate loans recorded growth in 2025 and amounted to EUR 4.97 billion as of 31 December 2025, which is increase of EUR 0.19 billion compared to previous year. The market share in corporate loans, per Croatian National Bank, amounted to 20.79% as of 31 December 2025 which resulted with drop of 114 basis points compared to 31 December 2024.

The corporate deposit on 31 December 2025 amounted to EUR 6.09 billion, which represents increase of EUR 0.37 billion compared to previous year. Corporate deposits reached market share in the amount of 20.53% as of 31 December 2025, which represents decrease of 26 basis points in comparison to previous year.

FOCUS ON CORPORATE CLIENTS IN 2025

This year was also marked by a strong focus on customer care, availability of services through more accessible distribution channels and greater efficiency in providing services. During the year, activities of digitalization sales processes were intensified with the aim of maintaining the trend of an overall positive customer impression. The implementation of digital solutions for various products enabled greater availability of services to customers, faster communication and simpler sales and post-sales processes. These activities not only contributed to the optimization of internal operations, but also provided customers with security, transparency and flexibility in their daily business. Digital transformation remains a key element of the strategy, aimed at creating additional value for customers.

However, the role of the bank is not only financial, the Financial Health Zone provided support to clients in achieving a healthier financial balance both by providing them with access to transparent and understandable information on key financial indicators of the business and through the dialogue on financial health. Through education and consulting, clients were supported in understanding ESG standards, their application in practice, and in identifying opportunities brought by sustainable transformation.

During the year, activities to educate clients through workshops continued, and the topics addressed were: how ESG standards change the rules of business in practice and open up new business opportunities, the impact of regulations and climate change and risks on business. Educational activities aimed at small and medium-sized enterprises were implemented through the Sustainability Academy, a free e-learning platform for companies dedicated to sustainability. The program was adapted to local needs in Croatia and implemented by the Croatian Office for Creativity and Innovation (HUKI) in cooperation with the bank as the main partner. Through several modules, it offered concrete knowledge about ESG criteria and regulations with examples of good practice from the business sector, an additional bonus were interactive workshops that provided an opportunity to network, exchange knowledge and Q&A with the experts in this field. Clients also had the opportunity to participate in the Transformer - an intensive three-month program that helps transform a business model into a more sustainable one, through training and workshops in a comprehensive educational module. Small and medium-sized enterprises and non-governmental organizations receive tools and guidelines for assessing the organization, identifying transformation points and creating an action plan for implementing changes.

II. Corporate segment (continued)

INITIATIVES AND PROJECTS

Digitalization of business processes continued in line with corporate strategy, with an emphasis on optimization and automation of key business processes. Such initiatives aim to further strengthen the focus on improving the customer experience and increasing operational efficiency in the business client segment.

The activities of digitalization of the loan process continued during 2025 and resulted in the development of a new digital process for working capital loans, which enabled clients to contract this product completely digitally. The process includes electronic signing of contract documents and other key components that ensure security and ease of implementation for clients. In addition to the above, the process of extending the term for corporate credit cards was fully automated, which enabled clients to continue using the cards without additional operational activities on the part of the client or bank employee. The development will continue in the next year by enabling new credit products in the digital contracting process.

A new digital service fully implemented this year is the opening/contracting transaction account for business entities (digital onboarding).

Already mid of the year, clients were able to contract a transaction account and additional related services (digital services, debit card) via digital channels without the need to come to the bank. The process is completely online from submitting the application to signing the contract documentation with an electronic signature. It is available to clients (companies with a simple ownership structure, crafts and associations) that meet the defined criteria, and they can carry it out independently or with assistance in bank branches. The implementation of the digital process has achieved significant time savings and improved the customer experience due to a faster and simpler account contracting process.

In addition, the Bank was the first on the market to offer its clients the possibility of digitally implementing due diligence documentation (Know Your Customer) via the internet banking service. Clients can now submit all documentation via the aforementioned channel without the need to come to the bank.

In 2025, the Bank continued to develop the Financial Health Zone in order to respond to the needs and demands of the clients. As part of the Financial Health Zone, a working capital module has been available to clients since this year, which enables more efficient monitoring and management of working capital as one of the important levers of successful business. During the year, activities of including as many clients as possible in the dialogue on financial health were intensified by adjusting the methodology for the availability of the Financial Health Zone itself and meetings with clients who already have access to the tool. This approach enabled maintaining the trend of high levels of positive user experience ratings and client satisfaction with the use of the tool and the meetings held. The bank continued to actively participate in the development of the Financial Health model in other regional banks of the Erste and Sparkasse Group through the Business Development Center.

BUSINESS COOPERATIONS

Long-term successful business cooperation on financial instruments continued this year with the European Investment Fund (EIF), the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the Croatian Bank for Reconstruction and Development (HBOR) and the Croatian Agency for Small Business, Innovation and Investments HAMAG-BICRO.

The Bank continued to actively use the EIF guarantee instruments under the InvestEU programme through 6 guarantee instruments that enable clients to implement green and sustainable investments, projects with innovative and digital components and provide support to clients in the cultural and creative sectors. Also, through separate guarantee instruments of the InvestEU programme, special attention was paid to microfinance and corporate social responsibility and due to the successful use of these guarantee instruments, the guarantee volume was increased by an additional EUR 24 million. As additional support, an increase by an additional EUR 100 million was also agreed this year in the volume for the innovation and digitalization guarantee.

At the beginning of the year, business cooperation with the EIB was expanded. A new guarantee instrument was agreed for mid-cap clients with a guarantee volume of EUR 100 million.

II. Corporate segment (continued)

The long-term successful business cooperation with HBOR was marked by the significant use of regular programs with the possibility of interest subsidies of the Ministry of Finance and HBOR. During the year, HBOR also occasionally reactivated NPOO interest subsidies for the private sector, which are used in addition to their regular programs.

As part of the National Recovery and Resilience Plan (NPOO), through a contracted individual guarantee, easier access to financing was provided to mid-cap entities, large business entities and the public sector, thereby encouraging investments in new technologies and equipment, expansion of production and/or service capacities, and green and digital transition. In 2025, a loan portfolio insurance policy for the liquidity of exporters and exporters' suppliers was contracted with HBOR in the amount of EUR 22 million. This policy provided support to exporters in the preparatory phase of their export business.

The use of the HAMAG Plus guarantee from 2024 continued, with the possibility of using NPOO subsidies. Guarantees facilitate access to financing for small and medium-sized enterprises, and the subsidy represents an added benefit for investments that contribute to the green transition, digitalization or competitiveness.

In 2025, the Bank offered clients a total of 9 guarantee instruments, 7 credit lines and 4 subsidy programs. By using the aforementioned instruments, the Bank provided continuous support to individual entrepreneurial sectors in accordance with its strategic guidelines, with a special emphasis on those that contribute to green, innovation and digital goals. The emphasis in the this year was on financial instruments that enabled a certain type of support.

At the end of the year, HAMAG also approved the bank's application for new guarantees financed from EU funds (ERDF individual and portfolio guarantee). The main characteristic of these instruments is that they support investments that do not cause significant damage to the environment, while ensuring adaptation to climate change. Operationalization is expected in early 2026.

In 2025, the Bank continued the business cooperation with local and regional self-government units, i.e. municipalities, cities and counties. Through the aforementioned cooperation, the Bank enabled its clients to access financing lines, i.e. co-financing of part of the interest by self-government units. Co-financing is implemented with the ultimate goal of developing micro and small entrepreneurship in the local areas, i.e. promoting activities that are important for the strategic development of an individual municipality, city or county.

In addition to the local market, Erste Bank also pays special attention to clients located in markets where Erste and Sparkasse Group member banks operate. This cross-border cooperation allows clients who need cross-border banking support in Croatia or other markets to have simpler and faster access to basic services, such as opening a business account or contracting digital services remotely. Erste Bank remained the leading bank in terms of the number of newly established cross-border cooperations with business entities this year, whether in all markets where the Group's banks operate or in the regional market (as part of the Western Balkans initiative).

DIGITAL BANKING IN 2025

The number of business entities using NetBanking services in 2025 continues to increase; 4% more users compared to the previous year. The number of business entities using mBanking services increased by 12%. Transactions have remained at a similar level in number, while their volume has continuously increased by 9% compared to the previous year.

More clients are being added to the portfolio of clients available for digital lending. After first products being developed (guarantees and working capital loans) within short-term limit there is also developed working capital loan offer outside the short-term limit, and in 2026, in accordance with the strategy, the portfolio of digitally offered products will continue to expand.

All clients are also enabled to make instant payments through digital channels, and legal representatives are also provided with customer due diligence functionality, which is the process of collecting and verifying customer data to prevent misuse of the banking system and ensure compliance with regulations.

New clients can open a business account entirely digitally without the need to visit a branch.

II. Corporate segment (continued)

Corporate - Number of NetBanking users

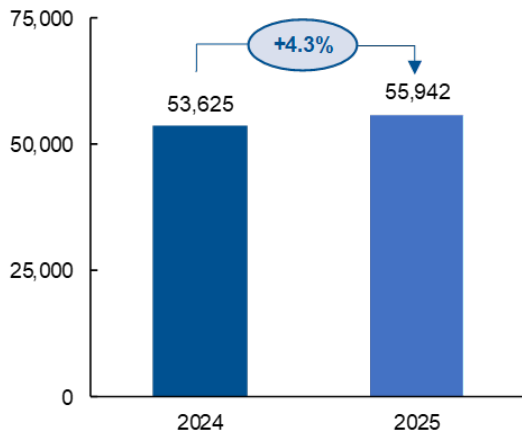


Chart 7: Number of NetBanking users - Corporate segment

Corporate - Number of mBanking users

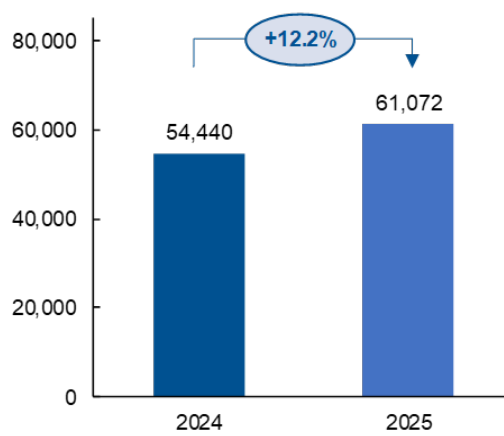


Chart 8: Number of mBanking users - Corporate segment

Corporate - number of transactions

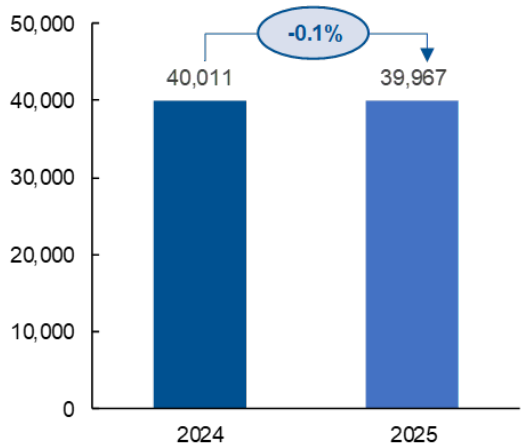


Chart 9: Number of transactions in thousands - Corporate segment

Corporate - volume of transactions

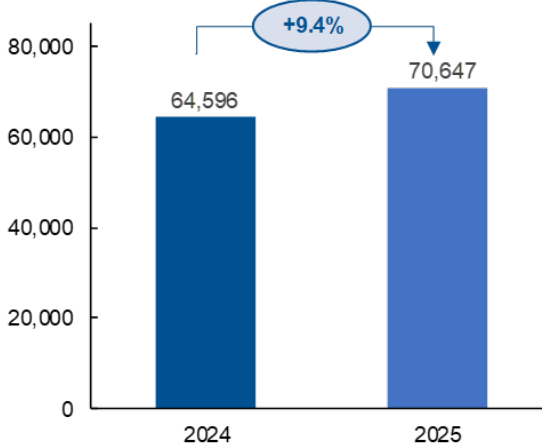
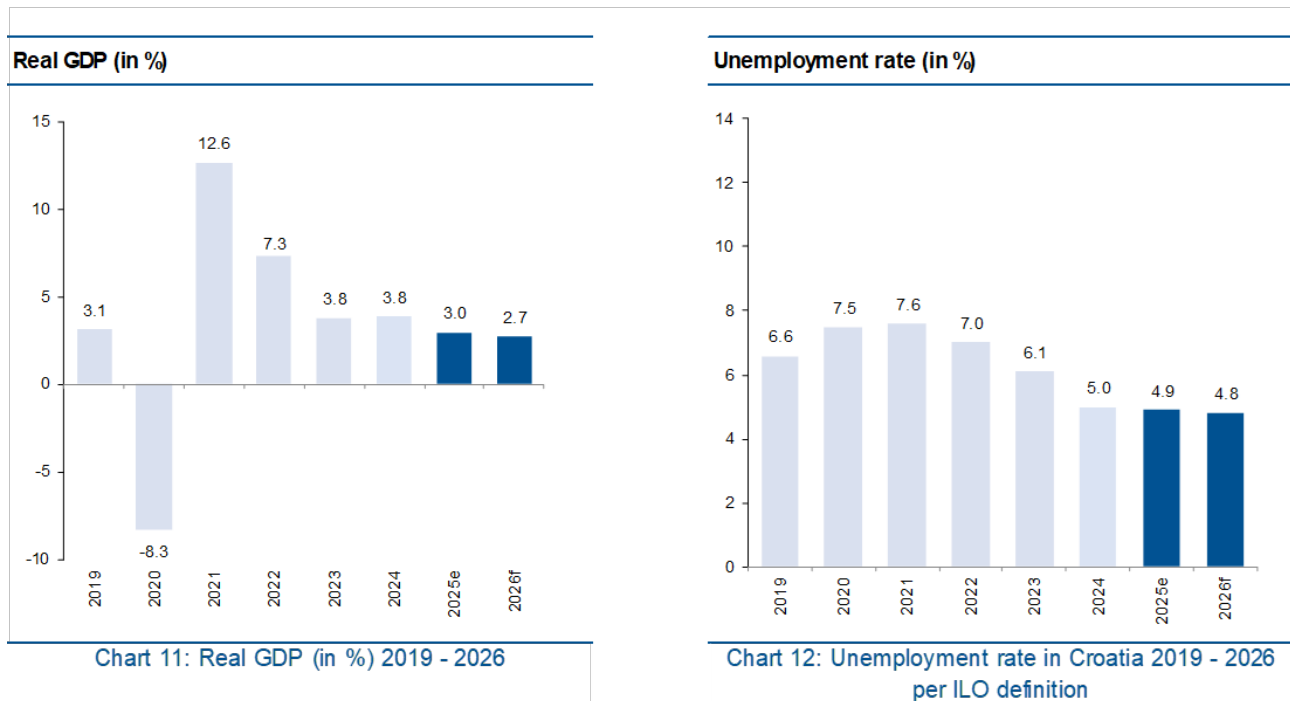


Chart 10: Volume of transactions in EUR million - Corporate segment

III. Macroeconomic indicators

In line with expectations, economic growth in 2025 has moderated slightly, and we expect the annual growth rate to converge toward around 3%. Nevertheless, Croatia has continued to outperform the EU average by a wide margin, alongside further progress in real income convergence, which has approached approximately 80% of the EU average. The structure of growth has remained firmly anchored in domestic demand, albeit with an expectedly more moderate contribution from both private consumption and investment following a period of exceptionally strong expansion. As a result, the contribution of net exports has remained negative, primarily reflecting the still subdued growth momentum of the European economy, the absence of a positive real contribution from tourism, and import-side pressures amid persistently strong domestic demand. From the current perspective, similar trends are expected to persist in 2026, with a further mild deceleration of economic growth to below 3%, while domestic demand should remain the key pillar of growth.



Growth in private consumption continues to be supported by favorable labor market conditions, including low unemployment, rising employment, and continued growth in real wages. Investment activity is expected to record positive growth, driven primarily by strong inflows of EU funds in the final phase of the NextGenerationEU instrument. Combined with expectedly stable ECB interest rates and relatively favorable financing conditions, this should support continued investment growth, despite the likely persistence of global geopolitical and trade-related tensions. External demand prospects remain relatively modest, although the stabilization of growth expectations in the EU can be viewed as a positive signal in an environment of heightened uncertainty. As regards exports, tourism continues to face constraints in terms of real growth, as subdued EU growth and the loss of price competitiveness—following Croatia’s convergence to the EU average price level in tourism segment—pose obstacles to growth in overnight stays and real tourism spending.

Inflation remained under close scrutiny throughout 2025, albeit to a somewhat lesser extent than in previous years. Average inflation averaged 3.7% in 2025, thus exceeding both initial expectations and the level recorded in 2024. Inflationary pressures remained predominantly demand-driven, with services prices making the strongest contribution, while food prices increased faster than average, partly reflecting global price developments. Looking ahead to 2026, inflationary pressures are expected to gradually ease, with average inflation moving closer to 3%, supported by some moderation in demand-side pressures. At the same time, in connection with the gradual withdrawal of anti-inflationary measures in the energy segment, the contribution of energy prices is expected to become somewhat more pronounced.

III. Macroeconomic indicators (continued)

From a monetary policy perspective, we enter 2026 with the ECB's key policy rate at 2%, one percentage point lower than at the beginning of 2025, with favorable prospects that rates will remain at or close to this level through the end of 2026. This outlook can be viewed positively. Following a strong inflationary episode and a pronounced tightening of monetary policy during the second half of 2023 and most of 2024, the ECB has gradually eased policy and returned policy rates toward neutral levels. Moreover, expectations of stable policy rates signal, on the one hand, anchored inflation expectations and, on the other, a stabilization of growth expectations in the euro area, implying less pronounced recession risks.

In the fiscal policy sphere, following further relaxation in 2025 and an expected deficit very close to the Maastricht threshold of 3% of GDP, budgetary plans for the coming years remain anchored around similar levels, pointing to a limited appetite for fiscal consolidation. While fiscal risks are becoming more pronounced amid a narrative of tighter fiscal conditions across many EU member states, Croatia continues to compare favorably. Risk premium remain close to historically low levels, and rating agencies have reaffirmed Croatia's sovereign credit rating at historically high levels, namely 'A-' by Fitch and S&P and 'A3' by Moody's.

	2020	2021	2022	2023	2024	2025 (e)	2026 (f)
Nominal GDP (EUR, bn)	50.7	58.3	67.6	79.2	85.9	92.7	98.5
Real GDP (growth y/y, %)	-8.3	12.6	7.3	3.8	3.8	3.2	2.7
CPI (y/y, average %)	0.1	2.6	10.8	8.1	3.0	3.7	3.5
Current account balance (% of GDP)	-1.9	0.3	-3.6	0.1	-2.2	-4.1	-4.9
Foreign debt to GDP (% of GDP)	81.3	81.1	73.8	76.9	66.4	64.9	64.1
Unemployment (% , ILO definition)	7.5	7.6	6.8	6.1	5.0	4.9	4.8
Budget balance (% of GDP)	-7.2	-2.6	0.1	-0.8	-1.9	-2.6	-3.0
Public debt (% of GDP)	86.5	78.2	68.5	60.9	57.4	56.3	56.0

e estimate

f forecast

Source: CBS, CNB, Erste&Steiermärkische Bank d.d.

IV. Financial markets

MONEY MARKET

In 2025 central banks around the world balanced between supporting economic growth and controlling inflation, lowering interest rates from their peaks in 2023–2024, but not returning them to historically low levels. The European Central Bank (ECB) and the Federal Reserve System (FED) lowered their benchmark interest rate by 1% and 0.75%, respectively, in the hope that inflation would continue to stabilize steadily at the medium-term target level of 2%. Global trade tensions and political uncertainties contributed to more cautious investor behavior and higher demand for more liquid assets, which further strengthened the money market and the attractiveness of short-term instruments. As a result, the money market remained liquid and active, with a large share of repo transactions and FX swaps. Euribor showed a downward trend in 2025, for maturities from 1 week to 12 months, indicating that markets expected lower interest rates and easier financial conditions. Excess liquidity in the Eurosystem at the end of 2025 amounted to EUR 2.5 trillion, a decrease of EUR 300 billion compared to the end of 2024.

With the lowering of reference interest rates, the yield on the 364-day treasury bill of the Ministry of Finance of the Republic of Croatia was also lowered to new levels (2.6% for individual investors and 2.05% for financial institutions). The yield on the 91-day treasury bill is 2.5% for individual investors and 2.04% for financial institutions. There were no auctions for the 182-day treasury bill. Through the year 2025, there was a big interest from individual investors, who at the end of the year had registered 3.9 billion EUR of treasury bills, which is an increase of 1.1 billion EUR compared to the end of 2024.

FX MARKET

The euro appreciated strongly against the US dollar during the first half of 2025. The euro appreciated in early March after the European Commission proposed a plan to relax budgetary rules, which was linked to defense spending. The US President's announcement of the introduction of so-called reciprocal tariffs also influenced the strengthening of the euro. Further appreciation of the euro against the US dollar was driven by market expectations of a stronger reduction in key Fed interest rates than previously expected. The euro against the US dollar exchange rate reached 1.18 EUR/USD at the end of June, the highest level in almost four years. The second half of the year brought stabilization of the EUR/USD exchange rate in the range of 1.15-1.18.

During 2025, the Swiss franc fluctuated against the euro within a range of 0.93–0.96, with constant pressure on the CHF to strengthen. The Swiss National Bank has attempted to reduce CHF strengthening through verbal interventions on several occasions.

CAPITAL MARKET

In 2025, three bonds were issued by Republic of Croatia in the total nominal amount of EUR 3 billion. In March, two tranches were issued a new 2-year bond in nominal amount of EUR 1.25 billion, with a fixed annual interest rate of 2.65%, primarily offered to retail investors and subsequently to institutional investors, and a new 5-year bond in a nominal amount of EUR 1.75 billion with a fixed annual interest rate of 3.00%, primarily offered to institutional investors. In July, a new 10-year bond of the Republic of Croatia was issued in a total nominal amount of EUR 1 billion, with a fixed annual interest rate of 3.00%, also primarily offered to institutional investors. The Bank participated as one of the Joint Lead Managers in the above mentioned Government bond issues.

In the corporate issuance segment, in May the Bank acted as Joint Lead Manager in the issuance of corporate bonds of Atlantic Grupa d.d. on the domestic capital market. The bond, with a maturity of 5 years, was issued in a total nominal amount of EUR 80 million, at a fixed annual interest rate of 2.875%. In June, the Bank acted as Lead Manager and Bookrunner in the issuance of a dual-tranche sustainability-linked bond (SLB) of BOSQAR d.d. on the domestic capital market. The bonds, with a maturity of 7 years, were issued in the total amount of EUR 143.2 million, out of which the EUR 105 million tranche was offered and subscribed by institutional investors through a public offering, while the EUR 38.2 million tranche was subscribed exclusively by EBRD through a private placement. Around 30 institutional investors from Croatia, Slovenia, and Serbia participated in the issuance, making this transaction the first domestic bond transaction actively offered to Slovenian institutional investors and the largest corporate SLB bond issuance in Croatian history outside the government and banking sectors.

IV. Financial markets (continued)

The Bank is continuously ranked among the leading arrangers of debt securities in the Republic of Croatia, in 2025 with 22% of market share (according to Bloomberg), thereby confirming its strategic orientation to support the development of capital markets improving primary market environment.

In the respect of bond issuance on the international market, within Group Markets division matrix organizational structure for origination business for Croatian, Serbian, North Macedonian and Montenegrin issuers, the Bank in February has successfully participated as one of the JLM's in the 12-year Eurobond transaction of Republic of Croatia in the total nominal amount of EUR 2 billion.

DEBT SECURITIES MARKET

Trading in Croatian government bonds in 2025 saw a positive shift, primarily in terms of a reduction in the risk premium. Throughout the year, the risk premium significantly narrowed in comparison to German government bonds. However, the secondary market for Croatian bonds was characterized by a very low level of liquidity, resulting in overall market activity remaining well below initial expectations.

Yields fluctuated within a relatively narrow range, with the exception of a few events that temporarily heightened uncertainty in the financial markets, such as the announcement of fiscal expansion in the Federal Republic of Germany. Despite favorable macroeconomic indicators and stable fiscal projections, the limited supply of issued bonds had a paradoxical negative effect on trading levels, as investors had access to a relatively small amount of securities.

Overall, the year 2025 was marked by stability and a high level of confidence in the Croatian government bond market, despite notable liquidity challenges. The reduced risk premium, along with the maintenance of an 'A' credit rating and an improved outlook, further solidified Croatia's position as one of the most successful issuers within the euro area. It is expected that 2026 could bring increased investor interest, given the anticipated rise in activity on the primary market for government debt.

EQUITY MARKETS

The Croatian equity market continued its strong, double-digit growth throughout 2025. The CROBEX index rose by 21%, while CROBEX10 increased by 23%. The dividend-inclusive versions of the indices delivered even stronger performance, gaining 24.6% and 26%, respectively, indicating a substantial increase in total returns for investors. The most actively traded shares during the year were those of Končar, Končar D&ST, Hrvatski Telekom, and Adris Group.

Total equity turnover on the Zagreb Stock Exchange increased by 76% compared to the previous year, reaching EUR 765.33 million. This significant rise reflects heightened activity by both institutional and retail investors, new share listings, and an overall increase in equity valuations. Block trading accounted for EUR 247.19 million of total equity turnover.

After several years without any new listings, 2025 marked a renewed activity on the primary market, with three companies from different sectors entering the exchange. Trading in shares of ING-GRAD d.d. commenced in March, followed by the listing of Žito d.d. in July, while the year concluded with the third listing, Tokić d.d.

At the regional level, all major stock indices recorded exceptionally strong performance. Slovenia's SBITOP index ended the year with a gain of 50.33%, while Austria's ATX rose by 45.41%. The Czech PX index increased by 52.57%, the Hungarian BUX index by 39.97%, and Romania's BET index by 46.16%. In contrast to the previous year—when it was among the few indices to post a decline the Polish WIG20 closed 2025 with a solid increase of 45.26%.

Overall, 2025 proved to be a highly favorable year for equity markets in Croatia and across the region, marked by robust index growth and increased investor activity, despite ongoing global economic and geopolitical challenges.

IV. Financial markets (continued)

CUSTODY GROUPS

During 2025, the trend of increased demand for custody services continued, having originated in the previous year as a result of changes to the pricing policy of the Central Depository & Clearing Company (SKDD) and an increased volume of government securities issuances (bonds and treasury bills). This trend was further supported by the introduction of additional distribution products targeted at the retail client segment, resulting in the opening of approximately 1,000 new custody accounts.

In addition to the growth in the number of retail clients, 2025 was also marked by an increase in the number of clients for whom the Bank provides depositary services. In June 2025, the Bank assumed depositary responsibilities for five alternative investment funds managed by an alternative investment fund manager not affiliated with the Bank. Furthermore, in October 2025, the Bank assumed depositary responsibilities for eleven open-ended investment funds with a public offering and one alternative investment fund, which Erste Asset Management d.o.o. had taken over during the year from another market participant.

As a result of the above, the value of assets held in custody accounts increased by approximately 45% compared to the previous year.

V. Risk management

Risk management is a set of procedures and methods established for identifying, measuring, assessing, controlling, and monitoring of risk, including reporting of risks to which the credit institution is or might be exposed to in its operations. The Bank is obliged to regularly measure and assess the risks identified in its business. Methods of measuring and assessing the risks must include appropriate quantitative and/or qualitative measurement methods and risk assessment that will enable the observation of changes in Bank's risk profile, including the emergence of new risks.

The most significant risks that affect Bank's business operations are credit, market, operational and liquidity risk.

Credit risk is the risk of potential loss due to a debtor's non-payment of obligations towards the Bank, and it arises from possibility that the Bank identifies, measures, follows up on, controls, i.e., actively manages the credit risk as one of the most important risks and determines the existence of appropriate capital level for covering of such risks. Risks related to credit risk are currency induced credit risk, residual risk, sovereign risk, dilution risk and concentration risk.

Market risks represent the risk of loss in open position stemming from change in the movements of the market prices, including changes in the interest rates, exchange currencies and prices of securities. In this sense, market risk include: (i) interest rate risk both in trading and banking book, (ii) currency risk and (iii) equity investment risk.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events, and includes legal risk.

Legal risk means the risk from claim or proceeding due to non-compliance with the legal and legislative provisions of national or international origin or from contractual arrangements or internal rules and/or ethical conduct deriving from national or international norms and practices or statutory responsibilities. It also includes the exposure to newly enacted laws as well as to changes in interpretations of existing laws. Legal proceedings should be considered to be any legal settlements, either judicial, or out of court, such as arbitration, or claims' negotiations. Operational risk definition excludes strategic and reputational risk.

The Bank assesses the reputational risk for assessment purposes due to the strong links with the operational risk (e.g., most of operational risk events have strong impact in terms of reputation).

Liquidity risk is a risk of loss stemming from an existing or expected inability of credit institution to settle its monetary obligations upon maturity. Liquidity risk arises from maturity mismatch between assets and liabilities.

Except above mentioned risks the Bank also manages all other risks that could affect their business operations such as: systemic risk, regulatory risk, business environment risk, ESG risks, etc.

VI. Erste Bank AD Podgorica

In 2025, Erste Bank AD Podgorica recorded a profit before tax of EUR 21.8 million, representing an increase of 5.7% compared to the previous year. Profit after tax amounted to EUR 18.6 million, with a return on equity (ROE) of 12.3% and a return on assets (ROA) of 1.9%.

Total operating income amounted to EUR 45.6 million, reflecting an increase of 4.9% compared to 2024. Net interest income reached EUR 38.5 million, recording growth of 7.8%, driven by an increase in interest income of 6.6%, as well as a reduction in the cost of liabilities by 2.7%.

Net fee and commission income amounted to EUR 6.2 million, representing a decrease of 11.8% compared to 2024. The most pronounced decline was recorded in card operations, primarily due to significantly higher costs related to card schemes (Mastercard and Visa), as well as a reduced volume of foreign card transactions resulting from a weaker tourism season and a lower inflow of foreign visitors to Montenegro.

At the same time, Montenegro's accession to the SEPA area in October 2025 led to a reduction in revenues from international payment transactions. Nevertheless, net income from payment services still recorded year-on-year growth of 8.7%. A particularly strong increase was achieved in insurance-related income, which grew by 93.2% as a result of the introduction of new products and the implementation of targeted sales campaigns during 2025.

Net impairment result for expected credit losses was positive and amounted to EUR 2.4 million, mainly driven by the release of provisions for larger corporate clients following the introduction of a new rating system, as well as additional releases of provisions related to specific industries. The cost of credit risk ratio stood at 0.36%, compared to 0.32% at the end of 2024. Coverage of non-performing loans (NPLs) by provisions amounted to 120.5% at the end of 2025, representing a significant improvement compared to 107.3% at the end of the previous year. The total NPL balance decreased to EUR 20.7 million, reflecting a reduction of EUR 3.7 million, due to successful collections, particularly in the large corporate client segment.

Operating expenses amounted to EUR 26.7 million, increasing by 9.0% year on year. The growth was driven by higher staff costs due to an increase in headcount and salary adjustments aligned with inflation trends, higher IT expenses related to participation in Group-wide projects and digitalization initiatives, as well as increased contributions to the Deposit Protection Fund.

As at the end of 2025, total assets amounted to EUR 1,091 million, representing growth of 17.0% compared to 2024. Net loans to customers reached EUR 672 million, an increase of 15.3%, or EUR 89 million. Within the loan portfolio structure, net retail loans grew by 19.9%, while net corporate loans increased by 10.2%.

Total customer deposits increased by EUR 119 million (18.00%) and amounted to EUR 777 million at the end of 2025. Retail deposits grew by 20.2%, while corporate deposits increased by 16.2%. The Bank's market share in deposits increased by 1.6 % reaching 12.44% at the end of 2025, while the market share of the loan portfolio decreased by 0.29 percentage points to 15.02%.

The Retail segment generated interest income of EUR 22.3 million, representing an increase of 13.9% compared to the previous year. The total loan portfolio of the segment increased by EUR 61.3 million (19.5%) and amounted to EUR 376.2 million at the end of 2025.

Cash loans accounted for the largest share of new disbursements (65.8%), followed by mortgage loans (27.7%). Mortgage loan disbursements increased by EUR 19.4 million (85.9%), with a significant contribution from promotional offers targeted at young married couples. Loans granted under promotional terms amounted to EUR 13.1 million.

Non-interest income from retail segment amounted to EUR 7.3 million, recording growth of 9.6% year on year. The largest contribution came from card-related fees, amounting to EUR 3.8 million, representing 53% of total non-interest income of the segment. A significant increase was also recorded in insurance income, which rose from EUR 294 thousand to EUR 553 thousand, or 88.2%.

VI. Erste Bank AD Podgorica (continued)

The number of retail clients increased to 120.9 thousand, representing growth of 4.1%, while the number of active accounts rose by 6.4%, reaching 64.3 thousand at the end of 2025. Customer satisfaction surveys confirmed the maintenance of a high level of service quality, with a score of 97.2.

Retail deposits increased by EUR 59.9 million (20.23%). Demand deposits rose to EUR 301.9 million, while term deposits increased to EUR 53.8 million. The Bank's market share in retail deposits increased to 10.72% at the end of 2025.

In the corporate segment, the loan portfolio increased by EUR 38 million (13%) and amounted to EUR 332.2 million at the end of November 2025. The leasing portfolio grew from EUR 9.8 million to EUR 11.8 million, representing an increase of 20.8%. Due to faster growth of the overall market in 2025, the market share of the corporate loan portfolio decreased from 16.30% to 15.48%.

Interest income from corporate banking increased by 1.7% and reached EUR 14.1 million in 2025.

Corporate deposits increased by EUR 58.7 million (16.2%), accompanied by an increase in market share from 14.55% to 16.79%. The number of active corporate clients increased by 10.6%, contributing to growth in non-interest income of 6.80%, particularly in the domestic payments segment.

During 2025, successful cooperation with other Erste Group members continued through the Western Balkans initiatives, under which cooperation with new clients was initiated based on referrals from other Group members.

VII. Erste Card Club d.o.o.

Erste Card Club's (ECC) financial result in 2025 contains results of only acquiring part of business after the division of business on 1 October 2024.

In 2025 ECC continues with the trend of growing turnover at points of sale, as the biggest ECC revenue generator, due to higher consumption and a successful tourist season, with simultaneous market pressure on merchants' commissions.

Below is a description of each profit and loss account category, which for the previously mentioned business division, is not comparable to the figures from the previous year.

ECC net profit in 2025 amounting to EUR 1.0 million, which is 35.7% less than in 2024 after the division of business. Operating result in 2025 amounting to EUR 1.2 million (2024: EUR 9.7 million). Positive influence on operating result have turnover growth and income from the acquiring with business costs optimization, alongside the simultaneous pressure of card scheme costs growth.

Net fee and commission income totals EUR 15.1 million (2024: EUR 24.9 million), of which income from acquiring grows 8.5% compared to 2024 due to turnover growth of 6.6%.

Net interest income in 2025 totals EUR 0.2 million (2024: EUR 12.9 million), regarding interest income from deposits and income from the advance payments to the merchants.

Risk cost in 2025 amounts to EUR 0.1 million (2024: EUR -1.2 million).

General administrative expenses in 2025 amounted to EUR 14.1 million (2024: EUR 28.3 million). Decrease of personnel expenses by 46.5% was caused by migration business part to the Bank, with higher severance pay costs. Other administrative expenses amount to EUR 8.3 million (2024: EUR 17.4 million) due to activities related to business division.

Depreciation costs in 2025 amount to EUR 1.2 million (2024: EUR 2.4 million). The biggest portion of the costs, 65% of it, refers to the depreciation of the EFT POS devices, while the remaining part refers to the intangible assets.

Other operating result in 2025 is positive in the amount of EUR 52.1 thousands (2024: EUR -6.0 million) while previous year mostly referred to migration costs in the amount of EUR 5.6 million.

Total ECC assets amounted to EUR 94.0 million as of 31 December 2025 with a 7.2% decrease compared to the EUR 101.3 million as of 31 December 2024.*

Cash and cash equivalents amount to EUR 77.3 million and mostly refer to safeguarded funds held in the Company's bank account. On 31 December 2024 this category amounted to EUR 84.1 million. Cash in the account makes for 82% of total Company's assets.*

Advances to customers amount to EUR 11.8 million (2024: EUR 11.6 million), 13% of total ECC assets, and refer mostly to advances from credit schemes and Principal Bank for payment services from holders of payment instruments for accepting credit transactions on points of sale.*

Most ECC liabilities on 31 December 2025 refer to merchants' payables in the amount of EUR 76.4 million with 81% share of the total liabilities (2024: EUR 85.1 million).*

Total equity amounts to EUR 10.9 million (2024: EUR 9.9 million) with 12% share of total liabilities. In 2025 it has been decided to fully retain the current period's earnings within the Company.*

*In the Group's Statement of Financial Position, the balance sheet items of ECC are presented under the line items "Assets held for sale" and "Liabilities associated with assets held for sale".

VII. Erste Card Club d.o.o. (continued)

GENERAL INFORMATION

In July 2025, Erste Bank, as 100 % owner of ECC, signed a contract for sale with Global Payments s.r.o. from Czechia (GP s.r.o.), and the transaction was concluded on 2 January 2026, following all regulatory approvals. This way, American Global payments, Inc. (“Global payments”) and Erste Group, based in Vienna, expanded their successful collaboration to Croatia.

With the conclusion of the transaction, GP s.r.o. and Erste Bank will continue to cooperate in the card acceptance segment and formalize their strategic partnership. The partnership will focus on card acceptance services and the expansion of the overall presence on the Croatian market. Combining the advanced technology and expertise of Global Payments with its strong local presence and Erste Bank’s client base, the aim of the collaboration is to provide greater value to merchants. At the same time, bank customers will benefit from improved card acceptance solutions, simplified services and a wider range of payment options. Both parties are committed to supporting the digitalization of payment services and fostering innovation on the Croatian market. That is, in October 2024, Erste Bank took over the card issuing segment from the ECC and fully integrated it into its business, while the card acceptance segment remained a regular part of the ECC operations.

GP s.r.o. is a joint venture between the American company Global Payments and Erste Group, which has been operating since 2016. It provides card payment acceptance services in four countries: Czechia, Slovakia, Romania and Austria. The ownership of GP s.r.o. is divided as follows: 51% is held by the Global Payments subsidiary, while 49% is held by the Erste Group subsidiary. Global payments Inc. (NYSE: GPN) is a partner to companies in the field of providing commercial payment services worldwide. It provides state-of-the-art payments and most advanced software solutions for merchants. The company has 27,000 employees in 36 countries. The corporate headquarters are in in Georgia, USA, and the company is a member of the S&P 500.

VOLUMES

The total ECC acquiring turnover in 2025 increased by 6.6% compared to 2024 and amounts to EUR 4,144 million, with the last available market share of 17.3% as of 30 September 2025 (a decrease of 72 bps compared to 30 September 2024). In the turnover structure, the highest growth is recorded in the turnover of Visa and Mastercard cards with 8.6% compared to 2024, influenced by steady trend of a successful tourist season and growth in consumption, while the acquiring turnover of Diners ended up on approximately same level as previous year.

The turnover of cash withdrawals is higher by 7.6% compared to 2024, potentially caused by the combination of growing inflation and slower growth in purchasing power. Consumer behavior continues to favor cash as the most common payment method in Croatia.

In recent years, a trend of growth in cashless payment transactions has emerged, off which debit cards account for the largest share of usage, with the continuous expansion of the card payment acceptance network and technological solutions for cards payment.

The total number of transactions in 2025 exceeded 104 million with an increase of 1.1% compared to the year 2024.

VIII. Erste&Steiermärkische S-Leasing d.o.o.

Erste&Steiermärkische S-Leasing d.o.o. (Erste Leasing) net profit in 2025 amounted to EUR 7.8 million whereby realized profit is higher by EUR 1.3 million compared to 2024, primarily due to increase in interest income. ROE was 10.7%, which represents growth of 0.8 percentage points, and ROA was 1.3%, which represents an increase of 0.2 percentage points compared to 2024.

Net interest income amounted to EUR 13.4 million, achieving a growth of 14.2% compared to 2024. Interest income represents the most significant contribution to the Company's result and is higher by EUR 2.8 million compared to 2024 and refers to interest from finance lease. Interest expense increased by EUR 1.2 million in 2025 and relates to the cost of financing sources.

Income from operating lease amounted to EUR 7.0 million and is lower by 6.7% compared to 2024 due to decrease in operating lease portfolio.

General and administrative expenses amounted to EUR 13.2 million and were higher by 0.4% compared to 2024 due to increase of personnel expenses, growth of other administrative expenses and lower depreciation costs of assets under operating lease.

In 2025, the Company released risk provisions in the amount of EUR 0.1 million, while in 2024 release of risk provisions amounted to EUR 0.3 million. NPL increased by 7.2% to the amount of EUR 6.4 million with NPL coverage of 51% (63% in 2024).

In 2025, Erste Leasing had concluded 7,022 new leasing contracts with total value of EUR 257.8 million and reached a market share of 12.3% according to the latest published data of the Croatian Financial Services Supervisory Agency.

As of 31 December 2025, total assets of Erste Leasing amounted to EUR 616.1 million, which represents an increase of 4.2% compared to 2024. Net finance lease receivables and other receivables increased compared to last year by 4.5% and amount to EUR 571.9 million with a share of 92.8% in total assets. Tangible assets amounted to EUR 28.0 million with a share of 4.5% in total assets, mostly refer to assets under operating lease and decreased by 8.7% compared to 31 December 2024.

Total liabilities to credit institutions and customers as of 31 December 2025 amounted to EUR 531.4 million with a share of 86.2% of total liabilities and are 3.6% higher compared to 2024 which is in line with the growth of the portfolio. Other financial liabilities reduced due to a decrease in liabilities to suppliers, while other liabilities, which relate to received participations under finance lease, follow the trend of increase of finance lease in the portfolio.

Total equity amounted to EUR 75.6 million in 2025 and is higher by 10.4% compared to 2024.

Customer Experience Index (CXI)

Erste Group, including EBC Group, is committed to improving the financial health and economic stability of its customers. This commitment is reflected in several key initiatives and targets. By enhancing the financial health of its customers, EBC Group aims to improve their satisfaction and loyalty, which are key components of the CXI – this index is part of the Erste Group wide framework and is calculated and monitored at the Erste Group level.

The Customer Experience Index (CXI) measures customer satisfaction and loyalty, derived from satisfaction ratings, referrals, readiness to switch banks, customer effort scores, and repurchase rates. It captures the overall customer experience and its impact on the relationship with EBC.

The CXI is calculated using the formula:

$$CXI = \%advocates + \%loyal\ customers + 0.5 \times \%simply\ satisfied - \%non-engaged - \%dissatisfied$$



The CXI is measured through quarterly and annual surveys conducted by an external market research institute, covering private, micro and SME segments. These surveys involve 2,400 telephone interviews annually in the retail segment and at least 1,600 companies per country in the corporate segment. The results are used to set targets for the following year, aiming for significant yearly improvements and ultimately becoming the leader in CXI in the country. The CXI is also used in bonus assessments for management and employees, with targets set by Group People & Culture, Group Customer Experience and relevant business lines. Due to the large amount of market research involved in calculating the CXI, a limitation of this metric is standard deviation.

Supporting financially excluded micro enterprises and start-ups, EBC Group fosters economic stability and enhances customer satisfaction, thereby positively impacting the CXI.

Customer Experience Index (CXI)

	PI		Micro		SME		Total	
	Difference in relation to the top 3 competitors		Difference in relation to the top 3 competitors		Difference in relation to the top 3 competitors		Difference in relation to the top 3 competitors	
	2025	2024	2025	2024	2025	2024	2025	2024
Erste Bank Croatia	12.9	13.2	11.0	6.8	10.1	9.3	12.0	11.1

In 2025, EBC again succeeded in maintaining the excellent customer satisfaction scores of the previous year which is evident in the next paragraph where Erste Group provides overview of results. EBC is among the best banks, as per the CXI score, in its respective markets. Measurement of the metric is validated by an external body other than the assurance provider.

CXI Privates - In the segment of private customers, Erste Bank Croatia attained the best scores in markets of Erste Group.

CXI Micro Segment - In the Micro Segment, Erste Bank Croatia managed to significantly improve on the top 3 competitors. Erste Bank Croatia also managed to take the lead in the banking market here.

CXI SME Segment - In the SME segment, Erste Bank Croatia again achieved the first place in own market. The development in this segment is stable in relation to the top 3 competitors in most markets.



Corporate Governance Statement

Corporate Governance Statement

The Bank pays special attention to corporate governance as the most significant determinant of its operations, which gives an impetus to the Management Board, the managers and the Supervisory Board in achieving interests and protecting both its shareholders and the Bank as a whole.

In order to establish high standards and achieve good rate governance, transparency in operations as the basis for the protection of shareholders, investors and other holders of interest, as well as to take care of employees and to support sustainable development and environment protection, the Bank applies Corporate Governance Principles (hereinafter: the Principles) to its business, adopted by the Management Board and the Supervisory Board of the Bank. The Principles are based on positive regulations of the Republic of Croatia and they ensure strategic governance of the Bank, efficient supervision over management and responsibilities of the Management Board and the Supervisory Board towards the Bank, its employees, clients and other interested parties; the Principles are published on the Bank's official website.

In its operations the Bank particularly complies with the following corporate governance principles:

- Transparency in operations;
- Protection of shareholders' rights;
- Clearly defined authorizations and responsibilities of the Bank's bodies;
- Cooperation between the Management Board and the Supervisory Board, transparent relationships among all the Bank's bodies, employees, shareholders, Bank's clients and the public as a whole;
- Efficient internal control system.

The Bank has ensured the integrity of the accounting system and financial reporting, adequate internal control systems, risk management system and the reliability of the information system covering all the major Bank's activities. In addition, the Bank hired an external auditor and has applied previous, current and subsequent financial supervision of the financial reporting and decision making process.

The accounting system, based on the International Accounting Standards and the International Financial Reporting Standards prescribed by the Accounting Policies of the Bank, is regulated by the Accounting Rules that define rights, obligations and responsibilities of all the participants, including the obligation of ongoing monitoring, while the functioning of the other systems is governed by special standard regulations.

The Bank's internal control system includes efficient direct monitoring through integrated procedures and processes set for monitoring the efficiency of the Bank's operations, reliability of financial reports and compliance with the laws and by-laws, as well as through fair business practice. The Bank's internal control system is established through parallel operating of three mutually independent functions: (a) risk control function, (b) compliance monitoring function, and (c) internal audit function.

In subsidiaries of the Bank in which is necessary due to the activities performed by the company, size, importance and regulatory framework, the compliance function, risk control function and internal audit division is also established.

The main features of the Bank's and subsidiaries' internal control system are reflected in independent bearers of control functions responsible for the identification, assessment and risk management, including Risk control and Compliance function, while Internal Audit Division oversees the overall operations of the Bank and the Group to assess the adequacy of the established system of internal controls.

Code of Conduct of the Bank regulates the basic rules of business conduct of employees of the Bank in order to preserve and further expand the reputation of the banking sector and the Bank in society by promoting the idea of professionalism, responsibility and transparency of business activities.

Furthermore, the Bank has adopted Diversity policy in the year 2017. In accordance with Group principles, this policy outlines framework and guidelines and provides general principles and direction on integrating diversity management into corporate culture and business

The main risk regarding the financial reporting relates to errors or deliberate actions (frauds) that lead to a distortion of the Bank's true and fair view of the Bank's financial position and performance. This is the case whenever the data provided in the financial statements are essentially inconsistent or inaccurate and may individually or in aggregate influence the decision making by the users of the financial statements. Such a decision may incur serious damage, such as financial loss, the imposition of sanctions by the banking supervisor or reputational harm.

Corporate Governance Statement (continued)

Complex requirements for the recognition and measurement of financial instruments, in particular fair value estimates for which reliable market values are not available, estimates for the recognition of value adjustments and provisions, as well as the difficult business environment, present a risk of significant financial reporting errors.

The Bank's share capital, fully subscribed, amounts to EUR 237,778,450.00 and is divided into 16,984,175 ordinary shares issued in dematerialized form, registered with the Central Depository and Clearing Company under »RIBA-R-A« mark.

The nominal value of each share amounts to EUR 14.00 and entitles the holder to one vote at the Bank's General Meeting.

In order to improve the Bank's coordination and simplify the shareholder structure, indirect shareholders of the Bank, companies Erste Group Bank AG and Steiermärkische Bank und Sparkassen AG have decided to become direct shareholders, by taking over the Bank's shares from the company ESB Holding GmbH in the same percentage in which they had shares in the capital of stated company.

In accordance with the aforementioned, until December 30, 2015, all shares of the Bank held the company ESB Holding GmbH, and as of December 30, 2015, all shares of the Bank hold companies Erste Group Bank AG (59.02%) and Steiermärkische Bank und Sparkassen AG (40.98%).

General Meeting decides on all matters as required by relevant regulations and the Articles of Association of the Bank. General Meeting shall be called by the Management Board or by the Supervisory Board not less than once a year and when the interests of the Bank require it. The Bank's General Meeting decides on amendments to the Articles of Association by the majority of votes representing at least three quarters of the equity capital represented at the General Meeting.

On May 15, 2025 the Bank held its regular General Meeting at which a Decision on Profit Distribution for the year 2024 was made. Net profit for year 2024 amounts EUR 225,426,377.54 and amount of EUR 102,121,267.04 was distributed in the retained earnings, the amount of EUR 120,513,384.47 was distributed as the dividend to the Bank's shareholders., while the amount EUR 2,791,726.03 is allocated for distribution based on additional core capital instruments (AT1).

The payment of dividend and distribution in respect of AT1 instruments to the shareholders Erste Group Bank AG and Steiermärkische Bank und Sparkassen AG was effectuated as of May 26, 2025.

Furthermore, General Meeting adopted a Decision on dividend payment from retained earnings in amount of EUR 250,007,056.00 or EUR 14.72 per share upon the fulfillment of the depositor protection set in Article 312a of the Credit Institution Act to the shareholders of the Bank.

The payment of the dividend from retained earnings the shareholders Erste Group Bank AG and Steiermärkische Bank und Sparkassen AG was effectuated as of November 27, 2025.

In addition, the decisions on granting discharge to the Management Board and Supervisory Board members were made.

Besides regular General Meeting in 2025, the Bank held two extraordinary General Meetings as well.

At extraordinary General Meeting held on June 25, 2025, Decision on Amendments to the Articles of Association of the Bank, Decision on Adoption of Suitability and Succession Policy, Decision on suitability assessment of members of the Supervisory Board and collective suitability of the Supervisory Board, Decision on the appointment of the Bank's Auditor for 2025 and 2026 and Decision on the appointment of the Bank's Auditor for auditing report (consolidated) on sustainability for 2025 and 2026 were made.

Bank's Articles of Association were amended with regard to decisions that may be made only after the Supervisory Board submits its report or opinion on the relevant matters. These include decisions on distribution of profit, auditor appointment, amendments to the Articles of Association, capital increases and decreases, cessation of the Bank, and changes of the corporate name and head offices of the Bank. Under the amended Articles of Association, such decisions may be made without the prior report or opinion of the Supervisory Board. These legal changes strengthen the authority of the General Meeting, emphasizing its competence to make such decisions.

Corporate Governance Statement (continued)

In addition, company PKF FACT revizija d.o.o. was appointed as auditor of the Bank for 2025 and 2026 business year, while PricewaterhouseCoopers d.o.o. as the Bank's Auditor for the consolidated sustainability report for the 2025 and 2026 business years.

At extraordinary General Meeting held on November 20, 2025, decision on suitability assessment of the candidate for Supervisory Board member and election of the Supervisory Board member were made.

The members of the Management Board represent the Bank and operate the Bank's business on its own responsibility according to the Companies Act, the Credit Institutions Act and internal acts of the Bank. Management Board of the Bank has 5 (five) members. One member of the Management Board is appointed as the president of the Board. The Management Board conducts its activities and adopts its decisions and resolutions at the Meetings. The organization, operation and decision making of the Management Board are regulated by the Rules of Procedure of the Management Board.

Members of the Management Board are:

- Christoph Schoefboeck, President of the Management Board,
- Martin Hornig, Member of the Management Board,
- Krešimir Barić, Member of the Management Board
- Hannes Frotzbacher, Member of the Management Board,
- Katarina Kraljević, Member of the Management Board.

The Supervisory Board shall supervise the management of the Bank. The Supervisory Board has seven (7) members. The members of the Supervisory Board are elected by the General Meeting.

Members of the Supervisory Board are:

- Willibald Cernko, President of the Supervisory Board, until March 1, 2025
- Georg Bucher, Deputy President of the Supervisory Board,
- Ingo Bleier, Member of the Supervisory Board, President of the Supervisory Board as of March 2, 2025
- Judit Ágnes Havasi, Member of the Supervisory Board,
- Walburga Seidl, Member of the Supervisory Board,
- Nina Begičević Ređep, Member of the Supervisory Board,
- Roland Klimesch, Member of the Supervisory Board,
- Robert Schmidbauer, Member of the Supervisory Board as of March 2, 2025

The Supervisory Board conducts its activities at the Meetings. Summoning and holding meetings and process of making decisions and authorizations are prescribed by the Rules of procedure of the Supervisory Board. Supervisory Board has four (4) committees as follows: Audit Committee, Remuneration Committee, Nomination Committee and Risk Committee which are established with the aim of making competent and independent judgements on all issues placed in their jurisdiction by the Bank's internal acts and the relevant regulations. Committee members are appointed from the members of the Supervisory Board.

Audit Committee:

- Georg Bucher, President
- Judit Ágnes Havasi, Member
- Roland Klimesch, Member

Remuneration Committee:

- Judit Ágnes Havasi, President
- Willibald Cernko, Member until March 1, 2025
- Georg Bucher, Member
- Ingo Bleier, Member as of March 2, 2025

Corporate Governance Statement (continued)

Nomination Committee:

- Judit Ágnes Havasi, President
- Willibald Cernko, Member until March 1, 2025
- Georg Bucher, Member
- Roland Klimesch, Member
- Walburga Seidl, Member
- Ingo Bleier, Member as of March 2, 2025

Risk Committee:

- Nina Begičević Ređep, President
- Walburga Seidl, Member
- Willibald Cernko, Member until March 1, 2025
- Ingo Bleier, Member as of March 2, 2025



Sustainability Statement



Independent practitioner’s limited assurance report on Erste&Steiermärkische Bank d.d.’s consolidated Sustainability Statement

To the shareholders of Erste&Steiermärkische Bank d.d.

Limited assurance conclusion

We have conducted a limited assurance engagement on the consolidated sustainability statement of Erste&Steiermärkische Bank d.d. (the “Bank”), included in the Sustainability Statement of the Management report (the “consolidated Sustainability Statement”), as at 31 December 2025 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the consolidated Sustainability Statement is not prepared, in all material respects, in accordance with Articles 32 and 36 of the Accounting Act implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Bank to identify the information reported in the consolidated Sustainability Statement (the “Process”) is in accordance with the description set out in note IRO-1 – DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES; and
- compliance of the disclosures in EU Taxonomy Disclosures within the Environmental information of the consolidated Sustainability Statement with Article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”).

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* (“ISAE 3000 (Revised)”), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Practitioner’s responsibilities section of our report.

PricewaterhouseCoopers Ltd. Heinzelova 70, 10000 Zagreb, Croatia
T: +385 1 632 8888, F: +385 1 6111 556



Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities for the consolidated Sustainability Statement

Management Board of the Bank is responsible for designing and implementing a process to identify the information reported in the consolidated Sustainability Statement in accordance with the ESRS and for disclosing this Process in note IRO-1 – DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES of the consolidated Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.



Management Board of the Bank is further responsible for the preparation of the consolidated Sustainability Statement, in accordance with Articles 32 and 36 of the Accounting Act implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the ESRS;
- preparing the disclosures in EU Taxonomy Disclosures within the Environmental information of the consolidated Sustainability Statement, in compliance with Article 8 of the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that Management Board determines is necessary to enable the preparation of the consolidated Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Group's sustainability reporting process.

Inherent limitations in preparing the consolidated Sustainability Statement

Reporting on sustainability matters in accordance with ESRS requires the use of information from the Group's value chain, which is only available to a limited extent. As described in note BP-2 – Disclosures in Relation to Specific Circumstances, Time Horizons and Data Methodology for Reporting – Estimation uncertainty and assumptions of the consolidated Sustainability Statement, the Management Board of the Bank must therefore rely on third-party data and information, and make assumptions and estimates to determine the sustainability information disclosed in the consolidated Sustainability Statement. The completeness and accuracy of such sustainability information is therefore subject to significant inherent uncertainties.

In reporting forward-looking information in accordance with the ESRS, Management Board of the Bank is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Practitioner's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the consolidated Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the consolidated Sustainability Statement as a whole.



As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the consolidated Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Bank's description of its Process set out in note IRO-1 – DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES.

Our other responsibilities in respect of the consolidated Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the consolidated Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the consolidated Sustainability Statement. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the consolidated Sustainability Statement, whether due to fraud or error.



In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
 - performing inquiries to understand the process of identifying the organisational boundaries, value chain and stakeholders and sources of the information used by Management Board (e.g., stakeholder engagement, business plans and strategy documents);
 - assessing key assumptions made by Management Board in determining scales and thresholds used in identifying material topics; and
 - reviewing the Bank's internal documentation of its Process.
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Bank was consistent with the description of the Process set out in note IRO-1 – DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES.

In conducting our limited assurance engagement, with respect to the consolidated Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its consolidated Sustainability Statement by:
 - Obtaining an understanding of the Group's control environment, processes and information system relevant to the preparation of the consolidated Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control.
 - Reviewing the Bank's internal documentation of the sustainability reporting process.
- Evaluated whether the information identified by the Process is included in the consolidated Sustainability Statement.
- Evaluated whether the structure and the presentation of the consolidated Sustainability Statement is in accordance with the ESRS.
- Performed inquiries of relevant personnel and analytical procedures on selected information in the consolidated Sustainability Statement.
- Performed substantive assurance procedures on selected information in the consolidated Sustainability Statement.
- Where applicable, compared disclosures in the consolidated Sustainability Statement with the corresponding disclosures in the financial statements and the Management report.



- Evaluated the methods, assumptions and data for developing estimates and forward-looking information.
- Reviewed the Bank's internal policies disclosed in the consolidated Sustainability Statement.
- Obtained an understanding of the Bank's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the consolidated Sustainability Statement.

The engagement partner on the assurance engagement resulting in this independent practitioner's report is Slaven Kartelo.

Original report is signed in Croatian language

PricewaterhouseCoopers d.o.o.
Heinzlova 70, Zagreb
26 March 2026

Slaven Kartelo
Member of the Management Board,
Certified auditor

This version of our report is a translation from the original, which was prepared in Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Sustainability Statement

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General information

Basis for preparation

BP-1 – GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENT

For 2025, Erste Bank Croatia Group (EBC Group) has integrated its sustainability statement into the management report. This report has been prepared using the European Sustainability Standards (ESRS) as a framework alongside the requirements of Article 8 of EU Regulation 2020/852 (EU Taxonomy). The sustainability statement has been prepared on a consolidated basis.

The scope of consolidation of the sustainability statement corresponds to the scope of consolidation of the financial statements, which are prepared in accordance to the International Financial Accounting Standards (IFRS). Information in this statement relates to the entities within this scope of consolidation, as well as the EBC Group's upstream and downstream value chain. Where this is not the case, this is indicated in the text. The scope of consolidation includes the following entities within the EBC Group:

- Erste&Steiermärkische Bank d.d.
- Erste&Steiermärkische S-Leasing d.o.o.
- Erste Card Club d.o.o.
- Erste Bank AD Podgorica
- Erste nekretnine d.o.o.
- Izbor nekretnina d.o.o.
- Keks Pay d.o.o.

In order to ensure that all material aspects are addressed, EBC Group conducted a value chain assessment as part of the double materiality assessment (DMA). This materiality analysis helped EBC Group to identify and assess impacts, risks and opportunities (IROs) across the value chain. The material IROs connected to the value chain are an integral part of the report. Further information on the value chain and its assessment can be found in the chapter 'SBM-1 – Strategy, business model and value chain'. In addition to the qualitative description of the value chain and its role in the DMA, the sustainability statement also covers the Group's upstream and downstream value chain through reporting of Scope 3 greenhouse gas emissions.

In Croatia, Corporate Sustainability Reporting Directive has been adopted into the national law through the amendments to the Accounting Act (OG No. 85/2024, 145/2024, 151/2025), the Audit Act (OG No. 127/2017, 27/2024, 85/2024, 145/2024,151/2025) and the Capital Markets Act (OG No. 65/18, 17/20, 83/21, 151/22, 85/24). The Accounting Act allows the exemption from disclosing impending developments or matters under negotiation, as provided for in articles 19a(3) and 29a(3) of Directive 2013/34/EU. EBC Group did not use this exemption in sustainability statement.

Disclosure requirements in certain points include incorporation by reference mainly to financial statements notes, corporate governance statement or sections in this sustainability statement. Every reference is indicated in corresponding disclosure requirement. All relevant disclosures and data points mandated by the ESRS have been included directly within this document, without the need for external referencing to other reports or documents.

EBC Group did not make use of the option to exclude information on intellectual property, know-how or innovation results, as there is no such information that requires disclosure.

BP-2 – DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES, TIME HORIZONS AND DATA METHODOLOGY FOR REPORTING

Estimation uncertainty and assumptions

Certain disclosed metrics have been calculated using estimates and assumptions. Information on the estimates and data sources, including potential measurement uncertainties and assumptions, where applicable, is provided in the respective topical chapters. EBC Group discloses metrics that incorporate value chain information which has either been sourced directly from counterparties or derived indirectly through third-party data providers or industry-specific proxies.

A high level of measurement uncertainty due to limitations in data and methodologies relate to the disclosure of GHG emissions. In EBC Group's analysis and climate target-setting, estimates have been made using the recognized frameworks available at the time. Detailed descriptions of the methodological approaches can be found in sections E1-4 and E1-6.

The presentation of EU Taxonomy reporting is subject to uncertainty due to limitations to the availability of information and the use of third-party data. See the 'Reporting methodology and underlying assumptions and interpretations' section within the EU Taxonomy Disclosures chapter for a description of limitations in data and data quality for EU Taxonomy reporting.

The limitations in the availability of environmental data from EBC Group's corporate clients and other business relationships may also have impacted the results of its impact materiality assessment.

Climate-related target setting, alongside the respective actions and policies, require forward-looking parameters over a long-term horizon. EBC Group's parameters are based on expectations, projections and estimations, which inherently involve a degree of uncertainty and risk. This is due to factors such as evolving methodologies, fluctuating market conditions, technological advancements and challenges in data availability, accuracy, as well as potential regulatory changes. These assessments are subject to change and should not be considered reliable indicators of future performance.

To address these limitations, Erste Group has implemented an ESG Data Strategy, which is valid also for EBC group. ESG Strategy defines structured short- and medium-term actions to enhance ESG data availability. The strategy focuses in particular on strengthening client-level ESG data collection. Progress against these actions is regularly monitored through internal governance frameworks with the objective of progressively reducing estimation uncertainty over time.

Transitional provisions and phase-in options

- EBC Group has used the phase-in option under ESRS 1 Appendix C with respect to breakdown of total revenue, as included in its financial statements, by significant ESRS sectors and a list of the additional significant ESRS sectors considering that such sectors has not yet been defined (SBM1 point 40 b and 40 c) and anticipated financial effects of material risks and opportunities identified on EBC Group's financial position and financial performance in future years (SBM-3 48 e).
- EBC Group has used the phase-in option under ESRS 1 Appendix C with respect to anticipated financial effects from material physical and transition risks and potential climate-related opportunities (E1-9).

Time horizons

EBC Group uses the following time horizons in accordance with ESRS:

- short-term: up to 1 year
- medium-term: 1 to 5 years
- long-term: over 5 years

Where applicable, any deviations from these time horizons are noted (for example due to time horizons which were aligned with internal risk processes).

Governance

GOV-1 – THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Organisational structure for sustainability topics

Management Board

The Management Board has overarching responsibility for managing the organisation and defining the sustainability strategy, framework, goals and priorities. This includes ensuring the implementation of the sustainability strategy by allocating adequate resources and controls and preparing the consolidated sustainability statement. The Management Board is also responsible for the process of identifying and managing impacts, risks and opportunities (IROs) and is periodically informed on the status of IRO management and targets including milestones achieved .

In 2025, the Management Board was briefed on material environmental IROs (sustainable financing, climate change mitigation) by experts from different divisions, such as strategy, risk management and business areas. For social topics, the diversity strategy was presented and discussed in the Management Board. Also, gender pay gap was presented to the Management Board and the Remuneration Committee of the Supervisory Board. The Chief Risk Officer (CRO) is briefed quarterly on data privacy issues and receives regular reports. There are also ad-hoc meetings with other board members on these matters. On governance topics regarding whistleblowing, the participating members of the Management Board were informed about the Group Whistleblowing Policy, as well as compliance with applicable EU laws and the Protection of Reporters of Irregularity (Whistleblower Act.) This also included an overview of the cases from the last reporting period.

The Management Board, the Audit Committee and the Supervisory Board were regularly informed about the status and results of the double materiality assessment (DMA) by the Accounting Department and ESG coordinator. The DMA was approved by the Management Board and presented to the Audit Committee.

Management Board ensures the local adoption of sustainability-related strategies and develops tailored actions to implement these strategies. The Management Board further supports and implements activities to achieve sustainability targets that have been set, including approving a dedicated local budget for sustainability matters when necessary.

Supervisory Board

The Supervisory Board is responsible for overseeing the implementation of the sustainability strategy and for approving fundamental decisions on strategy. The Supervisory Board and the Audit Committee are tasked with reviewing and approving the sustainability statement prepared by the Management Board. The Supervisory Board is regularly briefed on material IROs and are informed and consulted in the process of setting, reviewing and adapting targets towards material IROs. The Audit Committee was briefed on climate related IROs by experts from strategy, risk management and business areas in 2025.

ESG Core Team

The ESG governance structure in EBC Group is organized in a decentralized model, ensuring that each organisational unit involved in ESG topics has an assigned point of contact (SPOC) and that roles and responsibilities are clearly defined. At the top of the governance structure is the Sustainability Board, represented by the Management Board, which convenes quarterly and steers the overall ESG activities. This board addresses and makes final decisions on any strategic ESG matters escalated by the core team and oversees the implementation of ESG-related policies and actions. The ESG Core Team functions as the primary operational body for ESG implementation at the bank level. Comprising B-1 level managers and led by an ESG coordinator this team meets on an as-needed basis to prepare and execute the ESG strategy, establish frameworks, and make decisions on operational matters. The responsibilities of these governance bodies and individuals for managing ESG-related impacts, risks and opportunities are defined in internal governance documents, the Management Board mandate and the bank's ESG and sustainability policies..

Relevant ESG matters are regularly reported to and discussed by the Management Board.

Composition of the bodies, skills and expertise

Management Board

The Management Board of EBC Group consists of five (5) members. In both 2024 and 2025, the average ratio of female to male Management Board members was the same: 20%, with four (4) male members and one (1) female member.

Christoph Schoefboeck has been appointed as President of the Management Board of Erste&Steiermärkische Bank d.d. in May 2015. Mr. Schoefboeck, the CEO and CCMO (Chief Corporates and Markets Officer), has extensive and long-standing experience in various management positions.

Before coming to his current position, he was the CRO (Chief Risk Officer) in Erste&Steiermärkische Bank d.d. in the period from 2011 to 2015, at the same time holding various Supervisory Board functions within Erste Group Croatia. Prior to that he was the COO (Chief Operating Officer) and a Member of the Board in ZAO Raiffeisenbank in Moscow, in charge of all operational and IT activities of the bank including a successful large bank merger and holding business responsibility for a large business region. From 2003 to 2006 he was the CRO and COO in HVB Splitska banka, and from 2002 to 2003 he was the authorized representative and Member of the Board in HVB Croatia d.d.

Mr. Schoefboeck holds a doctorate in economics from Faculty of Economics at Vienna University, where he was also involved in large research projects. He attended numerous management trainings in Switzerland, Great Britain and USA.

His roles include the implementation of the Bank's strategies in the CSR segment, with special emphasis on promoting the development of different social segments through a wide range of activities, aimed at the well-being of the clients and the much wider social community in which it operates. When choosing relevant projects, the Bank always takes into account specific regional characteristics and needs of local society. Mr. Schoefboeck also has a sponsor role for diversity subjects, talent management and succession, the Bank's financial literacy project, as well as financial health of employees and customers. Digital transformation and ESG goals of the Bank (from strategy development to climate goals) are among his top priorities. He's also the member of the Steering Committee of the Croatian Business Council for Sustainable Development, one of the most relevant entities that promote sustainability in the corporate sector and business society. Apart from that Mr. Schoefboeck is also member of International Institute for Climate Action (IICA).

Martin Hornig has been appointed as Member of the Management Board of Erste&Steiermärkische Bank d.d. in July 2014. Mr. Hornig, the COO (Chief Operations Officer (COO) graduated from Vienna's University of Economics and Business. He gained professional experience through long-year management of financial operations at the management board level or the level immediately below in institutions and legal entities with high significance for the economy. After working in management consulting and as Member of the Management Board (COO) of Brokerjet Bank AG in 2014 he joined Erste Group and since then he held different executive functions in it.

Mr. Hornig is dedicated to promoting technology support and innovation by enhancing financial services and accessibility to customers, thus creating adequate preconditions for building-up a modern, secure and long-term sustainable framework that enables clients to successfully manage their financial needs in an easier way.

In 2024, Mr. Hornig was responsible for the transition towards net-zero operations by 2030, this includes fostering renewable heating sources for office locations, low carbon mobility for employees and maintaining on local level low carbon electricity.

Krešimir Barić has been appointed as Member of the Management Board of Erste&Steiermärkische Bank d.d. in January 2020. Mr. Barić, the CFO (Chief Financial Officer) has obtained a degree in Economics (finances) in 2000 from the University of Zagreb, Faculty of Economics. He has been employed at Erste&Steiermärkische Bank d.d. since December 2006, and became a Board Member after 15 years at managerial positions within the fields of accounting and controlling. During his career, he finished Group Leadership Development Program and took part in rotational training programs within Erste Group, as well as many group projects. In 2017 he held the position of Head of Performance and Capital management at Erste Group in Vienna where he gained additional international experience. It is the responsibility of Mr. Barić to ensure the integrity of the Bank's accounting system, comprising its financial and non-financial reporting, aligned with all regulatory and legal standards. He takes care about a smooth implementation of the Corporate Sustainability Reporting Directive into the Bank's operating business model.

Katarina Kraljević has been appointed as Member of the Management Board of Erste&Steiermärkische Bank d.d. in August 2024. Ms. Kraljević has been a member of the Erste&Steiermärkische Bank d.d. team since 2005. She was appointed as a Member of the Management Board from the position of Director of Retail Business Development.

Katarina Kraljević is a Master of Economics and has many years of experience working in the banking industry. She started her career in 2001 as a financial advisor for retail at Bank Austria Creditanstalt d.d. Zagreb. From 2002 to 2005 she was a financial representative for SMEs in Centar banka d.d., after which she transferred to Erste&Steiermärkische Bank d.d. as a risk manager for micro enterprises, sole proprietors, and retail clients. From 2008 to 2015 she was head of the Private and Micro Business Credit Risk Management Directorate, and from 2015 to 2017 she was Deputy Director of Retail.

Mrs. Kraljević has been deeply involved in the implementation of financial health strategy in the Bank, thus putting the responsibility in conducting business with clients as a fundamental tenet of the Bank's operations. She has a significant role in the development of the Bank's social banking strategy, which provides equal opportunities and accessibility of funding to different social groups that are not included in the standard financing models. Apart from that, Mrs. Kraljević fosters sustainability by promoting eco friendly products on the market.

Hannes Frotzbacher has been appointed as Member of the Management Board of Erste&Steiermärkische Bank d.d. in February 2020. Mr. Frotzbacher, the CRO (Chief Risk Officer), after 14 years of working experience at Creditanstalt AG and Unicredit Bank Austria AG joined Erste Group in 2010. In the period from 2010 until 2012 he was responsible for Group Corporate Risk management, and in the period from 2012 until December 2019 he was in the positions of Head of Corporate Risk Management and the position of Chief Credit Officer. From 2013 until end of 2019, he was also performing function as a Member of the Erste&Steiermärkische Bank d.d.'s Supervisory Board. He holds a master's degree in legal science and has professional education in finances, banking, and management skills development.

Mr. Frotzbacher holds an important role in the climate risks management and the achievement of the net zero transition goals, the clients' path through the green transition process and setting the decarbonisation targets. Having established the relevant ESG criteria, the Bank aims to ensure that the financial resources are primarily directed to the projects that, to higher degree, contribute to the overall sustainable transformation of the economy.

Supervisory Board

It is comprised of seven (7) members elected by the General Meeting, ensuring governance and accountability in management operations. In terms of diversity, the Supervisory Board's composition in 2024 and 2025 includes 43% women and 57% men. Additionally, two of the seven members serve as an independent representative, constituting 28,6% of the board's total membership. There is no employees representatives in Supervisory Board.

The Supervisory Board members are carefully evaluated for their suitability before appointment, based on the requirements applicable to credit institutions. When appointing members to the Supervisory Board, care is taken to ensure that the Supervisory Board as a collective body possesses, in its entirety, the necessary knowledge, skills and professional experience required for the proper performance of its duties, including EBC Group's sustainability matters and their associated IROs.

Sustainability-related expertise

Due to the professional background and experience of the individual members, the Supervisory Board has in-depth knowledge of key sustainability issues such as sustainable investments, the legal framework and legal developments on sustainability issues, employee concerns, corporate governance and sustainability reporting. Members of the Supervisory Board have professional experience relevant to the bank's core sectors (e.g., retail banking, corporate banking, sustainable finance), product lines (loans, mortgages, investment products) and geographic markets in which EBC Group operates. This sector-, product- and region-specific experience complements their ESG and governance expertise and supports informed oversight of the EBC Group's sustainability activities. The Supervisory Board continually updates and expands its professional expertise in this area through ongoing further education and training as well as exchanges with experts. The Management Board and the Supervisory Board have access to various sources of specialist expertise from all the bank's specialist areas, for example through ongoing external and internal training courses in which they participate. The members participate in web-based training session aligned with the Sustainable Finance module (Introduction to Sustainability, Regulatory Framework Overview, EU Taxonomy, SFDR, CSRD, European Supervisory Authorities and Sustainable Finance, Guidelines on Loan Origination and Monitoring, ESG Risks, EU Green Bond Standard, Sustainable Practices in the Financial and Non-financial Sector). The boards also have access to the relevant expertise through their representation in the committees of the Bank. The individual members of the Management Board are briefed through direct reporting lines from senior management as well as through regular board meetings. In addition to the specialist expertise within EBC Group, external consultants may be engaged for specific topics to provide additional support and further enhance the governance and strategic oversight within EBC Group.

For further details on how specific IROs are overseen and managed within the Group, please refer to chapter 'GOV-2 Information and sustainability aspects dealt with by the company's administrative management and supervisory bodies.

For more general information on the composition and working procedures of the corporate bodies and the expertise of the Supervisory Board members, please refer to the separate Corporate Governance Statement of EBC Group.

Gender diversity targets

EBC Group is committed to constant progress towards a gender-balanced management on all levels. While not falling below this minimum, the gender targets for local bank subsidiaries, including EBC Group, were adapted to the same targets for management board and supervisory board of 30%. These targets were approved by the Nomination Committee.

GOV-2 – INFORMATION AND SUSTAINABILITY ASPECTS DEALT WITH BY THE COMPANY'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

To ensure continuous progress and transparency in sustainability, EBC Group has developed an ESG KPI Dashboard that enables regular monthly performance monitoring of key sustainability metrics.

This includes sustainable financing volumes across various business lines, financing activities and GHG emissions and decarbonisation KPIs at a group level. The Management Board is informed at least on a quarterly basis about environmental IROs, through the ESG KPI Dashboard. For other IROs, such as those for Own Workforce, Consumers & end-users and Business Conduct, ad-hoc information is provided to the management.

Key insights and findings are further reported through the Sustainable Financing Report, provided monthly via an online reporting platform to all bank internal ESG stakeholders including board members. This reporting structure ensures alignment with decarbonisation targets and supports decision-making at all organisational levels.

Detailed reviews are also regularly performed in the Corporates & Markets board on the group level, where progress toward targets and pipeline development are thoroughly assessed. This framework demonstrates EBC Group's commitment to transparency, governance and sustainability.

IROs are also considered in major transactions as the Group Responsible Financing Policy defines industry specific ESG criteria and sets out the financing rules to determine whether a transaction can be carried out and in which way. In addition, the policy outlines the assessment process to ensure efficient decision-making, well-documented decision-making in line with specified ESG criteria. These criteria reflect the identified IROs, with particular emphasis on Erste Group's financing of emission-intensive sectors and the associated biodiversity impacts.

All IROs identified as material in the DMA were discussed with and acknowledged by the Management Board and presented to the Audit Committee. For a list of all material IROs, please refer to the list in chapter 'SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model'.

Policy governance

Group policies and procedures are established across various areas within the organisation, such as business, central functions, finance, IT, banking services, and risk management. The implementation of each specific group policy is overseen by the Management Board member responsible for that area. The CEO is responsible for central functions, including sustainability matters related to the Own Workforce. The CFO oversees finance, while the COO handles IT and banking services. Risk management, including environmental risks, falls under the CRO's responsibility. Although the group Management Board holds overall responsibility for a unified strategy and framework, each local Management Board is tasked with implementing these policies, taking into account their specific circumstances.

EBC Group has procedures in place to manage IROs and integrate them into the company's structure. The following examples show how IROs are managed within the group.

Policy governance for the climate change mitigation IRO

The financed CO₂ emissions of Erste Group, and EBC Group as its subsidiary, contribute to climate change and global warming. Therefore, the calculation of its financed CO₂ emissions supports the group to comply with regulatory reporting requirements and the implementation of the overall sustainability strategy and is the responsibility of Enterprise wide & Operational Risk Management (ERM) at the Erste Group level.

ERM is in the CRO division of Erste Group Bank AG and provides a framework and guidance to all entities within the scope of Carbon Footprint Calculation Policy, which was approved by the Erste group Management Board in February 2024. The Policy covers the processes and responsibilities in connection with financed emissions and includes specifications of Group vs. Local ownerships throughout the calculation process.

The local Board is responsible for the implementation of the policy on a subsidiary level. Local Risk Management Division acts as focal point for topics related to the carbon footprint calculation and has the ownership of developing and implementing the Local Carbon Footprint Calculation Policy to reflect the Erste Group Policy. Regular communication between Risk Management, Sales and ESG via a Working Group ensure that a mutual understanding of carbon footprint calculation related topics across Erste Group exists.

Policy governance for the Diversity IRO

With support and guidance from the Erste Group, EBC Group promotes an inclusive corporate culture to create an open environment of acceptance and support for all people.

Diversity framework and overall strategy are developed by Group Diversity Management, an Erste Group function, and then adapted to local EBC Group context and needs. Group Diversity Management (GDM) provides guidance to all entities within the scope of the Group Diversity & Inclusion Policy, and EBC Group then defines local specifics in local Policy. GDM develops diversity targets and provides diversity data for reports, rating agencies and communication on a Group level. The group Management Board engages in active dialogue with GDM on Erste Group’s diversity impact as well as to support and implement group-wide activities to promote diversity and inclusion.

Local Diversity Manager in EBC Group acts as a focal point for diversity topics, adapts measures, trainings and the Group Diversity & Inclusion Policy, to suit local circumstances. Regular communication between GDM and EBC Group Diversity Manager ensures that a mutual understanding of the diversity impact across Erste Group exists.

The group Management Board discusses the progress of diversity targets with EBC Management Board on a regular basis, at least annually as well as monitoring diversity targets.

GOV-3 – INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

EBC Group is committed to a remuneration system that integrates sustainability matters. The EBC Remuneration Policy outlines the structure and criteria for compensating members of the Management Board and Supervisory Board. No variable remuneration is paid to members of the Supervisory Board.

For the Management Board, variable remuneration is capped relative to the amount of fixed remuneration with a maximum of 100% (bonus cap). This variable remuneration is granted and paid based on specific, measurable performance criteria that align with Erste Group’s business strategy and long-term development. These criteria are annually assessed by the Remuneration Committee and the Supervisory Board of EBC Group.

Variable remuneration is structured to include both upfront and deferred payments. For amounts exceeding EUR 150,000, 60% of the variable remuneration is deferred, while for amounts below this threshold, 40% is upfront. At least half of both the upfront and deferred remuneration is delivered in the form of non-cash instruments, such as Phantom Shares, with the remaining portion paid in cash. The Remuneration Policy also includes malus and clawback provisions in accordance with EBA guidelines.

Table 1: Components of the Remuneration of the members of the Management Board

Type/components	Elements	Method of payment	Features
Fixed remuneration			
Base salary		Cash	— takes into consideration equitable pay
	Pension fund	Assumption of Contributions by the company	— a part of contracted gross salary is paid into Erste Voluntary Pension Fund
Other remuneration	Insurance	Assumption of Contributions by the company	— Risk insurance against occupational disability and in case of death — Risk accident insurance
	Other	Cash or benefits in kind	— Benefits in kind, e.g. company car employee shares, health insurance and similar
Variable remuneration			
Upfront remuneration (40%)	Upfront cash payments (50% of the upfront portion)	Cash payment in the following fiscal year	
	Upfront non-cash component (50% of the upfront portion)	Phantom Shares in the second following fiscal year (1-year holding period)	— Alignment with the fulfilment of performance criteria in line with business strategy and long-term development of EBC group — Consideration of targets at group and/or individual institution level
Deferrals (60%)	Deferred cash payments (50% of the deferral)	Cash payment from the second following fiscal year in 5 annual tranches	— Contribution of individual targets
	Deferred non-cash component (50% of the deferral)	Phantom Shares from the third following fiscal year in 5 annual tranches.	

ESG related targets for EBC group are in line with the main pillars of the sustainability strategy of Erste Group. Erste Group's primary impact on the environment lies in its lending activities and more precisely, the resulting financed emissions. As a financial institution, it is therefore its role to contribute to the transition towards a low-carbon economy by engaging with its clients and supporting them along their decarbonisation pathway. Measurable ESG targets, aligned with Erste Group's objectives, are suggested by experts of the CEO, CFO and CRO division and approved by the Supervisory Board. These targets are translated into individual Management Board member targets forming a significant part of the variable remuneration system of the Management Board.

ESG targets for Management Board members may include, but are not limited to, maintaining a strong ESG performance, supporting the Green Transition i.e. Green financing and Net Zero transition.

In 2025, the ESG targets for Management Board members included two overarching targets, which are not directly linked to any specific sustainability matter:

- Maintaining a good ESG performance for EBC Group is shared by the CEO/CRetO, CFO, CRO and CCMO and is assessed by external ESG ratings (MSCI, ISS ESG, SUSTAINALYTICS, CDP). Except for CDP, which focuses on climate impact, the other three ESG rating agencies measure the environmental, social as well as governance related performance of companies.
- Implementation of the ECB ESG Action Plan is assigned to the Chief Risk Officer.

Additional ESG targets are directly linked to climate change and will be explained in more detail in the relevant chapter. The following targets were assigned to Management Board members:

- Supporting the Portfolio net zero Transition (net zero target setting) is shared by CFO and CCMO (see chapter E1-4).
- Strategic sustainability agenda, climate strategy and targets of Erste Group are assigned to the CEO.
- CSRD sustainability reporting is assigned to the CFO.
- Increasing sustainable retail mortgages (target volume of new sustainable retail mortgages) is assigned to the CRetO (see chapter E1-4).
- Increasing sustainable corporate financing (target volume of new sustainable corporate financing) is assigned to the CCMO (see chapter E1-4).
- Increasing zero-carbon electricity sourcing is assigned to the CEO (see chapter EE1-4).
- In addition, all Board Members have a diversity target with 5% weight.

In 2025, 10% of the relevant Management Board members' variable remuneration was based on ESG criteria. The Supervisory Board, through its independent Remuneration Committee, sets the remuneration of Management Board members. This Committee prepares the Supervisory Board's resolutions on remuneration in accordance with legal requirements.

Performance is assessed on a 5-point rating scale, with ESG factors accounting for 10% of the overall performance evaluation, which experts of CEO, CFO and CRO division then evaluate at the end of the performance period. The results of this evaluation are reviewed and approved by the Remuneration Committee, who subsequently informs the Supervisory Board.

Erste Group's target volume of Sustainable Financing and retail mortgages are determined according to the criteria described in E1-4 and must not be confused with the Green Asset Ratio (GAR) KPI under the EU Taxonomy.

GOV-4 – STATEMENT ON DUE DILIGENCE

EBC Group has embedded sustainability into its business strategy and relies on responsible, value-driven business practices that enable stable returns for all stakeholders over the long term. As a financial institution operating across diverse sectors, EBC recognizes that its activities may impact the environment or society. To address these impacts, EBC Group applies continuous due diligence processes on an annual basis, designed to identify, prevent, mitigate and manage both actual and potential negative impacts on the environment and society. These due diligence processes are applied throughout the Double Materiality Assessment (DMA) and are also reflected in the policies and procedures implemented to manage such impacts.

The table below provides a mapping of the core elements of EBC Group's due diligence process and explains how its main aspects and steps are reflected in the sustainability statement. These core elements include embedding due diligence in governance, strategy and business model, engaging with affected stakeholders, identifying and assessing adverse impacts, taking actions to address those impacts, tracking the effectiveness of these actions, and communicating. This structure allows the due diligence practices of the undertaking to be clearly depicted.

Table 2: Core elements of due diligence

Core elements of due diligence	Paragraphs in the sustainability statement
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2 – Information and sustainability aspects dealt with by the company's administrative, management and supervisory bodies
	ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with Erste Group's strategy and business model
	ESRS 2 GOV-2 – Information and sustainability aspects dealt with by the company's administrative, management and supervisory bodies
	ESRS 2 SBM-2 – Interests and views of stakeholders
	ESRS 2 IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities
	E1-2 – Policies related to climate change mitigation and adaptation
	S1-1 – Policies related to own workforce
	S1-2 – Processes for engaging with own workforce and workers' representatives about impacts
	S3-1 – Policies related to affected communities
	S3-2 – Processes for engaging with affected communities about impacts
	S4-1 – Policies related to consumers and end-users
S4-2 – Processes for engaging with consumers and end-users about impacts	
c) Identifying and assessing adverse impacts	G1-1 – Business conduct policies and corporate culture
	ESRS 2 IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities
d) Taking actions to address those adverse impacts	E1-3 – Actions and resources in relation to climate change mitigation and adaptation
	S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce and effectiveness of those actions
	S3-4 – Taking action on material impacts on affected communities and managing the effectiveness of those actions
	S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users and effectiveness of those actions
e) Tracking the effectiveness of these efforts and communicating	E1-4 – Targets related to climate change mitigation and adaptation
	S1-5 – Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities
	S3-5 – Targets related to advancing positive impacts
	S4-5 – Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

GOV-5 – RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY STATEMENT

The main risks in the sustainability reporting procedures include errors in reporting (such as inaccuracies in both quantitative and qualitative data), reporting on irrelevant information (including non-material information that does not significantly impact stakeholders) as well as omitting relevant information (failing to disclose material information that is important for stakeholders). These risks are also valid for value chain data, as well as qualitative or quantitative information provided in the sustainability statement that would materially deviate from the correct figures or circumstances, i.e. whenever, alone or in aggregate, they could influence the decisions made by the users of the sustainability statement. To mitigate the risks of misstatements, EBC Group uses a rigorous risk management system based on internal control processes (ICS).

Furthermore, EBC Group has implemented an ESG risk framework to assess material ESG factors, associated risks, and the effectiveness of mitigation strategies throughout credit and rating processes.

The sustainability reporting process is integrated in the financial reporting process. Therefore, the basic components of the ICS for the financial reporting within EBC Group are also used for the quantitative information in sustainability reporting.

These include:

- systemic, automatic control systems and measures in the formal procedure and structure, e.g. programmed controls during data processing
- principles of functional separation and checks performed by a second person (the four-eye principle)
- highly automated data validation in the group consolidation process

In 2025, EBC has implemented a new disclosure management tool to improve the reporting process for the sustainability statement. These improvements in control measures result in increased efficiency and control of the reporting process that include:

- Granular user rights and permissions than can be granted per section/chapter
- Clear documentation of changes
- Approval of tracked changes being restricted to document owners

Furthermore, there is improved data integration from various sources that are directly uploaded to the disclosure management tool as well as dynamic linking means that once the data has been uploaded, it refreshes across the entire document to ensure consistency and accuracy.

Internal controls for the processing of qualitative data include the 4-eyes principle (which also applies to quantitative data). This process includes multiple internal feedback loops, management reviews and external consulting. Furthermore, evidence for important qualitative statements, such as minutes of meetings, contracts as well as board approvals is collected and documented to ensure the accuracy and relevance of qualitative data.

To mitigate the risks of including non-material information, or omitting relevant material information, a comprehensive double materiality assessment (DMA) was carried out in collaboration with an external consultant to ensure that the information presented is both relevant and material. This step helps in avoiding the reporting of irrelevant information and ensures that all significant sustainability-related aspects of EBC Group are covered. In addition, a data point analysis including a mapping of disclosure requirements to the material topics was conducted as part of the internal control process to ensure that all relevant material information related to material topics is adequately disclosed.

Future considerations will include continuous improvement, whereby the results of the risk management process will be used to continuously improve the sustainability reporting process. This means refining internal controls, enhancing data validation procedures and conducting regular assessments to ensure the relevance and accuracy of reported information. Furthermore, feedback from internal reviews, external consultants and auditors will be incorporated into future reporting cycles to address any identified gaps or areas for improvement.

The Management Board and Audit Committee are informed of the findings of the risk assessment for sustainability reporting on an annual basis. The consolidated sustainability statement is reviewed by the Audit Committee and is also presented to the Supervisory Board for approval.

Strategy

SBM-1 – STRATEGY, BUSINESS MODEL AND VALUE CHAIN

Erste Group's and EBC Group's business model

Erste Group has an extensive presence in its core markets of Austria, Czechia, Slovakia, Romania, Hungary, Croatia and Serbia, as well as direct and indirect majority and minority banking participations in Slovenia, Montenegro, Bosnia and Herzegovina and North Macedonia. With a customer base exceeding 16 million across the markets and a network of approximately 1,871 branches, the group caters to various segments, providing tailored services to meet the specific needs of its clients.

Locally, EBC Group has presence in its core market in Croatia and majority banking participation in Montenegro. EBC Group's business model centers around retail banking, encompassing a wide array of services from lending, deposits and investments to current accounts and credit cards.

EBC Group's position in its markets makes it also one of the major providers of finance to local businesses, including large companies, real estate companies and to the public sector. While EBC Group's roots are in the retail micro, small & medium sized enterprises (SME) business, EBC Group has also taken account of its role and responsibility and has firmly embraced corporate and public sector lending as part of its business model.

For further information on the business segments of EBC Group refer to Note 1 in the consolidated financial statement. For further information on the headcount of employees by geographical area of EBC Group refer to chapter 'S1-6 - Characteristics of the undertakings's employees'.

EBC Group's sustainability strategy

Since its foundation EBC Group has been pursuing the goal defined in the Statement of Purpose, namely, to promote and secure prosperity for all people. This is why EBC Group has incorporated key ESG matters into the business strategy. EBC Group believes that this is the only way to be successful over the long term, working towards a fairer and more inclusive society.

EBC Group's sustainability strategy centers on two main pillars, supporting the green transition and promoting social inclusion.

Supporting the green transition

EBC Group's primary impact on the environment lies in its lending activities and more precisely, the resulting financed emissions. As a financial institution, it is therefore its role to contribute to the transition towards a low-carbon economy by engaging with its clients and supporting them along their decarbonisation pathway while facing evolving challenges, such as policy uncertainty, both on country and European level. EBC Group believes this to be the most important lever to help fostering a green transition.

EBC Group's strategic priorities relating to the environment include achieving:

- a net-zero status of EBC Group's portfolio by 2050,
- a net-zero status in banking operations by 2030 and
- maintain a strong role in sustainable financing across CEE by funding climate action and adaptation. Moreover, by issuing a green bond last year, the bank further encourages investments in the green transition."

Promoting social inclusion

EBC Group's social impact involves its interactions with employees, customers and the broader community while establishing and maintaining good ethical compliance for building trust with stakeholders and ensuring long-term organisational stability.

For the Social and Governance aspects of ESG, EBC Group has established the following strategic priorities:

- boosting financial inclusion with social banking, bringing communities closer together and strengthening social cohesion,
- helping customers gain financial health and literacy,
- promoting diversity, including gender diversity and
- fostering good ethical conduct and compliance, e.g. through extensive corruption and bribery prevention and detection trainings.

Significant markets and customer groups

EBC Group's sustainability strategy is focused on its significant markets and customer groups and has detailed approaches customized for each of them. More information on the set targets relating to the strategic priorities can be found in the respective topical chapters.

Retail

In the retail segment, most of the environmental impact stems from the buildings sector, which includes energy used for constructing, heating, cooling and lighting homes and businesses, as well as the appliances and equipment installed in them. Within EBC Group, retail mortgages contribute a large share of total assets. EBC Group has set decarbonisation targets for 2030 and 2050 to meet a 3.4°C climate scenario for its retail mortgage portfolio starting from a 2022 baseline.

For achieving the decarbonisation targets for the retail mortgage portfolio, EBC Group will adopt the following approach:

Technological possibilities to decarbonize

A significant part of the buildings stock where EBC Group operates is not yet 'climate-proof' due to old age of the buildings and poor insulation. An improvement can be achieved through changes in customer behaviour, which can be influenced in the short-term by cost considerations and in the mid and long-term through regulations and availability of government subsidies across all countries Erste Group is active in, which will foster further investments and improvements.

Product offering

In the retail mortgages segment, sustainable mortgage loans have been developed and new products for renovation projects have been designed to improve the energy efficiency of buildings. To help customers meet the challenges involved in building renovation, EBC Group has developed measures such as energy calculators, as well as an in-house team of experts to assist and advise customers on a wide variety of matters relevant to building renovation projects. Apart from that, the bank continuously works on raising its clients' and the wider society awareness about the energy transition through both online and on-site education.

Insurance linked services, either bundled with financing products or standalone, will be part of Erste Group's overall ESG proposition. Cooperation with the Vienna Insurance Group contributes to closing the gap of insurance coverage for certain natural hazard risks, such as river floods.

Corporates

Each of EBC Group's four business lines (SME, Large Corporates, Public Sector and Commercial Real Estate (CRE)) covers a distinct customer type with unique needs and preferences and hence specific sales and service models.

Approach for decarbonisation. The implemented approach for corporate business is designed to support the achievement of EBC Group's strategic objectives of reaching net zero in 2050, as it consists of performing an initial client transition readiness assessment via an ESG Assessment Questionnaire and an in-depth client engagement process with identified clients while evaluating financing needs. EBC Group understands its diverse customer base and is determined to help customers find a tailored approach, fitting to their needs.

Product offering. EBC Group's ambition includes helping clients to realise the benefits of decarbonisation by supporting cost effective action. Group offers specific purpose financing and advisory services focused on climate solutions, including renewable energy projects, high-efficiency buildings in commercial real estate and sustainable transportation solutions. Issuing the green bond demonstrates our commitment to the green transition.

EBC Group wants to be the bank that provides financing supporting its clients to transform and to enable the net zero transition. Therefore, EBC Group is constantly in touch with its customer base as the main stakeholder, to better understand their needs, providing different awareness and education activities to their clients. For further information on the stakeholder engagement, please refer to chapter 'SBM-2 - Interests and views of stakeholders'.

EBC Group's value chain composition

As a bank, EBC Group's value chain encompasses the inflow and outflow of money, facilitating payments and transactions. The bank transforms clients' savings and investments by making the cash available as loans while simultaneously managing the associated risks. Key business actors include EBC Group's clients, both private individuals and corporations, who benefit from EBC Group's services offered through digital and direct distribution channels.

For the value chain assessment, EBC Group aimed to reflect the interests and views of affected stakeholders, as well as users of sustainability statement which are further described in SBM-2. Moreover, for the identification and assessment of impacts, risks and opportunities (IROs), special consideration was given on the upstream and downstream value chain to ensure completeness of the relevant IROs. In this context, EBC Group analysed the flow of activities, processes and value creation within the organisation.

In the context of the double materiality assessment (DMA), EBC Group is currently limited in considering all aspects of the value chain due to data availability constraints. Therefore, the focus has been on the direct business relationships. With the implementation of EU legislation (e.g., CSRD reporting, CSDDD), EBC Group expects these limitations to be addressed, leading to more detailed value chain information in the future.

Upstream

The upstream value chain includes the goods and services procured by EBC Group, such as IT services, office supplies, property and infrastructure, consultancy and other external services that support the bank's operations. EBC Group conducted an in-depth review of the costs related to purchased goods and services in the year prior to the DMA. The total expenditures were categorized by sourcing categories from EBC Group's procurement system, with main expenditures considered for detailed assessment. These categories included IT services, infrastructure software, marketing, property management, consulting and personnel management expenditures. For each expenditure category, EBC Group assessed the potential sustainability matters and IROs.

Own operations

The assessment of EBC Group's own operational activities, including workforce management and office branches, was based on the full scope of consolidated entities under IFRS. Additionally, it was evaluated whether EBC Group has operational control over not fully consolidated entities to assess whether additional data and informations should be included in sustainability statement and double materiality assessment.

While environmental impacts from own operations were few, material IROs were identified in the areas of Own Workforce (S1), Consumers and end-users (S4) and Business Conduct (G1). To ensure completeness and accuracy of these impacts, EBC Group closely aligned with the responsible departments to reflect these effects adequately in the reporting.

Downstream (Portfolio)

EBC Group finances and invests in a diverse range of clients, including corporate and retail customers, institutional investors and stakeholders involved in its sustainability initiatives. Recognising that most of EBC Group's material impacts, especially regarding environmental topics, are related to its portfolio, EBC Group conducted an in-depth analysis of the portfolio. This analysis was based on the breakdown of credit exposure and the calculation of financed emissions. The IROs related to the financed sectors are directly reflected in the materiality assessment. For example, the highest individual sectoral exposure (real estate) is reflected in the identified material negative impact relating to financed CO2 emissions of EBC Group.

SBM-2 – INTERESTS AND VIEWS OF STAKEHOLDERS

EBC Group has gathered information to reflect the interests and views of stakeholders in the business processes, as well as in the DMA for the sustainability statement. EBC Group classified its stakeholders into two categories: affected stakeholders and users of the sustainability statement. These groups are defined as follows:

- affected stakeholders: retail customers, corporate customers, employees, suppliers and nature
- users of the sustainability statement: such as investors, analysts, rating agencies and supervisory and regulatory authorities, NGOs, potential future employees and all other readers.

For each stakeholder group, at least one internal contact person was identified. These individuals are in regular exchange with the respective stakeholders, are familiar with their concerns and viewpoints and are able to provide informed insights.

Through individual interviews, the topics relevant to each stakeholder group were identified and systematically documented. This approach ensured that both the potential and the actual impacts of EBC Group's business activities on stakeholders, as well as the risks and opportunities arising from stakeholders for EBC Group, were appropriately considered in the materiality assessment.

The involvement of internal experts who maintain ongoing contact with the respective stakeholder groups proved particularly valuable in defining the Impacts, Risks and Opportunities (IROs) within the DMA. For instance, the IROs for S1 (Own Workforce) have been established in close alignment with the workers' representatives and the Human Resources department.

In line with ESRS 2 SBM-2, stakeholder input is also reflected in EBC Group's strategy and business model. The interests and human rights of employees (S1 – Own Workforce) and customers (S4 – Consumers and end-users) are considered in strategic planning, product and service development and risk management processes.

For further details on the type of engagement, its purpose, implementation and the topics discussed with stakeholder groups, please refer to the table 'Key stakeholder engagement' below.

Table 3: Key stakeholder engagement

Key Stakeholders	Why EBC Group engages	How EBC Group engages	interests and views of key Stakeholders	Actions / results of engagement
Customers	Strong engagement with customers enables EBC Group to understand their needs, anticipate market trends and consequently adjust services.	<ul style="list-style-type: none"> — advisory sessions — conferences and seminars — website — customer experience programme 	<ul style="list-style-type: none"> — improve customer experience — enhance products and services — accelerate innovation and digitalization 	EBC Group's engagement enables a regular assessment of how customer needs can be met through product and service offerings. The interests and human rights of customers are integrated into the EBC Group's strategy and business model
Employees	EBC Group engages with employees to foster an environment of open dialogue and provide them with continuously improving opportunities for growth and development.	<ul style="list-style-type: none"> — employee surveys — Intranet — training, coaching and mentorship — employee resource groups — annual feedback and professional development talks — engagement with works council 	<ul style="list-style-type: none"> — invest in people development — foster diversity, equity and inclusion — promote employee health and work-life balance — increase employee involvement 	EBC Group's engagement enables the targeted adaptation of the people and culture strategy.
Suppliers	EBC Group engages with suppliers to ensure high standards of quality, integrity and compliance throughout the procurement process.	<ul style="list-style-type: none"> — supplier feedback questionnaire 	<ul style="list-style-type: none"> — smooth and efficient cooperation — simple and streamlined business processes — effective and trustworthy communication 	EBC Group's engagement enables a regular assessment of how supplier expectations are addressed in procurement processes and collaboration.
Nature, represented by academic institutions, environmental and social NGOs	EBC Group conducts content-driven debates with academic institutions as well as environmental and social NGOs (non-government)	<ul style="list-style-type: none"> — conferences and events — bilateral meetings 	<ul style="list-style-type: none"> — accelerate climate action — manage physical and transition risks — protect biodiversity 	EBC Group's engagement enables identification of current and future priorities from the academic society and reflect them early in the strategic planning.
Investors, analysts and rating agencies	Through engaging with investors and analysts EBC Group aims to foster a clear understanding of company performance and strategy.	<ul style="list-style-type: none"> — investor presentations and webcasts — bilateral talks — roadshows — conferences 	<ul style="list-style-type: none"> — drive performance and execute strategy for sustainable growth — accelerate climate action — foster diversity, equity and inclusion — enhance risk management to ensure resilience — increase transparency 	EBC Group's engagement increases the level of transparency in external reporting to ensure a clear understanding of the company's performance and strategy.
Supervisory and regulatory authorities	EBC Group conducts a permanent, pro-active dialogue with national and European supervisory and regulatory authorities to understand supervisory expectations.	<ul style="list-style-type: none"> — supervisory dialogues 	<ul style="list-style-type: none"> — drive performance and execute strategy for sustainable growth — accelerate climate action — foster diversity, equity and inclusion — enhance risk management to ensure resilience — increase transparency 	EBC Group's engagement enables it to adapt processes and increase the level of transparency to fulfil supervisory expectations.

In order to attribute amendments to the strategy according to stakeholder other factors, such as business model needs to be taken into account.

A key consideration for EBC Group’s stakeholder engagement is the respect and promotion of human rights. EBC Group does not tolerate any form of discrimination, such as discrimination on the basis of gender, age, marital status, family obligations, religion, political conviction, sexual orientation, race, nationality, social or ethnic background, disability, physical appearance or any other aspects unrelated to the business.

The Management Board is responsible for managing the organisation to the benefit of the company, considering the interests of the shareholders and the employees as well as the public. They are informed about the outcomes of engagement with all stakeholder groups both informally through meetings with internal stakeholder representatives as well as formally in board meetings. The Supervisory Board is similarly informed about engagement with key stakeholder groups in dedicated agenda items in Supervisory Board meetings with internal stakeholder representatives.

SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH EBC GROUP’S STRATEGY AND BUSINESS MODEL

This chapter gives an overview of EBC Group’s material IROs, resulting from the DMA (see IRO-1). In the table below, all material IROs are listed, based on the sustainability matter they relate to, the type of IRO, the position in the value chain and the time horizon the materiality has been detected in. Additional information regarding the material IROs and their interaction with EBC Group’s strategy and business model can be found in the respective topical chapters including how the impacts originate from or are connected to EBC Group strategy and business model.

Table 4: Material impacts, risks and opportunities

Sustainability matter	Type of IRO	IRO description	Value chain	Time horizon
E1-Climate change adaptation	Risk	EBC faces a higher credit risk as climate-related physical risks can lead to a devaluation of collateral and/or to negative effects on the business models and lastly financial stability of debtors. The consequences are increased risk provisions for EBC and connected negative effects to its P&L and own funds.	Portfolio	Medium- to long-term
	Opportunity	New funding opportunities for EBC as clients will start investing in new technologies and sustainable solutions. Also, potential for new clients which offer sustainable solutions and which provide asset/services in line with climate change adaptation requirements (e.g. new softwares, residential and commercial real estate built to be resilient to certain physical risks, and similar).	Portfolio	All time horizons
E1-Climate change mitigation	Risk	EBC Group faces a higher credit risk as climate-related transition events (e.g. carbon pricing and regulatory interventions) can lead to negative effects on the profitability of business models and the financial stability of debtors. The consequences are increased risk provisions for EBC Group and connected negative impacts to its P&L and own funds.	Portfolio	All time horizons
E1-Energy	Actual positive impact	By investing in companies that already use renewable energies or would like to rely more intensively on renewable energy sources in the future, the 1.5 degree targets of the Paris Climate Agreement can be achieved more feasibly, thereby minimizing physical climate risks.	Portfolio	All time horizons
	Risk	Price instability on the energy market due to climate change can result in decreased profitability in companies in energy-intensive sectors as well as liquidity shortage of retail clients, leading to a higher default risk and a related increase in risk provisions for EBC Group, impacting P&L as well as own funds.	Portfolio	All time horizons
E1-Climate change mitigation and energy	Actual negative impact	EBC Group’s Scope 1, 2 and 3 CO ₂ e emissions (from upstream value chain, own operations and financed emissions) contribute to climate change and thus to global warming.	Upstream, Own operations, Portfolio	All time horizons
	Opportunity	EBC Group can gain financial opportunities by investing in and financing clients that support decarbonization, transition to sustainability and renewable energy projects (e.g., pumped storage plants, green hydrogen) that support CO ₂ e-neutral energy production.	Portfolio	All time horizons
E4-Soil sealing	Actual negative impact	Financing real estate and public infrastructure projects can have a negative impact on biodiversity as soil is sealed and land is degraded, thus causing increased flooding risks, climate change exacerbation and possible health issues caused by decreased air and water quality.	Portfolio	All time horizons

Sustainability matter	Type of IRO	IRO description	Value chain	Time horizon
S1-Gender equality and equal pay for work of equal value	Actual negative impact	The current gender pay gap which is mainly caused by gender disparity at different job levels at EBC Group mainly disadvantages female employees.	Own operations	All time horizons
S1-Training and skills development	Opportunity	Tailored trainings and further education with regards to technology and AI improve employee's professional skills and qualifications and increases productivity and innovation.	Own operations	All time horizons
S1-Diversity	Actual positive impact	Diversity initiatives at EBC Group have a positive impact on employees by fostering an inclusive corporate culture. These efforts create an open environment where support is prioritized, allowing employees to feel valued and empowered.	Own operations	Short- to medium term
	Potential negative impact	Workplace discrimination can profoundly impact vulnerable groups of employees by fostering a hostile and unsafe work environment. These issues can lead to heightened stress and anxiety, making these employees feel unsupported and excluded and might affect their mental and physical health.	Own operations	All time horizons
S3-Social Banking (entity specific)	Actual positive impact	By ensuring that financial education programmes, as well as all banking products and services are accessible to marginalized individuals as well as underserved starting enterprises and social organizations/projects, EBC promotes their autonomy, social and professional integration and active participation in community life.	Portfolio	All time horizons
S4-Privacy	Potential negative impact	Data breaches or cyberattacks could lead to compromised sense of security and privacy for individuals, leaking private and financial data of affected customers.	Portfolio	All time horizons
S4-Financial Health (entity specific)	Actual positive impact	Through educational programs, financial advice and tools EBC Group has a positive impact on the financial health of customers contributing to customers overall economic stability, leading to a better quality of life.	Portfolio	All time horizons
G1-Protection of whistleblowers	Potential negative impact	The potential lack of protection for whistle-blowers interferes with freedom of expression, potentially leading to retaliation and reprisal, social exclusion and psychological stress for whistle-blowers.	Own operations	All time horizons
G1-Prevention and detection including training	Potential negative impact	A lack of awareness and internal measures could potentially lead to corruption or bribery incidents with legal consequences including labour law sanctions as well as civil and criminal proceedings for employees. (also material for Incidents of corruption or bribery)	Own operations	All time horizons

For entity-specific topics, EBC Group follows the same disclosure requirements as stipulated by the respective ESRS for sustainability matters. Therefore, disclosures for entity-specific topics include information regarding policies, actions and targets, if available. Qualitative analysis of resilience of strategy and business model of EBC Group is disclosed under the topical standards disclosure requirements,

As described in IRO-1, the process for evaluating the IROs was adjusted compared to last year. Accordingly, several refinements and modifications were made during the course of the assessment, which are outlined below.

E1 - Climate change adaption

For 'E1 - Climate Change Adaptation', the positive impact of climate change adaptation financing was reassessed as not material.

E1 - Climate change mitigation

For 'E1 - Climate Change Mitigation', the two negative impacts that were considered in last year's assessment - the CO₂ emissions from EBC Group's own operations and upstream value chain contributing to climate change and global warming and the financed CO₂ emissions contributing to climate change and global warming - were consolidated into one material negative impact in this year's evaluation.

E1 - Energy

For 'E1 - Energy', the two negative impacts that were assessed as material last year - the CO₂ emissions resulting from EBC Group's own energy mix (electricity, fuel and heating) and the investments in and financing of energy-intensive companies still relying on fossil fuels - were consolidated and are now reflected under the material negative impact of Climate Change Mitigation. This means that the material negative impact identified under Climate Change Mitigation equally applies to Energy.

The same approach applies to the opportunity: the previously material opportunity under Energy has been integrated into the material opportunity under Climate Change Mitigation and therefore applies to both topics. No separate material opportunity is assessed for Energy this year.

S1 - Own workforce

For 'S1 - Own Workforce', the positive impact identified under Work-life balance last year is no longer considered material. The same applies to the positive impact under Health and Safety. Regarding the topic of Diversity an additional potential negative impact was identified.

S3 - Social Banking

While no IROs were assessed as material for 'S3 - Social Banking' last year, a positive impact related to Social Banking has been identified as material in this year's evaluation (2024 in S4).

S4 - Consumers and end-users

For 'S4 - Consumers and End Users', last year both a positive impact and an opportunity related to Financial Health were assessed as material. While the opportunity was not considered as material in this year's assessment, the positive impact remains the same. Regarding the topic of Privacy the associated risk is no longer considered material. The topic Access to Products and Services is no longer assessed as material for S4 this year. However, as noted earlier, a new positive impact under 'S3 - Social Banking' has been identified.

G1 - Business Conduct

For 'G1 - Business Conduct', last year a material positive impact was identified under Protection of Whistleblowers and a potential positive impact under Corruption and bribery - Prevention and Detection, including Training. In this year's assessment, both topics are instead assessed as having a material potential negative impact.

After conducting the materiality assessment, the material IROs were evaluated to understand their potential impact on, or the need to adjust, EBC Group's business model, value chain and strategy. Currently, no changes to EBC Group's business model based on the material IROs have been made, however due to the important role that these IROs play for EBC Group, any potential impacts on strategy and business are currently being reviewed and will be adjusted as appropriate. No financial impacts from risks and opportunities were identified in the current period, considering the nature of the risks and opportunities and the conducted climate risk analysis and resilience analysis. Resilience analyses of the strategy and business model have been conducted for E1 and E4 and are presented within the respective thematic sections of this Statement. No separate resilience analysis of the strategy and business model has been performed in relation to social impacts.

Impact, risk and opportunity management

IRO-1 – DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

For the compilation of this year's sustainability statement EBC Group has performed the annual double materiality assessment (DMA) in accordance with the requirements of ESRS 1 and 2.

Consequently, the performed assessment covered the identification and assessment of impacts, risks and opportunities (IROs) under the IFRS consolidation scope. Furthermore, other participations, which are not fully consolidated, were analysed regarding potential IROs and operational control. The outcomes of the assessment are the basis for the scope of topics reported and data points included in this statement.

In 2025, the DMA process was conducted for the second time according to the ESRS. It deviates from the materiality assessment from last year by introducing a Portfolio Analysis to identify impacts from the credit risk portfolio, adjusting the scoring process and stakeholder engagement by building cross-functional scoring teams, who scored each time horizon separately. The DMA will be updated in future periods depending on changed material facts and circumstances. Nevertheless EBC Group will review relevance of material IROs in previous reporting periods.

Identification of impacts, risks and opportunities

The DMA was performed under the lead of Accounting Department, in collaboration with representatives of organisational units, engaged in impact, risk and opportunities evaluations and expert interviews of in-house representatives (i.e. Risk Management Division, HR Department, etc.), providing key inputs on sustainability matters, setting scores based on evidence and expert opinion.

Double materiality assessment process

The process to identify the material impacts, risks and opportunities (IROs) was conducted in four steps. As a first step a relevance analysis of all sustainability matters listed in ESRS 1 Appendix A AR 16 was conducted. A topic maybe relevant if it is connected to the Group's core business, strategic priorities, or value chain. Relevance can also arise from the extent to which the stakeholders are affected. Additionally, this list was enriched with the entity specific topics such as financial health and social banking. If a sustainability matter was assessed as relevant, the respective IROs assigned to the topic were subsequently subject to an impact and financial materiality assessment. The final step was to validate and approve the outcome of the DMA, where the final scoring per impact, risk and opportunity (IRO) was quality assured by a central expert jury. Subsequent to these steps the results were visualised in a matrix, summarised in an executive presentation and acknowledged by EBC Group's Management Board.

To gain a deep understanding of the circumstances EBC Group is operating in, various data was collected for the identification of IROs. Inputs for the DMA included:

- Guidance documents and peer benchmarking
- Analysis of the group strategy and related business activities
- Engagement with internal stakeholder groups through expert interviews, including use of studies
- Integration of EBC Group Risk Materiality Assessment results
- Mapping of sectoral credit exposures and financed emissions (Portfolio)
- Spend for purchased goods and services (Upstream)
- Consultation with internal expert jury.

Portfolio Analysis

Portfolio analysis was conducted at the Erste Group level for all the subsidiaries, including the EBC Group. The following is the excerpt from Erste Group with regards to the updated methodology:

The results of the portfolio analysis also inform the identification of impacts and their materiality status. Using an Excel-based tool considering input data by UNEP FI and ENCORE, Erste Group assessed ESG impacts across its portfolio and linked them to ESRS requirements for the DMA. To run the analysis, Erste Group provided portfolio data, including loan details, exposure values, associated industries using NACE codes and countries of operation.

Each loan is then assigned ESG impact scores based on its sector and country, which are weighted by exposure to create a portfolio-wide ESG impact profile and aggregated by sector to show which industries contribute most to ESG impacts. UNEP FI impact categories are mapped to ESRS sub-topics and topics are flagged as relevant if their impact score exceeded the 90th percentile threshold.

These flagged topics were then reviewed and validated by internal experts to determine whether they represent material impacts for EBC Group. The portfolio analysis replaces the previous manual assessment approach by establishing materiality through a structured, data-driven process.

Throughout the DMA, a Top-Down approach was used to identify the material IROs. This was done by assessing the IROs centrally for the EBC group with a continuous validation against the DMA results from the Erste Group consolidated under IFRS. Consequently, in order to assure the completeness and accuracy of the DMA within Erste Group, constant communication with the subsidiaries was necessary, where EBC Group participated as well. This was to identify and assess potentially relevant IROs at both the group and entity levels. This was achieved by:

- Weekly AT/CEE calls
- Ad hoc calls or scheduled calls on a 1:1 basis (Erste Group and subsidiaries, including EBC Group)
- Workshops.

The outcome of the DMA is the list of material IROs that is shown in SBM-3 material impacts, risks and opportunities and their interaction with EBC group's strategy and business model and lays the foundation for this report.

Stakeholder Engagement

The DMA was informed by internal stakeholders from various business units, e.g Human Resources, Strategic Initiatives Department, Risk Management, Data Protection, Legal etc. and the Employees Council. EBC Group had no other direct consultations with other affected stakeholders in the DMA. Results were validated by the Expert Jury. The Expert Jury are individuals representing different departments in EBC Group accounted for specific IRO, ESG Coordinator and Accounting Department.

Value Chain Assessment

For the DMA, EBC Group aimed to reflect the interests and views of affected stakeholders as well as users of the sustainability statement as described in [SBM-2 - Interests and views of stakeholders](#). Moreover, for the identification and assessment of IROs, special consideration was given to the upstream and downstream value chain to ensure completeness of the relevant IROs. In this context, EBC Group analysed the flow of activities, processes and value creation within the organisation.

Further information on EBC Group's value chain composition and the respective implications on the DMA can be found in chapter SBM-1 - Strategy, business model and value chain.

Impact Materiality Assessment

The assessment was based on the following central assumptions:

- The value chain relevance and the time horizon of their assumed occurrence were identified per impact.
- Impacts were defined as either positive or negative. If multiple but deviating impacts (i.e. positive and negative) were identified to-wards a sustainability matter, each impact was evaluated separately.
- For a sustainability matter to be deemed as material, only one material impact is sufficient, regardless of the count of additional immaterial impacts, its state as actual or potential, its allocated time horizon or value chain relevance.
- The severity and the likelihood were evaluated for each impact. An impact is classified as actual if it has already occurred and is therefore observable or verifiable in the present. Conversely, an impact is classified as potential if its occurrence is only possible in the future and thus based solely on a plausible expectation or projected development. Whether an impact is to be classified as actual or potential is determined by the responsible internal experts. For actual impacts the likelihood was consistently set to 100%. For potential impacts the likelihood was assessed on a scale from 0-5, with each scale having a corresponding probability weight.
- The scoring of severity included the three parameters of scale, scope and - only for negative impacts - irremediability. Each evaluation parameter was assessed individually on a scale from 0-5. Their values were averaged, and the resulting score was then multiplied by the likelihood.
- Subsequent impacts and human rights impacts were considered. For human rights impacts severity took precedence over likelihood with a weight of 100%.

- Impacts with a total score above 2.5 on a scale from 0 to 5 were considered material. Using this as the threshold ensures that only impacts with at least an upper-medium level of severity are classified as material. This approach prevents low-severity impacts from being considered material, maintaining focus on the most significant topics.
- Impact evaluations were conducted per time horizon by cross functional scoring teams holding group functions, setting scores based on evidence and/or expert opinion.
- The material impacts were aligned with the outcome of the financial materiality assessment for sustainability matters whereby financial materiality would be triggered by impact materiality.
- The final scoring per impact was quality assured by a expert jury.

The executed assessment process did not comprise an explicit step of engaging with external stakeholders. Information concerning affected stakeholders was considered implicitly via the above-mentioned in-house experts and their regular exchanges with externals (i.e. customers, NGOs, rating agencies, investors). For more information on stakeholder groups and engagement, please refer to chapter [SBM-2 - Interests and views of stakeholders](#).

Impacts relating to E1 Climate change

The whole value chain was considered and assessed in the context of climate change. As described in section 'SBM-1 - Strategy, business model and value chain.', some sectors with high emissions, such as IT-services, are part of EBC Group's upstream value chain. These were assessed alongside emissions from EBC Group's own operations. The assessment was carried out in alignment with the process outlined above, incorporating both the Portfolio Analysis and expert evaluations. Together, the impact was considered material, especially due to the high score considering the scope of CO₂ emissions, which were considered to have a global impact, as well as the irremediability, as CO₂ emissions are very difficult to be reversed.

However, a major part of EBC Group's overall emissions stem from the financed emissions in the portfolio, which are part of its downstream value chain. As such, these are closely monitored. During EBC Group's DMA, the current total carbon footprint based on end of year 2024 values was used as input. EBC Group is calculating and reporting GHG emissions for both its banking operations (scope 1, 2 and 3) as well as its financed portfolio (financed scope 3 emissions). The used methodologies are in line with the GHG Protocol Corporate Accounting and Reporting Standard and the PCAF methodology. Details regarding the computations and calculation scope can be found in chapter E1-6 Gross scopes 1, 2, 3 and total GHG emissions of this statement.

For the subtopic of climate change mitigation, a negative impact was identified, which, due to its actual and global nature, received the highest notch evaluation and hence was deemed material. This negative impact is equally applicable to the subtopic of energy, but is listed as a single negative impact applicable to both subtopics.

EBC Group already finances renewable energy projects supporting the transition to an economic system within the planetary boundaries. It does so based on its Responsible Financing Policy, which sets out financing exclusions for high emitting sectors, as well as its Sustainable Finance Methodology which pursues targets in sustainable financing. Based on the actual and global nature this positive portfolio related impact was assessed as material.

Impacts relating to E4 Biodiversity and ecosystems

In the upstream value chain, no material impacts in connection to biodiversity and ecosystems were identified. Nevertheless, EBC Group is aware that biodiversity and ecosystems is a topic of increasing importance and is closely monitoring all parts of its value chain to ensure that potential impacts are adequately managed. EBC Group has no sites (own premises) located in or near biodiversity-sensitive areas and no material impacts were identified related to EBC Group's own operations affecting any biodiversity-sensitive areas.

Concerning downstream impacts, EBC Group's focus on financing real estate and public infrastructure projects was assessed to have an actual negative impact on biodiversity, as soil is sealed and land is degraded, causing increased flooding risks, climate change exacerbation and possible health issues due to decreased air and water quality. Potential other impact drivers, such as dependencies on ecosystems for certain financed sectors (such as tourism), have been considered, but were not considered material due to the comparatively low exposure share. The evaluation was based on expert judgement and supported by portfolio analysis data using ENCORE and UNEP FI data. Information with regards to affected communities are covered through the aforementioned data bases and portfolio analysis. The material actual impact of biodiversity and ecosystem matters are restricted to the financed portfolio.

Impacts relating to S1 Own Workforce

EBC Group places great importance on the development and support of its own employees, as they are a key factor in the company's success. Topics such as gender equality and equal pay for equal work, as well as training and skills development and diversity were identified as material for EBC Group. A comprehensive analysis was conducted, taking into account existing Human Resources strategies and internal policies. The assessment was based on the evaluations of internal experts and the results of existing employee surveys as well as external studies.

Impacts relating to S3 Affected Communities

EBC Group interacts in many ways with surrounding communities, which is why a positive impact was identified and the topic of Social Banking was classified as material. The assessment was aligned with the Social Banking strategy, expert evaluations and stakeholder feedback. Key impacts include ensuring access to products and services and promoting financial inclusion. Promoting and ensuring financial literacy among all adult citizens, and thus inclusion, is the main goal of the program School of Smart Finance.

Impacts relating to S4 Consumers and End Users

As a financial services provider, EBC Group places great importance on its responsibility towards customers and end users. The assessment of potential impacts related to the topics in this chapter - consumers and end users - was therefore carried out with particular care. Topics such as financial health and privacy were identified as material to EBC Group. The assessment focused on the direct impact on customers and end users, with a strong emphasis on the overall customer experience and the protection of their interests. A detailed assessment was conducted, taking into account existing customer policies and data protection measures. This assessment was based on evaluations of internal experts and feedback from customer satisfaction surveys.

Impacts relating to G1 Business conduct

G1 subtopics were deemed in general as relevant for EBC Groups own operations. An analysis was performed taking EBC Group's existing governance setup and compliance status as well as its role as a tightly supervised and regulated financial institution and financial services provider into account. This influenced the evaluation of the impacts. For example, the impact connected to the prevention and detection including training regarding corruption and bribery was deemed to have the lowest likelihood, as EBC Group already has rigorous practices and trainings in place. The evaluation was performed based on EBC Group's internal expert judgment, leading to three material potential negative impacts in connection to the protection of whistleblowers, the prevention of corruption and bribery, and incidents ([see table in SBM-3](#)).

Financial Materiality Assessment

The financial materiality assessment was based on the following central assumptions:

- For the assessment of financial materiality, risks and opportunities arising from future legislation, reputational considerations and related uncertainties are taken into account. The process is linked to existing internal risk assessments, and EBC Group's strategic position to capture emerging business opportunities. As part of this process, internal experts were briefed on the methodological requirements of the DMA, including the interdependences between impact and financial materiality, with particular emphasis on recognising financial materiality that results from impacts and dependencies.
- The identification and evaluation of risks of this year's DMA result, consider information stemming out of EBC Group's annual risk materiality assessment, in which ESG risks and risk drivers were already included and evaluated. For more information on the RMA, see the section below "Risk Materiality Assessment (RMA)".
- The value chain relevance and the time horizon of their assumed occurrence were identified per risk and opportunity.
- For a sustainability matter to be deemed as material, only one material risk or opportunity is sufficient, regardless of the count of additional immaterial risks or opportunities, its allocated time horizon or value chain relevance.
- Identified risks and opportunities were evaluated in terms of the magnitude of their financial effect on a scale from 0-3 and subsequently multiplied by the probability of occurrence on a scale from 0-5, with each scale having a corresponding probability weight.
- Risks and opportunities with a total score above 1.5 on a scale from 0 to 3 were considered material. Using this as the threshold ensures that only risks and opportunities with at least medium scale of magnitude of financial effect are classified as material. This approach prevents low-scaled risks and opportunities from being considered material, maintaining focus on the most significant topics.
- Risks and opportunities were defined and evaluated per time horizon separately under the lead of main project team engaging in expert interviews with in-house representatives (i.e. Accounting Department, Risk Management Division, HR Department, etc.). The score was set individually per risk or opportunity.
- The final scoring per risk and opportunity was quality assured by an expert jury.

EBC Group did not prioritize sustainability-related risks relative to other types of risks that credit institution is exposed to.

Risk Materiality Assessment

The Business Environment Scan (BES) identifies climate and environmental risks and opportunities, serving as input for the RMA to narrow down relevant topics. While the RMA provides the foundation for identifying material environmental risks, opportunities subject to the environment are derived directly from the BES.

Identified risks are then analysed by internal experts to determine physical and transition risk drivers, which are assessed across risk types (credit, market, operational, strategic, reputational, liquidity) and time horizons (short-, medium-, long-term) for materiality. These drivers are mapped to the ESRS longlist topics, linked to prior DMA risks or added as new ones. If any driver is material, the entire associated risk or topic is deemed material. The RMA replaces manual expert assessments by defining materiality systematically.

RISKS AND OPPORTUNITIES RELATING TO E1 CLIMATE CHANGE

Physical risks

For the means of the DMA physical risks are identified and assessed under the subtopic of climate change adaptation. Physical risks can arise at various locations throughout the value chain, such as:

- EBC Group's own fixed assets
- fixed assets of suppliers (e.g. data centers)
- fixed assets of customers and as a specific category thereof
- those customer fixed assets that serve as collateral

Due to its essential importance for EBC Group as a credit institution, the assessment was focused on the financed portfolio and the transmission channels leading to credit risk. A transmission channel is the mechanism through which a physical risk (e.g., a flood) translates into a financial risk for the bank (e.g., credit risk). While physical risks also affect the upstream value chain and EBC Group's own assets, their impact was assessed as minor compared to the downstream value chain. Acute physical risks can damage collateral and, together with chronic physical risks, can impair the viability of business models. These dynamics act as transmission channels that ultimately materialise as credit risk for EBC Group.

Erste Group applies the RCP 4.5 scenario, assuming moderate emission reductions with a peak around 2040 followed by a gradual decline. The assessment uses 2050 as the central reference year, corresponding to the typical remaining economic life of financed real estate assets (20–40 years). Physical risks are expected to affect collateral values mainly from mid-century onward through reduced marketability and higher operational and adaptation costs.

Physical risks across the portfolio and own assets are assessed at geocoordinate level, enabling precise location-based scoring beyond the regional aggregation required for CSRD (NUTS-3). This approach captures local differences in exposure across core markets more accurately.

For collateral assessment, Erste Group applies a bottom-up methodology, evaluating climate-related hazards for each financed property or real estate collateral. This includes quantifying potential market value impacts associated with risks such as flooding or extreme weather. Properties located in very high-risk areas typically undergo on-site inspections to document mitigations, which may influence valuations. These property-level findings are then aggregated to determine overall physical risk exposure for the real estate portfolio.

Physical risk – real estate taken as collateral

The analysis of EBC Group's financed asset portfolio indicates only a single-digit percentage exposure to material physical climate risks (8,15% of total assets). Geographically, Croatia stands out as the area with the highest share of exposure exposed to material physical risk, which is attributed to the operational focus of EBC Group's operations in this region, followed by Montenegro. From a risk categorisation perspective, 84.25% of assets exposed to material physical risk are impacted by acute physical risks, predominantly due to river flooding. An immaterial amount of the exposed assets faces both acute and chronic risks, as is the case for pure chronic physical risks, the latter primarily stemming from sea level rise. The above exposure is primarily concentrated in long-term maturities, which account for 74.42% (EUR 1.1 billion) of the total assets exposed to material physical risk.

Transition risks and opportunities

Transition risks and opportunities have been identified and assessed under the subtopics of energy, climate change mitigation and adaptation. Due to its essential importance to EBC Group as a credit institution, the focus of the assessment was centered on the financed portfolio and the transmission channel of credit risk, as transition events such as policy changes can impact the viability and profitability of customers' business models. While risks and opportunities can arise in the upstream value chain and EBC Group's own operations, they have been assessed to be minor compared with the financed portfolio.

The evaluation of transition risks in the portfolio is taking into account the current distribution of the portfolio based on its carbon-intensity and the Energy Performance Certificate (EPC) distribution across the commercial and residential real estate portfolio. The rationale applied in this case was that the higher the current GHG emissions, the more investments and costs are likely to be incurred for reducing emissions or improving energy efficiency, which can have a negative impact on credit quality.

The current portfolio state in relation to the above-mentioned indicators led to material transition risks in both climate change mitigation and energy – the latter focusing especially on potential decreased profitability and liquidity shortage due to increasing energy costs and related default risk.

The evaluation of transition opportunities is taking into account the current distribution of the portfolio and the potential financial benefits of identified opportunities. This includes opportunities from financing companies investing into the decarbonisation of their own business models and clients offering climate change adaptation solutions, for example in the real estate sector.

Non-material sustainability matters

EBC Group examined various topics, including pollution, water and marine resources, resource use and circular economy. In all these areas, no material IROs were identified. The assessment considered EBC Group's business model as a financial institution and its up- and downstream value chain. The assessments indicated that the potential IROs were considered minor and non-material due to EBC Group's non-manufacturing business model and the structure of its portfolio.

E2 Pollution

The upstream value chain, such as IT-providers, as well as EBC Groups own operations and downstream value chain were considered in the assessment of pollution matters. A portfolio analysis was performed to identify impacts linked to the typical risk profiles of the industries (see chapter IRO-1 – Impact Materiality Assessment for further details). The industries with the highest impacts were identified as agriculture, mining, manufacturing, construction and transportation. Due to the high standards and strict regulations on pollution matters that are in place to limit impacts on the environment within these industries, no material impact was determined. Risks and opportunities relating to pollution were analysed based on the current business strategy and portfolio structure in combination with the results of EBC Group's risk materiality assessment and underlying ESG sector risk heatmap. No material risks or opportunities were identified, primarily because the industries evaluated as high-risk within the scope of pollution matters had a low exposure share

E3 Water and marine resources

Potential impacts relating to water and marine resources in the upstream value chain, such as water cooling connected to IT services were assessed. A portfolio analysis was used to identify impact drivers in the downstream value chain. The impacts, when weighted by exposure to the relevant industries, did not indicate materiality. The assessment of risks and opportunities was conducted based on the current business strategy and portfolio structure, supplemented by insights from EBC Group's risk materiality assessment and its ESG sector risk heatmap. No material risks or opportunities were identified, primarily because the industries evaluated as high-risk within the scope of water and marine resource matters had a low exposure share.

E5 Resource use and circular economy

EBC Groups own operations and upstream value chain were assessed, along with impacts related to the financed portfolio, using portfolio analysis. The highest impacts were identified in industries such as agriculture, mining, manufacturing, construction and real estate. Following high standards and strict regulations on resource use and circular economy matters that are in place to limit impacts on the environment within these industries, no material impact was determined. The assessment of risks and opportunities associated with resource use and the circular economy was carried out based on the current business strategy and portfolio structure, complemented by insights from EBC Group's risk materiality assessment and its ESG sector risk heatmap. No material risks or opportunities were identified, primarily because the exposure share of industries affected by the main risk driver of a potential ban of environmentally damaging materials or chemicals is not significant.

IRO-2 – DISCLOSURE REQUIREMENTS IN ESRs COVERED BY THE UNDERTAKING'S SUSTAINABILITY STATEMENT

List of disclosure requirements

After the completion of the DMA the respective material sustainability matters were allocated to the relevant disclosure requirements and data points by using the EFRAG Guidance. Additionally, EBC Group discloses entity specific information following the policy, action and target structure for the sustainability matter of social banking and financial health. Metrics were disclosed where required.

The list of disclosure requirements and their location in the statement can be found below.

Table 5: List of disclosure requirements

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BP-2	Disclosures in relation to specific circumstances, Time Horizons and Data methodology for reporting	44
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SBM-2	Interests and views of stakeholders	56
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IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	61
IRO-2	Disclosure Requirements in ESRs covered by the undertaking's sustainability statement	67
Climate change		
E1-1	Transition plan for climate change mitigation and adaption	116
E1 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	112
E1-2	Policies and transition measures for climate change mitigation and adaptation	117
E1-3	Actions and resources in relation to climate change mitigation and adaptation	122
E1-4	Targets related to climate change mitigation and adaptation	126
E1-5	Energy consumption and mix	131
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Own workforce		
S1 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	143
S1-1	Policies related to own workforce	145
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S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	150
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S4-5	Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	173
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G1-1	Business conduct policies and corporate culture	175
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List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Table 6: List of data points in cross-sectoral and topical standards arising from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page reference
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (27) , Annex II		Material	46
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Material	46
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Material	51
		Article 449a Regulation (EU) No 575/2013;				
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Commission Implementing Regulation (EU) 2022/2453 (28) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not Material	-
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not Material	-
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 (29) , Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not Material	-
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not Material	-
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Material	116
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g) and Article 12.2		Material	116
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	126
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Material	131

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page reference
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Material	131
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Not Material	-
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	132
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	132
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not Material	-
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Material	Phase-in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Material	Phase-in
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Material	Phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Material	Phase-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material	-

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page reference
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not material	-
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material	-
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material	-
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material	-
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material	-
ESRS 2- SBM 3 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Material	140
ESRS 2- SBM 3 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Material	140
ESRS 2- SBM 3 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Material	140
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not Material	-
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not Material	-
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not Material	-
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Not material	-
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Not material	-
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Not Material	-
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Not Material	-
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Material	145
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Material	145
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Material	145
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Material	145
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Material	150

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page reference
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not Material	-
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Not Material	-
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	160
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Material	160
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Material	161
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material	161
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Not material	-
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Not material	-
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Not material	-
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	-
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Not material	-
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material	-
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material	-
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	-
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material	-
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Material	168
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	168

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page reference
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Material	171
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Material	175
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Material	175
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Material	177
ESRS G1-4 Standards of anti- corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Material	177

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Environmental information

EU Taxonomy Disclosures

Legal framework at EU level

The EU Commission's Delegated Regulation (EU) 2026/73 (further referred to as "revised EU Taxonomy DDA") amending the EU Commission's Delegated Regulation (EU)2021/2178 (further referred to as "unrevised EU Taxonomy DDA") as regards the simplification of the content and presentation of information to be disclosed concerning environmentally sustainable activities addresses the requirement of the EU Taxonomy's Article 8 by specifying the accordingly revised content and presentation of information to be disclosed concerning environmentally sustainable economic activities and specifying the accordingly revised methodology to comply with that disclosure obligation.

The revised EU Taxonomy DDA has been published in EU's Official Journal on 8th of January 2026, with applicability from 1st of January 2026 for the financial year 2025. The necessity of such a revision stem from the experience with the first year of reporting by financial undertakings and the two consecutive years of reporting by non-financial undertakings, which was found to provide a sufficient basis for the EU Commission (EC) to introduce certain targeted simplification measures to streamline reporting obligations and thereby reduce administrative burden on reporting undertakings, while not losing relevant and material data from the Taxonomy reporting framework. These measures, in a draft form open for comments, were issued in February 2025, as part of the so-called "Sustainability Omnibus Proposal" (hereafter referred to as "Omnibus"), then further refined and issued on the 4th of July 2025 in the form of an EC Delegated Regulation. In parallel, Omnibus' "stop the clock" proposal - that is, applying year-end 2024's scope of undertakings subject to CSRD (hence: to EU Taxonomy disclosures as well) until further re-assessment of scope's previously enacted gradual widening across the years 2025-2028 - was fast-tracked for immediate enacting at EU level.

As mandated by its Article 4, EBC Group initially applies the revised EU Taxonomy DDA for the reporting year ending on 31 December 2025. Therefore, EBC Group's EU Taxonomy disclosures as of 31 December 2025 hereafter included, as well as the number, the content and the structure of the related templates have been adapted to fully reflect the requirement of the revised EU Taxonomy DDA, notably the amendments to the Annex VI to the unrevised EU Taxonomy DDA (providing the updated layouts of the currently required templates 0-5) and the deletion of the Annex XII to the unrevised EU Taxonomy DDA (previously integrating the requirements of the Delegated Regulation 2022/1214 and the related previously applicable templates dedicated to direct and indirect applicable exposures towards the nuclear & fossil gas energy sectors).

EBC Group's application of revised EU Taxonomy DDA's provisions prompting reporting credit institutions to make own reporting choices

10% de minimis threshold applicable to UoP (Use of proceeds) assets with respect to sustainability assessment

In accordance with the revised EU Taxonomy DDA, up to 10% of credit institution's on-balance "use of proceeds known" assets or off-balance items considered into the denominator of the related Taxonomy KPI of the credit institution can be omitted from such an assessment and reported instead as non-assessed exposures in a newly available dedicated section of the related EU Taxonomy templates. For the year ending on 31 December 2025, being also the first year of application of the revised EU Taxonomy DDA by EBC Group. EBC Group opted for not making use of the above described 10% de minimis threshold. Consequently, the newly introduced columnar section "Non-assessed exposures" is reported empty across all rows in all related EU Taxonomy simplified templates of the EBC Group as of 31 December 2025.

10% net turnover de minimis threshold applicable to reporting credit institutions's EU Taxonomy KPIs to be disclosed

Another key change brought by the revised EU Taxonomy DDA relates to the possibility for reporting credit institutions to not report a given EU Taxonomy KPI provided that the related assets or off-balance items contribute by 10% or less to institution's net turnover, as defined by the applicable regulatory requirements. On this basis, EBC Group has proceeded with determining the relative contribution of Group's asset management fees, as reported in Group's consolidated statement of comprehensive income for the financial year ending on 31 December 2024 and concluded that this contribution did not reach the mentioned de minimis threshold of 10%. Consequently, EBC Group does not disclose its AuM KPI as of 31 December 2025 in any of the applicable views. Consequently, the related rows of the Templates 1 and 5 for 31 December 2025, as presented below, (all applicable views) are not populated.

Option to include selected assets towards CSRD non-obligated undertakings into the GAR calculation

In accordance with the revised EU Taxonomy DDA, the applicable taxonomy KPIs can be either mandatorily or voluntarily disclosed by the related undertakings. However, in the latter case and provided that the reporting credit institution opts for considering exposures to such undertakings into its Green Asset Ratio (GAR), the applicable general-purpose exposures and the calculated amounts arising from the above mentioned weighing shall be distinctly disclosed into a newly available dedicated section of the related EU Taxonomy templates, along any specific-purpose applicable exposures towards CSRD non-obligated undertakings that the credit institution may voluntarily include into the assets covered by the GAR calculation (hence: assess the specifically financed activities accordingly). For year-end 2025 EU Taxonomy reporting purposes, EBC Group opted for including into its assets covered by the GAR calculation neither applicable general-purpose exposures to undertakings having voluntarily disclosed their taxonomy KPIs nor applicable specific-purpose exposure towards CSRD non-obligated undertakings (whether they voluntarily disclosed any taxonomy KPIs or not). Therefore, the newly included linear section "Exposures included on a voluntary basis" is reported empty across all columns in all related EU Taxonomy simplified templates of the EBC Group as of 31 December 2025.

Revised EU Taxonomy DDA's approach to GAR calculation and its implementation in EBC Group

The GAR is the proportion of taxonomy aligned assets or economic activities financed by EBC Group compared to the total 'GAR assets'. The revised EU Taxonomy DDA has introduced a key change in the composition of GAR's denominator, aimed at achieving GAR's "symmetry" in the sense of ensuring a full overlap with respect to the categories of assets and counterparts falling in the respective scopes of GAR's numerator and denominator. This means that:

- Non-trading non-derivative financial assets towards CSRD non-obligated undertakings, previously included in GAR's denominator's only, have been fully excluded from the assets covered by the GAR calculation, unless the reporting credit institution would opt to include them on a voluntary basis, which, as mentioned above, is not the case of EBC Group for 31 December 2025;
- Other categories of financial assets previously included in GAR's denominator only, such as hedging derivatives, on demand inter-bank loans, cash and cash related assets, have been fully excluded from the assets covered by the GAR calculation;
- Other categories of assets, such as goodwill and other non-financial assets, previously included in GAR's denominator only, have been fully excluded from the assets covered by the GAR calculation.

As a direct result of the newly adopted "symmetrical" approach to the GAR calculation, EBC Group further proceeded with the following two reallocations out of the "GAR assets" into the category of assets not covered for the GAR calculation:

- Loans to Households other than those identified as EU taxonomy eligible (that means: other than those collateralized by residential real estate or building renovation loans or motor vehicle loans granted starting with 2022), previously considered by EBC Group as a category of assets covered in both the numerator and the denominator of the GAR (although inherently not eligible for contributing to GAR's numerator), have been fully excluded from the assets covered by the GAR calculation and considered instead within the GAR-excluded category
- "Undertakings and entities not subject to CSRD" within the related Taxonomy templates as per the revised EU Taxonomy DDA;
- similarly, general or sundry financings of Local Governments, previously considered by EBC Group as a category of assets covered in both the numerator and the denominator of the GAR (although inherently not eligible for contributing to GAR's numerator), have been fully excluded from the assets covered by the GAR calculation and considered instead within the GAR-excluded category "Undertakings and entities not subject to CSRD" within the related Taxonomy templates as per the revised EU Taxonomy DDA.

Non-trading non-derivative financial assets having CSRD-obligated undertakings as counterparts are mandatorily included in the GAR calculation. Considering the "stop the clock" decision of the EU Commission in respect to the CSRD scope of obligated undertakings (as also referred to above), the criteria applied at year-end 2024 for identification of the CSRD-obligated undertakings continue to apply in full at year-end 2025 as well. Thus, all undertakings considered to be of public interest and employing more than 500 employees either as individual entities or at the related group level are deemed required to comply with Article 8, Paragraph 1 of Regulation (EU) 2020/852 and hence identified as CSRD-obligated, even when such an obligation does not apply at related undertaking's individual level, provided that the related undertaking is identified as subsidiary of a parent undertaking CSRD-obligated at consolidated level only.

The assets covered in the GAR calculation due to having financial or non-financial undertakings identified as CSRD-obligated as counterparts are further considered in the GAR numerator as follows:

- in full, if the purpose of the financing is known (use of proceeds known) and the financed economic activities demonstrably meet all technical screening criteria of the classification system (e.g. project financing) and are MS compliant, or

- weighed by the counterpart's (or, if unavailable, by the counterpart's group) most recently published taxonomy alignment KPI, if the purpose of the financing is unknown ('general purpose financing', e.g. working capital loans).

'Use of proceeds known' non-trading non-derivative financial assets that have households or local governments as counterparts (namely, public authority bodies or agencies other than those directly run by related country's central government, e.g. municipalities or local councils) are also covered in the GAR calculation, if the financed economic activities demonstrably meet all the applicable technical screening criteria.

Financial assets previously already fully excluded from the GAR calculation, namely those towards central governments, supranational issuers and central banks, as well as all trading assets, have continued to remain so.

Ensuing implications on the Eligibility KPI

Another significant KPI is the taxonomy eligibility KPI. This KPI puts the assets covered in the GAR calculation that are classified as taxonomy eligible in relation to the total assets covered in the GAR calculation. Similarly to the GAR, covered financial assets towards financial or non-financial undertakings are considered in both the numerator and the denominator of the eligibility KPI provided that the related counterparts are themselves CSRD-obligated at either individual or consolidated level or belong to a group headed by an CSRD-obligated undertaking or are included by the reporting credit institution on a voluntary basis (not the case for EBC Group for year-end 2025, as mentioned above). Such financial assets (if they are neither held for trading nor derivative assets) are further considered in the numerator of the taxonomy eligibility KPI as follows:

- in full, if the purpose of the financing is known and the economic activities financed are found as taxonomy eligible by corresponding to the activities described in the classification system, regardless of whether all technical criteria are met (e.g. project financings), or
- weighed by counterpart's (or, if unavailable, by counterpart's group) most recently published taxonomy eligibility KPI, if the purpose of the financing is unknown ('general purpose financing' e.g. working capital loans).

Additionally, 'use of proceeds known' non-trading non-derivative financial assets that have households or local governments as counterparts are also included in the numerator of the taxonomy eligibility KPI, if the financed economic activities demonstrably are found as taxonomy eligible by corresponding to the activities described in the classification system, regardless of whether all technical criteria are met.

Derived KPIs ("proportions") additionally introduced by the revised EU Taxonomy DDA

Aside the GAR and the Eligibility KPI, the revised EU Taxonomy DDA has introduced within the GAR KPI stock and flow templates a new columnar section named "Proportion of Taxonomy aligned in Taxonomy eligible", where the ratio of taxonomy-aligned assets into the taxonomy-eligible assets, as already referred to by the Annex V of the unrevised EU Taxonomy DDA as "second step" KPIs, has to be distinctly disclosed.

Overview of EBC Group's Taxonomy disclosures and KPIs

SCOPE OF THE PUBLISHED EU TAXONOMY REPORTING TEMPLATES

EBC Group has prepared the EU Taxonomy disclosures on a consolidated basis, in accordance with the CRR consolidation scope, which is insignificantly different from Group's IFRS scope of consolidation (as disclosed in the related Annex to this Annual Report), notably in terms of impact in the consolidated Taxonomy disclosures based on Group's total consolidated assets. Thus, EBC Group's total consolidated assets as of 31 December 2025 in accordance with the CRR scope of consolidation amount to EUR 17,631 million (31 December 2024: EUR 16,507 million; net of related credit loss allowances in amount of EUR 288 million, which are grossed-up for EU Taxonomy reporting purposes along adjustments to other balance-sheet items as further detailed in the sub chapter 'Reporting methodology and underlying assumptions and interpretations' below), whilst they amount to EUR 17,626 million (31 December 2024: EUR 16,507 million) according to the IFRS consolidation scope. This slight difference is due to a few entities qualifying as subsidiaries under the IFRS scope of consolidation only.

For year-end 2025, unlike for year-end 2024, EBC Group, as a credit institution, applies Annex V and VI of the EU Taxonomy Disclosures Regulation, as modified by the revised EU Taxonomy DDA. Inherently, this legislative update impacts therefore the year-on-year comparability of some of EBC Group's Taxonomy KPIs.

Had the methodological changes brought by the revised EU Taxonomy DDA been applied for year-end 2024 as well, the related Taxonomy KPIs of the EBC Group had been different as further detailed in the sub-chapter "Developments in the content and application of EU Taxonomy disclosure requirements and summary of effects on the comparative information as of year-end 2024" below.

EBC Group follows Erste Group approach to the greatest possible extent, taking into consideration local aspects and legislation. Based on CSRD, all Erste Group's sub-groups in scope of sustainability reporting as of 31 December 2025 are publishing separate (consolidated) sustainability statements. Erste Group did not identify any material differences between the KPIs for the group as a whole and any of its subsidiaries that would justify or require a separate presentation of their KPIs, which is in line with expectations driven by the limitations of the prudential scope of consolidation, only comprising institutions, financial institutions and, if consolidated supervision is required, ancillary service undertakings.

SUMMARY OF THE PUBLISHED EU TAXONOMY REPORTING TEMPLATES ACCOMPANIED BY CONSIDERATIONS ON SELECTED YEAR-ON-YEAR DEVELOPMENTS

This paragraph provides a concise description of the EU Taxonomy reporting templates published by EBC Group as of 31 December 2025, simultaneously addressing the requirements of Annex XI to the EU Taxonomy Disclosures regulation with regards to qualitative explanations addressing significant developments in the main taxonomy KPIs, starting with the second year of implementation.

Template 0 Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

Template 0 provides a summary of key amounts and most significant taxonomy KPIs, as further disclosed in the Templates 1, 3 or 5 (see below). According to Annex VI to the EU Taxonomy Disclosures Regulation as modified by the revised EU Taxonomy DDA, Template 0 does not feature a comparative ("T-1") section. Therefore, EBC Group does not create a comparative Template 0 as of 31 December 2024. However, the significant year-on-year developments in the quantitative information featured in Template 0 are further outlined below.

Total environmentally sustainable assets / activities

As of 31 December 2025, EBC Group discloses in Template 0 total taxonomy aligned assets ('stock') in amount of EUR 70 million (31 December 2024: EUR 114 million) in 'turnover' view and respectively EUR 107 million (31 December: EUR 171 million) in 'CapEx' view. Out of them, those having been initially recognised during the current year ('flow') amount to EUR 26 million (2024: EUR 3 million) in 'turnover' view and respectively EUR 39 million (2024: 5 million) in 'CapEx' view.

The 'turnover' view indicates that – as far as general-purpose financings to CSRD-obligated clients or issuers having published Taxonomy KPIs are concerned – the related exposures have been weighted by their respective taxonomy KPIs in connection to their revenue-generating activities (non-financial undertakings) or financings thereof (financial undertakings). The 'Capex' view indicates that – as far as general-purpose financings to CSRD-obligated clients or issuers having published Taxonomy KPIs are concerned – the related exposures have been weighted by their respective taxonomy KPIs in connection to their capital expenditure activities (non-financial undertakings) or financings thereof (financial undertakings).

The increase in taxonomy-aligned financings is attributable to mortgage loans to Households that could be assessed as taxonomy-aligned at year-end 2025, following improvements in the completeness and quality of the underlying data based on Erste Group methodology. These improvements relate to both the energy performance of the financed real estate collaterals and the applicable physical risk scorings in the geo-locations of those collaterals, as modelled across the required time horizons and RCP scenarios. As of 31 December 2025, taxonomy-aligned loans to Households are first time included GAR in amount to EUR 0,6 million.

Further methodological details are provided in the sub-chapter "Retail lending" within the chapter "Removal of GAR structural constraints and developments in data availability".

The year-on-year development of taxonomy-aligned financings to financial undertakings and non-financial undertakings subject to KPI disclosure requirements is presented in the table below.

in EUR million	Turnover view (stock)		CapEx view (stock)	
	31.12.2024	31.12.2025	31.12.2024	31.12.2025
Financial undertakings	–%	–%	–%	–%
Non-financial undertakings	2%	2%	3%	4%

Total environmentally sustainable assets are further detailed, notably per categories of assets and related counterparts, but also per eligibility and alignment towards each of the 6 environmental objectives within Template 1 'Assets for the calculation of GAR', disclosed in both the turnover view and the CapEx view, and, as newly required by the revised EU Taxonomy DDA, as both stock and flow as well. Template 1 does no longer feature a 'T-1' comparative section.

Total GAR Stock and Flow (turnover view and CapEx view)

The below considerations addressing the year-on-year development (31 December 2025 vs 31 December 2024) in EBC Group's GAR Stock and Flow (turnover and CapEx views) are based on year-end 31 December 2024's related GAR ratios having been recalculated by retrospectively applying the changes in GAR's calculation approach induced by the revised EU Taxonomy DDA, as outlined in the preceding sub-chapter above and further summarized (in terms of quantitative impact) in the sub-chapter 'Summary of Simplification Amendments' effects on the comparative information as of year-end 2024" below. Such retrospective recalculation has the purpose of ensuring comparability of the GAR ratios as at 31 December 2025 vs 31 December 2024, thus ensuring the adequacy of the below considerations by reference to Annex XI's related requirements.

EBC Group's total GAR (turnover view) decreased slightly in stock terms from 2.05% as at 31 December 2024 to 1.93% as at 31 December 2025, while increasing significantly in flow terms from 0.17% to 2.16% over the same period.

In the CapEx view, the corresponding development is as follows: from 3.08% as of 31 December 2024 to 2.97% as of 31 December 2025 (stock) and respectively from 0.28% as of 31 December 2024 to 3.30% as of 31 December 2025 (flow).

EBC Group's GAR Stock as of 31 December 2025 remains nevertheless significantly limited by the inherent difficulties in fully assessing, beyond any reasonable doubt, the taxonomy alignment of EBC Group's mortgage loans to Households, in particular with regards to the DNSH criterion and notably when the identification of high or very high particular physical risk(s) in financed collateral's geolocation would have prompted an asset level vulnerability assessment by reference to any related asset-level adaptation measures for mitigating those material physical risks, others than those that can be deemed factored into the applied scoring methodology for the related particular physical risk (further details in the sub-chapter "Developments in data availability" below). None of such mortgage loans could therefore be reported as taxonomy aligned, although for some of them the SC criterion would have been found as satisfied. In addition, the consistent application of relative performance benchmarks, such as the Top 15% criterion, is constrained by the availability of locally accepted, comparable and standardised building stock data in certain markets. Therefore, as of 31 December 2025, out of EBC Group's consolidated mortgage and building renovation loans to households amounting to EUR 2.003 million, only a relatively small fraction of 1 million could be reported as taxonomy aligned, despite most of this volume (EUR 1.827 million) being assessed and reported as taxonomy eligible.

GAR Stock and GAR Flow are further detailed, notably per categories of assets and related counterparts, but also per combined eligibility (across all six environmental objectives) and alignment towards each environmental objective within Template 3 'GAR KPI Stock' and Template 4 'GAR KPI Flow', These templates are disclosed in both the turnover view and the CapEx view, with no "T-1" comparative sections, in accordance with the Annex VI as modified by the revised EU Taxonomy DDA. In accordance with the revised EU Taxonomy DDA, both these templates newly include columnar sections respectively dedicated to disclosing the proportion of aligned assets into the related eligible assets, as well as the proportion of non-assessed assets into the related total assets covered by the GAR calculation.

FinGuar KPI Stock (turnover view and CapEx view)

Whilst the GAR refers to credit institution's on-balance assets, the FinGuar KPI focuses on credit institution's off-balance exposures. showed no material structural change on a year-on-year basis: from 0.88% as of 31 December 2024 to 1.25% as of 31 December 2025 (turnover view), and from 3.04% to 1.69% over the same period (CapEx view).

This development can be plausibly explained by the limited year-on-year change in the specific population of underlying CSRD-obligated counterparts and the related taxonomy KPIs applied, but it has been also slightly adversely influenced by local governments becoming a relevant counterpart sub-category for this KPI in accordance with the revised EU Taxonomy DDA, along CSRD-obligated undertakings, taking into account that the aforementioned year-end 2024 comparatives were not recalculated in this respect.

FinGuar KPI Stock and FinGuar KPI Flow are further detailed, notably per categories of assets and related counterparts, but also per combined eligibility across all 6 environmental objectives and alignment towards each environmental objective within Template 5 'KPI Off balance-sheet exposures', These templates are disclosed in both the turnover view and the CapEx view, as well as in both stock and flow views, with no comparative section included. The template also discloses the proportion of any non-assessed exposures into the total amount of related off-balance sheet exposures covered by Taxonomy.

Template 2 GAR sector information

This template provides, in both stock turnover view and stock CapEx view, a breakdown per the applicable NACE codes of all the eligible and aligned amounts featured in Template 1 as assets covered in the GAR calculation, limited to the first 10 NACE codes in terms of materiality of the related gross carrying amounts.

Template 2 features two additional rows dedicated to the on-balance banking book exposures covered by the EU Taxonomy and fully (specific-purpose) or partly (general-purpose) attributable to the Nuclear and respectively Fossil Gas energy sectors, either directly (CSRD-obligated non-financial undertakings primarily active in the mentioned energy sectors) or indirectly (CSRD-obligated financial undertakings exposed in their turn to CSRD-obligated non-financial undertakings primarily active in the mentioned energy sectors).

The taxonomy-eligible and respectively taxonomy-aligned amounts disclosed in the above mentioned nuclear and respectively fossil gas related additional two rows of Template 2, when expressed as respective proportions into EBC Group's total assets covered by the GAR calculation, are as follows:

GAR Stock (turnover view)

	Nuclear energy activities		Fossil gas activities	
	31.12.2024*	31.12.2025	31.12.2024*	31.12.2025
Eligibility proportion	–%	–%	0.01%	–%
Alignment proportion	–%	0.01%	–%	–%

GAR Stock (CapEx view)

	Nuclear energy activities		Fossil gas activities	
	31.12.2024*	31.12.2025	31.12.2024*	31.12.2025
Eligibility proportion	–%	0.01%	0.35%	0.01%
Alignment proportion	–%	0.01%	–%	–%

GAR Flow (turnover view)

	Nuclear energy activities		Fossil gas activities	
	31.12.2024*	31.12.2025	31.12.2024*	31.12.2025
Eligibility proportion	–%	0.01%	–%	0.02%
Alignment proportion	–%	0.01%	–%	–%

GAR Flow (CapEx view)

	Nuclear energy activities		Fossil gas activities	
	31.12.2024*	31.12.2025	31.12.2024*	31.12.2025
Eligibility proportion	–%	0.02%	–%	0.02%
Alignment proportion	–%	0.02%	–%	–%

*retrospectively calculated for comparability purposes only, using as numerators the relevant amounts reported at 31 December 2024 in the formerly required Nuclear & Fossil Gas related templates 2 and 4 in relation to GAR and as denominators the total assets covered by the GAR calculation as at 31 December 2024, recalculated consistently to 31 December 2025, i.e. based on the "symmetrical" approach to the GAR calculation as required by the revised EU Taxonomy DDA.

EBC Group's similar proportions in respect of financial guarantee off-balance sheet exposures covered by the EU Taxonomy are additionally summarized below:

FinGuar Stock (turnover view)

	Nuclear energy activities		Fossil gas activities	
	31.12.2024*	31.12.2025	31.12.2024*	31.12.2025
Eligibility proportion	0.01%	0.01%	0.05%	0.04%
Alignment proportion	0.01%	0.01%	–%	–%

FinGuar Stock (CapEx view)

	Nuclear energy activities		Fossil gas activities	
	31.12.2024*	31.12.2025	31.12.2024*	31.12.2025
Eligibility proportion	0.01%	0.01%	–%	0.01%
Alignment proportion	0.01%	0.01%	–%	–%

FinGuar Flow (turnover view)

	Nuclear energy activities		Fossil gas activities	
	31.12.2024*	31.12.2025	31.12.2024*	31.12.2025
Eligibility proportion	0.01%	–%	0.04%	0.04%
Alignment proportion	0.01%	–%	–%	–%

FinGuar Flow (CapEx view)

	Nuclear energy activities		Fossil gas activities	
	31.12.2024*	31.12.2025	31.12.2024*	31.12.2025
Eligibility proportion	0.01%	–%	–%	0.01%
Alignment proportion	0.01%	–%	–%	–%

*retrospectively calculated for comparability purposes only, using as numerators the relevant amounts reported at 31 December 2024 in the formerly required Nuclear & Fossil Gas related templates 2 and 4 in relation to FinGuar KPI and as denominators the total financial guarantee off-balance sheet exposures covered by the EU Taxonomy as at 31 December 2024.

As mentioned above, EBC Group does not disclose its AuM KPI as of 31 December 2025 in any of the applicable views, due to applying the "de minimis" provision of the revised EU Taxonomy DDA with respect to the credit institution's main Taxonomy KPIs covering assets or off-balance sheet items contributing by less than 10% to institution's net annual turnover. Therefore, the related proportions in respect of the taxonomy-eligible and respectively taxonomy-aligned amounts attributable to the nuclear energy and respectively fossil gas activities, as presented above with regards to GAR (all views) and respectively FinGuar (all views) have not been determined and are therefore not available and not disclosed with regards to AuM KPI.

According to the revised EU Taxonomy DDA, Template 2 does not feature a 'T-1' comparative section and is provided as both stock and flow, in both turnover and CapEx view.

Revised EU Taxonomy DDA's brought forward disclosures on financings of Nuclear and Fossil Gas related economic activities

According to the revised EU Taxonomy DDA, such disclosures are limited to those already captured in Template 2, as described above. Following the deletion of Annex XII to the EU Taxonomy Disclosures Regulation, the Nuclear and Fossil Gas additional templates formerly required and consequently published by EBC Group for the year-ends 2024 are no longer featured in EBC Groups EU Taxonomy disclosures as at 31 December 2025.

SELECTED KPIS' OVERVIEW

As of 31 December 2025, EBC Group's total eligibility KPI and total GAR can be summarized as follows:

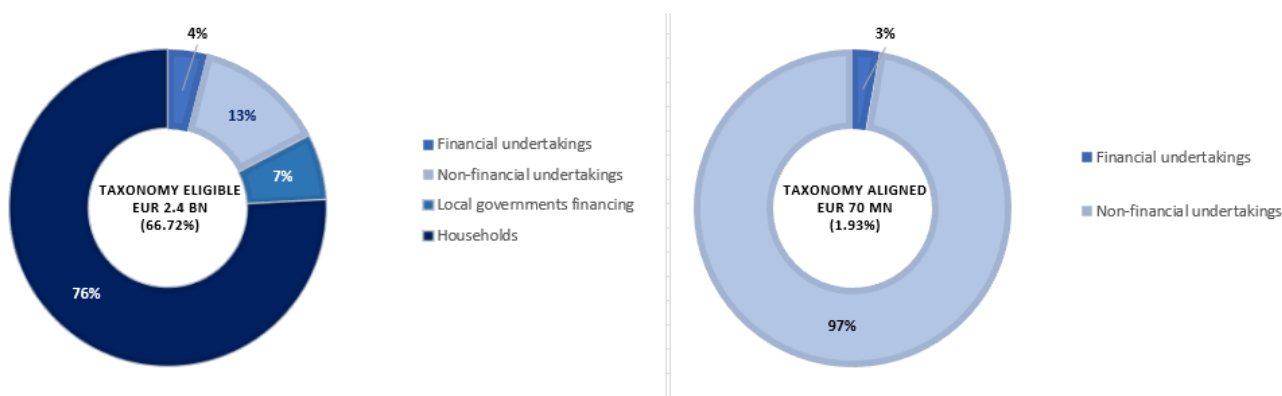
Turnover view

- EBC Group's consolidated taxonomy eligible assets amount to EUR 2.41 million (2024: EUR 2.03 million), representing 66.87% (2024 as formerly reported 20.50% and as recalculated 36.49%) of the total covered assets.
- EBC Group's consolidated taxonomy aligned assets amount to EUR 70 million (2024: EUR 114 million), representing 1.93% (2024 as formerly reported: 1.15% and as recalculated 2.05%) of the total covered assets.

Capex view

- The EBC Group's taxonomy eligible assets amount to EUR 2.55 million (2024: EUR 2.05 million), representing 70.72% (2024 as formerly reported 20.72% and as recalculated 36.88%) of the total covered assets.
- The EBC Group's taxonomy aligned assets amount to EUR 107 million (2024: EUR 171 million), representing 2.97% (2024 as formerly reported 1.73% and as recalculated 3.08%) of the total covered assets.

In the turnover view, the total eligibility KPI and total GAR as of 31 December 2025 are further comparatively analyzed and presented in the charts below:



Therefore, as of 31 December 2025, EBC Group's total taxonomy eligibility KPI consists of the following main components:

- Financing to private households to the amount of EUR 1.83 million (2024: EUR 1.54 million), the purpose of which corresponds to taxonomy eligible activities in the real estate and the automotive sector.
- Use of proceeds known and unknown financing to non-financial undertakings to the amount of EUR 323 million (2024: EUR 313 million) and to financial undertakings to the amount of EUR 96 million (2024: EUR 16 million), the use of proceeds unknown financing having been classified proportionately as taxonomy eligible based on the eligibility KPIs published by the respective counterparties
- Financing to local and regional governments to the amount of EUR 163 million (2024: EUR 154 million), the purpose of which corresponds to taxonomy eligible activities.

Taxonomy-eligible assets mentioned above further contribute to EBC Group's GAR as at 31 December 2025, as follows:

- Financial undertakings in the amount of EUR 2 million (2024: EUR 1 million) and in non - financial undertakings in the amount of EUR 67 million (2024: EUR 113 million)
- Financing to private households to the amount of EUR 1 million (2024: EUR no aligned amount)

Removal of GAR structural constraints and developments in data availability

Up to 31 December 2024, the taxonomy disclosures and KPIs of EBC Group as of 31 December 2025, as well as their year-on-year development as outlined above, have been inherently influenced by both structural constraints arising from both the legal design of the GAR and the restricted scope of the CSRD, as well as by various other data availability limitations. Such constraints and limitations have considerably reduced in terms of their adverse GAR impact, as further described below.

Removal of GAR structural constraints

Due to the extensive information required to evaluate the applicable taxonomy alignment technical criteria (SC, DNSH), as well as the MS compliance, the scope of application of the EU Taxonomy Disclosures Regulation is limited by legislation (at EU level: CSRD), as far as qualifying exposures to undertakings are concerned, to those that are CSRD-obligated as at the current reporting year-end, as well as to any subsidiaries thereof. For EBC Group as a universal bank, this meant, for both year-ends 2024 and 2023, namely before the issuance of the revised EU Taxonomy DDA and their first time application by EBC Group as at 31 December 2025, that a significant part of the portfolio (small and medium-sized enterprises not CSRD-obligated or part of such a group) could be considered in the numerators of the taxonomy eligibility KPI and the GAR, with most of them were qualifying for the respective denominators only ('GAR structural asymmetry').

As outlined above in the introductory part of this chapter, the revised EU Taxonomy DDA removed GAR's structural asymmetry by ensuring the scopes of assets covered in the numerator and respectively the denominator of the GAR are the same, with the direct consequence of assets previously falling in the scope of the GAR denominator only, notably the non-trading exposures towards CSRD non-obligated undertakings, being removed in full from the GAR calculation. Another consequence for EBC Group was that taxonomy inherently non-eligible exposures towards Households and respectively Local Governments, notably general or sundry purpose consumer loans to retail customers and general or sundry financings of Local Governments, previously deemed relevant for both GAR's numerator and denominator although inherently unable to make any contribution to the former, have been removed in full from the GAR calculation as well.

Whilst, on the one hand, the revised EU Taxonomy DDA have thus removed GAR's structural asymmetry, GAR's coverage, hence arguably GAR's representativeness of reporting credit institution's total assets has on the other hand contracted accordingly. Thus, as at 31.12.2024, the proportion of total covered assets into total assets, as previously reported by EBC Group, amounted to 58.81% for stock and 77.46% for flow. When, for comparability purposes only, they are retrospectively recalculated based on the revised EU Taxonomy DDA, they decrease to 32.88% and respectively 42.65%. At 31 December 2025, as featured in the Template 0 presented below, Group's GAR coverage amounts to 20.13% (stock) and respectively 15.70% (flow).

Developments in data availability

[Retail lending - Climate Change Adaptation related DNSH assessment of taxonomy-eligible mortgage and building renovation loans to Households substantially contributing to the Climate Change Mitigation environmental objective.](#) Related to real estate and vehicle financing towards private households, as well as financing of housing or other taxonomy eligible specific purpose projects by local governments, for collateral which meets substantial contribution criteria of climate change mitigation (e.g. energy efficiency), an assessment of climate-related physical risks and vulnerabilities is performed to ensure compliance with the DNSH criterion on climate change adaptation. EBC Group follows Erste Group direction to the highest degree possible, taking into consideration local aspects and legislation.

This assessment is based on recognized scientific sources, best-practice methodologies and available climate risk data, including external datasets and modelling where appropriate.

These efforts resulted in an enhanced methodology and more comprehensive underlying internal processes for assessing the DNSH criterion for Climate Change Adaptation with regards to the mortgage loans to Households financing building acquisition/ownership or building renovation identified as substantially contributing to the Climate Change Mitigation based on the related financed real estate collateral being substantiated as highly energy efficient, by reference to the related building's Energy Performance Certificate as issued by the relevant local authority either bearing the Label A.

In essence, for each such CCM substantially contributing loan to Households, the DNSH criterion had been deemed met for CCA provided that all 21 physical risks identified as relevant for the real estate sector and the countries where EBC Group activates as retail lender (out of the full list of 35 as per Annex 1 to the EU Taxonomy Regulation) have been determined as scoring lower than "high" or, in the case of the risks of subsidence, drought and precipitations, "very high" severity in the specific geolocation of the related real estate collateral, across all applicable statistically modelled RCP (representative concentration pathway) scenarios with regards to greenhouse gas concentration expectations and all available time horizons by reference to the generally accepted span of a residential building's economic life, hence irrespective of the expected remaining maturity of the related loans.

The setting of the scoring threshold to "very high" for the DNSH criterion to be deemed failed in the particular case of the above mentioned three physical risks reflects EBC Group's reasonable expectation that all due adaptation measures are by default embedded into the advanced design and construction of high-energy efficient buildings. Also, as far as the risk of floods is concerned, by factoring in the related "defended risk" indices into the above described DNSH assessment approach, EBC Group has ensured that the due adaptation measures were considered in the retrieved scoring, hence in the applied "high" scoring threshold below which the DNSH criterion was deemed met with respect to this particular physical risk.

All such CCM substantially contributing loans for which, based on the aforementioned approach, the DNSH criterion for CCA has been deemed met have been further classified as taxonomy-aligned, additionally based on the MS non-applicability as stemming from EU Taxonomy DDA's Annex V's definition of the numerator of the Retail lending's alignment KPI, further corroborated to EBC Group's interpretation that the FAQ 37 from EC's Third Commission Notice (indicating that the MS compliance assessment for retail lending should address the corporate manufacturers upstream retail client's supply chain with regards to the financed object) does not apply to buildings as far as the financed eligible activity is acquisition or ownership, rather than construction.

Environmental objectives 3-6

EBC Group's EU Taxonomy disclosures as of year-end 2024 have covered already the entire set of environmental objectives for the alignment figures for general purpose loans as well. As at 31 December 2025, the applied client alignment KPIs for the environmental objectives 3-6 continue to have, in general, relatively low values.

Furthermore, regarding both new and existing business with CSRD-obligated undertakings and local governments – despite considerable efforts to further advance the examination of individual transactions – in some cases there is still insufficient information and data basis on the customer side to determine whether these transactions can be classified as taxonomy-eligible with regards to the environmental objectives 3-6, which resulted in relatively infrequent 'use of proceeds known' financings having been classified as of 31 December 2025 as eligible by reference to these environmental objectives, none of them being further assessed as taxonomy-aligned for the related objective. In the same time, the Taxonomy templates as per the Annex VI as modified by the revised EU Taxonomy DDA do no longer require the breakdown of eligible exposures covered by Taxonomy per the six environmental objectives.

Reporting methodology and underlying assumptions and interpretations

(Gross) carrying amounts of assets

Regarding the (gross) carrying amounts of assets represented in Template 1, the following approach was taken:

- For all relevant financial assets at amortised cost and debt securities at FVOCI (Fair Value Through Other Comprehensive Income), the cost carried forward before adjustment of value adjustments was used - regardless of the counterparty type.
- For all other assets falling into lines 1-40 of Template 1, the gross carrying amount, i.e., the amount actually accounted for and used in the CRR-consolidated IFRS FINREP balance sheet, was used. This means:
 - For performing debt instruments at FVPL (Fair Value Through Profit or Loss), the gross carrying amount corresponds to the fair value. For non-performing debt instruments at FVPL, the gross carrying amount corresponds to the fair value after the accumulation of any accumulated negative changes in fair value due to credit risk.
 - For all investments in associated and joint ventures, the carrying value in accordance with IAS28/IFRS11 is used.

- For all equity instruments at FVPL, the fair value is used.
- For all non-financial assets ('collateral obtained by taking possession' or 'Other categories of assets'), the carrying amounts disclosed according to IFRS are used.

CSRD-obligated financial and non-financial undertakings and use of their KPIs

All companies considered to be public interest entities and employing more than 500 people at either individual or consolidated level have been obligated to report EU Taxonomy disclosures as of 31 December 2024 and continue to be as of 31 December 2025 under the CSRD, taking into account EC's "stop the clock" decision referred to in the opening part of this chapter. Financial and non-financial undertakings, that are parents of obligated groups, must publish their KPIs on a consolidated basis. These KPIs are used for the purpose of determining EBC Group's KPIs for qualifying exposures towards all subsidiaries of this group ('closest reporting parent'), unless KPIs are available for the specific single counterparty.

Flow

For the purpose of preparing the the 'flow' views of the Templates 1, 2, 4 and 5, 'flow' has been defined as a sub-set of 'stock', limited to related asset deals' having been initially recognised during the current reporting date. The two exceptions to this approach are as follows:

- Non-financial assets and financial assets not having the nature of loans and advances, debt securities or equity instruments: 'flow' has been deemed zero.
- Underlying debt securities and equity instruments in on-balance investment funds: 'flow' has been to be arise from any positive year-on-year net increase in the number of units held at underlying ISIN level, within each relevant investment fund.

Significant notes for the consideration of assets in Template 1

Accepted for the numerator and the denominator of the GAR and therefore relevant for the taxonomy-eligibility or alignment review are non-trading loans and advances, debt securities, equity instruments having financial or non-financial undertakings obligated to KPI disclosure as counterparties (or subsidiaries thereof), as well as real estate and car financing to private households, use of proceeds known financing with local governments and real estate collateral obtained through taking possession. As outlined above, EBC Group chose to not consider any "exposures included on a voluntary basis" into Group's GAR calculation as at 31 December 2025.

Financial and non-financial undertakings

Financial and non-financial undertakings that are parent companies of groups subject to reporting under the CSRD must disclose their KUIs at the consolidated level. These KPIs are used to determine the KPIs of the EBC Group for eligible exposures to all subsidiaries of that group (the "closest reporting parent"), except where KPIs are available for the individual obligor.

- Qualifying assets in relation to financial and non-financial undertakings are included in the numerator of the GAR if the direct counterparty is CSRD-obligated or a subsidiary of a CSRD-obligated group.
- Financing to not CSRD-obligated financial and non-financial undertakings, which are not part of a CSRD-obligated group, were fully excluded from the GAR calculation, irrespective of their domicile (EU or Non-EU)
- Financing to Multilateral Development Banks listed in the paragraphs in Article 117(1), or Article 117(2) Regulation (EU) 575/2013 (CRR) are considered credit institutions according to the clarifications of the 'Environmental Act' and are allowed for the GAR numerator and denominator provided they are based in the EU.

Private households

- Financing to private households and subject to further assessment for taxonomy eligibility or alignment comprises only real estate-related financing or car loans (the latter from 1.1.2022). The remaining exposures to households (essentially: general-purpose financing) have been fully excluded from the GAR calculation, the related gross carrying amounts being therefore included in column a of Template's 1 row 25 'Undertakings and entities not subject to CSRD'.
- Financing of building renovation and collateralised by residential immovable property are solely included in the row 'of which building renovation loans' in order to avoid double counting.

Local & regional governments

Financing to local or regional governments and subject to further assessment for taxonomy eligibility or alignment comprises only financing where the respective use of proceeds is known. Financing without a known use of proceeds has been fully excluded from the GAR calculation, the related gross carrying amounts being therefore included in column a of Template's 1 row 25 'Undertakings and entities not subject to CSRD'.

[Nuclear & fossil gas activities related new section of Template 2 "GAR sector information" \(all views\)](#)

In the portfolio of EBC Group, there are no material "use of proceeds known" financings related to the activities in the area of nuclear energy and fossil gas listed in the Commission Delegated Regulation (EU) 2022/1214. Consequently, populating the respective two additional rows newly required by the revised EU Taxonomy DDA within the Template 2 (all views) as at 31 December 2025 is essentially based on the KPIs published by the related counterparties (namely: CSRD-obligated energy companies or CSRD-obligated banks or insurances directly exposed to such energy companies) in their Nuclear & Fossil gas related templates 2 and 4 (related views), as reported at 31 December 2024 based on the requirements of the former Annex XII to the EU Taxonomy DDA, meanwhile deleted by the revised EU Taxonomy DDA.

Summary of the revised EU Taxonomy DDA's effects on the comparative information as of year-end 2024

In accordance with the Taxonomy templates's layouts as per the Annex VI to the EU Taxonomy DDA as modified by the revised EU Taxonomy DDA, no prior-year comparatives are featured in any of them. However, for comparability purposes only in the context of addressing Annex XI's requirement of providing qualitative disclosures around the year-on-year development in reporting institution's main Taxonomy KPIs, Erste Group is summarizing below prior year's Taxonomy KPIs and other related quantitative information as at 31 December 2024, both as previously published and as recalculated.

	As previously published	As recalculated
Template 0		
GAR% Stock – turnover	1.15%	2.05%
GAR% Stock – CapEx	1.73%	3.08%
% coverage over total assets - stock	58.81%	32.88%
GAR% Flow – turnover	0.10%	0.17%
GAR% Flow – CapEx	0.16%	0.28%
% coverage over total assets - flow	77.46%	42.65%
Template 3 turnover view, additional changes		
Eligibility KPI – Households	34.19%	34.19%
Eligibility KPI – Local Governments	91.70%	91.70%
Eligibility KPI – total	20.50%	36.49%
Template 3 CapEx view, additional changes		
Eligibility KPI – Households	34.19%	34.19%
Eligibility KPI – Local Governments	91.70%	91.70%
Eligibility KPI – total	20.72%	36.88%

The comparative figures that would have been impacted as detailed above are not presented once again accordingly in the respective views of the related templates, given that, according to the revised EU Taxonomy DDA, the related templates no longer feature a comparative "T-1" section.

Consideration of EU Taxonomy in EBC Group's business strategies, product design processes and engagement with clients and counterparties

EBC Group informs its customers about possible cost advantages that can arise from taxonomy-aligned disclosure. The GAR is currently not integrated into the strategic board internal remuneration framework and should not be considered as performance-linked KPI for management incentives.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total exposure to Taxonomy-aligned activities (EUR million)		KPI (%)		% coverage (over total assets) (%)	non assessed exposures (% of covered assets) (%)	non assessed exposures (% of covered assets) (%)	
		Turnover-based	CapEx-based	Turnover-based	CapEx-based			Turnover-based	CapEx-based
Main KPI	Green asset ratio (GAR) stock	70	107	1.93%	2.97%	20.13%		-%	-%

		Total exposure to Taxonomy-aligned activities (EUR million)		KPI (%)		% coverage (over total assets) (%)	non assessed exposures (% of covered assets) (%)	non assessed exposures (% of covered assets) (%)	
		Turnover-based	CapEx-based	Turnover-based	CapEx-based			Turnover-based	CapEx-based
Additional KPI	GAR (flow)	26	39	2.16%	3.30%	15.70%		-%	-%
	Trading book	-	-	-%	-%	-%		-%	-%
	Financial guarantees	1	2	1.25%	1.69%	40.87%		-%	-%
	Assets under management	-	-	-%	-%	-%		-%	-%
	Fees and commissions income	-	-	-%	-%	-%		-%	-%

1.1. Assets for the calculation of GAR, stock turnover-based view

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Breakdown per environmental objective													Of which financing non-material activities or counterparties	Of which exposures reporting in accordance with Article 7(9)	Of which not assessed non-material by the credit institution
Stock/Flow (Million EUR)	Total [gross] carrying amount	Of which Taxonomy-eligible	Of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	Of which Use of Proceeds	Of which transitional	Of which enabling	Non-assessed exposures			
1 GAR - Covered assets in both numerator and denominator	0010	0020	0030	0040	0050	0060	0070	0080	0090	0100	0110	0120	0130	0140	0150	0160
2 Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	3,605	2,409	70	69	-	-	-	-	-	1	1	1	-	-	-	-
3 Financial undertakings	325	96	2	2	-	-	-	-	-	-	-	1	-	-	-	-
4 Loans and advances	319	95	2	2	-	-	-	-	-	-	-	1	-	-	-	-
5 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Equity instruments	6	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Non-financial undertakings	1,114	323	67	67	-	-	-	-	-	-	1	1	-	-	-	-
8 Loans and advances	1,017	308	67	67	-	-	-	-	-	-	1	1	-	-	-	-
9 Debt securities, including UoP	87	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Equity instruments	10	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Households	2,003	1,827	1	1	-	-	-	-	-	1	-	-	-	-	-	-
12 of which loans collateralised by residential immovable property	1,986	1,812	1	1	-	-	-	-	-	1	-	-	-	-	-	-
13 of which building renovation loans	15	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 of which motor vehicle loans	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Local governments financing	163	163	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17 Other local government financing	163	163	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18 Collateral obtained by taking possession: residential and commercial immovable properties	5	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Exposures included on a voluntary basis	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Total GAR assets	3,610	2,414	70	69	-	-	-	-	-	1	1	1	-	-	-	-
21 Assets not covered for GAR calculation	14,321	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

22	Central governments and Supranational issuers	4,006	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Central banks exposure	2,512	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Trading book	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Undertakings and entities not subject to CSRD	6,954	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	3,485	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	Loans and advances	3,471	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	of which loans collateralised by commercial immovable property	1,701	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	of which building renovation loans	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Equity instruments	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Non-EU country counterparties not subject to CSRD disclosure obligations	314	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Loans and advances	312	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	Equity instruments	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	Derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	On demand interbank loans	60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	Cash and cash-related assets	509	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	Other categories of assets (e.g. Goodwill, commodities etc.)	261	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40	Total assets	17,931	2,414	70	69	-	-	-	-	-	1	1	1	-	-	-	-
Off-balance sheet exposures (stock) to Undertakings subject to CSRD disclosure obligations and local governments																	
41	Financial guarantees	101	31	1	1	-	-	-	-	-	-	1	-	-	-	-	-
42	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1.2 Assets for the calculation of GAR, flow turnover-based view

Stock/Flow (Million EUR)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Total [gross] carrying amount	Of which Taxonomy-eligible	Of which Taxonomy-aligned	Breakdown per environmental objective									Non-assessed exposures	Of which financing non-material activities or counterparties	Of which exposures financing counterparties reporting in accordance with Article 7(9)	Of which not assessed non-material by the credit institution
				Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	Of which Use of Proceeds	Of which transitional	Of which enabling				
1 GAR - Covered assets in both numerator and denominator	0010	0020	0030	0040	0050	0060	0070	0080	0090	0100	0110	0120	0130	140	150	160
2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,194	615	26	26	-	-	-	-	-	-	1	1	-	-	-	-
3 Financial undertakings	289	93	2	2	-	-	-	-	-	-	-	1	-	-	-	-
4 Loans and advances	289	93	2	2	-	-	-	-	-	-	-	1	-	-	-	-
5 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Non-financial undertakings	418	80	24	24	-	-	-	-	-	-	1	1	-	-	-	-
8 Loans and advances	380	77	24	24	-	-	-	-	-	-	1	1	-	-	-	-
9 Debt securities, including UoP	28	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Equity instruments	10	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Households	481	436	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 of which loans collateralised by residential immovable property	477	433	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 of which building renovation loans	3	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 of which motor vehicle loans	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Local governments financing	6	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17 Other local government financing	6	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Exposures included on a voluntary basis	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Total GAR assets	1,195	615	26	26	-	-	-	-	-	-	1	1	-	-	-	-
21 Assets not covered for GAR calculation	6,417	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

22	Central governments and Supranational issuers	857	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Central banks exposure	2,332	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Trading book	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Undertakings and entities not subject to CSRD	2,713	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	1,378	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	Loans and advances	1,378	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	of which loans collateralised by commercial immovable property	454	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	of which building renovation loans	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Non-EU country counterparties not subject to CSRD disclosure obligations	146	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Loans and advances	146	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	Derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	On demand interbank loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	Cash and cash-related assets	509	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	Other categories of assets (e.g. Goodwill, commodities etc.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40	Total assets	7,611	615	26	26	-	-	-	-	-	-	1	1	-	-	-
Off-balance sheet exposures (stock) to Undertakings subject to CSRD disclosure obligations and local governments													-	-	-	-
41	Financial guarantees	59	8	1	1	-	-	-	-	-	-	-	-	-	-	-
42	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1.3 Assets for the calculation of GAR, CapEx-based view, stock

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Breakdown per environmental objective													Of which financing counterparties reporting in accordance with Article 7(9)	Of which exposures not assessed considered non-material by the credit institution	
Stock/Flow (Million EUR)		Total [gross] carrying amount	Of which Taxonomy-eligible	Of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	Of which Use of Proceeds	Of which transitional	Of which enabling	Non-assessed exposures			
1	GAR - Covered assets in both numerator and denominator	0010	0020	0030	0040	0050	0060	0070	0080	0090	0100	0110	0120	0130	0140	0150	0160
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	3,605	2,548	107	107	-	-	-	-	-	1	3	2	-	-	-	-
3	Financial undertakings	325	97	3	3	-	-	-	-	-	-	-	1	-	-	-	-
4	Loans and advances	319	96	3	3	-	-	-	-	-	-	-	1	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	6	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Non-financial undertakings	1,114	461	103	103	-	-	-	-	-	-	2	1	-	-	-	-
8	Loans and advances	1,017	426	103	103	-	-	-	-	-	-	2	1	-	-	-	-
9	Debt securities, including UoP	87	33	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Equity instruments	10	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Households	2,003	1,827	1	1	-	-	-	-	-	1	-	-	-	-	-	-
12	of which loans collateralised by residential immovable property	1,986	1,812	1	1	-	-	-	-	-	1	-	-	-	-	-	-
13	of which building renovation loans	15	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	of which motor vehicle loans	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Local governments financing	163	163	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Other local government financing	163	163	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Collateral obtained by taking possession: residential and commercial immovable properties	5	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Exposures included on a voluntary basis	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Total GAR assets	3,610	2,553	107	107	-	-	-	-	-	1	3	2	-	-	-	-
21	Assets not covered for GAR calculation	14,321	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

22	Central governments and Supranational issuers	4,006	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Central banks exposure	2,512	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Trading book	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Undertakings and entities not subject to CSRD	6,954	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	3,485	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	Loans and advances	3,471	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	of which loans collateralised by commercial immovable property	1,701	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	of which building renovation loans	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Equity instruments	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Non-EU country counterparties not subject to CSRD disclosure obligations	314	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Loans and advances	312	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	Equity instruments	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	Derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	On demand interbank loans	60	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	Cash and cash-related assets	509	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	Other categories of assets (e.g. Goodwill, commodities etc.)	261	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40	Total assets	17,931	2,553	107	107	-	-	-	-	1	3	2	-	-	-	-
Off-balance sheet exposures (stock) to Undertakings subject to CSRD disclosure obligations and local governments																
41	Financial guarantees	101	34	2	2	-	-	-	-	-	-	-	-	-	-	-
42	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1.4 Assets for the calculation of GAR, CapEx-based view, flow

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Breakdown per environmental objective													Of which financing non-material counterparties reporting in accordance with Article 7(9)	Of which not assessed considered non-material by the credit institution	
Stock/Flow (Million EUR)	Total [gross] carrying amount	Of which Taxonomy-eligible	Of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	Of which Use of Proceeds	Of which transitional	Of which enabling	Non-assessed exposures	Of which financing non-material counterparties	Of which not assessed considered non-material by the credit institution	
	0010	0020	0030	0040	0050	0060	0070	0080	0090	0100	0110	0120	0130	0140	0150	0160
1 GAR - Covered assets in both numerator and denominator																
2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,194	707	39	39	-	-	-	-	-	-	2	2	-	-	-	-
3 Financial undertakings	289	95	3	3	-	-	-	-	-	-	-	1	-	-	-	-
4 Loans and advances	289	95	3	3	-	-	-	-	-	-	-	1	-	-	-	-
5 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Non-financial undertakings	418	170	36	36	-	-	-	-	-	-	2	1	-	-	-	-
8 Loans and advances	380	153	36	36	-	-	-	-	-	-	2	1	-	-	-	-
9 Debt securities, including UoP	28	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Equity instruments	10	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Households	481	436	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 of which loans collateralised by residential immovable property	477	433	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 of which building renovation loans	3	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 of which motor vehicle loans	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Local governments financing	6	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17 Other local government financing	6	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Exposures included on a voluntary basis	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Total GAR assets	1,195	707	39	39	-	-	-	-	-	-	2	2	-	-	-	-
21 Assets not covered for GAR calculation	6,417	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

22	Central governments and Supranational issuers	857	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Central banks exposure	2,332	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Trading book	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Undertakings and entities not subject to CSRD	2,713	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	1,378	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	Loans and advances	1,378	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	of which loans collateralised by commercial immovable property	454	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	of which building renovation loans	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Non-EU country counterparties not subject to CSRD disclosure obligations	146	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Loans and advances	146	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	Derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	On demand interbank loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	Cash and cash-related assets	509	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	Other categories of assets (e.g. Goodwill, commodities etc.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40	Total assets	7,611	707	39	39	-	-	-	-	-	-	2	2	-	-	-
Off-balance sheet exposures (stock) to Undertakings subject to CSRD disclosure obligations and local governments																
41	Financial guarantees	59	12	1	1	-	-	-	-	-	-	-	-	-	-	-
42	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

2.1 GAR sector information, stock, turnover-based view

a	b	c	d	e	f	g	h	i	j
Breakdown by sector - NACE 4 digits level (code and label) (Million EUR)	Total [Gross] carrying amount	Of which Taxonomy eligible	Of which Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)
A01.11	19	1	-	-	-	-	-	-	-
A01.13	2	-	-	-	-	-	-	-	-
A01.21	1	-	-	-	-	-	-	-	-
A01.30	1	-	-	-	-	-	-	-	-
A01.41	4	-	-	-	-	-	-	-	-
A01.42	5	-	-	-	-	-	-	-	-
A01.47	1	-	-	-	-	-	-	-	-
A01.50	19	-	-	-	-	-	-	-	-
A01.61	1	-	-	-	-	-	-	-	-
A02.10	3	-	-	-	-	-	-	-	-
A02.20	1	-	-	-	-	-	-	-	-
A03.11	3	-	-	-	-	-	-	-	-
A03.21	33	1	-	-	-	-	-	-	-
C10.11	6	-	-	-	-	-	-	-	-
C10.13	1	-	-	-	-	-	-	-	-
C10.39	94	16	-	-	-	-	-	-	-
C10.51	1	-	-	-	-	-	-	-	-
C10.52	1	-	-	-	-	-	-	-	-
C10.61	7	-	-	-	-	-	-	-	-
C10.71	6	-	-	-	-	-	-	-	-
C10.89	16	-	-	-	-	-	-	-	-
C11.02	1	-	-	-	-	-	-	-	-
C16.10	1	-	-	-	-	-	-	-	-
C16.24	1	-	-	-	-	-	-	-	-
C19.20	22	-	-	-	-	-	-	-	-
C21.20	9	6	-	-	-	-	-	-	-
C23.51	19	8	1	1	-	-	-	-	-

C25.11	1	-	-	-	-	-	-	-	-	-
C25.12	1	-	-	-	-	-	-	-	-	-
C26.30	8	6	-	-	-	-	-	-	-	-
C27.11	7	5	-	-	-	-	-	-	-	-
C27.90	1	-	-	-	-	-	-	-	-	-
C31.01	1	-	-	-	-	-	-	-	-	-
C31.03	1	-	-	-	-	-	-	-	-	-
C32.99	1	-	-	-	-	-	-	-	-	-
C33.20	2	-	-	-	-	-	-	-	-	-
D35.11	8	-	-	-	-	-	-	-	-	-
D35.12	3	-	-	-	-	-	-	-	-	-
D35.13	152	64	64	64	-	-	-	-	-	-
E36.00	7	-	-	-	-	-	-	-	-	-
E38.12	1	1	-	-	-	-	-	-	-	-
E38.22	2	-	-	-	-	-	-	-	-	-
E38.32	2	1	-	-	-	-	-	-	-	-
F41.20	1	-	-	-	-	-	-	-	-	-
F42.11	2	1	-	-	-	-	-	-	-	-
F42.22	2	1	-	-	-	-	-	-	-	-
F43.11	1	-	-	-	-	-	-	-	-	-
F43.12	3	-	-	-	-	-	-	-	-	-
F43.21	5	1	-	-	-	-	-	-	-	-
F43.22	1	-	-	-	-	-	-	-	-	-
F43.29	2	-	-	-	-	-	-	-	-	-
F43.31	1	-	-	-	-	-	-	-	-	-
F43.32	1	-	-	-	-	-	-	-	-	-
F43.33	1	-	-	-	-	-	-	-	-	-
F43.39	2	-	-	-	-	-	-	-	-	-
F43.99	1	-	-	-	-	-	-	-	-	-
G45.11	6	-	-	-	-	-	-	-	-	-
G45.20	2	-	-	-	-	-	-	-	-	-
G45.31	4	-	-	-	-	-	-	-	-	-
G46.39	31	-	-	-	-	-	-	-	-	-
G46.41	2	-	-	-	-	-	-	-	-	-
G46.42	4	-	-	-	-	-	-	-	-	-
G46.51	12	-	-	-	-	-	-	-	-	-
G46.61	1	-	-	-	-	-	-	-	-	-

G46.74	1	-	-	-	-	-	-	-	-	-
G46.90	2	-	-	-	-	-	-	-	-	-
G47.11	72	1	-	-	-	-	-	-	-	-
G47.19	2	-	-	-	-	-	-	-	-	-
H49.31	1	-	-	-	-	-	-	-	-	-
H49.32	1	-	-	-	-	-	-	-	-	-
H49.39	4	-	-	-	-	-	-	-	-	-
H49.41	23	-	-	-	-	-	-	-	-	-
H49.50	19	-	-	-	-	-	-	-	-	-
H50.10	9	-	-	-	-	-	-	-	-	-
H52.21	93	-	-	-	-	-	-	-	-	-
H52.24	2	-	-	-	-	-	-	-	-	-
I55.10	234	155	-	-	-	-	-	-	-	-
I55.20	3	-	-	-	-	-	-	-	-	-
I55.30	1	-	-	-	-	-	-	-	-	-
I56.10	10	-	-	-	-	-	-	-	-	-
I56.21	1	-	-	-	-	-	-	-	-	-
I56.30	6	-	-	-	-	-	-	-	-	-
J61.10	8	-	-	-	-	-	-	-	-	-
J61.20	1	-	-	-	-	-	-	-	-	-
J62.01	3	1	-	-	-	-	-	-	-	-
J63.11	10	2	-	-	-	-	-	-	-	-
K64.19	314	95	2	2	-	-	-	-	-	-
K64.99	1	-	-	-	-	-	-	-	-	-
K65.11	2	-	-	-	-	-	-	-	-	-
K65.12	2	-	-	-	-	-	-	-	-	-
K66.30	5	1	-	-	-	-	-	-	-	-
L68.20	56	22	1	1	-	-	-	-	-	-
M69.10	5	-	-	-	-	-	-	-	-	-
M69.20	1	-	-	-	-	-	-	-	-	-
M70.10	28	1	-	-	-	-	-	-	-	-
M70.22	1	-	-	-	-	-	-	-	-	-
M72.19	3	-	-	-	-	-	-	-	-	-
N82.20	14	-	-	-	-	-	-	-	-	-
O84.11	312	189	-	-	-	-	-	-	-	-
Q86.21	1	-	-	-	-	-	-	-	-	-
Q86.22	1	-	-	-	-	-	-	-	-	-

Q86.23	12	3	-	-	-	-	-	-	-
Q87.30	1	-	-	-	-	-	-	-	-
R93.12	13	-	-	-	-	-	-	-	-
R93.19	3	-	-	-	-	-	-	-	-
R93.29	4	-	-	-	-	-	-	-	-
S94.12	1	-	-	-	-	-	-	-	-
S94.20	1	-	-	-	-	-	-	-	-
S94.92	3	-	-	-	-	-	-	-	-
S94.99	2	-	-	-	-	-	-	-	-
S96.02	1	-	-	-	-	-	-	-	-
S96.09	1	-	-	-	-	-	-	-	-
Nuclear activities	1,271	-	-	-	-	-	-	-	-
Fossil gas activities	1,271	-	-	-	-	-	-	-	-
Of which non-assessed exposures	-	-	-	-	-	-	-	-	-

2.2 GAR sector information, flow, turnover-based view

a	b	c	d	e	f	g	h	i	j
Breakdown by sector - NACE 4 digits level (code and label) (Million EUR)	Total [Gross] carrying amount	Of which Taxonomy eligible	Of which Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)
	0010	0020	0030	0040	0050	0060	0070	0080	0090
A01.11	5	-	-	-	-	-	-	-	-
A01.13	1	-	-	-	-	-	-	-	-
A01.41	3	-	-	-	-	-	-	-	-
A01.42	4	-	-	-	-	-	-	-	-
A01.50	7	-	-	-	-	-	-	-	-
A02.20	1	-	-	-	-	-	-	-	-
A03.11	1	-	-	-	-	-	-	-	-
C10.11	6	-	-	-	-	-	-	-	-
C10.13	1	-	-	-	-	-	-	-	-
C10.61	7	-	-	-	-	-	-	-	-
C10.71	4	-	-	-	-	-	-	-	-
C10.89	16	-	-	-	-	-	-	-	-
C16.10	1	-	-	-	-	-	-	-	-
C16.24	1	-	-	-	-	-	-	-	-
C23.51	17	7	1	1	-	-	-	-	-
C26.30	8	6	-	-	-	-	-	-	-
C27.11	7	5	-	-	-	-	-	-	-
C31.01	1	-	-	-	-	-	-	-	-
C33.20	2	-	-	-	-	-	-	-	-
D35.11	8	-	-	-	-	-	-	-	-
D35.13	51	21	21	21	-	-	-	-	-
E38.22	2	-	-	-	-	-	-	-	-
F42.11	1	-	-	-	-	-	-	-	-
F42.22	2	1	-	-	-	-	-	-	-
F43.11	1	-	-	-	-	-	-	-	-
F43.12	2	-	-	-	-	-	-	-	-
F43.22	1	-	-	-	-	-	-	-	-
F43.29	2	-	-	-	-	-	-	-	-
G45.11	3	-	-	-	-	-	-	-	-
G45.20	1	-	-	-	-	-	-	-	-

G45.31	4	-	-	-	-	-	-	-	-	-
G46.39	30	-	-	-	-	-	-	-	-	-
G46.51	8	-	-	-	-	-	-	-	-	-
G46.61	1	-	-	-	-	-	-	-	-	-
G47.11	71	1	-	-	-	-	-	-	-	-
H49.39	1	-	-	-	-	-	-	-	-	-
H49.41	8	-	-	-	-	-	-	-	-	-
H50.10	3	-	-	-	-	-	-	-	-	-
I55.10	39	-	-	-	-	-	-	-	-	-
I55.20	1	-	-	-	-	-	-	-	-	-
I56.10	2	-	-	-	-	-	-	-	-	-
I56.30	3	-	-	-	-	-	-	-	-	-
J61.10	8	-	-	-	-	-	-	-	-	-
J62.01	3	1	-	-	-	-	-	-	-	-
J63.11	10	2	-	-	-	-	-	-	-	-
K64.19	288	93	2	2	-	-	-	-	-	-
K64.99	1	-	-	-	-	-	-	-	-	-
L68.20	16	11	1	1	-	-	-	-	-	-
M69.10	2	-	-	-	-	-	-	-	-	-
M70.10	15	-	-	-	-	-	-	-	-	-
N82.20	14	-	-	-	-	-	-	-	-	-
O84.11	122	26	-	-	-	-	-	-	-	-
Q86.23	4	3	-	-	-	-	-	-	-	-
R93.12	12	-	-	-	-	-	-	-	-	-
S94.12	1	-	-	-	-	-	-	-	-	-
S94.20	1	-	-	-	-	-	-	-	-	-
S94.92	2	-	-	-	-	-	-	-	-	-
S94.99	1	-	-	-	-	-	-	-	-	-
S96.02	1	-	-	-	-	-	-	-	-	-
Nuclear activities	689	-	-	-	-	-	-	-	-	-
Fossil gas activities	689	-	-	-	-	-	-	-	-	-
Of which non-assessed exposures										

2.3 GAR sector information, stock, capex-based view

a	b	c	d	e	f	g	h	i	j
Breakdown by sector - NACE 4 digits level (code and label) (Million EUR)	Total [Gross] carrying amount	Of which Taxonomy eligible	Of which Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)
	0010	0020	0030	0040	0050	0060	0070	0080	0090
A01.11	19	2	-	-	-	-	-	-	-
A01.13	2	-	-	-	-	-	-	-	-
A01.21	1	-	-	-	-	-	-	-	-
A01.30	1	-	-	-	-	-	-	-	-
A01.41	4	-	-	-	-	-	-	-	-
A01.42	5	-	-	-	-	-	-	-	-
A01.47	1	-	-	-	-	-	-	-	-
A01.50	19	2	-	-	-	-	-	-	-
A01.61	1	-	-	-	-	-	-	-	-
A02.10	3	-	-	-	-	-	-	-	-
A02.20	1	-	-	-	-	-	-	-	-
A03.11	3	-	-	-	-	-	-	-	-
A03.21	33	8	-	-	-	-	-	-	-
C10.11	6	1	-	-	-	-	-	-	-
C10.13	1	-	-	-	-	-	-	-	-
C10.39	94	54	-	-	-	-	-	-	-
C10.51	1	-	-	-	-	-	-	-	-
C10.52	1	-	-	-	-	-	-	-	-
C10.61	7	3	-	-	-	-	-	-	-
C10.71	6	-	-	-	-	-	-	-	-
C10.89	16	9	-	-	-	-	-	-	-
C11.02	1	-	-	-	-	-	-	-	-
C16.10	1	-	-	-	-	-	-	-	-
C16.24	1	-	-	-	-	-	-	-	-
C19.20	22	1	-	-	-	-	-	-	-
C21.20	9	6	-	-	-	-	-	-	-
C23.51	19	10	2	2	-	-	-	-	-
C25.11	1	-	-	-	-	-	-	-	-
C25.12	1	-	-	-	-	-	-	-	-
C26.30	8	8	-	-	-	-	-	-	-

C27.11	7	6	-	-	-	-	-	-	-	-
C27.90	1	-	-	-	-	-	-	-	-	-
C31.01	1	-	-	-	-	-	-	-	-	-
C31.03	1	-	-	-	-	-	-	-	-	-
C32.99	1	-	-	-	-	-	-	-	-	-
C33.20	2	-	-	-	-	-	-	-	-	-
D35.11	8	-	-	-	-	-	-	-	-	-
D35.12	3	-	-	-	-	-	-	-	-	-
D35.13	152	99	99	99	-	-	-	-	-	-
E36.00	7	-	-	-	-	-	-	-	-	-
E38.12	1	-	-	-	-	-	-	-	-	-
E38.22	2	-	-	-	-	-	-	-	-	-
E38.32	2	1	-	-	-	-	-	-	-	-
F41.20	1	-	-	-	-	-	-	-	-	-
F42.11	2	1	-	-	-	-	-	-	-	-
F42.22	2	2	-	-	-	-	-	-	-	-
F43.11	1	-	-	-	-	-	-	-	-	-
F43.12	3	-	-	-	-	-	-	-	-	-
F43.21	5	1	-	-	-	-	-	-	-	-
F43.22	1	-	-	-	-	-	-	-	-	-
F43.29	2	-	-	-	-	-	-	-	-	-
F43.31	1	-	-	-	-	-	-	-	-	-
F43.32	1	-	-	-	-	-	-	-	-	-
F43.33	1	-	-	-	-	-	-	-	-	-
F43.39	2	-	-	-	-	-	-	-	-	-
F43.99	1	-	-	-	-	-	-	-	-	-
G45.11	6	-	-	-	-	-	-	-	-	-
G45.20	2	-	-	-	-	-	-	-	-	-
G45.31	4	-	-	-	-	-	-	-	-	-
G46.39	31	17	-	-	-	-	-	-	-	-
G46.41	2	-	-	-	-	-	-	-	-	-
G46.42	4	-	-	-	-	-	-	-	-	-
G46.51	12	6	-	-	-	-	-	-	-	-
G46.61	1	-	-	-	-	-	-	-	-	-
G46.74	1	-	-	-	-	-	-	-	-	-
G46.90	2	-	-	-	-	-	-	-	-	-
G47.11	72	28	1	1	-	-	-	-	-	-

G47.19	2	-	-	-	-	-	-	-	-	-
H49.31	1	-	-	-	-	-	-	-	-	-
H49.32	1	-	-	-	-	-	-	-	-	-
H49.39	4	-	-	-	-	-	-	-	-	-
H49.41	23	-	-	-	-	-	-	-	-	-
H49.50	19	-	-	-	-	-	-	-	-	-
H50.10	9	-	-	-	-	-	-	-	-	-
H52.21	93	-	-	-	-	-	-	-	-	-
H52.24	2	-	-	-	-	-	-	-	-	-
I55.10	234	116	-	-	-	-	-	-	-	-
I55.20	3	-	-	-	-	-	-	-	-	-
I55.30	1	-	-	-	-	-	-	-	-	-
I56.10	10	-	-	-	-	-	-	-	-	-
I56.21	1	-	-	-	-	-	-	-	-	-
I56.30	6	-	-	-	-	-	-	-	-	-
J61.10	8	1	-	-	-	-	-	-	-	-
J61.20	1	-	-	-	-	-	-	-	-	-
J62.01	3	2	-	-	-	-	-	-	-	-
J63.11	10	2	-	-	-	-	-	-	-	-
K64.19	314	96	3	3	-	-	-	-	-	-
K64.99	1	-	-	-	-	-	-	-	-	-
K65.11	2	-	-	-	-	-	-	-	-	-
K65.12	2	-	-	-	-	-	-	-	-	-
K66.30	5	1	-	-	-	-	-	-	-	-
L68.20	56	32	-	-	-	-	-	-	-	-
M69.10	5	-	-	-	-	-	-	-	-	-
M69.20	1	-	-	-	-	-	-	-	-	-
M70.10	28	1	-	-	-	-	-	-	-	-
M70.22	1	-	-	-	-	-	-	-	-	-
M72.19	3	-	-	-	-	-	-	-	-	-
N82.20	14	6	-	-	-	-	-	-	-	-
O84.11	312	192	-	-	-	-	-	-	-	-
Q86.21	1	-	-	-	-	-	-	-	-	-
Q86.22	1	-	-	-	-	-	-	-	-	-
Q86.23	12	3	-	-	-	-	-	-	-	-
Q87.30	1	-	-	-	-	-	-	-	-	-
R93.12	13	-	-	-	-	-	-	-	-	-

R93.19	3	-	-	-	-	-	-	-	-	-
R93.29	4	-	-	-	-	-	-	-	-	-
S94.12	1	-	-	-	-	-	-	-	-	-
S94.20	1	-	-	-	-	-	-	-	-	-
S94.92	3	-	-	-	-	-	-	-	-	-
S94.99	2	-	-	-	-	-	-	-	-	-
S96.02	1	-	-	-	-	-	-	-	-	-
S96.09	1	-	-	-	-	-	-	-	-	-
Nuclear activities	1,271	-	-							
Fossil gas activities	1,271	-	-							
Of which non-assessed exposures										

2.4 GAR sector information, flow, capex-based view

a	b	c	d	e	f	g	h	i	j
Breakdown by sector - NACE 4 digits level (code and label) (Million EUR)	Total [Gross] carrying amount	Of which Taxonomy eligible	Of which Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)
	0010	0020	0030	0040	0050	0060	0070	0080	0090
A01.11	5	-	-	-	-	-	-	-	-
A01.13	1	-	-	-	-	-	-	-	-
A01.41	3	-	-	-	-	-	-	-	-
A01.42	4	-	-	-	-	-	-	-	-
A01.50	7	-	-	-	-	-	-	-	-
A02.20	1	-	-	-	-	-	-	-	-
A03.11	1	-	-	-	-	-	-	-	-
C10.11	6	1	-	-	-	-	-	-	-
C10.13	1	-	-	-	-	-	-	-	-
C10.61	7	3	-	-	-	-	-	-	-
C10.71	4	-	-	-	-	-	-	-	-
C10.89	16	9	-	-	-	-	-	-	-
C16.10	1	-	-	-	-	-	-	-	-
C16.24	1	-	-	-	-	-	-	-	-
C23.51	17	10	2	2	-	-	-	-	-
C26.30	8	8	-	-	-	-	-	-	-
C27.11	7	5	-	-	-	-	-	-	-
C31.01	1	-	-	-	-	-	-	-	-
C33.20	2	-	-	-	-	-	-	-	-
D35.11	8	-	-	-	-	-	-	-	-
D35.13	51	33	33	33	-	-	-	-	-
E38.22	2	-	-	-	-	-	-	-	-
F42.11	1	-	-	-	-	-	-	-	-
F42.22	2	2	-	-	-	-	-	-	-
F43.11	1	-	-	-	-	-	-	-	-
F43.12	2	-	-	-	-	-	-	-	-
F43.22	1	-	-	-	-	-	-	-	-
F43.29	2	-	-	-	-	-	-	-	-
G45.11	3	-	-	-	-	-	-	-	-
G45.20	1	-	-	-	-	-	-	-	-

G45.31	4	-	-	-	-	-	-	-	-	-
G46.39	30	17	-	-	-	-	-	-	-	-
G46.51	8	4	-	-	-	-	-	-	-	-
G46.61	1	-	-	-	-	-	-	-	-	-
G47.11	71	28	1	1	-	-	-	-	-	-
H49.39	1	-	-	-	-	-	-	-	-	-
H49.41	8	-	-	-	-	-	-	-	-	-
H50.10	3	-	-	-	-	-	-	-	-	-
I55.10	39	-	-	-	-	-	-	-	-	-
I55.20	1	-	-	-	-	-	-	-	-	-
I56.10	2	-	-	-	-	-	-	-	-	-
I56.30	3	-	-	-	-	-	-	-	-	-
J61.10	8	1	-	-	-	-	-	-	-	-
J62.01	3	2	-	-	-	-	-	-	-	-
J63.11	10	2	-	-	-	-	-	-	-	-
K64.19	288	95	3	3	-	-	-	-	-	-
K64.99	1	-	-	-	-	-	-	-	-	-
L68.20	16	12	-	-	-	-	-	-	-	-
M69.10	2	-	-	-	-	-	-	-	-	-
M70.10	15	-	-	-	-	-	-	-	-	-
N82.20	14	6	-	-	-	-	-	-	-	-
O84.11	122	28	-	-	-	-	-	-	-	-
Q86.23	4	3	-	-	-	-	-	-	-	-
R93.12	12	-	-	-	-	-	-	-	-	-
S94.12	1	-	-	-	-	-	-	-	-	-
S94.20	1	-	-	-	-	-	-	-	-	-
S94.92	2	-	-	-	-	-	-	-	-	-
S94.99	1	-	-	-	-	-	-	-	-	-
S96.02	1	-	-	-	-	-	-	-	-	-
Nuclear activities	689	-	-	-	-	-	-	-	-	-
Fossil gas activities	689	-	-	-	-	-	-	-	-	-
Of which non-assessed exposures										

3.1. GAR KPI stock turnover-based view

% (compared to corresponding total covered assets in the denominator) 31 December 2025	a	b	c	d	e	f	g	h	i	j	k	l	m
	Breakdown per environmental objective											Proportion of Taxonomy aligned in Taxonomy eligible	Non-assessed exposures
	Taxonomy-eligible	Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	Of which Use of Proceeds	Of which transitional	Of which enabling		
1 GAR - Covered assets in both numerator and denominator	0010	0020	0030	0040	0050	0060	0070	0080	0090	0100	0110	0120	0130
2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	66.82%	1.93%	1.93%	–%	–%	–%	–%	–%	0.02%	0.03%	0.04%	2.89%	–%
3 Financial undertakings	29.56%	0.58%	0.57%	0.01%	–%	–%	–%	–%	–%	0.12%	0.22%	1.97%	–%
4 Loans and advances	29.73%	0.58%	0.57%	0.01%	–%	–%	–%	–%	–%	0.12%	0.22%	1.94%	–%
5 Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
6 Equity instruments	19.82%	0.91%	0.91%	–%	–%	–%	–%	–%	–%	–%	–%	4.60%	–%
7 Non-financial undertakings	29.03%	6.01%	6.01%	–%	–%	–%	–%	–%	–%	0.06%	0.07%	20.71%	–%
8 Loans and advances	30.30%	6.58%	6.58%	–%	–%	–%	–%	–%	–%	0.06%	0.08%	21.73%	–%
9 Debt securities, including UoP	15.31%	0.01%	0.01%	–%	–%	–%	–%	–%	–%	–%	–%	0.05%	–%
10 Equity instruments	19.86%	0.41%	0.41%	–%	–%	–%	–%	–%	–%	–%	–%	2.06%	–%
11 Households	91.18%	0.03%	0.03%	–%	–%	–%	–%	–%	0.03%	–%	–%	0.04%	–%
12 of which loans collateralised by residential immovable property	91.24%	0.03%	0.03%	–%	–%	–%	–%	–%	0.03%	–%	–%	0.04%	–%
13 of which building renovation loans	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
14 of which motor vehicle loans	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
15 Local governments financing	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
16 Housing financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
17 Other local government financing	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
18 Collateral obtained by taking possession: residential and commercial immovable properties	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
19 Exposures included on a voluntary basis	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
20 GAR - Total GAR assets	66.87%	1.93%	1.92%	–%	–%	–%	–%	–%	0.02%	0.03%	0.04%	2.88%	–%

3.2 GAR KPI stock CapEx-based view

	a	b	c	d	e	f	g	h	i	j	k	l	m
% (compared to corresponding total covered assets in the denominator) 31 December 2025	Breakdown per environmental objective											Proportion of Taxonomy aligned in Taxonomy eligible	Non-assessed exposures
	Taxonomy-eligible	Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	Of which Use of Proceeds	Of which transitional	Of which enabling		
1 GAR - Covered assets in both numerator and denominator	0010	0020	0030	0040	0050	0060	0070	0080	0090	0100	0110	0120	0130
2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	70.67%	2.97%	2.96%	–%	–%	0.01%	–%	–%	0.02%	0.08%	0.06%	4.21%	–%
3 Financial undertakings	30.00%	0.96%	0.91%	0.04%	0.01%	–%	–%	–%	–%	0.14%	0.35%	3.19%	–%
4 Loans and advances	30.17%	0.95%	0.91%	0.04%	0.01%	–%	–%	–%	–%	0.15%	0.36%	3.16%	–%
5 Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
6 Equity instruments	20.50%	1.21%	1.21%	–%	–%	–%	–%	–%	–%	–%	0.02%	5.88%	–%
7 Non-financial undertakings	41.37%	9.29%	9.26%	–%	–%	0.03%	–%	–%	–%	0.20%	0.10%	22.45%	–%
8 Loans and advances	41.88%	10.15%	10.12%	–%	–%	0.03%	–%	–%	–%	0.20%	0.10%	24.24%	–%
9 Debt securities, including UoP	37.87%	0.25%	0.25%	–%	–%	–%	–%	–%	–%	0.23%	0.08%	0.66%	–%
10 Equity instruments	20.54%	0.67%	0.67%	–%	–%	–%	–%	–%	–%	–%	0.02%	3.27%	–%
11 Households	91.18%	0.03%	0.03%	–%	–%	–%	–%	–%	0.03%	–%	–%	0.04%	–%
12 of which loans collateralised by residential immovable property	91.24%	0.03%	0.03%	–%	–%	–%	–%	–%	0.03%	–%	–%	0.04%	–%
13 of which building renovation loans	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
14 of which motor vehicle loans	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
15 Local governments financing	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
16 Housing financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
17 Other local government financing	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
18 Collateral obtained by taking possession: residential and commercial immovable properties	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
19 Exposures included on a voluntary basis	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
20 GAR - Total GAR assets	70.72%	2.97%	2.96%	–%	–%	0.01%	–%	–%	0.02%	0.08%	0.06%	4.20%	–%

4.1. GAR KPI flow turnover-based view

	a	b	c	d	e	f	g	h	i	j	k	l	m
% (compared to corresponding total covered assets in the denominator) Financial year 2025	Breakdown per environmental objective											Proportion of Taxonomy aligned in Taxonomy eligible	Non-assessed exposures
	Taxonomy-eligible	Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	Of which Use of Proceeds	Of which transitional	Of which enabling		
1 GAR - Covered assets in both numerator and denominator	0010	0020	0030	0040	0050	0060	0070	0080	0090	0100	0110	0120	0130
2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	51.51%	2.16%	2.15%	–%	–%	–%	–%	–%	–%	0.07%	0.11%	4.19%	–%
3 Financial undertakings	32.31%	0.61%	0.60%	0.01%	–%	–%	–%	–%	–%	0.13%	0.24%	1.88%	–%
4 Loans and advances	32.31%	0.61%	0.60%	0.01%	–%	–%	–%	–%	–%	0.13%	0.24%	1.88%	–%
5 Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
6 Equity instruments	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
7 Non-financial undertakings	19.08%	5.75%	5.74%	–%	–%	–%	–%	–%	–%	0.12%	0.14%	30.11%	–%
8 Loans and advances	20.27%	6.30%	6.30%	–%	–%	–%	–%	–%	–%	0.14%	0.15%	31.11%	–%
9 Debt securities, including UoP	2.65%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
10 Equity instruments	19.74%	0.41%	0.41%	–%	–%	–%	–%	–%	–%	–%	–%	2.08%	–%
11 Households	90.63%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
12 of which loans collateralised by residential immovable property	90.72%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
13 of which building renovation loans	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
14 of which motor vehicle loans	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
15 Local governments financing	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
16 Housing financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
17 Other local government financing	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
18 Collateral obtained by taking possession: residential and commercial immovable properties	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
19 Exposures included on a voluntary basis	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
20 GAR - Total GAR assets	51.51%	2.16%	2.15%	–%	–%	–%	–%	–%	–%	0.07%	0.11%	4.19%	–%

4.2 GAR KPI flow CapEx-based view

	a	b	c	d	e	f	g	h	i	j	k	l	m
% (compared to corresponding total covered assets in the denominator) Financial year 2025	Breakdown per environmental objective											Proportion of Taxonomy aligned in Taxonomy eligible	Non-assessed exposures
	Taxonomy-eligible	Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	Of which Use of Proceeds	Of which transitional	Of which enabling		
1 GAR - Covered assets in both numerator and denominator	0010	0020	0030	0040	0050	0060	0070	0080	0090	0100	0110	0120	0130
2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	59.19%	3.30%	3.27%	0.01%	–%	0.02%	–%	–%	–%	0.18%	0.16%	5.57%	–%
3 Financial undertakings	32.78%	1.02%	0.97%	0.04%	0.01%	–%	–%	–%	–%	0.16%	0.39%	3.10%	–%
4 Loans and advances	32.78%	1.02%	0.97%	0.04%	0.01%	–%	–%	–%	–%	0.16%	0.39%	3.10%	–%
5 Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
6 Equity instruments	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
7 Non-financial undertakings	40.70%	8.72%	8.68%	–%	–%	0.05%	–%	–%	–%	0.41%	0.19%	21.44%	–%
8 Loans and advances	40.27%	9.57%	9.51%	–%	–%	0.05%	–%	–%	–%	0.46%	0.21%	23.76%	–%
9 Debt securities, including UoP	53.76%	0.06%	0.06%	–%	–%	–%	–%	–%	–%	–%	–%	0.11%	–%
10 Equity instruments	20.44%	0.67%	0.67%	–%	–%	–%	–%	–%	–%	0.02%	–%	3.28%	–%
11 Households	90.63%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
12 of which loans collateralised by residential immovable property	90.72%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
13 of which building renovation loans	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
14 of which motor vehicle loans	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
15 Local governments financing	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
16 Housing financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
17 Other local government financing	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
18 Collateral obtained by taking possession: residential and commercial immovable properties	100.00%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
19 Exposures included on a voluntary basis	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
20 GAR - Total GAR assets	59.19%	3.30%	3.27%	0.01%	–%	0.02%	–%	–%	–%	0.18%	0.16%	5.57%	–%

5.1 KPI off-balance sheet exposures turnover-based view, stock

	a	b	c	d	e	f	g	h	i	j	k	l
	Breakdown per environmental objective											
% (compared to corresponding total off-balance sheet assets)	Taxonomy eligible	Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	Of which Use of Proceeds	Of which transitional	Of which enabling	Non-assessed exposures
31 December 2025												
1 Financial guarantees (FinGuar KPI)	30.31%	1.25%	1.25%	–%	–%	–%	–%	–%	–%	0.61%	0.06%	–%
2 Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

5.2 KPI off-balance sheet exposures turnover-based view, flow

	a	b	c	d	e	f	g	h	i	j	k	l
	Breakdown per environmental objective											
% (compared to corresponding total off-balance sheet assets)	Taxonomy eligible	Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	Of which Use of Proceeds	Of which transitional	Of which enabling	Non-assessed exposures
Financial year 2025												
1 Financial guarantees (FinGuar KPI)	13.71%	1.47%	1.47%	–%	–%	–%	–%	–%	–%	0.70%	0.05%	–%
2 Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

5.3 KPI off-balance sheet exposures CapEx-based view, stock

	a	b	c	d	e	f	g	h	i	j	k	l
	Breakdown per environmental objective											
% (compared to corresponding total off-balance sheet assets)	Taxonomy eligible	Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	Of which Use of Proceeds	Of which transitional	Of which enabling	Non-assessed exposures
31 December 2025												
1 Financial guarantees (FinGuar KPI)	33.40%	1.69%	1.66%	0.01%	–%	0.02%	–%	–%	–%	0.16%	0.20%	–%
2 Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

5.4 KPI off-balance sheet exposures CapEx-based view, flow

	a	b	c	d	e	f	g	h	i	j	k	l
	Breakdown per environmental objective											
% (compared to corresponding total off-balance sheet assets)	Taxonomy eligible	Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	Of which Use of Proceeds	Of which transitional	Of which enabling	Non-assessed exposures
Financial year 2025												
1 Financial guarantees (FinGuar KPI)	21.00%	2.00%	1.97%	–%	–%	0.03%	–%	–%	–%	0.22%	0.24%	–%
2 Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

Climate change

EBC Group addresses climate change within its sustainability strategy, recognizing that transitioning to net zero is crucial for long-term wellbeing, financial stability and overall prosperity. Achieving the transition to a low-carbon economy requires coordinated efforts across the financial system and the broader economy. EBC Group's GHG emission reduction targets are scientifically sound and compatible with the Erste group's ambition to achieve a net zero status of its portfolio by 2050.

EBC Group's double materiality analysis identifies climate change as a key issue affecting its business and stakeholders. As a leading provider of financial services, EBC Group aims to address the impact of its own operations and its financing and investment activities on climate change.

E1 SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Table 7 – Material Impacts, Risks and Opportunities (IRO)

Sustainability matter	Type of IRO	IRO description	Value chain	Time horizon
E1-Climate change adaptation	Risk	EBC faces a higher credit risk as climate-related physical risks can lead to a devaluation of collateral and/or to negative effects on the business models and lastly financial stability of debtors. The consequences are increased risk provisions for EBC and connected negative effects to its P&L and own funds.	Portfolio	Medium- to long-term
	Opportunity	New funding opportunities for EBC as clients will start investing in new technologies and sustainable solutions. Also, potential for new clients which offer sustainable solutions and which provide asset/services in line with climate change adaptation requirements (e.g. new softwares, residential and commercial real estate built to be resilient to certain physical risks, and similar).	Portfolio	All time horizons
E1-Climate change mitigation	Risk	EBC Group faces a higher credit risk as climate-related transition events (e.g. carbon pricing and regulatory interventions) can lead to negative effects on the profitability of business models and the financial stability of debtors. The consequences are increased risk provisions for EBC Group and connected negative impacts to its P&L and own funds.	Portfolio	All time horizons
E1-Energy	Actual positive impact	By investing in companies that already use renewable energies or would like to rely more intensively on renewable energy sources in the future, the 1.5 degree targets of the Paris Climate Agreement can be achieved more feasibly, thereby minimizing physical climate risks.	Portfolio	All time horizons
	Risk	Price instability on the energy market due to climate change can result in decreased profitability in companies in energy-intensive sectors as well as liquidity shortage of retail clients, leading to a higher default risk and a related increase in risk provisions for EBC Group, impacting P&L as well as own funds.	Portfolio	All time horizons
E1-Climate change mitigation and energy	Actual negative impact	EBC Group's Scope 1, 2 and 3 CO ₂ e emissions (from upstream value chain, own operations and financed emissions) contribute to climate change and thus to global warming.	Upstream, Own operations, Portfolio	All time horizons
	Opportunity	EBC Group can gain financial opportunities by investing in and financing clients that support decarbonization, transition to sustainability and renewable energy projects (e.g., pumped storage plants, green hydrogen) that support CO ₂ e-neutral energy production.	Portfolio	All time horizons

Climate Change Adaptation

EBC Group is confronted with an elevated credit risk due to climate-related physical risks, which can lead to a devaluation of collateral and subsequently affect the business model and financial stability of debtors. According to EBC Group's physical climate risk analysis, these risks are a material driver for credit risk (short-, medium- and long-term), operational risk (medium- and long-term) as well as strategic risk (long-term). The pronounced credit risk exposure is largely driven by climate-related hazards, particularly flood risk, which is identified as key physical risk driver for EBC Group having material impact. Established scientific expectations estimate physical risks - particularly climate-related hazards - to substantially intensify from the mid-century onwards, impacting the portfolio, strategic position as well as EBC Group's own operations. The consequences are increased risk provisions for EBC Group and connected negative impacts to its P&L and own funds.

Additional financial opportunities arise from both the financing of and investments in companies that develop and provide solutions for climate change adaptation, as well as the funding of adaptation measures in the real estate sector, including both residential and commercial properties. For companies, this can include technologies and services such as climate-resilient infrastructure, advanced water management systems, heat-resistant materials, flood protection technologies and early warning or risk assessment tools. In the real estate sector, adaptation solutions may involve retrofitting buildings for improved energy efficiency and thermal resilience, installing green roofs and walls, implementing flood-proof construction methods, enhancing natural ventilation systems and integrating on-site water retention and drainage systems to mitigate the effects of extreme weather events.

Climate Change Mitigation

EBC Group faces elevated credit risk from climate-related transition risks, such as regulatory interventions, which can adversely affect the profitability and financial stability of debtors. As a result, EBC Group may be required to increase risk provisions, leading to negative impacts on its profit and loss statement as well as its own funds. The climate risk analysis indicates that, in a disorderly transition to a low-carbon economy, transition risks could significantly affect credit risk exposure across in the short- and medium-term. This is mainly driven by environmental taxation, regulatory changes and shifts in market behavior of investors, consumers, suppliers and employees. In the long term, the impact is immaterial for credit risk as the initially recorded shocks - marked by steep carbon price hikes, rapid technology changes and stranded assets - have already mostly been absorbed. Over time, markets and firms adapt to the new policy environment, reducing transition-related volatility. The delayed transition scenario illustrates that delaying action amplifies disruption in the short- and medium-term but eventually stabilizes in the long run.

Energy

By financing renewable energy and energy grid infrastructure, EBC Group promotes CO₂e-neutral power and supports both energy security and the transition to a sustainable economy. This includes investments in wind and solar, hydroelectric and geothermal power plants, green hydrogen production facilities, as well as the expansion and modernisation of electricity grids, smart grid technologies, battery storage systems and cross-border interconnectors to enhance grid stability and flexibility. Volatility in energy markets, exacerbated by climate change and related physical or transition events, can negatively affect the profitability of companies, particularly those operating in energy-intensive sectors, by increasing operational costs and reducing margins. At the same time, rising and unstable energy prices may lead to liquidity constraints for retail clients, impairing their repayment capacity.

These developments contribute to a higher probability of default across portfolios, requiring increased risk provisions from EBC Group and potentially resulting in adverse impacts on both the profit and loss statement and own funds.

Climate Change Mitigation and Energy

Some of the identified impacts, risks and opportunities pertain to both the Climate Change Mitigation and Energy subtopics. Accordingly, the combined subcategory “Climate Change Mitigation and Energy” comprises IROs that apply to both areas.

The CO₂e emissions from EBC Group's own operations, its upstream value chain and through the financed portfolio contribute to climate change and, consequently, to global warming. In its own operations, key emission hotspots include energy consumption in office buildings, heating and cooling systems, employee commuting and business travel. In the upstream value chain, significant sources involve emissions from purchased goods and services, such as IT infrastructure, data centres and external service providers.

EBC Group can unlock financial opportunities by investing in and financing of clients that drive decarbonisation, advance the transition to a sustainable economy and develop renewable energy projects. This may include financing solutions such as the electrification of industrial processes, the implementation of energy efficiency measures, the shift to low-emission machinery, development of circular economy business models and the integration of on-site renewable energy systems like solar or wind power, pumped storage plants and hydrogen.

RESILIENCE OF THE BUSINESS MODEL

Erste Group has implemented a comprehensive scenario-based approach to assess and quantify CE risks in the short, medium and long-term on own operations, client relationships and the asset portfolio. The systematic analysis of potential future scenarios enables the identification of opportunities for enhanced resilience and adaptation.

Scope of the resilience analysis

The analysis of transition risks covers clients including sovereigns, financial institutions, large corporates, SMEs and real estate (commercial real estate including income producing residential real estate and retail mortgages) and Erste Group's own operations. The analysis of physical risks covers loans collateralised by real estate (commercial real estate including income pro residential real estate and retail mortgages) and Erste Group's own and outsourced operations (i.e. headquarters and branch critical facilities like data centers).

The assessment of both risks is conducted over the short-, medium and long-term horizons. The time horizons used for the physical and transition risk assessments are as follows:

- short-term: up to 1 year
- medium-term: 1 to 5 years
- long-term: more than 5 years (for transition risk up to 2050, for physical risks up to 2100)

Scenario Analysis Framework

Erste Group's analytical framework incorporates scenarios informed by the Network for Greening the Financial System (NGFS) to explore the impact of transition and physical risks. These scenarios encompass three distinct pathways:

Type	Name	Description
Baseline	Central Scenario	reflects Erste Group's baseline view on the expected development of its environment by combining NGFS' Below 2°C and Fragmented world
Adverse	Delayed Transition	assumes that the implementation of strong climate policies is stalled until 2030 ultimately leading to high transition risk implications
	Current Policies	assumes that existing climate policies remain in place but there is no ambition to further strengthen them leading to increasing physical risks (Hot House World)

The evaluation of transition and physical risks is conservatively based on the results from the two respective adverse scenarios, Delayed Transition scenario for transition risk and the Current policies scenario for physical risk. The Delayed Transition scenario examines the implications of a rapid, disorderly transition to a low-carbon economy, characterised by sudden policy changes in 2030 triggering market disruptions as countries rush to meet the Paris Agreement target of limiting global warming to well below 2°C. Meanwhile, the Hot House World scenario reflects a future with minimal climate mitigation, resulting in severe physical impacts such as extreme weather events (e.g. floods, fires). By choosing these scenarios, Erste Group ensures it is testing its portfolio under adverse conditions, thereby strengthening its resilience and enhancing risk awareness for a robust climate risk management.

It should be noted, that the resilience analysis is subject to uncertainties as it uses long-term (up to 30 years) climate and macro-economic projections that depend on assumptions about future policies, technologies and how quickly the transition will progress. Uncertainty also comes from the limited historical data for extreme climate events and from the sensitivity of the risk models, which means actual impacts may differ from the estimates.

Description of the resilience analysis

The methodology for the **transition risk** assessment focuses on the impact of increasing (shadow) carbon prices on the financial position of counterparties. This (shadow) carbon price encompasses a multitude of risk drivers related to transition risk and is therefore a prudent way to quantify the risk impact. The modelling reflects the direct impact of a higher carbon price on counterparties as well as the indirect effects of macroeconomic developments. The macroeconomic parameters were derived from the regulatory scenarios as well as the economic research department of Erste Group and cover each critical sector individually in a projection of the gross value added. The developments are based on each scenario's narrative tailored to the current economic starting points of key markets. Critical assumptions on developments are therefore aligned to regulatory as well as scientific scenarios.

The **physical risk** assessment combines quantitative analyses, which simulate extreme climate scenarios like floods or fires to evaluate portfolio resilience under adverse conditions: Comprehensive scenario analysis: As with the transition risk scenario analysis, the basis was represented by a NGFS scenario, namely Current Policies. Additionally, two dedicated physical risk models were designed to simulate the direct effects of two key climate-related hazards, namely riverflood and fireweather. The impact unfolds on the credit portfolio collateralized by real estate (i.e. RRE, CRE) via LGD shifts.

Munich RE hazard data: The Location Risk Intelligence data on physical risks from Munich RE provides an extensive list of hazards and climate-related variables like various time horizons as well as scenarios. Erste Group bases its risk materiality assessment of future time frames on the RCP 8.5 and SSP 5 scenario respectively, capturing physical risk exposures under adverse conditions reflected by high-emission and fossil-fuelled trajectories. Applying this severe downside scenario guarantees a highly conservative approach in evaluating Erste Group's resilience to climate-related risks.

Results of the resilience analysis

The outcomes of the resilience analysis are as follows:

Transition Risk:

- **Credit Risk:** The analysis conducted by Erste Group indicates notable exposure to transition-induced credit risk across short- and medium-term in case the transition to low-carbon economy occurs in adverse fashion (delayed transition). ¹This elevated credit risk exposure is mainly driven by climate-related factors and drivers such as environmental taxation and subsidies, regulatory requirements, energy and transport policies, behavioral changes of investors, consumers, suppliers and employees as well as technological developments. In the long-term, capital position is expected to improve and the risk becomes immaterial as markets and firms adapt to the new policy environment, reducing transition-related volatility.
- **Operational Risk:** From an operational risk perspective, two material transition risks have been identified in the medium- and long-term horizon. First, there is an increased risk of regulatory non-compliance due to rapidly evolving ESG requirements and heightened regulatory oversight. Second, shifting behaviors and expectations of stakeholders regarding environmental performance create additional operational challenges that require careful management.
- **Market, Liquidity, Strategic and Reputational Risk:** The evaluation concluded that no material transition risks were identified across all time horizons – short-, medium- and long-term.

To evaluate the business model resilience, it is essential to assess the effectiveness of EBC Group's strategic responses and mitigation actions to determine the net impact. This process involves comparing the financial impact of the transition risk scenario with and without mitigating actions, especially considering the implemented decarbonisation strategy. EBC Group's has the ambition to achieve a net zero status of its portfolio by 2050. By following the strategy towards established targets for key sectors, EBC Group's exposure to climate-related transition risks is expected to decline. The decarbonisation effect becomes particularly evident in the medium term, as it significantly reduces the gross impact of the adverse scenario to an immaterial level (especially in segments related to real estate), thereby underlining its strong contribution to EBC Group's resilience towards transition risks. Further information on the established decarbonisation pathways can be found in chapter E1-4 'Targets related to climate change mitigation and adaptation'.

Other components of the risk management framework that allow effectively manage and reduce exposure to transition risks include various mitigation tools, such as enhancing the existing limit framework, strengthening underwriting standards, improving monitoring processes and expanding ESG-related data collection.

Physical Risk:

- **Credit Risk:** According to Erste Group's assessment, physical risks are a material driver for credit risk across all time horizons. This elevated credit risk exposure is mainly driven by climate-related physical risk hazards. Those are expected to intensify in severity and frequency from the mid-century onwards, with additional risk drivers becoming material in the long-term in line with scientific projections.
- **Operational Risk:** For internal operations, Erste Group identifies physical risks as a material driver in the medium- and long-term time horizons, primarily due to potential river floods and related changing rainfall patterns affecting facilities in certain areas. Looking ahead, to 2100, heat waves are expected to reach material level across all geographies, both for own operation and third-party service providers.
- **Strategic Risk:** Erste Group assesses the impact of physical risk drivers as material on the strategic risk in the long-term (2100) coming mainly from the elevated climate-related physical risk hazards on its credit portfolio.
- **Market, Liquidity and Reputational Risk:** The evaluation concluded that no material physical risks were identified across all time horizons – short-, medium- and long-term.

¹ This adverse scenario and its impact do not reflect Erste Group's current baseline expectations on the development of its environment but serve as exploratory analysis to assess the exposure to transition risk in the adverse stress scenario. Under the baseline or orderly transition scenario, the direct impact of the transition risk drivers on Erste Group is significantly smaller and limited.

E1-1 TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION AND ADAPTION

EBC Group has the ambition to achieve a net zero status of its portfolio by 2050, which is closely interlinked with regulatory developments at both EU and national levels and will be accompanied by actions that reflect these evolving frameworks, methodologies and targets. As the EU further defines its commitments, the Group will progressively align its approach to support and follow these developments.

EBC Group has developed elements of a transition plan, not fully aligned with ESRS, however guided by the Glasgow Financial Alliance for Net Zero (GFANZ), and focusing on renewable energy and a sustainable real estate sector. It prioritizes sectors that benefit the most from a transition comprising real estate, electricity production, and cement production, while considering the EU Paris-aligned benchmarks when setting the decarbonisation targets.

DECARBONISATION LEVERS AND KEY ACTIONS

Portfolio decarbonisation levers and key actions

Given their significance to EBC Group's portfolio and their overall emission intensity, two decarbonisation levers, including several key actions, have been implemented for the energy and real estate sector in order to align with the the EU targets set for net zero and climate neutrality. Apart from that also additional levers regarding Client engagement framework and own operations are considered.

Decarbonisation lever 'Emission reduction in the energy sector'

The first decarbonisation lever focuses on reducing financed emissions within the energy industry. EBC Group supports its customers in their efforts to optimise their existing technology mix and investing in new plants that utilise renewable energy sources. Thus, two key actions for EBC Group are the financing of renewable projects and reducing financings in coal-related activities. More details can be found in chapter E1-3.

Decarbonisation lever 'Promoting a sustainable real estate sector'

The financed emissions of EBC Group's portfolio are further reduced by directing its investments into sustainable real estate. EBC Group promotes building renovations and the installation of heating and cooling systems powered by renewable energies. EBC Group aims to attain its target by offering a renovation financing and energy efficiency calculator to private individuals and companies. More details can be found in chapter E1-3.

Decarbonisation lever 'Client Engagement Framework'

The lever ensures that ESG considerations are systematically integrated into client relationships, credit processes and portfolio steering. The approach of EBC Group is designed to strengthen EBC Group's understanding of clients' transition strategies and to actively support their shift toward low-carbon business models, while ensuring alignment with EBC Group's own emissions reduction targets. More details can be found in chapter E1-3.

Decarbonisation lever 'Emission reduction in own operations'

EBC Group also takes responsibility for the emissions that lie within its direct control in their own banking operations. Thus, another decarbonisation lever was established that encompasses several key actions. The lever focuses on key activities such as switching to low carbon energy sources, decarbonising employee mobility and conducting employee engagement and awareness training to promote sustainable behaviour. More details can be found in chapter E1-3.

EMBEDMENT IN STRATEGY

As part of its ambition to support the transition to a sustainable economy, EBC Group aims to guide clients and sectors towards decarbonisation in order to achieve net zero targets, while also reducing emissions from its own operations. This plan is fully integrated into EBC Group's overall business strategy and financial planning, ensuring that decarbonisation efforts are part of core decision-making processes. It emphasises continuous engagement with clients across various industries to support their transition and manage climate-related risks applying.

EBC Group monitors portfolio developments and client progress quarterly. This process includes assessing the impact of client engagements, adjusting strategies and implementing necessary measures. Progress is reported regularly to the Management Board. Additionally, this steering process influences EBC Group's business planning by incorporating lessons learned and adjusting exposure targets and emission intensity forecasts, ensuring alignment with industry trends and local regulatory requirements.

EBC Group's progress towards achieving reduction targets set for the investment and financing activities is described in chapter E1-4.

The pace of the transition to a sustainable economy will be driven by technological advancements and their adoption by both, the economy and EBC Group's clients. Achieving decarbonisation targets requires coordinated efforts and aligned regulations among EU member states, ensuring the necessary infrastructure and legal framework are in place. EBC will continue to enhance its transition plan in a stepwise approach in upcoming years. The targets, policies and actions that form the core of the transition plan have been approved by members of the Management Board or the Supervisory Board

E1-2 – POLICIES AND TRANSITION MEASURES FOR CLIMATE CHANGE MITIGATION AND ADAPTATION

Erste Group's policies to transition to a sustainable economy focus on targets for investment and financing activities, which are endorsed and supported by the management of all subsidiaries (including the EBC Group).

Impacts, risks and opportunities	Strategy / Policy	Key decarbonisation lever and actions	Targets
By financing renewable energy and energy grid infrastructure, EBC Group promotes CO ₂ e-neutral power and supports energy security as well as the transition to a sustainable economy. (Positive Impact Energy)	— Sustainable Finance Guideline	— Lever: Promoting a sustainable real estate sector	— 15% sustainable retail mortgages by 2027
EBC Group can gain financial opportunities by investing in and financing clients that support decarbonisation, transition to sustainability and renewable energy projects (e.g., pumped storage plants, green hydrogen) that support CO ₂ e-neutral energy production . . (Opportunity Climate Mitigation and Energy)		— Lever: Emission reduction in the energy sector — Lever: Client engagement	— 15% sustainable corporate financing by end of 2026
EBC Group faces a higher credit risk as climate-related physical risks can lead to a devaluation of collateral and/or to negative effects on the business models and lastly financial stability of debtors. The consequences are increased risk provisions for EBC Group and connected negative impacts to its P&L and own funds. (Risk Climate Change Adaptation)	— Group Real Estate Financing (REF) Policy	— Lever: Promoting a sustainable real estate sector	— Portfolio decarbonisation target
For EBC Group, additional financial opportunities arise from the financing of and investments into companies that offer solutions for adapting to climate change and the funding of adaptation solutions in the real estate market (residential and commercial real estate). (Opportunity Climate Change Adaptation)		— Lever: Emission reduction in the energy sector	
EBC Group's Scope 1, 2 and 3 CO ₂ e emissions (from upstream value chain, own operations and financed emissions) contribute to climate change and thus to global warming. (Negative Impact Climate Change Mitigation & Energy)	— Group Responsible Financing Policy — Group Corporate Lending Principles	— Lever: Promoting a sustainable real estate sector — Lever: Emission reduction in the energy sector — Lever: Client engagement — Lever: Emission reduction in own operations	— Portfolio decarbonisation target — Own operations target
Price instability on the energy market due to climate change can result in decreased profitability in companies in energy-intensive sectors as well as liquidity shortage of retail clients, leading to a higher default risk and a related increase in risk provisions for EBC Group, impacting P&L as well as own funds. (Risk Energy)	— Group Retail Credit Risk Management Policy — Group Corporate Lending Principles — Group Real Estate Financing (REF) Policy	— Lever: Promoting a sustainable real estate sector — Lever: Emission reduction in the energy sector — Lever: Client engagement	— Portfolio decarbonisation target
EBC Group faces a higher credit risk as climate-related transition events (e.g. carbon pricing and regulatory interventions) can lead to negative effects on the profitability of business models and the financial stability of debtors. The consequences are increased risk provisions for EBC Group and connected negative impacts to its P&L and own funds. (Risk Climate Change Mitigation)	— Group Retail Credit Risk Management Policy — Group Corporate Lending Principles	— Lever: Promoting a sustainable real estate sector — Lever: Emission reduction in the energy sector	— Portfolio decarbonisation target

SUSTAINABLE FINANCE METHODOLOGY (SFM)

Policy objectives to address impacts, risks and opportunities

Sustainable Finance Methodology (SFM) or Sustainable Finance Guideline (SFG) is Erste Group's policy outlining the criteria to provide sufficient transparency and promote a green transition. Following Erste Group approach, EBC Group applies concepts and processes described in the policy. Erste Group's primary environmental impact stems from its lending activities, specifically the emissions generated by the projects it finances. As a financial institution, EBC Group plays a crucial role in facilitating the transition to a low-carbon economy by actively engaging with its clients and supporting them on their decarbonisation journey. Considering the climate crisis, this means to mobilize funds to create a fairer and prosperous world for all and contributing to a sustainable future through this. By adhering to its SFG, EBC Group as part of the Erste Group aims to achieve its strategic priority of strengthening its position in sustainable financing for climate change mitigation (for more details see chapter SBM-1).

The Sustainable Finance Guideline and thus Erste Group's sustainable financings, are a strategy that under certain conditions contributes to its decarbonisation targets and primarily addresses its opportunities and positive impacts, such as:

- Additional financial opportunities arise from investments into and the financing of customers supporting their decarbonisation and transition to a sustainable state.
- Group's financing of renewable energy projects enables CO₂e-neutral energy production, which is necessary for the transition to an economic system within the planetary boundaries.
- Group's financing of and investments into renewable energy projects (e.g. pumped storage power plants, green hydrogen) enables CO₂e-neutral energy production and offers new opportunities for the portfolio.
- Through the financing of climate-change adaptation solutions, EBC Group has a positive impact on reducing vulnerabilities to climate change impacts.

Detailed CO₂e results for financed emissions, covering both the current and previous years, are available in chapter E1-6.

Methodology

'Sustainable financing' is a term used by EBC Group to determine financings that address the interplay of Erste Group's identified environmental impacts and opportunities. This involves screening and evaluating Erste Group's financed portfolio in accordance with a bespoke approach and set of criteria, grounded in the principles of established standards and frameworks. With the decarbonisation levers of 'promoting a sustainable real estate sector', 'reduction of financed emissions in the energy sector' as well as 'client engagement framework', Erste Group's sustainable financings have a primary focus on:

Real estate financings:

- energy efficient buildings with energy-efficient indicators in the Energy Performance Certificate (e.g. EPC label A)
- buildings meeting the requirements for a 'nearly zero energy building' (NZEB) according to EU Directive 31/2010

Renewable energy projects via financings supporting:

- The realization of decarbonisation via cost-effective actions (e.g. innovative technologies, transition or increase to renewable energy sources from non-renewable energy sources).

Further technical details on the screening approach and the criteria can be found in chapter E1-4. In addition, the above mentioned decarbonisation levers contributing to the achievement of the target are explained in chapter E1-3.

Through this Erste Group approach and direction, EBC Group continues to maintain its strong role in sustainable financings (see SMB-1 for more details on strategic priorities). This is underpinned by the portfolio decarbonisation target, the ambition to attain 15% sustainable mortgages by 2027 and the goal of reaching 15% sustainable corporate financing by 2026.

Scope

Sustainable Finance Guideline (SFG) applies to all of Erste Group's entities which are part of the Sustainable Financing Targets as defined in chapter E1-4, including the EBC Group. The policy includes customer groups currently excluded from EU taxonomy disclosure regulations and considers their limited capacity to provide information. In contrast to that, it is important to point out that the Sustainable Finance KPI does only apply to business lines of EBC Group for corporate and retail.

An ongoing dialog is conducted with relevant stakeholders such as supervisory and regulatory authorities, investors, analysts and rating agencies as well as academic and environmental institutions and NGOs. Inputs from these stakeholders were received through bilateral talks, conferences and supervisory dialogues regarding climate change and consequently used in Erste Group's policy setting process, which is then cascaded to EBC Group to apply the rules. For more details on consideration of interests and views of stakeholders please refer to chapter SBM-2.

The Chief Corporates and Market Officer of Erste Group is accountable for approving and implementing the policy. The policy is only available internally. EBC Group plans to adopt the policy locally, whilst in the interim period the Group version applies at EBC Group level.

RESPONSIBLE FINANCING POLICY

Policy objectives to address respective impacts, risks and opportunities

The Responsible Financing Policy outlines industry-specific ESG exclusion and phase-out criteria, including thresholds and guidelines for determining transaction eligibility to prevent ESG related credit and reputational risk. It also defines non-financial risk profiles that trigger enhanced risk management assessment. Additionally, the policy describes assessment procedures for specific sectors and subsectors to ensure informed decision-making aligned with the commitment to providing responsible financing services.

Besides the topic of biodiversity, one main area of concern of the policy is the energy sector. The objective is to implement principles for the energy sector for better management of environmental and climate risks, as well as energy security and social impacts of the energy transition. Thus, the policy contributes to the achievement of the portfolio decarbonisation targets by 2050. To facilitate the attainment of this target, EBC Group has implemented a well-defined structure and governance framework for the execution of decisions under the Responsible financing policy.

In 2025, there was a revision of the Responsible Financing Policy to support a responsible energy transition. Reviewed version of the policy will be approved in EBC during Q1 2026. EBC Group addresses the current challenges and finances the coal phase-out, in a responsible, prudent way and in line with the EU goals.

In this context, EBC Group is committed to progressively reduce its financing of thermal coal mining and thermal coal-based power generation. For existing clients in the heat and steam sector, as well as the utilities portfolio an extension period until 2035 is possible only if they have a credible transition plan in place to fully exit coal by that date.

Another change in this updated version was driven by other priorities in the context of defense. Due to the significantly changed geopolitical environment, the strategic importance of the defense sector in Europe has fundamentally shifted. Financial institutions are now expected to contribute to collective security, industrial resilience and defense readiness, as outlined in the EU White Paper "Defense Readiness 2030". This is reflected in the changes towards the eligibility criteria of financing defense.

Methodology

The policy mandates a two-tier review process. To comply with the requirements of the policy, the deal originator must:

- Seek a dedicated dialogue with high-emitting clients. This typically starts with an industry and client-specific assessment of ESG issues, to identify sustainable finance instruments that match the client's sustainability and funding strategy.
- Collect relevant information and documents related to the specific deal.
- Assess the non-financial risks in line with the Responsible financing policy and propose corresponding follow-up measures if necessary.

The second review is carried out by the Local (Erste&Steiermärkische Bank d.d.) risk functions and Group Non-financial Risk Management function (Local and Group NFR). They ensure that all respective risks are identified, assessed, measured, monitored, managed and properly reported by the Business Units in the first line of defense and, in case it becomes relevant, guide the initiator of the deal and associated employees through the specific NFR process required by the deal in question.

EBC Group implements principles for the energy sector to advance the management of environmental and climate risks as well as energy security and social impacts of actual energy transition projects. These energy sector principles are based on accepted industry principles and acknowledged by various stakeholders as the best practice. These principles are also aligned with Erste Group's commitment to reduce carbon emissions as Erste Group recognizes the strategic importance of renewable energy and energy efficiency projects.

Scope

All products and services in the Corporates and Markets area for all Erste Group financial institution entities are in scope of this Policy (including EBC Group), no matter whether the financing is direct or indirect; on - or off-balance-sheet financing, and whether financial risks are linked to it or not.

A client company/group is considered within the scope of the policy if the economic activity in question accounts for more than 5% of the group's turnover, unless otherwise specified. Not in scope of this policy are all retail business line products (except for defense transactions), single payment transactions, transactions below an aggregate amount of EUR 1 mn within an already approved limit (except for defense transactions) and 'responsible investments'.

The policy, including any amendments or updates, is subject to formal approval by the Board and is published on EBC Group's website.

RETAIL CREDIT RISK MANAGEMENT POLICY

Policy objectives to address respective impacts, risks and opportunities

Price instability on the energy market due to climate change can result in decreased profitability for companies in energy-intensive sectors as well as liquidity shortage of retail clients. Additionally, EBC Group faces a higher credit risk as climate-related transition events can lead to negative effects on the profitability and the financial stability of debtors which might lead to increased risk provisions and connected negative impacts the profit and loss for EBC Group. The policy endorses the achievement of the portfolio decarbonisation targets by 2050. Decarbonisation levers primarily contributing are the emission reduction in the energy sector as well as the promotion of a sustainable real estate sector (see chapter E1-3 for more details). For a detailed understanding of the CO₂e metrics associated with financed emissions, chapter E1-6 provides comprehensive results for the current and prior years.

Methodology

Specifically, the policy requires local entities to collect and store sustainability data, which can be obtained through an EPC of the financed object or an alternative method of assessing energy classification. The policy includes special lending conditions based on the energy efficiency values of the objects being financed. These conditions acknowledge that objects with lower energy efficiency are more likely to incur higher future maintenance and investment costs, which could impact the repayment capacity of customers and represent a higher credit risk. Higher energy efficiency, means a lower carbon footprint for the building.

In EBC the recommended parameters for housing loans is different for real estates with EPC levels E,F,G with Debt Service to Income (DSTI) ratio of maximum 45% .

For customers planning to renovate the financed property, the lending parameters can be applied at loan origination, representing the new energy performance category expected to be reached after renovation. The targeted energy performance level post-renovation must be assessed and provided by locally acceptable methods at the time of loan origination.

Scope

The scope of the policy applies to core local entities and their respective subsidiaries that are engaged in lending to private individuals and micro entities (excludes Erste & Steiermärkische S-Leasing, Erste nekretnine). The Chief Risk Officer (CRO) area is responsible for the implementation of the policy and ensuring that majority-owned subsidiaries also comply with the requirements of this policy. The policy is available internally.

By adhering to this policy, EBC Group also follows the European Banking Authority (EBA) guidelines on loan origination and monitoring as well as the EU GDPR and KYC (Know your customer) requirements.

REAL ESTATE FINANCING POLICY

Policy objectives to address respective impacts, risks and opportunities

EBC Group benefits from the financial opportunities that arise from the financing of and investments into companies that offer solutions for adapting to climate change and the funding of adaptation solutions in the real estate market (residential and commercial real estate). However, EBC Group also encounters an elevated credit risk as climate-related physical risks can lead to a devaluation of collateral and/or to negative effects on the business models and financial stability of debtors. The consequences are increased risk provisions and negative impacts on EBC Group's profit and loss statement and own funds. For this reason, EBC Group's Real Estate Financing (REF) Policy requires a sustainability assessment for real estate financings projects with exposure of EUR 20 million or above before making a credit decision.

Financing assets with high CO₂ emissions which are considered high or medium risk are subject to stricter lending criteria. Through this the policy contributes to the achievement of the portfolio decarbonisation targets by 2050. Principal mechanisms for decarbonisation that are instrumental in attaining the policy's objectives include 'promoting a sustainable real estate sector' as well as 'financed emission reduction in the energy sector' (see chapter E1-3 for more details). As part of the Real Estate Financing Policy, EBC supports the adherence to recognized international sustainability standards and initiatives. When assessing real estate financing, the technical screening criteria and 'Do No Significant Harm' principles of the EU Taxonomy Regulation are taken into account where applicable. Detailed CO₂e results for financed emissions, covering both the current and previous years, are available in chapter E1-6.

Methodology

With regards to the monitoring process, the policy requires an assessment of energy efficiency, physical risk (e.g. flooding, drought etc.) and the CO₂e value of the asset. It requires a Technical Due Diligence report, which includes the following areas:

- a technical and functional evaluation of the asset
- verification of the legal authority's status
- a general evaluation of the building specification
- a technical/economical evaluation of the building materials
- the implemented technology, the overall quality and workmanship
- a rough estimation of necessary investments.

Scope

The scope of the policy encompasses all real estate financing transactions with corporate clients or client groups, regardless of segmentation criteria. It covers the Commercial Real Estate segment, all specialized lending income-producing real estate clients and clients with certain codes in the nomenclature statistique des activités économiques dans la communauté européenne (NACE) related to the corporates segment or the industry segments of Real Estate or Hotels and Leisure. The policy is defined and updated at the Erste Group level and applies to all Erste Group and EBC Group entities where such business is conducted. These entities are required to integrate the policy into their local frameworks. In the process, Erste Group Bank AG has a dual role, both overseeing activities within the group and acting as a distinct legal entity offering corporate banking services. The same process flow applies for EBC subsidiaries. For clients or client groups outside of EBC Group's home markets, group standards are applicable as defined in the country specifics. The policy does not apply to workout clients, as defined in the Workout Policy, which focuses on restructuring rather than new business generation.

For engagements above EUR 40 million, the policy requires legal documentation to be based on international Loan Market Association standards, ensuring the possibility of syndication or sub-participation.

The CRO of EBC Group is accountable for approving and implementing the policy. The policy is only available internally.

CORPORATE LENDING PRINCIPLES

Policy objectives to address respective impacts, risks and opportunities

EBC Group Corporate Lending Principles policy defines group-wide rules and principles for corporate lending to ensure sound credit risk management, responsible banking and standardized client creditworthiness assessments. The policy supports managing risks stemming from energy and climate change mitigation by conducting a comprehensive ESG assessment of corporate borrowers with a turnover \geq EUR 50 million and SME's with transferable securities to trading on an EU regulated market. EBC Group may face higher credit risk caused by climate-related transition events that can lead to negative effects on the profitability of business models and the financial stability of debtors. The consequences are increased risk provisions for Erste Group and connected to negative impacts to its profit and loss statement and own funds. For example, price instability in the energy market due to climate change can result in decreased profitability in companies belonging to high emitting sectors.

By managing these risks, the policy supports the EBC Group's portfolio decarbonisation targets and potential subsequent emission reduction. The key decarbonisation lever contributing to achieving the policy's target is 'emission reduction in the energy sector' (see chapter E1-3 for more details). For insights into the CO₂e results of financed emissions, you can find detailed information for the current and previous years in chapter E1-6. If a client is exposed to increased sustainability risks, these must be properly assessed with respect to their financial position in the credit application and considered in the final lending decision as well the rating where relevant. For large corporates in certain industries that lack a climate transition plan and do not measure the current emissions, any new transaction including a policy exception must be approved by the holding credit committee. This ensures that material sustainability matters are integrated into the lending process and encourages clients to adopt sustainable practices. Additionally, ESG assessments are updated annually to reflect any changes in the client's ESG risks.

Methodology

The evaluation of the client performance or solvency includes an assessment of its financial metrics and their engagement in mitigation activities. ESG assessment questionnaires are used during the lending process to evaluate climate change mitigation risks and how ESG factors may positively (mitigation) or negatively (risks) impact the financial performance or solvency of the client. Corporate clients with a turnover \geq EUR 50 million and SME's with transferable securities to trading on a EU regulated market need to provide their ESG related data to the Bank. The preferred source are client ESG data published on HROK ESG Platform (Croatia-wide unified ESG Assessment questionnaire) which is developed in cooperation with major banks in Croatia and Croatian Credit Information Registry (cro. HROK – Hrvatski registar obveza po kreditima).

Scope

The policy is applicable to the whole EBC group and covers all corporate clients (LC, SME, CRE, Corporates owned by Sovereigns or Sub Sovereigns, public sector). The policy explicitly excludes clients involved in suspicious and illegal activities or controversial industries as well as pure financial holdings without transparency and captive/offshore companies not consolidated into the internal Group connected clients (GCC).

By adhering to this policy, Erste Group complies with the EBA Guidelines on loan origination and monitoring. The Management Board, particularly CRO of EBC Group is accountable for the implementation of the policy. The policy is made available internally.

E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE MITIGATION AND ADAPTATION

Energy and real estate, the largest and most emission-intensive sectors in EBC Group's portfolio, are key to its decarbonisation efforts. To achieve its 2050 net zero emission ambition, EBC Group focuses therefore on four portfolio decarbonisation levers that comprise several already implemented key actions. For a more comprehensive understanding of the CO₂e results pertaining to financed emissions, please consult chapter E1-6.

DECARBONISATION LEVER 'PROMOTING A SUSTAINABLE REAL ESTATE SECTOR'

EBC Group aims to reduce its financed emissions by increasing sustainable financing in the real estate sector through two main enablers, its GRAS (Green asset Screening Check Tool) for evaluation of sustainable projects, and the Renovation Financing and Energy Efficiency Calculator to assess its client's home renovation need and energy efficiency.

On one hand, the lever contributes to the achievement of the Sustainable Finance Methodology (Guideline's) objective in strengthening its role in sustainable financing. On the other hand, the action aligns with Real Estate Financing Policy, as the policy requires a sustainability assessment for residential real estate financings projects with exposure of EUR 20 million or above before making a credit decision. Therefore, this decarbonisation lever addresses the impacts, risks and opportunities (IRO) managed by these policies as outlined in chapter E1-1. Successfully motivating clients to take measures to improve the energy performance of the buildings they own, financed by the EBC, contributes to reducing financed emissions in absolute terms if higher emission-loans mature. The actions under this lever further contribute to the attainment of the 15% sustainable corporate financing target and the 15% sustainable mortgage target (see chapter E1-4 for more details on targets).

Enabler 1: Green Asset Screening Check tool (GRAS)

EBC Group uses Green Asset Screening Check tool (GRAS) which is being utilized for the evaluation of green projects. The tool operates by allowing users to input parameters specific to a product, applying distinct criteria across three key industries: real estate, renewable energy, and transport. The tool screens taxonomy eligible deals and sustainable deals. If the purpose is to finance renovations, users can input the differences in achieved energy properties based on energy certificates before and after renovation - Primary Energy Demand (PED). Upon input, GRAS determines the environmental credentials of a project, ensuring alignment with both EBC Group and the Erste Group's sectoral policies.

Enabler 2: Renovation financing and the Energy Efficiency Calculator

To support the energy efficiency transition in residential properties, EBC Group provides its retail and corporate clients (and non clients) with digital, web-based solutions that simplify the process of assessing their home renovation needs. The renovation calculator tools offer clients an understanding of their current property's energy efficiency and identify potential improvements. By engaging clients through this platform,

EBC Group provides the possibility to get a clear picture of how their home's energy efficiency can be improved, which actions to take and how to quantify the business case for these improvements. The expected results include increased client engagement via digital channels, with more homeowners adopting energy-efficient renovation measures. Additionally, clients are encouraged to access subsidy programs across the the region where EBC Group operates and to receive financing options, leading to better utilization of energy-saving technologies such as solar panels, heat pumps and home insulations. Where financially viable and credit risk parameters are met, EBC Group is easing the time to cash for customers to receive financing for energy upgrades. This measure supports the implementation and realization of the retail credit risk policy, the SFM as well as the Sustainable Finance Framework. It contributes to the achievement of the target 'sustainable retail mortgages' as outlined in the table 'Sustainable financing – actuals and targets'.

EBC Group proactively engages with clients, offering renovation calculation and financing options through various channels. By leveraging the renovation calculator and associated financing solutions, Erste Group supports clients in enhancing the energy efficiency of their homes, thereby promoting sustainable housing solutions. The effectiveness of this initiative is monitored through its impact on financed emissions.

The described decarbonisation lever with its two enablers drives GHG emission reductions as shown in the table 'Sustainable Finance Targets'.

Scope of the decarbonisation lever

The geographic scope for the decarbonisation lever encompasses all regions of operations and focus on the downstream value chain. The implementation relates to a medium-term period. The Renovation and Energy Efficiency Calculator applies to the downstream value chain of EBC Group, focusing on retail mortgage clients. The scope covers all regions where EBC Group operates, particularly targeting clients with high energy intensity. For a better understanding of the CO₂e results of the financed emissions, you can refer to chapter E1-6 for the current and the previous year.

DECARBONISATION LEVER 'FINANCED EMISSIONS REDUCTIONS IN THE ENERGY SECTOR'

EBC Group aims to reduce its financed emissions in the energy sector by increasing sustainable financing for renewable energy projects and by reducing its loan portfolio in the coal sector. The contribution to decarbonisation targets significantly depends on the nature of the financed company. For instance, a coal-reliant company that utilises the financing to implement adaptation solutions (e.g. such as wind parks) can thereby reduce its reliance on fossil-based technology.

This lever contributes to the decarbonisation of EBC Group's energy portfolio and is in line with the Sustainable Finance Guideline which defines sustainable investments that contribute to climate-neutrality as well as the Responsible Financing Policy which sets exclusion criteria for harmful socio-environmental economic activities, such as investments into carbon-intensive energy activities. Additionally, it contributes to the objectives of the Corporate Lending Principles.

Therefore, this decarbonisation lever addresses the IROs of these policies as outlined in chapter E1-2. The lever further contributes towards the policies' objectives such as the net zero portfolio target as well as the 15% sustainable corporate target. The achievement of the policies' targets is outlined in chapter E1-4.

Through the key actions 'renewable energy financing' and 'reducing coal financing' investment in and financing of energy-intensive energy companies will be reduced, while financing renewable energy projects enables CO₂e-neutral energy production, which is necessary for the transition to an economic system within the planetary boundaries, offering new clean energy opportunities for EBC Group's portfolio.

Key action 1: Renewable energy financing

EBC Group's renewable energy financing aims to increase the share of sustainable financing for projects that support the transition to cleaner energy sources. By focusing on clients with decarbonisation technologies EBC Group seeks to accelerate the adoption of renewable energy solutions, including wind, solar and battery storage. The anticipated impact includes an increase in financing for renewable energy projects and a reduction in financed emissions from the energy and heat production sectors, particularly if fossil-reliant companies transition to cleaner energy technologies. This initiative is a key measure contributing to the realization of the targets and goals outlined in the SFG and the Sustainable Finance targets and goals.

Key action 2: Reducing coal financings

In line with its Responsible Financing Policy, EBC Group is committed to progressively reduce its financing of thermal coal mining and thermal coal-based power generation, phasing out coal financing by 2030. In alignment with the National Energy and Climate Plans (NECPs) in its core markets (with an extension period until 2035 for existing clients within heat and steam, as well as utilities portfolio if certain conditions are met such as a credible transition plan for the exit until 2035). For the oil and gas sector, EBC has committed to avoiding any expansion of financing for oil and gas exploration unless it is crucial for independence from Russia and is indispensable for national energy security within Europe. Gas-fired generation and related infrastructure may still serve as transitional solution and may be financed as long as they also meet the criteria set out in the EU Taxonomy.

EBC Group actively engages with all clients exposed to thermal coal, focusing on understanding their transition plans. It analyses all clients in this sector in-depth during the annual review process to assess and align their transition plans with the bank's 2050 net zero targets ambition. This includes identifying clients with over 25% of revenues from thermal coal and requiring them to present a credible, time-bound exit plan. Relationship managers are equipped with single-client assessment toolkits that use public and internal information to assess each client's transition readiness and their contribution to EBC's targets. EBC Group ensures that its engagement focuses on helping oil and gas sector clients adopt environmental action plans and decarbonisation strategies. On the other hand, EBC is prioritising engagements of high emitting clients, who are part of their sector's decarbonisation targets, to assess their transition plans including the necessary CapEx investments.

Through the implementation of the two outlined measures, this initiative will result in a substantial reduction in financed emissions. Additional information on the achieved GHG reductions can be found in table 'Portfolio Decarbonisation Targets including progress in 2024,' with particular emphasis on the electricity production sector.

Scope of the decarbonisation lever

The scope of the 'Sustainable Financing for renewable energy' measure covers the downstream value chain of EBC Group, specifically targeting renewable energy projects in the energy and heat production sectors. The geographic scope encompasses all regions of EBC Group.

The implementation of the sustainable finance measure for renewable energy is designed for a long-term period. With regards to clients belonging to sectors not included in EBC Group's portfolio decarbonisation targets, EBC Group conducts similar engagement strategies for clients with high financed emissions. None of the three decarbonisation levers directly address providing remedies for those affected by actual material impacts. The related expenditure for the three decarbonisation levers is not significant for the financial performance of the Group

DECARBONISATION LEVER 'CLIENT ENGAGEMENT FRAMEWORK'

The client engagement framework is a holistic approach that is aimed to support the shift of the clients toward low-carbon business models while ensuring alignment with EBC Group's portfolio decarbonisation targets.

The client engagement framework represents the toolkit consisting of several elements such as ESG Assessment Questionnaire, Responsible Financing Policy and Sustainable Finance Methodology. While the later tool provides framework for classifying sustainable financings that support climate transition of EBC Group's clients, the questionnaire facilitates data collection on the environmental footprint of large corporate, commercial real estate and residential real estate, thus enabling the EBC Group to identify clients which are prone to environmental, climate, social and governance risks.

It is updated at least annually and allows us to assess the impact of ESG factors on credit risk. Thus, already as of today, EBC Group evaluates the transition plans of the clients and aligns them with the sector's decarbonisation targets.

In 2025 the ESG Assessment has been enlarged focusing on the resilience of ESG risks including transition risk and embraces clients vulnerability to physical risks and nature-related risks.

The process follows a structured three-phase approach consisting of:

- clients assessment and selection,
- engagement and dialogue and
- monitoring.

The client selection process on EBC Group level was finalised in fall 2025 that will enable relationship managers to engage with the clients following the valid lending processes throughout the year 2026. The revised framework will further contribute into EBC Group engagement with clients using a strategy tailored to their maturity in the transition journey. Moreover, the framework will ensure that ESG considerations are systematically integrated into client relationships, credit processes and portfolio steering.

Through this framework, EBC Group aims to act as a trusted partner for its clients, enabling them to navigate the challenges of the green transition while safeguarding financial stability. By combining risk management with financing solutions, EBC Group contributes to a sustainable economy and long-term value creation for all stakeholders.

Scope of the decarbonisation lever

The 'Client Engagement Framework' lever was developed in a first phase for large corporate clients within EBC Group's lending portfolio and covers all entities of the EBC Group. The client engagement approach will enable us to gain deeper insights into EBC Group's clients' transition plans. The EBC Group's approach focuses on supporting clients in this transition, but also includes a reassessment of the relationship with clients who are unwilling to commit to progress. The implementation of this lever is designed as a long-term initiative.

DECARBONISATION LEVER 'EMISSION REDUCTION IN OWN OPERATIONS'

EBC Group aims to decarbonise its operations by decarbonising employee mobility through electrification, enhancing building energy efficiency, switching to low-carbon energy sources and increasing employee engagement through trainings and joint action. The implemented actions target the bank's CO₂e emissions from own operations, thus contributing to its net zero operations goal.

EBC Group's actions currently focus on the reduction of scope 1 and 2 emissions as managing operational scope 3 emissions represents a significant challenge, as these emissions are largely influenced by the activities of third parties and external stakeholders. Please refer to chapter E1-4 to gain a deeper understanding of the achieved GHG emission reductions within Scope 1 and 2. Additionally, chapter E1-6 outlines the current CO₂e balance results and those from the previous year. For more insights into energy consumption and its breakdown, please see chapter E1-5. No significant capital expenditure and operating expenditure is required for the described measures.

Scope of the decarbonisation lever

The implementation of the measures relates to the short-term period for employee engagement and awareness and to the mediumterm period for decarbonisation of employment mobility, increased energy efficiency of own buildings and low carbon energy use.

Action/Lever	Target
Enabler 1: Financial Health Commercial Real Estate Tool	Decarbonisation target for Commercial Real Estate, sustainable finance real estate target
Enabler 2: Renovation Financing and the Energy Efficiency Calculator	Decarbonisation target for mortgage, sustainable finance real estate target
Key action 1: Renewable energy finance	Decarbonisation targets for heat and steam production and for electricity production, sustainable corporate finance target.
Key action 2: Reducing coal financing	Decarbonisation targets for heat and steam production and for electricity production.
Decarbonisation lever 'Client engagement framework'	All decarbonisation targets except those for commercial real estate and mortgages
Decarbonisation lever 'Emission reduction in own operations'	Scope 1 and 2 targets

E1-4 – TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTION

PORTFOLIO DECARBONISATION TARGETS

EBC Group's decarbonisation targets are presented in the 'Portfolio Decarbonisation Targets' table, detailing emission scopes, the base year, the target value, the reference value and the selected scenario pathways and methodologies. Most of EBC Group's GHG emission reduction targets are scientifically sound and compatible with the group's ambition to achieve a net zero status of its portfolio by 2050.

The 2050 net zero portfolio ambition is strategically designed to evaluate the effectiveness and efficiency of EBC Group's initiatives in mitigating the emissions associated with its financing activities. This target not only serves as a benchmark for assessing the success of various measures implemented to reduce the carbon footprint of financed projects but also underscores the Group's commitment to sustainable finance.

The policies described in chapter E1-2, such as the SFM, the Responsible financing policy, the Corporate Lending Principles Policy, the Real Estate Financing Policy and the Retail Credit Risk Management Policy, collectively support the achievement of the portfolio decarbonisation target by addressing EBC Group's material IROs as listed in the table 'Material Impacts, Risks and Opportunities' in chapter SBM-3. The portfolio target is primarily achieved through a reduction in financed emissions in the energy sector as well as the promotion of a sustainable real estate sector. This is explained in more detail in the prior chapter E1-3.

By focusing on both the energy and real estate sectors, EBC Group aims to address major sources of emissions through sustainable financing, energy efficiency improvements and the transition to renewable energy sources. These efforts are expected to contribute significantly to achieving the GHG emission reduction targets. The portfolio decarbonisation targets address Erste Group's downstream value chain and applies to all regions in which it operates, including the EBC Group.

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

Table 8: Portfolio decarbonisation targets

Sector	Metrics	Methodology ¹	Scenario/ Pathway	Emission Scope ²	Baseline		Value		Targets	
					Year	Value	2025	Reduction in %	2030	2050
Mortgages ³	kgCO ₂ e/m ²	Internal model	XDC ITR 3.4°C	1 and 2	2024	38.12	33.94	(10.97)%	28.46	8.67
Commercial real estate ³	kgCO ₂ e/m ²	Internal model	XDC ITR 1.5°C	1 and 2	2024	27.99	22.24	(20.54)%	16.57	3.39
Electricity production	kgCO ₂ e/MWh	PACTA	IEA NZE2050	1 and 2	2022	34.80	25.36	(27.13)%	18.50	1.94
Cement production ⁴	tCO ₂ e/tonne cement	SBTi SDA	IEA NZE2050	1 and 2	2023	0.583	0.558	(4.29)%	0.463	0.030

¹ Erste Group's baseline values fulfil the requirements and calculation approach of third-party standard setters such as SBTi and PACTA. Those standards are based on the latest findings from leading environmental institutions, such as the IPCC. Hence, Erste Group's baseline value is to be considered a representative one. EBC Group use the same methodology as Erste Group.

² The given scopes represent emissions from EBC Group's downstream activities, in particular the scope 1, 2.

³ Mortgages and Commercial Real Estate targets defined based on proprietary internal model (driven by portfolio and market drivers) and benchmarked by X-Degree Compatibility model (version 2025.08) by Right[®] based on science GmbH. Implied temperature of 2050 ambition at 3,4°C for Mortgages and 1,5°C for Commercial Real Estate. Baseline emission intensity restated to reflect data quality improvement after reporting date.

⁴ The base year / actual values are based on available input data (e.g., client sustainability reports), some of them only show CO₂ values as numerator or tonne cementitious as a denominator. If, instead of the CO₂e intensity per tonne of cement, only the CO₂ intensity per tonne of cementitious was available, this was used.

In total, to date, the decarbonisation targets have been set for a credit risk volume of EUR 3.6 billion, this represents 50.9% of the volume covered by the financed emissions calculation (see details in the chapter E1-6). The portfolios with decarbonisation targets cover 26.9% of total scope 1 and scope 2 financed emissions in 2025 and 13.5% of total scope 1, scope 2 and scope 3 financed emissions in 2025.

As all targets are derived based on the Science-Based Target Initiative (SBTi) and PACTA methodologies, these targets serve as 1.5°C scenario-based benchmarks, except the residential real estate sectors. The real estate sector is further described in the section "Commercial real estate and mortgage decarbonisation target".

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

Electricity sector decarbonisation target

Focus within the electricity production portfolio is on diversified electricity producers, as well as project-based financing of electricity production. We apply a thorough review process to confirm that our activities are centered on electricity generation. This focus supports our broader goal of reducing carbon emissions in the power sector, which is a significant contributor to global greenhouse gas emissions.

Moreover, energy sector will be the central cornerstone of Europe's decarbonisation success. As one of the most pollutive industries at the present time, it also offers a substantial opportunity to transform from fossil fuels to renewable. The greener energy mix will be a key contributor in the reduction of emissions of other industries.

This portfolio's scope includes direct emissions (Scope 1) from the combustion of fossil fuels and indirect emissions (Scope 2) associated with the purchase of electricity, heat, and cooling necessary for operations.

Methodological approach is grounded in the PACTA (Paris Agreement Capital Transition Assessment) framework, customized for financial institutions. This allows us to track and manage the physical emission intensity of electricity production within its portfolio. Decarbonisation targets are defined considering a physical metric and measured as kgCO₂e/MWh. This metric plays a crucial role in evaluating whether our clients are prepared for the necessary transition in line with the 2030 and 2050 decarbonisation objectives.

To align with global efforts to limit temperature rise, we have adopted the IEA Net Zero 2050 scenario as the guiding benchmark. The targets aim for a 47% reduction in the physical emission intensity of our portfolio by 2030, bringing it down from a 2022 baseline of 34.8 kgCO₂e/MWh to 18.5 kgCO₂e/MWh. We are tracking our progress closely, with interim results showing a reduction to 25.4 kgCO₂e/MWh by 2025.

Year-over-year, physical emission intensity in the electricity production portfolio increased from 0,04 to 25,36 kgCo2e/MWh. The scope of clients involved in power production monitoring for 2025 has been expanded.

For deriving the future trajectories for each technology, the NZE 2050 (1.5 degree) scenario was used. The IEA with its' "Net Zero by 2050: a roadmap for the Global Energy Sector" depicts the pathway to building a global energy sector with net-zero emissions in 2050. The key drivers of this scenario are electrification and electricity supply and demand. The NZE scenario (WEO 2021) foresees a reduction in demand for fossil fuels. Oil demand will decline very gradually, and natural gas remains mostly stable until 2030.

The path involves replacing carbon-intensive processes with renewable technologies wherever feasible. For example, this includes waste-heat recovery, geothermal technologies for heating and solar and wind for electricity production.

Cement decarbonisation target

A Net Zero target of EBC Group is defined for the clients in cement manufacturing. A thorough review process was carried out to identify the clients whose activities fall under definition of this sector and to whom it has a client relationship exists. This portfolio includes scope 1 and 2 of emissions.

The methodological approach is grounded in the SBTi (Science Based Targets Initiative) framework. We applied the SDA (Sectoral decarbonisation Approach) for 2030 and the Net-Zero Tool for 2050. This allows us to track and manage the physical emission intensity of cement production within EBC Group portfolio. It uses a key metric that measures the amount of CO₂ equivalent emissions per tonne of cement (tCO₂e/tonne cement). This metric plays a crucial role in evaluating whether our clients are prepared for the necessary transition in line with our 2030 target.

To align with global efforts to limit temperature rise, we have adopted the Net Zero 2050 (IEA 2021) scenario as our guiding benchmark. There is an uncertainty in the development of the technology, that is needed to support transition to net zero for this sector after 2030.

The target is a 21% reduction in the physical emission intensity of our portfolio by 2030, bringing it down from a 2023 baseline of 0.583 tCO₂e/tonne cement to 0.463 tCO₂e/tonne cement. We are tracking our progress closely, with interim results showing 0.558 tCO₂e/tonne cement at the end of 2025.

Physical emission intensity in terms of tCO₂e/tonne cement recorded a decrease of 5% as of December 2025 in comparison with the same period last year.

EBC Group categorizes portfolio assets based on the current and planned cement related emission intensities of the clients and if not disclosed of related national-wide cement associations to which the client belongs to. This classification helps EBC Group to assess clients' readiness for the transition and shapes engagement strategies with them.

Commercial real estate and mortgages target

EBC Group's real estate decarbonisation targets are defined for clients in scope of the PCAF real estate module and cover scope 1 and 2 emissions.

In 2025, the Group, and consequently EBC Group, implemented significant methodological enhancements to the PCAF real estate module, including scope expansion and the introduction of a machine-learning EPC proxy model and the consideration of a financed property flag. Combined with the updated National Energy and Climate Plans by EU Member States, these improvements triggered the decision to rebase the real estate decarbonisation targets in 2025.

The methodological approach of the rebaselining combined a proprietary internal model with a science-based pathway assessment. The internal model simulates the development of portfolio emission intensity based on asset-level data, energy performance characteristics, and market assumptions. In parallel, a science-based decarbonisation pathway is applied using the SBTi SDA methodology aligned with a 1.5°C scenario (based on CRREM pathways). Both approaches allow EBC Group to track and manage the physical emission intensity of this portfolio using a metric that measures the amount of CO₂e emissions per square meter (kgCO₂e/m²). To benchmark the results from the internal model and assess the implied temperature alignment, an external analysis was conducted using the X-Degree Compatibility (XDC) model developed by Right° based on science GmbH.

Mortgages target

External benchmarking using the XDC model shows that current Erste Group's 2050 retail mortgage portfolio pathway (8.67 kgCO₂e/m²) corresponds to an implied temperature alignment of 3.4°C. The updated mortgage portfolio decarbonisation target is to achieve a 25.34% reduction in the portfolio's physical emission intensity by 2030, decreasing from a 2024 baseline of 38.12 kgCO₂e/m² to 28.46 kgCO₂e/m². The portfolio is predominantly composed of retail business volumes. EBC Group closely monitors progress, with interim results for 2025 showing a decline to 33.94 kgCO₂e/m² by 2025.

Financed emission intensity at the end of 2025 amounted to 29 tCO₂e/EUR mn. Erste Group, and consequently EBC Group, has rebaselined decarbonisation targets for this sector, and as stated previously enhanced PCAF real estate module thus no meaningful year-over-year comparison is provided.

Decarbonising the residential mortgage segment remains highly dependent on government action, regulatory incentives and the pace of national energy-system decarbonisation – areas where progress in the CEE region is currently limited. Achieving a 1.5°C-aligned pathway would require large-scale building renovations, substantial energy-efficiency upgrades and a rapid shift towards low-carbon heating technologies. These developments rely heavily on external factors such as the availability of public subsidies, predictable long-term frameworks, simplified permitting procedures, and accelerated decarbonisation of national electricity grids. At present, progress in these areas remains uneven across our core markets, and households continue to face significant financial burden. As a result, the external environment limits the feasibility of achieving a fully Paris-aligned decarbonisation pathway for this portfolio.

Commercial real estate target

External benchmarking using the XDC model shows that current EBC Group's 2050 commercial real estate portfolio pathway (3.39 kgCO₂e/m²) corresponds to an implied temperature alignment of 1.5°C, which confirm previous ambition level set by EBC Group (published in 2024 CSRD report). The updated commercial real estate portfolio decarbonisation target is to achieve a 40.80% reduction in the portfolio's physical emission intensity by 2030, decreasing from a 2024 baseline of 27.99 kgCO₂e/m² to 16.57 kgCO₂e/m². The portfolio predominantly consists of volumes in the corporate business segment, primary from the sub-segment commercial real estate and SME. EBC Group closely monitors progress, with interim results for 2025 showing a decline to 22.24 kgCO₂e/m² by 2025.

Financed emission intensity at the end of 2025 amounted to 15 tCO₂e/EUR mn. The EBC Group has rebaselined decarbonisation targets for this sector, and as stated previously enhanced PCAF real estate module thus no meaningful year-over-year comparison is provided.

NET ZERO OPERATIONS TARGET

EBC Group has recognised the importance of reducing its operational carbon footprint to decarbonise its operations. Since 2013., EBC Group has consistently delivered reductions in its operational scope 1 and 2 emission already achieving 87,5% of sourced electricity from sustainable sources - remaining portion of 12,43% relates to the ATMs. Taking into consideration that 98,01% of own locations have sustainable electricity, EBC Group has set zero reduction targets in relation to the targets set by ISO 14001 and ISO 50001. The target is set for the period of 2022-2027, and considers a 3% reduction in relation to the base year (2021.).

The Net Zero operations target addresses climate change mitigation and energy by aiming to reduce negative impacts through energy mix and own GHG emissions. Currently, there is no formal policy covering the operational emission reduction target but an internal action plan. The decarbonisation measures necessary, to achieve the operational target, have been identified to be renewable energy transition, energy efficiency improvement, decarbonizing employee mobility and employee engagement and awareness trainings like explained in chapter E1-3.

At Erste Group level, an ongoing dialog is conducted with relevant stakeholders such as supervisory and regulatory authorities, investors, analysts and rating agencies as well as academic and environmental institutions and NGOs. Inputs from these stakeholders were received through bilateral talks, conferences and supervisory dialogues regarding climate change and consequently used in Erste Group's target setting process. For more details on consideration of interests and views of stakeholders please refer to chapter SBM-2.

Table 9: Scope 1 and 2 targets

Targets	Metric	Baseline		Actual		Short-term		Mid-term	
		Year	Value	Year	Value	Year	Target	Year	Target
Electric fleet	% of e-cars in total carfleet	-	-	2025	14%	2027	19%	2030	100%

According to current data, the 31 electric vehicles in the EBC Group's fleet reduce emissions by approximately 115 t of CO₂ per year, while each additional electric vehicle reduces emissions by an average of about 3.5 t of CO₂ annually.

SUSTAINABLE FINANCING TARGETS

In line with Erste Group's Sustainable Finance Methodolgy (Guidelines) described in E1-2 Erste Group uses this as a framework under which it classifies its sustainable financings for which Erste Group has defined a target in the corporate and retail area. EBC Group follows this methodology at local level.

Methodology

The SFG outlines the following categories based on which a financing can be qualified as a 'sustainable financing':

- either complies fully with the respective EU Taxonomy criteria for specific purpose financings or general purpose financings weighed by counterpart's most recently published Taxonomy-alignment KPI, if the purpose of the financing is unknown (please refer to the 'EU Taxonomy Disclosure' chapter for more information) or
- Coverage of an economic activity outlined in the EU Taxonomy, however using broader, simplified internal criteria sets for evaluation
- Support of projects from supranational institutions in key-sectors,
- Fulfilment of project categories of voluntary frameworks
- Support of dedicated national programmes

While the category 1 relates to taxonomy aligned financings, the categories 3 to 5 are of subordinate relevance. EBC Group's focus is therefore category 2 for which its sustainable financings need to comply only with the technical screening criteria for the substantial contribution to one of the environmental objectives defined by the EU Taxonomy with following additional simplification for construction and real estate under the environmental objective Climate Change Mitigation.

Related to climate change mitigation economic activity 'Construction of new buildings'

Considerable reduction in carbon emissions (category 2) for the activity 'Construction of new buildings' is shown by a primary energy demand that is 10% lower than the national NZEB standard. This is certified by an Energy Performance Certificate.

Climate change mitigation economic activity 'Acquisition and ownership of buildings'

The general methodology for real estate proxies has been provided by management experts. These estimates use reference benchmarks of energy demand by building energy code, year of construction based on applicable technical standards at the time and results in an estimated primary energy demand of a certain type of building in a certain area depending on the available date of construction of the building (e.g. building permit, year of construction completion, year of construction from the energy performance certificate). For this purpose, the top 15% existing national building stock are determined by the year of construction respectively major renovation, using assumptions and extrapolation, such as a linear distribution between data points available, using the number of building permits per building use and age according to national legislation.

In deviation from the EU Taxonomy, the assessment for efficient operation through an energy performance monitoring and assessment for large non-residential building is not mandatory.

Sustainable Financings have demonstrable impact on decarbonisation in real estate and renewable energy sectors:

- In real estate, financing energy-efficient properties significantly reduces emissions intensity compared to traditional financing, reinforcing the alignment between sustainable finance and climate objectives.
- In the energy sector, renewable energy financing inherently supports climate mitigation by replacing fossil-based generation and delivering measurable environmental benefits. These projects are systematically prioritized and tracked within EBC Group's portfolio, reflecting the EBC Group's commitment to energy transformation and the expansion of clean energy solutions. In case of project finance, EBC Group assumes that renewable energy projects (wind, solar, geothermal and hydropower) have an emission factor for scope 1 and 2 of zero (see chapter E1-6).

To qualify as Sustainable Financings the compliance with the simplified substantial contribution criteria only is required. Assessment of the 'do no significant harm' criteria and minimum safeguards is not a mandatory condition to qualify as Sustainable Financings but is taken into consideration where existing due diligence process can be applied.

The project financings analysed and documented by the EGB-specific classification methodology are included in the sustainable financing figure, see table 'Sustainable Financings - actuals and targets'. The Sustainable Financing figure also includes all taxonomy aligned financings.

15% sustainable corporate financing target by 2026

The 15% sustainable corporate financing target addresses EBC Group's identified impacts and opportunities related to climate change mitigation and energy deployment. This includes financing and investing in renewable energy projects, as well as financial opportunities that arise from supporting customers in their decarbonisation efforts and transition to a sustainable state. The SFG outlines which financing contributes to the target achievement (see chapter E1-2 for more details).

EBC Group aims to achieve a ratio of 15% of sustainable financings towards corporates by the end of 2026. The target is defined in relative manner to the on-balance gross carrying financing amount towards corporates.

In terms of the target's progress, EBC Group is well on its way towards meeting the target of 15% in 2026. In 2025, the share of sustainable financing related to corporates portfolio slightly increased from 13.4% (2024) to 13,5% which represents a slight positive trend towards target achievement. It is monitored on a quarterly basis and discussed at respective Board meetings.

15% sustainable mortgages target by 2027

The 15% target for sustainable mortgages tackles EBC Group's recognised impacts and opportunities concerning climate change mitigation and energy deployment. This involves financing and investing in real estate, renovation and energy efficiency projects supporting the transition to a sustainable state. The Sustainable Finance Guidelines outline which financings contribute to the target achievement (see 'Methodology' in this chapter and E1-2 for more details).

EBC Group aims to achieve a ratio of 15% of sustainable mortgage lending towards retail clients in 2027. The target is defined in relative terms to the on-balance gross carrying mortgage amount towards retail clients. .

In 2025, the share of sustainable financing related to sustainable mortgages developed from 11.8% (2024) to 15%. The actuals are monitored and reviewed in regular intervals. Monitoring is done on a quarterly basis and discussed at respective Management Board meetings.

Summary of sustainable financing targets

No changes in the targets, corresponding metrics or the underlying methodologies have been made in 2025. Sustainable corporate financings increased from 7.2% in 2023 to 13.4% in 2024 and finally to 13.5% in 2025 and were mainly driven by real estate financings and renewable energy projects, while also further enhancing EBC Group's financing opportunities in other sustainable areas.

The sustainable retail mortgage ratio increased from 11.8% in 2024 to 15% in 2025. Thereby EBC Group fulfils its sustainable retail mortgage target ahead of the schedule.

Table 10: Sustainable financing – actuals and targets

Metric	Targets			
	Actual		short-term	
	Year	Value	Year	Target
Sustainable corporate financing % of corporate financing portfolio	2025	13.5% (+ 0,1% YOY 2024)	2026	15%
Sustainable retail mortgages % of retail mortgage portfolio	2025	15.0%	2027	15%

New corporate sustainable financing has been supported by a strong contribution from commercial real estate financing and renewable energy projects. This growth has further strengthened our sustainable corporate financing KPI. Additionally, the existing stock of retail mortgage financing has increased, contributing to the achievement of our sustainable retail mortgages KPI. The measurement of this metrics has not been validated by an external body, apart from the assurance provider.

The sustainable corporate financing target and the sustainable mortgages target were set based on guidance collected through bilateral discussions, conferences, dialogues from supervisory and regulatory authorities, investors, analysts and rating agencies as well as NGOs, academic and environmental institutions. The experts' recommendations were subsequently integrated into the target-setting process. For more details on consideration of interests and view of stakeholders please refer to chapter SBM-2.

Monitoring is done on a quarterly basis and discussed at respective Management Board meetings.

Table 11: Sustainable corporate financing

in EUR million	2024	2025
New corporate sustainable financing, total new business ¹	192	374

E1-5 – ENERGY CONSUMPTION AND MIX

Erste Group uses the Tagetik to gather energy consumption data, the process is applied centrally at Erste Group level where the calculations are done for EBC Group as well. Energy consumption at approximately 150 business locations is individually recorded and evaluated. Annual electricity and heating consumption values in kWh are collected on an individual address level, broken down by source of electricity and heating type to be able to split the total energy consumption into fossil, nuclear and renewable sources. As proof documents, supplier invoices are collected and stored for later control. The split between energy from fossil, nuclear and renewable sources is done directly in the Tagetik excel sheet following this logic:

- consumption from 100% renewable sources (e.g. purchased green electricity as defined in the contract with the energy supplier) is automatically allocated to “renewables”.
- consumption from 100% fossil sources (e.g. oil for heating or diesel for emergency generators) is automatically allocated to “fossil”.
- For mixed sources like national electricity supply or district heating partially from biomass and fossil sources, data contributors have the option to enter the split as indicated on their energy bills or provided by their suppliers into the system.
- If data contributors do not have access to this information a national average split is applied.

Measurement uncertainty can result from the fact that the collection of energy consumption is not linked directly to the meters installed at the office or branch locations but based on the manual input of energy consumption as invoiced by the energy provider. For some locations, data must be extrapolated if invoices are received after the reporting deadline or to account for different cut-off periods. For those locations where no consumption values, supported by a supplier invoice, were available, an average consumption is automatically applied and calculated for the individual location based on the net floor area considering a national average split of energy source by fossil, nuclear and renewables. Furthermore, energy consumption data from leasing properties owned and rented out by EBC Group's leasing companies is not included due to limitations in data availability. Data of energy consumption and mix were not validated by an external body other than the assurance.

Compared to the previous year, total energy consumption remained largely stable, showing only a slight decrease in 2025, similar the share of energy from renewable sources decreased from 57.62% to 56.91%.

Table 12: Energy consumption and mix

	2024	2025
Fuel consumption from coal and coal products	–	–
Fuel consumption from crude oil and petroleum products	–	2,443
Fuel consumption from natural gas	–	1,767
Fuel consumption from other fossil sources	–	–
Consumption of purchased or acquired electricity, heat, steam	–	3,568
Total fossil energy consumption (MWh)	7,986	7,777
Share of fossil sources in total energy consumption (%)	42.13%	43.02%
Consumption from nuclear sources (MWh)	47	14
Share of consumption from nuclear sources in total energy consumption (%)	0.25%	0.08%
Total energy consumption from renewable sources disaggregated by:	10,922	10,288
fuel consumption from renewable sources ¹	–	–
consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	10,721	10,111
consumption of self-generated non-fuel renewable energy.	201	177
Share of renewable sources in total energy consumption	57.62%	56.91%
Total energy consumption	18,955	18,079

¹ incl. biomass (also comprising industrial and municipal waste of biologic origin), biofuels, biogas, hydrogen from renew. Sources

E1-6 – GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

TOTAL GREENHOUSE GAS EMISSIONS

Table 13: Total GHG emissions

	Retrospective			
	Base year (2022.)	Previous year (2024.)	Reporting year (2025.)	% Change compared to previous year
Scope 1 GHG emissions¹				
Gross scope 1 GHG emissions (tCO ₂ e)	1,173	1,362	1,273	(6.53)%
Percentage of scope 1 GHG emissions from regulated emission trading schemes (%) ²	–	–	–	–%
Scope 2 GHG emissions				
Gross location-based scope 2 GHG emissions (tCO ₂ e)	2,866	2,926	2,802	(4.24)%
Gross market-based scope 2 GHG emissions (tCO ₂ e)	1,163	1,045	1,008	(3.54)%
Significant scope 3 GHG emissions³				
Total Gross indirect (scope 3) GHG emissions (tCO ₂ e)	1,797,473	2,081,863	2,010,927	(3.41)%
Purchased goods and services	187	219	154	(29.68)%
Capital goods	29	35	60	71.43%
Fuel and energy-related activities	579	493	440	(10.75)%
Upstream transportation and distribution	1,316	1,238	1,363	10.10%
Waste generated in operations	99	102	128	25.49%
Business travels	144	395	206	(47.85)%
Employee commuting	1,782	2,105	2,042	(2.99)%
Downstream leased assets	329,233	459,175	314,534	(31.50)%
Investments	1,464,104	1,618,102	1,692,000	4.57%
Total GHG emissions				
Total GHG emissions (location-based) (tCO ₂ e)	1,801,512	2,086,151	2,015,002	(3.41)%
Total GHG emissions (market-based) (tCO ₂ e)	1,799,809	2,084,270	2,013,208	(3.41)%

¹ Note: No biogenic emissions are emitted.

² EBC Group is not part of any regulated emission trading schemes. Therefore, no scope 1 GHG emissions stem from such schemes.

³ ESRS E1 refers to the GHG protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard, 2011, which defines 15 scope 3 categories of which only material ones should be disclosed.

With regards to the methodologies and assumptions used for calculating the measured GHG emission please refer to the subsequent paragraphs concerning operational and financed emissions.

GREENHOUSE GAS INTENSITY PER NET REVENUE

Table 14: GHG intensity per net revenue

	2024	2025	Change compared to 2024
Total GHG emissions (location-based) per net revenue (tCO2e/EUR)	8,675	6,835	(21)%
Total GHG emissions (market-based) per net revenue (tCO2e/EUR)	8,667	6,829	(21)%

RECONCILIATION OF NET REVENUE

Total net revenue amounts to EUR 851 million (2024: EUR 839 million) and is determined according to the net revenue definition of the Council Directive 85/635/EEC. It is derived from pre-tax result from continuing operations before personnel expenses, other administrative expenses, depreciation and amortisation, impairment result from financial instruments, interest expense, other similar expense and net fee and commission expenses. Net revenue used to calculate GHG intensity amounts to EUR 295 million (2024: EUR 240 million). The difference results primarily from items depicted in the table "Share of the portfolio covered by the calculations".

Table 15: Reconciliation of net revenue

in million EUR	Net revenue	Assets (Carrying Amount)
Amounts used to calculate GHG emissions	295	-
Total amount according to the financial statements	851	17,626

Information about revenue can be found in the Statement of Profit or Loss within the Financial Statements for the year ended 31 December 2025.

GHG emissions caused by EBC Group's operations are calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. Calculations cover scope 1, scope 2 and scope 3 emissions and each was measured in CO2e. The organisational scope of the calculation refers to all entities in the IFRS scope of consolidation with at least one FTE. To calculate the emissions from activities emission factors with a GWP100 were used including relevant GHG emissions (CO2, CH4, N2O, HFCs, PFCs, SF6, NF3).

In case of the various emission categories, Erste Group implemented the following approaches, which are applied at EBC Group level:

Scope 1 and 2

The calculation of emissions is a central activity, carried out by the Erste Group. In the following excerpts, Erste Group methodology, applied at EBC Group level, is explained.

Erste Group gathers scope 1 and scope 2 environmental data as stated in chapter E1-5. For a better understanding of Erste Group's methodologies and significant assumptions behind the metrics please refer to chapter E1-5. Scope 2 emissions were calculated by using a location-based and a market-based method. In case of the location-based method, Grid factors were used to calculate the emissions. In case of the market-based evaluation approach, Erste Group considered its actual energy composition based on its own procurement strategy. For conversion to equivalents (CO2e), emission factors from DBEIS 2025 (Department for Business, Energy and Industrial Strategy) and the IEA 2024 (International Energy Agency) are used.

In 2025, of EBC Group's total energy consumption was covered by contractual instruments. The purchased instruments include Energy Attribute Certificates (EECS-GO) for green electricity, covering 50% of the total electricity consumption, and biomass, covering 51% of total district heating consumption from biomass.

Scope 3

Scope 3 category 1 - Purchased goods and services

For scope 3 category 1 a spend-based method was used. Emissions for goods and services were estimated by collecting data on the economic value of goods (spend in EURO) and services purchased by EGB and multiplying it by emission factors originating from an environmentally extended input-output analysis (EEIOA; exiobase 2024). Each purchase, based on customer country, was mapped with the corresponding emission category from exiobase and multiplied accordingly.

Scope 3 category 2 - Capital goods

For scope 3 category 2 a spend-based method was used. Just like for scope 3 category 1, emissions for capital goods were estimated by collecting data on the economic value (spend in EURO) of capital goods purchased by and multiplying it by emission factors originating from an EEIOA (exiobase 2024). Each purchase, based on customer country, was mapped with the corresponding emission category from exiobase and multiplied accordingly.

Scope 3 category 3 - Fuel-and-energy-related activities (not included in scope 1 or 2)

For scope 3 category 3 the average-data method was used. The emissions were estimated by using secondary emission factors (DBEIS, 2024) for upstream emissions per unit of consumption (T&D and WTT). The data for purchased energy and fuel is actual supplier data, which also serves as the basis for the scope 1 and 2 calculations. This data is extracted from the internal ESG database Tagetik, which is populated by local facility management.

Scope 3 category 4 - Upstream transportation and distribution

For scope 3 category 4 a spend-based method was used. Just like for scope 3 category 1 and scope 3 category 2, emissions for upstream transportation and distribution were estimated by collecting data on the economic value (spend in EURO) of transportation and distribution services purchased by EGB and multiplying it by emission factors originating from an environmentally extended input-output-analysis (exiobase, 2024). Each purchase, based on customer country, was mapped with the corresponding emission category from exiobase and multiplied accordingly.

Scope 3 category 5 - Waste generated in operations

For scope 3 category 5 a waste-type-specific method was used if primary data was available for different waste types in countries. For all primary data available, waste descriptions from EGB countries were mapped to waste activities and waste types. Waste types were then matched to waste treatment options based on “GHG reporting by department for business, Energy and Industrial Strategy UK” (defra 2024). After that, the emissions for the waste types were multiplied by emission factors based on the waste treatment options provided by defra. The waste treatment splits were set based on research and municipal waste treatment data from OECD and European Environment Agency.

If a country had no primary data at all, a conservative approach with 100 % municipal waste was assumed. To calculate emissions, municipal waste splits per countries as well as defra emission factors were used.

Scope 3 category 6 - Business travel

For scope 3 category 6 the distance-based method was applied. The distance and mode of business trips are collected in the Tagetik system and partially extrapolated when no primary data was available. For the extrapolation country average distance travelled by mode of transportation based on actual data entered in the system was used. The appropriate emission factors (Umweltbundesamt (UBA), 2023) for each mode of transportation used were applied.

Scope 3 category 7 - Employee commuting

For scope 3 category 7 a survey was performed among Erste Group employees in selected countries to assess the average distance travelled and mode of transportation used by employees to travel to their place of work. The 2025 emission calculation is based on survey results from 29 entities. In total, approximately 50% of FTEs were surveyed with an average participation rate per entity of over 70%. In addition, the number of working days per country, with consideration to vacation days, average sick days and home office rates, was determined. To do this, Erste Group People and Culture department provided the necessary information for vacation days, the average sick days reported per country of last year’s non-financial report as well as the home office rate. The appropriate emission factors for each mode of transportation used were applied (UBA, 2024) and multiplied accordingly.

Measurement uncertainty can result especially where extrapolations are made in calculating emissions. This is especially relevant for emission categories where actual data availability is limited such as “waste generated in operations” and “employee commuting”.

Other categories of scope 3 emissions were analyzed and deemed irrelevant for EBC Group due to the magnitude of GHG emissions and are not disclosed in the total GHG emissions table.

In the process for preparation and presentation of sustainability information in 2025, Erste Group assessed the ESRS-related requirements on the reporting on Total GHG emissions, to provide information of the group’s GHG emissions occurring from its upstream value chain. It was identified that ESRS requires Erste Group to consider the emissions for associates/joint ventures which were previously not included. After its analysis, it was concluded that there were no such emissions for EBC Group.

Scope 3 Category 13 and 15 Financed Emissions

Financed emissions in 2025 stood at 2,077 thousand tons CO₂e and include ‘Investments and Downstream Leased Assets’ in table ‘Financed Emissions’. Financed emission intensity stood at 283 tCO₂e/EUR million.

The Scope 1 and 2 financed emissions decreased from 995 thousand tonnes CO₂e in 2024 to 849 thousand tonnes CO₂e in 2025 despite increasing exposure development, mainly coming from Energy, Natural Resources and Commodities and Private Households.

Overall, the calculation of 2025 financed emissions covers 56.85% of the credit exposure, which is in line with last year (56.85%). The remaining uncovered exposure originates from the fact that selected portfolios (e.g., exposure to central banks and credit institutions, off-balance sheet items and consumer loans) are not part of the current financed emission calculation.

Table 16: Share of the portfolio covered by the calculations

	Credit exposure 2024	Covered by financed emissions Dec 2024		Credit exposure 2025	Covered by financed emissions Dec 2025	
	in EUR million	in EUR million	%	in EUR million	in EUR million	%
Off-balance sheet exposures	3,503		0.00%	3,755	–	0.00%
Central banks	17		0.00%	19	–	0.00%
Central governments	4,157	3,269	78.64%	4,236	3,360	79.32%
Credit institutions	205		0.00%	404	–	0.00%
Other financial corporations	37	20	53.91%	60	51	85.26%
Non-financial corporations	4,362	4,353	99.79%	4,821	4,821	100.00%
Households	4,489	1,891	42.12%	5,097	2,220	43.55%
Total	16,770	9,533	56.85%	18,391	10,451	56.83%

Erste Group uses the PCAF methodology (version 2022) to account for its financed emissions (scope 3 emissions category 15 'Investments'). As this standard is in conformity with the internationally recognised GHG Protocol (Corporate Value Chain (scope 3) Accounting and Reporting Standard) emissions are calculated for all the seven GHGs that are listed in the Kyoto Protocol. These are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and the fluorinated gases (F-gases): hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆) as well as nitrogen trifluoride (NF₃).

For details of the methodology including assumptions see the 'Methodology' section below. Erste Group includes the following PCAF-defined asset classes in its calculation: corporate bonds and listed equity, business loans and unlisted equity, project finance, commercial real estate finance and mortgages. Additionally, Erste Group calculates emissions of the PCAF-defined asset class 'sovereign debt' and reports them in a separate table. The leasing business (category 13 'Downstream Leased Assets') is included in Erste Group scope 3 emissions. This category is calculated using the same methodology as for category 15 and is separately shown as a sub-item. For simplicity and following market practice, the report refers to the PCAF-defined asset class 'corporate bond and listed equity' as 'corporate bond' and the asset class 'business loan and unlisted equity' as 'business loan'.

Weighted Average Carbon Intensity (WACI) sets the client emissions in relation to client revenues, weighted by the share of the respective client in the total portfolio. The WACI can only be calculated for in the PCAF-asset classes business loans, corporate bonds and project finance. For the real estate object related financed emission calculation the metric is not meaningful, as the calculation is dependent on the financed object and not the client emissions. The portfolio WACI stands at 659 gCO₂e/EUR revenue (2024 643 gCO₂e/EUR revenue). Scope 1 and 2 WACI increased from 297 gCO₂e/EUR revenue (2024) to 309 gCO₂e/EUR revenue (2025). In comparison to that, in Scope 3 the WACI increased from 346 gCO₂e/EUR revenue (2024) to 351 gCO₂e/EUR revenue (2025).

One out of the seven currently existing PCAF calculation methodologies – motor vehicle loans – have not been applied yet. The motor vehicles asset class has not been implemented as such because of the low weight of this portfolio. The financed emissions of this portfolio are currently calculated by means of the methodology used for business loans.

Methodology Business Loan, Corporate Bonds and Project Finance

In the case of business loans, Erste Group, and consequently EBC Group, follows the PCAF methodology by relying either on emissions reported by the corporate customers or emission factors drawn from the PCAF database or on its own approach for loans to large real estate managing companies. In 2025, Erste Group, and consequently EBC Group, refined its PCAF asset class allocation methodology, enabling the reclassification of EUR 408.8 million from general-purpose calculations (business loans) to specific-purpose calculations (commercial real estate). This shift was made possible by aligning the PCAF definition of commercial real estate with Erste Group's internal Group Real Estate Financing Policy. Erste Group, and consequently EBC Group, discontinued the previous approach of applying commercial real estate intensity factors to real estate companies classified under NACE L68. The impact of the reclassification is a reduction in financed emissions of –41.48 tonnes CO₂e, largely attributable to Scope 3 emissions. This reflects the different methodological treatment, as Scope 3 emissions have been included for Business Loans, but are not included for Commercial Real Estate exposures.

Erste Group, and consequently EBC Group, is deviating from PCAF standard for listed companies in the business loan and corporate bond modules. It applies the balance sheet value instead of the Enterprise Value including Cash (EVIC) as a denominator to calculate the attribution factor for listed companies, as using EVIC might lead to higher volatilities only driven by capital market movements, e.g., in a market stress situation its financed emissions would increase, which doesn't need to be directly related to movements in the physical production of the company. This approach is not in line with Erste Group's peers, due to the limitation of the metric.

In case of project finance, Erste Group, and consequently EBC Group, assumes that renewable energy projects (wind, solar, geothermal and hydropower) have an emission factor for Scope 1 and 2 of zero. Otherwise in the absence of financing purpose and specific emission factors project finance follows the calculation methodology for the business loans asset class by using either the emissions reported by the businesses or estimates based on financial metrics and emission factors drawn from the PCAF database.

Erste Group, and consequently EBC Group keeps using the base year 2015 PCAF emission factors (Exiobase database) for the 2025 reporting to ensure comparability with the figures of the previous year, which were also used as a basis for target setting.

The decision to maintain the Exiobase 2015 dataset aligns with PCAF's user guidance, which recommends applying the same economic emission factor dataset for longer periods (minimum of three years) to support consistent trend analysis and comparability over time.

It is noted that the PCAF emission factors used for Scope 3 calculations do not include downstream emissions.

Methodology Commercial Real Estate and Mortgages

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

1. CO₂e emissions as per energy performance certificate
2. Primary energy demand (PED) as per energy performance certificate
3. PED class as per energy performance certificate
4. PED class with advanced EPC proxy estimation approach
5. PED class based on the year of construction
6. PED class based on the national average drawn from the PCAF European building emission factor database as of 2025.

Erste Group enhanced the real estate based financed emissions calculation methodology by EPC proxy estimation approach. This approach applies advanced methodologies (e.g., machine-learning algorithm) to derive EPC labels from collateral data or other relevant information. In 2025, the identification framework for financed real estate exposures was enhanced. The introduction of a financed-property flag resulted in the exclusion of specific exposures, while real estate assets without buildings were explicitly identified and classified as vacant land. Financing of vacant land was therefore treated separately and assigned zero financed emissions.

For calculation 3 to 6, average primary energy demand is based on the primary energy demand class recorded in the PCAF European building database of buildings in Europe as of 2025. Once primary energy demand has been determined it has to be converted into emissions as input for calculation 2 to 6. If primary energy demand is not specified in local legislation or has not been historically recorded, final energy demand is used as an alternative. The year selected as the national average in the PCAF European building emission factor database was 2020, in line with a conservative methodology for the older buildings. This approach is used when no better data is available, which is most often the case for older properties.

Erste Group decided to use emission conversion factors based on statistical data on energy mixes and emission intensities. These factors are also a key component in the development of scenarios for the future in the decarbonisation model. In addition, conversion factors obtained in this manner come with the advantage, that where in-house portfolio data are available, national averages may be substituted by the relevant portfolio data (e.g. if the gas portion in the portfolio is below/above the national average). Moreover, this internally developed emission conversion factor enables Erste Group to apply values tailored to the specific heating medium used, thereby aligning with Erste Group's financed data rather than relying on national averages. Main data source for the energy mixes and electricity-based emission intensities of the core countries were Eurostat² and Electricity map³ and for the heating-based emission intensities the German Umweltbundesamt (UBA)⁴. Plausible local data sources were as well taken into consideration, particularly for non-EU countries.

² https://ec.europa.eu/eurostat/databrowser/view/nrg_bal_c__custom_12489432/default/table?lang=en

³ https://app.electricitymaps.com/map/live/fifteen_minutes

⁴ https://www.umweltbundesamt.de/sites/default/files/medien/11850/publikationen/03_2025_cc_emissionsbilanz_erneuerbarer_energien_2023.pdf

Table 17: Financed emissions

	Credit exposure	Credit exposure covered by emissions calculation	Financed emissions, thousand tCO ₂ e		Emission intensity in tCO ₂ e/in EUR million		Weighted data quality (high=1; low=5)		Weighted Average Carbon Intensity (WACI) in gCO ₂ e/ EUR revenue	
	in EUR million	in EUR million	Scope 1 and 2	Scope 3 ^{2,4}	Scope 1 and 2	Scope 3	Scope 1 and 2	Scope 3	Scope 1 and 2	Scope 3
Current 2025										
per PCAF asset class										
Corporate bonds		88	12	95	136	1,080	2.02	2.06	165	1,242
Business loans		3,347	694	1,019	207	305	3.50	3.68	258	310
Project finance		213	66	43	308	201	3.62	3.23	1,164	627
Mortgages		2,004	57		29		3.45			
Commercial real estate		1,440	21		15		3.37			
Total	18,391	7,091	849	1,157	120	163	3.45	3.61	309	351
per sector										
Natural resources & commodities	408	332	162	90	487	270	3.42	3.78	476	297
Energy	858	441	241	193	546	437	2.82	3.13	1,188	727
Construction	1,311	490	155	196	317	401	3.60	3.85	411	360
Automotive	236	136	16	43	116	313	3.74	3.81	66	176
Cyclical consumer goods	476	281	17	30	59	107	3.89	4.00	43	77
Non-cyclical consumer goods	723	542	54	231	100	425	3.17	3.22	79	347
Machinery	247	78	5	33	67	417	3.74	3.82	57	340
Transportation	1,169	433	56	89	128	205	3.63	3.56	286	326
TMT	248	137	6	26	42	186	3.55	3.77	36	186
Healthcare & Services	511	267	19	52	72	194	3.89	3.82	84	205
Hotels and Leisure	1,123	921	50	150	55	163	3.47	3.98	66	272
Real estate ³	1,098	881	10	5	11	6	3.43	4.07	56	129
Public sector	3,895	89	1	17	8	193	2.07	2.07	40	1,144
Financial institutions	553	58	1	4	24	71	4.43	4.44	29	107
Private customers	5,500	2,004	57		29		3.45	5.00	16	20
Other sectors	35	0	0	0	1,961	131	4.40	4.40	752	124
Total	18,391	7,091	849	1,157	120	163	3.45	3.61	309	351
of which category 13 (Downstream Leased Assets)										
according to risk countries										
Croatia		6,506	812	1,116	125	171	3.39	3.57	304	359
Montenegro		494	35	38	72	76	3.96	4.08	409	265
Luxembourg		16	0	1	8	88	4.97	5.00	14	192
Poland		2	0	1	81	391	3.50	4.00	103	446
Slovenia		32	0	1	8	16	4.81	4.00	30	72
Netherlands		4	0	0	83	99	4.59	5.00	68	98
Marshall Islands		4	0	0	129	77	5.00	5.00	601	360
United Kingdom		6	0	0	7	33	3.99	4.00	10	71
Austria		3	0	0	34	31	3.47	4.00	42	98
United States		4	0	0	14	23	4.57	5.00	22	80
Remaining Countries		20	0	0	17	5	3.34	4.46	106	177
Total	18,391	7,091	849	1,157	120	163	3.45	3.61	309	351

¹ For details on the calculation of financed emissions see Methodology

² Financed emissions also include category 13 'Downstream Leased Assets' of Erste Group Scope 3 emissions, which are shown separately as a sub-category.

³ including biogenic CO₂e emissions

⁴ Where EBC Group uses reported emissions for calculating scope 3 emissions, this includes – if both are reported – both upstream and downstream emissions. Where EBC Group uses emissions with national emission factors from the PCAF database, only Scope 3 upstream emissions are accounted for due to data availability. The data quality score for Scope 3 emissions is therefore reported separately.

Detailed results by sector

Erste Group used its in-house customer segmentation by sectors for the purpose of PCAF measuring and disclosure of financed emissions. The sector with the highest absolute level of financed emissions is Energy sector with emissions of 433 thousand tonnes tCO₂e and emission intensity at 984 tCO₂e/EUR million.

Detailed results by country

Financed emissions are broken down by country of customers risk. Because of its business model, the country with the highest absolute level of financed emissions (1,928 thousand tCO₂e) is Croatia, with level of emission intensity at 296 tCO₂e/EUR million. The country with the highest emission intensity is Poland at 472 tCO₂e/EUR.

Detailed results by data quality

Erste Group relies on the PCAF methodology for scoring data quality (data availability), where the scale ranges from a score of DQ 1 (= highest data quality) to DQ 5 (= lowest data quality). The data quality of the calculations reflects the high dependence on sectoral emission factors, as relevant customer information was not widely available. Reported emissions in the corporate customers segment are currently not distinguished between verified and non-verified and therefore the DQ 2 is applied, following a conservative approach. The weighted average data quality of the quantified portfolio was 3.4 (Scope 1 and 2) and 3.6 (Scope 3) as of 2025 reporting and thus improved versus the previous year (2024: 3.8 for Scope 1, 2 and 3). The table shows a breakdown of financed emissions distinguished by data availability (energy performance certificates for the real estate sector and reported emissions for the other PCAF asset classes).

Erste Group is disclosing financed emissions from clients reported emissions or derived from an available energy performance certificate separately from financed emissions where it used PCAF factors to calculate financed emissions. The share of emissions derived from reported emissions or an available energy performance certificate amounts to 35.29% of the credit exposure (covered by the emission calculations) and 25.70% of financed emissions. The exposure share is higher for the real estate sector, even though it must be noted that the energy performance certificate – depending on country-specific standards – partially covers only the (primary) energy demand and not the level of emissions.

For corporate segments, the emission intensity (tCO₂e/EUR million) is lower where Erste Group uses PCAF factors to calculate emissions. For scope 3 this is mainly driven by the fact that PCAF emission factors only contain upstream emissions. Also, the scope 1 and 2 emission intensity for corporate clients are higher in the reported emissions segment. One of the drivers can be unequal industry distribution as clients in carbon intensive sector are more likely subject of emission disclosure requirements.

Table 18: Financed emissions by data quality

	Credit risk volume recorded by emission calculation in EUR million	Financed emissions, thousand tCO ₂ e		Emission intensity, tCO ₂ e/EUR Mio		Weighted data quality (High = 1, Low = 5)	
		Scope 1 and 2 ³	Scope 3	Scope 1 and 2	Scope 3	Scope 1 and 2	Scope 3
Current 2025	7,091	849	1,157	120	317	3.4	3.6
Reported emissions / energy certificate available (by PCAF asset class)							
Corporate bonds ¹	86	12	95	140	1,107	2.0	2.0
Corporate loans ¹	583	145	247	250	425	2.0	2.0
Project financing ¹	2		0	0	2	2.0	2.0
Mortgages ²	1,020	12		11		2.9	
CRE ²	813	5		6		2.7	
Total	2,503	174	342	69	511	2.6	2.0
Reported emissions / Energy Performance Certificate not available (by PCAF asset class)							
Corporate bonds	2	0	0	14	50	3	4.2
Corporate loans	2,764	548	772	198	279	3.8	4.0
Project financing	211	66	43	311	202	4	3
Mortgages	984	46		46		4.0	
CRE	627	16		26		4.2	
Total	4,588	676	815	147	274	3.9	4.0

¹ Availability of reported emissions for corporate bonds / business loans : reported emissions are available for all scopes that are of relevance for calculating financed emissions (equivalent to DQ 2).

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

³ including biogenic CO₂e emissions

Sovereign emissions

EBC Group's sovereign emissions stand at 566 thousand tCO₂e including land use, land change and forestry (LULUCF) and 717 thousand tCO₂e excluding LULUCF. The decision to report them separately from other financed emissions is driven by the fact that sovereign scope 1 emissions include the whole production of a country, thus leading to double counting of financed emissions. Additionally, it is important to note that sovereign emissions development should follow countries national transition plans, decreasing till 2050 according to the governmental' commitments. For the calculation of Sovereign emissions, Erste Group applies the PCAF database as of September 2025. The database provides mainly 2021 figures, expressed in million USD. For the calculation of sovereign emissions, the USD/EUR FX rate of the respective emission factor year is applied.

Table 19: Financed sovereign emissions by data quality

Country	Credit exposure covered by emissions calculation	Financed emissions thousand tCO ₂ e		Emission intensity tCO ₂ e/EUR		Weighted data quality (high=1; low=5)
	in EUR million	Scope 1 incl. LULUCF ¹	Scope 1 excl. LULUCF ¹	Scope 1 incl. LULUCF ¹	Scope 1 excl. LULUCF ¹	Scope 1 ²
Croatia	2,354	369	484	157	206	1.0
Slovakia	266	54	66	202	248	1.0
Poland	202	60	63	298	314	1.0
United States	153	42	47	271	308	1.0
Montenegro	218	16	28	71	128	4.0
Remaining Countries	168	25	29	152	172	1.0
Total	3,360	566	717	168	213	1.2

¹ Land use, land change and forestry (LULUCF)

² no change between incl. and excl. LULUCF

Biodiversity and ecosystems

Biodiversity loss refers to the reduction of any aspect of biological diversity, including diversity at the genetic, species, and ecosystem levels, in a particular area through death (including extinction), destruction, or physical/manual removal. It can occur at various scales from global extinctions to population extinctions, ultimately resulting in decreased total diversity at the same scale.

EBC Group is committed to assess and disclose its biodiversity-related impacts, dependencies, risks and opportunities. Erste Group recognises the indirect impact its investments can have on biodiversity through the identified subtopic soil sealing.

E4 SBM-3 – MATERIAL IMPACT RELATED TO BIODIVERSITY AND ECOSYSTEMS

Table 20: Material impacts related to biodiversity and ecosystems

Sustainability matter	Type of IRO	IRO description	Value chain	Time horizon
E4-Soil sealing	Actual negative impact	Financing real estate and public infrastructure projects can have a negative impact on biodiversity as soil is sealed and land is degraded, thus causing increased flooding risks, climate change exacerbation and possible health issues caused by decreased air and water quality.	Portfolio	All time horizons

SOIL SEALING

The EU Soil Strategy for 2030. emphasises that soil sealing is highly relevant for Europe and the region EBC Group is active in. Soil sealing has substantial negative impacts on the environment and society, including the loss of essential ecosystem services, increased flood risks, and more intense urban heat island effects. Additionally, soil sealing can contribute to water scarcity, as sealed surfaces prevent the natural infiltration of water into the ground. We did not identified impacts on threatened species.

The relationship between biodiversity and financial institutions is indirect. EBC Group finances companies that are at least partly dependent on ecosystem services to produce goods and services. Soil sealing has been identified in the 2024 double materiality assessment and 2025 double materiality assessment update as a negative impact on biodiversity originating from EBC Group’s portfolio activities, in particular the financing of real estate projects and public infrastructure that seal land. Soil sealing contributes to increased flooding risk, exacerbates climate change, and can lead to potential health issues due to reduced air and water quality.

Real estate accounts for one of the largest share of EBC Group’s portfolio activities. Further information can be found in the Financial Statements in Note 28 Credit risk exposure under the sections ‘Credit Risk Exposure by Industry IFRS 9 treatment.

EBC Group has no material sites (in form of office and branch locations) located in or near biodiversity-sensitive areas and no material impacts were identified related to its own operations affecting any biodiversity-sensitive areas.

E4-1 – RESILIENCE OF EBC GROUP’S STRATEGY AND BUSINESS MODEL IN RELATION TO SOIL SEALING

EBC GROUP’S BUSINESS ENVIRONMENT

As an integral part of the Erste Group, EBC Group aligns its strategic planning and risk management processes with the Erste Group’s overarching approach. Erste Group has analysed the business environment it is operating in and performed an analysis to assess the resilience of Erste Group’s business model. As part of the resilience analysis, both physical and transitional risks are tracked and analysed. Within this framework, biodiversity loss is categorised under other-environmental risks. Systemic risks are not treated as a separate risk type, but are indirectly covered when transition and physical risks are assessed based on comprehensive stress testing. EBC Group’s own operations and upstream value chain have not been assessed.

The assessment covers short-, medium- and long-term horizons. The time horizons, used for the assessment of the business environment and resilience, are as follows:

- short-term: 0-2 year
- medium-term: 3-5 years
- long-term: more than 5 years (up to 2050).

Currently, systematic external stakeholder involvement in the analysis has not yet been established. However, an ongoing dialog is conducted with relevant stakeholders, such as supervisory and regulatory authorities, investors, analysts and rating agencies as well as academic and environmental institutions and NGOs. The status of the dialogues was also taken into account in the assessment of the topic as material.

The evaluation for the resilience analysis was carried out in a holistic and qualitative manner and included in the assessment process.

RESULTS OF THE RESILIENCE ANALYSIS

The primary goal of the resilience analysis was to illustrate how the business model of Erste Group, and EBC Group, could be influenced by various climate and environmental risk factors. EBC Group did not identify any significant threats to its business model or strategy when considering biodiversity and ecosystems-related physical, transition or systemic risks.

Further details regarding the resilience analysis can be found in chapter E1 SBM-3.

STRATEGY AND BUSINESS MODEL

Erste Group and EBC Group as subsidiary are assessing its strategy and business model in the light of the analysis described above. Erste Group actively engages with clients and takes environmental policies into account when deciding on new business. As an example, in the course of the valuation of the collateral and inspection of a property, it must be examined in terms of biodiversity. For this purpose, the Green Building Certificate can be checked for information on biodiversity as the first source of information. The biodiversity related information has to be documented in the valuation report. If violations of environmental protection are identified, the necessary renaturation costs must be taken into account in the valuation.

E4-2 – POLICIES RELATED TO SOIL SEALING

EBC Group did not yet develop a comprehensive policy to address this sustainability matter which will be adopted in timeframe aligned with Erste Group policies. As a first immediate step, its internal Responsible Financing Policy has been complemented by restrictions to finance activities or construction projects that may impact protected sites. Once having established a methodology to estimate or measure the actual contribution to soil sealing from its financed portfolio, EBC Group is dedicated to developing a strategy, establish more actions and set targets to reduce negative impacts on biodiversity and ecosystems from soil sealing. Material dependencies, physical and transition risks and opportunities are currently not covered.

RESPONSIBLE FINANCING POLICY

The Responsible Financing Policy establishes the principles for financing of the Energy, Defence/Weapons, Biodiversity and Gaming sector. In the double materiality assessment, EBC Group has identified a material impact related to its financed portfolio for the subtopic soil sealing. EBC Group fully adopted Responsible Financing Policy as Erste Group's subsidiary. As a result, EBC Group has broadened the scope of this policy and implemented exclusion criteria regarding activities and construction projects in protected areas as a first step to reduce the identified negative impact. EBC Group will not finance any activities or projects located in or having a material impact on protected areas. An impact assessment of the project must be carried out to assess all potential impacts. If the impact assessment confirms that satisfactory mitigation measures have been taken to compensate for any negative impacts of the project on the protected area, the project may be financed. Responsible Financing Policy focuses on the financing business for large corporate clients of EBC Group and its credit institution subsidiaries. This policy supports the steering of the portfolio and contributes to addressing the identified material impact. This does not address production, sourcing or consumption from ecosystems that are managed to maintain or enhance conditions for biodiversity, as demonstrated by regular monitoring and reporting of biodiversity status and gains or losses.

EBC Group has established a clear structure and governance for executing decisions within the scope of the Responsible Financing Policy and has implemented both a first (carried out by the business function) and second (carried out by the non-financial risk management function) line of defense. The Responsible Financing Policy has been communicated to employees and is owned by C&M Business Development Division and is available to external stakeholders online on EBC Group's website.

The principles described in this policy are reviewed at least annually, however, more frequent updates are made whenever EBC Group deems it necessary.

As explained above, EBC Group has expanded the scope of its Responsible Financing Policy in 2024 and introduced exclusion criteria regarding activities and construction projects in protected areas as an initial measure to mitigate the identified negative impact. These criteria apply to EBC (where the responsible organisational unit is C&M Business Development Division) including Erste Bank AD Podgorica (where the responsible organisational unit is Division for business development), and to all loans to customers where the financed activity constitutes more than 5% of the customer (group)'s turnover, with the exception of retail business line products, single payment transactions, transactions below a threshold of EUR 1 million within an existing approved limit.

At present, the Responsible Financing Policy does not take into account any third-party standards or initiatives.

E4-3 – ACTIONS AND RESOURCES RELATED TO SOIL SEALING

EBC Group recognises the critical importance of biodiversity and ecosystems and is committed to addressing the negative impact of soil sealing. Specific actions have not yet been established. However, EBC Group has broadened the scope of its Responsible Financing Policy and implemented exclusion criteria regarding activities and construction projects in protected areas as a first step to reduce the identified negative impact. Following the identification of the material impact in the double materiality assessment 2024, specific actions to measure progress will be defined in the upcoming years on the basis of a more in-depth analysis.

E4-4 – TARGETS RELATED TO SOIL SEALING

EBC Group is dedicated to integrating targets to reduce negative impacts on biodiversity and ecosystems into its strategic framework. Specific targets have not yet been established. The identified material impact of soil sealing will trigger more comprehensive disclosures in upcoming years.

E4-5 – IMPACT METRICS RELATED TO SOIL SEALING

Specific metrics related to the identified material impact of soil sealing in EBC Group's real estate portfolio have not yet been established. EBC Group does not disclose biodiversity metrics relating to its own operations, because it has no material sites located in or near biodiversity-sensitive areas.

Social information

Own workforce

The scope of this chapter covers the impacts and the opportunities that EBC Group has identified towards the company's own employees.

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

S1 SBM3 – MATERIAL IMPACTS, RISK AND OPPORTUNITIES RELATED TO OWN WORKFORCE, AND THEIR INTERACTIONS WITH STRATEGY AND BUSINESS MODEL

As part of its commitment to transparency and sustainability, this chapter provides a comprehensive overview of the IRO related to its own workforce. As a leading bank, it is crucial for EBC Group to prioritize the well-being and development of its employees.

EBC Group employees comprise individuals in employment relationship engaged in business operations or providing services in alignment with their designated roles and remunerated in accordance with the EBC Group Remuneration Policy. The employees of EBC Group are permanent and temporary employees, full-time and part-time employees. All employees are included in the scope of disclosure under ESRS 2.

Actual and potential impacts on own workforce, as well as an opportunity for EBC group were identified through the double materiality assessment (DMA). Having these impacts anchored in policies and the Human Resources strategy, they are integrated into EBC business model and contribute to its strategic alignment. By fostering leadership in digital transformation and providing further education in technology and AI, EBC Group seizes the opportunity to strengthen its business model by enhancing workforce skill and driving innovation.

Table 21: Material impacts, risks and opportunities related to own workforce

Sustainability matter	Sustainability matter	Type of IRO	IRO description	Value chain	Time horizon
Equal treatment and opportunities for all	S1-Gender equality and equal pay for work of equal value	Actual negative impact	The current gender pay gap which is mainly caused by gender disparity at different job levels at EBC Group mainly disadvantages female employees.	Own operations	All time horizons
	S1-Training and skills development	Opportunity	Tailored trainings and further education with regards to technology and AI improve employee's professional skills and qualifications and increases productivity and innovation.	Own operations	All time horizons
		Actual positive impact	Diversity initiatives at EBC Group have a positive impact on employees by fostering an inclusive corporate culture. These efforts create an open environment where support is prioritized, allowing employees to feel valued and empowered.	Own operations	Short- to medium term
	S1-Diversity	Potential negative impact	Workplace discrimination can profoundly impact vulnerable groups of employees by fostering a hostile and unsafe work environment. These issues can lead to heightened stress and anxiety, making these employees feel unsupported and excluded and might affect their mental and physical health.	Own operations	All time horizons

GENDER EQUALITY AND EQUAL PAY FOR WORK OF EQUAL VALUE

Together with Erste Group, EBC Group fosters initiatives for fair and equal pay for its employees, regardless of their gender. There has been a negative impact of gender pay gap identified related to own employees, which is systemic in context of job structure and prevalence of certain gender in certain job roles. The objective is to achieve a sustainable reduction of both the adjusted and unadjusted gender pay gap among employees of EBC Group. First steps towards transparency of gender pay gap reporting was done in 2023 by establishing a group-wide common approach, definition and external certification. Actions and targets focus on the job structural aspects of gender pay gap, to balance representation of women and men in various job roles especially in top-management. For more information about the methodology and measurements please refer to chapter S1-4, and chapter S1-16 for actions and metrics.

TRAINING AND SKILLS DEVELOPMENT

EBC Group focus is to provide its employees with structured support for their professional development. . Training and further education create an opportunity to increase employee motivation, improve their professional skills and qualifications and lead to continuously greater employee engagement and productivity. As Artificial Intelligence and digital literacy have been identified as crucial future skills, EBC Group provides targeted programs to enable its workforce develop these future-ready skills and competencies and enhance their innovation capabilities, while ensuring the organisation remains competitive in a rapidly evolving market.

Leadership principles at Erste Group define the behaviors and competencies Erste Group's leaders require to lead effectively in a dynamic environment. These principles emphasize strategic thinking, collaboration and adaptability, while integrating future-ready skills and Artificial Intelligence awareness as essential components for leadership success. Guided by these principles, the promotion of top executives is part of a structured succession planning process for senior management. The leadership principles serve as a foundation for developing tomorrow's leaders while ensuring seamless management transitions in the future.

EBC Group's focus on employee training and skills development ensures its workforce has the relevant future skills and knowledge, in line with the strategy and specific business priorities defined. The learning and development offer is reviewed on a regular basis and made available to EBC Group's employees. In 2025, Erste Group and EBC Group initiated a skills management initiative and started alignment on group-wide standardized skills catalogue, offering Erste Group's leaders the opportunity to define relevant skills needed for the future. By connecting the skills catalogue with individual development goals of employees in the future, Erste Group and EBC Group will further enhance and tailor the learning and development offer towards future-ready skills identified.

Erste Group and EBC Group place emphasis on its leadership, development and empowerment to ensure a talent pipeline and the continuous growth of next-generation leaders. Employee development, in close connection to Erste & EBC Group's strategic objectives, is driven through performance reviews and development dialogues between managers and employees. This commitment to leadership is integral to the bank's ability to deliver a full spectrum of banking services and meet the diverse needs of its customer base. Initiatives in expert and leadership development foster the opportunity for continuous greater employee engagement and productivity which contributes to Erste Group's financial success in the future. Coordination of the actions is in group and local Human Resources.

DIVERSITY

Erste Group and EBC Group as its subsidiary, foster an inclusive corporate culture that creates an open environment of inclusion and support for all employees, regardless of gender, ethnic background, sexual orientation, age or any other characteristics. A work culture shaped by acceptance, respect, fairness and equal opportunities has a positive impact on its employees-

EBC Group, together with Erste Group, actively prevents potential workplace discrimination for all employees. Recognizing that discrimination can disproportionately affect vulnerable groups, leading to feelings of exclusion, increased stress and potential harm to mental and physical health, the company embeds anti-discrimination measures within its policies and culture.

Actions taken by Erste Group and EBC Group to address diversity and equality include various Diversity initiatives such as Erste Women's Hub for women; #različitoplavi blog, internal communication of the diversity topics, educational events in collaboration with Erste Group, professional rehabilitation of people with disabilities on the workplace - a project in cooperation with CPRZ (Centar za profesionalnu rehabilitaciju Zagreb) etc.

Finally, Women Career Index (FKi) is an action to establish a group-wide monitoring methodology for gender diversity. The coordination of the measures lies with Goup People & Culture department and local Diversity managers.

Generally, there are not any employees or sub-groups of their employees that are at greater risk of harm, except for the negative impact of the unadjusted gender pay gap and potential negative impact of discrimination of vulnerable groups. This is not widespread or systemic but related to individual incidents.

S1-1 – POLICIES RELATED TO OWN WORKFORCE

Impacts, risks and opportunities	Strategy / Policy	Actions	Targets
The current gender pay gap which is mainly caused by gender disparity at different job levels at Erste Group disadvantages female employees.	Group and EBC Remuneration Policy Group and EBC Diversity and Inclusion Policy	Performing a Gender Pay Gap Analysis	Gender representation in management board positions and on B-1 management level
		Ensuring balanced nominations in talent programs	
		Conducting hearings for all positions	
		Including female candidates on shortlists and succession lists	
Assuring business sustainability and ability to growth Tailored trainings and further education with regards to technology and AI improve employee's professional skills and qualifications and increases productivity and innovation.	Group People & Culture Strategy; EBC HR Strategy Group and EBC Suitability and Succession Policy	Conducting a group-wide diversity audit (Women's Career Index)	Gender representation in management board positions and on B-1 management level
		Enhancing of Data and AI knowledge through future skills and AI training programs	
		Performance reviews and development talks (S1-2 chapter)	
Diversity initiatives, such as educations, diversity blog and inclusion projects that target demographics that would otherwise experience potential exclusion, have a positive impact on Erste Group and EBC employees by fostering an inclusive corporate culture. Workplace discrimination can profoundly impact vulnerable groups of employees by fostering a hostile and unsafe work environment. These issues can lead to heightened stress and anxiety, making these employees feel unsupported and excluded and might affect their mental and physical health.	Group and EBC Diversity and Inclusion Policy	Talent and succession programs and strategic skills management	Gender representation in management board positions and on B-1 management level
		Employee and leadership development	
		Hiring and Succession Planning Standards based on Women Career Index	
		Diversity blog, Occupational Mentoring Program for Persons with Disabilities	
		Discrimination prevention strategies	

People & Culture Strategy of Erste Group

The People & Culture strategy of Erste Group is founded on the objective of building the bank of tomorrow through its people. The strategy is organised around three key priorities: talent, leadership and performance.

At Erste Group, employees' individual drive, as well as their functional and technological expertise are key in creating value. Placing the right skills and capabilities at the heart of Erste Group's hiring and internal mobility decisions, ensures that people are matched with their roles where they can thrive and have an impact.

Leadership culture is a key differentiator of Erste Group's employer brand. In an era of rapid technological change, leaders play a pivotal role in unlocking the potential of Artificial Intelligence and digital innovation.

Their ability to champion technology-driven transformation, foster customer-centricity and prioritize the development of individuals and teams ensures that Erste Group stays ahead in a competitive market. Erste Group needs leaders who not only manage but inspire, embrace emerging technologies and deliver results that matter.

Erste Group's Leadership Dimensions are more than guiding principles – they represent a competitive advantage in shaping a future-ready organization. By actively promoting AI and technology-related upskilling, leaders empower teams to make confident decisions, enhance productivity and drive meaningful change across the Group.

At Erste Group, performance management puts focus on impact rather than hierarchy. Alignment with strategic goals follows by establishing clear expectations around both results and behaviours. Continuous dialogue, regular feedback and development planning foster a performance culture at Erste Group.

Erste Group gives its employees a voice through regular group-wide engagement surveys, which are described in S1-2 in more detail. Based on this continuous feedback from its employees, Erste Group supports targeted improvement measures in all areas and constantly grows with its employees.

These measures include a commitment to greater transparency and gender equality in remuneration. Erste Group's principles of employee centricity drive its operations, enabling Erste Group to realise the potential of its employees. Furthermore, Erste Group is committed to nurturing an inclusive work environment for all employees, including monitoring progress towards targets in collaboration with its local bank subsidiaries to reach underrepresented gender ratio metrics on managerial levels.

EBC HR Strategy

The EBC HR Strategy is designed to build a modern, efficient, and inclusive organisation that supports sustainable long-term growth and ensures the attraction, development, and retention of top talent. Anchored in the Group People & Culture Strategy, it further operationalises its principles through the pillars of prosperity, efficiency, growth, and employee experience, spanning all stages of the Erste employee journey. Its implementation strengthens fair and transparent working conditions, future-ready skills, a high-quality leadership culture, and a digitally enabled employee experience.

Responsibility for implementation lies with the Director of the Human Resources Division, under the oversight of the Management Board. In alignment with the Group People & Culture Strategy and relevant regulatory requirements, the strategy incorporates structured feedback from employees, managers, social partners, and other key stakeholders. Through established communication channels—including regular intranet updates, internal management conferences, CEO talks, and targeted managerial communication—the policy is made accessible to all employees and managers involved in its application, ensuring consistency, transparency, and accountability across the organisation.

HUMAN RIGHTS COMMITMENTS

EBC Group's Code of Conduct aligns with international standards and conventions, including the UN Guiding Principles on Business and Human Rights and also prohibits involvement in human trafficking, forced labour or child labour. The principles which are included in the Code of Conduct derive from the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the United Nations Guiding Principles on Business and Human Rights, amongst others.

Erste Group and EBC Group as its subsidiary must under no circumstances be involved in human trafficking, forced labour or child labour, nor should it benefit from these practices in any way. This commitment aligns with ILO Convention No. 29 on Forced Labour, ILO Convention No. 138 on the Minimum Age and ILO Convention No. 105 on the Abolition of Forced Labour, as outlined in the Code of Conduct. Processes and mechanisms to monitor compliance with these international standards and conventions include Erste Group's regular procedures outlined in chapter S1-2 and S1-3 to raise the concerns and remedies for negative impacts on human rights violation.

The Gender pay gap is a form of discrimination. It means that women are being paid less than men for doing the same job or work of equal value, because of their gender. This can have significant negative impacts on women's economic security. Erste Group prevents and mitigates discrimination once detected in accordance with Group and EBC Diversity and Inclusion Policy and local antidiscrimination processes described in chapter 'S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns'. These policies ensure compliance with legal requirements and international standards, promoting a positive and supportive work environment.

GENDER EQUALITY AND EQUAL PAY FOR WORK OF EQUAL VALUE

Erste Group aims to promote fair rewards based on job value and equal pay for similar roles. The compensation structure is built on competitive base pay and gender-neutral policies, guaranteeing equal pay for equal work or work of equal value. EBC Group recognizes that the unadjusted gender pay gap partly reflects the underrepresentation of women in higher-paid roles. To address this, targets for women in top management are set and fair succession planning is implemented (see chapter S1-5). Collective agreements and internal job grading further support equality within job roles.

Remuneration policy of EBC Group

EBC Group's Remuneration Policy establishes the standards, rules and principles of the remuneration system and strategy, which are designed to reward competitively, based on long-term sustainable performance. The Remuneration Policy promotes gender equality and equal pay for equal work, thereby creating a secure environment with standardized and adequate wages for all employees regardless of their gender. All employees are entitled to fair and favorable working conditions with special focus on remuneration. EBC Group is committed to equal pay for all employees regardless of gender. This necessitates to strive for a reduction of the adjusted as well as the unadjusted gender pay gap.

The Remuneration Committee of the Bank's Supervisory Board is responsible for overseeing the implementation of the Remuneration Policy to ensure it operates as intended. The committee functions under delegated authority from the supervisory function. The Remuneration Committee approves the general principles of the Remuneration Policy, reviews them at least once a year and is responsible for their implementation. The committee monitors the Remuneration Policy, remuneration practices and remuneration-linked incentive programs in relation to the control, monitoring and containment of risks, the capital base and liquidity. The committee approves material exceptions from the application of the Remuneration Policy to individual staff members of the company and monitors the payment of variable remuneration to members of the Management Board. The committee members collectively possess adequate knowledge, skills and experience in remuneration policies and practices, risk management and control activities, as well as variable remuneration schemes and the associated risks. The committee considers the long-term interests of employees, shareholders, investors and other stakeholders in Erste Group and EBC Group. It holds meetings at least twice a year.

The Remuneration Policy provides a remuneration framework and applies to all employees and to members of the Supervisory Board on a consolidated, sub-consolidated and individual level. The Remuneration Committee is responsible for overseeing the implementation of the policy to ensure it operates as intended. The EBC Group Remuneration Policy refers to EBC Group's Code of Conduct, which covers third-party standards like the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the United Nations Guiding Principles on Business and Human Rights.

The Remuneration Policy is communicated to all employees through EBC Group's intranet.

TRAINING AND SKILLS DEVELOPMENT

EBC Group strives to be the place where people transform obstacles into opportunities, learn continuously and collaborate across boarders. Training and development enhance qualifications, engagement and productivity, while talent and skills remain central to key placements. All employees have access to professional development coordinated by EBC Human Resources Division and Group People & Culture teams.

Future-focused skill initiatives will strengthen EBC Group's ability to create customer value through technology and expertise. In this context, leadership is a key differentiator, by developing leaders recognized for driving transformation through technology, customer focus and team development. Guided by five principles – out of comfort zone, servant leadership, performance impact, future orientation and client orientation – tailored programs provide leaders with opportunities for reflection, exchange and growth.

DIVERSITY

Erste Group's purpose was already written down in the founding document of the Erste Oesterreichische Spar-Casse in 1819 – Annex 1, Ref 1: to grant everybody access to prosperity, regardless of age, gender, social background or geographical origin. In addition, to further strengthen these aspects, it is also a part of Erste Group's Code of Conduct, as well as the Code of Conduct of EBC Group. Erste Group believes in the people of its region to create prosperity. This is only possible if everyone can develop freely, unhindered by barriers such as discrimination or fear. Believe in yourself (#glaubandich) as you are and follow your own path – Erste Group tries to live this attitude towards its customers and employees every day.

For Erste Group, an inclusive corporate culture means recognising every employee for their individuality. Erste Group understands diversity and inclusion as a mindset that obliges everyone to treat each other with respect, so that everyone feels safe to speak their mind openly. Erste Group seeks to create an environment in which people are enabled to develop themselves, support each other when facing challenges and bring out the absolute best in themselves and their peers. By communicating Erste Group's diversity values outside and inside the organisation, all employees and business partners perceive the overarching objective of Erste Group's open environment and acceptance of all.

Building on this foundation, Erste Group and EBC Group translate their commitment to diversity and inclusion into concrete actions that shape everyday practice. As part of its corporate strategy, Erste Group and EBC Group implement initiatives designed to reduce barriers and foster equal opportunities, such as advancing gender balance, supporting employees from diverse backgrounds and ensuring accessibility for individuals with disabilities. These principles are brought to life through comprehensive training programs that promote respectful interactions, raise awareness of unconscious bias and strengthen inclusive leadership, complemented by sessions on preventing harassment and enhancing disability inclusion. All measures are embedded within the Diversity and Inclusion Policy, which ensures accountability, clear governance structures and dedicated resources to sustain progress and uphold the inclusive mindset that defines Erste Group.

Diversity and Inclusion Policy

Erste Group's Diversity and Inclusion Policy, which is also translated to local policies, including EBC Group policy, addresses sustainability matters related to diversity, gender equality and discrimination. Promoting diversity within the organisation fosters an open and inclusive corporate culture, which positively impacts equal opportunities for its employees, so that they can develop and grow within the organisation.

The policy principles are in the spirit of the Statement of Purpose and are embedded in the Code of Conduct which places emphasis on providing a work environment free of discrimination and harassment and valuing the work and worth of each and every person, regardless of gender, age, marital status, sexual orientation, disability, race, skin color, religious or political affiliation, ethnic background, nationality or citizenship. Each entity shall have a focal person (such as an ombudsperson or anti-discrimination officer) who mediates or takes actions in case of discrimination or harassment complaints and track frequency and type of complaints related to discrimination. The purpose of this policy is to outline how Erste Group responds to the societal context, in which it operates. It addresses stakeholders' expectations by defining the common understanding of diversity and inclusion within Erste Group. Additionally, it describes roles and responsibilities, as well as general guidelines for developing, implementing and adjusting diversity and inclusion strategies and targets.

Group Diversity develops and drives the Diversity and Inclusion (D&I) Strategy across the entire Erste Group, including EBC Group. It defines governance frameworks, key performance indicators (KPIs) and reporting structures. Group Diversity coordinates the implementation of D&I initiatives across business units and countries, advises the Management Board and top management on D&I matters through regular reporting and monitors progress to ensure strategic consistency. The interest of key stakeholders is considered through engagement and in close collaboration with relevant stakeholders such as group and local Diversity Management and Group Communications.

The Management Board holds the highest level of accountability for the implementation of the policy. Policy refers to Erste and EBC Group Code of Conduct, which is implemented in EBC Group, aligns with third-party standards such as the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the United Nations Guiding Principles on Business and Human Rights. The Group Diversity and Inclusion Policy is communicated to all employees through Erste Group's intranet while local EBC Group policy is published on local intranet.

S1-2 – PROCESSES FOR ENGAGING WITH OWN WORKFORCE AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

As a responsible employer, EBC Group recognizes the importance of engaging with its workforce and workers' representatives to understand the impacts of its operations on its employees. One approach that EBC Group takes to mitigate negative impacts is by fostering a feedback culture. The company supports this culture by providing many channels for direct and indirect engagement with employees, managers, teams, and communities. This gives employees ample opportunities to voice their views and concerns and provide feedback on material matters of training and skills development, diversity and equality and any other topic. With the actions that EBC Group takes it tries to prevent the negative impact on its employees and strengthen the positive impacts.

The Management Board and the CEO are entrusted with the responsibility of managing the organisation in a manner that serves the best interests of the company, while considering the interests and concerns of the employees.

Direct Engagement

EBC Group engages with its employees directly through annual one-to-one performance reviews, through the Group internal social network, via the Group engagement survey, or indirectly via representative bodies such as works councils. Employee engagement activities take place at both the organisational level and lower ones such as team or project level.

Performance Reviews

Skills development management at EBC Group is driven by constructive feedback and a fair and transparent assessment of individual potential. The individual performance review meeting takes place annually between the direct superior and the employee. During the performance review, the contribution and impact the employee has made to the company's success and employee's personal development plan are discussed. The division management (B-1), as the most senior role, is required to consider the results of these discussions and have an overview of performance and impact in their area of responsibility. Additionally, assessments of long-term performance and potential of individuals can be made during talent reviews / succession planning sessions throughout the year. Resources for monitoring yearly personal performance reviews are allocated at the entity level.

Group-wide Internal Social network

In 2024, Erste Group's internal social network was successfully launched for all employees of Erste Group. Social network was launched for EBC Group employees in 2025. It is part of the communication platform 'echo.' The internal social network is an interactive and easy-to-use communication channel, which fosters dialogue between employees. It increases visibility and interaction across country and entity borders and establishes a unique and shared employee experience. Additionally, this tool is useful for top management to share and discuss current topics, initiatives and events with all employees.

Overall, Erste Group's internal social network is very well received by employees. As of the end of September 2025, there are 20 active group-wide communities in which employees exchange knowledge about ESG, Artificial Intelligence, Tech trends, etc. or get together to support each other e.g. Queer and Allies community, ErsteColours community, Ability and Inclusion, community Women's Talk, Gen Z Community. Furthermore, there are more than 300 country- and institute specific communities in place. Group Communications together with the local Communications Departments are responsible to develop the communication platform enhancing employee experience and strengthening its group-wide governance.

Engagement survey

Erste Group aims to improve its workplace culture by actively listening to employees and acting on their feedback. The employee surveys provide insights into employee engagement, identifying both strengths and areas for growth. Erste Group aims to conduct the survey on a yearly basis. The People & Culture team is responsible for coordinating regular engagement surveys at the group level.

The employee engagement survey serves as a highly valuable mechanism for receiving feedback from employees which influences decisions directly. The results and feedback obtained from the survey enables the implementation of an effective improvement and action plan. These results are presented to local management boards and the Holding Board at the group level. Teams are encouraged to work on improving identified areas at a team level. Furthermore, areas that require improvement as well as a summary of actions and approaches on country level are made available to all employees on the intranet.

In 2025, EBC conducted an employee engagement survey, which was part of Erste Group survey to measure employee engagement and help make EBC Group the best workplace it can possibly be. Response rate was 82% with more than 5300 open comments. EBC Group engagement index was 61 with best results in the area of feedback - 76% of employees responded that they receive regular feedback from their managers. To ensure a positive impact of the survey on the employees, a follow-up process to discuss feedback with employees and plan the next steps was initiated at various levels across the Group. Group results and country results together with analyses of employees comments and action steps are presented to the Holding Management Board.

At the level of EBC Group, an Engagement Boost Program "Sparkle" has been established with the primary objective of enhancing employee satisfaction through the implementation of additional, targeted initiatives. The program is overseen and sponsored by the Management Board, with coordination provided by the Human Resources, Corporate Communications and Strategy departments. These initiatives are designed to address key areas, including strategy communication, employee recognition, financial health, professional growth, and career development, etc.

INDIRECT ENGAGEMENT VIA WORKER'S REPRESENTATIVES

EBC Group continuously collaborates with employee representation bodies at the strategic and operational levels and arranges regular meetings between the Management Board and the representative body. Collective agreement is concluded between EBC and the union representatives.

Regular engagement between management and representative bodies occurs as required by local laws and beyond. As part of this obligation, the workers council participates in legally defined responsibilities of information, advising or providing consent on different topics. The bank workers' council meets with the management board. In addition, Human Resources Division which is most senior role that has operational responsibility (HR Director) routinely convene with the works council to hold discussions and keep a steady line of communication.

ENGAGEMENT WITH VULNERABLE GROUPS

To gain insights into the interests of employees who are part of vulnerable groups, EBC Group has established various initiatives such as #različítoplavi blog in LMS; education on how to communicate with people with disabilities; professional rehabilitation of people with disabilities on the workplace - a project in cooperation with CPRZ (Centar za profesionalnu rehabilitaciju Zagreb) (for more information, see chapter S1-4). The most senior role that has operational responsibility is Local Diversity Manager.

S1-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKFORCE TO RAISE CONCERNS

Processes to remediate negative impacts and channels for own workforce to raise concerns are crucial for any organisation that cares about its employees' satisfaction and engagement. EBC Group takes this responsibility seriously and is dedicated to addressing any material negative impacts on its workforce that it may cause or contribute to with special attention to equal treatment and discrimination. Erste Group identifies and assesses negative impacts through employee engagement survey, feedback mechanisms between managers and employees, and incident reporting systems through dedicated channels. Furthermore, EBC Group investigates reported issues to understand their root causes.

When a negative impact is identified, EBC Group takes steps to provide a remedy, which may include:

- Providing access to counseling and support services.
- Implementing corrective actions, such as policy changes or additional training.
- Engagement with employees and their representatives to ensure that the remedies provided are fair and effective.

To ensure effectiveness, EBC Group monitors the outcomes of its remediation actions through feedback from affected employees and engagement surveys. Feedback is not requested for every complaint. EBC analyzes trend, results and surveys related to concerns of own workforce.

Approach to remediation of discrimination

To remediate cases of discrimination, EBC Group has established specific channels and processes (including whistleblowing platform) to enable employees to raise their concerns. EBC Group's employees can address their concerns regarding any type of discrimination, including gender equality and equal pay for work of equal value.

The objective is to ensure a zero-tolerance for unacceptable behavior in the workplace, including discrimination, harassment, bullying, mobbing, violent behavior, gender-based discrimination and to provide all employees with the necessary channels to submit complaints and fully exercise their rights. These policies and internal acts are available on the Bank's intranet and the employees are informed about the respective law during the onboarding process.

In Erste Bank Croatia, discrimination complaints are processed in accordance with legal requirements and Erste values. Any grievance can be filed with the "Authorized persons" named by the Management Board. The "Authorized persons" usually include employees from Legal and HR who ensure due process and provide support to employees. Special attention is also paid to the implementation of prevention measures and training programs (such as "Management Start program). In close cooperation with the works council and other employee representatives, specific actions are taken related to education, awareness, and conflict management.

Channels to raise concerns

As already described, EBC Group has established multiple channels available through which employees can raise their concerns and have their needs addressed by the company:

- Line manager as the first contact point to raise any concerns
- Whistleblowing process
- Worker's representatives, e.g., local workers' councils
- Employee Survey
- Performance reviews
- Contact with Human Resources Business Partners
- Contact with the Anti-Discrimination Officer (Authorized person), Ethics Committee

All employees may seek advice in absolute confidentiality from HR business partners or Authorized persons, while the formal process is described in Labour Regulation Rulebook.

Each entity of EBC Group may include other initiatives to inform employees about the availability of channels to raise their concerns. One of the options used is to inform newcomers right from the beginning of their employment as part of the onboarding welcome day program.

The channels through which employees can raise their concerns and needs are well-established, as dialogues with line managers and the employee survey occur regularly. Due to the consistent rhythm of engagement opportunities and the multitude of channels available for employees to raise their concerns and issues, the measures taken to improve employee matters are regularly monitored with consideration of employee interests at the local entity level.

On a group level Erste Group can assess the effectiveness of whistleblowing channel which includes also reports related to unacceptable behavior. The measures taken based on the whistleblowing reports are reported to management and supervisory board. The policies against retaliation are described in G1-1 chapter Business Conduct Policies and Corporate Culture. Head of Human Resources Division is a member of Whistleblowing committee which indicates that cases related to its employees are given special attention. EBC Group can assess the effectiveness of whistleblowing channel which includes also reports related to unacceptable behavior. The measures taken based on the whistleblowing reports are reported to management board and the Holding.

S1-4 – TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE AND EFFECTIVENESS OF THOSE ACTIONS

EBC Human Resources Division identifies necessary and appropriate actions in response to actual or potential negative impacts on the workforce through structured processes embedded in HR strategy and policies. To ensure that organisational practices do not cause or contribute to material negative impacts on its own employees, HR Division works in close cooperation with workers council and where relevant also other departments.

EBC Group has implemented various actions to address the material topics of gender equality, training and skills development and diversity to demonstrate a commitment to preventing, mitigating and remedying significant negative impacts while especially contributing to achieving positive impacts and pursuing opportunities. Erste Group has established group policies that provide a framework for its approach to these material matters (listed in chapter S1-1). The local policies, including EBC policies respect the local legal framework of the country in which they operate and are in line with the group policies through a rollout implementation process.

Financial and other resources for actions related to EBC Group’s own employees are allocated locally in Croatia and Montenegro. The actions are taken in the reporting year and are also planned to continue in the future to bring a continuous positive impact on the employees and to mitigate the negative impact of gender pay gap to ensure continuous gender equality and preventing potential negative impact of discrimination.

Table 22: List of key actions related to own-workforce

Sub-topic	List of key actions	Policy
S1-Gender equality and equal pay for work of equal value	<ul style="list-style-type: none"> — Performing a Gender Pay Gap Analysis — Ensuring balanced nominations in talent programs — Conducting hearings for all positions — Including female candidates on shortlists and succession lists — Conducting a group-wide diversity audit (Women’s Career Index) 	<ul style="list-style-type: none"> — Group and EBC Remuneration Policy — Group and EBC Diversity and Inclusion Policy
S1-Training and skills development	<ul style="list-style-type: none"> — Employee and leadership development — Enhancing of Data and AI knowledge through future skills and AI training programs — Talent and succession programs and strategic skills management — Performance reviews and development talks (S1-2 chapter) 	<ul style="list-style-type: none"> — Group People & Culture Strategy, EBC HR Strategy — Group and EBC Suitability and Succession Policy
S1-Diversity	<ul style="list-style-type: none"> — Hiring and Succession Planning Standards based on Women Career Index — Diversity blog, — Occupational Mentoring Program for Persons with Disabilities — Discrimination prevention strategies 	<ul style="list-style-type: none"> — Group and EBC Diversity and Inclusion Policy

GENDER EQUALITY AND EQUAL PAY FOR WORK OF EQUAL VALUE

Erste Group reaffirms its strong commitment to advancing gender equality and ensuring equal pay for work of equal value. In 2025, the Group continues to actively support the Women Career Index initiative and maintain monitoring and steering of the gender pay gap, reinforcing its dedication to creating a fair and inclusive workplace. EBC Group shares this dedication and actively participates in all initiatives.

The aim of the Gender Pay Gap analysis group initiative is to have a common approach group-wide, to use a common methodology, common definitions, and the same certification. Gender pay gap is measured as unadjusted index and also as adjusted index where structural explanatory factors are taken into account. More information is provided in chapter S1-16. Coordination of the actions lies in group and local People & Culture departments.

Various initiatives foster gender equality in Erste Group such as:

- Performing a Gender Pay Gap Analysis
- Ensuring balanced nominations in talent programs
- Conducting hearings for all positions
- Including female candidates on shortlists and succession lists
- Conducting a group-wide diversity audit (Women's Career Index)

A Gender Pay Gap calculation of unadjusted and adjusted gender pay gap is performed for all employees (excluding temporary employees). Objective of this action is to bring transparency on equal gender opportunities and remuneration. Ensuring balanced nominations in talent management, conducting hearings for all positions, targeted coaching, balanced succession lists and conducting a group-wide diversity audit are actions to balance gender representation in management position to target negative impact of gender pay gap in the entities in scope of Group and EBC Diversity Policies and Group and EBC Succession Policies. This action is part of the Erste Group process in which EBC Group actively participates by providing all the relevant data.

The process of data collection and analysis started in 2024 and continued further in 2025. The results of the analysis have been communicated to the Management Board and B-1 managers and corresponding measures have been defined. Via regular review and adjustment, EBC Group hopes to prevent negative impacts. The actions related to the sustainability matter of gender equality and equal pay for equal work are monitored through the established targets concerning gender representation and are continuously assessed for their effectiveness (for more information, see chapter S1-5).

By implementing these initiatives and setting targets on balanced gender distribution in the top-management, the organisation fosters a more inclusive and diverse environment, where equal opportunities and remuneration are provided for all employees, irrespective of gender or any other characteristics.

TRAINING AND SKILLS DEVELOPMENT

EBC Group fosters continuous learning and development, recognizing the opportunity and potential of technology and artificial intelligence. Through tailored trainings and further education in technology and AI, EBC Group improves and empowers employees professional skills and qualifications. This does not only support the employees individual growth, but also increases EBC Group's productivity and innovation.

To strengthen and support training and skills development, EBC Group places focus on future-ready skills like data literacy and Artificial Intelligence. A comprehensive approach includes specialized trainings (such as on data and AI), performance reviews and development talks and targeted leadership and employee development programs. To evaluate the impact of its individual and team development initiatives, EBC Group monitors the average number of training hours per employee head count (chapter S1-13).

Employee and leadership development

At Erste Group, using technology and Artificial Intelligence are important elements that are embedded in the learning and development initiatives, ensuring a consistent baseline across functional and leadership programs, aiming to prepare employees and leaders to navigate transformation and leverage innovation effectively. Erste Group provides centrally managed group-wide learning programs as well as country-specific personalized development offers.

Specialized trainings across the group cover areas such as corporates & markets, finance including controlling, asset/liability management, accounting, data excellence and AI knowledge. These programs are a current long-term initiative designed to achieve a sustained impact. All these programs are offered on a yearly basis and have been running for several years.

EBC employees and managers actively leverage these learning opportunities to further strengthen their knowledge and competencies. In addition, EBC Group creates local programs to suit its particular needs.

Coaching, mentoring and tailored leadership programs help leaders build the mindset and skills needed to lead in a technology driven environment. The CEO Board Development Program, for example, focused on global trends such as digital transformation, digital mindset, business model innovation and executive leadership—strengthening a shared understanding of leadership and technology within Erste Group’s strategy.

The newly introduced group-wide Learning Week further connects learning to strategic priorities. Each day featured 5 sessions on future skills and updates on digital internal projects, showcasing also specific examples on applying digitalization and using AI. The program was openly available to the employees and the recordings made available afterwards. EBC Group actively supported this initiative by promoting the event and encouraging employees to participate and make use of the development opportunities offered.

In addition to Group-wide development programs and offerings, EBC Group provides a range of local learning opportunities for employees and managers, all of which are easily accessible and bookable through the local EKA learning management system. The accessibility of learning offerings is constantly enhanced by the extensive implementation of digital learning formats.

Enhancing data and AI knowledge

In line with the business strategy, enhancing the Data & AI knowledge and capability across the organisation has been defined as one strategic goal for upcoming years. In partnership with Group AI Office, learning journeys for various target groups have been designed and implemented based on the role-specific skills expectations. The learning journeys consist of a mix of various formats, from AI Literacy web-based training available for all employees, webinars and specialized trainings and seminars.

In addition, senior leaders across the group attended an AI for Executives program, focused on gaining a solid understanding of AI as a catalyst for innovation and source of competitive advantage and discovering opportunities to create value through AI implementations. The local EBC AI Learning Program provided a structured set of learning formats of varying complexity, tailored to three key employee groups: top management, advanced AI users, and the broader employee population. In addition to these core offerings, specialized training on business-specific AI applications was delivered to relevant business units. Overall, more than 1500 employees participated in the various program formats, demonstrating strong engagement and organisational commitment to building AI capabilities.

Talent and succession programs

With its talent and succession programs, EBC Group, aims to ensure leadership continuity, build future capabilities, and promote diversity and equal opportunities. Succession planning at EBC is designed to:

- Ensure business continuity in critical roles through stable and growth-driven leadership
- Develop and retain top potentials
- Align with a recognizable “Erste leader” standard, emphasizing leadership excellence and readiness for future challenges

The approach started with B-1 positions and is now being cascaded to other managerial roles. In 2025, EBC implemented a succession process for B-2 managers, introducing a structured assessment and nomination approach with a strong emphasis on gender equality. Succession pool based on leadership potential assessments was established, with particular emphasis on ensuring equal representation of female leadership talent in the pool. A dedicated leadership development program for identified successors is scheduled to launch in 2026. This initiative is part of a wider Erste Group effort to foster equitable career development for women, supported by data-driven insights from the Women Career Index (FKI).

Performance reviews and development talks

At EBC Group, individual development is driven by constructive feedback, a fair and transparent assessment of individual potential and high-quality development activities. Each year, all employees engage with their line managers in an interview to define goals for the current year and come up with development plans to assist employees in their further personal development and assess the previous year.

As Erste Group initiated a skills management initiative and started alignment on group-wide standardized skills catalogue in 2025, these development goals will increasingly focus on building future-ready skills, particularly digital literacy, cyber security literacy and AI literacy as well as other topics. This will ensure that EBC Group’s employees are equipped to drive innovation, engagement and long-term value creation.

The opportunity effectiveness of qualified highly skilled employees with greater employee engagement and productivity is not directly measurable with any specific indicator but can be visible in a long run through improvements in processes and products that indirectly contribute to financial result of the company.

DIVERSITY

Erste Group diversity initiatives, such as groupwide trainings, Women Career Index (FKi) and various diversity events, have a positive impact on Erste Group and EBC Group employees by fostering an inclusive corporate culture. These efforts create an open environment, allowing employees to feel valued and empowered.

EBC strives to create an environment that supports diversity and respect for others, whether they are employees, partners, or bank clients. In recent years, the bank has launched and implemented a series of initiatives and activities under the slogan #različitolavi, aimed at supporting diversity within the organisation.

The main sponsor of these initiatives is the bank's CEO, Christoph Shoefboeck, who occasionally actively participates in some of the activities. Throughout the year, educational workshops on stereotypes, biases, and unconscious prejudice are held regularly, tailored to different groups of employees and offered in various formats (online, in-person, webinars, etc.). Furthermore, diversity-related topics are actively promoted through the e-learning platform, Erste Guru, utilizing the #različitolavi blog.

Throughout 2025, EBC Group actively participated in several joint initiatives within the Erste Group, demonstrating a strong commitment to fostering a respectful and inclusive workplace environment:

- Implementation of the group-wide online training programs 'Fostering Respectful Interactions' and 'Recognizing and Preventing Sexual Harassment', designed to promote awareness and reinforce a shared understanding of respectful workplace behavior.
- Participation in the first-ever group-wide International Women's Day event, which included a series of lectures open to all employees. These sessions highlighted the importance of gender equality in the business context.
- Involvement in the implementation of the measures derived from the Women Career Index (FKi), focusing on enhancing gender equality, increasing female representation in leadership positions and supporting women's career development. Building on last year's comprehensive analysis, Erste Group continued its commitment to fostering equitable career development for women across the organisation. The index model applied offers strategic insights into organisational structures and readiness for change, serving as a benchmark across industries. The FKi is an ongoing initiative that involves all local banks in Erste Group's core markets. Data collection is conducted in a regular cycles. Based on groupwide findings, two overarching measures were introduced to advance equal opportunities: the establishment of inclusive hiring and succession planning standards. In addition to that, EBC Group initiated a local succession process for B-2 managers, ensuring that gender equality principles were integrated throughout the process.
- Participation in the first Group-wide Disability Awareness Day, held on December 3 and launched by Erste Group. This online event aimed to raise awareness and foster the inclusion of persons with disabilities in the workplace. These efforts reflect the long-term commitment of Erste Group and EBC Group to embedding diversity and inclusion into its organisational culture.

Hiring and Succession Planning Standards based on Women career index (FKi)

Building on last year's comprehensive analysis, Erste Group continued its commitment to fostering equitable career development for women across the organisation. The index model applied offers strategic insights into organisational structures and readiness for change, serving as a benchmark across industries. The FKi is an ongoing initiative that involves all local banks in Erste Group's core markets. Data collection is conducted in a regular cycles.

In 2025, the focus shifted towards translating these insights into tangible actions. Based on the group-wide findings, two overarching measures were developed to advance equal opportunities: the establishment of inclusive hiring and succession planning standards. Additionally, EBC defined a local activity to support this Group-wide initiative by implementing a succession process for B-2 managers, with particular emphasis on ensuring equal representation of female leadership talent within the succession pool.

Diversity blog

In 2023, a new format for promoting diversity and inclusion was launched, the #različitolavi blog, as part of the e-learning platform Erste Guru. Blog brings texts, video materials, interviews and articles on topics such as people with disabilities, gender stereotypes, LGBTIQ+, and more. The content is available to all employees and in a less formal format encourages them to reflect on these topics. The blog is continuously updated with the new content and recordings of online education on topics in this area.

Occupational Mentoring Program for Persons with Disabilities

Since 2022, the EBC Group has been actively engaged in a workplace mentoring initiative for individuals with disabilities. In 2025, this project was extended to a new location in Rijeka, in collaboration with the Centre for Professional Rehabilitation Rijeka. This initiative not only supports the personal and professional development of people with disabilities but also fosters greater sensitivity and inclusivity within teams and the broader work environment.

In alignment with new legislation concerning people with disabilities and accessibility of products and services, the EBC Group introduced a comprehensive online training program in 2025. This mandatory training, delivered via the organisation's Learning Management System (LMS), equips all employees with the knowledge and skills required to interact effectively and respectfully with people with disabilities.

Furthermore; EBC was one of only a few sponsors of the 30th Croatian Symposium of Persons with Disabilities. The symposium featured expert discussions on topics such as social inclusion, the promotion of the rights of persons with disabilities, and inclusive employment practices.

Discrimination prevention strategies

In alignment with the Diversity and Inclusion Policy, the establishment and maintenance of a discrimination-free environment is recognised as a fundamental prerequisite fostering an inclusive workplace culture. This commitment applies to EBC Group's employees and represents an ongoing initiative across all time horizons to prevent potential negative impacts. Workplace discrimination can profoundly impact vulnerable groups of employees by fostering a hostile and unsafe work environment. These issues can lead to heightened stress and anxiety, making these employees feel unsupported and excluded and might affect their mental and physical health.

As a foundational measure, group-wide trainings on "Fostering Respectful Interactions" and "Recognizing and Preventing Sexual Harassment" are being implemented to raise awareness, build competencies and strengthen a shared understanding of respectful workplace behavior.

In EBC, discrimination complaints are processed in accordance with legal requirements and Erste Group values. Any grievance can be filed with the 'Authorized persons' as described in S1-3. Resources for actions related to EBC Group's own employees, in terms of human and financial resources, are allocated based on the annual budgeting plan, as part of the regular budgeting process.

S1-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

Target setting is an important practice in an organisation, as it helps to focus efforts and resources towards achieving specific goals and is managed centrally at Erste Group and EBC Group. While Erste Group does not set measurable targets to track effectiveness of all policies and actions on the group level, based on prioritization, Erste Group has specific targets related to material matter diversity and gender equality and equal pay for work of equal value. The target related to increasing the number of women in top-management positively influence the unadjusted as well as adjusted pay gap and therefore supports equal pay for work of equal value. These targets are published in EBC Diversity and Inclusion Policy and foster equal professional development to ensure equal opportunities for all.

On group level Erste Group and EBC Group want to create equal opportunities regardless of gender and to remediate the impact of gender pay gap by balancing gender distribution in top-management positions (board level and B-1). Targets for EBC have been defined: Proportion of underrepresented gender in management board and proportion of underrepresented gender in board –1 management. The overarching goal of EBC Group's personnel strategy is to ensure a diverse corporate culture that promotes collective contribution and impact beyond gender, geography, entity, or business area borders.

The effectiveness of managing material impacts can be seen through results in the annual engagement survey, which focuses on various critical topics. These include individual contributions, empowerment, continuous improvement, feedback from management, opportunities for growth, motivation to go the extra mile, the availability of technology resources and intent to continue working for EBC Group in the future. The engagement survey serves as an essential tool for measuring the employees' satisfaction, identifying areas for improvement and ensuring that the needs and expectations of the employees are being met. Field for improvement and results are transparent and available in Erste Group and EBC Group intranet.

Target on gender representation in management boards and board-1

The target on gender representation in management boards across Erste group, including EBC Group aims at a minimum of 30% representation of the underrepresented gender in management board positions by 2028 for each local bank in each core market. As to B-1, the target in EBC is set more ambitiously to 40% than the Group target, which is set to 33% of the underrepresented gender.

The targets are linked to EBC Group's Diversity and Inclusion Policy and Suitability and Succession Policy and address the material matter, gender equality and equal pay for work of equal value. By setting the targets to support women in the top-management position, EBC Group aims to mitigate the negative impact of the unadjusted gender pay gap that is focused on the prevalence of men in better paid management job roles.

Erste Group has utilized dashboards to measure progress. The first diversity policy was introduced in 2017 with one common target for entities in scope valid for both board members and B-1. The most recent major update of the diversity targets was carried out in 2023. The current target horizon extends until 2028.

The proposal for diversity targets in top management was approved by the Nomination Committee of EBC. The Erste Group Diversity Management team within the People & Culture department reviewed the proportion of women in management positions over previous years and assessed the need for target setting for local banks in core markets. Employees or workers' representatives were not involved in the process of setting these targets. In 2025, no adaptations were made to the targets. Since the targets are set until 2028 (medium-term), there is no need to update them regularly unless a new regulatory change or a change in strategy occurs.

The performance against disclosed targets is shown in the table Current Target Achievements for EBC.

Table 23: Current target achievements

	Underrepresented gender in Management Board				Underrepresented gender in Board -1			
	Minimum target by 2028	2025	2024	2023	Minimum target by 2028	2025	2024	2023
Erste & Steiermärkische bank d.d. (Erste Bank Croatia)	30%	20%	20%	0%	40%	40,9%	43,5%	43,5%

* Taking this minimum quota into account, a higher quota can be decided. Erste Bank Croatia decided to put their local target of underrepresented gender in B-1 to 40%

S1-6 – CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

As at 31.12.2025. EBC Group had 3,286 active employees. Employees are actively undertaking business activities or rendering service to the reporting company based on their job role for which they are compensated in form of remuneration in line with EBC Group Remuneration Policy. All active employees as well as long-term sick leave employees are included.

Data is reported in headcounts (one person = one headcount, irrespective of the number of hours worked) per 31.12.2025. The headcount measure is the relevant metric for labor law and offers a better representation when it comes to material topics such as training, diversity, health and safety than full-time equivalent measures. It provides a full picture of an organisation's diversity and training, skills development efforts irrespective of hours worked. The measurement of all own workforce metrics has been aligned with Group Manual. The measurement of the metric is not validated by an external body other than the assurance provider .

Table 24: Employee active headcount broken down by gender

Gender	2024	2025
Male	992	989
Female	2,352	2,297
Other	-	-
Not reported	-	-
Total employees	3,344	3,286

Table 25: Own workforce active headcount in EBC Group by countries

Countries	2024	2025
Croatia	2,970	2,913
Montenegro	374	373

The majority of EBC Group's workforce hold a permanent working contract.

Table 26: Own workforce active headcount by contract type, broken down by gender

2025	Female	Male	Other	Not reported	Total
Total number of employees (headcount)	2,297	989	–	–	3,286
Number of permanent employees (headcount)	2,163	928	–	–	3,091
Number of temporary employees (headcount)	134	61	–	–	195
Number of full-time employees (headcount)	2,164	978	–	–	3,142
Number of part-time employees (headcount)	133	11	–	–	144
Number of non-guaranteed hours employees (headcount)	–	–	–	–	–

2024	Female	Male	Other	Not reported	Total
Total number of employees (headcount)	2,352	992	–	–	3,344
Number of permanent employees (headcount)	2,235	946	–	–	3,181
Number of temporary employees (headcount)	117	46	–	–	163
Number of full-time employees (headcount)	2,287	989	–	–	3,276
Number of part-time employees (headcount)	65	3	–	–	68
Number of non-guaranteed hours employees (headcount)	–	–	–	–	–

Table 27: Employee turnover (including retirements)

	2024	2025
New hires	243	336
Female	183	243
Male	60	93
Other	–	–
Gender not reported	–	–
Leavers	340	366
Female	250	259
Male	90	107
Other	–	–
Gender not reported	–	–
Turnover ratio (%)	10.09%	11.10%

*Turnover ratio includes employees who leave voluntarily or due to dismissal, retirement, or death in service.

In 2025, employee turnover at EBC Group (total of men and women) stood at 11.10% (2024: 10.09%).

Turnover ratio presents the number of employees who left voluntarily, due to dismissal, retirement, or death in service during the fiscal year. The number of leavers does not include employees on parental leave and internal transfers within the group. The employee turnover rate in % is calculated (based on the BDA formula) as follows: the number of employees who left the company during the reporting period (12 months) is divided by the average active headcount (HC) of the reporting year. The measurement of the metric is not validated by an external body other than the assurance provider.

Information about average number of employees on a full time equivalent basis can be found in the Note 8 to the Financial Statements for the year ended 31 December 2025. Using Full-time Equivalent for financial statements, especially in tracking administrative expenses, is generally more effective than headcount as it better represents the cost of labor.

S1-7 – CHARACTERISTICS OF NON-EMPLOYEES IN THE UNDERTAKING’S OWN WORKFORCE

In addition to own employees, there are 60 non-employee workers (headcounts as of 31 December 2025. (42 for 2024), which are contracted through a third party engaged in employment activity (agency workers). Non-employees are contracted for a specific period of time based on the conditions stated in their contract. As in EBC Group’s operations, employees’ contracts prevail over non-employees’ contracts, this group of workers represents only 1,79% of total own-workforce active headcount. The measurement of the metric is not validated by an external body other than the assurance provider.

S1-9 – DIVERSITY METRICS

Employee gender distribution at top management

Table 28: Employee gender distribution at top management

Gender	Top management (headcount)		Top management (share)	
	2024	2025	2024	2025
Female	20	19	38%	36.54%
Male	32	33	62%	63.46%
Other	–	–	–%	–%
Not reported	–	–	–%	–%
Total employees	52	52	100%	100.00%

Top Management is defined as EBC top management (Management Board (B0), and positions reporting directly to the Management Board (B-1)), board members (B0) of subsidiaries and B-1 from subsidiaries that are larger than 250 employees.

The assumption here is that board members/managing directors is a governing body responsible for the development and success of the entity. They make decisions in the interests of the entity and its stakeholders and ensure that their employees are supported in achieving the entity’s objectives.

The measurement of the metric is not validated by an external body other than the assurance provider.

Table 29: Employee age distribution by age groups

Age Groups	2024		2025	
	Number of employees (headcount)	Share of employees (headcount)	Number of employees (headcount)	Share of employees (headcount)
under 30 years old	361	10.80%	387	11.78%
between 30-50 years old	2,310	69.08%	2,181	66.37%
over 50 years old	673	20.13%	718	21.85%
Total employees	3,344	100.00%	3,286	100.00%

S1-12 – PERSONS WITH DISABILITIES

Number of employees with disabilities in headcount (as of 31.12.2025) is collected using the definition based on the UN Convention on the Rights of Persons with Disabilities. It defines persons with disabilities as those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others. This can be reflected in percentage-based disability ratings or categorization of severity.

EBC Group employs 49 employees with health disability as of 31. December 2025 (53 as of 31. December 2024) which represents 1.49% of the total active headcount. The measurement of the metric is not validated by an external body other than the assurance provider.

S1-13 – TRAINING AND SKILLS DEVELOPMENT METRICS

Material matter of training and skills development are tracked by average training hours metrics and the proportion of performance reviews to the foreseen number of reviews proportion of performance reviews by the management.

Training and skills development metrics

Table 30: Training and skills development metrics

	2024	2025
Average training hours	38.89	31.03
Female	38.36	30.87
Male	40.15	31.40
Other	-	-
Gender not reported	-	-
Management functions	58.82	48.11
Non management functions	36.02	28.63

In 2025, employees of EBC Group completed on average 31,03 (2024: 38.89) hours of professional development, thereof women 30,87 (2024: 38.36) hours and men 31,40 (2024: 40.15) hours. Employees in management positions completed an average of 48,11 (2024: 58.82) hours of training. EBC Group monitors average trainings hours by collecting the information per year end for each entity and comparing them to the previous year. The indicator is calculated as the number of training hours in the reporting period of its employee's active headcount as of 31. December divided by the total head active count as of 31. December. There is no targeted value on the group level, as for each entity the optimal number of trainings hour might be different. Moreover, the number of training hours may fluctuate throughout the years, as some regulatory training may be required. The measurement of the metric is not validated by an external body other than the assurance provider.

Next to talent management and leadership, performance reviews are one of EBC Group's actions to address the material matter of Training and skill development identified in double materiality assessment.

Generally, minimally once per year employees are invited to a personal performance interview with their line managers to talk about their performance, to define goals for the current year and define plans for their further personal development once a year.

The performance review / goal setting is not obligatory for employees who join the company in the last quarter. In 2025, performance reviews were held with 95,62% (2024: 95,01%) of all employees of EBC. The figure is reported as the number of performance reviews per active headcount (as of 31 December) during the reporting period divided by the number of total active headcount (as of 31.December).

Table 31: Performance reviews

	2024	2025
Percentage of employees that participated in regular performance and career development reviews	95.01%	95.62%
Female	94.26%	95.69%
Male	96.77%	95.45%
Other	-%	-%
Gender not reported	-%	-%
Management functions	98.34%	98.52%
Non management functions	94.53%	95.21%

S1-16 – REMUNERATION METRICS (PAY GAP AND TOTAL REMUNERATION)

EBC Group has identified a negative impact in relation to gender pay gap in the sustainability matter gender equality and equal pay for work of equal value. This is an Erste Group process which is calculated centrally, whilst EBC Group contributes with the relevant data needed for the calculation.

Erste Group's approach is to understand the reasons for the gap and bring transparency to what part of the gender pay gap can be explained and foreseen due to job structure and other explanatory factors. Erste Group established a methodology to analyze and monitor the gender pay gap. It aligns on transparent communication and coordinate efforts to mitigate any potential negative impacts on Erste Group's workforce related to gender pay gap within Erste Group.

Erste Group and also EBC hold a Fair Pay Analyst certification from the Fair Pay Innovation Lab, with its UNIVERSAL FAIR PAY CHECK® recognized as a certification trademark by the European Union Intellectual Property Office. This check integrates different European legislative initiatives into a single procedure, accommodating both current and future legislation, making certification possible regardless of location and applicable laws. The analysis, based on the organisation's internal data, lays the groundwork for accurately determining the necessary steps to implement fair pay. Through this certification, Erste Group underscore its commitment to conducting fair pay analyses correctly.

In EBC Group, the gender pay gap is viewed from two perspectives: an unadjusted pay gap and adjusted pay gap. The unadjusted gender pay gap shows the percentage difference between the average gross hourly contracted pay for women and men.

The adjusted gender pay gap shows the percentage difference between the average gross contracted hourly pay for women and men after accounting for factors that typically influence pay. It is calculated using a regression analysis, which is a robust mathematical method to determine how each variable affects each employee's compensation.

To support a common methodology over the group, job levelling is used as the main objective factor. This factor explains most differences in pay. On top we use performance rate and organisation unit as additional explanatory factor.

Unadjusted gender pay gap

In EBC Group, the gender pay gap for its employees is calculated based on an annualized, full-time equivalent measures, as the average contracted pay of all men and women across the group and all job levels, representing the unadjusted gender pay gap. The consolidation on group level is done by weighing the individual entity results by their headcounts.

Regarding the EBC Group, this unadjusted gender pay gap calculation for own employees in 2025 was 26,19% (2024 :28,16%). This covers all own employees in scope where remuneration data was available through payroll systems.

Variable remuneration for performance 2025 is based on the overall performance of the entity and individual performance of each employee. Therefore, most of the variable remuneration is granted in April 2026. For the pay gap 2025 the estimate of variable remuneration based on performance 2024 (granted 2025) had to been conducted to cover total compensation. For long-term incentive bonus schemes, the granted variable remuneration is reported, no matter if paid out in reporting year or in the future.

The Gender Pay Gap analysis shows that, the unadjusted pay gap is driven by job leveling as it is used as the main objective factor. This factor explains most differences in pay. One of the ways Erste Group and EBC Group as subsidiary addresses this topic is by setting the targets for gender representation in top management. The measurement of the metric is not validated by an external body other than the assurance provider.

Remuneration ratio

EBC shows the income distribution within the company EBC by comparing yearly salary as from 31.12.2025 annualized (multiplied by 12), together with granted bonuses for 2024 distributed in 2025, of the highest-paid employee with the median remuneration calculated in a same manner of all employees. All salaries are calculated as annual salaries on the basis of full-time equivalents. The remuneration ratio for EBC for the 2025 fiscal year is 28,24 (2024:32).

It is calculated by means of the following formula: annual total remuneration of the highest-paid employee of EBC divided by the median annual total remuneration of all employees of EBC except for the highest-paid person. The measurement of the metric is not validated by an external body other than the assurance provider.

S1-17 – INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

EBC Group has reported on its approach to complaints, channels to raise them and on remediation of negative impacts in chapters S1-2 and S1-3. Channels for raising concerns have been identified. There have been no reported incidents of discrimination in 2025 as it was in 2024.. The measurement of the metric is not validated by an external body other than the assurance provider.

EBC Group has implemented processes to mitigate and solve discrimination cases. EBC Group's commitment to providing a safe and inclusive workplace means all claims of discrimination are taken seriously, and EBC Group strives to resolve them in a timely and effective manner. As part of these established processes, every employee has the opportunity to have their specific case examined by internal, independent bodies. This ensures that each individual case is followed up accordingly, with sensitivity and respect for all parties involved as well as utmost confidentiality.

In most cases, a respectful and substantial solution can be found internally. This reflects EBC Group's dedication to fostering a culture of trust, respect, and equality throughout its organisation.

The company has received no complaints from its workforce regarding various topics in 2025 as also in previous year. There have been no fines, penalties, or compensation for damages resulting from incidents of discrimination and complaints or relating to severe human rights issues or incidents connected to the company's own workforce. In 2025, as also in 2024, there were no incidents reported involving violations of the UN Guiding Principles on Business and Human rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises.

Affected communities

This chapter focuses on EB Group impact on communities it touches - defined as people whose community life is influenced by the Bank's activities. It focuses on the sustainability topic of Social Banking, highlighting positive contributions such as improving access to products and services for vulnerable groups and fostering financial inclusion.

S3 SBM-3 – MATERIAL IMPACT AND ITS INTERACTION WITH STRATEGY AND BUSINESS MODEL

Table 32: Material impacts, risks and opportunities related to social banking

Sustainability matter	Type of IRO	IRO description	Value chain	Time horizon
S3-Social Banking (entity specific)	Actual positive impact	By ensuring that financial education programmes, as well as all banking products and services are accessible to marginalized individuals as well as underserved starting enterprises and social organizations/projects, EBC promotes their autonomy, social and professional integration and active participation in community life.	Portfolio	All time horizons

SOCIAL BANKING

Providing support to society was one of the founding ideas of Erste Oesterreichische Spar-Casse and this continues to shape the Bank to this day. Its responsibility goes beyond simply financial business to support institutions, initiatives and projects relating to social issues. Therefore, an aspect of EBC Group business is to provide financial services to small enterprises and social organisations (hereafter referred to as Social Banking clients), including those who would otherwise be excluded from access to financial services, positively impacting those effected. Initiatives supporting the financial health, transparency and inclusivity of these groups are key to its value proposition and helps build long-term relationships while improving their financial autonomy and subsequent wider social impact through capacity building for small enterprises and subsequent job creation and retention. Furthermore, EBC Group engages with various social organisations to ensure the effectiveness of its impact. These efforts ensure a strong socio-economic environment to form the basis for sustainable success. This actual positive impact are connected to EBC Group strategy and business model.

S3-1 – POLICIES RELATED TO AFFECTED COMMUNITIES

Impacts, risks and opportunities	Strategy / Policy	Actions	Targets
By ensuring that financial education programmes, as well as all banking products and services are accessible to underserved starting enterprises and social organisations/projects, Erste bank promotes their autonomy, social and professional integration and active participation in community life.	<ul style="list-style-type: none"> — Social Banking Strategy — Group Social Banking Risk Policy — Policy Framework 	<ul style="list-style-type: none"> — Social organisations — Microfinancing — Financial Literacy Workshops 	<ul style="list-style-type: none"> — Target on Social Banking financing volume — Target on School of Smart Finance

SOCIAL BANKING

Social banking aims to generate an economic, social and environmental return as well as to support generating jobs by financing social organisations, micro clients / starting entrepreneurs and special impact projects with tailor-made solutions and preferential offerings.

Financing activities shall directly or indirectly aim to achieve the primary objectives:

- Enabling job creation and self-employment;
- Fostering social innovations and enlarging the impact of social organisations

Social banking seeks to strengthen and support communities, focusing on vulnerable segment groups who might otherwise experience financial and social exclusion.

This is achieved indirectly by supporting social organisations such as NGOs and social enterprises in increasing their impact and directly by improving access to financial goods and services for vulnerable groups and underserved enterprises.

Indirect support focuses on enabling social organisations to deliver essential services and address social challenges more effectively. To achieve this, Erste bank provides them with financial instruments such as bridge and investment loans and capacity-building programs. These measures help social organisations enhance their operational resilience, expand their reach and amplify their social impact. Direct support targets individuals and small businesses such as starting entrepreneurs that face financial exclusion. These overarching objectives are linked to specific targets that group social banking have set related to financing and financial literacy. Further information on these targets can be found in S4-5, 'Targets related to consumers and end-users'.

This support contributes to the overarching goal of increasing prosperity. In order to support sustainable and inclusive/social investments, innovation and job creation, Social Banking benefits from support programs such as EIF guarantees funded by the European Union under the Invest EU Programme. These objectives are linked to specific EBC Group targets set related to financing and job creation and retention. Further information on these targets can be found in chapter 'S3-5 - Targets related to advancing positive impacts'.

Social Banking, which reports to the retail is responsible for the overall implementation of the Social Banking Strategy. In a bi-annual impact report, we publish information related to its activities as well as the direct and intended outcomes of its clients. Data in the previous bi-annual impact report was collected through 198 interviews within its client base. Information about the overarching Social Banking Strategy as well as the Impact Report are publicly available on Erste Group's website.

A dedicated Social Banking Risk Policy, in the ownership of the Risk division, supports the implementation of the Social Banking strategy through providing a structured and adaptable framework for managing credit risk in social banking, while also supporting the inclusion of disadvantaged clients by facilitating their access to financial services across the targeted segments.

Furthermore, the Social Banking strategy establishes principles through implementing UN Sustainable Development Goals 1 (no poverty), 3 (good health and well-being), 4 (quality education), 5 (gender equality), 8 (decent work and economic growth), 10 (reduced inequality), 11 (sustainable cities and communities), 13 (climate action) and 17 (partnerships for the goals).

S3-2 – PROCESSES FOR ENGAGING WITH AFFECTED COMMUNITIES ABOUT IMPACTS

SOCIAL BANKING

Erste bank engages with affected communities through a combination of indirect engagement via social organisations and direct engagement with underserved enterprises on an ongoing basis. These processes aim to identify needs, assess impacts and continuously improve the effectiveness of financial and non-financial support. Social Banking department is established within Retail division with dedicated full-time employees. The Management Board is entrusted with the responsibility for engaging with affected communities with regards to social banking.

Indirect engagement through social organisations

Social organisations such as NGOs and social enterprises act as key partners in reaching vulnerable groups and addressing social challenges. Engagement occurs through partnership programs and advisory exchanges to understand emerging needs and co-design solutions. Capacity-building initiatives, including the High-Impact Enterprises Scaling Programme (MARC), launched in 2025, provide mentoring, training and technical support to strengthen business models and ensure financial sustainability for social enterprises.

Leave a good mark programme (Ostavi dobar trag)

In 2025, Erste Bank Croatia (EBC), in cooperation with partners Solidarna Foundation, Social Prudence, Panda Communications and Erste Foundation, completed third and started fourth cycle of the 'Leave a good mark' programme. It is a programme that aims to improve financial resilience of NGO through the improvement of fundraising capacity.

The idea was born from the long-term experience of inclusive banking that the bank implements with start-up entrepreneurs and non-profit organisations, support in transferring ideas 'from theory to reality' and understanding the administrative burden and the involvement of the non-profit sector in the race for EU funds.

It consists of two parts - educational and mentoring, through which all participants are provided with individual support for the development of social business canvas, fundraising strategy, storytelling along with instructions for adapting digital channels as a prerequisite for the successful implementation of a fundraising campaign.

A total of 22 associations went through the program in 2025, 11 finished and new 11 is in ongoing cycle. Through the support of fundraising campaigns, top 3 finalist organisations have collected over EUR 125.000 for the implementation of their programs. The positive impacts are revised through direct feedback from customers and anonymized surveys. The program is enhanced based on the collected information, typically updated through content enhancement, financial visibility, and increasing the number of committed partners.

Direct engagement with vulnerable clients and underserved enterprises

Engagement with micro-entrepreneurs occurs through advisory and mentoring sessions in branches and online, promotes active customer engagement, business plans and financial health. Financial education and readiness programs, including bespoke counselling and training, promote financial literacy and strengthen participants' resilience.

Impact Assessment and Continuous Improvement

EBC Group monitors the effectiveness of its social banking activities through a structured impact assessment process. Every two years, a comprehensive social impact assessment is conducted, including ex-post client surveys, to evaluate the outcomes of financial and non-financial support. The results are published in the Social Banking Impact Report, which serves as a key tool for transparency and accountability.

In 2025, the assessment included 198 client interviews, providing detailed insights into how social banking initiatives contribute to improving financial stability, social inclusion and organisational resilience. This ongoing evaluation process ensures that EBC social banking activities remain relevant and effective, while client feedback indicates necessary steps to maximise positive impacts for customers and communities.

S3-4 – TAKING ACTION ON MATERIAL IMPACTS ON AFFECTED COMMUNITIES AND MANAGING THE EFFECTIVENESS OF THOSE ACTIONS

Social Banking identifies necessary and appropriate actions in response to actual impacts on the affected communities through structured processes embedded in the Social Banking Risk Policy.

The following actions are taken in the reporting year and are also planned to continue in the future to bring a continuous positive impact. The effectiveness of the following actions are tracked through Social Banking Impact Report, including feedback from the intended recipients in the form of surveys and interviews.

Sub-topic	List of key-actions	Policy
S3 - Social Banking (entity-specific)	Social organisations	Social Banking Strategy, Social Banking Risk Policy
	Microfinancing	Social Banking Strategy, Social Banking Risk Policy
S3 - Financial Health	The School of Smart Finance	Policy Framework

Social organisations

Erste supports social organisations such as NGOs and social enterprises through financial and non-financial measures aimed at strengthening their capacity and impact in the communities. Social banking provides tailored financial solutions to social organisations, including working capital loans, bridging loans and investment loans, as part of the ongoing operations. These offerings are supported by portfolio guarantees from the European Investment Fund (EIF) under the InvestEU Programme, enabling preferential terms for eligible organisations.

Microfinancing for starting enterprises

Erste social banking initiative includes financing entrepreneurs to fund starting enterprises as part of its ongoing operations "Poduzetnički starter – financiranje poduzetnika početnika". This initiative ensures that these individuals have access to necessary financial resources, contributing to the economic stability and growth of their businesses. Besides financial offer, starting entrepreneurs are offered business plans tools and online access to education which covers all relevant business topics.

Financial Literacy Workshops – School of Smart Finance

The School of Smart Finance is a financial literacy program conducted by Erste Bank Croatia (EBC), which includes workshops for all adult citizens, as well as for primary and secondary school students.

This national program aims to involve as many citizens, children, and young people as possible in acquiring knowledge and skills in personal finance management, encouraging them to think about future life and financial goals and to consciously manage their expenses.

The workshops are free of charge and last up to 120 minutes and are led by EBC's trainers. The workshops are held for smaller groups, of up to a maximum of 20 participants, during which participants are introduced to simple tools for everyday management of personal finances, basics of budgeting and financial planning, as well as basic principles of behavioral economics. They also learn about conscious consumer decision-making and simple methods for developing saving habits. It is important to emphasize that the workshops are purely educational and are free of any sales messages.

The workshops are held live: in EBC's branches, schools, and universities, or online, via the MS Teams application. Furthermore, financial literacy workshops were organized for employees of public and private companies in agreement with their human resources departments and in accordance with the recommendations of colleagues working in the Corporate Business Sector and the SME Sector of EBC.

Considering the unstable conditions in which the world lives today, it is important for children and young people to develop a healthy relationship with money as soon as possible and to become familiar with basic financial concepts thus Erste Bank Croatia also organizes workshops in primary and secondary schools. These workshops last 45 minutes, are very interactive, and encourage students to actively participate. Students work on the basics of budgeting and are taught fundamental financial concepts.

After each financial literacy workshop, participants fill out a satisfaction survey. All attendees complete the survey, except for elementary school students. In the survey, participants rate their satisfaction with the workshop, its usefulness, and whether there are topics they'd like to learn more about. The survey also assesses participants' satisfaction with the trainers. In 2025, 90% of respondents who completed the survey rated the workshops as useful, with 60% rating them as extremely useful and 30% as very useful. A total of 88% stated that participating in the workshop changed their attitude towards money, while 98% were satisfied with the trainers' expertise. Also, in order to get a feedback impression of working with participants, and to transfer experiences, a special survey is filled out by trainers who hold the workshops. Through these surveys, records are kept about the number of participants, the number of workshops held, the age of the participants, the place and manner of holding them, as well as comments on impressions at the workshop, etc.

The most valuable resource assigned to the School of Smart Finance is human capital. The program was designed and implemented by the bank's in-house experts, who also carry out the program activities. Overall, about 25 bank employees are involved in the Smart Finance School program. Also, workshops are purely educational with no commercial character and the aim is promoting financial health among as many citizens as possible. The workshops are available to all interested citizens, associations, companies, and educational institutions, keeping in mind that material topic is financial literacy.

S3-5 – TARGETS RELATED TO ADVANCING POSITIVE IMPACTS

SOCIAL BANKING

Target on Social Banking financing volume

EBC Group is committed to promoting social banking to improve access to products and services those who would otherwise be excluded. The set targets directly support these objectives and contribute to the economic stability of communities. The targets for social banking financing, job creation and retention as well as education support initiatives are related to measuring the effectiveness of our's initiatives.

The target of social banking financing volume focuses on increasing access to financial services for individuals. This is achieved by financing social enterprises, micro companies and start-ups that do not meet regular retail lending criteria. The target related to education support participants aims to increase capacity building abilities of organisations, financial education and knowledge of employees. The target of job creation and retention refers to the number of jobs created or retained as a result of social banking financing. This is assessed through regular surveys and reports. These targets are continuously monitored and evaluated to ensure their effectiveness and positive impact through the performance indicators shown below. Targets were determined by analysing historical performance and extrapolating future developments, taking into account the available resources and operational capacities. Stakeholders were not included in target setting.

By promoting social banking and achieving these targets, EBC Group contributes to the financial health and economic stability of its customers, ultimately leading to a better quality of life and a stronger market position.

Performance indicators

Erste bank has developed social banking yearly performance indicators. Part of them serve as a measure to track the progress of the social banking targets, which have been set.

The individual yearly social banking performance indicators shown below measure the progress and summarise the social banking targets. Social banking financing includes start-up financing and financing for social organisations. The volume of social banking financing is reported quarterly.

Job creation and retention are assessed through the social banking impact report, performed every second year based on a representative sample of social banking clients. The number of created or preserved jobs is calculated using survey results from the previous year and is therefore estimated data. These targets are continuously monitored and evaluated to ensure their effectiveness and positive impact through the performance indicators shown below. Targets were determined by analysing historical performance and extrapolating future developments, taking into account the available resources and operational capacities.

Calculation of indicators

The number of newly created or preserved jobs is calculated in two steps. First, the average number of jobs per client based on survey responses is determined. Then this average is multiplied by the total number of new financed clients within each segment, country, and timeframe. The metric is not validated by an external body other than the assurance provider.. The overall number of created and preserved jobs is determined using the following formula: Jobs created or preserved = Jobs created or preserved through 2023 + Average jobs created or preserved by interviewed clients X all new financed Social Banking clients in 2024-2025.

Table 33: Social Banking financing

	Up to 2023	2024	2025	Up to 2030
New Social Banking financing in EUR mln	17,1	6	4,7	50
Count of new financed clients	682	193	161	
Microfinance and Start-up finance in mln EUR	9,6	4	2,7	
Microfinance and Start-up finance in number of new financed clients	494	144	106	
Social organisation finance in mln EUR	7,5	3	2	
Social organisation finance in number of new financed clients	188	48	55	
Number of education participants in ths	23	9	9	
Number of preserved and created jobs (cumulative)*	/	/	3,672	

Target on School of Smart Finance

The School of Smart Finance is Erste Bank's financial literacy program, which includes workshops intended for all adult citizens and workshops for primary and secondary school students. It is a national program, intended for all interested citizens.

During 2025, over 90 workshops were held, attended by almost 2.000 participants. During 2024, over 100 workshops were held, attended by almost 1.600 participants, thus almost meeting the target of 1600 participants, set for 2024.

In total, almost 1.000 workshops have been held since 2019 (the baseline year, with a baseline value set at 0). From 2019 to the end of 2025 the goal was 17.500 participants and it was nearly achieved with around 17.200 participants.

Based on the current annual number of participants and experiential assessment, we expect more than 30.000 participants by 2030.

Time horizons include estimates at the end of the year, five years, and ten years.

Consumers and end-users

This chapter focuses on EBC Group’s impacts, risks and opportunities (IROs) on consumers and end-users. The scope of this chapter covers the IROs that EBC Group has identified towards the company’s retail customer base. As part of EBC Group’s commitment to transparency and sustainability, Erste Group places the interests and needs of its customers at the core of its business activities considering dependencies of business model related to consumers and end users.

EBC Group identifies the positive impact that it has on its customer base regarding financial health and access to products and services (social banking). Furthermore, EBC Group recognises a potential negative impact on the topic of privacy that will also be disclosed in this chapter.

S4 SBM-3 – MATERIAL IMPACTS AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

As part of its commitment to transparency and sustainability, this section provides a comprehensive overview of the IROs related to consumers and end-users. It is crucial for EBC Group to prioritize the interests and needs of its clients while effectively managing risks.

Table 34: Material impacts, risks and opportunities related to consumers and end-users

Sustainability matter	Type of IRO	IRO description	Value chain	Time horizon
S4-Privacy	Potential negative impact	Data breaches or cyberattacks could lead to compromised sense of security and privacy for individuals, leaking private and financial data of affected customers.	Portfolio	All time horizons
S4-Financial Health (entity specific)	Actual positive impact	Through educational programs, financial advice and tools EBC Group has a positive impact on the financial health of customers contributing to customers overall economic stability, leading to a better quality of life.	Portfolio	All time horizons

FINANCIAL HEALTH (ENTITY SPECIFIC)

Financial Health serves as an aspect of EBC Group’s strategy, positively impacting financially vulnerable customers through offering financial services to individuals that would otherwise be excluded as well as access to financial literacy programmes. These ongoing programmes develop a combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to achieve individual financial well-being. Examples of financially vulnerable clients include those who are unable to meet debt repayments as well as those who experience financial exclusion and a lack of financial literacy. The outcomes of actions to improve the financial health of customers continuously inform EBC Group’s strategy and business model. Further information regarding actions and outcomes can be seen under ‘S4-4 - Taking action on material impacts’.

PRIVACY

Handling customer data is a crucial part of EBC Group’s business model. As such, the company is dedicated to protecting this data and must be vigilant about potential data breaches or cyberattacks. Examples of this are identity theft, fraud and financial loss. Such incidents could compromise the security and privacy of customers by exposing their private and financial data. Data breaches and cyberattacks can potentially affect all customers whose personal data is processed by the bank. The outcomes of actions to address data breaches and cyberattacks continuously inform improvements to Erste Group’s strategy and business model. Further information regarding actions and outcomes can be seen under S4-4 (Taking action on material impacts). Considering material potential negative impact, This is not widespread or systemic impact but related to individual incidents.

S4-1 – POLICIES RELATED TO CONSUMERS AND END-USERS

Impacts, risks and opportunities	Strategy / Policy	Actions	Targets
Through educational programs, financial advice and tools Erste Group has a positive impact on the financial health of customers contributing to customers overall economic stability, leading to a better quality of life.	— Social Banking Strategy	— Private Individuals — Financial Literacy	— Target on Social Banking financing volume (see S3-5 Targets for affected communities)
Data breaches or cyberattacks could lead to compromised sense of security and privacy for individuals, leaking private and financial data of affected customers.	— Group Security Strategy — Group Data Protection Policy — Group Cybersecurity Policy	— Cyber Security and Data Protection — Employee Trainings	

EBC Group commits itself to meeting its responsibilities towards consumers and end-users regarding human rights, labour standards and the fight against corruption. The principles included within the Group’s strategy derive from the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the United Nations Convention Against Corruption, among others.

EBC Group’s Code of Conduct sets out a commitment to understand the needs, views and opinions of the Group’s customer base as well as providing adequate access to products. In addition, EBC Group is committed to responding to feedback from its customers on a range of topics. This commitment illustrates how its policies are aligned with international instruments that respect the human rights of its customer base as it references the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises as a basis. These international instruments are also incorporated into EBC Group’s policies ensuring that operations involving EBC Group’s customer base are undertaken with the highest standards of ethical behavior and respect for human rights. In 2025, no human rights violations were reported in relation to EBC Group’s client base.

Furthermore, any non-respect of human rights within the downstream value chain is reported and addressed promptly through the whistleblowing platform. This reporting mechanism allows EBC Group to maintain transparency and accountability, ensuring that any violations are identified and rectified in a timely manner.

FINANCIAL HEALTH

EBC Group guides its clients through important decisions and enables them to make choices that improve their financial health. Financial health is the way in which EBC Group provides its clients with a financial mindset and a set of tools that help them make better financial decisions and take control of their future. Additionally, EBC Group follows the strategic approach and direction of Erste Group.

In that regard, EBC Group’s monitoring process for financial health is based on five indicators that support its customers to 1) live within their means, 2) build their financial reserve, 3) ensure their risks, 4) plan retirement and 5) invest for future. The calculation of these indicators helps Erste Group take a personalized approach towards supporting each customer. The Group Retail Transformation department is responsible for monitoring and implementing the framework that is currently being rolled out within the core markets which will apply to the EBC Group as well.

The financial health of EBC Group’s retail customers is reflected by the status and stability of their financial situation. By analysing and evaluating the financial health indicators of its customers, EBC Group can better understand their needs to help them become financially independent. Information regarding the framework, including the indicators will be also available to customers online.

PRIVACY

EBC Group prioritizes the protection of customer data, recognizing that the right to data protection is enshrined in the EU Charter of Fundamental Rights. The Group Security Strategy outlines the Group Security Principles that serve as a foundation for reasoning and decision making regarding the direction of Group Security. These five principles are as follows:

1. **Security as a part of Erste DNA** to involve and train key business areas to integrate "security and resilience by design" in major critical processes and trends.
2. **Striving simplicity** to reduce interfaces, roles involved, approvals/reviews required, data sources and user interactions in the security process.
3. **Data Driven Security** to govern security maturity and compliance that is supported by the collection and analysis of real raw data directly from Group security solutions rather than information interpreted and delivered by key people.

4. **Risk integration** to prioritize the implementation of new/enhanced controls, using the group's Cyber Risk Profiles for decision making.
5. **Customer orientation** to provide improved customer experience across key security processes and tools as well as in the execution of key operations.

These principles rest on collaboration within the group through in-person and online channels as well as an emphasis on the responsibility for security being shared by all employees. The Group Security Strategy is approved by the Management Board and aligned with regulatory standards, specifically the objectives of international instruments such as the GDPR, which aims to protect individuals in regard to their personal data.

Additionally, many security policies and procedures govern security-related requirements and controls for systems, infrastructure and EBC Group's own employees to protect the data of its customers. Compliance with these policies is mandatory for EBC Group, their relevant security entities as well as all subsidiaries of the EBC Group. Further details on the specifics of these policies as they relate to Data Protection and Cybersecurity are outlined below under the relevant sub-heading.

EBC Group places significant emphasis on providing customers with clear and comprehensible information regarding the processing of their personal data. Where necessary, prior consent for the processing of personal data is obtained. Further information related to data protection is made available to EBC Group's customers on the website. This includes the rights of its clients regarding their data as well as whom to contact in case of any concerns related to data processing or potential breaches.

EBC Group ensures that employees are well-informed about the implementation of Group policies related to privacy through yearly trainings. This comprehensive understanding enables EBC's staff to better serve its customers by adhering to high standards of service and data protection. Consequently, these policies directly support EBC's commitment to meeting the needs and rights of its customers, while mitigating the risk of any cyberattacks or data breaches. This policy is available internally.

Personal Data Protection

EBC had enacted internal acts as appropriate governance framework regulating all relevant aspects of (personal) data protection area and it's employees have been properly educated about their obligations when processing personal data.

Cyber Security

Cyber security of EBC Group operates under a robust set of cyber security policies and procedures. The Cyber Security Policy outlines clear objectives, governance structures and technical safeguards to protect customer data and assets. The overarching objective of the cyber security framework is to protect all types of information assets from cyber threats. Additionally, it outlines the organisational structure, related roles and responsibilities as well as definitions and implementation activities to be performed at both group and local levels. Due to the dynamic nature of cyberthreats, EBC Group's Cyber Security Policy is annually reviewed and aligned to reflect developing technologies, or changing legal or regulator requirements like the Digital Operational Resilience Act (DORA).

EBC Group Chief Information Security Officer (EBC Group CISO) is specifically accountable for cyber and information security control and management within EBC Group, including the definition of EBC Group's cyber and information security strategy. A responsibility of the EBC Group CISO is to monitor and support the local implementation of cyber and information security, ensuring it follows 'good practices' and is executed effectively, efficiently and consistently in daily operations.

The rules and requirements stipulated by the Cyber Security Policy are binding for all EBC Group employees, contractors or service providers who implement, manage or operate ICT solutions used by or for the EBC Group entities and their employees and customers.

S4-2 – PROCESSES FOR ENGAGING WITH CONSUMERS AND END-USERS ABOUT IMPACTS

Privacy

The processes surrounding the GDPR are regulated and thus are valid for all customers, regardless of their background. Therefore, EBC Group does not directly engage with its customer base for insight into an already heavily regulated process. For further information please refer to chapter S4-3 "Processes to remediate negative impacts and channels for customers and end-users to raise concerns".

Financial Health

Through analysing and evaluating the financial health of its customers, including those in financial difficulties, EBC Group better understands their needs and help them to become more financially independent.

EBC Group is also able to determine whether the actions, products and services it recommends to its customers are making a difference in their financial health, as well as defining areas to focus its efforts on to ultimately benefit its customers.

Direct engagement with retail customers occurs through a variety of channels, both online and in the branches where EBC Group offers advisory services to help them achieve their financial goals. To ensure that its customers continue to benefit from EBC Group's positive impacts, an advisory framework is in place. This framework revolves around encouraging active customer engagement around EBC Group's advisory propositions, which leads to addressing their drivers of financial health. A key method to facilitate this process is through the democratisation of advice across all channels and increased accessibility. In that regard,

EBC Group's monitoring process for financial health is based on five indicators that support its customers to 1) live within their means, 2) build their financial reserve, 3) ensure their risks, 4) plan retirement and 5) invest for future. The Group's Retail Transformation department is responsible for monitoring and implementing the framework that is currently being rolled out within the core markets which will apply to the EBC Group as well. The financial health of EBC Group's retail customers is reflected by the status and stability of their financial situation. By analysing and evaluating the financial health indicators of its customers, EBC Group can better understand their needs to help them become financially independent. Information regarding the framework, including the indicators will be also available to customers online.

S4-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS

PRIVACY

Data breaches are defined as breaches of security leading to the accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, personal data transmitted, stored or otherwise processed. The reasons for a data breach can vary, e.g. from an email sent erroneously to the wrong recipient, to a system malfunction. Data breaches can be detected through internal technical or organisational measures (e.g., through the data leak prevention system or through internal reports from employees that became aware of the data breach) or through external reports (e.g., through a notification from the wrong recipient).

Reported data breaches are handled by expert teams who assess the potential risks using an internally developed data breach risk assessment tool, based on the methodology provided by the European Union Agency for Cybersecurity. Remedial action is taken by active engagement, such as directly contacting the person who reported or caused the data breach and instructing them on how to remediate the threats to the rights and freedoms of the data subjects. The relevant actions range from deleting data, to changing of passwords, giving general advice on how to secure data or how to adapt processes to make them even more data protection friendly. Refresher courses and ultimately disciplinary measures are also actions that help to prevent data breaches and mitigate the associated risks. Developing and refining EBC Group's response to data breaches and cyberattacks is a crucial element of its risk mitigation efforts. This includes clear protocols for identifying, reporting, investigating, lessons learned and mitigating any potential negative impact on customers.

EBC Contact Center is the first port of call for instant customer support, playing a crucial role in maintaining strong business relationships. They are available from 7:00 – 22:00 except holidays (on holidays only card deactivation possible)) and can be contacted by many communication channels: telephone, e-mail, web chat, George chat, George authorized calls, IVR, WhatsApp, Viber, George Messenger, Facebook Messenger. Client can contact each EBC Group entity related to processing of his personal data at contact information published on website applicable for each individual Erste Group entity.

Complaints raised by customer base are seen as a crucial in helping to refine and improve upon processes in place. For specific privacy-related matters, contact details are provided online and in the data protection notice. Further reinforcing EBC Group's commitment to transparency and trust in its business interactions, customer complaints can be reported on an anonymised basis via a whistleblowing platform (for more information, see chapter G1-1).

In 2025 group customer complaints were related to privacy matters. Furthermore, research is conducted into the levels of satisfaction with the customer complaints processes to determine effectiveness as well as their overall levels of usage and knowledge of the channels available. This information is collected in the form of structured online interviews targeted at those who have submitted complaints. Further trust of these processes is facilitated through reporting on an anonymized basis. Any complaints involving EBC Group's business relationships can also be made through EBC Group's call centre and online, with each complaint being treated as important with the aim to resolve them in the best possible way. Information on how to contact the service is publicly available on EBC Group's website.

S4-4 – TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END- USERS, AND EFFECTIVENESS OF THOSE ACTIONS

EBC Group’s various initiatives share a common goal of promoting financial and social inclusion, while mitigating the impact and risk of data breaches and cyberattacks. These actions are designed to address the diverse needs of different demographic groups, from individuals facing financial exclusion to entrepreneurs trying to start their own business. Continuous monitoring, regular assessments and stakeholder engagement are integral to ensure the effectiveness and adaptability of these actions and in order to identify what action is needed and appropriate in response to potential negative impact on consumers and/or end-users;. By focusing on education, financial stability and social innovation, EBC Group aims to create a positive and lasting impact on its customer base.

Resources for actions related to financial health and privacy are allocated within the respective teams at both group and local levels. All the following actions are performed on an ongoing basis. In 2025 there were no incidents of severe human rights abuses towards the Group’s retail customer base.

Table 35: List of key actions related to consumers and end-users

Sub-topic	List of key-actions	Policy
S4-Financial health (entity specific)	Private Individuals	Social Banking Strategy
	Financial Literacy	Overarching group objective
S4-Privacy	Employee Trainings	Corporate Security Strategy
	Cyber Security and Data Protection	Cyber Security Policy, Data Protection Policy

FINANCIAL HEALTH

Private Individuals

The implementation of financial health indicators within the financial health framework involves advising clients on their current financial situation and jointly identifying opportunities for improvement. For each financial health indicator, EBC Group, in line with the Erste Group approach, applies defined sets of measures and recommendations that are activated depending on the individual circumstances of the client. These measures are implemented on continuous basis.

For example, for clients for whom an increased risk of financial vulnerability has been identified, the approach enables raising awareness of and monitoring a monthly budget tailored to the client’s actual income and expenses. Furthermore, clients may be advised to take out appropriate insurance products to protect against potential adverse life events, such as illness or loss of employment.

Financial literacy

The School of Smart Finance

The School of Smart Finance is a financial literacy programme by Erste Bank Croatia (EBC), encompassing workshops for all adult citizens as well as primary and secondary school students. This national program offers workshops free of charge and aims to engage as many citizens as possible in acquiring knowledge and skills in personal finance management, encouraging them to think about future life and financial goals, and to consciously manage their spending.

During 2025, more than 90 workshops were held, attended by almost 2000 participants. In total, from 2019, nearly 1,000 workshops have been conducted so far, with more than 17,000 participants.

Time horizons include end-of-year, five-year, and ten-year estimates. Information includes the number of workshops and participants, as well as workshop satisfaction survey results and encompasses the results of PR and marketing activities, along with projections of material impacts.

PRIVACY

Cyber Security and Data Protection

EBC Group's proactive approach reflects its deep dedication to have the trust of its customers, partners and stakeholders. It continuously invests in advanced and innovative technologies, robust infrastructure and expert teams to ensure that all the data of EBC Group are handled in a secure and confidential manner. In today's increasing digital banking world, EBC Group is committed to protect its assets and customer data with state-of-the-art cyber security services and tools. EBC Group's multi-layer security architecture includes, for example, advanced firewall technologies, distributed denial of service (DDoS) protection, comprehensive endpoint detection and response (EDR) solutions, cyber threat intelligence (CTI), security operation centre (SOC) as well as robust intrusion prevention systems (IPS).

A specific Control Framework is used for the core markets to ensure ongoing adherence to cybersecurity and data protection standards and to identify any areas requiring improvement. The design and execution of the control framework is derived from requirements defined in the Cyber Security and Data Protection Policies and Procedures. The scope of the control framework is to monitor the proper implementation of policy and procedure requirements. A self-assessment is done on a local level and afterwards approved on group level. Continuous monitoring also includes the regular reporting of groupwide Key Performance Indicators by Local entities to identify the effectiveness of implemented preventive, detective and corrective measures.

In 2025, EBC Group spending on the topic of cybersecurity totalled EUR 7 million (2024: EUR 5 million). Information on resource management in relation to the topic of privacy can be found under 'S4-1 - Policies related to consumers and end-users' EBC will continue to allocate adequate financial resources to cybersecurity to ensure the resilience and security of its systems, with planned investments for 2026 expected to remain at a comparable level.

Employee trainings

Investing in customer-centric training programs ensures all staff members are well equipped with the knowledge and skills necessary to handle customer data securely. In the training material, great emphasis is put on the detection, prevention and handling of data breaches. In addition, our employees are then expected to be able to communicate effectively to our customers about the processing of their personal data. By emphasizing the importance of data protection and security, EBC aims to not only safeguard its customers' information and maintain their trust in its organisation but also to foster a culture of responsibility by raising awareness among its employees about potential risks.

EBC Group also invests in cyber security trainings and awareness campaigns to help employees recognizing and avoiding cyber threats such as phishing campaigns or social engineering attacks. Therefore, EBC Group regularly educates its employees, executives, board members and specific user groups (such as branch office employees, newcomers and trainees) through EBC Group's cybersecurity awareness programme, including mandatory annual web-based training, as well as phishing simulations and security awareness events. In addition to the cyber security awareness program focusing on internal and external personnel, EBC Group also sets activities to help its customers strengthening their cyber security awareness. EBC Group offers best-practice recommendations and cyber security awareness sessions to educate on how to detect, prevent and respond to cyber threats.

Employees are required to undertake the training once a year and EBC Group monitors the participation rate. The training program is overseen by the Data Protection Officer (DPO), with dedicated team responsible for organizing and conducting these training sessions. In accordance with personal data protection and information security internal acts, these educations are conducted on a regular and ad-hoc basis – including the existing employees and new employees via onboarding process. During 2025., 92% of EBC employees have successfully completed the regular annual education regarding information security and personal data protection which represents a potential slight drop compared to 2024. when 95% of employees have successfully completed this education. Although this number may be seen as a drop in education trend, it is necessary to point out that not all employees have been able to participate in such educations, due to the fact that some of them may have been absent for longer periods due to various objective reasons, such as maternity or longer sick leaves.

S4-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

FINANCIAL HEALTH

Target on Social Banking financing for private individuals

The financing of private individuals in financial difficulty serve as a component of the total financing target for Social Banking. Information on the target of Social Banking financing can be found under S3-5 - "Targets related to advancing positive impacts. Namely, by promoting social banking and achieving these targets, EBC Group also contributes to the financial health and economic stability of its customers.

PRIVACY

Due to the high level of regulation within the fields of data protection and cybersecurity, EBC Group has set no additional overarching quantitative targets. However, EBC Group's aim is continued strict compliance with the GDPR to ensure the highest level of protection for customer data and to prevent regulatory penalties.

Governance information

Business conduct

This section focuses on EBC Group’s business conduct and its commitment to ethical behavior. EBC Group places a high value on ethically correct behavior, considering it as a fundamental prerequisite for its business activities and strategic priorities. This commitment is reflected in its Statement of Purpose, which requires employees to consider not only the legality and profitability of business decisions but also whether they are the right thing to do. Building on this foundation, EBC Group’s Code of Conduct, approved by the management board in 2015 and updated in September 2025, sets forth binding rules and ethical principles for all employees and board members. The Code emphasizes responsibility, respect and sustainability in all business activities. Additionally, EBC Group is committed to the principles of the UN Global Compact, which include upholding human rights, labor standards and combating corruption, drawing from key international declarations and conventions.

In the context of the double materiality assessment (DMA), two sustainability matters have been identified within Business Conduct, each with potential negative impacts:

Table 36: Material impacts, risks and opportunities related to business conduct

Sustainability matter	Type of IRO	IRO description	Value chain	Time horizon
G1-Protection of whistleblowers	Potential negative impact	The potential lack of protection for whistle-blowers interferes with freedom of expression, potentially leading to retaliation and reprisal, social exclusion and psychological stress for whistle-blowers.	Own operations	All time horizons
G1-Prevention and detection including training	Potential negative impact	A lack of awareness and internal measures could potentially lead to corruption or bribery incidents with legal consequences including labour law sanctions as well as civil and criminal proceedings for employees. (also material for Incidents of corruption or bribery)	Own operations	All time horizons

Protection of whistleblowers

The established protection mechanisms for whistleblowers at EBC Group play a crucial role in preventing individual risks for whistle-blowers. Without these secure and confidential reporting channels, individuals who expose misconduct could face serious consequences, such as retaliation, professional disadvantages, or social exclusion. Such outcomes could also have a lasting impact on trust in the organisation.

The established reporting channels serve to prevent individual whistleblowers from facing isolation or disadvantage resulting from inadequate protection. They limit potential harm to single cases, as regular audits and transparent processes ensure the effectiveness of the mechanisms.

Corruption and bribery – prevention and detection including training

Training programs aimed at preventing and detecting corruption and bribery are a key pillar of EBC Group’s anti-bribery and corruption (ABC) strategy. Offered to all employees, these initiatives play a crucial role in fostering awareness and understanding of ethical conduct. Without such measures, a lack of knowledge and sensitivity to conflict of interest (CoI) and ABC risks could result in employees failing to identify corrupt practices or becoming unintentionally involved in them, whether through active or passive participation.

In the event of a corruption-related incident, the consequences can be severe. The resulting loss of trust in the organisation would be difficult to restore and could necessitate extensive and prolonged remediation efforts. Moreover, such incidents may lead to significant reputational damage, financial losses and even criminal consequences for the individuals involved or the company itself.

Ultimately, these preventive initiatives help cultivate a strong business conduct for the sake of zero tolerance to bribery and corruption, reinforcing EBC Group’s reputation as a principled and trustworthy financial institution.

G1-1 – BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

EBC Group's policies relating to business conduct comprise the Code of Conduct at EBC Group, which fosters its corporate culture by embedding its core values of people, fairness and transparency into every aspect of its operations. Therefore, EBC Group's culture is aligned with its group and business strategy Erste Group values. Leadership plays a pivotal role in EBC Group's culture, guided by its five leadership dimensions: out of comfort zone, servant leadership, performance impact, future orientation and client orientation. The Code of Conduct also serves as a guide for leaders to ensure the organisation is fit for the future while adhering to all relevant ethical standards. EBC Group on yearly basis monitors and if needed refines its culture through exchanges, employee feedback and 360° leadership evaluations to ensure it remains strong and effective. Code of conduct is available on EBC website. EBC Group enhances its corporate culture through leadership development, employee training on values and ethics, conducting 360° Leadership feedback and engagement surveys. EBC Group also participates in Open Forums and working groups, and provides onboarding programs. EBC Group's cultural initiatives include Diversity and Inclusion (D&I), Social Responsibility, and Sustainability efforts.

To ensure the integrity and trust in the organisation, EBC Group has implemented two key policies: the Whistleblowing Policy and the Policy on CoI and ABC. These policies are essential components of its governance structure and contribute to an ethical and transparent work environment.

Protection of whistleblowers

The Whistleblowing Policy at EBC Group establishes group-wide standards to identify, report and investigate concerns about unlawful behavior. Whistleblowing policy is based on the EU Directive 2019/1937 transposed into the Croatian Whistleblower Protection Act .

EBC Group provides various channels for reporting concerns, including an intranet portal, mail, telephone and personal meetings. These channels are accessible not only to employees but also to third parties, in accordance with applicable whistleblower protection laws. Information about whistleblowing is provided through EBC intranet portal and internal mandatory trainings. Whistleblowing officers are qualified and authorized employees educated to operate securely, maintaining the confidentiality of the whistleblower's identity and third parties.

The Whistleblowing officer, receive and process the information regarding the process and protection against retaliation is available in provided by the FAQ section of Erste Group's Whistleblowing platform, Erste Integrity. The 'Erste Integrity' program includes an internal reporting office where employees can report suspected cases or ask questions about possible violations. The Whistleblowing officer, under the Chief Risk Officer division, is staffed by qualified and authorized employees within the Non-Financial Risk Division function. Reports are received and processed confidentially according to a standardized process, with all reports being investigated and appropriate measures taken if necessary. The system provides safeguards for whistleblowers, including anonymity protection, protection of involved individuals and protection against false accusations. Correct processing of concerns is ensured through regular reporting to the Management Board, as well as internal and external audits.

Whistleblowing Policy covers all employees, customers and third parties and includes a category for 'Unacceptable behavior' to address concerns of violence, discrimination, harassment and similar misconduct. The Non-Financial Risk Division within the Chief Risk Officer area along with Human resources Division is responsible for implementing this with the involvement and support of employee representatives to ensure better acceptance among employees.

All policies related to employees are available on the intranet, accessible to internal stakeholders and external stakeholders are informed via Erste Group websites and the 'Erste Integrity' Whistleblowing platform on the internet.

Corruption and bribery – Prevention and detection including training

The Policy on CoI and ABC directly addresses the potential negative impacts identified in the materiality assessment, Corruption and bribery - Prevention and detection including training. The policy establishes comprehensive standards to prevent and detect conflicts of interest, bribery and corruption. The policy is derived from the Statement of Purpose and the Code of Conduct. Responsibilities and standardized procedures for managing conflicts of interest and Anti-Bribery and corruption throughout all levels of EBC Group's business are defined in the policy. It aims to prevent legal breaches and protect the company's reputation through a responsible corporate culture, a clear compliance framework and appropriate employee qualifications. This policy is implemented through prevention training offered to all employees. This training effectively counteracts potential corruption and bribery, benefiting the interests of consumers, employees and business partners and promoting a trusting and ethical business environment. The procedures to investigate business conduct incidents, including incidents of corruption and bribery, promptly, independently and objectively are described under G1-3 Prevention and detection of corruption and bribery.

All individuals are considered at risk for bribery and corruption therefore EBC Group does not differentiate between employees and persons with an employee-like status (together: employees). Thus, the Conflict of Interest and Anti-Bribery and Corruption web-based trainings (WBT) are mandatory for all EBC employees. The WBT must be repeated every two years. The training provides an overview of different types of conflicts of interest, such as treatment of benefits, secondary activities, organisational CoI, confidential CoI and CoI regarding procurement or the supply chain. The WBT consists of four categories: general information, treatment of benefits, treatment of secondary activities and personal and close relationships. It details various terms to ensure a uniform understanding and presents the reporting and approval processes for different types of CoI involving various stakeholders. The trainings are centrally defined in Croatian. Employees must pass a knowledge test with a rate of at least 80% at the end of the training. An additional targeted training course is conducted for those at EBC Group who are particularly exposed to situations where corruption or bribery could occur. This training is aimed at members of the Management Board, as well as employees working in sales, sponsorship, cooperation, donations and marketing, due to a risk-based approach.

Compliance Group monitors the e-learning completion rates with support from the department of Human Resources Division and is locally responsible for the monitoring of the e-learning implementation and escalating cases of non-completion. According to Human Resources Division statistics at the end of 2024, completion rate was 94%, and 92% at the end of 2025.

Monitoring processes include reporting obligations via a reporting tool or email, data analysis by the Non-Financial Risk Division to detect material gaps for training purposes, ad-hoc controls when conflicts of interest arise and desk reviews. All relevant EBC Group entities and their staff must implement necessary policies, processes and infrastructure to fully support compliance with the defined minimum standards. The policy applies across all geographies in which EBC Group operates and addresses the needs and concerns of all affected stakeholder groups.

The policy is approved by all members of the Management Board, who are legally accountable and liable for the group-wide ABC policy. The document is owned by Non-Financial Risk Division and follows a review cycle of two years, during which contents are reviewed and assessed based on changes in legal acts or recommendations from public authorities. Investigations regarding the prevention and detection of corruption and bribery are carried out by the Compliance Group and it is separate from the chain of management.

The policy is made available through the intranet for all employees and is part of the WBT that all employees must complete. Local process owners define detailed processes and regulations, which are rolled out via the intranet to employees.

G1-3 – PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

Internal fraud involving bribery and/or corruption occurs when an employee unlawfully accepts or offers bribes to influence decisions or gain undue advantages. A corruption incident is defined as the abuse of entrusted public or business power, office, or resources for private gain, either by elected government officials or by other private individuals. Bribery, a form of corruption, is defined as the act of receiving a benefit, whether financial or non-financial, that alters the behaviour of the recipient. A bribery incident involves intentionally offering, giving, receiving, or soliciting the benefit, directly or indirectly, or through a third party, to improperly influence a person in the performance of a duty, to obtain or retain a benefit or any undue advantage, or to influence the actions of an official or other person in charge of a public or business duty.

When an incident of internal fraud involving bribery or corruption is suspected, the Non-financial Risk Management Division performs comprehensive investigation on incident. Within the EBC Group, Compliance Group is, along with Financial Crime Group and Operational and ICT Risk Management Group part of Non-financial Risk Management Division assigned to the Chief Risk Officer but reporting directly to the Management Board which ensures that all allegations are investigated independently and comprehensively. Responsibility for compliance matters - in the event of breaches of ethical behaviour - lies with Human Resources Division which is assigned to the Chief Executive Officer but reports directly to the Management Board. The outcomes of investigations are reported to management according to internally defined escalation processes. In case a suspicion on internal fraud occurs for an employee, who has already been dismissed, the Non-financial Risk Management Division together with Human Resources Division and Legal Division will perform steps on the matter, which might lead to legal actions.

Therefore, EBC Group has established robust procedures to prevent, detect and address allegations or incidents of corruption and bribery. These efforts focus on ensuring compliance with financial sanctions, embargoes, securities compliance and good conduct compliance, which includes anti-bribery and anti-corruption agendas. In addition, EBC has introduced dedicated Guidelines for the Handling of Business Gifts, and the Marketing Department's internal "Sponsorships and Donations Rulebook," both of which fully align with the policy.

Regular risk-based monitoring by Non-financial Risk Management Division units ensures adherence to these procedures and raises awareness of compliance risks among all relevant staff. Critical conflicts of interest, particularly those indicating corruption, are reported to the Board and Supervisory Board of EBC Group. Compliance officers are provided with specific internal working instructions outlining procedures to prevent, detect and address allegations or incidents of corruption and bribery. Investigations are carried out by the Non-financial Risk Management Division which operates independently from the chain of management, ensuring unbiased and thorough investigations. An escalation process involving various stakeholders (internal audit, Human Resource, Legal Division) is conducted to investigate potential cases of corruption or bribery.

Fraud is addressed by EBC Fraud Management, which provides a comprehensive and mandatory fraud prevention training to employees. This training educates employees on common fraud schemes, red flags, preventive measures and reporting procedures, including internal fraud awareness. It includes EBC Group's legal/regulatory framework around fraud, addressing its zero-tolerance policy and elaboration of all types of fraud. The training tackles techniques how to detect fraud, strategies to prevent and how to report fraud. The training is designed for both new and existing employees, with specific formats and frequencies to ensure comprehensive coverage. New employees receive on-site fraud training available in Croatian. All employees must complete the mandatory web-based fraud training available on the Local EBC Group learning platform every two years. Compliance Group monitors the e-learning completion rates with support from the Human Resources Department, which is locally responsible for monitoring the e-learning implementation and escalating cases of non-completion.

The following data includes the completion rates of entities within the EBC scope, which is basically based on majority stakes and the Compliance's risk-based approach. The scope differs from the IFRS consolidation scope as Izbor nekretnine d.o.o. and Erste Card Club d.o.o. are not included.

Table 37: Anti-corruption and bribery training

	2024		2025	
	Staff at-risk functions	Management Bodies	Staff at-risk functions	Management Bodies
Training coverage	89.00%	92.00%	89.00%	92.00%
Total trainings completed	3,004	22	2,843	23

The coverage percentage for 2025 reflects the staff-at-risk functions and Management Board members who have completed the training during the 2025 cycle. All employees within the scope are required to complete the training at least once every two years, ensuring that everyone undergoes the training within the prescribed period.

Training data are based preliminary on completion of the groupwide Web-Based-Training on COI & ABC (or its localized versions). Where this training was not yet implemented, comparable local COI & ABC training formats were considered in the statistic. Group Conduct Compliance recommends entities to assign the WBT to all staff at least every two years. The WBT covers all relevant aspects around the different types of conflicts of interests, corruption and bribery, how they occur, how they can be prevented and reported. It is based on Erste Group's legal/regulatory framework and the Group CoI/ABC Policy, which establishes zero-tolerance towards all types of corruption and Bribery. The WBT takes 1 hour, with the theoretical input lasting 45 minutes and the quiz 15 minutes. Additional ad-hoc trainings vary in duration and are adapted to the specific content and targeted audience, based on local entity risks. Members of the Supervisory Board are obliged to yearly participate in defined regulatory educations. HR division has to as-sure adequate provider and learning platform. Currently, these regulatory educations are provided by EY via e-learning platform and topics relevant for this report are included.

G1-4 – INCIDENTS OF CORRUPTION OR BRIBERY

Incidents of corruption or bribery within an organisation can severely undermine its integrity and ethical standards. At EBC Group, such incidents are treated with the utmost seriousness in accordance with the Policy on CoI and ABC; the EBC Group maintains a strict zero tolerance approach towards any form of bribery or corruption

There have been zero convictions for violations of anti-corruption and anti-bribery laws, and the number of fines for such violations is zero. This mirrors the situation from the previous year, where both convictions and fines were also zero. Measurement of the metric is not validated by an external body other than the assurance provider.

38: List of key actions related to business conduct

Subtopic	List of key-actions	Policy
G1-Corruption and bribery - prevention and detection including training	Training programmes to prevent and detect corruption and bribery	Policy on Conflict of Interest and Anti-Bribery and Corruption

Training programmes to prevent and detect corruption and bribery

EBC Group has established comprehensive training programs to prevent and detect corruption and bribery, aligned with the Policy on CoI and ABC. These ongoing actions are designed to raise awareness, prevent corruptive behavior and address any material gaps, thereby supporting the positive impact of promoting a trusting and ethical business environment (see G1-1 and G1-3 for details).

An additional implementation of a group-wide compliance platform is in progress. The platform is designed to serve as a central hub for knowledge sharing on key compliance topics; including conflicts of interest, the CoI and ABC policies, relevant points of contact and links to WBT resources. Its objective is to enhance accessibility and promote the consistent dissemination of essential compliance information across the organisation.

The progress of these actions is monitored through evaluations of the web-based training, data analysis, checks and risk assessments (see G1-3). Compliance Group, with the support from the Human Resources Division, monitors the completion rates of the e-learning programs and escalates cases of non-completion. By implementing these targeted training programs and the compliance platform, EBC along with Erste Group effectively takes preventive measures to avert the potentially negative impacts identified in the DMA 2025.



**Financial Statements for
the year ended 31
December 2025**

Responsibility for the Financial Statements

Pursuant to the Croatian Accounting Law, the Management Board is responsible for ensuring that separate and consolidated financial statements are prepared for each financial year in accordance with International Financial Reporting Standards (IFRS) as published by International Accounting Standards Board (IASB) and adopted in the EU, which give a true and fair view of the financial position, results of operations and cash flow of Erste&Steiermärkische Bank d.d. together with its subsidiaries and associates (the Group) for that period as well as of Erste&Steiermärkische Bank d.d. (the Bank), separately.

In preparing those financial statements, the responsibilities of the Management Board include ensuring that:

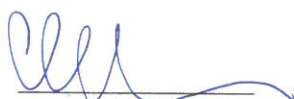
- suitable accounting policies are selected and then applied consistently;
- judgments and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis, unless it is inappropriate to presume that the Group and the Bank will continue in business.

The Management Board is responsible for keeping proper accounting records, which discloses with reasonable accuracy at any time the financial position of the Group and the Bank and must also ensure that the financial statements comply with the Croatian Accounting Law. The Management Board is also responsible for safeguarding the assets of the Group and the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

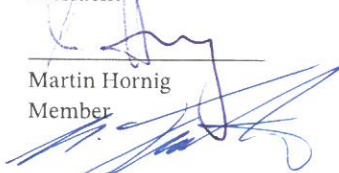
Moreover, in accordance with the Accounting Law, the Management Board is obliged to prepare an Annual Report comprising the financial statements, the Management Report and the Corporate Governance Statement. The Management Report and the Corporate Governance Statement were prepared in line with the requirements of Articles 21, 22 and 24 of the Accounting Law. Also, the Management Board is responsible for the submission of its Annual report, which includes annual separate and consolidated financial statements, to the Supervisory Board for acceptance. If the Supervisory Board approves the Annual report it is deemed confirmed by the Management Board and Supervisory Board.

In accordance with Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/ EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of the single electronic reporting format ("ESEF Regulation"), the Management Board is obliged to prepare and publish separate and consolidated Annual Report in XHTML format and to mark the annual financial statements prepared in accordance with IFRS in XHTML format using XBRL codes to meet Article 462 requirements of the Capital Market Act.

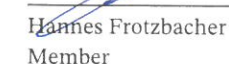
After making enquiries, the Management Board has a reasonable expectation that the Group and the Bank have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements.



Christoph Schoefboeck
President



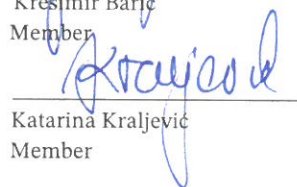
Martin Hornig
Member



Hannes Frotzbacher
Member



Kresimir Baric
Member



Katarina Kraljevic
Member

Erste&Steiermärkische Bank d.d.
Jadranski trg 3a
51 000 Rijeka
Republic of Croatia

26 March 2026

Independent Auditor's Report

To the shareholders of Erste&Steiermärkische Bank d.d.

Report on the Audit of Separate and Consolidated Annual Financial Statements

OPINION

We have performed an audit of the separate and consolidated annual financial statements for the year ended 31 December 2025 of credit institution Erste&Steiermärkische Bank d.d., Rijeka, Jadranski trg 3/a ("the Bank") and its affiliated companies ("the Group"), which include the Separate and Consolidated Statement of Financial Position as at 31 December 2025, Separate and Consolidated Statement of Profit or Loss, Separate and Consolidated Statement of Other Comprehensive Income, Separate and Consolidated Statement of Cash Flows and Separate and Consolidated Statement of Changes in Equity for the year then ended, with Notes to the Separate and Consolidated Annual Financial Statements, including a summary of significant accounting policies.

In our opinion, the enclosed separate and consolidated annual financial statements, in all material respects, give a fair presentation of the separate and consolidated financial position of the Bank and the Group as at 31 December 2025, their separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU.

BASIS FOR OPINION

We performed our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in our Independent Auditor's Report in the *Auditor's Responsibilities for the Audit of the Annual Separate and Consolidated Financial Statements* section. We are independent of the Bank and the Group in accordance with the International Code of Ethics for Professional Accountants (with International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) (the IESBA Code), as applicable to audits of the annual separate and consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the annual separate and consolidated financial statements of public interest entities in the Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PKF FACT revizija d.o.o.

www.pkf-fact.hr

Zagreb: Zadarska 80, 10 000 Zagreb; **Karlovac:** Marmontova aleja 31, 47000 Karlovac **OIB:** 66538066056 **MBS:** 050001274 **E:** ured@pkf.hr

PKF FACT revizija d.o.o. upisana u registar Trgovačkog suda pod br. MBS – 050001274. Temeljni kapital 8.680,00 EUR, uplaćen u cijelosti.

Uprava: Jeni Krstičević, predsjednik Uprave i Ljiljana Lalić Dubravčić, član Uprave.

Privredna Banka Zagreb d.d., IBAN HR8123400091100068593, SWIFT: PBZGHR2X; Slatinska banka d.d., IBAN HR9324120091139006395, SWIFT: SBSLHR2X

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Independent Auditor's Report (continued)

Report on the Audit of Separate and Consolidated Annual Financial Statements (continued)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were most significant in the audit of the separate and consolidated annual financial statements for the current period. These matters were addressed in the context of our audit of the separate and consolidated annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our Independent Auditor's Report:

Key audit matter	How we addressed the key audit matter
<p>Impairment Assessment for Credit Losses on Loans and Advances to Customers</p> <p>As of 31 December 2025, the Bank and the Group reported credit losses on loans and advances to customers, with the Bank recognising EUR 244 million and the Group EUR 269 million. We have selected the impairment assessment as a key audit matter due to the complexity of the calculation and the subjectivity of the judgments involved, which are based on an extensive process for determining the amount of impairment for credit losses, assessing the timing of its recognition, and the complex model for calculating expected credit losses. Impairment directly affects capital preservation and its adequacy.</p> <p>For loans classified in Stage 1, impairment is calculated on a collective basis as an amount equal to the expected credit losses over a twelve-month period. If there has been a significant increase in credit risk, the expected credit loss is calculated over the lifetime of the loan, and the loans are classified as Stage 2. For loans in default status that are not individually significant, credit losses are calculated on a collective basis.</p> <p>Expected credit losses for exposures ("ECL") are determined based on the probability of default at the exposure level ("PD"), the loss given default ("LGD"), the definition of a significant increase in credit risk, and the exposure at the time of the default status ("EAD").</p>	<p>Our audit approach was as follows:</p> <ul style="list-style-type: none"> • We documented the credit management process and gained an understanding of the control environment; • We spoke with Bank and Group employees to understand the internal controls for credit risk management, the loan approval and monitoring process, and the procedures for assessing loan and advance impairments; • We assessed the operational effectiveness of individual controls, with our IT experts evaluating and testing the IT control environment across data and access security, organisation, and implemented processes; • We checked the classification of loans and the corresponding impairments to verify the correct credit risk allocation, in accordance with IFRS 9 and the Decision on the Classification of Placements and Off-Balance Sheet Liabilities of Credit Institutions; • We reviewed and assessed the methodology for recognising provisions for ECL, including the estimates of probability of default (PD), loss given default (LGD), and exposure at default (EAD), and in the process, we utilised the expertise of specialists in statistical and mathematical models; • We critically evaluated the acceptability of key adjustments ("overlays") applied to the ECL model, based on our understanding of individual industries and macroeconomic indicators;

Independent Auditor's Report (continued)

Report on the Audit of Separate and Consolidated Annual Financial Statements (continued)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How we addressed the key audit matter
<p>Impairment Assessment for Credit Losses on Loans and Advances to Customers (continued)</p> <p>The ECL calculation models use forward-looking information that represents the best estimate of the impact of macroeconomic indicators on the risk of the Bank and the Group's portfolio.</p> <p>For individually significant exposures that have entered default status, credit losses are calculated on an individual basis. The impairment calculation consists of an individual assessment of the difference between the gross carrying amount and the present value of expected future cash flows, including cash flows from the realisation of collateral, where applicable, and the use of key assumptions such as the scenario probability. Discounting of cash flows is based on the effective interest rate.</p> <p>Related disclosures in the respective annual separate and consolidated financial statements.</p> <p>See Note 10. <i>Impairment result from financial instruments under IFRS 9</i>, Note 14. <i>Financial assets at amortised cost - Loans and advances to customers</i>, Notes 29 to 35 for more detailed information on expected credit losses ("ECL") on loans and advances to customers.</p>	<p>Our audit approach was as follows (continued):</p> <ul style="list-style-type: none"> We verified the quality and accuracy of the historical financial information used, the appropriateness of the assumptions used and the macroeconomic prospective information in the IFRS 9 model for ECL; We verified the accuracy of the ECL calculation results on individual exposures using an example with the results obtained from the existing ECL calculation tool and checked their alignment with the accounting records and regulatory requirements; We assessed the appropriateness of the disclosures in relation to IFRS. <p>For impairments determined on a collective basis:</p> <ul style="list-style-type: none"> We reviewed and critically assessed the appropriateness of the definition of a significant increase in credit risk and the indicators that cause such an increase, as well as the consistency of the application of the criteria for assignment to risk groups; We assessed the appropriateness of the exposure classification and the calculation of ECL for exposure levels as of 31 December 2025, and their compliance with the requirements of the Croatian National Bank. <p>For impairments determined on an individual basis:</p> <ul style="list-style-type: none"> We selected a sample of loans, namely those with the largest amount and the highest risk according to individual criteria of the placement group, and performed substantive testing of the selected sample of loans and related receivables in order to assess the correctness of the classification and valuation of loans; We checked the accuracy of financial information to identify loans for which there is a need for impairment, critically reviewed the assessments of financial position and business performance, expected future cash flows, estimates of the time required to collect exposures, the appropriateness of the selected scenarios, the appropriateness of the valuation of collateral and the assessment of the financial impact of cashing in collateral, and the appropriateness of the criteria used to determine significant deterioration in credit risk.

Independent Auditor's Report (continued)

Report on the Audit of Separate and Consolidated Annual Financial Statements (continued)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How we addressed the key audit matter
<p>Provisions for Legal Disputes on Loans Initially Approved or Indexed in Swiss Francs</p> <p>The Bank and the Group are exposed to significant legal claims, the outcomes of which are inherently uncertain and depend on a number of assumptions and judgments. This is why we have focused our attention on this issue. As these are potentially significant amounts where the timing and amount of potential outflows of economic resources required to settle the Bank's and the Group's liabilities are key elements, the Management Board has assessed the future outcomes, the probability of their occurrence and the amounts of contingent liabilities that may arise as a result of these claims in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets ("IAS 37").</p> <p>As of 31 December 2025, the Bank and the Group recognised provisions for legal disputes related to loans that were initially approved or indexed in Swiss Francs ("CHF"). The provisions for legal disputes relate to loans that were not converted into Croatian kuna (HRK) and are still denominated in CHF, including claims for the annulment of the loan agreements in their entirety and claims for the cancellation of specific clauses in the loan agreements, as well as default interest on loans converted from CHF to EUR, where the conversion was carried out in accordance with the Consumer Credit Act.</p> <p>Related disclosures in the corresponding annual separate and consolidated financial statements</p> <p>See Note 45. <i>Provisions</i></p>	<p>Our audit approach was as follows:</p> <ul style="list-style-type: none"> • We got acquainted with the system for recording and managing litigation, interviewed key persons involved in litigation, and learned about the method of determining the necessary provisions as of 31 December 2025; • We obtained a detailed overview of the legal disputes being conducted against the Bank for loans denominated in CHF, as well as the analytics of the provisions recognised for these disputes.; • We performed an understanding of the processes and methodologies used in estimating provisions for legal disputes on loans initially approved in CHF; • We collected information about the legal advisors engaged and received and reviewed the attorneys' responses to our written inquiries and discussed outstanding issues with the attorneys and the Bank; • We critically reviewed the assumptions and estimates used in relation to the claims, including the assessment of the probability of adverse outcomes of legal proceedings, and checked the accuracy of the calculation of the related amounts of required provisions in accordance with IAS 37. We used a legal expert in our procedures, and included all recorded legal proceedings against the Bank in the scope; • We assessed the adequacy of the disclosures in the notes to the annual separate and consolidated annual financial statements.



Independent Auditor's Report (continued)

Report on the Audit of Separate and Consolidated Annual Financial Statements (continued)

OTHER INFORMATION

The Management Board is responsible for the other information. Other information includes the information in the Annual Report, but does not include the separate and consolidated annual financial statements or our Independent Auditor's Report thereon. Our opinion on the separate and consolidated annual financial statements does not include other information.

In connection with our audit of the separate and consolidated annual financial statements, our responsibility is to read the other information indicated above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management Report (excluding the Sustainability Statement) and Corporate Governance Statement, we also performed procedures required by the Accounting Act. These procedures involve verifying whether the Management Report (excluding the Sustainability Statement) has been prepared in accordance with Articles 21, 22, and 24 of the Accounting Act, and whether the Corporate Governance Statement contains the information specified in Article 25 of the Accounting Act.

Based on the procedures performed, to the extent determinable, we hereby report that:

1. The information in the enclosed Management Report and Corporate Governance Statement complies, in all material respects, with the enclosed separate and consolidated annual financial statements;
2. The enclosed Management Report has been prepared in accordance with Articles 21, 22 and 24 of the Accounting Act, not including sustainability requirements. The Sustainability Statement presented separately within the annual separate and consolidated financial statements was audited by another audit firm and is not within the scope of our audit of the annual separate and consolidated financial statements, and
3. The enclosed Corporate Governance Statement includes the information specified in Article 25 of the Accounting Act.

Based on our knowledge and understanding of the Bank's and the Group's operations and its surroundings acquired by us while performing the audit of the separate and consolidated annual financial statements, we are obligated to report any finding of significant misstatement in the Other information (excluding the Sustainability Statement). We have nothing to report in this respect.



Independent Auditor's Report (continued)

Report on the Audit of Separate and Consolidated Annual Financial Statements (continued)

RESPONSIBILITIES OF THE MANAGEMENT BOARD AND THOSE CHARGED WITH GOVERNANCE FOR THE ANNUAL SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

The Management Board is responsible for the preparation and fair presentation of the separate and consolidated annual financial statements in accordance with IFRS and for such internal control as the Management Board determines necessary to enable the preparation of separate and consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated annual financial statements, the Management is responsible for assessing the Bank's and the Group's ability to continue as a going concern, for disclosing, where applicable, matters related to its treatment as a going concern, and for using the going concern basis of accounting unless the Management Board either intends to liquidate the Bank and the Group, cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the separate and consolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Independent Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these separate and consolidated annual financial statements.



Independent Auditor's Report (continued)

Report on the Audit of Separate and Consolidated Annual Financial Statements (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Determine the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether there is any material uncertainty related to events or circumstances that may cast significant doubt on the Bank's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Independent Auditor's Report to the related disclosures in the separate and consolidated annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Independent Auditor's Report. However, future events or conditions may cause the Bank and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the annual consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



Independent Auditor's Report (continued)

Report on the Audit of Separate and Consolidated Annual Financial Statements (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with those charged with governance, amongst other matters, the planned scope and timing of our audit, as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the most significant matters in the audit of the separate and consolidated annual financial statements for the current period and identify them as the key audit matters. We describe these matters in our Independent Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our Independent Auditor's Report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report (continued)

Report on other legal requirements

1. On 25 June 2025, we were appointed by the Bank's General Assembly to audit the annual separate and consolidated financial statements for the year 2025.
2. As of the date of this Report, we have been continuously engaged in the statutory audit of the Bank and the Group from the audit of the annual separate and consolidated financial statements for the year 2024 to the audit of the annual separate and consolidated financial statements for the year 2025, which amounts to a total of two years.
3. Our audit opinion is consistent with the additional report for the Bank's and Group's Audit Committee, prepared in accordance with the provisions of Article 11 of Regulation (EU) No. 537/2014.
4. During the period between the initial date of the audited annual separate and consolidated financial statements of the Bank and the Group for 2025 and the date of this Report, we did not provide the Bank and the Group with prohibited non-audit services and did not provide services in the business year prior to the aforementioned period for the design and implementation of internal control or risk management procedures related to the preparation and/or control of financial information or the design and implementation of technological systems for financial information, and we maintained independence in relation to the Bank and the Group in performing the audit.

Pursuant to the Decision on the structure and content of annual financial statements of credit institutions (OG 80/25, the "Decision"), the Bank's Management Board has prepared the forms shown in Appendix 1 – *Forms according to local requirements* (the "Forms"), entitled Income Statement of the Bank and the Group for the year ended 31 December 2025, Other comprehensive income of the Bank and the Group for the year ended 31 December 2025, Statement of financial position of the Bank and the Group as at 31 December 2025, Statement of changes in equity of the Bank and the Group and Cash flows statements of the Bank and the Group for the year then ended, together with information on the reconciliation between financial statements according to IFRS and local requirements for the year ended 31 December 2025 presented in Appendix 2 - *Reconciliation between financial statements according to IFRS and local requirements*. The Bank's Management Board is responsible for preparing the Forms and reconciling the information. They do not constitute an integral part of the audited annual separate and consolidated financial statements, but contain information in accordance with the requirements of the Decision. The financial information in the Forms is derived from the audited annual separate and consolidated financial statements of the Bank and the Group prepared in accordance with International Financial Reporting Standards as adopted by the European Union, as set out on pages 193 to 350, which are adjusted for the Decision.

Independent Auditor's Report (continued)

Report based on the requirements of Delegated Regulation (EU) 2018/815 supplementing Directive 2004/109/EC of the European Parliament and of the Council regarding regulatory technical standards for specifying a single electronic reporting format

Auditor's Assurance Report on the Compliance of the separate and consolidated annual financial statements, prepared based on the provisions of Article 462, paragraph 5 of the Capital Market Act (OG 65/18, 17/20, 83/21, 151/22, 85/24 and 126/25) in application of the Requirements of Delegated Regulation (EU) 2018/815, which prescribes a single electronic reporting format for issuers (ESEF Regulation).

We have performed an engagement expressing reasonable assurance on whether the separate and consolidated annual financial statements prepared for the purposes of public disclosure under Article 462, Paragraph 5 of the Capital Market Act, which are contained in the attached electronic file "549300A2F46GR0UOM390-2025-12-31-0-en" have been prepared in all material respects in accordance with the requirements of the ESEF Regulation.

RESPONSIBILITIES OF THE MANAGEMENT BOARD AND THOSE CHARGED WITH GOVERNANCE

The Bank's Management Board is responsible for the preparation and content of separate and consolidated annual financial statements in accordance with the ESEF Regulation.

The Bank's Management Board is also responsible for maintaining an internal control system that provides reasonable assurance that the preparation of separate and consolidated annual financial statements is free of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error.

The Bank's Management Board is also responsible for:

- public disclosure of separate and consolidated annual financial statements contained in the annual report in a valid XHTML format and
- choosing and selecting XBRL tags in accordance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the preparation of separate and consolidated annual financial statements in ESEF format as part of the financial reporting process.

Independent Auditor's Report (continued)

Report based on the requirements of Delegated Regulation (EU) 2018/815 supplementing Directive 2004/109/EC of the European Parliament and of the Council regarding regulatory technical standards for specifying a single electronic reporting format (continued)

AUDITOR'S RESPONSIBILITIES

Our responsibility is to express a conclusion, based on the audit evidence obtained, on whether the separate and consolidated annual financial statements have been prepared without material non-compliance with the requirements of the ESEF Regulation. We have carried out this reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) - *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

PROCEDURES PERFORMED

The nature, timeframe, and scope of the selected procedures depend on the auditor's judgment. Reasonable assurance is a high level of confidence, but it does not guarantee that the testing will identify every significant non-compliance with the ESEF Regulation.

As part of the selected procedures, we performed the following activities:

- we read the requirements of the ESEF Regulation,
- we obtained an understanding of the Bank's and the Group's internal control relevant to the application of the ESEF Regulation,
- we identified and assessed the risks of material non-compliance with the ESEF Regulation, whether due to fraud or error, and
- based on that, designed and formed procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The objective of our procedures was to assess whether:

- The separate and consolidated annual financial statements included in the annual report have been prepared in a valid XHTML format,
- The data contained in the separate and consolidated annual financial statements required by the ESEF Regulation has been tagged, and all tags fulfil the following conditions:
 - XBRL was used to tag data,
 - core XBRL taxonomy elements with the narrowest accounting meaning defined in the ESEF Regulation were used unless an extension taxonomy element was created in accordance with Annex IV of the ESEF Regulation,
 - Tags comply with the common rules on markups in accordance with the ESEF Regulation.

We believe the audit evidence we have obtained is sufficient and appropriate to support our conclusion.

Independent Auditor's Report (continued)

Report based on the requirements of Delegated Regulation (EU) 2018/815 supplementing Directive 2004/109/EC of the European Parliament and of the Council regarding regulatory technical standards for specifying a single electronic reporting format (continued)

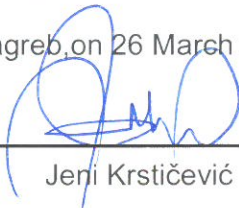
CONCLUSION

In our opinion, based on the audit procedures performed and evidence obtained, the separate and consolidated annual financial statements presented in ESEF format, contained in the aforementioned enclosed electronic file and prepared pursuant to the provisions of Article 462, paragraph 5 of the Capital Market Act for the purpose of public disclosure, comply with the requirements of Articles 3, 4 and 6 of the ESEF Regulation for the year ended 31 December 2025 in all material respects.

In addition to this conclusion and the opinion contained in this Independent Auditor's Report for the enclosed separate and consolidated annual financial statements and Annual Report for the year ended 31 December 2025, we do not express any opinion on the information contained in these presentations or on any other information contained in the aforementioned file.

The partner engaged to audit the separate and consolidated annual financial statements of the Bank and the Group for 2025, which resulted in this Independent Auditor's Report, is Jeni Krstičević.

In Zagreb, on 26 March 2026



Jeni Krstičević
Certified Auditor

PKF FACT revizija d.o.o.
ZAGREB, OIB: 6538066056
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Jeni Krstičević
President of the
Management Board

PKF FACT revizija d.o.o.
Zadarska ulica 80
10000 Zagreb

Statement of Profit or Loss

in EUR million	Notes	GROUP		BANK	
		2024	2025	2024	2025
Net interest income	2	434	442	375	397
Interest income		549	550	500	518
Other similar income		70	63	39	28
Interest expense		(146)	(142)	(125)	(120)
Other similar expenses		(39)	(29)	(39)	(29)
Net fee and commission income	3	134	144	98	113
Fee and commission income		187	206	141	162
Fee and commission expenses		(53)	(62)	(43)	(49)
Dividend income	4	–	–	4	7
Net trading and fair value result	5	16	17	15	16
Gains/losses from financial instruments measured at fair value through profit or loss	6	1	2	2	2
Net result from equity method investments		1	2	–	–
Rental income from investment properties & other operating leases	7	7	7	–	–
Personnel expenses	8	(136)	(145)	(111)	(121)
Other administrative expenses	8	(114)	(119)	(87)	(99)
Depreciation and amortisation	8	(30)	(30)	(20)	(20)
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	9	(5)	–	(5)	–
Impairment result from financial instruments	10	18	(8)	17	(10)
Other operating result	11	(15)	(5)	(7)	(6)
Other operating income	11	11	10	11	7
Other operating expenses	11	(26)	(15)	(18)	(13)
Pre-tax result for the period		311	307	281	279
Income tax	12	(61)	(54)	(55)	(49)
Net result for the period		250	253	226	230
Net result attributable to non-controlling interests		3	4	–	–
Net result attributable to owners of the parent		247	249	–	–

The attached accounting policies and notes are an integral part of the financial statements.

Earnings per share

For the purposes of calculating earnings per share, earnings are calculated as the net profit for the period attributable to ordinary shareholders after deducting preference dividends, if any. In the Group there is no any preference shares. A reconciliation of the profit after tax attributable to ordinary shareholders is provided below.

in EUR million	GROUP	
	2024	2025
Net result for the period	250	253
Net result attributable to owners of the parent	247	249
Weighted average number of shares (for basic earnings per share)	16,984,175	16,984,175
Earnings per ordinary share – basic (in EUR)	14.52	14.66

Statement of Other Comprehensive Income

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Net result for the period	250	253	226	230
Other comprehensive income				
Items that may be reclassified to profit or loss				
Fair value reserve of debt instruments	28	12	26	11
Gains/losses during the period	25	13	24	12
Reclassification adjustments	5	–	5	–
Credit loss allowances	(2)	(1)	(3)	(1)
Income taxes relating to items that may be reclassified	(5)	(2)	(5)	(2)
Gains/losses during the period	(4)	(2)	(4)	(2)
Reclassification adjustments	(1)	–	(1)	–
Total	23	10	21	9
Total other comprehensive income / (loss)	23	10	21	9
Total comprehensive income	273	263	247	239
Total comprehensive income attributable to non-controlling interests	3	4	–	–
Total comprehensive income attributable to owners of the parent	270	259	–	–

The attached accounting policies and notes are an integral part of the financial statements.

Statement of Financial Position

in EUR million	Notes	GROUP		BANK
		31 December 2024	31 December 2025	31 December 2024
Assets				
Cash and cash balances	13	3,380	3,062	2,905
Financial assets – held for trading		19	19	19
Derivatives	17	19	14	14
Other financial assets held for trading	18	–	5	5
Pledged as collateral		–	1	1
Non-trading financial assets at fair value through profit or loss		9	10	10
Equity instruments	19	4	5	5
Debt securities	19	5	5	5
Financial assets at fair value through other comprehensive income		1,005	1,235	1,133
Pledged as collateral	25	42	111	111
Equity instruments	20	1	1	1
Debt securities	21	1,004	1,234	1,132
Financial assets at amortised cost		11,085	12,215	11,488
Pledged as collateral	25	39	19	19
Debt securities	14	2,102	2,198	2,083
Loans and advances to banks	14	79	344	326
Loans and advances to customers	14	8,904	9,673	9,079
Finance lease receivables	42	568	598	–
Property and equipment	39	170	183	141
Investment properties	39	2	2	1
Intangible assets	40	17	25	15
Investments in subsidiaries	48	–	–	35
Investments in associates	49	10	11	5
Current tax assets	12	7	–	–
Deferred tax assets	12	17	15	13
Assets held for sale	53	10	17	60
Trade and other receivables	15	179	204	203
Other assets	41	29	31	18
Total assets		16,507	17,627	16,046

Statement of Financial Position (continued)

in EUR million	Notes	GROUP		BANK	
		31 December 2024	31 December 2025	31 December 2024	31 December 2025
Liabilities and equity					
Financial liabilities – held for trading		18	12	18	12
Derivatives	17	18	12	18	12
Financial liabilities at amortised cost		14,330	15,431	13,200	14,126
Deposits from banks	16	796	858	271	279
Deposits from customers	16	12,553	13,593	11,943	12,861
Debt securities issued	16	954	955	954	955
Other financial liabilities	16	27	25	32	31
Lease liabilities	43	14	16	15	15
Provisions	45	87	88	85	86
Current tax liabilities	12	4	18	–	15
Deferred tax liabilities	12	–	1	–	–
Liabilities associated with assets held for sale	53	86	78	–	–
Other liabilities	44	141	116	115	96
Total liabilities		14,680	15,760	13,433	14,350
Subscribed capital		238	238	238	238
Capital reserves and share premium		238	238	238	238
Retained earnings		1,336	1,212	1,223	1,080
Other reserves from other comprehensive income		(19)	(9)	(19)	(10)
Equity attributable to owners of the parent		1,793	1,679	1,680	1,546
Additional equity instruments		–	150	–	150
Equity attributable to non-controlling interests	48	34	38	–	–
Total equity	47	1,827	1,867	1,680	1,696
Total liabilities and equity		16,507	17,627	15,113	16,046

The attached accounting policies and notes are an integral part of the financial statements.

Statement of Changes in Equity

in EUR million											GROUP
	Subscribed capital	Capital reserves and share premium	Retained earnings	Fair value reserve	Currency translation reserve	Remeasurement of defined benefit plans	Deffered tax	Equity attributable to owners of the parent	Additional equity instruments	Equity attributable to non-controlling interests	Total equity
As of 1 January 2025	238	238	1,336	(24)	–	–	5	1,793	–	34	1,827
Dividends paid	–	–	(373)	–	–	–	–	(373)	–	–	(373)
Capital increase/decrease	–	–	–	–	–	–	–	–	150	–	150
Total comprehensive income	–	–	249	12	–	–	(2)	259	–	4	263
Net result for the period	–	–	249	–	–	–	–	249	–	4	253
Other comprehensive income	–	–	–	12	–	–	(2)	10	–	–	10
Change in fair value reserve	–	–	–	12	–	–	(2)	10	–	–	10
As of 31 December 2025	238	238	1,212	(12)	–	–	3	1,679	150	38	1,867
As of 1 January 2024	238	238	1,210	(52)	–	–	10	1,644	–	31	1,675
Dividends paid	–	–	(121)	–	–	–	–	(121)	–	–	(121)
Capital increase/decrease	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	247	28	–	–	(5)	270	–	3	273
Net result for the period	–	–	247	–	–	–	–	247	–	3	250
Other comprehensive income	–	–	–	28	–	–	(5)	23	–	–	23
Change in fair value reserve	–	–	–	28	–	–	(5)	23	–	–	23
As of 31 December 2024	238	238	1,336	(24)	–	–	5	1,793	–	34	1,827

The attached accounting policies and notes are an integral part of the financial statements.

Statement of Changes in Equity (continued)

in EUR million											BANK
	Subscribed capital	Capital reserves and share premium	Retained earnings	Fair value reserve	Currency translation reserve	Remeasurement of defined benefit plans	Deferred tax	Equity attributable to owners of the parent	Additional equity instruments	Equity attributable to non-controlling interests	Total equity
As of 1 January 2025	238	238	1,223	(23)	–	–	4	1,680	–	–	1,680
Dividends paid	–	–	(373)	–	–	–	–	(373)	–	–	(373)
Capital increase	–	–	–	–	–	–	–	–	150	–	150
Other changes (Note 47: Scope of consolidation)	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	230	11	–	–	(2)	239	–	–	239
Net result for the period	–	–	230	–	–	–	–	230	–	–	230
Other comprehensive income	–	–	–	11	–	–	(2)	9	–	–	9
Change in fair value reserve	–	–	–	11	–	–	(2)	9	–	–	9
As of 31 December 2025	238	238	1,080	(12)	–	–	2	1,546	150	–	1,696
As of 1 January 2024	238	238	943	(49)	–	–	9	1,379	–	–	1,379
Dividends paid	–	–	(121)	–	–	–	–	(121)	–	–	(121)
Capital increase/decrease	–	–	–	–	–	–	–	–	–	–	–
Other changes (Note 47: Scope of consolidation)	–	–	175	–	–	–	–	175	–	–	175
Total comprehensive income	–	–	226	26	–	–	(5)	247	–	–	247
Net result for the period	–	–	226	–	–	–	–	226	–	–	226
Other comprehensive income	–	–	–	26	–	–	(5)	21	–	–	21
Change in fair value reserve	–	–	–	26	–	–	(5)	21	–	–	21
As of 31 December 2024	238	238	1,223	(23)	–	–	4	1,680	–	–	1,680

The attached accounting policies and notes are an integral part of the financial statements.

Statement of Cash Flows

in EUR million	Notes	GROUP		BANK	
		2024	2025	2024	2025
Net result for the period		250	253	226	230
Non-cash adjustments for items in net profit/loss for the year					
Depreciation, amortisation, impairment and reversal of impairment of assets	39, 40	30	30	20	20
Allocation to and release of provisions (including risk provisions)	10, 11	6	27	5	29
Gains/losses from the measurement and derecognition of assets and liabilities	11	-	(2)	1	-
Other adjustments		(1)	(1)	1	1
Changes in assets and liabilities from operating activities after adjustment for non-cash components					
Financial assets – held for trading	17, 18	3	(1)	4	(1)
Non-trading financial assets at fair value through profit or loss					
Equity instruments	19	(3)	1	(4)	1
Debt securities	19	2	1	2	1
Financial assets at fair value through other comprehensive income					
Equity instruments	20	-	1	-	1
Debt securities	21	109	(219)	129	(194)
Financial assets at amortised cost					
Debt securities	14	(298)	(96)	(297)	(27)
Loans and advances to banks	14	(11)	(266)	(21)	(275)
Loans and advances to customers	14	(400)	(779)	(369)	(707)
Finance lease receivables	42	(85)	(30)	-	-
Other assets from operating activities	19	1	(23)	12	(12)
Financial liabilities held for trading	17	-	(5)	-	(5)
Financial liabilities measured at amortised cost					
Deposits from banks	16	12	62	(37)	8
Deposits from customers	16	1,172	1,038	1,161	918
Debt securities issued	16	417	1	417	1
Other financial liabilities	16	(111)	(2)	(103)	(2)
Other liabilities from operating activities	44	88	(42)	(5)	(27)
Cash flow from operating activities		1,181	(52)	1,142	(40)
Proceeds from disposal					
Associated companies	49	1	1	-	-
Property and equipment and intangible assets	39, 40	4	7	-	2
Acquisition of					
Associated companies	49	-	-	-	(10)
Property and equipment and intangible assets	39, 40	(39)	(51)	(27)	(35)
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	48	-	-	35	-
Cash flow from investing activities		(34)	(43)	8	(43)
Capital increases	47	(1)	150	(1)	150
Dividends paid to equity holders of the parent	47	(121)	(373)	(121)	(373)
Other financing activities		-	-	(3)	-
Cash flow from financing activities		(122)	(223)	(125)	(223)
Cash and cash equivalents at beginning of period	13	2,355	3,380	2,186	3,211
Cash flow from operating activities		1,181	(52)	1,142	(40)
Cash flow from investing activities		(34)	(43)	8	(43)
Cash flow from financing activities		(122)	(223)	(125)	(223)
Cash and cash equivalents at end of period1)		3,380	3,062	3,211	2,905
Cash flows related to taxes, interest and dividends (included in cash flow from operating activities)					
Payments for income tax	13	339	416	293	378
Interest received	12	(64)	(32)	(61)	(27)
Dividends received	2	537	623	463	548
Interest paid	4	-	-	4	7
	2	(134)	(175)	(113)	(150)

The attached accounting policies and notes are an integral part of the financial statements.

Notes to the Financial Statements

General information

HISTORY AND INCORPORATION

Erste&Steiermärkische Bank d.d. (the Bank) was established in 1954 and was entered into the Court Register as a joint stock company on 24 January 1990. The Bank's registered head office is at Jadranski trg 3a, Rijeka, the Republic of Croatia.

The Bank is a holding company for the Erste Bank Croatia Group (the Group) which has operations in the Republic of Croatia and Republic of Montenegro.

Direct and ultimate parent company of Erste&Steiermärkische Bank d.d. is Erste Group Bank AG.

These financial statements comprise both the separate financial statements of the Bank and the consolidated financial statements of the Group.

PRINCIPAL ACTIVITIES OF THE BANK

The Bank is licensed to conduct commercial banking activities in the Republic of Croatia. The Bank's main operations are as follows:

- accepting deposits from the clients and deposits placement,
- granting loans, issuing guarantees and letters of credit to the individuals, companies, public and other clients,
- treasury operations in the interbank market,
- trust management and investment banking services,
- performing domestic and international payments,
- providing banking services through an extensive branch network in the Republic of Croatia.

SUPERVISORY BOARD

Willibald Cernko	President until March 1, 2025
Georg Bucher	Deputy President
Ingo Bleier	Member, President as of March 2, 2025
Roland Klimesch	Member
Judit Ágnes Havasi	Member
Walburga Seidl	Member
Nina Begičević Redep	Member
Robert Schmidbauer	Member as of March 2, 2025

MANAGEMENT BOARD

The Bank is represented jointly by two members of the Management Board or by one member of the Management Board together with the procurator.

Christoph Schoefboeck	President
Katarina Kraljević	Member
Martin Hornig	Member
Krešimir Barić	Member
Hannes Frotzbacher	Member

Notes to the financial statements

PROCURATORS:

The Bank at the moment does not have procurators.

The Bank's share capital, fully subscribed, amounts to EUR 237,778,450.00 and is divided into 16,984,175 ordinary shares. All shares of the Bank hold companies Erste Group Bank AG (10,023,326 shares or 59.02%) and Steiermärkische Bank und Sparkassen AG (6,960,849 shares or 40.98%).

DEFINITION OF THE CONSOLIDATED GROUP

The Bank is a parent company of the banking group (the Group) which includes the following subsidiaries and associates:

Name of subsidiary	Note	Ownership interest	Principal activity	Registered office
Erste Nekretnine d.o.o.	48	100%	Real estate business	Ivana Lučića 2A, Zagreb
Erste Bank AD Podgorica, Montenegro	48	100%	Credit institution	Arsenija Boljevića 2A, Podgorica, Montenegro
Erste Card Club d.o.o.	48	100%	Financial intermediation and services	Ulica Frana Folnegovića 6, Zagreb
Erste&Steiermärkische S-Leasing d.o.o.	48	50%	Financial and operating leasing	Zelinska 3, Zagreb
Izbor Nekretnina d.o.o.	48	100%	Real estate management and lease	Ivana Lučića 2A, Zagreb
KEKS Pay d.o.o.	48	100%	Data platform and processing	Ulica Frana Folnegovića 6, Zagreb
Name of associate				
Erste d.o.o.	49	45.86%	Management company for obligatory and voluntary pension fund	Ivana Lučića 2A, Zagreb

ADDITIONS AND DISPOSALS

KEKS Pay d.o.o.

On January 28, 2025 Bank's Management Board adopted a decision on establishment of the Company KEKS Pay d.o.o. Bank's Supervisory Board gave its consent to the said decision of the Management Board on February 8, 2025. The company was registered with the Court Register on March 19, 2025.

Erste Card Club d.o.o.

On July 15, 2025, the Bank's Management Board adopted a decision on sale of a 100% business interest in Erste Card Club d.o.o. to the buyer Global Payments s.r.o., subject to obtaining all required regulatory approvals. Bank's Supervisory Board gave its consent to the said decision of the Management Board on July 29, 2025.

Material accounting policy information

Basis of preparation

The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

In accordance with the applicable measurement models prescribed or permitted under IFRS, the consolidated financial statements have been prepared on a cost basis, except for financial assets measured at fair value through other comprehensive income and financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared on an accrual basis of accounting, under the going concern assumption.

Except for regulatory restrictions on capital distributions stemming from the EU-wide capital requirements regulations applicable to all credit institutions based in the EU, the Group does not have any other significant restrictions on its ability to access or use the assets and settle the liabilities of the Group. Also, the owners of non-controlling interests in Group subsidiaries do not have rights that can restrict the Group's ability to access or use the assets and settle the liabilities of the Group.

Except as otherwise indicated, the amounts in the financial statements are stated in millions of euro ("EUR").

The preparation of financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported income, expenses and other comprehensive income for the reporting period. These estimates are based on the information available at the statement of financial position date and actual amounts may differ from those estimates. The Bank maintains its books of accounts in accordance with the regulations of the statutory accounting requirements for banks in Croatia.

The accompanying financial statements are based on the accounting records of the Bank and its subsidiaries.

Accounting and measurement methods

Foreign currency translation

The financial statements are presented in euro, which is the presentation currency of the Group and functional currency of the Bank. The functional currency is the currency of the primary business environment in which an entity operates. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency.

i. Transactions and balances in foreign currency

Transactions in foreign currencies are initially recorded in euro at the functional currency exchange rate effective as of the date of the transaction.

Subsequently, monetary items denominated in foreign currencies are translated at the functional currency exchange rates as of the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are translated into the functional currency using the exchange rate at the date when the fair value is measured, thus the exchange differences are part of the fair value gains or losses. Non-monetary assets and liabilities denominated in foreign currencies and measured at historical cost are translated using the exchange rates as of the dates of the initial transactions and they do not give rise to exchange differences.

Exchange differences arising on translation into functional currency, are recognised in the statement of profit or loss for the period, under the line item 'Net trading and fair value result' except for exchange differences arising on translation of financial assets denominated in foreign currencies and measured at fair value through other comprehensive income and translation of foreign operations as explained below.

Accounting and measurement methods (continued)

For debt instruments that represent monetary items and are measured at fair value through other comprehensive income, foreign currency translation differences are recognized in the statement of profit or loss, if related to the amortised cost components of the instrument, and in other comprehensive income, if related to fair value components of the instrument.

For non-monetary items that are measured at fair value through other comprehensive income, exchange differences are recognised in other comprehensive income. Conversely, exchange differences are recognised in the statement of profit or loss if a non-monetary item is measured at fair value through profit or loss.

ii. Translation of the statements of Group companies

The assets and liabilities of foreign operations (foreign subsidiaries) are translated into euro, the Group's presentation currency, at the rate of exchange as of the statement of financial position date (closing rate). Their consolidated statement of profit or loss and consolidated statement of other comprehensive income are translated at the average exchange rate of the respective reporting period calculated on the basis of daily rates. Goodwill, intangible assets recognised on acquisition of foreign subsidiaries and fair value adjustments to the carrying amounts of assets and liabilities are treated as asset and liabilities of the foreign subsidiaries and are translated at the closing rate. Exchange differences arising on translation are recognised in other comprehensive income under the line item 'Currency translation reserve' of the statement of other comprehensive income. On disposal of a foreign subsidiary, the cumulative amount of translation differences recognised in other comprehensive income is recognised in the statement of profit or loss under the line item 'Other operating result'.

Material accounting judgements, assumptions and estimates

The consolidated financial statements contain amounts that have been determined on the basis of judgements and by the use of estimates and assumptions. The estimates and assumptions used are based on historical experience and other factors, such as planning as well as expectations and forecasts of future events that are currently deemed to be reasonable. The estimates and underlying assumptions are regularly evaluated. As a consequence of the uncertainty associated with these assumptions and estimates, actual results could in future periods lead to adjustments in the carrying amounts of the related assets or liabilities.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed in:

- Business model assessment (Chapter Financial instruments – Material accounting policy information)
- Impairment of financial instruments (Chapter Financial instruments – Material accounting policy information, Chapter Risk management)
- Control of subsidiaries (Note 48 Investment in subsidiaries)
- Impairment of non-financial assets (property and equipment, investment properties, right of use assets) (Chapter Non-current assets and other investments)
- Sundry provisions (Note 45 Provisions)

Application of amended and new IFRS/IAS

The accounting policies adopted are consistent with those used in the previous financial year except for standards and interpretations that became effective for financial years beginning on or after 1 January 2025. As regards new standards and interpretations and their amendments, only those that are relevant for the business of the Group are listed below.

EFFECTIVE STANDARDS AND INTERPRETATIONS

The following amendments of standards have become mandatory for the financial year 2025, and have been endorsed by the EU: *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*. The amendments to IAS 21 were issued in August 2023 and become effective for annual periods beginning on or after 1 January 2025.

Application of these amendments did not have a significant impact on Erste Group's financial statements.

Application of amended and new IFRS/IAS(continued)

STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The following standards, amendments and interpretations were issued by the IASB and endorsed by the EU but are not yet effective until financial statements publication. Amendments of IFRS 9 and IFRS 7 and Annual improvements Volume 11 has been endorsed by the EU.

Amendments of Classification and measurement of financial instruments – Amendments of IFRS 9 and IFRS 7 (issued on 30 May 2024) and will become effective on or after 1 January 2026.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9. May 2024) and will become effective on 1 January 2027.

IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April) and will become effective on 1 January 2027.

Annual Improvements Volume 11 (issued on 18 July 2024) and will become effective on or after 1 January 2026.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* (issued on 13 November 2025) will become effective on 1 January 2027.

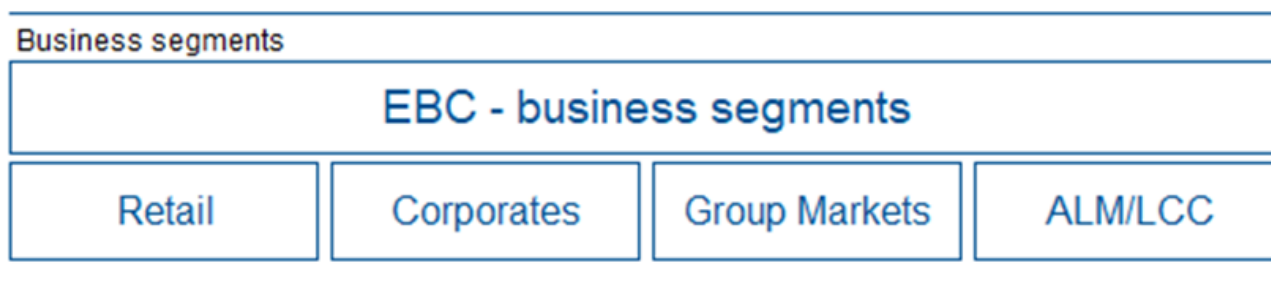
The Group has revised its initial intention to apply these amendments earlier, and the amendments will enter into force on January 1, 2026.

Application of these standards and amendments is not expected to have a significant impact on Group's financial statements, except IFRS 18 for which management assesses possible effects.

PERFORMANCE / RETURN

1. Segment reporting

The Group segment reporting comprises four operating segments reflecting Group management structure.



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 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. Small and medium-sized enterprises (SME) are clients which are under the responsibility of the local corporate commercial center network, mainly consisting of companies with-in defined annual turnover thresholds. Large Corporates (LC) are clients/client groups with specific annual turnover thresholds (lying above SME thresholds) which are operating on domestic market but also on core markets/extended core markets of Erste Group. Commercial Real Estate (CRE) covers for example investors in real estate for the purpose of generating income from the rental of individual properties or portfolios of properties, developers of individual properties or portfolios of properties for the purpose of generating capital gains through sale. Public Sector consists of three sets of customers: public sector, public corporations and non-profit sector. In addition, the majority of municipalities are also segmented as Public Sector clients.

Group Markets 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 including custody, depository services, commercial business (loans, cash management, trade & export finance).

Asset Liability Management (ALM) and Local Corporate Center (LCC) segment includes all asset/liability management functions, local corporate center which comprise all non-core banking business activities such as internal service providers and reconciliation items to local entity results as well as free capital segment (defined as the difference of the total average IFRS equity and the average economical equity allocated to the segments).

1. Segment reporting (continued)

in EUR million	Retail		Corporates		Group Markets		ALM & LCC		GROUP	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
Net interest income	213	220	156	134	8	9	57	79	434	442
Net fee and commission income	83	89	47	52	5	6	(1)	(3)	134	144
Net trading and fair value result	6	7	4	4	5	5	1	1	16	17
Gains/losses from financial instruments at FVPL	-	-	-	1	-	-	1	1	1	2
Net result from equity method investments	1	2	-	-	-	-	-	-	1	2
Rental income from investment properties & other operating leases	2	1	5	5	-	1	-	-	7	7
General administrative expenses	(200)	(212)	(68)	(67)	(6)	(7)	(6)	(8)	(280)	(294)
Other gains/losses from derecognition of financial instruments not at FVPL	-	-	-	-	-	-	(5)	-	(5)	-
Impairment result from financial instruments	(21)	(28)	37	20	-	-	2	-	18	(8)
Other operating result	1	1	1	1	-	-	(17)	(7)	(15)	(5)
Pre-tax result for the period	85	80	182	150	12	14	32	63	311	307
Income tax	(15)	(14)	(33)	(27)	(2)	(2)	(11)	(11)	(61)	(54)
Net result for the period	70	66	149	123	10	12	21	52	250	253
Net result attributable to non-controlling interests	-	-	3	4	-	-	-	-	3	4
Net result attributable to owners of the parent	70	66	146	119	10	12	21	52	247	249
Operating income	305	319	212	196	18	21	58	78	593	614
Operating expenses	(200)	(212)	(68)	(67)	(6)	(7)	(6)	(8)	(280)	(294)
Operating result	105	107	144	129	12	14	52	70	313	320
Risk-weighted assets (credit risk, eop)	2,490	2,717	3,819	3,817	49	27	574	645	6,932	7,206
Average allocated capital	357	369	416	430	11	9	253	376	1,037	1,184
Cost/income ratio	65%	66%	32%	34%	32%	33%	10%	10%	47%	48%
Return on allocated capital	20%	18%	36%	29%	100%	133%	8%	14%	24%	21%
Total assets (eop)	4,892	5,584	5,159	5,401	105	99	6,351	6,543	16,507	17,627
Total liabilities excluding equity (eop)	7,212	7,902	4,194	4,434	720	1,059	2,554	2,365	14,680	15,760
Impairments	(21)	(28)	37	20	(1)	-	3	-	18	(8)
Net impairment loss on financial assets AC/FVOCI and finance lease receivables	(12)	(24)	42	29	(1)	-	3	-	32	5
Net impairment loss on commitments and guarantees given	(9)	(4)	(5)	(9)	-	-	-	-	(14)	(13)

1. Segment reporting (continued)

Measurement

The profit and loss statement of the segment report is based on the measures to the Group management board for the purpose of allocating resources to the segments and assessing their performance. Management reporting as well as the segment report for Group, is based on IFRS. Accounting standards and methods as well as measurements used in segment reporting are the same as for the consolidated statement of accounting.

Capital consumption per segment is regularly reviewed by the management of Group to assess the performance of the segments. The average allocated equity is determined by the credit risk, market risk, operational risk and business strategic risk. According to the regular internal reporting to the Group management board, total assets and total liabilities as well as risk weighted assets and allocated equity are disclosed per segment. For measuring and assessing the profitability of segments, the Group also uses the return on allocated equity defined as a net result for the period before minorities in relation to the average allocated equity of the respective segment. In addition, the cost/income ratio is calculated for each segment 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 and fair value result, net result from equity method investments, rental income from investment properties and other lease).

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.

The Group doesn't have a single external customer whose revenues from transactions amount to 10% or more of the Group's revenues.

Return on asset ratio (ROA) in the Group was 1.5% on 31 December 2025 (31 December 2024: 1.6%) and in the Bank 1.5% (31 December 2024: 1.6%).

Return on equity ratio (ROE) in the Group was 14.4% on 31 December 2025 (31 December 2024: 14.4%) and in the Bank 14.4% (31 December 2024: 15.3%).

ADDITIONAL INFORMATION ABOUT GEOGRAPHICAL AREAS

The domicile of Group subsidiaries serves as the basis for additional information about geographical information about geographical areas where the Group operates. The majority of the Bank's and Group's operations and clients are located in the Republic of Croatia.

1. Segment reporting (continued)

in EUR million	Croatia		Montenegro		GROUP	
	2024	2025	2024	2025	2024	2025
Net interest income	398	404	36	38	434	442
Net fee and commission income	127	138	7	6	134	144
Net trading and fair value result	15	16	1	1	16	17
Gains/losses from financial instruments at FVPL	1	2	–	–	1	2
Net result from equity method investments	1	2	–	–	1	2
Rental income from investment properties & other operating leases	7	7	–	–	7	7
General administrative expenses	(256)	(268)	(24)	(26)	(280)	(294)
Other gains/losses from derecognition of financial instruments not at FVPL	(5)	–	–	–	(5)	–
Impairment result from financial instruments	16	(10)	2	2	18	(8)
Other operating result	(13)	(4)	(2)	(1)	(15)	(5)
Pre-tax result for the period	291	287	20	20	311	307
Income tax	(58)	(51)	(3)	(3)	(61)	(54)
Net result for the period	233	236	17	17	250	253
Net result attributable to non-controlling interests	3	4	–	–	3	4
Net result attributable to owners of the parent	230	232	17	17	247	249
Operating income	550	569	43	45	593	614
Operating expenses	(256)	(268)	(24)	(26)	(280)	(294)
Operating result	294	301	19	19	313	320
Risk-weighted assets (credit risk, eop)	6,315	6,510	617	696	6,932	7,206
Average allocated capital	964	1,104	73	80	1,037	1,184
Cost/income ratio	47%	47%	55%	58%	47%	48%
Return on allocated capital	24%	21%	23%	21%	24%	21%
Total assets (eop)	15,598	16,598	909	1,029	16,507	17,627
Total liabilities excluding equity (eop)	13,902	14,830	778	930	14,680	15,760
Impairments	16	(10)	2	2	18	(8)
Net impairment loss on financial assets AC/FVOCI and finance lease receivables	30	3	2	2	32	5
Net impairment loss on commitments and guarantees given	(14)	(13)	–	–	(14)	(13)

2. Net interest income

Net interest income is broken down into line items of interest income, other similar income, interest expenses and other similar expenses. The distinguishing factor is whether the EIR method is applied for recognition of interest income or expense in accordance with IFRS 9.

‘Interest income’ relates to interest revenue from financial assets measured at amortised cost and at fair value through other comprehensive income. It is calculated using the EIR method as discussed in chapter ‘Financial instruments – Material accounting policy information’, part ‘Measurement methods for financial instruments’.

‘Other similar income’ captures interest-like sources of income resulting from non-derivative financial assets measured at fair value through profit or loss, held-for-trading derivatives, finance lease receivables and negative interest on financial liabilities.

‘Interest expenses’ relates to interest expense from financial liabilities measured at amortised cost calculated using effective interest rate as discussed in chapter ‘Financial instruments - material accounting policy information’, part ‘Measurement methods for financial instruments’.

‘Other similar expenses’ capture interest-like sources of expense resulting from non-derivative financial liabilities measured at fair value through profit or loss, held-for-trading derivatives, negative interest on financial assets, lease liabilities, impairments recognised under IFRS 9 and IAS 37 (unwinding of the time value of the money effect due to passage of time) and net defined liabilities (net interest cost on severance payment, pension and jubilee obligations) under IAS 19.

As regards types of financial instruments, interest income and other similar income include interest income on loans and advances to banks and customers, on cash balances, on debt securities in all measurement categories of financial assets, on trade and other receivables and on finance lease receivables. Interest expenses and other similar expenses include interest paid on deposits from customers, deposits from banks, debt securities issued, interest paid on lease liabilities and other financial liabilities in all measurement categories of financial liabilities. Net interest income also includes interest on derivative financial instruments.

Interest income also includes modification gains and losses recognised on financial assets in Stage 1. Further, the unamortised balance of the origination fees/transaction costs upon derecognition of assets in Stage 1 and 2 considered in the effective interest rate is presented as interest income at the derecognition date.

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Interest income	549	550	500	518
Financial assets at AC	529	522	482	493
Financial assets at FVOCI	20	28	18	25
Other similar income	70	63	39	28
Financial assets – held for trading	38	28	39	28
Other assets	32	35	–	–
Interest and other similar income	619	613	539	546
Interest expenses	(146)	(142)	(125)	(120)
Financial liabilities measured at amortised cost	(146)	(142)	(125)	(120)
Other similar expenses	(39)	(29)	(39)	(29)
Financial liabilities – held for trading	(38)	(28)	(38)	(28)
Other liabilities	(1)	(1)	(1)	(1)
Interest and other similar expenses	(185)	(171)	(164)	(149)
Net interest income	434	442	375	397

An amount of EUR 6 million for the Group and for the Bank (2024: EUR 5 million for the Group and EUR 4 million for the Bank) relating to impaired financial assets is included in interest income.

3. Net fee and commission income

Group applies the five-step revenue recognition model from IFRS 15 for fees and commissions recognition it generates by providing services to clients.

The exception are fees and commissions income that are an integral part of the effective interest rate on financial assets or financial liabilities and are subject to IFRS 9 requirements.

Income from fees and commissions having the character of non-interest income are recognised in the profit and loss upon the performance of the Bank's contractual obligation. Accordingly, fees generated by the provision of the service over a period of time are delimited and recognised in revenue during that same period of time.

Type of service	Revenue recognition policies
Services such as commitment fees, premiums received for guarantees and other fees from lending business, commission income from asset management, custody and other management and advisory fees as well as fees from insurance brokerage, building society brokerage and foreign exchange transactions. Payment services partly include fees for services satisfied over a period of time like periodic card fees.	Revenue is recognised over time as the services are provided.
Transaction services such as arranging the acquisition and sale of shares or other securities on behalf of customers or foreign exchange transactions, as well as commission income earned from services such as the sale of collective investments and insurance products. Payment services partly include transaction-based fees like card fees.	Revenue related to transactions is recognised at the point in time when the transaction takes place.

A contract with a customer that results in the recognition of a financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Client reward programs

According to IFRS 15, if an entity gives a customer in a contract the option to acquire additional goods or services, that option creates a performance obligation in the contract only if it gives the buyer a material right that it would not have received if it had not entered into that contract (for example, a discount that is incremental in the range of discounts normally given for that good or service to the class of customers in that geographic area or market). If the option gives the buyer a material right, the buyer actually pays the entity in advance for future goods or services and the entity recognizes income when the transfer of those future goods or services is made or when this option expires.

The Group has client reward programs that provide users with material rights and are calculated as a separate performance obligation. In accordance with the above, the Group determines the individual stand-alone price of each reward program, i.e. allocates a part of the total transaction price (compensation it receives per transaction that participates in the reward program) to them as separate performance obligations. Upon fulfillment of its obligations under an individual program, income is recognized.

In the case when several parties participate in the fulfillment of the contractual obligation, it is considered whether the Group is in the role of agent or principal, and the rules of revenue recognition are applied accordingly. When the Group acts as an agent, fees are reported on a net basis, while, when the Group acts as a principal, the related income and expenses are recognized on a gross basis.

3. Net fee and commission income (continued)

in EUR million	GROUP				BANK			
	2024		2025		2024		2025	
	Income	Expenses	Income	Expenses	Income	Expenses	Income	Expenses
Securities	2	-	3	-	2	-	3	-
Own issues	1	-	1	-	1	-	1	-
Transfer orders	1	-	2	-	1	-	2	-
Asset management	3	-	-	-	3	-	-	-
Custody	2	(1)	3	(1)	2	(1)	3	(1)
Payment services	155	(48)	172	(56)	114	(41)	133	(46)
Card business	86	(42)	94	(49)	49	(37)	60	(40)
Current accounts from customers	64	-	71	-	64	-	71	-
Other	5	(6)	7	(7)	1	(4)	2	(6)
Customer resources distributed but not managed	8	-	10	-	8	-	10	-
Insurance products	7	-	7	-	7	-	6	-
Collective investment	-	-	3	-	-	-	3	-
Building society brokerage	1	-	-	-	1	-	1	-
Lending business	13	(2)	14	(2)	11	(1)	12	(1)
Loan commitments given, Loan commitments received	5	(1)	3	(1)	4	(1)	9	(1)
Guarantees given, guarantees received	7	(1)	10	(1)	7	-	3	-
Other lending business	1	-	1	-	-	-	-	-
Other	4	(2)	4	(2)	1	-	1	(1)
Total fee and commission income and expenses	187	(53)	206	(62)	141	(43)	162	(49)
Net fee and commission income	134	-	144	-	98	-	113	-

The fee and commission income and expense, which are presented in this table, are not an integral part of the effective interest rate.

Fees relating to financial assets and financial liabilities not measured at FVTPL for 2025 amount EUR 107 million for the Group and EUR 65 million for the Bank in income (2024: EUR 97 million for the Group and EUR 53 million for the Bank) and EUR 58 million for the Group and EUR 47 million for the Bank in expense (2024: EUR 51 million for the Group and EUR 41 million for the Bank).

4. Dividend income

Dividend income is recognised when the right to receive the payment is established.

This line item includes dividend from shares and other equity investments in all measurement categories.

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Shareholdings in subsidiaries and associate	-	-	4	7
Dividend income	-	-	4	7

5. Net trading and fair value result

Results arising from trading activities include all gains and losses from changes in fair value on financial assets and financial liabilities classified as held for trading, including all derivatives not designated as hedging instruments. In addition, 'Net trading result' includes foreign exchange gains and losses on monetary assets and liabilities.

The accounting policy for recognition of foreign exchange gains and losses is described in the chapter Material accounting policy information, Accounting and measurement methods, i. Foreign currency translations, ii. Transactions and balances in foreign currency.

5. Net trading and fair value result (continued)

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Securities and derivatives trading	–	–	–	–
Foreign exchange transactions	16	17	15	16
Net trading and fair value result	16	17	15	16

The amounts of the fair value changes that are attributable to changes in own credit risk can be found in the Chapter Risk management..

6. Gains/losses from financial instruments measured at fair value through profit or loss, net

Changes in fair value (clean price) of non-trading financial assets at fair value through profit or loss are reported under this line item.

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Result from measurement of financial assets mandatorily at FVPL	1	2	2	2
Gains/losses from financial instruments measured at fair value through profit or loss	1	2	2	2

7. Rental income from investment properties & other operating leases

Rental income from investment properties and other operating leases is recognised on a straight-line basis over the lease term.

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Other operating leases	7	7	–	–
Rental income from investment properties & other operating leases	7	7	–	–

More detailed information about assets under operating lease is provided in Note 39 Property, equipment and Investment property.

8. General administrative expenses

PERSONNEL EXPENSES

Personnel expenses include wages and salaries, bonuses, statutory and voluntary social security contributions. They also include service cost for severance payments, pension and jubilee obligations and remeasurements of jubilee obligations. Other personnel expenses include remuneration of management and employees related to IFRS 2 Employee share program. More detailed information is provided in Note 51 Share based payment.

OTHER ADMINISTRATIVE EXPENSES

Other administrative expenses include information technology expenses, expenses for office space, office operating expenses, advertising and marketing, expenditures for legal and other consultants

DEPRECIATION AND AMORTISATION

This line item comprises depreciation of property and equipment, depreciation of investment property and amortisation of intangible assets. In the line item 'Depreciation and amortisation', also the depreciation of right-of-use assets according to IFRS 16 is disclosed.

8. General administrative expenses (continued)

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Personnel expenses	(136)	(145)	(111)	(121)
Wages and salaries	(117)	(125)	(94)	(104)
Compulsory social security	(16)	(17)	(14)	(14)
Other personnel expenses	(3)	(3)	(3)	(3)
Other administrative expenses	(114)	(119)	(87)	(99)
Deposit insurance contribution	(3)	(4)	–	–
IT expenses	(45)	(49)	(39)	(43)
Expenses for office space	(13)	(15)	(11)	(13)
Office operating expenses	(23)	(21)	(14)	(15)
Advertising/marketing	(14)	(12)	(10)	(11)
Legal and consulting costs	(12)	(14)	(10)	(14)
Sundry administrative expenses	(4)	(4)	(3)	(3)
Depreciation and amortisation	(30)	(30)	(20)	(20)
Software and other intangible assets	(8)	(7)	(6)	(5)
Owner occupied real estate	(6)	(6)	(5)	(5)
Office furniture and equipment and sundry property and equipment	(16)	(17)	(9)	(10)
General administrative expenses	(280)	(294)	(218)	(240)

The Group does not have pension arrangements separate from the State pension system of Croatia. This system requires that current contributions by the employer are calculated as a percentage of current gross salary payments; these expenses are charged to the statement of profit or loss in the period in which the related compensation is earned by the employee. In 2025 the expense amount for pension contributions was EUR 19 million for the Group (2024: EUR 18 million) and EUR 17 million for the Bank (2024: EUR 16 million).

More detailed information about depreciation and amortisation is provided in Notes 39 and 40.

Number of employees on a full time equivalent basis

	2024	2025
Erste&Steiermärkische Bank d.d.	2,595	2,581
Erste Card Club d.o.o.	189	85
Izbor Nekretnina d.o.o.	–	–
Erste Nekretnine d.o.o.	27	24
KEKS PAY d.o.o.	–	4
Erste bank Podgorica d.d.	342	363
Erste&Steiermärkische S-Leasing d.o.o.	100	98
Total	3,253	3,155

The number of employees on a full-time equivalent basis is disclosed in accordance with the Credit Institutions Act, and it represents the number of employees calculated with actual paid working hours in the period.

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

This line item includes derecognition gains or losses on financial assets measured at fair value through other comprehensive income, financial liabilities measured at amortised cost and other financial instruments not measured at fair value through profit or loss, such as finance lease receivables or financial guarantees.

However, if such gains/losses relate to financial assets in Stage 3, they are reported under the line 'Impairment result from financial instruments'.

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Disposal of financial assets at FVOCI	(5)	–	(5)	–
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	(5)	–	(5)	–

10. Impairment result from financial instruments

Net impairment losses on financial instruments comprise impairment losses and reversals of impairment on all financial instruments to which the IFRS 9 expected credit loss model applies. The impairment result also includes direct write-offs and recoveries on written-off financial assets. Modification gains and losses recognised on financial assets in Stage 2, Stage 3 and POCI assets are also included in this line item.

Moreover, gains/losses from derecognition of financial assets in Stage 3 and POCI assets are presented as part of the impairment result.

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Financial assets at FVOCI	2	1	2	1
Financial assets at AC	29	4	27	2
Net release to credit loss allowances	18	(10)	16	(12)
Direct write-offs	(1)	(1)	–	–
Recoveries recorded directly to the income statement	12	15	11	14
Finance lease receivables	1	–	–	–
Net allocation to credit loss allowances	1	1	–	–
Net allocation of credit loss allowances for loan commitments and financial guarantees given	(14)	(13)	(12)	(13)
Impairment result from financial instruments	18	(8)	17	(10)

10. Impairment result from financial instruments (continued)

Reconciliation of the annual movement in credit loss allowances against the impairment result from financial instruments for the year

in EUR million	Changes of credit loss allowances			GROUP
	Impairment result of financial instruments	Other changes through profit or loss	Changes not affecting profit or loss	Total
Credit loss allowances Jan 25	-	-	-	(312)
Net allocation to credit loss allowances	(26)	-	-	(26)
Increase due to passage of time (unwinding correction)	-	(3)	-	(3)
Write-offs	-	-	24	24
Credit loss allowances Dec 25	-	-	-	(317)
Impairment gains or losses on POCIs without CLA	4	-	-	-
Direct write-offs	(1)	-	-	-
Recoveries recorded directly to the income statement	15	-	-	-
Impairment result from financial instruments	(8)	-	-	-

in EUR million	Changes of credit loss allowances			GROUP
	Impairment result of financial instruments	Other changes through profit or loss	Changes not affecting profit or loss	Total
Credit loss allowances Jan 24	-	-	-	(323)
Net allocation to credit loss allowances	(1)	-	-	(1)
Increase due to passage of time (unwinding correction)	-	(3)	-	(3)
Write-offs	-	-	18	18
Credit loss allowances Dec 24	-	-	-	(309)
Impairment gains or losses on POCIs without CLA	8	-	-	-
Direct write-offs	(1)	-	-	-
Recoveries recorded directly to the income statement	12	-	-	-
Impairment result from financial instruments	18	-	-	-

in EUR million	Changes of credit loss allowances			BANK
	Impairment result of financial instruments	Other changes through profit or loss	Changes not affecting profit or loss	Total
Credit loss allowances Jan 25	-	-	-	(281)
Net allocation to credit loss allowances	(28)	-	-	(28)
Increase due to passage of time (unwinding correction)	-	(2)	-	(2)
Write-offs	-	-	23	23
Changes in scope of consolidation	-	-	-	-
Credit loss allowances Dec 25	-	-	-	(288)
Impairment gains or losses on POCIs without CLA	4	-	-	-
Recoveries recorded directly to the income statement	14	-	-	-
Impairment result from financial instruments	(10)	-	-	-

10. Impairment result from financial instruments (continued)

Reconciliation of the annual movement in credit loss allowances against the impairment result from financial instruments for the year (continued)

in EUR million	Changes of credit loss allowances			BANK
	Impairment result of financial instruments	Other changes through profit or loss	Changes not affecting profit or loss	Total
Credit loss allowances Jan 24	-	-	-	(271)
Net allocation to credit loss allowances	(4)	-	-	(4)
Increase due to passage of time (unwinding correction)	-	(3)	-	(3)
Write-offs	-	-	17	17
Changes in scope of consolidation	-	-	(19)	(19)
Credit loss allowances Dec 24	-	-	-	(280)
Impairment gains or losses on POCs without CLA	10	-	-	-
Recoveries recorded directly to the income statement	11	-	-	-
Impairment result from financial instruments	17	-	-	-

11. Other operating result

The other operating result reflects all other income and expenses not directly attributable to the Bank's and the Group's ordinary activities.

It includes expenses for allocations to and income from release of provisions in scope of IAS 37. Further, impairment losses or any reversal of impairment losses as well as results on the sale of property and equipment, investment property and intangible assets are presented as other operating result.

In addition, the other operating result encompasses the following: resolution fund contributions, expenses for other taxes.

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Other operating expenses	(26)	(15)	(18)	(13)
Provisions for litigations	(14)	(7)	(14)	(7)
Other operating expenses	(12)	(7)	(4)	(5)
Other taxes	-	(1)	-	(1)
Other operating income	11	10	11	7
Release of other provisions	2	1	2	1
Other operating income	9	8	9	6
Result from properties and equipment, investment properties and other intangible assets	-	1	-	-
Other operating result	(15)	(5)	(7)	(6)

12. Income tax

Income tax is comprised of current and deferred tax.

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period. However, they are recognised in other comprehensive income or directly in equity if they arise from a transaction or event which itself is recognised in OCI or equity.

Deferred tax assets for deductible temporary differences are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Income tax is made up of current income taxes calculated in each of the Group companies based on the results reported for tax purposes, corrections to income tax for previous years, if any, and the change in deferred taxes.

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Current tax expense / income	(43)	(53)	(37)	(48)
Current period	(37)	(53)	(32)	(48)
Prior period	(6)	–	(5)	–
Deferred tax expense / income	(18)	(1)	(18)	(1)
Current period	(18)	–	(18)	–
Prior period	–	(1)	–	(1)
Total	(61)	(54)	(55)	(49)

The following table reconciles the income taxes reported in the statement of profit or loss to the pre-tax profit/loss multiplied by the nominal Croatian tax rate of 18% (2024: 18%).

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Pre-tax profit	311	307	281	279
Income tax expense for the financial year at the domestic statutory tax rate	(56)	(56)	(50)	(51)
Impact of different foreign tax rates	1	1	–	–
Impact of tax-exempt earnings of investments and other tax-exempt income	4	2	5	2
Tax increases due to non-deductible expenses, additional business tax and similar elements	(1)	–	–	–
Tax expense/income attributable to other effects	(3)	–	(4)	–
Tax expense/income not attributable to the reporting period	(6)	(1)	(6)	–
Total	(61)	(54)	(55)	(49)
Effective tax rate	20%	18%	20%	18%

In accordance with tax regulations, the Tax Administration may at any time review the books and records of companies within a period of three years after the end of the year in which the tax liability was reported, and may impose additional tax liabilities and penalties. The Company's Management is not aware of any circumstances that could lead to potential significant liabilities in this regard.

PILLAR 2

At 31 December 2025 Group applied the temporary exception to the requirements of IAS 12 under which a company discloses limited information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar 2 model rules. By the time of publishing the report, the Rulebook on the minimum global profit tax had not yet been adopted in Republic of Croatia. The Group performed an assessment of the potential exposure to Pillar Two income taxes. This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Group. Based on the assessment in two of the jurisdictions in which the Group operates, the Pillar Two effective tax rates in Croatia is above 15%, while in Montenegro, the Pillar Two effective tax rate is 14.88%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

12. Income tax (continued)

Major components of deferred tax assets and deferred tax liabilities

in EUR million	GROUP							
	Tax assets		Tax liabilities		Net variance 2025			Through other comprehensive income
	As of Dec 2025	As of Dec 2024	As of Dec 2025	As of Dec 2024	Total	Through profit or loss	Through other equity	
Trading Assets / Liabilities and Designation at fair value through Profit or Loss	3	3	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	2	4	-	-	(2)	-	-	(2)
Financial assets at amortised cost & trade & other receivables	3	2	-	-	1	1	-	-
Property and equipment (useful life in tax law different)	-	-	(1)	-	(1)	(1)	-	-
Impairment of investments in subsidiaries	1	1	-	-	-	-	-	-
Other provisions (tax valuation different)	1	-	-	-	1	1	-	-
Other	5	7	-	-	(2)	(2)	-	-
Total deferred taxes	15	17	(1)	-	(3)	(1)	-	(2)
Current taxes	-	7	(18)	(4)	(53)	(53)	-	-
Total taxes	15	24	(19)	(4)	(56)	(54)	-	(2)

in EUR million	GROUP							
	Tax assets		Tax liabilities		Net variance 2024			Through other comprehensive income
	As of Dec 2024	As of Dec 2023	As of Dec 2024	As of Dec 2023	Total	Through profit or loss	Through other equity	
Trading Assets / Liabilities and Designation at fair value through Profit or Loss	3	3	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	4	10	-	-	(6)	-	(1)	(5)
Financial assets at amortised cost & trade & other receivables	2	6	-	-	(4)	(4)	-	-
Impairment of investments in subsidiaries	1	15	-	-	(14)	(14)	-	-
Other	7	7	-	-	-	-	-	-
Total deferred taxes	17	41	-	-	(24)	(18)	(1)	(5)
Current taxes	7	2	(4)	(18)	(43)	(43)	-	-
Total taxes	24	43	(4)	(18)	(67)	(61)	(1)	(5)

12. Income tax (continued)

Major components of deferred tax assets and deferred tax liabilities (continued)

in EUR million	BANK								
	Tax assets		Tax liabilities		Net variance 2025				
	As of Dec 2025	As of Dec 2024	As of Dec 2025	As of Dec 2024	Total	Through profit or loss	Through other equity	Effect of business combinations	Through other comprehensive income
Trading Assets / Liabilities and Designation at fair value through Profit or Loss	2	3	-	-	(1)	(1)	-	-	-
Financial assets at fair value through other comprehensive income	2	4	-	-	(2)	-	-	-	(2)
Financial assets at amortised cost & trade & other receivables	2	2	-	-	-	-	-	-	-
Impairment of investments in subsidiaries	1	1	-	-	-	-	-	-	-
Other	6	6	-	-	-	-	-	-	-
Total deferred taxes	13	16	-	-	(3)	(1)	-	-	(2)
Current taxes		7	(15)	-	(48)	(48)	-	-	-
Total taxes	13	23	(15)	-	(51)	(49)	-	-	(2)

in EUR million	BANK								
	Tax assets		Tax liabilities		Net variance 2024				
	As of Dec 2024	As of Dec 2023	As of Dec 2024	As of Dec 2023	Total	Through profit or loss	Through other equity	Effect of business combinations	Through other comprehensive income
Trading Assets / Liabilities and Designation at fair value through Profit or Loss	3	3	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	4	9	-	-	(5)	-	-	-	(5)
Financial assets at amortised cost & trade & other receivables	2	2	-	-	-	(4)	-	4	-
Impairment of investments in subsidiaries	1	15	-	-	(14)	(14)	-	-	-
Other	6	4	-	-	2	-	-	2	-
Total deferred taxes	16	33	-	-	(17)	(18)	-	6	(5)
Current taxes	7	-	-	(16)	(37)	(37)	-	-	-
Total taxes	23	33	-	(16)	(54)	(55)	-	6	(5)

Financial instruments – Material accounting policy information

Accounting and measurement methods for financial instruments

A financial instrument is any contract giving rise to a financial asset of one party and a financial liability or equity instrument of another party.

In accordance with IFRS 9, all financial assets and liabilities – which also include derivative financial instruments – have to be recognised on the statement of financial position and measured in accordance with their assigned categories.

Regular way (spot) purchases and sales of financial assets are recognized at the settlement date (settlement date accounting), which is the date when the asset is delivered.

Measurement of financial assets and financial liabilities is subject to two primary measurement methods: at amortised cost and fair value.

i. Amortised cost and effective interest rate

Amortised cost of the financial asset is the amount at which a financial asset or a financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Gross carrying amount of the financial asset is the amortised cost of the financial asset before adjustment for loss allowances.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the gross carrying amount of the financial asset or net carrying amount of financial liability. The effective interest rate is calculated on initial recognition of an instrument. For floating rate financial instruments, periodic reestimation of cash flows to reflect movements in market rates of interest, alters the effective interest rate.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but shall not consider expected credit losses. The calculation includes origination fees that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts to the par amount.

ii. Fair Value

Details on valuation techniques applied for fair value measurement and on the fair value hierarchy are disclosed in Note 21 Fair value of assets and liabilities.

Classification and subsequent measurement of financial assets

In accordance with IFRS 9, the classification and subsequent measurement of financial assets depends on the following two criteria:

1. the business model for managing the financial assets; and
2. the cash flow characteristics of the financial assets.

Business models for managing the financial assets

The business model is determined on the basis of the business goal of financial asset management, i.e. an assessment of whether the assets are held in order to collect contractual cash flows, to both collect contractual cash flows and sell financial assets or sell financial assets.

The Group, based on the assessment performed in accordance with the IFRS 9 requirements, defined its business models:

- 1) Business model 'hold to collect' for entire loan portfolio (client business), for which hold-to-collect assessment of the sales within hold to collect contractual cash flows business model is performed on a yearly basis. From the Group's point of view, sales due to increases in credit risk, sales close to assets' maturity, infrequent sales triggered by a non-recurring event (such as changes in regulatory or tax environment, major internal reorganisation or a business combination, severe liquidity crisis, etc.) are considered as not contradicting the hold to collect contractual cash flows business model.

Cases of sales carried out in the 'hold to collect' business model are assessed retrospectively, based on retrospective information about the frequency, number, amount and the reasons for past sales and if they exceed certain quantitative thresholds, where the carrying amount of the sold assets held within the hold to collect portfolio measured at amortised cost is:

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- > 1% of the moving average carrying amount of the portfolio in the respective period over last 3 months,
- > 3% of the moving average carrying amount of the portfolio in the respective period over last 12 months or
- > 5% of the moving average carrying amount of the portfolio in the respective period over last 36 months), OR it is considered necessary with regard to new management's expectations that the threshold in the prospective assessment could be breached, the Group performs a prospective test.

If the outcome is that the carrying amount of assets expected to be sold over the expected life of the current business model portfolio, for reasons other than the cases above, exceeds 10% of the carrying amount of the portfolio, any new acquisitions or originations of assets would be classified in a different business model.

- 2) Business models 'hold to collect', 'hold and sell' and other business models for securities (non-client business).
For sales of securities held under business model "hold to collect", a hold-to-collect assessment is performed as explained above for the loan portfolio.

Characteristics of contractual cash flows (SPPI test)

As required by IFRS 9, the Group performs the assessment of whether the contractual cash flows of financial assets give rise, on specific dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test).

The Group, based on this assessment, and taking into account the business model under which the financial asset is managed, determines the classification and measurement category of financial assets.

The SPPI assessment is an instrument-by-instrument assessment meaning the cash flow characteristics of the financial asset shall be assessed on a contractual level.

Generally, contractual cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding are consistent with a basic lending arrangement. In the basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest. Interest can also include the following basic elements:

Interest = Consideration for time value of money + Credit Spread + Admin costs + Compensation for any 'other basic lending risks' + Reasonable profit margin.

If the contractual terms include characteristics that are not the basic elements of interest and therefore introduce exposure to risks or volatility in the contractual cash flows that are unrelated to basic lending arrangement, then financial asset fails the SPPI test. For financial assets not passing the SPPI test, measurement at amortised cost or at fair value through other comprehensive income is not possible and the assets must be measured at fair value through profit or loss.

Furthermore, the significance of any 'modifications' to the time value of money element of interest (e.g. mismatch between interest rate reset frequency and tenor of the interest rate, or non-standard base rate, etc.) shall be assessed by applying the 'benchmark test'.

The purpose of the benchmark test is to determine whether the modified time value of money element could result in contractual (undiscounted) cash flows which are significantly different from the (undiscounted) benchmark cash flows (benchmark deal). Apart from the interest mismatch features, the terms of this benchmark deal correspond to the asset in the test. If the difference is material, the financial asset does not meet the SPPI condition. Hence, the fair value through profit or loss measurement applies.

To make this determination, the Group must consider the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

Application of the business model and SPPI test criteria leads to classification of financial assets into the following measurement categories described in the respective note:

- 1) Financial assets at amortised cost (AC)
- 2) Financial assets at fair value through other comprehensive income (FVOCI)
- 3) Financial assets at fair value through profit or loss (FVPL)

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition
- Financial guarantee contracts
- Commitments to provide a loan at a below-market interest rate
- Contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

Interest expense is calculated by applying the EIR to the amortised cost of a financial liability.

Further details on financial liabilities are in the Note 16.

Impairment of financial instruments under IFRS 9

Expected credit loss model

Expected credit loss model is more forward-looking impairment model, meaning a credit event (or impairment 'trigger') no longer has to occur before credit losses are recognised. Therefore, the measurement of expected credit losses is performed at origination/purchase of a financial instrument and credit losses are recognised at its initial recognition. Main characteristic of the model is that all reasonable and supportable information that is available to the Group considering past due information, current conditions and forward-looking information are used for expected credit loss measurement. This model applies to all financial instruments that are subject to impairment, regardless of the type of the instrument or its measurement category.

The following financial instruments are included within the scope of IFRS 9 impairment requirements:

- Financial assets measured at amortised cost
- Financial assets measured at fair value through other comprehensive income (except equity instruments)
- Other debt instruments in the scope of IFRS 9 impairment requirements (finance/operating lease receivables, trade and other receivables, contract assets)
- Loan commitments given
- Financial guarantees contracts to which IFRS 9 applies

Credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

12-month expected credit loss is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Lifetime expected credit loss is defined as the expected credit losses that result from all possible default events over the expected life of a financial instrument.

For financial instruments in scope of IFRS 9 impairment requirements, the Group always recognises (at a minimum) the loss allowance in the amount of 12-month expected credit loss in profit or loss. Loss allowance in the amount of the lifetime expected losses is recognised on instruments for which there is a significant increase in credit risk since initial recognition or on credit impaired financial instruments.

Loss allowance is the way the expected credit losses are reflected in accounting:

- as the allowance for expected credit losses on financial assets measured at amortised cost, lease receivables or contract assets, booked on a separate account decreasing the carrying amount of the asset, included in the net carrying amount of the financial assets on the statement of financial position;
- as the accumulated impairment amount for financial assets measured at fair value through other comprehensive income recognized against other comprehensive income (not decreasing the carrying amount of the asset)
- as the provision (liability) for loan commitments and financial guarantees given, reported under the line item 'Provisions' in the statement of financial position.

In the statement of profit or loss, impairment losses and their reversals (gains) on all types of financial instruments are reported under the line item 'Impairment result from financial instruments'.

When a financial asset subsequently becomes credit-impaired financial asset, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods as long as the asset is credit-impaired. From balance sheet perspective, interest is accrued based on the financial assets' gross carrying amount. The difference between the interest accrued on the assets and the interest income recognised is reflected through the allowance account (without impacting the impairment loss).

Notes to the financial statements

For financial assets that are credit-impaired at initial recognition (purchased or originated credit-impaired financial assets “POCI”) lifetime expected credit losses are initially reflected in the credit-adjusted effective interest rate. Subsequently, only adverse changes in lifetime expected credit losses after the initial recognition are recognised as loss allowance, whilst favourable changes are recognised as impairment gains increasing the gross carrying amount of the POCI financial assets. No impairment stages are distinguished for the POCI financial assets.

As previously mentioned, financial guarantees and loan commitments fall under the scope of IFRS 9 impairment model. For loan commitments and financial guarantees, the date that the Group becomes a party to the irrevocable commitment is the date of initial recognition for impairment purposes. Provisions for expected credit losses are not reversed when recognising the financial asset resulting from the loan commitment. Instead, the amount previously recognised as provision is transferred to the loss allowance, with only the difference up to the newly calculated loss allowance for resulting financial asset recognised in profit or loss as allocation or release of allowance (except for POCI).

Stages of credit quality of financial instruments

The three-stage approach for impairment of financial instruments is defined, based on whether there has been a significant deterioration in the credit risk of the financial asset. The stage of the financial instrument determines the amount of expected credit loss to be recognised as well as the amount of interest revenue recognised for the period:

Stage 1

- the credit risk for the financial instrument has not increased significantly since initial recognition
- the loss allowance (or provision): at an amount equal to 12-month expected credit loss
- interest revenue: recognised based on the gross carrying amount of the financial asset

Stage 2

- the credit risk for the financial instrument has significantly increased since initial recognition
- the loss allowance (provision): at an amount equal to lifetime expected credit loss
- interest revenue: recognised based on the gross carrying amount of the financial asset

Stage 3

- the financial instrument is identified as credit-impaired
- the loss allowance (provision): at an amount equal to lifetime expected credit loss
- interest revenue: recognised based on the net carrying amount (amortised cost) of the financial asset

Measurement of expected credit losses reflects cash flows expected from collateral and those financial guarantees held by the Group which are considered as integral to the contractual terms of financial assets whose risk is guaranteed. The Group considers as integral those guarantees which are entered into at or close to the inception of the guaranteed financial assets. If the bank has in a loan contract an option to require provision of a guarantee, it is also considered as integral. Premiums paid for integral financial guarantees and other credit enhancements are considered in the EIR of the related financial assets.

Financial guarantees which are not considered integral are recognised as reimbursement assets in the statement of financial position under ‘Other assets’ in the balance sheet upon the activation of the guarantee. In the statement of profit or loss they reduce the impairment loss incurred on guaranteed financial assets under ‘Impairment result from financial instruments’. A precondition for this treatment is that it must be virtually certain that the guarantee would reimburse the bank for the loss. Premiums paid for non-integral financial guarantees are presented in the statement of income under the line item ‘Fee and commission expense’ under ‘Net fee and commission income’.

More detailed information about identification of significant increase in credit risk including collective assessment, estimation techniques used to measure 12-month and lifetime expected credit losses and definition of default is provided in the chapter Risk management.

Derecognition of financial instruments including treatment of contractual modifications

i. Derecognition of financial assets

The difference between the carrying amount of the derecognised asset and the consideration received is reported in the statement of profit or loss under the line item 'Gains/losses from derecognition of financial assets measured at amortised cost' or, for financial assets at fair value through other comprehensive income, under the line item 'Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss'.

For financial assets measured at fair value through profit or loss, all gains and losses are reported in the line item 'Net trading result' or 'Gains/losses from financial instruments measured at fair value through profit or loss'.

ii. Derecognition criteria with respect to contractual modifications of financial assets

In the normal course of running its lending business and in agreement with the respective debtors, the Group may renegotiate or otherwise modify some terms or conditions of the underlying contracts. This can involve either market-driven commercial renegotiations or contractual changes aimed at alleviating or preventing borrower's financial difficulty.

In some circumstances, the renegotiation or modification of the contractual cash flows of the financial asset can lead to derecognition of the existing financial asset and initial recognition of the modified financial asset.

The Group has developed a set of derecognition criteria that reflect modifications which are (either quantitatively or qualitatively) substantial enough, to satisfy the derecognition trigger:

- The modification results in a change of the contractual counterparty
- The modification results in one (or more) preceding contractual agreement(s) being changed in any of the following manners: currency change, the modification involves the introduction or removal of one or more contractual clauses which would trigger different IFRS 9 classification/measurement of a new instrument. The modification results in adjustment of the maturity/due dates of the repayment schedule. The modification results in changing amounts and/or due dates of the contractually due cash flows, and the arising modification loss/gain exceeds 10% of asset's gross carrying amount outstanding at the current modification date.
- The modification results from a commercial renegotiation of a performing non-forborne lending agreement and is initiated by a customer seeking better terms and conditions as an alternative to refinancing or early termination (prepayment).

As already mentioned, contractual modifications leading to derecognition of the related original asset result in the initial recognition of a new financial asset. For loans measured at amortised cost, the unamortised balance of the origination fees/transaction costs considered in the effective interest rate is presented in the line item 'Interest income' under 'Net interest income' at the derecognition date. The release of the credit loss allowance attached to the original asset at the date of that significant modification as well as the credit loss allowance recognised for the new asset are presented in the line item 'Impairment result from financial instruments'.

If the debtor is in default or the significant modification leads to the default, the new asset is treated as POCI. The difference between the carrying amount of the derecognised asset and the initial fair value of the new POCI asset is reported in the statement of profit or loss in the line item 'Impairment result from financial instruments'.

Modifications of contractual cash flows not leading to derecognition of financial asset represent all contractual changes which affect the amount and/or repayment schedule of the remaining contractual cash flows but do not lead to derecognition.

For debt instruments assets not measured at FVPL that are subject to a change in underlying cash flows due to contractual modifications that do not result in derecognition, the Group is obliged to recalculate the gross carrying amount of the financial asset and recognise a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets):

- Modification loss: if the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate is lower than the gross carrying amount of the financial asset before the modification
- Modification gain: if the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate is higher than the gross carrying amount of the financial asset before the modification.

Notes to the financial statements

In the statement of profit or loss, the modification gain or loss is presented in the line item 'Interest income' under 'Net interest income' if the modification relates to financial assets in Stage 1. For financial assets in Stage 2 and 3 and POCI financial assets, the modification gain or loss is presented in the line item 'Impairment result from financial instruments'.

iii. Write-offs

If there are no reasonable expectations of recovery, the Group will write-off the gross carrying amount of the financial assets. The written-off amount can be either a full write-off or a partial write-off.

A write-off constitutes a derecognition event and it is recognized as an offset between the loss allowance booked for the respective financial asset and its gross carrying amount.

The Group has specified criteria for writing off the unrecoverable balances in its loan business:

Write-off can result from forbearance measures whereby the Group contractually waives part of the existing balance in order to help the customers overcome financial difficulties and thus improve the prospects of recovering the remaining loan balance.

Write-offs of the unrecoverable exposure parts can be triggered by enforcement activities such as filing or termination of legal proceedings (bankruptcy, liquidation, court case).

Other write-off triggers may result from decisions about no enforcement due to worthlessness of the claim/collateral or generally from assessment that the receivable is economically lost or, the non-recoverability and the timing and amounts of write-off crystallise during the collection process when it becomes evident that the amount due cannot be collected, e.g. due to ongoing bankruptcy proceedings. For more information on Forbearance please refer to Note 33 Restructuring, renegotiation and forbearance.

iv. Derecognition of financial liabilities

In the statement of profit or loss, the difference between the carrying amount of the derecognised financial liability and the consideration paid is presented in the line item 'Other gains/losses from financial instruments not measured at fair value through profit or loss', 'Gains/losses from financial instruments measured at fair value through profit or loss' and 'Net trading result' depending on the measurement category of the derecognised financial liability.

MATERIAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

i. Business model assessment

Business model is determined by the key management personnel and it does not depend on management's intentions for an individual instrument. Accordingly, this condition is not an instrument-by-instrument approach to classification and it is determined on a higher level of aggregation.

Business model assessment can be observed by the way the Group is managed and information is provided to its management. The main criteria for performing the assessment stated in this paragraph can be grouped as follows:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and in particular, the way in which those risks are managed; and
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

ii. Impairment of financial instruments

The expected credit loss impairment model is inherently based on judgement since it requires assessment of significant increase in credit risk and measurement of expected credit losses without providing detailed guidance. In respect of significant increase in credit risk, the Group has determined specific assessment rules consisting of qualitative information and quantitative thresholds. The Group first assesses whether there is evidence of impairment for individually significant assets and on a collective basis for assets that are not individually significant. The area of complexity relates to establishing groups of similar assets when credit risk deterioration has to be assessed on a collective basis before specific information is available at individual instrument level. Measurement of expected credit losses involves complex models relying on historical statistics of probabilities of default and loss rates in case of defaults, individual estimates of credit-adjusted cash flows and probabilities of various scenarios including forward-looking information. In addition, the life of the instruments has to be modelled in respect of behavioural life of revolving credit facilities.

Notes to the financial statements

The Group continuously monitors client's creditworthiness, and credit loss allowances are assessed at least monthly.

Impairment losses are recognized against the carrying amount of loans and advances and contingent liabilities.

Detailed disclosures are provided in chapter Risk management. For further information on the definition of default refer to Note 31 Measurement of expected credit loss.

The development of loan loss provisions is described in Note 32 Development of credit loss allowances.

Financial instruments held at amortised cost (AC)

Non-derivative financial assets are measured at amortised cost if both of the following conditions are met:

1. The financial asset is held within a business model whose objective is to collect contractual cash flows; and
2. The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost include debt securities and loans and advances that meet the conditions stated above as well as trade receivables and other receivables and cash and cash balances. On the statement of financial position, they are presented under the line items 'Financial assets at amortised cost', 'Trade and other receivables' and 'Cash and cash balances'.

Gains and losses, resulting from subsequent measurement of financial assets measured at amortised cost, are recognised as follows:

1. Interest income is recognised in profit or loss, by using effective interest rate method, and presented in the line item 'Interest income' under 'Net interest income' in the statement of profit or loss
2. Allowances for expected credit loss (gains and losses) are recognised in profit or loss, and presented in the line item 'Impairment result from financial instruments' in the statement of profit or loss
3. Gains and losses resulting from foreign currency exchange differences are recognised in profit or loss and presented in the line item 'Net trading and fair value result' in the statement of profit or loss.

Realised gains or losses from derecognition of the assets are recognised in profit or loss for the period and presented in the line item 'Gains/losses from derecognition of financial assets measured at amortised cost'.

Financial assets at amortised cost constitute the largest measurement category within the Group, which includes the loan business to customers, interbank lending business, deposits with central bank, trade and other receivables, investment in debt securities.

For a description of financial liabilities measured at amortised cost refer to Note 16.

13. Cash and cash balances

Cash balances include only claims (deposits) against central banks and credit institutions that are repayable on demand. Repayable on demand means that they may be withdrawn at any time or with a term of notice of only one business day or 24 hours.

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Cash on hand	383	509	341	437
Cash balances at central banks	2,902	2,493	2,860	2,458
Other demand deposits	95	60	10	10
Cash and cash balances	3,380	3,062	3,211	2,905

For the Statement of Cash flows for the year ended 31 December 2025, cash and cash equivalents at the end of the periods 2025 and 2024 for the Group and the Bank are equal to cash and cash balance.

14. Financial assets at amortised cost

The line item 'Financial assets at amortised cost' is further broken down into 'Debt securities', 'Loans and advances to banks' and 'Loans and advances to customers'. For details regarding the development of credit loss allowances please refer to Note 32.

DEBT SECURITIES

Investments in debt securities measured at amortised cost may be acquired with different business objectives (such as fulfilling internal/external liquidity risk requirements and efficient placement of the structural liquidity surplus, strategic positions decided by the board of directors, initiating and fostering of client relationships, substitution of loan business or other yield generating activities). Their common attribute is that significant and frequent sales of such securities are not expected. For a description of what sales are considered as compliant with the hold to collect contractual cash flows business model, see the paragraph 'Initial recognition and measurement' in chapter 'Financial instruments – Material accounting policy information'.

The analysis of the gross carrying amount (GCA) and of related credit loss allowances (CLA) of the Group's and the Bank's debt securities per impairment buckets as of 31 December 2025 and 31 December 2024 is provided in the table below.

										GROUP
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		
December 2025										
General governments	2,198	–	–	2,198	–	–	–	–	–	2,198
Credit institutions	–	–	–	–	–	–	–	–	–	–
Total	2,198	–	–	2,198	–	–	–	–	–	2,198
December 2024										
General governments	2,049	53	–	2,102	–	–	–	–	–	2,102
Credit institutions	–	–	–	–	–	–	–	–	–	–
Total	2,049	53	–	2,102	–	–	–	–	–	2,102

										BANK
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		
December 2025										
General governments	2,083	–	–	2,083	–	–	–	–	–	2,083
Credit institutions	–	–	–	–	–	–	–	–	–	–
Total	2,083	–	–	2,083	–	–	–	–	–	2,083
December 2024										
General governments	2,002	53	–	2,055	–	–	–	–	–	2,055
Credit institutions	–	–	–	–	–	–	–	–	–	–
Total	2,002	53	–	2,055	–	–	–	–	–	2,055

For information about development of credit loss allowances refer to Note 32 Development of credit loss allowances, part 'Financial instruments held at amortised cost': table 'Movement in credit loss allowances – debt securities'.

Listed bonds issued by the Republic of Croatia, Republic of Slovenia, Republic of Slovakia, Republic of Poland Republic of France, Kingdom of Spain and United States of America are fixed income debt securities denominated in EUR and USD. These bonds have maturities from 2026 to 2035 and bear coupon interest from 0.000% to 5.750% p.a.

The fair value of financial assets at amortized cost for the Group and the Bank is approximately EUR 14,6 million lower than their value as at 31 December 2025 (2024: EUR 18,9 million lower).

LOANS AND ADVANCES TO BANKS

The analysis of the gross carrying amount (GCA) and related credit loss allowance (CLA) for the Group's and the Bank's loans and advances to banks by impairment buckets as of 31 December 2025 and 31 December 2024 is provided in the table below:

GROUP									
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	
December 2025									
Central banks	19	-	-	19	-	-	-	-	19
Credit institutions	325	-	-	325	-	-	-	-	325
Total	344	-	-	344	-	-	-	-	344
December 2024									
Central banks	17	-	-	17	-	-	-	-	17
Credit institutions	62	-	-	62	-	-	-	-	62
Total	79	-	-	79	-	-	-	-	79

BANK									
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	
December 2025									
Central banks	-	-	-	-	-	-	-	-	-
Credit institutions	326	-	-	326	-	-	-	-	326
Total	326	-	-	326	-	-	-	-	326
December 2024									
Central banks	-	-	-	-	-	-	-	-	-
Credit institutions	52	-	-	52	-	-	-	-	52
Total	52	-	-	52	-	-	-	-	52

For information on the development of credit loss allowances refer to Note 32 Development of credit loss allowances, part 'Financial instruments held at amortised cost': table 'Movement in credit loss allowances – loans and advances to banks'.

LOANS AND ADVANCES TO CUSTOMERS

The analysis of the gross carrying amount (GCA) and of related credit loss allowances (CLA) of loans and advances to customers per impairment buckets as of 31 December 2025 and 31 December 2024 is provided in the table below:

											GROUP
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	
2025											
General governments	851	1	-	-	852	(1)	-	-	-	(1)	851
Other financial corporations	31	15	-	-	46	(1)	-	-	-	(1)	45
Non-financial corporations	3,828	235	96	13	4,172	(20)	(12)	(61)	(9)	(102)	4,070
Households	3,968	732	171	1	4,872	(16)	(48)	(101)	-	(165)	4,707
Total	8,678	983	267	14	9,942	(38)	(60)	(162)	(9)	(269)	9,673
2024											
General governments	1,098	11	-	-	1,109	(1)	-	-	-	(1)	1,108
Other financial corporations	20	3	-	-	23	-	-	-	-	-	23
Non-financial corporations	3,201	437	105	15	3,758	(15)	(25)	(66)	(11)	(117)	3,641
Households	3,288	826	167	1	4,282	(11)	(40)	(99)	-	(150)	4,132
Total	7,607	1,277	272	16	9,172	(27)	(65)	(165)	(11)	(268)	8,904
											BANK
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	
2025											
General governments	828	1	-	-	829	(1)	-	-	-	(1)	828
Other financial corporations	76	15	-	-	91	(1)	-	-	-	(1)	90
Non-financial corporations	3,629	177	85	13	3,904	(19)	(9)	(51)	(9)	(88)	3,816
Households	3,649	686	163	1	4,499	(15)	(44)	(95)	-	(154)	4,345
Total	8,182	879	248	14	9,323	(36)	(53)	(146)	(9)	(244)	9,079
2024											
General governments	1,060	11	-	-	1,071	(1)	-	-	-	(1)	1,070
Other financial corporations	56	2	-	-	58	-	-	-	-	-	58
Non-financial corporations	3,039	381	91	15	3,526	(14)	(23)	(55)	(11)	(103)	3,423
Households	3,035	778	158	1	3,972	(10)	(38)	(92)	-	(140)	3,832
Total	7,190	1,172	249	16	8,627	(25)	(61)	(147)	(11)	(244)	8,383

For information about development of credit loss allowances refer to Note 32 Development of credit loss allowances, part 'Financial instruments held at amortised cost': table 'Movement in credit loss allowances – loans and advances to customers'.

15. Trade and other receivables

												GROUP
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		
2025												
General governments	17	–	–	–	17	–	–	–	–	–	17	
Credit institutions	5	–	–	–	5	–	–	–	–	–	5	
Other financial corporations	5	–	–	–	5	–	–	–	–	–	5	
Non-financial corporations	112	7	5	–	124	(1)	–	(4)	–	(5)	119	
Households	23	35	10	–	68	–	(1)	(9)	–	(10)	58	
Total	162	42	15	–	219	(1)	(1)	(13)	–	(15)	204	
2024												
General governments	14	–	–	–	14	–	–	–	–	–	14	
Credit institutions	3	1	–	–	4	–	–	–	–	–	4	
Other financial corporations	6	–	–	–	6	–	–	–	–	–	6	
Non-financial corporations	94	8	4	–	106	(1)	–	(4)	–	(5)	101	
Households	29	24	10	–	63	–	(1)	(8)	–	(9)	54	
Total	146	33	14	–	193	(1)	(1)	(12)	–	(14)	179	

												BANK
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		
2025												
General governments	17	–	–	–	17	–	–	–	–	–	17	
Credit institutions	5	–	–	–	5	–	–	–	–	–	5	
Other financial corporations	7	–	–	–	7	–	–	–	–	–	7	
Non-financial corporations	108	7	4	–	119	(1)	–	(3)	–	(4)	115	
Households	23	35	10	–	68	–	(1)	(8)	–	(9)	59	
Total	160	42	14	–	216	(1)	(1)	(11)	–	(13)	203	
2024												
General governments	14	–	–	–	14	–	–	–	–	–	14	
Credit institutions	3	1	–	–	4	–	–	–	–	–	4	
Other financial corporations	8	–	–	–	8	–	–	–	–	–	8	
Non-financial corporations	92	8	4	–	104	(1)	–	(3)	–	(4)	100	
Households	29	24	9	–	62	–	(1)	(8)	–	(9)	53	
Total	146	33	13	–	192	(1)	(1)	(11)	–	(13)	179	

Trade and other receivables consist of factoring receivables, card business receivables and other receivables.

For information about development of credit loss allowances refer to Note 32 Development of credit loss allowances, part 'Financial instruments held at amortised cost': table 'Movement in credit loss allowances – trade and other receivables'.

16. Financial liabilities measured at amortised costs

For presentation in the statement of financial position, the line item 'Financial liabilities measured at amortised cost' is used. This line item is further broken down into 'Deposits from banks', 'Deposits from customers', 'Debt securities issued' and 'Other financial liabilities'.

Interest expense is calculated by using effective interest rate method and presented in the line item 'Interest expenses' under 'Net interest income' in the statement of profit or loss.

Gains and losses from derecognition of financial liabilities are recognised in profit or loss for the period and presented in the line item 'Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss'.

DEPOSITS FROM BANKS

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Overnight deposits	33	75	43	76
Term deposits	595	622	59	41
Subordinated loan	150	150	150	150
Repurchase agreements	18	12	19	12
Deposits from banks	796	858	271	279

As at 31 December 2025, term deposits from banks include funding from related parties in the amount of EUR 523 million for the Group (2024: EUR 469 million for the Group).

As at 31 December 2025, the average maturity of the Group's term deposits from related parties is 2.3 years and the interest rate range is 1.07%-4.73% (2024: average maturity is 2.5 years and the interest rate range is 0.86% -4.73%).

Funding from supranational banks amount to EUR 77 million for the Group and EUR 33 million for the Bank (2024: EUR 96 million for the Group and EUR 48 million for the Bank).

As at 31 December 2025, the Bank has a subordinated loan from the related parties in the amount of EUR 150 million (2024: EUR 150 million), maturing in 2034 at an interest rate of 4.74%. The subordinated loan includes an early repayment option after five years, which is possible with prior regulatory approval.

As at 31 December 2025, the Bank's Repurchase agreements from related parties amount to EUR 12 million, which mature on 7 January 2026, and whose interest rate range is 1.73%-1.75% (2024: EUR 8 million for the Bank with maturity on 8 January 2025 and interest rate range 2.77%-2.78%).

DEPOSITS FROM CUSTOMERS

As at 31 December 2025, Deposits from customers include funding from HBOR in the amount of EUR 321 million for the Group and EUR 287 million for the Bank (2024: EUR 302 million for the Group and EUR 259 million for the Bank).

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Overnight deposits	8,904	10,208	8,472	9,667
Savings deposits	908	1,165	908	1,164
Other financial corporations	24	238	24	238
Non-financial corporations	255	230	255	230
Households	629	697	629	696
Non-savings deposits	7,996	9,043	7,564	8,502
General governments	952	975	925	952
Other financial corporations	303	374	383	433
Non-financial corporations	2,533	2,841	2,295	2,566
Households	4,208	4,854	3,961	4,552
Term deposits	3,591	3,274	3,413	3,083
Deposits with agreed maturity	3,591	3,274	3,413	3,083
Savings deposits	3,097	2,659	3,097	2,659
Other financial corporations	541	243	541	243
Non-financial corporations	923	890	923	890
Households	1,633	1,526	1,633	1,526
Non-savings deposits	494	615	316	424
General governments	390	489	316	424
Other financial corporations	19	12	-	-
Non-financial corporations	36	60	-	-
Households	49	54	-	-
Repurchase agreements	58	111	58	111
General governments	58	110	58	110
Non-financial corporations	-	1	-	1
Deposits from customers	12,553	13,593	11,943	12,861
General governments	1,400	1,574	1,299	1,486
Other financial corporations	887	867	948	913
Non-financial corporations	3,747	4,022	3,473	3,687
Households	6,519	7,130	6,223	6,774
Other financial liabilities	27	25	32	31

OTHER FINANCIAL LIABILITIES

Other financial liabilities consist of card transactions liabilities, accounts payables (foreign and domestic suppliers) and other financial liabilities.

DEBT SECURITIES ISSUED

The Bank issues bonds on the domestic and international capital markets in order to meet the Minimum Requirement for own funds and Eligible Liabilities (MREL) set for the Bank by the Single Resolution Board.

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Debt securities issued	954	955	954	955
Bonds	954	955	954	955
Debt securities issued	954	955	954	955

The analysis of the Debt securities issued as of 31 December 2025 and 31 December 2024 is provided in the table below:

2025	Currency	Nominal value EUR million	Interest	Issuance date	Maturity
Senior Preferred	EUR	45	0.85%	5.2.2021	5.2.2026
Senior Preferred	EUR	400	0.84%	6.7.2021	6.7.2028
Senior Preferred	EUR	90	4.50%	26.6.2023	26.6.2026
Senior Preferred	EUR	400	4.90%	31.1.2024	31.1.2029
Total		935			

2024	Currency	Nominal value EUR million	Interest	Issuance date	Maturity
Senior Preferred	EUR	45	0.85%	5.2.2021	5.2.2026
Senior Preferred	EUR	400	0.84%	6.7.2021	6.7.2028
Senior Preferred	EUR	90	4.50%	26.6.2023	26.6.2026
Senior Preferred	EUR	400	4.90%	31.1.2024	31.1.2029
Total		935			

Financial instruments at fair value

Financial instruments at fair value through profit or loss

The fair value through profit or loss measurement category to financial assets is a residual measurement category. This measurement category relates to financial assets that are part of residual business models, i.e. they are neither held in 'hold to collect' business model nor held in 'hold to collect and sell' business model. These financial assets are generally expected to be sold before their maturity or they are managed, and their performance is evaluated on a fair value basis. Such business models are typical of assets that are held for trading, assets whose value is expected to be primarily realised through sales.

Additionally, financial assets whose contractual cash flows are not considered as SPPI compliant are automatically measured at fair value through profit or loss.

In the statement of financial position, debt instruments measured at fair value through profit or loss are presented as 'Financial assets held for trading', sub-items 'Other financial assets held for trading' and 'Non-trading financial assets at fair value through profit or loss' (sub-items 'Debt securities', 'Loans and advances to banks' and 'Loans and advances to customers').

Non-trading financial assets measured at fair value through profit or loss consists of financial assets mandatorily measured at fair value presented as 'Financial assets mandatorily at fair value through profit or loss', sub-item 'Debt securities', disclosed in Note 18. Financial assets are mandatorily measured at fair value through profit or loss either because their contractual cash flows are not SPPI compliant, or they are held as part of residual business models that are other than held for trading.

Investments in equity instruments that are held for trading (i.e. financial assets held by the trading function of the Bank) are measured at fair value through profit or loss. They are included in the balance sheet under the line item 'Financial assets held for trading', sub-item 'Other financial assets held for trading'. Investments in equity instruments that are not held for trading are also measured at fair value through profit or loss (unless they are designated at FVOCI). They are presented in the balance sheet under the line item 'Non-trading financial assets at fair value through profit or loss', sub-item 'Equity instruments', sub-category 'mandatorily at fair value through profit or loss' in Note 18.

For recognition of gains and losses resulting from subsequent measurement of financial assets measured at fair value through profit or loss, the following applies:

- Changes in fair value (gains and losses) are recognised in profit or loss, and presented in the line item 'Net trading and fair value result' for financial assets held for trading and in the line item 'Gains/losses from financial instruments measured at fair value through profit or loss' in case of non-trading financial assets at fair value through profit or loss
- Interest income is recognised in profit or loss, by using effective interest rate method, without taking into account any up-front fees or costs directly attributed to the financial assets, and reported in the line item 'Other similar income' under 'Net interest income' in the statement of profit or loss
- Dividend income is recognised in profit or loss, and reported in the line item 'Dividend income' in the statement of profit or loss
- Gains and losses resulting from foreign currency exchange differences are recognised in profit or loss and presented in the line item 'Net trading and fair value result'.

Upon derecognition, gains and losses are recognised in profit or loss, and presented in the line item 'Net trading result' for financial assets held for trading and in the line item 'Gains/losses from financial instruments measured at fair value through profit or loss' in case of non-trading financial assets at fair value through profit or loss.

Financial liabilities measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of financial liabilities held for trading. On the balance sheet, financial liabilities held for trading are reported under the line 'Financial liabilities held for trading', sub items 'Derivatives' and 'Other financial liabilities held for trading'.

Notes to the financial statements

For recognition of gains and losses resulting from subsequent measurement of financial liabilities measured at fair value through profit or loss, the following applies:

- Interest expense is reported in the line item 'Other similar expenses' under 'Net interest income' in the statement of profit or loss
- Changes in fair value (gains and losses) are recognised in profit or loss, and are reported, for financial liabilities held for trading in the line item 'Net trading result' in the statement of profit or loss
- Gains or losses resulting from derecognition are recognised in profit or loss, and reported, for financial liabilities held for trading in the line item 'Net trading result' in the statement of profit or loss.

17. Derivatives – held for trading

Derivative financial instruments are used by the Group to manage exposures to interest rates, foreign currencies and other market price risks. Derivatives used by the Group include mainly interest rate swaps, futures, options, forward rate agreements, and cross currency swaps.

Derivative financial instruments are carried at fair value (dirty price) on the balance sheet, classified as financial instruments held for trading. They are reported in the line 'Derivatives' under the heading 'Financial assets/Financial liabilities held for trading'.

Derivatives are carried as assets if their fair value is positive and as liabilities if their fair value is negative. Changes in the fair value (clean price) of derivatives held for trading are reported in the statement of profit or loss under the line 'Net trading and fair value result'. Interest income/expense recognition is based on EIR-like accruals in respect of the derivative notional amount and includes amortisation of the inception value of the derivative (e.g. upfront fees, if any). Interest income/expense related to derivatives is reported in the statement of profit or loss in the line item 'Other similar income' or 'Other similar expenses' under 'Net interest income'.

in EUR million	GROUP					
	2024			2025		
	Notional value	Positive fair value	Negative fair value	Notional value	Positive fair value	Negative fair value
Derivatives held in the trading book	1,181	19	18	655	14	12
Interest rate	796	15	14	540	14	12
Foreign exchange	385	4	4	115	–	–
Derivatives held in the banking book	127	–	–	148	–	–
Interest rate	20	–	–	–	–	–
Foreign exchange	107	–	–	148	–	–
Total	1,308	19	18	803	14	12

in EUR million	BANK					
	2024			2025		
	Notional value	Positive fair value	Negative fair value	Notional value	Positive fair value	Negative fair value
Derivatives held in the trading book	1,181	19	18	655	14	12
Interest rate	796	15	14	540	14	12
Foreign exchange	385	4	4	115	–	–
Derivatives held in the banking book	127	–	–	148	–	–
Interest rate	20	–	–	–	–	–
Foreign exchange	107	–	–	148	–	–
Total	1,308	19	18	803	14	12

18. Other financial assets held for trading

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Debt securities	–	5	–	5
General governments	–	5	–	5
Other financial assets held for trading	–	5	–	5

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

FINANCIAL ASSETS MANDATORILY AT FVPL

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Equity instruments	4	5	4	5
Debt securities	5	5	5	5
Other financial corporations	5	5	5	5
Non-trading financial assets at fair value through profit or loss	9	10	9	10

Financial assets at fair value through other comprehensive income

Non derivative financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both, collecting contractual cash flows and selling financial assets; and
- The contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through other comprehensive income include debt instruments and equity instruments for which the Group has elected, at initial recognition, the fair value through other comprehensive income measurement.

The common attribute for investments in debt instruments at fair value through other comprehensive income is that an active yield optimisation via sales is integral to achieving the objectives. The sales are carried out in order to optimise the liquidity position or to realise the fair value gains or losses. As a result, the business objectives are achieved through both collecting contractual cash flows and sales of the securities. On the balance sheet, they are included as 'Debt securities' under the line 'Financial asset at fair value through other comprehensive income'.

For certain investments in equity instruments that are not held for trading, the Group makes use of the option to measure them at fair value through other comprehensive income. This election is applied to strategic, significant banking business relationship investments. On the balance sheet, they are included as 'Equity instruments' under the line 'Financial asset at fair value through other comprehensive income'.

For recognition of gains and losses, resulting from subsequent measurement of financial assets measured at fair value through other comprehensive income, different rules apply depending on whether the financial instrument is debt or equity instrument:

Equity instruments

- Changes in fair value (gains and losses) are recognised in other comprehensive income, and reported under the line 'Fair value reserve of equity instruments' of the statement of other comprehensive income
- Dividend income is recognised in profit or loss (unless the dividend clearly represents a recovery of part of the cost of investment), and reported under the line 'Dividend income' of the statement of profit or loss
- Gains and losses resulting from foreign currency exchange differences are recognised in other comprehensive income and reported under the line 'Fair value reserve of equity instruments'.

The accumulated fair value change recognised in other comprehensive income is never reclassified to profit or loss. However, upon derecognition of the investments in equity instruments, the amount accumulated in other comprehensive income is transferred to retained earnings.

Debt instruments

- Changes in fair value (gains and losses) are recognised in other comprehensive income, and reported under the line 'Fair value reserve of debt instruments' in the statement of other comprehensive income
- Interest income is recognised in profit or loss, by using effective interest rate method, and reported in the line item 'Interest income' under 'Net interest income' in the statement of profit or loss
- Allowances for expected credit loss (gains and losses) are recognised in profit or loss against the accumulated impairment amount in other comprehensive income, and reported under the line 'Impairment result from financial instruments' in the statement of profit or loss
- Gains and losses resulting from foreign currency exchange differences are recognised, in accordance with the requirements of IAS 21, in profit or loss if they relate to the amortised cost part of the asset, reported under the line 'Net trading result and fair value result' and in other comprehensive income if they relate to other foreign currency exchange differences (fair value related), reported under the line 'Fair value reserve of debt instruments'

Upon derecognition, gains and losses previously recognised in other comprehensive income are reclassified to profit or loss and reported under the line 'Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss'.

20. Financial assets at fair value through other comprehensive income – equity instruments

The usage of the FVOCI option for equity instruments is subject to a separate approval process at Group level. Fair Value through Other Comprehensive Income (FVTOCI) is applied for investments which are not held for trading and in which the Group has a strategic interest. Strategic interest is evidenced by significant business and distribution ties between the Group investor entity and the investee entity and those other non-trading equity investments in non-consolidated entities that are acquired on a non-voluntary basis for example as a result of a regulatory debt-to-equity swap or as a result of an equity conversion of defaulted debt.

The carrying amount of equity instruments at FVOCI (fair value through other comprehensive income) as at 31 December 2025 amounts to EUR 0.9 million for the Group and for the Bank (2024: EUR 0.5 million for the Group and for the Bank).

21. Financial assets at fair value through other comprehensive income – debt instruments

The analysis of gross carrying amounts (GCA) and of related credit loss allowances (CLA) of the Group's and the Bank's debt securities at FVOCI per impairment buckets as of 31 December 2025 is provided below:

in EUR million	GROUP										
	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			
2025											
General governments	1,159	–	–	1,159	–	–	–	–	1,159	(12)	1,147
Credit institutions	–	–	–	–	–	–	–	–	–	–	–
Non-financial corporations	87	–	–	87	–	–	–	–	87	–	87
Total	1,246	–	–	1,246	–	–	–	–	1,246	(12)	1,234
2024											
General governments	925	–	–	925	–	–	–	–	925	(23)	902
Credit institutions	29	–	–	29	–	–	–	–	29	–	29
Non-financial corporations	53	21	–	74	–	(1)	–	(1)	73	–	73
Total	1,007	21	–	1,028	–	(1)	–	(1)	1,027	(23)	1,004

Notes to the financial statements

in EUR million	Gross carrying amount								Credit loss allowances				BANK
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Amortised cost	Accumulated OCI changes	Fair value		
	2025												
General governments	1,057	–	–	1,057	–	–	–	–	1,057	(12)	1,045		
Credit institutions	–	–	–	–	–	–	–	–	–	–	–		
Non-financial corporations	87	–	–	87	–	–	–	–	87	–	87		
Total	1,144	–	–	1,144	–	–	–	–	1,144	(12)	1,132		
2024													
General governments	849	–	–	849	–	–	–	–	849	(23)	826		
Credit institutions	29	–	–	29	–	–	–	–	29	–	29		
Non-financial corporations	53	21	–	74	–	(1)	–	(1)	73	–	73		
Total	931	21	–	952	–	(1)	–	(1)	951	(23)	928		

The gross carrying amount of debt instruments at FVOCI equals the amortised cost before deducting any credit loss allowances.

In accordance with IFRS9, for debt instruments classified into this category, other comprehensive income combines the effects of credit loss allowances booked in statement of profit or loss and fair value accounting.

For information about development of credit loss allowances refer to Note 32 Development of credit loss allowances, part 'Financial assets at fair value through other comprehensive income – debt instruments': table 'Movement in credit loss allowances – debt instrument financial assets'

Debt securities include bonds issued by the Republic of Croatia and other government and corporate bonds.

Bonds of the Republic of Croatia are EUR denominated fixed income debt securities listed at stock exchanges. These bonds have maturities from 2026 to 2034 and bear coupon interest from 0.500% to 4.250% p.a.

Bonds of Republic of Poland are fixed income debt securities denominated in USD and EUR and listed on stock exchanges. These bonds have maturity from 2030 to 2033 and bear coupon interest from 3.125% to 4.875% p.a. Bonds of Montenegro are fixed income debt securities denominated in EUR and listed on stock exchanges. These bonds have maturity from 2027 to 2029 and bear coupon interest from 2.550% to 2.875% p.a. Bonds of Republic of Slovakia are fixed income debt securities denominated in EUR and listed on stock exchanges.

These bonds have maturities from 2026 to 2031 and bear coupon interest from 0.625% to 3.000% p.a. Bonds of United States of America are fixed income debt securities denominated in USD and listed on stock exchanges. These bonds have maturities from 2026 to 2031 and bear coupon interest from 0.750% to 4.250% p.a. Bonds of Republic of France are fixed income debt securities denominated in EUR and listed on stock exchanges. These bonds have maturity in 2032 and bear coupon interest of 2.000% p.a. Bonds of Kingdom of Spain are fixed income debt securities denominated in EUR and listed on stock exchanges. These bonds have maturity in 2033 and bear coupon interest from 3.150% to 3.550% p.a. Bonds of Republic of Italy are fixed income debt securities denominated in EUR and listed on stock exchanges. These bonds have maturity in 2027 and bear coupon interest of 2.100% p.a.

Also, in financial assets at fair value through other comprehensive income are Croatian treasury bills with maturity in 2026.

Financial assets at fair value through other comprehensive income are measured at fair value based on quoted prices. In circumstances where quoted market prices are not readily available, the fair value of these securities is estimated using the present value of future cash flows.

Financial instruments – other disclosure matters

22. Fair value of assets and liabilities

Fair value of financial instruments

The measurement of fair value at the Group is based primarily on external sources of data (stock market prices or broker quotes in highly liquid market segments). Financial instruments for which fair value is determined on the basis of quoted market prices are mainly listed securities and derivatives as well as liquid Over-The-Counter (OTC) bonds.

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available judgment is required to establish fair values. Disclosures on valuation models, the fair value hierarchy and fair values of financial instruments can be found subsequently.

All financial instruments are measured at fair value on recurring basis.

Financial instruments measured at fair value in the statement of financial position

DESCRIPTION OF VALUATION MODELS AND INPUTS

The Group uses valuation models which 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 case of the negative interest environment the Group uses models which are able to deal sufficiently with the presented market conditions. Consequently, such negative interest rates do not restrict the valuation models.

DEBT SECURITIES

For plain vanilla (fixed and floating) 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 modelling techniques including methods described for OTC-derivatives.

EQUITY INSTRUMENTS

For non-trading equity instruments which do not have quoted market prices in an active market the fair value is determined by standard valuation models using also unobservable input parameters. These models include the adjusted net asset value method, the simplified income approach, the dividend discount model and the comparable company multiple method.

The adjusted net asset method requires an investor to measure the fair value of the individual assets and liabilities recognized in an investee's statement of financial position as well as the fair value of any unrecognized assets and liabilities at the measurement date. The resulting fair values of the recognized and unrecognized assets and liabilities should therefore represent the fair value of the investee's equity.

The dividend discount model assumes that the price of equity instruments issued by an entity equals the present value of all its expected future dividends in perpetuity. Similar to the dividend discount model, the simplified income approach estimates the fair value based on the future income. However, it can be used also when only one year planned income is available. The simplified income approach and the dividend discount model discount future income and dividends using the cost of equity. The cost of equity is dependent on the risk-free rate, the market risk premium, the levered beta and the country risk premium. The levered beta is derived from the industry classification which is published and maintained by Damodaran.

Notes to the financial statements

In some cases, techniques for non-trading equity instruments may also include comparable company multiple methods. These are valuation techniques that use prices and other relevant information generated by market transactions involving comparable company peers of an investee to derive a valuation multiple from which the indicated fair value of the investee's equity or enterprise value can be inferred.

OTC-DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments traded in liquid markets are valued by standard valuation models.

The 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 debt value adjustments (DVA) for the own default credit risk are applied to OTC derivatives.

According to the described methodology the amount of cumulative CVA-adjustment was EUR 142 thousand as at 31 December 2025 (2024: EUR 309 thousand) and the total amount of DVA-adjustment amount was EUR 528 thousand as at 31 December 2025 (2024: EUR 552 thousand).

VALIDATION AND CONTROL

The responsibility for valuation of a position measured at fair value is independent from trading units. Additionally, the Group has implemented an independent validation function in order to ensure separation between units responsible for model development, fair value determination and validation. The target of independent model validation is to evaluate model risks arising from the models' theoretical foundation, the appropriateness of input data (market data) and model calibration.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value are categorized under the three levels of the IFRS fair value hierarchy.

LEVEL 1 OF THE FAIR VALUE HIERARCHY

Level 1 measurement includes shares, government bonds as well as other bonds and funds, which are traded in highly liquid and active markets.

LEVEL 2 OF THE FAIR VALUE HIERARCHY

In case a market quote is used for valuation but due to restricted liquidity the market does not qualify as active (derived from available market liquidity indicators) the instrument is classified as Level 2. If no market prices are available, the fair value is measured by using valuation models which are based on observable market data. For Level 2 valuations typically yield curves, credit spreads and implied volatilities are used as observable market parameters.

Level 2 measurement includes OTC derivatives, theoretically priced exchange traded derivatives less liquid shares, bonds, funds and own issues.

LEVEL 3 OF THE FAIR VALUE HIERARCHY

If any unobservable input in the valuation model is significant or the price quote used is updated infrequently the instrument is classified as Level 3 of the fair value hierarchy. For Level 3 valuations, typically credit spreads 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.

Level 3 measurement includes shares, participations and funds not quoted in an active market, illiquid bonds.

The allocation of positions to levels and any changes between the levels are reflected at the end of the reporting period.

Notes to the financial statements

A reclassification from Level 1 into Level 2 or Level 3 and vice versa will be performed if the financial instruments no longer meet the criteria described above for the respective level.

The table below shows the classification of financial instruments carried at fair value with respect to levels of fair value hierarchy.

									GROUP
in EUR million	2024				2025				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Assets									
Financial assets HFT	–	18	1	19	–	19	–	19	
Derivatives	–	18	1	19	–	14	–	14	
Other financial assets HFT	–	–	–	–	–	5	–	5	
Non-trading financial assets - FVPL	5	–	4	9	3	–	7	10	
Equity instruments	2	–	2	4	1	–	4	5	
Debt securities	3	–	2	5	2	–	3	5	
Financial assets – FVOCI	639	335	31	1,005	650	585	–	1,235	
Equity instruments	–	–	1	1	1	–	–	1	
Debt securities	639	335	30	1,004	649	585	–	1,234	
Total assets	644	353	36	1,033	653	604	7	1,264	
Liabilities									
Financial liabilities HFT	–	18	–	18	–	12	–	12	
Derivatives	–	18	–	18	–	12	–	12	
Total liabilities	–	18	–	18	–	12	–	12	

									BANK
in EUR million	2024				2025				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Assets									
Financial assets HFT	–	18	1	19	–	19	–	19	
Derivatives	–	18	1	19	–	14	–	14	
Other financial assets HFT	–	–	–	–	–	5	–	5	
Non-trading financial assets - FVPL	5	–	4	9	3	–	7	10	
Equity instruments	2	–	2	4	1	–	4	5	
Debt securities	3	–	2	5	2	–	3	5	
Financial assets – FVOCI	571	335	23	929	555	578	–	1,133	
Equity instruments	–	–	1	1	1	–	–	1	
Debt securities	571	335	22	928	554	578	–	1,132	
Total assets	576	353	28	957	558	597	7	1,162	
Liabilities									
Financial liabilities HFT	–	18	–	18	–	12	–	12	
Derivatives	–	18	–	18	–	12	–	12	
Total liabilities	–	18	–	18	–	12	–	12	

VALUATION PROCESS FOR FINANCIAL INSTRUMENTS CATEGORISED AS LEVEL 3

The valuation of financial instruments categorised 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 to 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.

TRANSFER OF LEVEL 1 AND LEVEL 2

In 2025, government bonds measured at FVOCI were transferred from Level 2 to Level 1 in the amount of EUR 4 million for the Bank and for the Group, caused by changes in market activities and consequently due to the quality and observability of valuation parameters. There have been no transfers of financial assets measured at fair value from Level 1 to Level 2 in 2025.

In 2024, government bonds measured at FVOCI were transferred from Level 1 to Level 2 in the amount of EUR 146 million for the Bank and for the Group.

MOVEMENTS IN LEVEL 3 OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

The following tables show the development of fair value of financial instruments for which valuation models are based on non-observable inputs:

											GROUP
in EUR million	As of	Gain/ loss in P&L	Gain/ loss in OCI	Purchas es	Sales	Settlm ents	Transfer in the group	Transf ers into Level 3	Transf ers out of Level 3	Currenc y translati on	As of
											Dec 2025
Assets											
Financial assets HFT	1	(1)	-	-	-	-	-	-	-	-	-
Derivatives	1	(1)	-	-	-	-	-	-	-	-	-
Non-trading financial assets - FVPL	4	3	-	1	-	-	-	-	(1)	-	7
Equity instruments	2	2	-	-	-	-	-	-	-	-	4
Debt securities	2	1	-	1	-	-	-	-	(1)	-	3
Financial assets - FVOCI	31	-	-	-	-	-	-	-	(31)	-	-
Equity instruments	1	-	-	-	-	-	-	-	(1)	-	-
Debt securities	30	-	-	-	-	-	-	-	(30)	-	-
Total assets	36	2	-	1	-	-	-	-	(32)	-	7

											GROUP
in EUR million	As of	Gain/ (loss) in P&L	Gain/ (loss) in OCI	Purchas es	Sales	Settlm ents	Transfer in the group	Transf ers into Level 3	Transf ers out of Level 3	Currenc y translati on	As of
											Dec 2024
Assets											
Financial assets HFT	2	-	-	-	-	-	-	-	(1)	-	1
Derivatives	2	-	-	-	-	-	-	-	(1)	-	1
Non-trading financial assets - FVPL	5	1	-	-	-	-	-	-	(2)	-	4
Equity instruments	1	-	-	-	-	-	1	-	-	-	2
Debt securities	4	1	-	-	-	-	(1)	-	(2)	-	2
Financial assets - FVOCI	13	-	(1)	-	-	(1)	-	25	(5)	-	31
Equity instruments	-	-	-	-	-	-	-	1	-	-	1
Debt securities	13	-	(1)	-	-	(1)	-	24	(5)	-	30
Total assets	20	1	(1)	-	-	(1)	-	25	(8)	-	36

Notes to the financial statements

MOVEMENTS IN LEVEL 3 OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE (CONTINUED)

in EUR million	As of	Gain/loss in P&L	Gain/loss in OCI	Purchase s	Sales	Settleme nts	Transfer in the group	Transfers into Level 3	Transfers out of Level 3	Currency translatio n	BANK
											As of
Jan 2025											Dec 2025
Assets											
Financial assets HFT	1	(2)	-	-	-	-	-	-	-	-	(1)
Derivatives	1	(2)	-	-	-	-	-	-	-	-	(1)
Non-trading financial assets - FVPL	4	2	-	1	-	-	-	-	(1)	-	6
Equity instruments	2	1	-	-	-	-	-	-	-	-	3
Debt securities	2	1	-	1	-	-	-	-	(1)	-	3
Financial assets - FVOCI	23	-	-	-	-	-	-	-	(22)	-	1
Equity instruments	1	-	-	-	-	-	-	-	-	-	1
Debt securities	22	-	-	-	-	-	-	-	(22)	-	-
Total assets	28	-	-	1	-	-	-	-	(23)	-	6

in EUR million	As of	Gain/ (loss) in P&L	Gain/ (loss) in OCI	Purchase s	Sales	Settleme nts	Transfer in the group	Transfers into Level 3	Transfers out of Level 3	Currency translatio n	BANK
											As of
Jan 2024											Dec 2024
Assets											
Financial assets HFT	2	-	-	-	-	-	-	-	(1)	-	1
Derivatives	2	-	-	-	-	-	-	-	(1)	-	1
Non-trading financial assets – FVPL	5	1	-	-	-	-	-	-	(2)	-	4
Equity instruments	1	-	-	-	-	-	1	-	-	-	2
Debt securities	4	1	-	-	-	-	(1)	-	(2)	-	2
Financial assets – FVOCI	3	-	(2)	-	-	(1)	-	25	(2)	-	23
Equity instruments	-	-	-	-	-	-	-	1	-	-	1
Debt securities	3	-	(2)	-	-	(1)	-	24	(2)	-	22
Total assets	10	1	(2)	-	-	(1)	-	25	(5)	-	28

UNOBSERVABLE INPUTS AND SENSITIVITY ANALYSIS FOR LEVEL 3 MEASUREMENTS

In case where the fair value 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 Statement of Financial Position the parameters were chosen to reflect the market conditions at the reporting date.

The range of unobservable valuation parameters used in level 3 measurements is shown in the following table:

Financial assets	Type of instrument	Fair value	Valuation technique	Significant unobservable inputs	Range of unobservable inputs (weighted average)
31 December 2025					
Financial assets at FVPL	Non-trading equity instruments (participations)	1	Dividend Discount Model	Beta relevered	Industry: Insurance (General) 0.86
Financial assets at FVPL	Non-trading equity instruments (participations)	3	Valuation mix: DCF model, market comparable companies	Beta relevered, Country risk premium	Beta relevered: 1.7, Country risk premium: Croatia 1.5, Serbia 2.3, Slovenia 0.5, BiH 3.9, Other 4.3
31 December 2024					
Financial assets at fair value through other comprehensive income	Bonds and commercial papers	29	Discounted cash flow	Credit spread	1.13% - 3.56% (1.76)
Financial assets at FVPL	Non-trading equity instruments (participations)	1	Dividend Discount Model	Beta relevered	Industry: Insurance (General) 0.95
Financial assets at FVPL	Non-trading equity instruments (participations)	2	Valuation mix: DCF model, market comparable companies	Beta relevered, Country risk premium	Beta relevered: 1.4, Country risk premium: Croatia 1.5, Serbia 2.3, Slovenia 0.8, BiH 3.9, Other 4.3

UNOBSERVABLE INPUTS AND SENSITIVITY ANALYSIS FOR LEVEL 3 MEASUREMENTS (CONTINUED)

Financial assets	Type of instrument	Fair value	Valuation technique	Significant unobservable inputs	Range of unobservable inputs (weighted average)
31 December 2025					BANK
Financial assets at FVPL	Non-trading equity instruments (participations)	1	Dividend Discount Model	Beta relevered	Industry: Insurance (General) 0.86
Financial assets at FVPL	Non-trading equity instruments (participations)	3	Valuation mix: DCF model, market comparable companies	Beta relevered, Country risk premium	Beta relevered: 1.7, Country risk premium Croatia 1.5 Serbia 2.3 Slovenia 0.5 BiH 3.9 Other 4.3
31 December 2024					BANK
Financial assets at fair value through other comprehensive income	Bonds and commercial papers	22	Discounted cash flow	Credit spread	1.13% - 2.06% (1.16%)
Financial assets at FVPL	Non-trading equity instruments (participations)	1	Dividend Discount Model	Beta relevered	Industry: Insurance (General) 0.95
Financial assets at FVPL	Non-trading equity instruments (participations)	2	Valuation mix: DCF model, market comparable companies	Beta relevered, Country risk premium	Beta relevered: 1.4, Country risk premium Croatia 1.5 Serbia 2.3 Slovenia 0.8 BiH 3.9 Other 4.3

For the remaining financial instruments in the amount of EUR 3 million for the Group and for the Bank (2024: EUR 3 million for the Group and for the Bank) measured at fair value in Level 3, fair value is retrieved from observable input.

In estimating sensitivity impacts, mainly changes in credit spreads for bonds were considered. The ranges of reasonably possible alternatives of the unobservable inputs were considered in the sensitivity analysis for debt securities range of credit spreads between +100 basis points and - 75 basis points. No effect was recognised in other comprehensive income for 31 December 2025. Effect for 31 December 2024 in other comprehensive income for positive fair value change is EUR 0.58 million and for negative EUR 0.77 million.

Financial instruments not measured at fair value

The following table shows fair values and fair value hierarchy of financial instruments not measured at fair value for the year end 2025 and 2024.

2025	Carrying amount	Fair value	GROUP		
			Quoted market prices in active markets Level 1	Market to model based on observable market data Level 2	Market to model based on observable market data Level 3
in EUR million					
Assets					
Financial assets at AC	12,215	12,150	1,508	604	10,038
Loans and advances to banks	344	344	–	–	344
Loans and advances to customers	9,673	9,623	–	–	9,623
Debt securities	2,198	2,183	1,508	604	71
Finance lease receivables	598	595	–	–	595
Trade and other receivables	204	204	–	–	204
Liabilities					
Financial liabilities measured at AC	15,431	15,421	840	140	14,441
Deposits from banks	858	839	–	–	839
Deposits from customers	13,593	13,577	–	–	13,577
Debt securities issued	955	980	840	140	–
Other financial liabilities	25	25	–	–	25
Financial guarantees and commitments					
Financial guarantees	–	2	–	–	2
Loan commitments	–	28	–	–	28

Financial instruments not measured at fair value (continued)

2024	Carrying amount	Fair value	Quoted market prices in active markets Level 1	Market to model based on observable market data Level 2	GROUP
					Market to model based on observable market data Level 3
in EUR million					
Assets					
Financial assets at AC	11,085	10,858	1,380	709	8,769
Loans and advances to banks	79	78	-	-	78
Loans and advances to customers	8,904	8,691	-	-	8,691
Debt securities	2,102	2,089	1,380	709	-
Finance lease receivables	568	554	-	-	554
Trade and other receivables	179	180	-	-	180
Liabilities					
Financial liabilities measured at AC	14,330	14,303	829	140	13,334
Deposits from banks	796	760	-	-	760
Deposits from customers	12,553	12,547	-	-	12,547
Debt securities issued	954	969	829	140	-
Other financial liabilities	27	27	-	-	27
Financial guarantees and commitments					
Financial guarantees	-	2	-	-	2
Loan commitments	-	58	-	-	58

Financial instruments not measured at fair value (continued)

2025	Carrying amount	Fair value	Quoted market prices in active markets Level 1	Market to model based on observable market data Level 2	BANK
					Market to model based on observable market data Level 3
in EUR million					
Assets					
Financial assets at AC	11,488	11,438	1,391	604	9,443
Loans and advances to banks	326	327	–	–	327
Loans and advances to customers	9,079	9,045	–	–	9,045
Debt securities	2,083	2,066	1,391	604	71
Trade and other receivables	203	203	–	–	203
Liabilities					
Financial liabilities measured at AC	14,126	14,131	840	140	13,151
Deposits from banks	279	273	–	–	273
Deposits from customers	12,861	12,847	–	–	12,847
Debt securities issued	955	980	840	140	–
Other financial liabilities	31	31	–	–	31
Financial guarantees and commitments					
Financial guarantees	–	2	–	–	2
Loan commitments	–	28	–	–	28

Financial instruments not measured at fair value (continued)

2024	Carrying amount	Fair value	Quoted market prices in active markets Level 1	BANK	
				Market to model based on observable market data Level 2	Market to model based on observable market data Level 3
in EUR million					
Assets					
Financial assets at AC	10,490	10,276	1,333	709	8,234
Loans and advances to banks	52	51	–	–	51
Loans and advances to customers	8,383	8,183	–	–	8,183
Debt securities	2,055	2,042	1,333	709	–
Trade and other receivables	179	179	–	–	179
Liabilities					
Financial liabilities measured at AC	13,200	13,196	829	140	12,227
Deposits from banks	271	258	–	–	258
Deposits from customers	11,943	11,936	–	–	11,936
Debt securities issued	954	969	829	140	–
Other financial liabilities	32	33	–	–	33
Financial guarantees and commitments					
Financial guarantees	–	2	–	–	2
Loan commitments	–	56	–	–	56

Carrying amount for Financial guarantees and Irrevocable commitments represents amount of fee recognized in Statement of financial position which is represented under Trade and other receivables.

The fair value of loans to and receivables from 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 receivables 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 spread. 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 amortised cost is based on market prices or on observable market parameters, if these are available. For issued securities where fair value cannot be retrieved from quoted market prices, fair value is calculated by discounting the future cash flows. The applied discount rate is based on the interest rates at which instruments with comparable characteristics could have been issued at the balance sheet date. Moreover, optionality is taken into account when calculating the fair value.

The fair value of off-balance sheet liabilities (i.e. financial guarantees and unused loan commitments) is estimated using the regulatory credit conversion factors. The resulting loan equivalents are treated like other on-balance sheet assets.

23. Offsetting of financial instruments

The following table shows netting effects on the balance sheet of Erste Group as well as the impacts of offsetting financial instruments which are subject to offsetting agreements.

FINANCIAL ASSETS AND LIABILITIES SUBJECT TO OFFSETTING AND POTENTIAL OFFSETTING AGREEMENTS IN 2025

								GROUP
				Potential effects of netting agreements not qualifying for balance sheet offsetting				
in EUR million	Financial assets/ liabilities (gross)	Amounts offset (gross)	Financial assets/ liabilities in balance sheet (net)	Financial instruments	Cash collateral received/ pledged	Other financial collateral received/ pledged	Net amount after potential offsetting	
Assets								
Derivatives	14	–	14	(1)	(12)	–	1	
Reverse repurchase agreements	324	–	324	–	–	(324)	–	
Total	338	–	338	(1)	(12)	(324)	1	
Liabilities								
Derivatives	12	–	12	(1)	–	–	11	
Repurchase agreements	122	–	122	–	–	(122)	–	
Total	134	–	134	(1)	–	(122)	11	

								BANK
				Potential effects of netting agreements not qualifying for balance sheet offsetting				
in EUR million	Financial assets/ liabilities (gross)	Amounts offset (gross)	Financial assets/ liabilities in balance sheet (net)	Financial instruments	Cash collateral received/ pledged	Other financial collateral received/ pledged	Net amount after potential offsetting	
Assets								
Derivatives	14	–	14	(1)	(13)	–	–	
Reverse repurchase agreements	324	–	324	–	–	(324)	–	
Total	338	–	338	(1)	(13)	(324)	–	
Liabilities								
Derivatives	12	–	12	(1)	–	–	11	
Repurchase agreements	122	–	122	–	–	(122)	–	
Total	134	–	134	(1)	–	(122)	11	

FINANCIAL ASSETS AND LIABILITIES SUBJECT TO OFFSETTING AND POTENTIAL OFFSETTING AGREEMENTS IN 2024

								GROUP
								Potential effects of netting agreements not qualifying for balance sheet offsetting
in EUR million	Financial assets/ liabilities (gross)	Amounts offset (gross)	Financial assets/ liabilities in balance sheet (net)	Financial instruments	Cash collateral received/ pledged	Other financial collateral received/ pledged	Net amount after potential offsetting	
Assets								
Derivatives	19	–	19	(5)	(12)	–	2	
Reverse repurchase agreements	40	–	40	–	–	(40)	–	
Total	59	–	59	(5)	(12)	(40)	2	
Liabilities								
Derivatives	18	–	18	(5)	(2)	–	11	
Repurchase agreements	77	–	77	–	–	(77)	–	
Total	95	–	95	(5)	(2)	(77)	11	

								BANK
								Potential effects of netting agreements not qualifying for balance sheet offsetting
in EUR million	Financial assets/ liabilities (gross)	Amounts offset (gross)	Financial assets/ liabilities in balance sheet (net)	Financial instruments	Cash collateral received/ pledged	Other financial collateral received/ pledged	Net amount after potential offsetting	
Assets								
Derivatives	19	–	19	(5)	(12)	–	2	
Reverse repurchase agreements	40	–	40	–	–	(40)	–	
Total	59	–	59	(5)	(12)	(40)	2	
Liabilities								
Derivatives	18	–	18	(5)	(2)	–	11	
Repurchase agreements	77	–	77	–	–	(77)	–	
Total	95	–	95	(5)	(2)	(77)	11	

The Bank uses repurchase agreements and master netting agreements as a means of reducing credit risk of derivative and financing transactions. They qualify as potential offsetting agreements. Master netting agreements are relevant for counterparties with multiple derivative contracts. They provide for the net settlement of all the contracts in the event of default of any counterparty. For derivatives transactions the values of assets and liabilities which would be set off as a result of master netting agreements are presented in the column 'Financial instruments'.

Repurchase agreements are primarily financing transactions. They are structured as a sale and subsequent repurchase of securities at a preagreed price and time. This ensures that the securities remain in hands of lender as collateral in case the borrower defaults on fulfilling any of its obligations. Offsetting effects resulting from repurchase agreements are presented in the column 'Non-cash financial collateral received/pledged' respectively. Collateral is presented at fair value of the transferred securities. However, if fair value of collateral exceeds the carrying amount of the receivable/liability from the repo transaction the value is capped at the level of the carrying amount. Remaining position may be secured by cash collateral. Cash and non-cash financial collateral involved in these transactions is restricted from using it by the transferor during the time of the pledge.

For further details regarding repurchase and reverse repurchase transactions refer to Note 24 Transfers of financial assets – repurchase transactions and securities lending.

24. Transfers of financial assets – repurchase transactions and securities lending

Repurchase and reverse repurchase agreements

A repurchase agreement is characterized by a sale and an obligation or right to repurchase the asset whereas the repurchase price has already been agreed at the time of contract conclusion.

The corresponding cash received is recognised on the balance sheet with a corresponding obligation to return it, under the line item 'Financial liabilities measured at amortised cost', sub-items 'Deposits from banks' or 'Deposits from customers' reflecting the transaction's economic substance as a loan to the Group.

Financial assets that are subject of a repurchase transaction shall not cease to be recognised as the Group retains all rights and benefits of ownership of those assets and are reported in accordance with the accounting policy, depending on the category of measurement into which it was initially classified. The difference between the sale and repurchase prices is accrued over the life of the agreement and recognised as interest expense in profit or loss, reported in the line item 'Interest expenses' under 'Net interest income' in the statement of profit or loss.

Any income (coupon or dividend payment) on the underlying security received by the buyer during the period of the repo transaction is passed on to the Group.

A reverse repurchase agreement covers transactions in which the Group places its funds to a counterparty and accepts financial assets as collateral. The consideration paid is recognised on the balance sheet under the line item 'Financial assets at amortised cost', sub-items 'Loans and advances to banks' and 'Loans and advances to customers' reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale price is accrued over the life of the agreement and recognised as interest income, reported in the statement of profit or loss in the line item 'Interest income' under 'Net interest income'.

GROUP				
in EUR million	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
	2024		2025	
Repurchase agreements				
Financial assets at AC	39	36	19	16
Financial assets at FVOCI	42	41	111	105
Total - repurchase agreements	81	77	130	121

BANK				
in EUR million	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
	2024		2025	
Repurchase agreements				
Financial assets at AC	39	36	19	16
Financial assets at FVOCI	42	41	111	105
Total - repurchase agreements	81	77	130	121

The transferred financial instruments consist of bonds.

The total amount of EUR 130 million (2024: EUR 81 million) for the Group and for the Bank represent the carrying amount of financial assets in the respective statement of financial position items for which the transferee has a right to sell or repledge.

Liabilities from repo transactions, which are measured at amortised cost, in the amount of EUR 121 million in 2025 (2024: EUR 77 million) for the Group and for the Bank represent an obligation to repay the borrowed funds.

Repurchase and reverse repurchase agreements (continued)

The following table shows the fair values of the transferred assets and associated liabilities that have recourse only on the transferred assets. In the Group and the Bank, these assets and liabilities relate to repo transactions.

GROUP						
in EUR million	Fair value of transferred assets	Fair value of associated liabilities	Net position	Fair value of transferred assets	Fair value of associated liabilities	Net position
	2024			2025		
Financial assets at AC	37	35	2	16	16	1
Financial assets held for trading	–	–	–	1	1	–
Financial assets at FVOCI	42	40	2	111	105	6
Total	79	75	4	128	122	7

BANK						
in EUR million	Fair value of transferred assets	Fair value of associated liabilities	Net position	Fair value of transferred assets	Fair value of associated liabilities	Net position
	2024			2025		
Financial assets at AC	37	35	2	16	16	1
Financial assets held for trading	–	–	–	1	1	–
Financial assets at FVOCI	42	40	2	111	105	6
Total	79	75	4	128	122	7

25. Financial assets pledged as collateral

Carrying amount of financial assets pledged as collaterals

The following financial assets were pledged as collaterals:

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Financial assets at AC	131	100	131	100
of which debt securities	48	28	48	28
Financial assets at FVOCI	42	111	42	111
Total	173	211	173	211

The financial assets pledged as collateral consist of bonds and loans.
Collaterals were pledged as a result of repo transactions and collateralised deposits.

The fair value of collateral received which may be repledged or resold even without the collateral provider's default was EUR 346 million for the Group and for the Bank (2024: EUR 44 million for the Group and for the Bank).

26. Securities

in EUR million	GROUP									
	Financial assets					Financial assets				
	At AC	Trading assets	Mandatorily at FVPL	At FVOCI	Total	At AC	Trading assets	Mandatorily at FVPL	At FVOCI	Total
	2024					2025				
Bonds and other interest-bearing securities	2,102	–	5	1,004	3,111	2,198	5	5	1,234	3,442
Listed	2,102	–	–	1,004	3,106	2,198	5	–	1,234	3,437
Unlisted	–	–	5	–	5	–	–	5	–	5
Equity-related securities	–	–	4	1	5	–	–	5	1	6
Listed	–	–	–	1	1	–	–	–	1	1
Unlisted	–	–	4	–	4	–	–	5	–	5
Total	2,102	–	9	1,005	3,116	2,198	5	10	1,235	3,448

in EUR million	BANK									
	Financial assets					Financial assets				
	At AC	Trading assets	Mandatorily at FVPL	At FVOCI	Total	At AC	Trading assets	Mandatorily at FVPL	At FVOCI	Total
	2024					2025				
Bonds and other interest-bearing securities	2,055	–	5	928	2,988	2,082	5	5	1,132	3,224
Listed	2,055	–	–	928	2,983	2,082	5	–	1,132	3,219
Unlisted	–	–	5	–	5	–	–	5	–	5
Equity-related securities	–	–	4	1	5	–	–	5	1	6
Listed	–	–	–	–	–	–	–	–	1	1
Unlisted	–	–	4	1	5	–	–	5	–	5
Total	2,055	–	9	929	2,993	2,082	5	10	1,133	3,230

Investment funds units are reported within bonds and other interest-bearing securities.

Securities lending and repurchase transactions are disclosed in Note 24. Transfers of financial assets-repurchase transactions and securities lending.

Risk management

27. Risk management

Risk Policy and strategy

It is a core function of every bank to take risks in a conscious and selective manner and to manage such risks professionally. The Group's proactive risk policy and strategy aims at achieving balanced risk and return in order to generate a sustainable and adequate return on equity.

The Group uses a risk management and control system that is proactive and tailored to its business and risk profile. It is based on a clear risk strategy that is consistent with the Group's business strategy and focused on early identification and management of risks and trends. In addition to meeting the internal goal of effective and efficient risk management, the Bank's risk management and control systems have been developed to fulfil external and, in particular, regulatory requirements.

Given the Bank's business strategy, the key risks for the Bank are credit risk, market risk, liquidity risk, and operational risk. The Bank also focuses on managing macroeconomic risks as well as concentrations within and across risk types. In addition, the Bank's control and risk management framework considers a range of other significant risks faced by the banking Group. The Bank always seeks to enhance and complement existing methods and processes, in all areas of risk management.

Risk management organisation

Risk monitoring and control is achieved through a clear organisational structure with defined roles and responsibilities, delegated authorities, and risk limits.

OVERVIEW OF RISK MANAGEMENT STRUCTURE

The Management Board, and in particular the Bank's Chief Risk Officer (CRO), must perform its oversight function within the Bank's risk management structure. Risk control and management functions within the Bank are performed based on the business and risk appetite approved by the Management Board. The CRO is responsible for the implementation of and adherence to the risk control and risk management strategies across all risk types and business lines.

The Management Board and the CRO ensure the availability of appropriate infrastructure and staff as well as methods, standards and processes to that effect. The actual identification, measurement, assessment, approval, monitoring, steering and limit setting for the relevant risks are performed at the operating entity level within the Bank.

The Management Board is supported by several divisions established to perform risk management function and exercise strategic risk management responsibilities.

The following risk management functions report directly to the CRO:

- Credit Risk Management Division
- Strategic Risk Management Division
- Non-Financial Risk Division.

Risk management organisation (continued)

CORPORATE CREDIT RISK MANAGEMENT DEPARTMENT

The Corporate Risk Management Department within the Credit Risk Management Division implements credit risk management and monitors the balance of credit portfolios of clients that are categorized as belonging to the SME Division, Large Corporate Division, and according to the responsibilities set out in the relevant acts.

The Department analyses credit applications and based on them, issues opinion on the credit risk from the risk perspective. It analyses the projects and evaluates its eligibility for financing from the risk perspective. It also performs an analysis of the Bank's/ Group's overall exposure to the client/group of connected customers, monitors early warning signals and controls early collection. According to financial statements the Department prepares financial rating of a client as one of the components of final rating grade of a client.

RETAIL CREDIT RISK MANAGEMENT DEPARTMENT

Retail Risk Management Department within the Credit Risk Management Division manages credit risk and monitors the credit portfolio balance of clients from the Retail Sector. The Department analyses requests for credits and issues an opinion on them from the risk perspective. It performs an analysis of the projects and evaluates its eligibility for financing from the risk perspective. It also performs an analysis of the Bank's overall exposure to the client.

The Department follows Group standards within its scope, coordinates and creates local policies and procedures and monitors their fulfilment. The Department is responsible for organization of early collection process for retail clients as well as review of portfolio quality, in accordance with relevant acts.

CREDIT RISK MONITORING DEPARTMENT

Credit risk monitoring Department within the Credit Risk Management Division maintains and improves the credit process and its tools and applications for approving and monitoring of credit applications and as well as monitoring of overall credit exposure on product, client or portfolio level. The Department is responsible for defining rules for approval of credit exposure, approval and policy deviation analysis, approval competences, covenant monitoring requirements, also maintenance and improvement of early warning signals system, set up and monitoring of limit utilization, system and rules for creation of group of connected clients, early and late collection reporting.

The Department follows Group and regulatory standards within its scope of credit risk in corporate, retail and workout processes, initiates, coordinates and creates local policies and procedures and monitors their fulfilment in Bank and its subsidiaries. Also, the Department analyses portfolio and creates reports primarily for internal purposes.

CORPORATE WORKOUT DEPARTMENT AND RETAIL WORKOUT DEPARTMENT

Corporate Workout Department and Retail Work-out Department within the Credit Risk Management Division, which follow the business lines in the sales divisions, are in charge of management and collection of non-performing exposure by means of a continuous and systematic development of solutions to eliminate and reduce risks in dealing with work-out clients. They define appropriate collection strategies toward clients or selected portfolios through distress restructurings or late collection processes including enforcement, prebankruptcy and bankruptcy proceedings, debt sale, debt settlements, write-offs or collection through repossessed asset. In line with expected collection and given methodology are responsible for Stage 3 provision calculation.

ENTERPRISE-WIDE RISK MANAGEMENT DEPARTMENT

The Enterprise-wide Risk Management Department within the Strategic Risk Management Division takes part in the process of planning the activities of the Group and the Bank from the risk management point of view. It monitors the execution of risk management-related planned and strategically determined goals and plans, both of the Group and the Bank. The Department monitors risk-related regulatory changes and EBC Group's standards, initiates, coordinates and creates policies and other procedure, and monitors their fulfilment, all within its scope of activities prescribed by other acts. The Department adopts policies and procedures that define collateral acceptability and valuation standards and evaluates their implementation.

Notes to the financial statements

The Department also executes and creates reports related to credit risk with the prescribed dynamics, in compliance with legal regulations and standards of the Group and the Bank.

The Department strives to achieve holistic approach in managing risks through enterprise-wide risk management. By defining risk strategy and Risk Appetite Statement which includes all risk departments, a framework for responsible and prudent risk taking is ensured. Enterprise-wide risk management encompasses Internal Capital Adequacy Assessment Process (ICAAP) which includes the identification of risks to which the Bank/EBC Group is exposed or might be exposed in the future and the assessment of economic capital adequacy. Identification of risks is performed through risk materiality assessment, concentration risk analysis and stress testing. Material risks are managed through calculation of regulatory and internal capital requirements and through the limit and control systems. The Department calculates the economic capital adequacy on a quarterly basis, i.e. coverage of internal capital requirements, for relevant risks, with internal capital. In addition, through enterprise-wide risk management the Enterprise-wide Risk Management Department plans and manages the risk weighted assets and participates in determination of price for different products using Expected Risk Margin (ERM) and cost of capital, participates in the process of profitability modelling, business model development and risk cost planning.

ANALYTICS AND CREDIT RISK MODELLING DEPARTMENT

Analytics and Credit Risk Modelling Department within the Strategic Risk Management division is responsible for the initiation, development and monitoring of different types of quantitative models as well as for calculation of the risk parameters used for measuring, segmenting and managing credit risks in accordance with the best industry practices, regulatory requirements, and Group standards, as well as implementation in the Bank's processes (including constant enhancements of business processes related to the above mentioned calculations). The Department is accountable for the effectiveness of the implemented models and performs calibration and updates of models and methodologies for risk measurement. In cooperation with Erste Group the Department is responsible for the model validation.

Furthermore, Analytics and Credit Risk Modelling Department oversees the management of risk relevant data and, together with other organizational units, ensures the appropriate quality of data used in processes within the credit risk management framework

MARKET AND LIQUIDITY RISK MANAGEMENT DEPARTMENT

Market and Liquidity Risk Management Department within the Strategic Risk Management Division, within the scope of its authority, performs all tasks necessary for market and liquidity risk management in compliance with the rulebooks and procedures related to its scope of authority.

It performs the analysis of the complex market situation, identifies and measures both market and liquidity risks and their parameters. Apart from the above-mentioned activities, the Department is also in charge of the implementation of all the Regulatory guidelines; it establishes measures for the reduction of risks within the scope of its authority and participates in the process of approving new products of the Financial Markets Division. It also collaborates with other organizational units with the purpose of improving the quality of market and liquidity risk management.

NON-FINANCIAL RISK MANAGEMENT DIVISION

The Non-financial Risk Management Division is responsible for compliance monitoring, financial crime management, which includes anti-fraud, anti-money laundering and countering international financial terrorism, as well as operational and ICT risk management. The Division consists of Compliance Group, Financial Crime Group and Operational and ICT Risk Management Group. The aim of Operational and ICT Risk Management Group is to control all organizational units and business processes within the Bank, having in mind that operational risk is characteristic to all activities, processes, products and Bank's systems based on defined Bank's risk profile, particularities of business environment and regulatory requests. It collaborates with other organizational units with the purpose of improvement the quality of managing operational risk. In addition, Group acts as an independent risk governance and control function for ICT risk.

Group-wide risk and capital management

OVERVIEW

Enterprise-wide Risk Management (ERM) includes as its fundamental component the Internal Capital Adequacy Assessment Process (ICAAP) as required under Pillar 2 of the Basel framework and regulatory guides (e.g. ECB Guide to ICAAP).

The ICAAP framework is designed to support the bank's management in managing the risk portfolios as well as coverage potential and to ensure that the bank holds adequate capital for the nature and magnitude of its risk profile. The framework is tailored to the business and risk profile of the Bank, and reflects the strategic goal of protecting shareholders and senior debt holders while ensuring sustainability of the Bank/EBC Group.

The ICAAP framework is a modular and comprehensive management and steering system as well as an essential part of the overall steering and management instruments. Its components necessary to ensure all aspects, in particular to fulfill regulatory requirements and to provide an effective internal steering tool, can be clustered as follows:

- Risk appetite statement (RAS), limits and risk strategy;
- Portfolio and risk analysis through Risk materiality assessment (RMA), Concentration risk management and Stress testing;
- Risk-bearing capacity calculation (RCC);
- Capital allocation and performance management;
- Planning of key risk indicators;
- Recovery and resolution planning.

In addition, ERM department participates in the Capital Management Team with a purpose to maintain the appropriate quantity and quality of capital to support planned operations, while at the same time ensuring that regulatory requirements as well as investors' and stakeholders expectations are fully met. Capital is managed to maintain financial strength, absorb losses so as to withstand adverse economic conditions, allow for growth opportunities, and meet risk management and business objectives.

In addition to the ICAAP's ultimate goal of assuring capital adequacy and sustainability at all times, the ERM components serve to support the Bank's/EBC Group's management in pursuing its strategy.

RISK APPETITE STATEMENT (RAS)

Risk appetite defines the maximum level of risk EBC Group is willing to accept in pursuing its business goals. The overall approach includes a risk appetite statement, risk limits, and the roles and responsibilities of those overseeing the implementation and monitoring of the risk appetite framework. Limit framework (i.e. risk appetite framework) of EBC Group includes risk limits set in Risk Appetite Statement and Risk Strategy, industry limits, maximum lending limits and operational limits.

The EBC Group Risk Appetite Statement (RAS) represents a strategic statement that expresses the maximum level of risk that the EBC Group is willing to accept in order to deliver its business objectives. The Group RAS acts as a binding constraint to EBC Group's business activities within its overall risk appetite via triggers and limits approved by the Management Board, the Risk Committee of Supervisory Board and the Supervisory Board. It is integrated and embedded into EBC Group's structural processes, including business and risk strategy, budgeting process, capital and liquidity planning, recovery plan, stress testing and remuneration framework.

The EBC Group RAS consists of a set of core risk metrics (capital, liquidity, risk/earnings) providing quantitative direction for overall risk-return steering and qualitative statements in the form of key risk principles that are part of the guidelines for managing risks.

The core risk metrics are set as ultimate boundaries for the risk-return target setting. They are also a key part of the annual strategic planning / budgeting process and give an overall picture of capital, liquidity and risk-return trade-offs. The key objective of the EBC Group RAS is to:

- ensure that EBC Group has sufficient resources to support its business at any given point in time and absorb stress events;
- sets the boundary for the EBC Group's risk target setting;
- support the EBC Group's financial strength and the robustness of its systems and controls.

Notes to the financial statements

To foster risk-return steering and ensure proactive management of the risk profile, EBC Group creates its RAS on a forward-looking basis. External constraints such as regulatory requirements create the floor and ceiling for the RAS and therefore the amount of risk EBC Group is willing to accept.

To ensure that the EBC Group and / or its subsidiary remain within the targeted risk profile (green in RAS), the Red-Amber-Green (RAG) guidance has been established and assigned to each core metric. This allows for an appropriate lead time to decide on further actions and, if necessary, implement effective remediation measures and includes designated governance that oversees the development and drives embedding into decision-making within the organization. A target represents the planned operating level for a specific metric (i.e. Plan or Budget), which is generally set as part of the strategic planning and budgeting process. The target setting must ensure that it remains within the green zone of the RAS. In the event that the actual developments are below/above targets and/or indicate that the RAS triggers are approached but still not breached, depending on the potential severity of the situation, additional measures should be considered to be undertaken by designated governance. A trigger (Amber in RAS) describes a level or event that if breached, requires an escalation to the designated governance and discussion on potential remediation actions. A limit (Red in RAS; Amber in Recovery Plan) defines a level or event that if breached, requires an immediate escalation to the designated governance and immediate implementation of remediation action.

Moreover, stress indicators are defined for selected core metrics and integrated into the assessment of the stress test results. They are reported as early warning signals to the management board to support proactive management of the risk and capital profile.

In addition, supporting metrics and principles are defined by material risk type in the EBC Group Risk Strategy based on EBC Group RAS. These support implementation of the mid- to long-term strategy. Risk management governance ensures full oversight of risk decisions and sound execution of the EBC Group risk strategy. Mitigating actions are undertaken as part of the regular risk management process to ensure that the EBC Group remains within its RAS.

EBC Group RAS is also cascaded to local entities. Local RAS is approved by the management board to ensure compliance with the EBC Group RAS and approved also by the local management board to ensure alignment with local regulatory requirements. The EBC Group may also decide to include further compulsory constraints and limits in local RAS to ensure alignment with EBC Group RAS and EBC Group Risk Strategy.

EBC Group RAS 2025-2029 was approved by the Management Board, Risk Committee of the Supervisory Board, and the Supervisory Board in the first quarter of 2025. Interim review of the EBC Group RAS 2025-2029 was approved in the third quarter of 2025 with revised top-down limits for Pillar 1 Total and Credit risk RWA.

ESG risks are embedded in the risk strategy and are also part of EBC Group's Risk Materiality Assessments. They are integrated into EBC Group's risk taxonomy as transversal risk drivers, impacting primary risk types, such as credit, market, liquidity, non-financial and other risks. EBC Group's definition of ESG risk is part of the EBC Group ICAAP Procedure and covers environmental, social and governance factors.

PORTFOLIO AND RISK ANALYTICS

EBC Group uses dedicated infrastructure, systems and processes to actively identify, measure, control, report and manage risks within its portfolio. Portfolio and risk analytics processes are designed to quantify, qualify and discuss risks in order to raise awareness of management in a timely manner.

Risk materiality assessment

The **Risk Materiality Assessment** (RMA) is a regular process for risk identification and assessment of potential impact of those risks on the risk profile of the EBC Group. It serves as a steering tool for the management in deciding on the necessity to allocate economic capital (EC) in Pillar 2/ICAAP or liquidity buffers in ILAAP (Internal Liquidity Adequacy Assessment Process), as well as for defining other risk steering measures. Risk steering and mitigation techniques are customized to the specific characteristics of each individual risk, with general requirements based on the materiality grade.

Moreover, RMA is a crucial input for various risk management activities, such as defining priorities and strategic initiatives for the EBC Group's risk strategy, setting limits within the risk appetite framework, and scenario design for comprehensive and reverse stress tests.

Risk concentration analysis

EBC Group has implemented a process to identify measure, control and manage risk concentrations. This process is important to ensure the long-term viability of EBC Group, especially in times of an adverse business environment and stressed economic conditions.

The risk concentration analysis at EBC Group is performed on an annual basis covering credit risk, market risk, operational risk, liquidity risk and inter-risk concentrations. Identified risk concentrations are considered in the scenario design of the comprehensive stress test and measured under stressed conditions. The output of the risk concentration analysis additionally contributes to the identification of material risks within the RMA and to the setting/calibration of EBC Group's limit system.

Stress testing

Modelling sensitivities of the ECB group's assets, liabilities and profit or loss provides management with steering information and helps to optimise EBC Group's risk-return profile. Stress tests help to factor in severe but plausible scenarios providing further robustness to measurement, steering and management. Risk modelling and stress testing are vital forward-looking elements of the ICAAP. Finally, sensitivities and stress scenarios are considered within the group's planning process.

EBC Group's most complex stress testing activities are scenario stress tests that take comprehensive account of the impact of various economic scenarios, including second-round effects on all risk types (credit, market, liquidity and operational) and effects on the associated volumes of assets and liabilities as well as on profit and loss. In addition to the standard scenario-driven stress testing exercises, reverse stress tests are performed to identify a scenario or a combination of scenarios in which the viability of the current business model can be questioned.

EBC Group has developed specific tools to translate macroeconomic variables (e.g. GDP or unemployment rate) into risk parameters in order to support the stress testing process.

Results from EBC Group's internal stress tests are analysed to decide on appropriate measures and inform bank steering. The internal comprehensive stress tests performed in 2025 indicated that the EBC Group remains within the stressed RAS (in all years of the scenario).

RISK-BEARING CAPACITY CALCULATION

The Risk-bearing Capacity Calculation (RCC) describes the methodology of Pillar 2 capital adequacy calculation. In contrast to the normative (regulatory) view of Pillar 1, referring to the Group's ability to fulfil all of its capital-related regulatory and supervisory requirements and demands, the Risk-bearing Capacity Calculation (RCC) is based on an economic view of Pillar 1+ approach, assuming continuation of Erste Group as expected by the ECB Guide to ICAAP. The RCC determines whether the EBC Group has sufficient capital for covering all (regulatory and economic) risks it is exposed to. Economic and normative perspectives at Erste Group are set in a way to mutually inform each other and are integrated into all material business steering activities and decisions. In addition, with applied Pillar 1+ approach the Group increases efficiency and ensures comparability with the Pillar 1 calculation. Based on the results of the RMA, the economic capital is considered for relevant risk types as approved by the management board. The economic capital requirement is then compared to internally available capital (coverage potential) to cover the Group's risks in Pillar 2. Both economic capital and coverage potential are computed on the CRR scope of consolidation of Erste Group as the ultimate parent entity based on IFRS accounting standards.

Besides the Pillar 1 risk types (credit, market in trading book and operational risks), concentration risk, interest rate risk in the banking book, credit spread risk in the banking book as well as business risk are explicitly considered within the economic capital calculated over a horizon of one year and at a confidence level of 99.9%. For the calculation of the economic capital, EBC Group uses, where possible, more risk sensitive/advanced methodologies tailored to its individual risk profile and specificities of the individual risk exposures. Diversification effects between risks (inter-risk diversification) are not considered, reflecting the Group's prudent approach to maintain sufficient internal capital in times when correlations between risks may change dramatically (like in times of stress). The largest portion of economic capital requirements is coming from credit risk, which accounts for 64.93% of total economic capital requirements at the end of Q4 2025.

The calculation of internal capital or coverage potential required to cover Pillar 2 risks/unexpected losses is based on Pillar 1+ approach. Namely, CRR and CRR II (Regulation (EU) No. 575/2013 and Regulation (EU) No. 876/2019 amending Regulation (EU) No. 575/2013) regulatory own funds are adjusted by internal capital components, i.e. Pillar 2 adjustments, necessary to come to the internally available capital deemed as risk-bearing and loss absorbing from the economic view (e.g. exclusion of Additional Tier 1 and Tier 2 capital instruments, year-to-date profit, if it is not already considered in Pillar 1 capital, etc.).

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The coverage potential must be sufficient to absorb Pillar 2 risks/unexpected losses resulting from the Group's operations at any point in time (normal and stressed), as reflected in the Group's Risk Appetite through the limits set for Group economic capital adequacy and stressed capital adequacy utilisation. At the end of Q4 2025, the economic capital adequacy was at 63.23%, fully in line with group RAS.

The management board and supervisory board (including risk committee of the supervisory board) are briefed quarterly on the results of the ICAAP capital adequacy through Strategic limits utilisation report, which, among other, outlines risk profile development in relation to risk appetite.

RISK PLANNING

EBC Group Risk Planning framework is essential for the capital allocation and overall financial planning processes and supports the adequate reflection of risks within the strategy, steering and management processes of the group.

Methods and instruments applied

Key risk indicators covered by the Risk Planning framework include indicators that provide an overview of incurred or potential risks, with respect to both portfolio and economic environment developments. These indicators include RWA (and related indicators), portfolio quality indicators (impairments, NPL/NPE and relevant performance indicators etc.), as well as indicators required by the regulatory authorities under the responsibility of the Risk division.

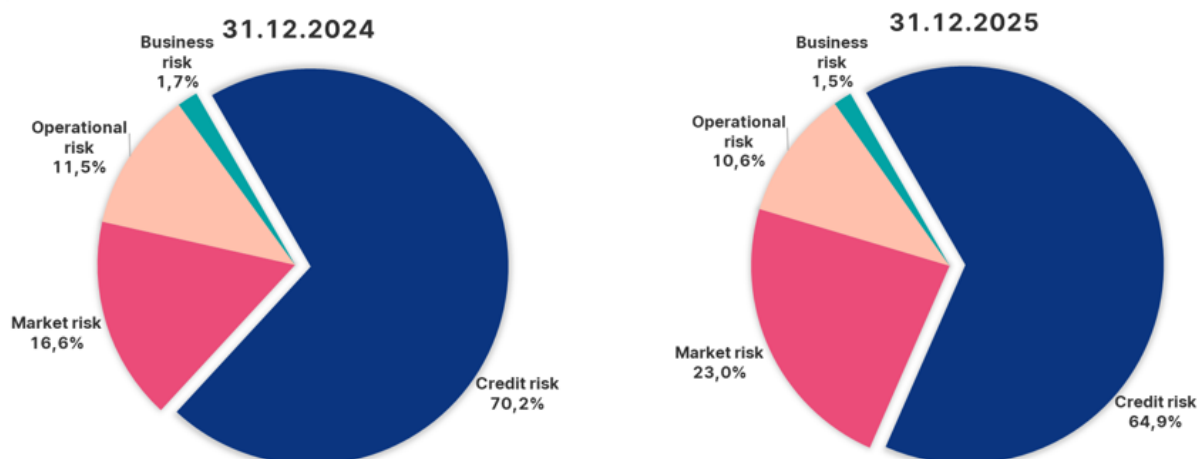
Planning activities are carried out in close collaboration with all stakeholders in the Group's overall process and follow a clear governance structure to ensure sound risk planning process.

Capital allocation

An important task integral to the risk planning process is the allocation of capital to entities, business lines and segments. This is done with close cooperation between Risk Management and Controlling. The allocation methodology aligns with risk and controlling processes in order to allocate capital with risk-return considerations.

ERSTE GROUP'S AGGREGATE CAPITAL REQUIREMENTS BY RISK TYPE

The following diagrams present the composition of the economic capital requirements according to type of risk:



Other risks include business risk.

RISK PARAMETERS AND RATING MODELS

Internal specialist teams develop and continuously improve internal rating models and risk parameters in cooperation with risk managers. All Pillar 1 and Pillar 2, as well as IFRS 9 models are subject of an annual review of their estimates, considering the inclusion of most recent data in the estimation of risk parameters, as well as a regular cycle of full model review. Model development follows an internal group-wide methodological standard and utilises relevant data covering the respective market. In this way, Erste Group ensures the availability of rating models with the best possible prediction and discriminatory ability across its core regions.

In 2025 implemented changes to rating models include introduction of an add-on for Specialized Lending model (10%). In November, regularly re-estimated parameters were implemented: PD for Retail segment, LGD for ELBE3 and CCF for overdraft segment in Privates business line (with no impact to RWA due to CCF floor). Additionally, CRR3 (Basel IV) was introduced from 1.1.2025 which caused significant changes in parameters and RWA calculation, leading to total RWA decrease.

RISK-WEIGHTED ASSET MANAGEMENT

As risk weighted assets determine the actual regulatory capital requirement of the Bank/EBC Group and influence the capital ratio as a key performance indicator, particular emphasis is devoted to meeting targeted levels of RWA. Insights from monthly RWA analyses are used to improve the calculation infrastructure, the quality of input parameters and data, as well as the most efficient application of the Basel framework. The Bank has established a process of tracking, planning and defining target levels of RWA. The Bank's Management Board is regularly informed on the levels of RWA and adherence to the limits set within the Risk Appetite Statement (RAS).

LEVERAGE RATIO

The leverage ratio represents the relationship between core capital (Tier 1) and leverage exposure according to Article 429 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. Management Board is informed on the level of leverage ratio for the Bank and EBC Group and on the adherence to defined limits and targets within the Risk Appetite Statement on a quarterly basis.

RECOVERY PLAN

In compliance with Act on the Resolution of Credit Institutions and Investment Firms, EBC Group Recovery Plan is submitted to Joint Supervisory Team (JST) as an annex to Erste Group Recovery Plan. The EBC Group Recovery Plan is regularly assessed by ECB and CNB. The EBC Group Recovery Plan identifies potential options for the replenishment of capital and liquidity resources of the bank in order to cope with a range of severe scenarios including both idiosyncratic and market-wide stress. The Recovery Framework is mainly reconciled with the Risk Appetite Framework across indicators and indicator thresholds, ensuring comprehensive enterprise-wide risk management. It is relevant to demonstrate that in a severe stress, which is close to a failing or likely to fail situation, there is sufficient recovery capacity available in order to be able to recover back into the recovery green zone. The recovery governance described in the plan ensures timely identification and proper management of a recovery situation of EBC Group. Furthermore, the assessment of the EBC Group Recovery Plan and the assessment of the overall recovery capacity are part of the Supervisory Review and Evaluation Process (SREP) assessment.

RESOLUTION PLAN AND MREL

The Bank collaborates with the resolution authorities in the drawing up of resolution plans based on Act on the Resolution of Credit Institutions and Investment Firms and EU Regulation No 806/2014 establishing the Single Resolution Mechanism (SRM Regulation).

The legislative framework allows for a multiple-point-of-entry (MPE) or a single-point-of-entry (SPE) resolution strategy. The Resolution Authorities formed a joint decision in the resolution college for Erste Group which defines the MPE approach forming seven separate resolution groups with Erste Group's core CEE subsidiaries and Austria, but with SPE approaches within a country. This results in having resolution groups in AT, CZ, HR, HU, RO, SK and SI. Under the MPE strategy, Erste Group has more than one Resolution Entity Level which is the entry point for resolution. The resolution plans (including resolution strategy and MREL decisions) are regularly updated by the Resolution Authorities and subject to Joint Decision formed in a resolution college by Resolution College Members.

Notes to the financial statements

The Directive (EU) 2014/59 (Bank Recovery and Resolution Directive – BRRD) introduced the Minimum Requirement for own funds and Eligible Liabilities (MREL). MREL notifications are provided by the national resolution authorities on the level of resolution groups and relevant individual subsidiaries of resolution entities, reflecting the resolution strategy, based on the MREL joint decision taken by the resolution college. MREL requirements are expressed as a percentage of the total risk exposure amount (TREA) as well as leverage ratio exposure (LRE).

In May 2025, Erste Group received the Joint Decision determining the minimum requirement for own funds and eligible liabilities for the resolution group in Croatia. Information on MREL targets have been published on the Banks' website based on the legal notification released by the Croatian National Bank. MREL metrics are integrated into the RAS and Recovery Framework of EBC Group.

28. Credit risk: credit risk review and monitoring

ESG RISK MANAGEMENT

The Bank integrates ESG factors in its risk management and industry strategy framework. In the first place, the Erste Group ESG Factor Heatmap is used as a screening instrument to identify certain industry segments (out of the existing subindustries) that may be exposed to ESG risk factors and determine those industries which are more vulnerable to ESG risks. The Bank establishes industry strategies and lending standards to support the steering of the portfolio under considerations of ESG risks; both are the basis for decisions, which determine which clients and transactions fit into the Bank's portfolio.

Secondly, the Bank has established an ESG risk framework for the assessment of material ESG factors, related risks and appropriateness of the mitigating strategies in the credit and rating processes. In this manner, the Bank takes ESG risk criteria into account, when making credit decisions.

For large corporate, commercial real estate and commercial residential real estate transactions, the Bank conducts a systemic ESG analysis via an internal digital ESG Assessment questionnaire. The questionnaire is a mandatory prerequisite in the loan origination and monitoring process. By providing a comprehensive ESG risk assessment, the Bank is able to determine how certain ESG factors may have a positive or negative impact on the financial performance of clients. The questionnaire enables the Bank to identify clients' ESG risks or opportunities. Particular questions in the questionnaire may also require an in-depth assessment in order to understand the nature and severity of the ESG risks to which the client is exposed. The questionnaire forms an integral part of the credit application and is updated at least annually, allowing the Bank to understand the client's business model in the context of carbon transition. In order to support achieving the Erste Group's decarbonization targets, additional lending guidance has been introduced for large corporate, depending on their communicated strategy to align with climate science recommendations.

Furthermore, ESG relevant data is collected for certain types of collateral, as defined in the Collateral Management Policy for real estate collateral valuations, documentation and reporting purposes.

With regards to credit risk measurement and internal models a respective project to define and collect relevant climate risk drivers for all rating systems has started in 2022 in Erste Group to ensure the explicit consideration of climate risks in future model development initiatives. Since 2023, the ESG factors are considered in the soft facts assessment in the corporate rating models; an ESG override has been introduced in 2024.

For the assessment and management of physical risks, Erste Group uses Munich Re's Location Risk Intelligence. In 2023, Erste Group has conducted a physical risks materiality assessment together with the University of Graz to identify key hazards and climate change scenarios relevant for Erste Group collateral portfolio. The results of the assessment highlighted the importance of river flood, fire weather stress, drought stress, sea level rise and heat stress.

To assess the potential impact of physical risk, Erste Group internal stress test incorporated an internally developed physical risk model. The risk 'river flood' was determined to be the most relevant risk for Erste Group applying the climate hazard scores provided by Munich Re on Erste Group collaterals.

Among the industries presented in the table 'Credit risk exposure by industry and IFRS 9 treatment', Erste Group identified certain carbon-intensive sectors as important levers for setting interim emission targets for 2030, thereby supporting the migration of 'Transition risk' in Erste Group financed portfolio. EBC targets are set for the following sectors: housing mortgages, commercial real estate, electricity production and cement production.

METHODS OF CREDIT RISK MANAGEMENT

Credit risk arises in the Bank's traditional lending and investment businesses. It involves both credit losses incurred as a result of borrowers' default (stage 3) and expected credit losses (ECL) of non-defaulted borrowers calculated as 12-months ECL (stage 1) or calculated as lifetime expected credit losses (stage 2).

Operative credit decisions based on lending parameters defined by the responsible credit risk management units and are executed by dedicated units with appropriate decision authority.

With the goal of good risk management, all data relevant to credit risk management, performance management and determination of risk-weighted assets and the regulatory capital requirement are regularly input into central database used for credit risk management, while quality of data is regularly monitored. Therefore, departments within Risk Management regularly use this database for credit risk reporting thereby providing centralised analysis and application of ratios according to unified methods and segmentation across the Bank and the Group as a whole. The credit risk reporting comprises regular reports on credit portfolio for external and internal recipients and permits continuous monitoring of credit risk developments, thus enabling management to take control measures. In-house recipients of these reports include, above all, the Supervisory and Management Board as well as risk managers, Heads of business units and internal audit staff.

INTERNAL RATING SYSTEM

The Bank maintains comprehensive business and risk strategies, as well as lending and credit approval policies, which are reviewed and updated regularly, at least once per year. These documents apply to the entire lending portfolio and are designed to reflect the nature, scope, and risk profile of individual transactions and customers.

Credit decisions are based on several key elements, including the customer's creditworthiness, the type of credit product, the quality and structure of collateral, the covenant package, and other relevant risk-mitigation factors.

The assessment of counterparty default risk is grounded in the customer's probability of default (PD). For each lending decision and credit exposure, the Bank assigns an internal rating that represents a measure of the customer's default risk. Each customer's internal rating is reviewed at least annually.

The purpose of the Bank's internal rating system is to support informed decision-making in the lending process, as well as to guide the monitoring procedures applied to existing exposures. On a quantitative level, internal ratings determine the required risk-based pricing and the amount of risk allowances that need to be recognized.

However, primary purpose of the Bank's internal rating system is the calculation of the capital requirements, since PD values, which reflect the 12-month probability of default based on long-term average default rates, are the key element of the RWA calculation which is also used in the assessment of economic capital requirement according to Pillar 2 (ICAAP). Additionally, the Bank assigns margins of conservatism to the calculated PD depending on relevant data history.

Internal ratings consider all essential information relevant for assessing counterparty default risk. For non-retail borrowers, the internal rating assessment incorporates the counterparty's financial strength, the potential for external support, and other qualitative and quantitative company information.

For retail clients, internal ratings are primarily based on behavioural and application scoring models. The application scoring model includes demographic and financial information as integral components. Additionally, rating-ceiling rules are applied to reflect constraints on credit quality arising from a customer's membership in a group of economically related entities or from the country in which the customer's main economic activity is conducted.

All scorecards—both retail and non-retail—are regularly validated by the central validation unit using a Group-wide standard methodology. These validations rely on statistical techniques, and the resulting findings are reported to both management and the relevant regulatory bodies. Rating method validations are performed annually, as is PD re-calibration within the Review of Estimates process, in accordance with the Group's model development policies and methodology, since the Bank complies with all Erste Group standards that are related to governing model development and maintenance processes. All newly developed models, as well as any modifications to existing models (including rating models and risk parameters), together with methodological standards, are reviewed by the responsible unit within Erste Holding. This review process ensures Group-wide integrity, consistency, and methodological alignment across all models.

All models and model changes are approved by the Local Model Committee.

CREDIT RISK CLASSIFICATION

The classification of credit assets into risk grades is based on the Bank's internal ratings. The Bank uses two internal risk scales for risk classification: for customers that have not defaulted, a risk scale of 8 risk grades (for private individuals) and 13 risk grades (for all other segments) is used. Defaulted customers are classified into a separate risk grade.

For the purpose of external reporting, internal rating grades of the Bank are grouped into the following four risk categories:

Low risk: customers with well-established and rather long-standing relationships with the Bank and the Group or large internationally recognised customers. Clients with strong and good financial position and no foreseeable financial difficulties. Retail clients having long relationships with the Bank, or clients with a wide product pool use. No late payments currently or in the most recent 12 months. New business is generally done with clients in this risk category.

Management attention: customers that may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium-term. Retail clients with limited savings or probable payment problems in the past triggering early collection reminders.

Substandard: customers which are vulnerable to negative financial and economic developments and show elevated probability of default.

Non-performing: customers who meet one or more of the default criteria according to Article 178 of Regulation (EU) No 575/2013 and Croatian National Bank bylaws, which are precisely defined by the Bank's internal documentation: full repayment unlikely, more than 90 days past due on a material exposure, restructuring resulting in a loss to the lender, realisation of a loan loss or initiation of bankruptcy proceedings. For purposes of analysing non-performing positions, the Bank applies the customer view for all customer segments, including Retail clients, if a customer defaults on one deal then the entire customer's performing transactions are classified as non-performing.

In the Bank, default status triggers the credit-impairment and the stage 3 classification under IFRS 9 (with more details in subsection Impairment of financial instruments under IFRS 9). Default is recognized when:

- the obligor is past due 90 consecutive days with any material credit obligation to the institution, the parent undertaking or any of its subsidiaries in full; and/or
- the obligor is considered unlikely to pay its credit obligation to the institution, the parent undertaking or any of its subsidiaries, in full without realisation of the collateral.

CREDIT MONITORING

In order to manage credit risk timely, regular analysis of client's risks which includes current rating status, repayment ability, revision of collaterals and compliance with the contracted terms, repayment and other clauses through re-approvals is performed.

The Bank's goal is to timely recognize any decrease in the quality of credit portfolio which may have material losses for the Bank. The Bank through a re-approval process analyses a complete status of the debtor. The meaning of regular re-approval of credit exposures is an active follow-up on client and portfolio quality and it represents an additional measure of optimisation of credit risk exposure of the Bank. The Bank performs evaluation of creditworthiness based on all information on client, also taking into consideration prior credit relationships between the Bank and the client.

A group-wide standardized early warning monitoring process is implemented in the Bank to proactively identify negative developments. The early warning monitoring process is managed in the Credit Risk Management Division. When early warning signals are identified and validated, the overall client exposure and creditworthiness is reviewed, and adequate risk mitigating actions are taken if deemed necessary. Watch list review meetings for Corporate clients are held on a regular basis to monitor customers with a poor credit standing and to discuss pre-emptive measures. For smaller enterprises (micro) and retail customers, the monitoring is based on an automated early warning system. In retail risk management, the early warning signals for adverse portfolio developments include, for instance, quality deterioration in new business or a decreasing collections effectiveness and require appropriate countermeasures. Additionally, the monitoring is performed for clients where early warning signals have been identified, even if they are still fulfilling their contractual repayment obligations.

Adverse portfolio developments regarding the non-performing and substandard loans portfolio are monitored, discussed and reported regularly. In case of further negative developments clients are managed in specialized workout units aiming to maximise recoveries.

29. Credit risk exposure

Credit risk exposure relates to the sum of the following balance sheet items:

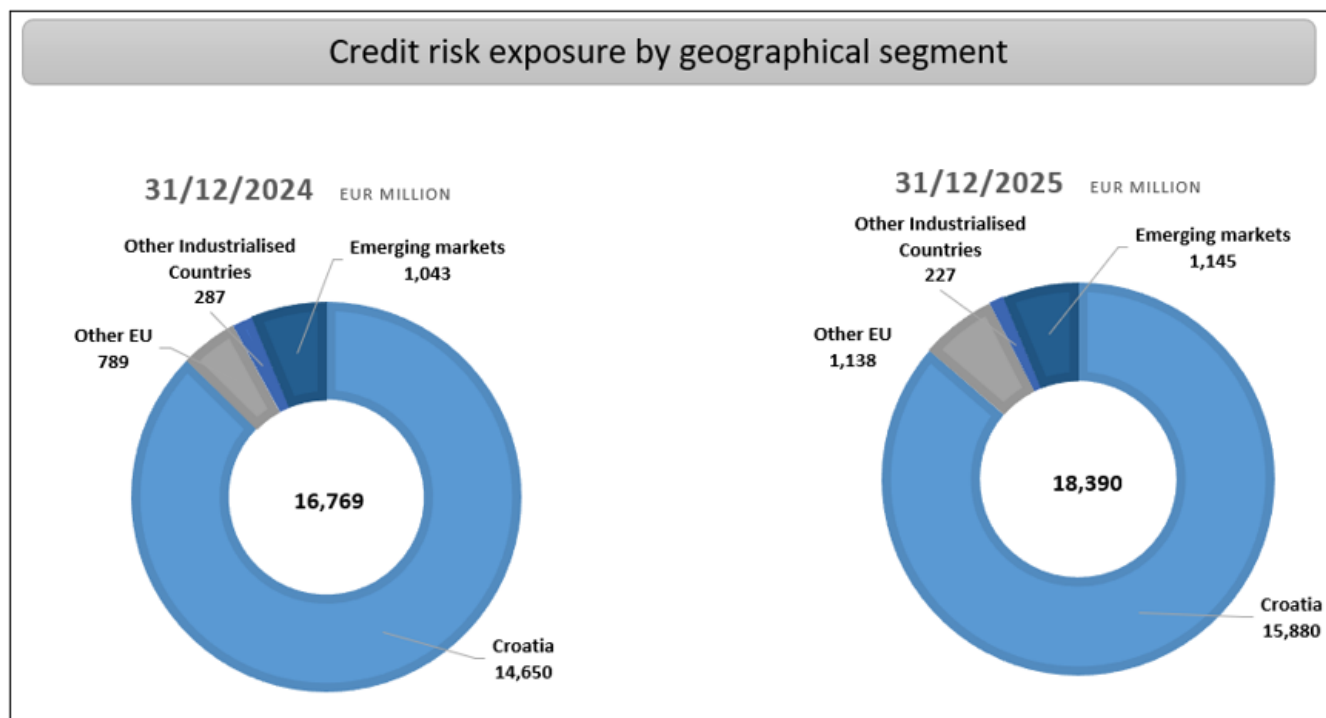
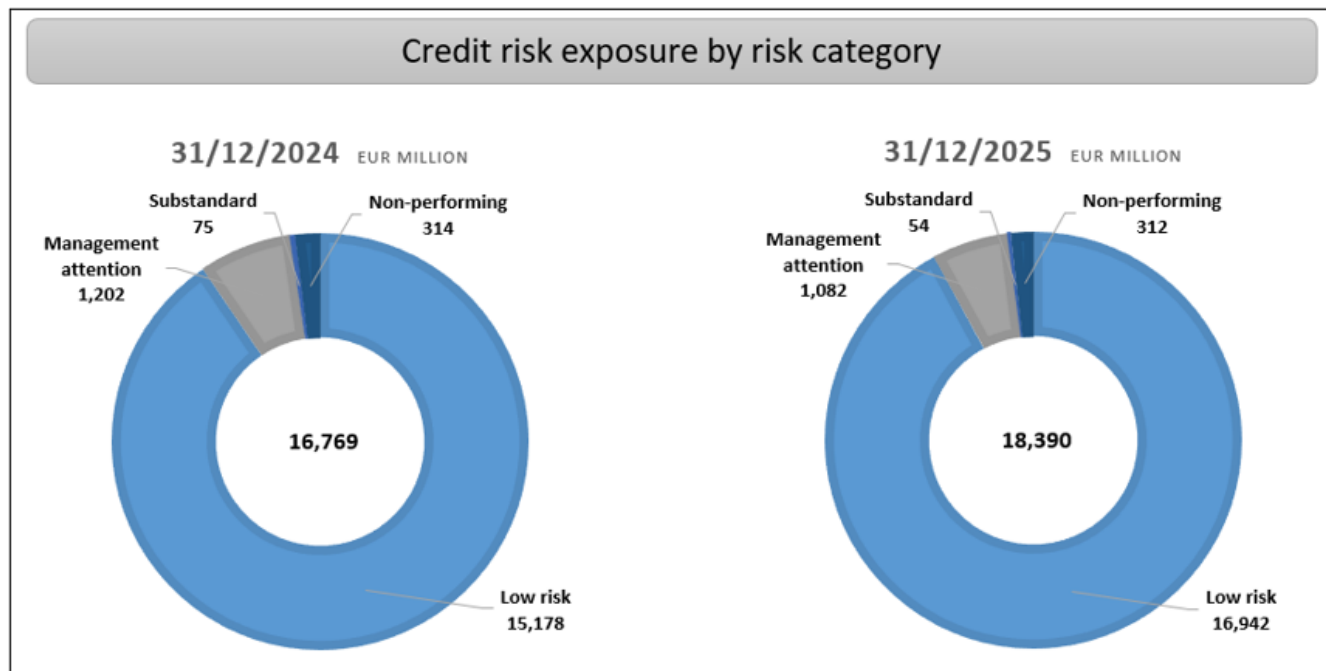
- Cash and cash balances - demand deposits to credit institutions;
- Debt instruments held for trading;
- Non-trading debt instruments at fair value through profit or loss (FVPL);
- Debt instruments at fair value through other comprehensive income (FVOCI);
- Debt instruments at amortised cost (AC), other 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);
- Debt instruments held for sale in disposal groups;
- Finance lease receivables;
- Positive fair value of 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.

PORTFOLIO OVERVIEW ON TOTAL CREDIT RISK

The following tables show the reconciliation between the gross carrying amount and the net carrying amount of the separate components of the Group’s and the Bank’s credit risk exposure on 31 December 2025 and 31 December 2024.



Between the 31 December 2024 and 31 December 2025, the credit risk exposure increased from EUR 16,769 million to EUR 18,390 million. This is an increase of 10% or EUR 1,621 million.

Notes to the financial statements

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

in EUR million	GROUP				BANK			
	Credit risk exposure	Credit loss allowances	Adjustments	Net carrying amount	Credit risk exposure	Credit loss allowances	Adjustments	Net carrying amount
2025								
Other demand deposits to credit institutions	60	–	–	60	10	–	–	10
Instruments HfT	19	–	–	19	19	–	–	19
Non-trading debt instruments at FVPL	5	–	–	5	5	–	–	5
Debt securities	5	–	–	5	5	–	–	5
Debt instruments at FVOCI	1,246	–	(12)	1,234	1,144	–	(12)	1,132
Debt securities	1,246	–	(12)	1,234	1,144	–	(12)	1,132
Debt instruments at AC	12,484	(269)	–	12,215	11,732	(244)	–	11,488
Debt securities	2,198	–	–	2,198	2,083	–	–	2,083
Loans and advances to banks	344	–	–	344	326	–	–	326
Loans and advances to customers	9,942	(269)	–	9,673	9,323	(244)	–	9,079
Trade and other receivables	219	(15)	–	204	216	(13)	–	203
Finance lease receivables	601	(3)	–	598	–	–	–	–
Off-balance sheet exposures	3,756	(29)	–	–	3,658	(29)	–	–
Financial guarantees	248	(2)	–	–	266	(2)	–	–
Loan commitments	2,748	(27)	–	–	2,663	(27)	–	–
Other commitments	760	–	–	–	729	–	–	–
Total	18,390	(316)	(12)	14,335	16,784	(286)	(12)	12,857

Notes to the financial statements

in EUR million	GROUP				BANK			
	Credit risk exposure	Credit loss allowances	Adjustments	Net carrying amount	Credit risk exposure	Credit loss allowances	Adjustments	Net carrying amount
2024								
Other demand deposits to credit institutions	96	–	–	96	11	–	–	11
Instruments HfT	19	–	–	19	19	–	–	19
Non-trading debt instruments at FVPL	5	–	–	5	5	–	–	5
Debt securities	5	–	–	5	5	–	–	5
Debt instruments at FVOCI	1,028	(1)	(23)	1,004	952	(1)	(23)	928
Debt securities	1,028	(1)	(23)	1,004	952	(1)	(23)	928
Debt instruments at AC	11,353	(268)	–	11,085	10,734	(244)	–	10,490
Debt securities	2,102	–	–	2,102	2,055	–	–	2,055
Loans and advances to banks	79	–	–	79	52	–	–	52
Loans and advances to customers	9,172	(268)	–	8,904	8,627	(244)	–	8,383
Trade and other receivables	193	(14)	–	179	192	(13)	–	179
Finance lease receivables	571	(3)	–	568	–	–	–	–
Off-balance sheet exposures	3,504	(24)	–	–	3,392	(23)	–	–
Financial guarantees	270	(3)	–	–	292	(3)	–	–
Loan commitments	2,656	(21)	–	–	2,555	(20)	–	–
Other commitments	578	–	–	–	545	–	–	–
Total	16,769	(310)	(23)	12,956	15,305	(281)	(23)	11,632

Credit loss allowances comprise impairments for financial assets measured at amortized cost (including finance lease and trade and other receivables) and at fair value through other comprehensive income (FVOCI), as well as credit loss allowances and provisions for off-balance sheet exposures. Adjustments refer to the fair value changes of the carrying amount for financial assets at FVOCI.

Notes to the financial statements

BREAKDOWN OF CREDIT RISK EXPOSURE

On the next pages the credit risk exposure is categorized in the following way:

- industry and IFRS 9 treatment;
- region and risk category;
- business segment and risk category.

Subsequently, credit risk exposure is reported in the following way:

- credit risk exposure, forbearance exposure, and credit loss allowances;
- financial instrument and collateral.

Credit risk exposure by industry and IFRS 9 treatment

	GROUP						
in EUR million	Stage 1	Stage 2	Stage 3	POCI	Credit risk exposure (AC and FVOCI)	Not subject to IFRS 9 impairment	Total
2025							
Natural Resources & Commodities	351	10	8	1	370	38	408
Energy	748	27	–	–	775	82	857
Construction and building materials	924	102	27	3	1,056	255	1,311
Automotive	133	61	2	1	197	39	236
Cyclical Consumer Products	350	46	17	1	414	62	476
Non-Cyclical Consumer Products	613	13	9	–	635	88	723
Machinery	193	2	1	–	196	51	247
Transportation	1,103	21	5	–	1,129	40	1,169
TMT; Telecommunications, Media, Technology and Paper & Packaging	205	9	–	–	214	34	248
Healthcare & Services	390	59	2	–	451	60	511
Hotels, Gaming & Leisure Industry	1,011	77	25	2	1,115	8	1,123
Real Estate	1,052	14	24	5	1,095	3	1,098
Public Sector	3,889	1	–	–	3,890	5	3,895
Financial Institutions	518	16	–	–	534	19	553
Private Households	4,351	970	178	1	5,500	–	5,500
Other	35	–	–	–	35	–	35
Total	15,866	1,428	298	14	17,606	784	18,390

	GROUP						
in EUR million	Stage 1	Stage 2	Stage 3	POCI	Credit risk exposure (AC and FVOCI)	Not subject to IFRS 9 impairment	Total
2024							
Natural Resources & Commodities	350	23	12	–	385	40	425
Energy	724	14	–	–	738	57	795
Construction and building materials	862	127	21	3	1,013	198	1,211
Automotive	160	37	2	–	199	19	218
Cyclical Consumer Products	324	50	17	–	391	52	443
Non-Cyclical Consumer Products	497	12	12	1	522	52	574
Machinery	162	5	1	–	168	64	232
Transportation	1,147	23	7	1	1,178	28	1,206
TMT; Telecommunications, Media, Technology and Paper & Packaging	200	6	–	–	206	34	240
Healthcare & Services	406	31	4	–	441	26	467
Hotels, Gaming & Leisure Industry	822	127	38	3	990	7	997
Real Estate	804	124	16	7	951	3	954
Public Sector	3,687	125	–	–	3,812	–	3,812
Financial Institutions	313	7	–	–	320	21	341
Private Households	3,685	997	171	1	4,854	–	4,854
Total	14,143	1,708	301	16	16,168	601	16,769

Notes to the financial statements

Credit risk exposure by industry and IFRS 9 treatment (continued)

							BANK
in EUR million	Stage 1	Stage 2	Stage 3	POCI	Credit risk exposure (AC and FVOCI)	Not subject to IFRS 9 impairment	Total
2025							
Natural Resources & Commodities	328	9	8	1	346	38	384
Energy	698	19	–	–	717	82	799
Construction and building materials	796	84	25	3	908	236	1,144
Automotive	88	27	1	1	117	36	153
Cyclical Consumer Products	282	29	15	1	327	55	382
Non-Cyclical Consumer Products	544	7	9	–	560	83	643
Machinery	179	1	1	–	181	51	232
Transportation	990	10	3	–	1,003	38	1,041
TMT; Telecommunications, Media, Technology and Paper & Packaging	155	8	–	–	163	28	191
Healthcare & Services	322	49	2	–	373	53	426
Hotels, Gaming & Leisure Industry	953	43	14	2	1,012	7	1,019
Real Estate	1,005	12	23	5	1,045	2	1,047
Public Sector	3,663	1	–	–	3,664	5	3,669
Financial Institutions	587	16	–	–	603	39	642
Private Households	3,929	914	168	1	5,012	–	5,012
Total	14,519	1,229	269	14	16,031	753	16,784

							BANK
in EUR million	Stage 1	Stage 2	Stage 3	POCI	Credit risk exposure (AC and FVOCI)	Not subject to IFRS 9 impairment	Total
2024							
Natural Resources & Commodities	328	22	11	–	361	40	401
Energy	678	14	–	–	692	56	748
Construction and building materials	743	100	20	3	866	179	1,045
Automotive	108	15	2	–	125	16	141
Cyclical Consumer Products	269	33	16	1	319	44	363
Non-Cyclical Consumer Products	429	6	11	1	447	48	495
Machinery	152	5	1	–	158	63	221
Transportation	1,039	8	5	1	1,053	25	1,078
TMT; Telecommunications, Media, Technology and Paper & Packaging	152	4	–	–	156	26	182
Healthcare & Services	342	20	2	–	364	23	387
Hotels, Gaming & Leisure Industry	784	98	26	3	911	6	917
Real Estate	780	103	16	7	906	2	908
Public Sector	3,505	125	–	–	3,630	–	3,630
Financial Institutions	303	7	–	–	310	41	351
Private Households	3,336	941	161	–	4,438	–	4,438
Total	12,948	1,501	271	16	14,736	569	15,305

Notes to the financial statements

Credit risk exposure by region and risk category

The following tables present the credit risk exposure of the Group and the Bank divided by region and risk category on 31 December 2025 and 31 December 2024.

	GROUP				
in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
2025					
Erste Group markets	15,248	941	46	290	16,525
Austria	375	1	–	–	376
Croatia	14,605	939	46	290	15,880
Serbia	1	1	–	–	2
Slovakia	266	–	–	–	266
Hungary	1	–	–	–	1
Other EU	491	4	–	–	495
Other industrialised countries	225	2	–	–	227
Emerging markets	978	135	8	22	1,143
SouthEastern Europe/CIS	958	135	8	22	1,123
Asia	15	–	–	–	15
Middle East/Africa	5	–	–	–	5
Total	16,942	1,082	54	312	18,390

	GROUP				
in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
2024					
Erste Group markets	13,643	1,068	67	288	15,066
Austria	130	1	–	–	131
Croatia	13,228	1,067	67	288	14,650
Serbia	2	–	–	–	2
Slovakia	280	–	–	–	280
Hungary	3	–	–	–	3
Other EU	372	3	–	–	375
Other industrialised countries	284	3	–	–	287
Emerging markets	879	128	8	26	1,041
Southeastern Europe/CIS	852	128	8	26	1,014
Asia	21	–	–	–	21
Middle East/Africa	6	–	–	–	6
Total	15,178	1,202	75	314	16,769

Notes to the financial statements

Credit risk exposure by region and risk category (continued)

					BANK
in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
2025					
Erste Group markets	14,821	873	38	284	16,016
Austria	331	1	-	-	332
Croatia	14,222	872	38	284	15,416
Serbia	1	-	-	-	1
Slovakia	266	-	-	-	266
Hungary	1	-	-	-	1
Other EU	453	4	-	-	457
Other industrialised countries	189	2	-	-	191
Emerging markets	119	-	-	1	120
SouthEastern Europe/CIS	100	-	-	1	101
Asia	15	-	-	-	15
Middle East/Africa	4	-	-	-	4
Total	15,582	879	38	285	16,784

					BANK
in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
2024					
Erste Group markets	13,183	994	59	282	14,518
Austria	47	1	-	-	48
Croatia	12,851	993	59	282	14,185
Serbia	2	-	-	-	2
Slovakia	280	-	-	-	280
Hungary	3	-	-	-	3
Other EU	359	2	-	-	361
Other industrialised countries	283	3	-	-	286
Emerging markets	138	-	-	2	140
Southeastern Europe/CIS	118	-	-	2	120
Asia	14	-	-	-	14
Middle East/Africa	6	-	-	-	6
Total	13,963	999	59	284	15,305

Credit risk exposure by business segment and risk category

The reporting segment of the Group and the Bank is based on the matrix organization by business segment and risk category. The following tables show the credit risk exposure of the Group and the Bank broken down by reporting segments and risk category on 31 December 2025 and 31 December 2024.

	GROUP				
in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
2025					
Retail	4,839	895	49	193	5,976
Small and Medium Enterprises	3,647	100	3	87	3,837
Large Corporates	2,928	58	–	15	3,001
Public sector	878	13	–	–	891
Commercial Real Estate	744	–	2	16	762
Group Market Trading	55	1	–	–	56
Group Market Financial Institutions	120	–	–	–	120
Asset/Liability Management	3,715	15	–	–	3,730
Other	16	–	–	1	17
Total	16,942	1,082	54	312	18,390

	GROUP				
in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
2024					
Retail	4,117	941	68	185	5,311
Small and Medium Enterprises	3,206	157	5	90	3,458
Large Corporates	2,644	82	–	19	2,745
Public sector	1,145	12	–	–	1,157
Commercial Real Estate	687	–	2	19	708
Group Market Trading	52	6	–	–	58
Group Market Financial Institutions	123	2	–	–	125
Asset/Liability Management	3,186	–	–	–	3,186
Other	18	2	–	1	21
Total	15,178	1,202	75	314	16,769

Credit risk exposure by business segment and risk category (continued)

	BANK				
in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
2025					
Retail	4,317	761	35	180	5,293
Small and Medium Enterprises	3,305	66	1	82	3,454
Large Corporates	2,643	30	–	6	2,679
Public sector	852	6	–	–	858
Commercial Real Estate	743	–	2	16	761
Group Market Trading	55	1	–	–	56
Group Market Financial Institutions	151	–	–	–	151
Asset/Liability Management	3,498	15	–	–	3,513
Other	18	–	–	1	19
Total	15,582	879	38	285	16,784

	BANK				
in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
2024					
Retail	3,671	814	55	172	4,712
Small and Medium Enterprises	2,911	109	2	85	3,107
Large Corporates	2,382	63	–	7	2,452
Public sector	1,107	2	–	–	1,109
Commercial Real Estate	685	–	2	19	706
Group Market Trading	52	6	–	–	58
Group Market Financial Institutions	153	3	–	–	156
Asset/Liability Management	2,982	–	–	–	2,982
Other	20	2	–	1	23
Total	13,963	999	59	284	15,305

The amount written off during 2025, which is still subject to enforcement activity, totals EUR 15 million for the Group and EUR 15 million for the Bank (2024: EUR 11 million for the Group and EUR 11 million for the Bank). Cumulative amount written off, which is still subject to enforcement activity, totals EUR 160 million for the Group and EUR 150 million for the Bank.

30. Non-performing credit risk exposure and allowances for credit risks

Non-performing credit risk exposure decreased by EUR 2 million from EUR 314 million on 31 December 2024 to EUR 312 million on 31 December 2025 in the Group. During the same period, non-performing exposure in the Bank increased by EUR 1 million, from EUR 284 million on 31 December 2024 to EUR 285 million on 31 December 2025.

Credit risk allowances increased by EUR 6 million in the Group, from EUR 310 million on 31 December 2024 to EUR 316 million on 31 December 2025 and in the Bank by EUR 5 million, from EUR 281 million on 31 December 2024 to EUR 286 million on 31 December 2025.

Coverage of the non-performing credit risk exposure by credit risk allowances increased, from 98.7% to 101.3% in the Group and from 98.9% to 100.4% in the Bank. Share of non-performing credit risk exposure in total credit risk exposure in the Group amounted to 1.7% (2024: 1.9%) and 1.7% in the Bank (2024: 1.9%).

31. Measurement of expected credit loss

The general principles and standards for credit risk allowances within the Bank follow the Erste Group's procedures, international standards and are described in internal policies.

The calculation of credit loss allowances is done on a monthly basis, on exposure/asset level, in the currency of the exposure. To calculate the loss allowance, the Bank applies an expected credit loss (ECL) model based on a three stages approach that either leads to a 12-months ECL or to a Lifetime ECL.

The stage approach means that if the financial asset is not recognised as purchased or originated credit-impaired financial asset (POCI), i.e. financial asset which is credit-impaired at initial recognition, then depending on the impairment status and the assessment of the increase of credit risk, the financial asset is assigned into one of the following stages:

CLASSIFICATION INTO STAGES AND DEFINITION OF CREDIT-IMPAIRED FINANCIAL INSTRUMENTS

Stage 1

It includes:

a) Financial assets at initial recognition, except:

i) POCI assets

ii) Assets the initial (on-balance) recognition of which is triggered by first usage of a binding loan commitment given to a counterparty for which a significant credit deterioration occurred since sign-up (initial recognition) of that loan commitment, but which is not in default at the time of such first usage

b) Financial assets which fulfil the low credit risk conditions;

c) Financial assets without significant increase in credit risk since initial recognition irrespective of their credit quality.

In stage 1 the credit risk loss allowances are calculated as 12-months ECL.

Stage 2

It includes financial assets with a significant increase in credit risk, but not credit-impaired at the reporting date, including initially recognized assets described under 1) a) ii) above.

In stage 2 the credit risk loss allowances are calculated as lifetime ECL.

Stage 3

It includes financial assets which are credit-impaired at the reporting date. In principle, financial instrument becomes credit-impaired when customer meets one or more of the default criteria according to Article 178 of Regulation (EU) No 575/2013 and Croatian National Bank bylaws, more precisely defined in Internal rating system part.

In stage 3 the credit loss allowances are calculated as lifetime ECL.

POCI

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 and are reflected in the credit-adjusted effective interest rate at initial recognition.

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).

The bank applies cure period for migration back to Stage 1 from Stage 2 for qualitative criterion EWS (watch list).

QUANTITATIVE CRITERIA

Quantitative criteria for significant increase in credit risk (SICR) indicators include adverse changes in annualized 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. SICR occurs for a particular financial instrument, when both the relative and the absolute thresholds are breached.

Notes to the financial statements

The relative measure is calculated as a ratio between current annualised LT PD and annualised LT PD value on initial recognition, considering remaining maturity of the instrument. 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 rating method, as necessary, and are subject to initial and on-going validation.

RELATIVE THRESHOLDS FOR SICR ASSESSMENT

	Threshold interval (x times)	
in EUR million	Min	Max
2025		
Erste&Steiermärkische Bank d.d.	1.13	3.13
Total	1.13	3.13

	Threshold interval (x times)	
in EUR million	Min	Max
2024		
Erste&Steiermärkische Bank d.d.	1.13	3.13
Total	1.13	3.13

Thresholds might seem to show high dispersion, but they are driven mainly rating diversity. Segments, ie. rating methods with higher credit quality portfolios have lower thresholds than those with lower credit quality portfolios. The minimal threshold of 1.13 refers to sovereign rating classes that are centrally established (from Erste Group).

There are certain portfolios where SICR quantitative criteria are assessed based on the ratings rather than PDs. Predefined rating notches' downgrade leads to SICR recognition.

The absolute threshold refers to difference of LT PD on initial recognition and current LT PD. In the Bank it is set to a maximum of 50 bps and serves as a backstop for migrations between the best ratings (LT PDs considered for remaining maturity). In such cases, relative thresholds may be breached, however overall LT PD is very low, and therefore SICR is not triggered.

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).

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). 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. For migration back to Stage 1 there is an additional cure period for the portfolio which is being classified as Stage 2 due to the early-warning signal.

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.

Erste Bank Croatia Group has introduced some additional portfolio level SICR assessment criteria (overlays). More specific details about them can be found in Chapter 32.

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.

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).

A defaulted customer is classified as individually significant if the total on- and off-balance exposure exceeds a predefined materiality limit (400 ths EUR). 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.

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 based on shared risk characteristics. The grouping criteria may differ based on the customer segment (retail, corporate) and include product type, collateral type, repayment type, loan to value band and credit rating band.

The calculation of credit loss allowances is done monthly on a single-exposure level and in the domestic currency. To compute the collective credit loss allowance, the Bank 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 the Bank 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 Bank'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 lifetime of the loans. It is assumed to be 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 utilizes repayment schedule or repayment type (annuity, linear, bullet).

LGD is estimated as a life-time curve for any point in time, based on the 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 to capital requirement regulations, calculated on a through-the-cycle basis if the characteristics of the respective portfolio in combination with IFRS standards necessitate this.

32. Development of credit loss allowances

The following tables give an overview over the development of credit loss allowances per balance sheet line item. In column 'Additions' increases of CLA due to the initial recognition of financial instruments during the current reporting period are disclosed. Releases of CLA following the derecognition of the related financial instruments are reported in column 'Derecognitions'.

Notes to the financial statements

Besides the regular annual re-estimation of the IFRS 9 risk parameters performed in the fourth quarter which resulted in the allocation of credit loss allowances in the amount of EUR 22.1 million, regular reviews of rules for collective SICR assessment were conducted during the year.

In addition to the mentioned changes, regular portfolio movements (rating change, recoveries, and overall decrease of NPL stock) contributed to overall effect.

In column 'Transfers between stages' CLA net changes due to changes in credit risk that triggered re-assignments of the related financial instruments from Stage 1 (on 1 January 2025 or initial recognition date) to Stages 2 or 3 on 31 December 2025 or vice-versa are reported. The effects of transfers from Stage 1 to Stages 2 or 3 on the related CLAs are adverse and presented in lines attributable to Stages 2 or 3. The effects of transfers from Stages 2 or 3 to Stage 1 on the related CLAs are favourable and presented in line 'Stage 1'.

The P&L-neutral effect from cross-stage transferring of the related CLA amounts recognised prior to stage re-assignments are presented above in column 'Changes in credit risk'.

Any other changes in credit risk which do not trigger a transfer between Stage 1 and Stage 2 or 3 or vice-versa are disclosed in column 'Changes in credit risk'.

FINANCIAL INSTRUMENTS HELD AT AMORTISED COST

Movement in credit loss allowances – debt securities

								GROUP
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of	
	January 2025						December 2025	
Stage 1	-	-	-	-	-	-	-	
Total	-	-	-	-	-	-	-	

								GROUP
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of	
	January 2024						December 2024	
Stage 1	(1)	-	1	-	-	-	-	
Total	(1)	-	1	-	-	-	-	

Movement in credit loss allowances – debt securities (continued)

								BANK
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of	
	January 2025						December 2025	
Stage 1	-	-	-	-	-	-	-	
Total	-	-	-	-	-	-	-	

								BANK
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of	
	January 2024						December 2024	
Stage 1	(1)	-	1	-	-	-	-	
Total	(1)	-	1	-	-	-	-	

The year-end total GCAs of AC debt securities that were initially recognized (purchased) during the year 2025 and not sold by 31 December 2025 amounts to EUR 348 million for the Group and EUR 280 million for the Bank (2024: EUR 326 million for the Group and for the Bank).

The GCA of AC debt securities that were held on 1 January 2025 and derecognized (matured) during the year 2025 amounts to EUR 231 million for the Group and for the Bank (2024: EUR 147 million for the Group and for the Bank).

Movement in credit loss allowances – loans and advances to banks

								GROUP
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of	
	January 2025						December 2025	
Stage 1	–	–	–	–	–	–	–	
Total	–	–	–	–	–	–	–	

								GROUP
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of	
	January 2024						December 2024	
Stage 1	–	(1)	1	–	–	–	–	
Total	–	(1)	1	–	–	–	–	

								BANK
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of	
	January 2025						December 2025	
Stage 1	–	–	–	–	–	–	–	
Total	–	–	–	–	–	–	–	

								BANK
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of	
	January 2024						December 2024	
Stage 1	–	(1)	1	–	–	–	–	
Total	–	(1)	1	–	–	–	–	

The year-end total GCA of AC loans and advances to banks that were initially recognized during the year 2025 and not fully derecognized by 31 December 2025 amounts to EUR 577 million for the Group and EUR 301 million for the Bank (2024: EUR 244 million for the Group and EUR 27 million for the Bank).

The GCA of AC loans and advances to banks that were held on 1 January 2025 and fully derecognized (matured) during the year 2025 amounts to EUR 312 million for the Group and EUR 27 million for the Bank (2024: EUR 179 million for the Group and EUR 6 million for the Bank).

Notes to the financial statements

Movement in credit loss allowances – loans and advances to customers

GROUP									
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Changes in credit risk	Insignificant modifications (net)	Write-offs	Other	As of
	January 2025								December 2025
Stage 1	(27)	(19)	8	16	(16)	–	–	–	(38)
General governments	(1)	–	–	–	–	–	–	–	(1)
Other financial corporations	–	(4)	3	–	–	–	–	–	(1)
Non-financial corporations	(15)	(9)	4	7	(7)	–	–	–	(20)
Households	(11)	(6)	1	9	(9)	–	–	–	(16)
Stage 2	(65)	(4)	7	(26)	28	–	–	–	(60)
General governments	–	–	–	–	–	–	–	–	–
Non-financial corporations	(25)	(1)	3	(5)	16	–	–	–	(12)
Households	(40)	(3)	4	(21)	12	–	–	–	(48)
Stage 3	(165)	(7)	20	(2)	(29)	–	21	–	(162)
Non-financial corporations	(66)	(1)	9	(1)	(6)	–	4	–	(61)
Households	(99)	(6)	11	(1)	(23)	–	17	–	(101)
POCI	(11)	–	4	–	(3)	–	1	–	(9)
Non-financial corporations	(11)	–	4	–	(3)	–	1	–	(9)
Total	(268)	(30)	39	(12)	(20)	–	22	–	(269)

GROUP									
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Changes in credit risk	Insignificant modifications (net)	Write-offs	Other	As of
	January 2024								December 2024
Stage 1	(23)	(14)	6	17	(13)	–	–	–	(27)
General governments	(1)	–	–	–	–	–	–	–	(1)
Other financial corporations	–	(3)	3	–	–	–	–	–	–
Non-financial corporations	(11)	(6)	2	12	(12)	–	–	–	(15)
Households	(11)	(5)	1	5	(1)	–	–	–	(11)
Stage 2	(83)	(9)	8	(27)	46	–	–	–	(65)
General governments	(1)	–	–	–	1	–	–	–	–
Non-financial corporations	(50)	(6)	5	(11)	37	–	–	–	(25)
Households	(32)	(3)	3	(16)	8	–	–	–	(40)
Stage 3	(165)	(3)	13	(1)	(25)	–	16	–	(165)
Non-financial corporations	(64)	(1)	3	–	(7)	–	3	–	(66)
Households	(101)	(2)	10	(1)	(18)	–	13	–	(99)
POCI	(12)	–	1	–	–	–	–	–	(11)
Non-financial corporations	(12)	–	1	–	–	–	–	–	(11)
Total	(283)	(26)	28	(11)	8	–	16	–	(268)

Notes to the financial statements

Movement in credit loss allowances – loans and advances to customers (continued)

BANK									
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Insignificant modifications (net)	Write-offs	Other	As of
	January 2025								December 2025
Stage 1	(25)	(19)	8	15	(15)	–	–	–	(36)
General governments	(1)	–	–	–	–	–	–	–	(1)
Other financial corporations	–	(4)	3	–	–	–	–	–	(1)
Non-financial corporations	(14)	(9)	4	7	(7)	–	–	–	(19)
Households	(10)	(6)	1	8	(8)	–	–	–	(15)
Stage 2	(61)	(4)	9	(25)	28	–	–	–	(53)
General governments	–	–	–	–	–	–	–	–	–
Non-financial corporations	(23)	(1)	5	(5)	15	–	–	–	(9)
Households	(38)	(3)	4	(20)	13	–	–	–	(44)
Stage 3	(147)	(7)	18	(1)	(29)	–	20	–	(146)
Non-financial corporations	(55)	(1)	7	–	(6)	–	4	–	(51)
Households	(92)	(6)	11	(1)	(23)	–	16	–	(95)
POCI	(11)	–	4	–	(3)	–	1	–	(9)
Non-financial corporations	(11)	–	4	–	(3)	–	1	–	(9)
Total	(244)	(30)	39	(11)	(19)	–	21	–	(244)

BANK									
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Insignificant modifications (net)	Write-offs	Other	As of
	January 2024								December 2024
Stage 1	(17)	(12)	6	16	(15)	–	–	(3)	(25)
General governments	(1)	–	–	–	–	–	–	–	(1)
Other financial corporations	–	(3)	3	–	–	–	–	–	–
Non-financial corporations	(10)	(5)	2	12	(13)	–	–	–	(14)
Households	(6)	(4)	1	4	(2)	–	–	(3)	(10)
Stage 2	(78)	(9)	7	(25)	45	–	–	(1)	(61)
General governments	(1)	–	–	–	1	–	–	–	–
Non-financial corporations	(48)	(6)	4	(10)	37	–	–	–	(23)
Households	(29)	(3)	3	(15)	7	–	–	(1)	(38)
Stage 3	(140)	(3)	12	(1)	(25)	–	15	(5)	(147)
Non-financial corporations	(52)	(1)	3	–	(7)	–	3	(1)	(55)
Households	(88)	(2)	9	(1)	(18)	–	12	(4)	(92)
POCI	(12)	–	1	–	–	–	–	–	(11)
Non-financial corporations	(12)	–	1	–	–	–	–	–	(11)
Total	(247)	(24)	26	(10)	5	–	15	(9)	(244)

The column ‘Changes in credit risk’ also captures the passage-of-time adverse effect (‘unwinding correction’) over the lifetime expected cash shortfalls of AC loans and advances to customers that were assigned to Stage 3 for any period throughout the year, as well as of any POCI loans and advances to customers. This adverse effect amounted to EUR 3 million for the Group and EUR 2 million for the Bank (2024: EUR 3 million for the Group and EUR 2 million for the Bank) cumulatively for the year 2025, which also reflects the unrecognised interest income out of the related AC loans and advances to customers throughout the year.

The column ‘Insignificant modifications (net)’ reflects the effect on CLA arising from contractual modifications of loans and advances to customers at AC which do not trigger their full derecognition. The use of CLA triggered by full or partial write-offs of AC loans and advances to customers is reported in column ‘Write-offs’.

Notes to the financial statements

One significant driver of the CLA movements for the year has been the transfer of the related instruments across different impairment stages. The year-end GCA of AC loans and advances to customers that were assigned on 31 December 2025 to a different stage compared to 1 January 2025 (or to the initial recognition date, if originated during the year) are summarized below:

GCA transfers between impairment stages for loans and advances at amortised cost to customers

	GROUP							
	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3		POCI	
in EUR million	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3	To Defaulted from Non-Defaulted	To Non-Defaulted from Defaulted
2025								
General governments	–	8	–	–	–	–	–	–
Other financial corporations	–	1	–	–	–	–	–	–
Non-financial corporations	103	142	9	4	13	–	–	–
Households	367	314	24	12	27	3	–	–
Total	470	465	33	16	40	3	–	–

	GROUP							
	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3		POCI	
in EUR million	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3	To Defaulted from Non-Defaulted	To Non-Defaulted from Defaulted
2024								
General governments	4	14	–	–	–	–	–	–
Other financial corporations	2	–	–	–	–	–	–	–
Non-financial corporations	198	517	13	–	13	–	–	–
Households	330	95	27	6	29	1	–	–
Total	534	626	40	6	42	1	–	–

	BANK							
	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3		POCI	
in EUR million	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3	To Defaulted from Non-Defaulted	To Non-Defaulted from Defaulted
2025								
General governments	–	8	–	–	–	–	–	–
Other financial corporations	–	1	–	–	–	–	–	–
Non-financial corporations	71	123	9	4	12	–	–	–
Households	352	308	23	12	26	3	–	–
Total	423	440	32	16	38	3	–	–

GCA transfers between impairment stages for loans and advances at amortised cost to customers (continued)

in EUR million	BANK							To Non-Defaulted from Defaulted
	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3		To Defaulted from Non-Defaulted	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3		
2024								
General governments	4	14	-	-	-	-	-	-
Other financial corporations	2	-	-	-	-	-	-	-
Non-financial corporations	174	505	13	-	13	-	-	-
Households	320	87	26	6	28	1	-	-
Total	500	606	39	6	41	1	-	-

The year-end total GCA of the AC loans and advances to customers that were initially recognized during the year 2025 and not fully de-recognized by 31 December 2025 amounts to EUR 3,199 million for the Group and EUR 2,985 million for the Bank (2024: to EUR 2,632 million for the Group and EUR 2,459 million for the Bank), of which changes in GCA that contributed to changes in credit loss allowances are result of significant contractual modification in the amount of EUR 439 million for the Group and for the Bank (2024: EUR 316 million for the Group and for the Bank) and purchases made during the reporting period in the amount of EUR 1 million for the Group and for the Bank (2024: EUR 1 million for the Group and for the Bank).

The GCA of the AC loans and advances to customers that were held on 1 January 2025 and fully derecognized (mainly due to matured) during the year 2025 amounts to EUR 1,680 million for the Group and EUR 1,609 million for the Bank (2024: EUR 999 million for the Group and EUR 935 million for the Bank), of which changes in GCA that contributed to changes in credit loss allowances are result of significant contractual modification in the amount of EUR 731 million for the Group and for the Bank (2024: EUR 268 million for the Group and for the Bank) and sales made during the reporting period is nil for the Group and for the Bank (2024: is nil for the Group and for the Bank).

The undiscounted amount of the lifetime expected credit losses considered in the initial measurement of the AC loans and advances to customers initially recognized and identified as POCI during the year 2025 amounted to EUR 3 million for the Group and 2 millions for the Bank (2024: EUR 1 million for the Group and for the Bank).

Movement in credit loss allowances – trade and other receivables

in EUR million	GROUP								
	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Insignificant modifications (net)	Write-offs	Other	As of
	January 2025								December 2025
Stage 1	(1)	(1)	1	-	-	-	-	-	(1)
Stage 2	(1)	(1)	1	-	-	-	-	-	(1)
Stage 3	(12)	-	3	-	(5)	-	1	-	(13)
Total	(14)	(2)	5	-	(5)	-	1	-	(15)

in EUR million	GROUP								
	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Insignificant modifications (net)	Write-offs	Other	As of
	January 2024								December 2024
Stage 1	(3)	(1)	1	-	2	-	-	-	(1)
Stage 2	-	-	-	-	(1)	-	-	-	(1)
Stage 3	(12)	-	2	-	(4)	-	2	-	(12)
Total	(15)	(1)	3	-	(3)	-	2	-	(14)

Notes to the financial statements

BANK									
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Insignificant modifications (net)	Write-offs	Other	As of
	January 2025								December 2025
Stage 1	(1)	(1)	1	-	-	-	-	-	(1)
Stage 2	(1)	-	-	-	-	-	-	-	(1)
Stage 3	(11)	-	3	-	(4)	-	1	-	(11)
Total	(13)	(1)	4	-	(4)	-	1	-	(13)

BANK									
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Insignificant modifications (net)	Write-offs	Other	As of
	January 2024								December 2024
Stage 1	(1)	(1)	-	-	2	-	-	(1)	(1)
Stage 2	-	-	-	-	(1)	-	-	-	(1)
Stage 3	(5)	-	-	-	(2)	-	2	(6)	(11)
Total	(6)	(1)	-	-	(1)	-	2	(7)	(13)

The year-end total GCA of the trade and other receivables that were initially recognized during the year 2025 and not fully derecognized by 31 December 2025 amounts to EUR 137 million for the Group and EUR 133 million for the Bank (2024: EUR 169 million for the Group and EUR 167 million for the Bank), of which changes in GCA that contributed to changes in credit loss allowances are result of purchases made during the reporting period in the amount of EUR 115 million for the Group and for the Bank (2024: EUR 97 million for the Group and for the Bank).

The GCA of the trade and other receivables that were held on 1 January 2025 and fully derecognized (matured) during the year 2025 amounts to EUR 88 million for the Group and EUR 86 million for the Bank (2024: EUR 62 million for the Group and EUR 57 million for the Bank), of which changes in GCA that contributed to changes in credit loss allowances are result of write-offs made during the reporting period in the amount of EUR 2 million for the Group and for the Bank (2024: EUR 1 million for the Group and for the Bank).

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – DEBT INSTRUMENTS

Movement in credit loss allowances – debt instrument financial assets

GROUP								
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of	
	January 2025						December 2025	
Stage 1	-	-	-	1	(1)	-	-	-
Stage 2	(1)	-	-	-	1	-	-	-
Total	(1)	-	-	1	-	-	-	-

GROUP								
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of	
	January 2024						December 2024	
Stage 1	(1)	-	1	-	-	-	-	-
Stage 2	(2)	-	-	-	1	-	(1)	(1)
Total	(3)	-	1	-	1	-	(1)	(1)

Notes to the financial statements

								BANK
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of	
	January 2025						December 2025	
Stage 1	–	1	–	–	(1)	–	–	
Stage 2	(1)	–	–	–	1	–	–	
Total	(1)	1	–	–	–	–	–	

								BANK
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of	
	January 2024						December 2024	
Stage 1	(1)	–	1	–	–	–	–	
Stage 2	(2)	–	–	–	1	–	(1)	
Total	(3)	–	1	–	1	–	(1)	

One significant driver of the above presented CLA movements for the year has been the transfer of the related instruments across different stages. The year-end GCAs of FVOCI debt securities that were assigned on 31 December 2025 to a different stage compared to 1 January 2025 (or to the initial recognition date, if purchased during the year) are summarized in the table below:

Transfers between Stage 1 and Stage 2 – debt instrument financial assets

				GROUP	BANK
in EUR million	2024	2025	2024	2025	
To Stage 1 from Stage 2	–	22	–	22	

The year-end GCA of the debt securities at FVOCI that were initially recognized during year 2025 and not fully derecognised by 31 December 2025 amounts to EUR 441 million for the Group and 386 million for the Bank (2024: EUR 330 million for the Group and EUR 304 million for the Bank).

The GCA of the debt securities at FVOCI that were held on 1 January 2025 and fully derecognised during the year 2025 amounts to EUR 238 million for the Group and 209 million for the Bank (2024: EUR 472 million for the Group and EUR 466 million for the Bank), of which changes in GCA that contributed to changes in credit loss allowances are result of sales made during the reporting period in the amount of EUR 30 million for the Group and for the Bank (2024: EUR 34 million for the Group and EUR 31 million for the Bank).

FINANCE LEASE RECEIVABLES

Movement in credit loss allowances – finance lease receivables

										GROUP
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Insignificant modifications (net)	Write-offs	Other	As of	
	January 2025								December 2025	
Stage 1	(1)	–	–	–	–	–	–	–	(1)	
Stage 2	(1)	–	–	–	–	–	–	–	(1)	
Stage 3	(1)	–	–	–	–	–	–	–	(1)	
Total	(3)	–	–	–	–	–	–	–	(3)	

Notes to the financial statements

										GROUP
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Insignificant modifications (net)	Write-offs	Other	As of	
	January 2024									December 2024
Stage 1	(1)	-	-	-	-	-	-	-	-	(1)
Stage 2	(1)	-	-	-	-	-	-	-	-	(1)
Stage 3	(2)	-	1	-	-	-	-	-	-	(1)
Total	(4)	-	1	-	-	-	-	-	-	(3)

The use of CLA triggered by full or partial write-offs of finance lease receivables is reported in column 'Write-offs'.

One significant driver of the CLA movements for the year has been the transfer of the related instruments across impairment stages. The year-end GCA of finance lease receivables that were assigned on 31 December 2025 to a different stage compared to 1 January 2025 (or to the initial recognition date, if originated during the year) are summarized below:

Transfers between stages – finance lease receivables

			GROUP	
in EUR million			2024	2025
Transfers between Stage 1 and Stage 2			81	73
To Stage 2 from Stage 1			59	54
To Stage 1 from Stage 2			22	19
Transfers between Stage 2 and Stage 3			2	2
To Stage 3 from Stage 2			1	2
To Stage 2 from Stage 3			1	-
Transfers between Stage 1 and Stage 3			2	1
To Stage 3 from Stage 1			2	1
To Stage 1 from Stage 3			-	-

The year-end total GCA of the finance lease receivables that were initially recognised during the reporting period and not fully derecognised by 31 December 2025 amounts nil for the Group and nil for the Bank (2024: EUR 221 million for the Group and nil for the Bank).

The GCA of the finance lease receivables that were held on 1 January 2025 and fully derecognised during the year 2025 amounts to EUR 109 million for the Group and nil for the Bank (2024: EUR 313 million for the Group and nil for the Bank).

LOAN COMMITMENTS AND FINANCIAL GUARANTEES

Movement in credit loss allowances – loan commitments and financial guarantees

								GROUP
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of	
	January 2025							December 2025
Stage 1	10	10	(3)	(5)	(2)	-	-	10
Stage 2	9	-	(2)	6	-	-	-	13
Stage 3	4	-	(1)	-	3	-	-	6
Total	23	10	(6)	1	1	-	-	29

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GROUP							
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of
	January 2024						December 2024
Stage 1	7	12	(6)	(2)	(1)	–	10
Stage 2	6	–	(4)	8	(1)	–	9
Stage 3	4	–	(4)	–	4	–	4
Total	17	12	(14)	6	2	–	23

BANK							
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of
	January 2025						December 2025
Stage 1	9	9	(3)	(5)	(1)	–	9
Stage 2	9	–	(2)	7	–	–	14
Stage 3	4	–	(1)	–	3	–	6
Total	22	9	(6)	2	2	–	29

BANK							
in EUR million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of
	January 2024						December 2024
Stage 1	5	10	(6)	(1)	(2)	3	9
Stage 2	6	–	(4)	8	(1)	–	9
Stage 3	4	–	(4)	–	4	–	4
Total	15	10	(14)	7	1	3	22

One significant driver of the CLA movements for the year has been the transfer of the related instruments across different stages. The year-end notional amounts of loan commitments and financial guarantees that were assigned on 31 December 2025 to a different stage compared to 1 January 2025 (or to the initial recognition date, if originated during the year) are summarized below:

Transfers between stages – loan commitments and financial guarantees

in EUR million	December 2024	December 2025	December 2024	December 2025
Transfers between Stage 1 and Stage 2	285	265	271	246
To Stage 2 from Stage 1	184	184	176	172
To Stage 1 from Stage 2	101	81	95	74
Transfers between Stage 2 and Defaulted	2	2	2	2
To Defaulted from Stage 2	2	1	2	1
To Stage 2 from Defaulted	–	1	–	1
Transfers between Stage 1 and Defaulted	3	4	3	4
To Defaulted from Stage 1	3	4	3	4

The year-end nominal amounts of unused off-balance commitments and financial guarantees that were initially recognised during the year 2025 and not fully derecognised by 31 December 2025 amounts to EUR 1,217 million for the Group and EUR 1,158 million for the Bank (2024: EUR 2,001 million for the Group and EUR 1,851 million for the Bank), of which changes in GCA that contributed to changes in credit loss allowances are result of significant contractual modification in the amount of EUR 28 million for the Group and for the Bank (2024: EUR 42 million for the Group and for the Bank) and non purchases made during the reporting period for the Group and for the Bank (2024: EUR 2 million for the Group and for the Bank).

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The nominal amounts of unused off-balance commitments or financial guarantees that were held on 1 January 2025 and fully de-recognised during the year 2025 amounts to EUR 685 million for the Group and EUR 631 million for the Bank (2024: EUR 903 million for the Group and EUR 843 million for the Bank), of which changes in GCA that contributed to changes in credit loss allowances are result of significant contractual modification in the amount of EUR 118 million for the Group and for the Bank (2024: EUR 24 million for the Group and for the Bank).

33. Scenarios used in forward looking information and Crises Effects

Overview on scenarios used in forward-looking information

INCORPORATION OF FORWARD-LOOKING INFORMATION

Parameters are determined to reflect the risk as a 'point-in-time' measure and with consideration of forward-looking information ('FLI'). This results in using a baseline forecast and a several alternative scenarios for selected macroeconomic variables. The alternative scenarios are derived, together with their probabilities of occurrence, as deviations from baseline forecasts. The baseline forecasts are, with a few exceptions, internally determined by Erste Group's research department. Given multiple scenarios, the 'neutral' PDs (and LGDs, with a few exceptions) are adjusted through macro models which link relevant macroeconomic variables with risk drivers. The same macro-shift models as for external and internal stress test are employed. Forward-looking information is incorporated for first three years of ECL measurement. Measurement of the remaining lifetime risk returns to through-the-cycle (TTC) observations immediately in year four.

Thus, the unbiased, probability-weighted ECL considering FLI is derived with the weights representing the occurrence probabilities of each macroeconomic scenario. The selection of variables also depends on the availability of reliable forecasts for the given local market. Nevertheless, the main indication of the estimated economic development can be predicted through GDP development. In addition, economic effects of the war in Ukraine led to increases in inflation and/or interest rates. Macro-shift models were adjusted to reflect expected effects of these into credit risk parameters.

EBC Group (except Erste Bank Podgorica) reviewed the FLI in the fourth quarter of 2025 according to the disclosed forecasts for baseline, downside, and upside scenarios. Considering stable macroeconomic forecasts, the 50% scenario weight for the baseline is kept unchanged. The scenario weight for the Downside scenario was slightly increased to 23% (22% in 2024), while the weight for the Upside scenario was decreased to 27% (28% in 2024). The approach of including the comprehensive stress test (CST) scenario into the downside scenario design is no longer applied.

The bank is disclosing sensitivity of staging and ECL on macro scenarios in the "Collective assessment" section below.

Baseline scenario

EBC expects the Eurozone economy to maintain relatively modest GDP growth momentum also in 2026 amid significant geopolitical and policy uncertainty. Croatia maintained a solid above-EU-average growth momentum also in 2025 and that is the trend expected to prevail also in 2026. Domestic demand, supported by solid investment momentum and labor-market-supported private consumption growth, should remain the growth backbone, while more supportive external demand remains at risk owing to EU growth-related uncertainties.

RISKS TO THE BASELINE SCENARIO AND COMPREHENSIVE STRESS TEST SCENARIO AS CONSIDERATIONS ADDED TO DOWNSIDE SCENARIO

Global factors such as geopolitical tensions, increasing obstacles to free trade activity, and prolonged uncertainty as EU growth trajectory is concerned remains the downside risks to the baseline scenario. Persistent inflation pressures or renewed supply-side shocks, triggering a more hawkish monetary policy stance, could keep interest rates at more restrictive levels, acting as a headwind to economic activity.

In the table below, the expected development of GDP, as a main indicator of the macroeconomic situation, and inflation for all scenarios in Croatia are disclosed. Disclosures are based on the relevancy in the macro-shift model. Macro-shift models are calibrated for the three main sub-portfolios: private individuals, micro enterprises, and other corporate business. The variables disclosed below are incorporated into expected credit loss measurement as of 31 December 2025. The baseline and weighted scenario outcomes for the major variables are disclosed in tabular format for the years 2026-2028.

Baseline, upside and downside scenarios of GDP development

GDP growth in %	Scenario	Probability weights	2025	2026	2027	2028
2025						
Erste&Steiermärkische Bank d.d.	Upside	27%	3.1	4.8	5.3	4.9
	Baseline	50%	3.1	2.7	2.6	2.5
	Downside	23%	3.1	0.6	(0.1)	0.1

GDP growth in %	Scenario	Probability weights	2024	2025	2026	2027
2024						
Erste&Steiermärkische Bank d.d.	Upside	28%	3.5	4.8	5.5	4.5
	Baseline	50%	3.5	2.9	2.8	2.5
	Downside	22%	3.5	(3.0)	(1.2)	0.2

Baseline, upside, and downside scenarios of the inflation development

Inflation in %	Scenario	Probability weight	2025	2026	2027	2028
2025						
Erste&Steiermärkische Bank d.d.	Upside	27%	3.8	1.6	0.9	1.1
	Baseline	50%	3.8	3.2	2.6	2.5
	Downside	23%	3.8	4.8	7.2	5.8

Inflation in %	Scenario	Probability weight	2024	2025	2026	2027
2024						
Erste&Steiermärkische Bank d.d.	Upside	28%	2.9	0.7	(1.2)	(1.4)
	Baseline	50%	2.9	2.5	2.5	2.5
	Downside	22%	2.9	7.1	4.4	4.0

Collective assessment

In 2022, in addition to the standard SICR assessment, EBC Group began to apply stage overlays rules, i.e., transfer into Stage 2 based on pre-defined portfolio characteristics, due to the uncertainty caused by macroeconomic developments and geopolitical tensions affecting the economic environment. This approach was aligned with all affected entities and business lines and approved by the respective governance bodies of Erste Group. It requires, after the assessment of the outliers from the common portfolio characteristics, exemptions from the collective SICR assessment, if properly documented why they would behave differently than the rest of the portfolio.

In 2024, the Erste Group introduced industry overlay rule which is deemed to be connected with internal risk management processes. The aim is to connect collective SICR assessment with industry strategy review - which reflects risks to which the portfolio is exposed to. As of December 2025, out of the overall Bank's credit risk exposure, the share of collective staging due to the Industry overlay amounts to EUR 102 million. In the following chapters, values and impacts in the tables are provided only for the Bank due to the materiality reasons.

CREDIT RISK EXPOSURE AND CREDIT LOSS ALLOWANCES BY INDUSTRY AND IFRS 9 TREATMENT - CYCLICAL INDUSTRIES

	BANK							
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
2025								
Natural Resources & Commodities	328	9	8	1	346	38	384	(8)
Energy	698	19	–	–	717	82	799	(4)
of which industry overlay	–	1	–	–	1	–	1	–
Construction and building materials	796	84	25	3	908	236	1,144	(25)
Automotive	88	27	1	1	117	36	153	(2)
of which industry overlay	–	27	–	–	27	–	27	(1)
Cyclical Consumer Products	282	29	15	1	327	55	382	(11)
of which industry overlay	–	26	–	–	26	–	26	(1)
Non-Cyclical Consumer Products	544	7	9	–	560	83	643	(10)
Machinery	179	1	1	–	181	51	232	(1)
Transportation	990	10	3	–	1,003	38	1,041	(5)
of which industry overlay	–	1	–	–	1	–	1	–
TMT and paper & packaging	155	8	–	–	163	28	191	(1)
of which industry overlay	–	5	–	–	5	–	–	–
Healthcare & Services	322	49	2	–	373	53	426	(8)
of which industry overlay	–	14	–	–	14	–	–	(1)
Hotels, Gaming & Leisure Industry	953	43	14	2	1,012	7	1,019	(13)
of which industry overlay	–	28	–	–	28	–	–	(1)
Real Estate	1,005	12	23	5	1,045	2	1,047	(21)
Public Sector	3,663	1	–	–	3,664	5	3,669	(2)
Financial Institutions	587	16	–	–	603	39	642	(1)
Private Households	3,929	914	168	1	5,012	–	5,012	(169)
Other	–	–	–	–	–	–	–	–
Total	14,519	1,229	269	14	16,031	753	16,784	(281)
of which industry overlay		102			102		102	(4)

CREDIT RISK EXPOSURE AND CREDIT LOSS ALLOWANCES BY INDUSTRY AND IFRS N9 TREATMENT - CYCLICAL INDUSTRIES (continued)

	BANK							
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
2024								
Natural Resources & Commodities	328	22	11	-	361	40	401	(8)
Energy	678	14	-	-	692	56	748	(3)
of which industry overlay	-	1	-	-	1	-	1	-
Construction and building materials	743	100	20	3	866	179	1,045	(23)
of which industry overlay	-	21	-	-	21	-	21	(1)
Automotive	108	15	2	-	125	16	141	(2)
of which industry overlay	-	15	-	-	15	-	15	-
Cyclical Consumer Products	269	33	16	1	319	44	363	(12)
of which industry overlay	-	31	-	-	31	-	31	(1)
Non-Cyclical Consumer Products	429	6	11	1	447	48	495	(10)
Machinery	152	5	1	-	158	63	221	(1)
Transportation	1,039	8	5	1	1,053	25	1,078	(5)
of which industry overlay	-	1	-	-	1	-	1	-
TMT and paper & packaging	152	4	-	-	156	26	182	(1)
of which industry overlay	-	1	-	-	1	-	1	-
Healthcare & Services	342	20	2	-	364	23	387	(4)
of which industry overlay	-	12	-	-	12	-	12	(1)
Hotels, Gaming & Leisure Industry	784	98	26	3	911	6	917	(22)
of which industry overlay	-	64	-	-	64	-	64	(5)
Real Estate	780	103	16	7	906	2	908	(22)
of which industry overlay	-	101	-	-	101	-	101	(7)
Public Sector	3,505	125	-	-	3,630	-	3,630	(4)
Financial Institutions	303	7	-	-	310	41	351	(1)
Private Households	3,336	941	161	-	4,438	-	4,438	(150)
Other	-	-	-	-	-	-	-	-
Total	12,948	1,501	271	16	14,736	569	15,305	(268)
of which industry overlay	-	247	-	-	247	-	247	(15)

EFFECT ON EXPECTED CREDIT LOSS

The analysis tables below present the effects of the collective SICR assessment and FLI on both exposure migration to Stage 2 and the resulting increase of ECL. Additional sensitivities to the baseline, upside and downside scenarios are simulated. Effects per industries category are disclosed.

In December 2025, the exposure in Stage 2 due to the application of the Industry overlay rule stood at EUR 102 million, with additional ECL allocated in the amount of EUR 4 million. As described above, FLI shifts were reassessed based on the latest macro-scenarios in the fourth quarter of 2025. Considering the review of in-model adjustments (changing the weight assigned to downside and upside scenarios), the Stage 2 exposure triggered by FLI decreased to EUR 31 million as of December 2025 (2024: EUR 91 million). The change of the Stage 2 exposure and PD levels affected the level of ECL allocated in Stage 2 due to FLI: EUR 26 million as of December 2025 versus EUR 25 million as of December 2024. Scenario simulation presents sensitivity analyses taking into consideration only changes due to the different values of PDs, if baseline, upside, or downside FLI scenarios was assigned a weight of 100%. Sensitivities of these scenarios are calculated in comparison to current production - weighted scenarios FLI shifted - PDs (weights and scenarios are disclosed in the "Incorporation of forward-looking information" section above). Both staging and the resulting ECL were simulated with the scenario PDs.

The incorporation of 100% baseline scenario instead of the currently applied weighted scenario outcome would lead to a increase of Stage 2 exposure by EUR 0,16 million, resulting in ECL change of EUR -0,12 million. The downside scenario would lead to additional EUR 98 million of exposure migration to Stage 2 in comparison with scenario weighted FLI, resulting in ECL increase of EUR 8 million.

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

Forward looking information (FLI) and stage overlays due to the Energy crisis

Impact on credit risk exposure

BANK								
	Current status - parameters (FLI shifted)					Simulations - difference to FLI shifts effect		
	Stage 1	Stage 2	Total	Stage 2 affected by		Upside scenario	Baseline scenario	Downside scenario
				Industry overlay	FLI shifts			
in EUR million								
2025								
Erste&Steiermärkische Bank d.d.	14,519	1,229	15,748	92	31	7	-	(98)

BANK								
	Current status - parameters (FLI shifted)					Simulations - difference to FLI shifts effect		
	Stage 1	Stage 2	Total	Stage 2 impacted by		Upside scenario	Baseline scenario	Downside scenario
				Industry overlays	FLI shifts			
in EUR million								
2024								
Erste&Steiermärkische Bank d.d.	12,948	1,501	14,449	200	91	4	1	(17)

Impact on credit loss allowances

BANK								
	Current status - parameters (FLI shifted)					Simulations - difference to FLI shifts effect		
	Stage 1	Stage 2	Total	Stage 2 impacted by		Upside scenario	Baseline scenario	Downside scenario
				Industry overlay	FLI shifts			
in EUR million								
2025								
Erste&Steiermärkische Bank d.d.	(46)	(70)	(116)	(2)	26	3	-	(8)

BANK								
	Current status - parameters (FLI shifted)					Simulations - difference to FLI shifts effect		
	Stage 1	Stage 2	Total	Stage 2 impacted by		Upside scenario	Baseline scenario	Downside scenario
				Industry overlays	FLI shifts			
in EUR million								
2024								
Erste&Steiermärkische Bank d.d.	(35)	(73)	(108)	9	25	2	1	(4)

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Impact on credit risk exposure by industry

in EUR million	BANK					
	Current status - parameters (FLI shifted)		Effect of Industry overlays		Point in time parameters (before FLI shift)	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
2025						
Natural Resources & Commodities	328	9	328	9	329	8
Energy	698	19	699	18	699	18
of which industry overlay	–	1	–	1	–	–
Construction and building materials	796	84	796	84	804	76
Automotive	88	27	115	–	88	27
of which industry overlay	–	27	–	27	–	–
Cyclical Consumer Products	282	29	308	3	284	27
of which industry overlay	–	26	–	26	–	–
Non-Cyclical Consumer Products	544	7	544	7	545	6
Machinery	179	1	179	1	179	1
Transportation	990	10	991	9	991	9
of which industry overlay	–	1	–	1	–	–
TMT and paper & packaging	155	8	160	3	156	7
of which industry overlay	–	5	–	5	–	–
Healthcare & Services	322	49	336	35	323	48
of which industry overlay	–	14	–	14	–	–
Hotels, Gaming & Leisure Industry	953	43	981	15	953	43
of which industry overlay	–	28	–	28	–	–
Real Estate	1,005	12	1,005	12	1,006	11
Public Sector	3,663	1	3,663	1	3,663	1
Financial Institutions	587	16	587	16	587	16
Private Households	3,929	914	3,929	914	3,945	898
Other	–	–	–	–	–	–
Total	14,519	1,229	14,621	1,127	14,552	1,196

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Impact on credit loss allowances by industry (continued)

in EUR million	BANK					
	Current status - parameters (FLI shifted)		Effect of Industry overlays		Point in time parameters (before FLI shift)	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
2024						
Natural Resources & Commodities	328	22	328	22	333	17
Energy	678	14	679	13	679	13
of which industry overlay	-	1	-	1	-	-
Construction and building materials	743	100	762	81	748	95
of which industry overlay	-	19	-	19	-	-
Automotive	108	15	115	8	111	12
of which industry overlay	-	8	-	8	-	-
Cyclical Consumer Products	269	33	293	9	277	25
of which industry overlay	-	25	-	25	-	-
Non-Cyclical Consumer Products	429	6	429	6	429	6
Machinery	152	5	152	5	152	5
Transportation	1,039	8	1,040	7	1,039	8
of which industry overlay	-	1	-	1	-	-
TMT and paper & packaging	152	4	152	4	152	4
of which industry overlay	-	1	-	1	-	-
Healthcare & Services	342	20	355	7	351	11
of which industry overlay	-	12	-	12	-	-
Hotels, Gaming & Leisure Industry	784	98	828	54	799	83
of which industry overlay	-	51	-	51	-	-
Real Estate	780	103	872	11	812	71
of which industry overlay	-	92	-	92	-	-
Public Sector	3,505	125	3,505	125	3,505	125
Financial Institutions	303	7	303	7	303	7
Private Households	3,336	941	3,336	941	3,350	927
Other	-	-	-	-	-	-
Total	12,948	1,501	13,149	1,300	13,040	1,409

Notes to the financial statements

Impact on credit loss allowances by industry (continued)

in EUR million	BANK					
	Current status - parameters (FLI shifted)		Effect of Industry overlays		Point in time parameters (before FLI shift)	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
2025						
Natural Resources & Commodities	(2)	(1)	(2)	(1)	(1)	-
Energy	(3)	(1)	(3)	(1)	(2)	(1)
of which industry overlay		-	-		-	-
Construction and building materials	(3)	(3)	(3)	(3)	(3)	(3)
Automotive	-	(1)	-	-	-	(1)
of which industry overlay		(1)	-		-	(1)
Cyclical Consumer Products	(1)	(1)	(2)	(1)	(1)	(1)
of which industry overlay		(1)	-		-	(1)
Non-Cyclical Consumer Products	(2)	-	(2)	-	(2)	-
Machinery	(1)	-	(1)	-	-	-
Transportation	(2)	(1)	(2)	(1)	(2)	-
of which industry overlay		-	-		-	-
TMT and paper & packaging	(1)	-	(1)	-	(1)	-
of which industry overlay		-	-		-	-
Healthcare & Services	(2)	(4)	(2)	(4)	(1)	(4)
of which industry overlay		(1)	-		-	-
Hotels, Gaming & Leisure Industry	(4)	(3)	(4)	(1)	(4)	(2)
of which industry overlay		(2)	(1)		-	(1)
Real Estate	(6)	(1)	(6)	(1)	(6)	(1)
Public Sector	(2)	-	(2)	-	(1)	-
Financial Institutions	(1)	-	(1)	-	(1)	-
Private Households	(16)	(54)	(16)	(54)	(11)	(40)
Other	-	-	-	-	-	-
Total	(46)	(70)	(47)	(67)	(36)	(53)

Notes to the financial statements

Impact on credit loss allowances by industry (continued)

in EUR million	BANK					
	Current status - parameters (FLI shifted)		Effect of Industry overlays		Point in time parameters (before FLI shift)	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
2024						
Natural Resources & Commodities	(2)	(1)	(2)	(1)	(1)	(1)
Energy	(2)	-	(2)	(1)	(2)	-
of which industry overlay	-	-	-	-	-	-
Construction and building materials	(3)	(5)	(3)	(4)	(2)	(4)
of which industry overlay	-	(1)	(1)	-	-	(1)
Automotive	-	(1)	(1)	(1)	-	(1)
of which industry overlay	-	-	-	-	-	-
Cyclical Consumer Products	(1)	(1)	(1)	(1)	(1)	(1)
of which industry overlay	-	(1)	(1)	-	-	-
Non-Cyclical Consumer Products	(2)	(1)	(2)	-	(2)	-
Machinery	-	-	(1)	-	-	-
Transportation	(2)	(1)	(2)	(1)	(1)	-
of which industry overlay	-	-	-	-	-	-
TMT and paper & packaging	(1)	-	(1)	-	(1)	-
of which industry overlay	-	-	-	-	-	-
Healthcare & Services	(2)	(1)	(2)	(1)	(1)	(1)
of which industry overlay	-	(1)	(1)	-	-	-
Hotels, Gaming & Leisure Industry	(3)	(7)	(4)	(5)	(3)	(7)
of which industry overlay	-	(5)	(5)	-	-	(4)
Real Estate	(4)	(8)	(6)	(1)	(4)	(5)
of which industry overlay	-	(7)	(7)	-	-	(4)
Public Sector	(1)	(3)	(1)	(3)	(1)	(2)
Financial Institutions	(1)	-	(1)	-	(1)	-
Private Households	(11)	(44)	(12)	(43)	(8)	(32)
Other	-	-	-	-	-	-
Total	(35)	(73)	(41)	(62)	(28)	(54)

34. Restructuring, renegotiation and forbearance

Restructuring means contractual modification of any of the customer's loan repayment conditions including tenor, interest rate, fees, principle amount due or a combination thereof.

In case the restructuring entails a concession towards a customer facing or about to face financial difficulties in meeting their contractual financial commitments, the restructuring is considered forbearance.

Forborne exposure is assessed at loan contract level and means only the exposure to which forbearance measures have been extended and excludes any other exposure the customer may have, as long as no forbearance was extended to these.

Forbearance concession triggers the performing forbearance classification and means that any of the following conditions are met:

- Modification/refinancing of the contract would not have been granted, had the customer not been in financial difficulty,
- There is a difference in favour of the customer between the modified/refinanced and the previous terms of the contract,
- The modified/refinanced contract includes more favourable terms than other customers with similar risk profile could have obtained from the Bank.
- The contract modification involves total or partial cancellation of the debt by write-off of the debt on any of the client's credit obligations.
- Activation of embedded forbearance clause of the contract.
- Any waiver of a default relevant covenant.
-

Forbearance can be initiated by the Bank or by the customer (on account of loss of employment, illness etc.).

Forbearance measures are divided and reported as:

- Performing forbearance (incl. performing forbearance under probation that was upgraded from non-performing forbearance)
- Non-performing forbearance.

In the table below, comparison of forbearance and credit risk exposure and allowances is given for the Bank and the Group for 31 December 2025 and 31 December 2024.

Credit risk exposure, forbearance exposure and credit loss allowances

	GROUP				
in EUR million	Loans and advances	Debt securities	Loan commitments	Other positions	Total
2025					
Credit exposure	11,106	3,449	2,748	1,087	18,390
thereof gross forborne exposure	138	–	1	–	139
Performing exposure	10,807	3,449	2,740	1,082	18,078
thereof performing forborne exposure	54	–	1	–	55
Credit loss allowances for performing exposure	(102)	–	(22)	(1)	(125)
thereof credit loss allowances for performing forborne exposure	(4)	–	–	–	(4)
Non-performing exposure	299	–	8	5	312
thereof non-performing forborne exposure	84	–	–	–	84
Credit loss allowances for non-performing exposure	(185)	–	(5)	(1)	(191)
thereof credit loss allowances for non-performing forborne exposure	(53)	–	–	–	(53)

Notes to the financial statements

Credit risk exposure, forbearance exposure and credit loss allowances (continued)

	GROUP				
in EUR million	Loans and advances	Debt securities	Loan commitments	Other positions	Total
2024					
Credit exposure	10,015	3,135	2,656	963	16,769
thereof gross forborne exposure	162	-	-	-	162
Performing exposure	9,711	3,135	2,650	959	16,455
thereof performing forborne exposure	74	-	-	-	74
Credit loss allowances for performing exposure	(97)	(1)	(19)	(1)	(118)
thereof credit loss allowances for performing forborne exposure	(4)	-	-	-	(4)
Non-performing exposure	304	-	6	4	314
thereof non-performing forborne exposure	88	-	-	-	88
Credit loss allowances for non-performing exposure	(188)	-	(2)	(2)	(192)
thereof credit loss allowances for non-performing forborne exposure	(51)	-	-	-	(51)

	BANK				
in EUR million	Loans and advances	Debt securities	Loan commitments	Other positions	Total
2025					
Credit exposure	9,865	3,232	2,663	1,024	16,784
thereof gross forborne exposure	122	-	-	-	122
Performing exposure	9,594	3,232	2,654	1,020	16,500
thereof performing forborne exposure	50	-	-	-	50
Credit loss allowances for performing exposure	(91)	-	(22)	(1)	(114)
thereof credit loss allowances for performing forborne exposure	(4)	-	-	-	(4)
Non-performing exposure	271	-	9	4	284
thereof non-performing forborne exposure	72	-	-	-	72
Credit loss allowances for non-performing exposure	(166)	-	(5)	(1)	(172)
thereof credit loss allowances for non-performing forborne exposure	(44)	-	-	-	(44)

	BANK				
in EUR million	Loans and advances	Debt securities	Loan commitments	Other positions	Total
2024					
Credit exposure	8,871	3,012	2,555	867	15,305
thereof gross forborne exposure	141	-	-	-	141
Performing exposure	8,597	3,012	2,548	864	15,021
thereof performing forborne exposure	69	-	-	-	69
Credit loss allowances for performing exposure	(88)	(1)	(18)	(1)	(108)
thereof credit loss allowances for performing forborne exposure	(4)	-	-	-	(4)
Non-performing exposure	274	-	7	3	284
thereof non-performing forborne exposure	72	-	-	-	72
Credit loss allowances for non-performing exposure	(169)	-	(2)	(2)	(173)
thereof credit loss allowances for non-performing forborne exposure	(40)	-	-	-	(40)

Impact of non-significant contractual modifications of debt instruments AC assigned to Stage 2 and 3

GROUP				
in EUR million	2024		2025	
	Amortised cost before the modification	Net modification gains/losses	Amortised cost before the modification	Net modification gains/losses
Loans and advances				
Non-financial corporations	12	–	9	–
Households	6	–	6	–
Total	18	–	15	–

BANK				
in EUR million	2024		2025	
	Amortised cost before the modification	Net modification gains/losses	Amortised cost before the modification	Net modification gains/losses
Loans and advances				
Non-financial corporations	10	–	9	–
Households	6	–	6	–
Total	16	–	15	–

On 31 December 2025, the total GCA of debt instruments measured at AC, which were impacted by non-significant contractual modifications during the year 2025 amounted to EUR 15 million for the Group and for the Bank (2024: EUR 18 million for the Group and EUR 16 million the Bank).

The impact of contractual modifications (net modification losses) in the profit or loss of the year 2025 amounted profit in the amount of EUR 94 thousand for the Group and profit in the amount of EUR 91 thousand for the Bank (2024: loss in the amount of EUR 2 thousand for the Group and profit in the amount of EUR 31 thousand for the Bank).

35. Collaterals

RECOGNITION OF COLLATERAL

The Collateral Management unit is integrated in the Strategic Risk Management Division. The Collateral Management Policy defines, among other topics, uniform valuation standards for credit collateral across the entire Bank. It ensures that the credit risk decision processes are standardised with respect to accepted collateral values.

All collateral types acceptable within the Bank are defined by internal acts. The valuation and revaluation of collateral is done according to the principles defined in the Collateral Management Policy broken down by collateral type in accordance with the individual supervisory requirements.

MAIN TYPES OF CREDIT COLLATERAL

Mostly, the following types of credit collateral are accepted:

- Real estate: residential and commercial real estate
- Financial collateral: securities portfolios, cash deposits and endowment life insurance policies
- Guarantees: given by sovereigns, public sector entities and financial institutes. All guarantors must have a minimum credit quality, in accordance with regulatory requirements.

The Bank also accepts other collaterals such as movables, investment fund shares in accordance with European (EU) and local regulations.

COLLATERAL VALUATION AND MANAGEMENT

Collateral valuation is based on current market prices while taking into account an amount that can be recovered within a reasonable period.

When calculating collateral coverage, the amount of coverage is adjusted through corrective factors, depending on the collateral type. Coverage by collateral disclosed in the financial statements is capped to the amount of relevant exposure.

Real estate valuation may only be performed by qualified valuers who are independent of the credit decision process. The valuation is to be made according to international, European or national standards. Internal guidelines define criteria of qualification and requirements of independence for the selection of valuers.

Impact of the energy efficiency, ESG data, i.e. information on energy efficiency of the collateral assets is systematically collected and stored in the relevant systems for documentation and reporting purposes.

The discounts used for valuations are based on empirical data representing past experience of the Collection and Workout department and on the collected data on loss recovery from realising collateral. These are adjusted regularly – at least once a year.

The revaluation of collateral is done periodically and is automated as far as possible. In the case of external data sources, the appropriate interfaces are used. The maximum periods for the revaluation of individual collateral assets are predefined. Apart from periodic revaluations, collateral is assessed when information becomes available that indicates a decrease in the value of the collateral for exceptional reasons.

The Bank performs regular annual concentration risk assessment which comprises an overview of credit risk mitigation techniques, but also a market risk overview from a perspective of received collaterals.

Repossession of Collaterals is highly selective and restrictive, while the assets repossessed made available for sale right away. In general, the Bank does not occupy repossessed properties for its own business use. Commercial assets slightly prevail over the Residential assets within the repossessed assets portfolio. The portfolio has been strongly reduced within the last years, as of 31 December 2025 (31 December 2024:EUR 8,3 million), the carrying value of the repossessed assets portfolio amounted to EUR 4,6 million.

TREASURY COLLATERAL

The department Market and Liquidity Risk Management is responsible for treasury collateral framework. The Treasury Collateral Management Policy defines, among other things, uniform valuation standards for treasury collateral in the Bank. Under the framework of treasury collateral, netting agreements (international framework agreements for derivatives of the International Swap and Derivatives Association (ISDA), local framework agreements, framework agreements for securities lending and repurchase deals) as well as collateral agreements (e.g. ISDA Credit Support Annex) are used for reducing the credit risk from derivatives.

Netting agreements make it possible to net all amounts due or payable for each individual transaction under a framework agreement in the case of a credit default, with the result that only the net receivables vis-à-vis the business partner are of relevance for credit risk. Within the scope of these collateral agreements, the portfolio with the respective counterparty is revalued periodically, usually daily, and in case of insufficient coverage additional collateral is requested. The policy restrictions on collateral types ensure that collateral received predominantly consists of cash or securities of investment grade quality. In the case of securities used as collateral, an additional valuation discount (haircut) depending on credit quality and residual maturity is applied.

Notes to the financial statements

Credit risk exposure by financial instrument and collateral

GROUP									
in EUR million	Total credit risk exposure	Collateralised by			Other	Credit risk exposure net of collateral	Neither past due nor credit impaired	Past due but not credit impaired	Credit impaired
		Collateral total	Guarantees	Real estate					
2025									
Other demand deposits to credit institutions	60	-	-	-	-	60	13	47	-
Instruments HfT	19	-	-	-	-	19	-	-	-
Non-trading debt instruments at FVPL	5	-	-	-	-	5	-	-	-
Debt instruments at FVOCI	1,246	-	-	-	-	1,246	1,246	-	-
Debt instruments at AC	12,484	4,819	628	3,518	673	7,665	12,067	140	277
Debt securities	2,198	-	-	-	-	2,198	2,198	-	-
Loans and advances to banks	344	309	-	-	309	35	344	-	-
Loans and advances to customers	9,942	4,510	628	3,518	364	5,432	9,525	140	277
Trade and other receivables	219	12	11	1	-	207	188	16	15
Finance lease receivables	601	519	2	-	517	82	462	133	6
Off-balance sheet exposures	3,756	448	-	177	271	3,308	2,985	-	11
Total	18,390	5,798	641	3,696	1,461	12,592	16,961	336	309

GROUP									
in EUR million	Total credit risk exposure	Collateralised by			Other	Credit risk exposure net of collateral	Neither past due nor credit impaired	Past due but not credit impaired	Credit impaired
		Collateral total	Guarantees	Real estate					
2024									
Other demand deposits to credit institutions	96	-	-	-	-	96	14	82	-
Instruments HfT	19	-	-	-	-	19	-	-	-
Non-trading debt instruments at FVPL	5	-	-	-	-	5	-	-	-
Debt instruments at FVOCI	1,028	-	-	-	-	1,028	1,028	-	-
Debt instruments at AC	11,353	4,369	836	3,131	402	6,984	10,875	194	284
Debt securities	2,102	-	-	-	-	2,102	2,102	-	-
Loans and advances to banks	79	39	-	-	39	40	79	-	-
Loans and advances to customers	9,172	4,330	836	3,131	363	4,842	8,694	194	284
Trade and other receivables	193	10	9	1	-	183	162	17	14
Finance lease receivables	571	493	3	-	490	78	415	150	6
Off-balance sheet exposures	3,504	446	1	197	248	3,058	2,916	-	10
Total	16,769	5,318	849	3,329	1,140	11,451	15,410	443	314

Notes to the financial statements

Credit risk exposure by financial instrument and collateral (continued)

BANK										
in EUR million	Total credit risk exposure	Collateralised by				Other	Credit risk exposure net of collateral	Neither past due nor credit impaired	Past due but not credit impaired	Credit impaired
		Collateral total	Guarantees	Real estate						
2025										
Other demand deposits to credit institutions	10	-	-	-	-	10	4	6	-	
Instruments HfT	19	-	-	-	-	19	-	-	-	
Non-trading debt instruments at FVPL	5	-	-	-	-	5	-	-	-	
Debt instruments at FVOCI	1,144	-	-	-	-	1,144	1,144	-	-	
Debt instruments at AC	11,732	4,514	621	3,237	656	7,218	11,351	123	258	
Debt securities	2,083	-	-	-	-	2,083	2,083	-	-	
Loans and advances to banks	326	310	-	-	310	16	326	-	-	
Loans and advances to customers	9,323	4,204	621	3,237	346	5,119	8,942	123	258	
Trade and other receivables	216	11	11	-	-	205	187	16	13	
Off-balance sheet exposures	3,658	422	-	156	266	3,236	2,917	-	12	
Total	16,784	4,947	632	3,393	922	11,837	15,603	145	283	

BANK										
in EUR million	Total credit risk exposure	Collateralised by				Other	Credit risk exposure net of collateral	Neither past due nor credit impaired	Past due but not credit impaired	Credit impaired
		Collateral total	Guarantees	Real estate						
2024										
Other demand deposits to credit institutions	11	-	-	-	-	11	11	-	-	
Instruments HfT	19	-	-	-	-	19	-	-	-	
Non-trading debt instruments at FVPL	5	-	-	-	-	5	-	-	-	
Debt instruments at FVOCI	952	-	-	-	-	952	952	-	-	
Debt instruments at AC	10,734	4,106	827	2,890	389	6,628	10,298	175	261	
Debt securities	2,055	-	-	-	-	2,055	2,055	-	-	
Loans and advances to banks	52	39	-	-	39	13	52	-	-	
Loans and advances to customers	8,627	4,067	827	2,890	350	4,560	8,191	175	261	
Trade and other receivables	192	10	9	1	-	182	162	17	13	
Off-balance sheet exposures	3,392	418	1	172	245	2,974	2,837	-	10	
Total	15,305	4,534	837	3,063	634	10,771	14,260	192	284	

The collateral attributable to exposures that are credit-impaired as of 31 December 2025 amounts to EUR 112 million (2024: EUR 120 million) in the Group and EUR 95 million as of 31 December 2025 (2024: EUR 100 million) in the Bank.

36. Market risk

DEFINITION AND OVERVIEW

Market risk is the risk of loss that may arise due to adverse changes in market prices and to the parameters derived therefrom. These market value changes might appear in the profit and loss account, in the statement of comprehensive income or in hidden reserves. Market risk is divided into interest rate risk, credit spread risk, currency risk, equity risk and volatility risk. This concerns both trading and banking book positions.

METHODS AND INSTRUMENTS EMPLOYED

Potential losses that may arise from market movements are assessed using the Value at Risk (VaR) methodology. The VaR describes what level of losses may be expected as a maximum at a defined probability – the confidence level – within a certain holding period of the positions under normal market conditions.

The VaR calculation for the trading book is done according to the method of historic simulation with a one-sided confidence level of 99%, a holding period of one day and a look back period of two years.

Back-testing for trading book is used to constantly monitor the validity of the statistical methods. This process is conducted with a one-day delay to monitor if the model projections regarding losses have actually materialised. At a confidence level of 99%, the actual loss on a single day should exceed the VaR statistically only two to three times a year (1% of around 250 workdays).

The VaR calculation for banking book positions (BB-VaR) is based on the methodology used for ICAAP calculation of Erste Group where 250.000 historical scenarios (starting with 2010) are calculated with a theoretical holding period of 1 year and a confidence level of 99.90%. The same calculation is used for the BB-VaR with a 1 day holding period and a 99% confidence level, consistent with the trading book methodology. The results of both calculations, ICAAP and BB-VaR are presented in the Group ALCO to the Management Board.

A known limitation of the VaR approach is that on the one hand, it estimates losses only up to the confidence level, and on the other hand, the model considers only those market scenarios observed within the look-back period to calculate the VaR for the current position of the bank. To address this limitation and to investigate any extreme market situations not reflected in the VaR approach, stress tests are conducted. These stress tests are designed to cover market movements of low probability and high impact.

The stress tests are carried out according to several methods: for the trading book, a stressed VaR (SVaR) is derived from the normal VaR calculation. But instead of simulating only over the two most recent years, an analysis of a much longer period is carried out in order to identify a one-year period that constitutes a relevant period of stress for the current portfolio mix. According to the legal framework, that one-year period is used to calculate a VaR with a 99% confidence level. This enables the Bank on the one hand to hold sufficient own funds available for the trading book also in periods of elevated market volatility, while on the other hand also enabling it to incorporate these resulting effects in the management of trading positions.

Standard scenarios are defined in which selected market factors are exposed to extreme movements. Such scenarios are calculated at the Bank for interest rates, stock prices, exchange rates and volatilities. Historic scenarios are a modification of the concept of standard scenarios. In this case, risk factor movements after certain events such as “Covid-19 crisis” or “Lehman bankruptcy” form the basis of the stress calculation. In addition, hypothetical stress test scenarios are defined based on analysis of the current economic environment and projections of adverse developments of key market risk drivers. These analyses are made available to the Management Board and the Supervisory Board within the scope of the monthly market risk reports. Banking book positions are considered in the comprehensive stress test.

For the local capital requirements, the Bank and the Group are using the standardized model.

METHODS AND INSTRUMENTS OF RISK MITIGATION

The Bank manages market risks in the trading book by setting several layers of limits. The overall limit based on VaR for the trading book is decided by the Management Board while taking into account the risk-bearing capacity and projected earnings. A further breakdown is done by the Management Board and Market Risk Committee based on a proposal from the Market and Liquidity Risk Management Department.

All market risk activities of the trading book are assigned risk limits that are entirely consistent with the overall RWA limit. The RWA limit is broken down into dedicated VaR and SVaR limits and assigned in a top-down procedure to the individual trading units. Additionally, in a bottom-up procedure, sensitivity limits are assigned on trading desk level in order to control exposures to individual risk drivers and ensure sufficient diversification. These are then aggregated and applied as a second-limit layer to the VaR and SVaR limits.

The consistency between the two limit approaches is verified regularly.

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Limit compliance is verified at two levels: by the Market and Liquidity Risk Management Department in the Bank and by the Trading Book Risk Group. The monitoring of sensitivity limits is performed on both intraday and end-of-day basis. The VaR is calculated daily and is available and reported to the individual trading units as well as to the superior management levels all the way up to the Management Board.

Certain banking book positions are subjected to a daily VaR analysis. The total VaR is determined in the same manner as the VaR for the trading book.

ANALYSIS OF MARKET RISK

The following tables show the Bank's VaR amounts as of 31 December 2025 and 31 December 2024 respectively at the 99% confidence level using equally weighted market data and with a holding period of one day.

Bank is the only entity in EBC Group that has trading book and, also, single entity which uses Kondor+ as data source for VaR calculation.

Value at Risk of banking book and trading book 2025

in EUR thousand	Total	Interest	Currency	Shares	Volatility
Position held in non-Trading Book	1,873	1,873	1	1	14
Fair Value Through Other Comprehensive Income	2,509	2,507	-	-	1
Held for Trading	7	7	1	-	-

Value at Risk of banking book and trading book 2024

in EUR thousand	Total	Interest	Currency	Shares	Volatility
Position held in non-Trading Book	2,271	2,270	3	-	7
Fair Value Through Other Comprehensive Income	3,287	3,290	4	-	2
Held for Trading	8	7	-	-	-

INTEREST RATE RISK IN THE BANKING BOOK

Interest rate risk is the current and prospective risk of a negative impact to the institution's economic value of equity, or to the institution's net interest income, taking market value changes into account as appropriate, which arise from adverse movements in interest rates affecting interest rate sensitive instruments, including gap risk, basis risk and option risk. In order to identify interest rate risk, all interest-bearing financial instruments, including off-balance are used to calculate the impact of certain interest rate scenarios on their economic value and their earnings. Limits and thresholds are implemented for both aspects of the IRRBB, the change in economic value as well as the change in earnings. Positions without contractually defined maturity or repricing structures, such as demand deposits or overdrafts are modelled accordingly, for positions where the customer has the right to prepay his debt prepayment models are applied.

During 2025 behavioral models have been updated according to the internal Model Risk Management Policy and regulatory expectations. Among others, this update comprises enlargement of model coverage and extension of data histories, including now the recent developments of interest rates.

Interest rate risk calculations are done in accordance with EBA (EBA/RTS/2022/14) guidelines and EBA Regulatory Technical Standard on the supervisory outlier tests (EBA/RTS/2022/10).

Exchange rate risk

The Bank is exposed to several types of risks related to exchange rates. These concern risks from open foreign exchange positions to FX rate fluctuations.

Risk from open currency positions is the risk related to exchange rates that derives from the mismatch between assets and liabilities, or from currency-related financial derivatives. These risks might originate from customer-related operations or proprietary trading and are monitored and managed on a daily basis. Foreign currency exposure is subject to regulatory and internal limits. The internal limits are approved by the Management Board and the Market Risk Committee.

Notes to the financial statements

The following table shows the largest open exchange rate positions of the Bank as of 31 December 2025 and the corresponding open positions of these currencies as of 31 December 2024.

Open exchange rate positions

in EUR thousand	2024	2025
US Dollar (USD)	(856)	(597)
Swiss Franc (CHF)	(869)	164
Convertible Mark (BAM)	53	(62)
Norwegian Krone (NOK)	8	19
Canadian Dollar (CAD)	9	19
Polish Zloty (PLN)	(2)	18
Pound Sterling (GBP)	9	14
Swedish Krona (SEK)	(3)	9
Australian Dollar (AUD)	12	9

Bank manages open FX risk positions according to its strategy and the aim is not to have significant exposures to FX risk. In cases of open FX position, above 2% of regulatory capital, Bank calculates capital charge for FX risk.

Credit spread risk

Credit spread risk is the risk driven by changes in the market perception about the price of credit risk, liquidity premium and potentially other components of credit-risky instruments. EBC Group is exposed to credit spread risk with respect to its securities portfolio in the banking book.

For the trading book, credit spread risk for government bonds is part of the general market risk covered by VaR and SVaR. Corporate bonds are allocated to benchmark spread curves depending on sector, rating, and currency as part of the general risk covered by VaR and SVaR. The issuer specific risk is covered by the standardized approach for Pillar 1 of regulatory capital requirements. For the issuer specific risk of the trading book in Pillar 2, the spread risk is broken down into a systematic and a residual part risk and report-ed on an aggregated level.

Quantifying the credit spread risk of the securities in the banking book is based on a historical simulation. The maximum (hypothetical) drawdown that can be attributed to credit related risk factors over one-year horizon is calculated. It is based on credit spread sensitivities (CR01) and the risk factors used are mainly z-spreads for sovereigns and corporate benchmark bond spreads for financials and corporates. The portfolio included into the calculation comprises bonds, measured at fair value and starting with year-end 2025 also bonds measured at-cost. The resulting amount is used as part of the ICAAP calculations to determine the Pillar 2 capital consumption of the banking book portfolio.

For banking book positions, the impacts of changes in credit spreads on the economic value and net interest income are additionally assessed through rating-dependent widening and narrowing shock scenarios derived from historical data.

37. Liquidity risk

LIQUIDITY STRATEGY

After strong deposit growth in 2024, the Bank continues to record further deposit growth across all business segments in 2025 - Retail, Corporate, and Financial Institutions. Client deposits remain the Bank's primary source of funding, in line with its strategy. On the asset side, loans are also showing significant growth, stronger than in 2024, although still expanding at a slower pace compared to deposits. These developments have contributed to an increase in excess liquidity, which substantially exceeds both regulatory and internal limits. Most of the growth in excess liquidity has been directed to placements with financial institutions and a portfolio of highly liquid government bonds.

In February 2025, the Bank issued an intragroup AT1 bond in the amount of EUR 150 million. During 2025, the Bank had no regular maturities of issued bonds. The Bank's excess liquidity in 2025 was used for the regular repayment of EUR 14.5 million of long-term financing from supranational institutions, fully settling the EBRD financing, while the remaining portion relates to the EIB. Financing from HBOR increased by EUR 27.7 million as a result of supporting clients' access to various HBOR programs.

LIQUIDITY METRICS AND REPORTS

The liquidity risk in the Bank is defined in line with the principles set out by the Basel Committee on Banking Supervision as well as the Regulation (EU) No 575/2013 (CRR) amended by the Regulation (EU) No 2019/876 (CRR 2), Commission Delegated Regulation (EU) 2022/786 amending Commission Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council and the Decision on governance arrangements by Croatian National Bank.

Accordingly, a distinction is made between market liquidity risk, which is the risk that the Bank cannot easily offset or close a position at the market price because of inadequate market depth or market disruption, and funding liquidity risk, which is the risk that the Bank will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition.

Funding liquidity risk is further divided into insolvency risk and structural liquidity risk. The former is the short-term risk that current or future payment obligations cannot be met in full and on time in an economically justified manner, while structural liquidity risk is the long-term risk of losses due to a change in the Bank's own refinancing cost or spread.

The Bank continues its ongoing activities to improve the framework for liquidity risk reporting.

The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) have been implemented as ratios relevant for regulatory purposes, in the line with the Commission Delegated Regulation (EU) 2022/786 amending Commission Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council (LCR DA) and Regulation (EU) No 575/2013 (CRR) amended by the Regulation (EU) No 2019/876 (CRR 2).

The LCR represents a ratio of highly liquid assets on the one hand and net cash outflows over a 30 day time horizon on the other. The minimum ratio has been set at 100%. NSFR, binding minimum requirement according to the CRR II, represents a ratio of available stable funding on the one hand and required stable funding on the other, within a 12 month time horizon.

METHODS AND INSTRUMENTS USED FOR MEASUREMENT OF LIQUIDITY RISK

The short-term insolvency risk is monitored by calculating the survival period in total and for major currencies. This analysis determines the maximum period during which the entity can survive a set of defined scenarios, including a severe combined market and idiosyncratic crisis while relying on its pool of liquid assets. The monitored worst-case scenario simulates very limited money market and capital market access and at the same time significant client deposit outflow. Furthermore, the simulation assumes increased drawdown on guarantees and loan commitments dependent on the type of the customer, as well as the potential outflows from collateralised derivative transactions by estimating the effect from collateral outflow in the case of adverse market movements. The SPA is covering a stress horizon of up to 12 months and is calculated on a monthly basis or more often if needed.

Regulatory liquidity risk reporting is done on solo Bank level. Liquidity risk reporting requirements don't apply to Erste Leasing, EU reporting requirements don't apply to Erste Bank Podgorica as well. However, Erste Bank Podgorica is consolidated on overall Erste Group level.

The Bank's liquidity risk control has been based on the Basel III liquidity risk measures, especially Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Internally, the ratios are monitored on the Bank and Group of credit institutions level and are part of the Risk Appetite Statement (RAS) targeting to be well above the regulatory requirements and are reported to the Operational Liquidity Committee (OLC) as well as to the management board during the Asset and Liability Committee (ALCO). Liquidity Coverage Ratio (LCR) is monitored daily. At the end of 2025, both LCR and NSFR for the Bank were above 100%.

Additionally, the traditional liquidity gaps (depicting the going concern maturity mismatches) of the Bank are reported and monitored regularly, as part of the Structural liquidity ratio (STRL). Funding concentration risk is continuously analysed in respect to counterparties. The Bank's fund transfer pricing (FTP) system has also proven to be an efficient tool for structural liquidity risk management.

METHODS AND INSTRUMENTS OF LIQUIDITY RISK MITIGATION

General standards of liquidity risk controlling and management (standards, limits and analysis) have been defined and are continuously reviewed and improved by the Bank.

The short-term liquidity risk is managed by limits resulting from the survival period model and by internal LCR targets. Limit breaches are reported to the Asset Liability Committee (ALCO). Another important instrument for managing the liquidity risk within the Bank is the FTP system. As the process of planning funding needs provides important data for liquidity management, a detailed overview of funding needs is prepared for the planning horizon.

The Comprehensive Contingency Plan ensures the necessary coordination of all parties involved in the liquidity management process in case of crisis and is reviewed on a regular basis.

ANALYSIS OF LIQUIDITY RISK

Liquidity coverage ratio

The Bank uses the regulatory liquidity coverage ratio according to the LCR DA for internal monitoring and steering of the liquidity position as well. To keep the LCR DA above both limits, the regulatory limit and the internal limit, the Bank monitors daily its short-term liquidity inflows and outflows as well as its available counterbalancing capacity.

The following table shows the LCR DA as of 31 December 2025 and 31 December 2024:

in EUR million	BANK	
	2024	2025
Liquidity buffer	5,824	5,983
Net liquidity outflow	3,048	3,121
Liquidity Coverage Ratio (LCR)	191.1%	191.7%

Structural liquidity

The long-term liquidity position is managed using structural liquidity gaps on the basis of contractual and partially behavioural cash flows of all liquidity relevant components of the balance sheet (on-balance and off-balance).

Cash flows are broken down by contractual maturities in accordance with the amortisation schedule and arranged in maturity ranges. All customer products without contractual maturities (such as demand deposits and overdrafts) are included according to a model based on statistically observed client behaviour.

The following table shows the ratio between all long-term maturing liabilities and all long-term maturing assets as of 31 December 2025 and 31 December 2024 which is calculated reverse cumulatively per time bucket. Ratio is based on contractual or modelled run-off cash flows and has a comprehensive coverage of on- and off- balance sheet components.

in EUR million	BANK					
	Dec 24	> 1 year		> 2 years		> 3 years
		Dec 25	Dec 24	Dec 25	Dec 24	Dec 25
Structural liquidity ratio	1.21	1.12	1.29	1.23	1.45	1.26

Counterbalancing capacity

The Bank regularly monitors its counterbalancing capacity, which consists of cash, excess minimum reserve at the Central Banks as well as unencumbered Central Bank eligible assets and other liquid securities, including impacts from repos and reverse repos. These assets can be mobilized in the short term to offset potential cash outflows in a crisis situation. The term structure of the Bank's counterbalancing capacity as of 31 December 2025 and 31 December 2024 are shown in the tables below:

Notes to the financial statements

Term structure of counterbalancing capacity

	BANK			
in EUR million	≤ 1 month	1-12 months	1-5 years	> 5 years
Dec-25				
Cash, excess reserve	2,675	–	–	–
Liquid assets	3,061	(526)	(1,069)	(1,466)
thereof bonds	3,061	(526)	(1,069)	(1,466)
Counterbalancing capacity	5,736	(526)	(1,069)	(1,466)
Dec-24				
Cash, excess reserve	3,091	–	–	–
Liquid assets	2,450	(395)	(764)	(1,469)
thereof bonds	2,450	(395)	(764)	(1,469)
Counterbalancing capacity	5,541	(395)	(764)	(1,469)

The figures above show the total amount of potential liquidity available for the Bank in a going concern situation considering the applicable central bank haircuts and additional stressed haircuts. Negative figures are maturing positions of the counterbalancing capacity. Positive figures after first time bucket are positions not immediately available as counterbalancing capacity.

Contractual Undiscounted Cash Flows from Financial liabilities

Maturities of contractual undiscounted principal and interest cash flows from financial liabilities as of 31 December 2025 and 31 December 2024 respectively, were as follows:

2025							BANK
in EUR million	Carrying amounts	Contractual cash flows	< 1 month	1-12 months	1-5 years	> 5 years	
Non-derivative liabilities	14,141	14,319	12,326	525	1,272	196	
Deposits by banks	129	132	94	12	18	8	
Customer deposits	12,861	12,899	12,201	344	210	144	
Debt securities in issue	955	1,027	–	162	865	–	
Subordinated liabilities	150	215	–	7	179	29	
Lease liabilities	15	15	–	–	–	15	
Other financial liabilities	31	31	31	–	–	–	
Derivative liabilities	–	12	–	–	1	11	
Derivatives liabilities with netted Cash Flows	–	12	–	–	1	11	
Derivatives liabilities with gross Cash Flow (net)	–	–	–	–	–	–	
Outflows	–	73	64	8	1	–	
Inflows	–	(73)	(64)	(8)	(1)	–	
Contingent liabilities	–	2,927	2,927	–	–	–	
Financial guarantees	–	266	266	–	–	–	
Loan commitments	–	2,661	2,661	–	–	–	
Total	14,141	17,258	15,253	525	1,273	207	
2024							
Non-derivative liabilities	13,215	13,369	11,497	327	1,401	144	
Deposits by banks	271	273	71	17	173	12	
Customer deposits	11,943	11,995	11,378	283	202	132	
Debt securities in issue	954	1,053	–	27	1,026	–	
Subordinated liabilities	–	–	–	–	–	–	
Lease liabilities	15	15	15	–	–	–	
Other financial liabilities	32	33	33	–	–	–	
Derivative liabilities	18	11	–	(3)	3	11	
Derivatives liabilities with netted Cash Flows	–	14	–	–	3	11	
Derivatives liabilities with gross Cash Flow (net)	–	(3)	–	(3)	–	–	
Outflows	–	276	130	145	1	–	
Inflows	–	(279)	(130)	(148)	(1)	–	
Contingent liabilities	–	2,846	2,846	–	–	–	
Financial guarantees	–	291	291	–	–	–	
Loan commitments	–	2,555	2,555	–	–	–	
Total	13,233	16,226	14,343	324	1,404	155	

As of year-end 2025, the currency composition of the EBC balance sheet liabilities consisted of: 96.8% EUR, 2.1% USD and 1.1% in other currencies (2024: 96.4% EUR, 2.4% USD and 1.2% in other currencies).

As of 31 December 2025, the volume of customer deposits amounted to EUR 12.9 billion of which demand deposits accounted for EUR 9.3 billion (2024: EUR 8.3 billion). The composition of total deposits by client segments is as follows: 58.7% retail clients, 16.1% small and medium-sized enterprises, 7.5% large corporates, 7.7% public sector and 10.1% non-banking financial institutions (2024: 57.9% retail clients, 16.3% small and medium-sized enterprises, 7.8% large corporates, 8.0% public sector and 10.0% non-banking financial institutions).

Liabilities to financial institutions, including subordinated liabilities increased by EUR 8.2 million in 2025. The volume of issued debt securities remained unchanged during 2025, with no new issuances or maturities.

38. Operational risk

DEFINITION AND OVERVIEW

Pursuant to Article 4 (52) of CRR, the Bank defines operational risk (OpRisk) as risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including, but not limited to, legal risk, model risk and information and communication technology (ICT) risk, but excluding strategic and reputational risk.

Non-Financial Risks (NFR) comprise both operational and reputational risk. Bank's NFR appetite sets the limits and escalation levels in line with the Bank's risk strategy for risk-taking as a consequence of doing business. The operational risk framework is a modular, interrelated and comprehensive approach integrated into the Bank's steering and risk management system. It is designed to fulfil internal risk management and external regulatory requirements.

The roles and responsibilities for operational risk management is defined by the "Three Lines of Defence" model. The day-to-day management of operational risk is the primary responsibility of Business Line Management (BLM). BLM is responsible for identifying, assessing and managing the risks residual in the products, activities, processes and systems on an ongoing basis by using operational risk management instruments.

OPERATIONAL RISK FRAMEWORK AND STANDARDS

For managing operational risk the Bank applies various elements: identification of operational risk, assessment, mitigation and acceptance of operational risk, monitoring and regular reporting.

Risk identification of operational risk includes collection of internal loss data, where particular emphasis is put on the data classification and quality necessary for quantifying operational risk, and key risk indicators to measure the risk level changes. Risk indicators are reviewed regularly to ensure early detection of risk potentials to cause losses. The risk identification process includes an ongoing mechanism to identify new risks, risk drivers and emerging risks. Risk evaluation is an ongoing process in which the Business Line Management (BLM) proactively identifies and analyses relevant non-financial risks and assesses the effectiveness of the controls to mitigate those risks, both for the run and change the bank processes (e.g. new product approval, outsourcings). BLM evaluates the risks in line with the risk appetite and reports the residual risks to senior management or risk committees for risk response. The acceptance level of NFR is managed by using the Operational Risk Scaling Matrix which is setting the limits of the residual operational risk tolerated by the Bank. Risk monitoring via corrective measures is performed on a regular basis. Regular risk reporting provides detailed information to business and risk management units, senior management and the management board of the Bank which is informed on operational risk through quarterly Operational Risk Report. The report includes operational risk exposure and losses, risk assessments results including risk and control self-assessments (RCSA), key risk indicators, NFR decisions and corrective measures. Non-Financial Risk management committee is held at minimum on a quarterly basis and decides also on operational risk management related topics.

The Bank measures the capital requirements for operational risk using a non-model-based approach for the calculation of the regulatory capital. Under the Standardised Measurement Approach the Business Indicator Component (BIC) is calculated by multiplying the Business Indicator (BI) by a set of regulatory determined marginal coefficients in the applicable BI ranges. The BI is a financial statement proxy of operational risk exposure. Internal Loss Multiplier (ILM) is scaling factor based on the bank's average historical losses and the BIC and it is set to 1. Operational risk capital requirement (ORC) or own funds requirement is calculated by multiplying the BIC and the ILM.

Non-current assets and other investments

PROPERTY AND EQUIPMENT

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment. Depreciation of property and equipment is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. Depreciation is reported in the statement of profit or loss in the line item 'Depreciation and amortisation' and impairment in the line item 'Other operating result'.

The estimated economic useful lives are set out below:

	Useful lives in years	
	2024	2025
Buildings	40	40
Office furniture and equipment	2-10	2-10
Motor vehicles	4-6	4-6
Computer hardware	4	4

Land is not depreciated.

Any impairment losses including their reversals and gain or loss arising on disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are recognised in the statement of profit or loss in the line item 'Other operating result'.

INVESTMENT PROPERTIES

Investment property is a property (land and buildings or part of a building or both) held for the purpose of earning rentals and/or for capital appreciation.

Investment property is measured at cost less accumulated depreciation and any accumulated impairment.

Rental income is recognised and presented in the statement of profit or loss in the line item 'Rental income from investment properties and other operating leases'. Depreciation is recognised and presented in the statement of profit or loss in the line 'Depreciation and amortisation' using the straight-line method over an estimated useful life. The useful lives of investment properties are identical to those of buildings presented under 'Property and equipment'. Any impairment losses, as well as their reversals, are recognised in the statement of profit or loss and presented in the line item 'Other operating result'.

ASSETS UNDER OPERATING LEASES

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. The leased asset is presented by the lessor in the statement of financial position under the line item 'Property and equipment'.

Initial direct costs of obtaining the lease are added to the underlying asset and recognised as an expense over the lease term on the same basis as the lease income.

For assets held under operating lease the Group uses a depreciation policy which is consistent with the normal depreciation policy for similar assets. Depreciation is recognised and presented in the statement of profit or loss in the line item 'Depreciation and amortisation'.

Lease income arising is accounted for on a straight-line basis over the lease terms and presented in the statement of profit or loss in the line item 'Rental income from investment properties and other operating leases'.

The Group's policy is the sale of assets under the operating lease after the termination of the lease.

RIGHT OF USE ASSETS

Under IFRS 16, the Group as a lessee recognizes a right-of-use asset representing its right to use the underlying asset. The right-of-use asset is initially measured at cost. The cost comprises the amount of the initial measurement of the lease liability and includes other elements such as initial direct costs incurred by the lessee. The right-of-use assets is presented in the statement of financial position under the line item 'Property and equipment'. Subsequently, the right-of-use asset is depreciated to the earlier of the end of its useful life or the end of the lease term. The Group uses the straight-line method of depreciation. The useful lives for property are between 2 and 20 years while the motor vehicles are depreciated based on useful lives between 2 and 6 years. Depreciation is reported in the statement of profit or loss in the line item 'Depreciation and amortisation' and impairment in the line item 'Other operating result'.

MATERIAL ACCOUNTING JUDGMENTS, ASSUMPTIONS AND ESTIMATES

Impairment of non-financial assets (property and equipment, investment properties, right of use assets)

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. Testing for impairment is done at individual asset level if the asset generates cash inflows that are largely independent of those from other assets. The typical case is investment property. Otherwise, the impairment test is carried out at the level of the cash-generating unit (CGU) to which the asset belongs.

If any indication of impairment exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the assets or CGU's fair value less costs of disposal and its value in use. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In measuring value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

At each reporting date an assessment is made as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Impairment losses and their reversals are recognised in profit or loss and presented in the statement of profit or loss under the line item 'Other operating result'.

39. Property, equipment and investment properties

ACQUISITION COSTS

Own property, equipment and investment properties

	GROUP					
	Property and equipment – Acquisition costs					
in EUR million	Land and buildings	Office and plant equipment/ other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
January 2024	143	52	61	43	299	2
Additions	6	7	12	9	34	–
Disposals	(1)	(3)	(3)	(10)	(17)	–
Assets held for sale	–	–	(10)	–	(10)	–
December 2024	148	56	60	42	306	2
Additions	14	7	8	7	36	–
Disposals	(2)	(2)	(10)	(10)	(24)	–
December 2025	160	61	58	39	318	2

Notes to the financial statements

ACCUMULATED DEPRECIATION

Own property, equipment and investment properties

	GROUP					
	Property and equipment – Accumulated depreciation and impairment					
in EUR million	Land and buildings	Office and plant equipment/ other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
January 2024	(55)	(38)	(45)	(14)	(152)	–
Depreciation (-)	(4)	(4)	(6)	(6)	(20)	–
Disposals (+)	1	3	3	6	13	–
Assets held for sale	–	–	9	–	9	–
December 2024	(58)	(39)	(39)	(14)	(150)	–
Depreciation (-)	(5)	(4)	(7)	(5)	(21)	–
Disposals (+)	1	3	10	6	20	–
December 2025	(62)	(40)	(36)	(13)	(151)	–

CARRYING AMOUNTS

Own property, equipment and investment properties

	GROUP					
	Property and equipment					
in EUR million	Land and buildings (used by the Group)	Office and plant equipment/ other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
December 2024	90	17	21	28	156	2
December 2025	98	21	22	26	167	2

Rights of use: property, equipment and investment properties

	GROUP					
	Property and equipment					
in EUR million	Land and buildings (used by the Group)	Office and plant equipment/ other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
December 2024	13	1	–	–	14	–
December 2025	15	1	–	–	16	–

Total carrying amounts

	GROUP					
in EUR million	Land and buildings (used by the Group)	Office and plant equipment/ other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
December 2024	103	18	21	28	170	2
December 2025	113	22	22	26	183	2

ACQUISITION COSTS

Own property, equipment and investment properties

BANK						
Property and equipment - Acquisition costs						
in EUR million	Land and buildings	Office and plant equipment/ other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
January 2024	121	44	44	-	209	-
Additions (+)	7	6	11	-	24	-
Disposals (-)	(1)	(3)	(2)	-	(6)	-
Effect of business combinations	6	1	4	-	11	-
Reclassification	(2)	(1)	-	-	(3)	1
December 2024	131	47	57	-	235	1
Additions (+)	15	5	8	-	28	-
Disposals (-)	(2)	(2)	(10)	-	(14)	-
December 2025	144	50	55	-	249	1

ACCUMULATED DEPRECIATION

Own property, equipment and investment properties

BANK						
Property and equipment - Accumulated depreciation and impairment						
in EUR million	Land and buildings	Office and plant equipment/ other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
January 2024	(50)	(31)	(30)	-	(111)	-
Depreciation (-)	(3)	(3)	(6)	-	(12)	-
Disposals (+)	1	3	2	-	6	-
Effect of business combinations	(1)	(1)	(4)	-	(6)	-
December 2024	(53)	(32)	(38)	-	(123)	-
Depreciation (-)	(3)	(4)	(6)	-	(13)	-
Disposals (+)	2	2	9	-	13	-
December 2025	(54)	(34)	(35)	-	(123)	-

CARRYING AMOUNTS

Own property, equipment and investment properties

BANK						
Property and equipment						
in EUR million	Land and buildings (used by the Group)	Office and plant equipment/ other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
December 2024	78	15	19	-	112	1
December 2025	90	16	20	-	126	1

Rights of use: property, equipment and investment properties

	BANK					
	Property and equipment					
in EUR million	Land and buildings (used by the Group)	Office and plant equipment/ other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
December 2024	14	3	–	–	17	–
December 2025	13	2	–	–	15	–

Total carrying amounts

	BANK					
in EUR million	Land and buildings (used by the Group)	Office and plant equipment/ other fixed assets	IT assets (hardware)	Movable other property	Property and equipment	Investment properties
December 2024	92	18	19	–	129	1
December 2025	103	18	20	–	141	1

In the reporting period, expenditures in the amount of EUR 35 million for the Group and for the Bank (2024: EUR 28 million for the Group and for the Bank) are capitalised in the carrying amount of fixed assets during their construction.

The contractual commitments for purchase of fixed assets amounted to EUR 6 million for the Group and the Bank as of 31 December 2025 (2024: EUR 1million for the Group and the Bank).

As of 31 December 2025, the Group's property and equipment amounted to EUR 183 million (2024: EUR 170 million).

The carrying amount of property and equipment of EUR 24 million (2024: EUR 26 million) was leased under operating lease of which the amount of EUR 24 million (2024: EUR 26 million) relates to movable property.

As of 31 December 2025, the Bank's property and equipment amounted to EUR 141 million (2024: EUR 129 million). The carrying amount of property and equipment of EUR 1 million (2024: EUR 1 million) relates to land and buildings leased under operating lease.

For details related to right of use assets capitalized in balance sheet arising from leases where Group is lessee, please see Note 42 Group as a lessee.

FAIR VALUES OF NON-FINANCIAL ASSETS

As of 31 December 2025, the fair value of investment properties with a carrying amount of EUR 2 million for the Group and 1 for the Bank (2024: EUR 2 million for the Group and nil for the Bank) amounts to EUR 2 million for the Group and EUR 3 million for the Bank (2024: EUR 2 million for the Group and nil for the Bank) and is classified as level 3 of the fair value hierarchy.

For non-financial assets owned by the Group the valuations are carried out using the comparative and investment methods. Assessment is made on basis of a comparison and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the relevant property. The characteristics of such similar transactions are then applied to the asset, taking into account size, location, terms, covenant and other material factors. Such measurements are presented in Level 3 of the fair value hierarchy.

40. Intangible assets

Goodwill arises from business combinations whereby a subsidiary is acquired. Subsequently, goodwill is carried at cost as established on the acquisition date, less accumulated subsequent impairment losses, if any.

The Group's intangible assets include computer software and other intangible assets. An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Notes to the financial statements

Intangible assets acquired separately are measured on initial recognition at cost. Costs of internally generated software are capitalised if the Group can demonstrate the technical feasibility and intention of completing the software, the ability to use it, how it will generate probable economic benefits, the availability of resources and the ability to measure the expenditures reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The cost of intangible assets acquired in a business combination is their fair value as of the date of acquisition. In the Group, these are customer relationships, and they are capitalised on acquisition if they can be measured with sufficient reliability.

Intangible assets with finite lives are amortised over their useful economic lives using the straight-line method. The amortisation period and method are reviewed at least at each financial year-end and adjusted if necessary. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss under the line item 'Depreciation and amortisation'.

The estimated useful lives are as follows:

	Useful lives in years	
	2024	2025
Software	4	4
Core banking software	6	6
Other intangible assets	10-15	10-15

IMPAIRMENT OF INTANGIBLE ASSETS INCLUDING GOODWILL

Goodwill arising on acquisition of a business is carried at cost as established, as the date of acquisition of the business less accumulated subsequent impairment losses, if any.

For CGUs to which goodwill has been allocated the impairment test is carried out annually in November, or whenever there is an indication of possible impairment during the year.

For CGUs at Group the recoverable amount for determining the potential impairment loss is typically based on value in use which is the present value of the future cash flows expected to be derived from the CGU. The calculation starts with estimation of future earnings distributable to shareholders. In this respect financial plans for CGUs as agreed by the management taking into account the fulfilment of the respective regulatory capital requirements are used. The planning period range is five years. Any forecasted earnings beyond the planning period are derived on the basis of the last year of the planning period and a long-term growth rate, which is based on macroeconomic parameters for each CGU. The estimated future earnings beyond the initial planning period are captured in the terminal value (TV).

The discount rates reflect risks specific to the CGU and have been determined based on the capital asset pricing model (CAPM). According to CAPM, the discount rate comprises a risk-free interest rate together with a market risk premium that itself is multiplied by a factor that represents the systematic market risk (beta factor). Furthermore, a country-risk premium is considered in calculation of the discount rate. The values used to establish the discount rates are determined using external sources of information.

When the recoverable amount of CGU is less than its carrying amount, the difference is recognized as an impairment loss in the statement of profit or loss and reported under the line item 'Other operating result'.

Acquisition costs

GROUP						
Acquisition costs						
in EUR million	Goodwill	Customer relationships	Software acquired	Self-constructed software within the Group	Others (licenses, patents, etc.)	Total
January 2024	81	24	54	–	29	188
Additions (+)	–	–	5	–	1	6
Disposals (-)	(41)	(24)	(2)	–	(3)	(70)
Reclassification	–	–	1	–	(1)	–
Assets held for sale	–	–	(1)	–	(11)	(12)
December 2024	40	–	57	–	15	112
Additions (+)	–	–	14	1	1	16
Disposals (-)	–	–	(5)	–	–	(5)
December 2025	40	–	66	1	16	123

Accumulated amortization and impairment

GROUP						
Accumulated amortization and impairment						
in EUR million	Goodwill	Customer relationships	Software acquired	Self-constructed software within the Group	Others (licenses, patents, etc.)	Total
January 2024	(81)	(24)	(39)	–	(24)	(168)
Amortisation (-)	–	–	(5)	–	(3)	(8)
Disposals (+)	41	24	1	–	2	68
Reclassification	–	–	(1)	–	1	–
Assets held for sale	–	–	1	–	12	13
December 2024	(40)	–	(43)	–	(12)	(95)
Amortisation (-)	–	–	(5)	–	(2)	(7)
Disposals (+)	–	–	4	–	–	4
December 2025	(40)	–	(44)	–	(14)	(98)

Carrying amounts

GROUP						
in EUR million	Goodwill	Customer relationships	Software acquired	Self-constructed software within the Group	Others (licenses, patents, etc.)	Total
December 2024	–	–	14	–	3	17
December 2025	–	–	22	1	2	25

Acquisition costs

BANK						
Acquisition costs						
in EUR million	Goodwill	Customer relationships	Software acquired	Self-constructed software within the Group	Others (licenses, patents, etc.)	Total
January 2024	-	-	42	-	5	47
Additions (+)	-	-	5	-	-	5
Effect of business combinations	-	-	-	-	10	10
Reclassification	-	-	1	-	(1)	-
December 2024	-	-	48	-	14	62
Additions (+)	-	-	7	1	-	8
Disposals (-)	-	-	(5)	-	-	(5)
December 2025	-	-	50	1	14	65

Accumulated amortization and impairment

BANK						
Accumulated amortization and impairment						
in EUR million	Goodwill	Customer relationships	Software acquired	Self-constructed software within the Group	Others (licenses, patents, etc.)	Total
January 2024	-	-	(31)	-	(4)	(35)
Amortisation (-)	-	-	(5)	-	(1)	(6)
Effect of business combinations	-	-	-	-	(8)	(8)
Reclassification	-	-	(1)	-	1	-
December 2024	-	-	(37)	-	(12)	(49)
Amortisation (-)	-	-	(5)	-	-	(5)
Disposals (+)	-	-	4	-	-	4
December 2025	-	-	(38)	-	(12)	(50)

Carrying amounts

BANK						
in EUR million	Goodwill	Customer relationships	Software acquired	Self-constructed software within the Group	Others (licenses, patents, etc.)	Total
December 2024	-	-	11	-	2	13
December 2025	-	-	12	1	2	15

Software acquired column relates to core banking system.

41. Other assets

INVENTORY

The repossessed asset is classified as 'other assets' and measured in accordance with the requirements of IAS 2 'Inventories' if the asset is intended for sale in the ordinary course of business. Namely, it is recognized at an acquisition cost equal to its fair value as estimated and documented upon repossession. Upon each subsequent reporting date, it is measured at lower of cost and net realizable value (expected selling price less costs to sell).

Gains or losses resulting from sale are recognised in the statement of profit or loss and presented under the line item 'Other operating result' in the statement of profit or loss, together with costs of sales and other costs incurred in selling the assets.

Notes to the financial statements

41. Other assets (continued)

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Prepayments and accrued income	5	6	5	5
Inventories	18	5	15	5
Value adjustments of inventories	(10)	–	(7)	–
Sundry assets	16	20	7	8
Other assets	29	31	20	18

In the line 'Inventories' the Group holds repossessed assets (collaterals obtained in foreclosure procedures) which the Group has the intention to sell.

FIDUCIARY ASSETS

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity are not reported in the financial statements, as they are not the assets of the Group.

Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

42. Group as a lessor

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. In the case of a finance lease, the lessor reports a receivable from the lessee under the line item 'Finance lease receivables'. The receivable is equal to the present value of the contractually agreed payments taking into account any residual value. Interest income on the receivable is reported in the statement of profit or loss in the line item 'Other similar income' under 'Net interest income'.

In the case of operating leases, which are leases other than finance leases, the leased asset is reported by the lessor in 'Property and equipment' or in 'Investment properties' and is depreciated in accordance with the principles applicable to the assets involved. Lease income is recognised on a straight-line basis over the lease term in the statement of profit or loss under the line item 'Rental income from investment properties and other operating leases'.

Finance leases

The Group leases movable property to other parties under finance lease arrangements. For the finance lease receivables included in this item, the reconciliation of the gross investment in leases to the present value of the minimum lease payments are as follows:

in EUR million	GROUP	
	2024	2025
Outstanding lease payments	642	671
Gross investment	642	671
Unrealised financial income	(70)	(70)
Net investment	572	601
Present value of outstanding lease payments	572	601

The maturity analysis of lease by residual maturities under IFRS 16:

in EUR million	GROUP			
	2024		2025	
	Gross investment	Present value of outstanding lease payments	Gross investment	Present value of outstanding lease payments
< 1 year	199	173	210	183
1-2 years	145	134	150	139
2-3 years	113	101	124	112
3-4 years	88	77	93	82
4-5 years	57	48	56	48
> 5 years	40	39	38	37
Total	642	572	671	601

During 2025, Group recognised interest income on finance lease receivables in the amount of EUR 35 million (2024: EUR 32 million).

Finance lease receivables

The analysis of the gross carrying amount (GCA) and of related credit loss allowances (CLA) of finance lease receivables per impairment buckets as of 31 December 2025 and 31 December 2024 is provided in the table below:

											GROUP
in EUR million	GCA					CLA					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
2025											
General governments	5	–	–	–	5	–	–	–	–	–	5
Other financial corporations	3	–	–	–	3	–	–	–	–	–	3
Non-financial corporations	374	59	4	–	437	(1)	(1)	(1)	–	(3)	434
Households	134	20	2	–	156	–	–	–	–	–	156
Total	516	79	6	–	601	(1)	(1)	(1)	–	(3)	598

											GROUP
in EUR million	GCA					CLA					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
2024											
General governments	5	–	–	–	5	–	–	–	–	–	5
Other financial corporations	2	–	–	–	2	–	–	–	–	–	2
Non-financial corporations	348	68	4	–	420	(1)	(1)	(1)	–	(3)	417
Households	127	15	2	–	144	–	–	–	–	–	144
Total	482	83	6	–	571	(1)	(1)	(1)	–	(3)	568

For information about development of credit loss allowances refer to Note 32 Development of credit loss allowances, part 'Finance lease receivables': Table 'Movement in credit loss allowances – finance lease receivables'.

During the process of credit risk assessment, the Company applies prudent methods and assessment models in the risk assessment process. To evaluate a portion of the lessees, the Company uses an internally developed system in the form of score cards as well as the Group's internal system. The internal evaluation system for natural persons and sole traders with single-entry bookkeeping consists of four grades for non-default clients and one grade for default clients. For other clients, the Group's evaluation system is used that has thirteen grades for non-default clients and one grade for default clients.

For the purpose of simplified presentation of the credit risk exposure, the grades obtained in this way are internally divided into four risk levels: low risk indicates a high probability of collection; moderate risk is when the debtor's financial situation is stable but there may be a limited negative impact resulting from an undesired economic situation; moderately high risk is when the debtor is vulnerable to negative financial and economic impacts and therefore needs to be monitored and sufficient collateralisation needs to be ensured. High risk relates to the occurrence of a default event.

Operating leases

Under operating leases, the Group and the Bank has entered into commercial leases on premises, vehicles and equipment.

Maturity analysis of lease payments from operating leases under IFRS 16

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
< 1 year	5	6	1	1
1-2 years	4	4	1	1
2-3 years	2	3	-	-
3-4 years	2	2	-	-
4-5 years	1	1	-	-
> 5 years	-	-	-	-
Total	14	16	2	2

For information about rental income please refer to Note 7 Rental income from investment properties and other operating leases.

43. Group as a lessee

Under IFRS 16, Group as a lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases (less than 12 months) and leases of low-value items.

The right-of-use asset is depreciated to the earlier of the end of its useful life or the end of the lease term. The Group uses the straight-line method of depreciation. The right of use assets are presented as part of 'Property and equipment' in the statement of financial position and depreciation cost as part of the line item 'Depreciation and amortisation' in the statement of profit or loss. The right of use asset is in scope of impairment requirements in IAS 36.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments also include the exercise price under a purchase option and lease payments in an optional renewal period are considered if the lessee is reasonably certain to exercise the option. Variable lease payments not included in the measurement of the lease liability are recognised as an expense in profit or loss, in the period in which the event or condition that triggers those payments occur. The incremental borrowing rate for movables consists of Euribor as a base rate, adjusted by a surcharge based on the entity's rating, the amount of funds borrowed, the term of the lease and the collateral provided. The determination of the incremental borrowing rate for property leases is based on two components, the market rate and the single property rate. The market rate considers the lease term, creditworthiness and is derived from existing bank data from the lending business. The single property rate represents a surcharge to the market rate based on the quality of the single property.

In the statement of financial position, the lease liabilities are presented in the line item 'liabilities'. Interest expense decreases over the lease term and it is presented as part of 'Other similar expenses' under the line 'Net interest income' in the statement of profit or loss.

The Group primarily rents real estate's such as buildings and land for branches and parking lots. In addition, movables such as IT equipment are rented for business operations.

Rights of Use Assets

Right Of Use Assets	GROUP			BANK		
	Land and buildings	Office and plant equipment / other fixed assets	Property and equipment	Land and buildings	Office and plant equipment / other fixed assets	Property and equipment
in EUR million						
2024						
Carrying amounts as of Jan 2024	13	1	14	12	3	15
Additions (+)	4	-	4	3	1	4
Depreciation (-)	(3)	-	(2)	(2)	-	(2)
Disposals (-)	(1)	-	(2)	(1)	(1)	(2)
Carrying amounts as of Dec 2024	13	1	14	12	3	15
2025						
Additions	6	1	7	4	1	5
Depreciation	(2)	-	(2)	(2)	-	(2)
Disposals (-)	(2)	(1)	(3)	(2)	(2)	(4)
Carrying amounts as of Dec 2025	15	1	16	12	2	14

Maturity analysis of lease liabilities based on undiscounted cash flows

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
< 1 year	3	3	3	2
1-5 years	7	10	8	8
> 5 years	7	7	7	8
Total	17	20	18	18

During 2025, interest expenses on lease liabilities were recognised in the amount of EUR 1 million for the Bank (2024: EUR 1 million).

In 2025, expenses in the amount of EUR 221 thousand for the Group and EUR 237 thousand for the Bank relating to short term leases, (2024: EUR 56 thousand for the Group and EUR 60 thousand for the Bank) for which the recognition exemption of IFRS 16 applies, were recognised. In addition, expenses in the amount of EUR 2 million for the Group and EUR 1 million for the Bank relating to leases of low value items, for which the recognition exemption of IFRS 16 applies, were recognized (2024: EUR 2 million for the Group and EUR 1 million for the Bank).

Total cash outflow for leases in 2025 were EUR 3 million for the Group and for the Bank (2024: EUR 3 million for the Group and EUR 5 million for the Bank).

There are no commitments for future cash outflows which are not reflected in the measurement of lease liabilities for the Group and for the Bank (2024: nil for the Group and nil for the Bank). The Group had no restrictions or covenants imposed by leases or sales and lease back transactions as of 31 December 2025 and 31 December 2024.

Accruals, provisions, contingent liabilities and legal proceedings

44. Other liabilities

in EUR million	GROUP				BANK
	2024	2025	2024	2025	2025
Prepayments received from debtors	39	38	28		32
Salaries and bonuses payable	37	40	33		35
Deferred income	11	11	8		9
Payables to State Agency for deposit	4	1	4		–
Sundry liabilities	50	26	42		20
Other liabilities	141	116	115		96

Deferred income outstanding at 31 December 2025 includes ‘contract liabilities’ in accordance with IFRS 15 in amount of EUR 6 million for the Group and for the Bank (2024: EUR 6 million for the Group and for the Bank). Revenue recognised in the reporting year 2025 that was included in the contract liability balance at the beginning of the period amounts to nil for the Group and for the Bank. (2024: nil for the Group and for the Bank).

The item ‘Sundry liabilities’ mainly contains outstanding settlement liabilities as well as other liabilities from employee benefits.

45. Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation and the amount of the obligation can be estimated reliably.

Provisions for liabilities and charges are maintained at the level that the Group’s management considers sufficient for absorption of losses. The management determines the sufficiency of provisions on the basis of insight into specific items, current economic circumstances, risk characteristics of certain transaction categories, as well as other relevant factors.

In the statement of financial position, provisions are presented under the line ‘Provisions’. They include credit risk loss provisions for financial guarantees and loan commitments given as well as provisions for litigation and restructuring. Expenses or income related to provisions for loan commitments and financial guarantees under IFRS 9 requirements are presented in the statement of profit or loss under the line item ‘Impairment result from financial instruments’. Expenses or income related to other provisions are presented in the statement of profit or loss under the line item ‘Other operating result’.

MATERIAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

Recognition of provisions requires judgement with respect to whether Group has a present obligation as a result of a past event and whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Furthermore, estimates are necessary with respect to the amount and timing of future cash flows when determining the amount of provisions and, in accordance with the above, estimates are made on an individual or collective basis.

In case of material effect of time value of money, provision is determined based on discounting to the present value. Further details on provisions for off-balance credit risk exposures are explained in Note 29 Credit risk exposure and Note 32 Development of credit loss allowances.

Notes to the financial statements

Following classes of provision can be distinguished:

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Long-term employee provisions	2	3	2	2
Pending legal issues	62	57	61	56
Provision for commitments and guarantees given	23	28	22	28
CLA for loan commitments and financial guarantees in Stage 1	10	9	9	9
CLA for loan commitments and financial guarantees in Stage 2	9	14	9	14
CLA for loan commitments and financial guarantees – Defaulted	4	5	4	5
Provisions	87	88	85	86

LONG-TERM EMPLOYEE BENEFITS

Long-term employee benefits are all benefits given by the Group in exchange for services rendered by employees which become due in more than 12 months from the period of services rendered to which they relate.

Obligations for defined retirement benefit and jubilees are recognised in the amount of net present value determined by using the Projected Unit Credit Method, with actuarial valuations being carried out at each statement of financial position date.

Actuarial gains or losses in respect of pension benefit provisions are recognized in full in the period in which they occur. Remeasurement of actuarial gains or losses related to pension benefits are recognised in the statement of other comprehensive income and the amounts of remeasurements accumulated in other comprehensive income are not reclassified to profit or loss.

Actuarial gains or losses in provisions for jubilee benefits are recognised in the statement of profit or loss in the period in which they occur. Remeasurement of jubilee defined-benefit plans are recognised in the statement of profit or loss and presented under the line item ‘Personnel expenses’.

in EUR million	GROUP		
	Pensions	Jubilee benefits	Total
Present value of long-term employee benefit obligations – Dec 23	1	1	2
Present value of long-term employee benefit obligations – Dec 24	1	1	2
Present value of long-term employee benefit obligations – Dec 25	1	2	3

in EUR million	BANK		
	Pensions	Jubilee benefits	Total
Present value of long-term employee benefit obligations – Dec 23	–	1	1
Present value of long-term employee benefit obligations – Dec 24	1	1	2
Present value of long-term employee benefit obligations – Dec 25	1	1	2

ACTUARIAL ASSUMPTIONS

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about interest rates, future pension increases, future salary increases and mortality rates.

The actuarial calculation of pension obligations and jubilee provisions is based on the following assumptions:

in %	2024	2025
Interest rate	3.25	2.94
Expected increase in retirement benefits	7.66	8.80

Notes to the financial statements

The expected retirement age for each employee was individually calculated on the basis of their current age and average of retirement age, which is for men 62 and for women 61. Obligations were calculated in accordance with the mortality tables entitled Life tables for the Republic of Croatia 2010-2012 issued by Croatian Bureau of Statistics.

SENSITIVITY TO KEY ASSUMPTION

The following table presents how the reasonably possible changes of individual parameters effect post-employment benefit obligations as of year-end 2024 and year-end 2025.

in EUR million	2024			2025		
	Defined retirement benefit obligations	Jubilee benefits	Total	Defined retirement benefit obligations	Jubilee benefits	Total
Change in discount rate +1%	1	1	2	1	1	2
Change in discount rate -1%	1	1	2	1	1	2

DURATION

The following table presents the weighted average duration of the defined-benefit obligations as of year-end 2025:

in years	Defined retirement benefit obligations	Jubilee payments	Total
Duration	14.85	9.98	12.41

LOAN COMMITMENTS AND FINANCIAL GUARANTEES GIVEN IN SCOPE OF IFRS 9

In the ordinary course of business, the Group provides guarantees consisting of various types of letters of credit and guarantees. A financial guarantee is a contract that requires the guarantor to make specified payments to reimburse the holder for a loss it incurs in case a specified debtor fails to make a payment when due in accordance with the original or modified terms of a debt instrument. Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Performance guarantees contracts issued transfer primarily credit risk.

The Group as a guarantor recognises financial guarantees as soon as it becomes a contracting party. Guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. The fee is received over the life of the guarantee given, in arrears, on a quarterly basis and recognised in the statement of profit or loss, in the line item 'Fee and commission income' under 'Net fee and commission income'.

The Group has the contractual right to revert to its customer for recovering amounts paid to settle the guarantee. Such amounts will be recognised as a financial asset upon transfer of the loss compensation to the guarantee's beneficiary.

Subsequent to initial recognition, provisions are recognised based on the expected credit loss impairment model and reported in the statement of financial position under the line item 'Provisions'.

Loan commitments are firm commitments to provide credit under prespecified terms and conditions. Loan commitments are generally not recognised in the balance sheet before they are drawn. If it is probable that the Bank will enter into the loan agreement loan commitment fees received are deferred and adjust the effective interest rate of the loan when the commitment is drawn. Loan commitments result in recognition of provisions based on the expected credit loss impairment model.

For information about development of credit loss allowances for provision for financial guarantees and loan commitments refer to Note 32 Development of credit loss allowances, part 'Loan commitments and financial guarantees': table 'Movement in credit loss allowances – loan commitments and financial guarantees'.

REMAINING CLASSES OF PROVISIONS IN SCOPE OF IAS 37

Following table provides the information about the development of the IAS 37 provisions:

	GROUP					
in EUR million	2024	Allocations	Use	Releases	Exchange rate	2025
Pending legal issues	62	6	(10)	(1)	–	57
Total	62	6	(10)	(1)	–	57

	BANK					
	2024	Allocations	Use	Releases	Exchange rate	2025
Pending legal issues	61	6	(10)	(1)	–	56
Total	61	6	(10)	(1)	–	56

	GROUP					
in EUR million	2023	Allocations	Use	Releases	Exchange rate	2024
Pending legal issues	56	14	(6)	(2)	–	62
Total	56	14	(6)	(2)	–	62

	BANK					
	2023	Allocations	Use	Releases	Exchange rate	2024
Pending legal issues	55	14	(6)	(2)	–	61
Total	55	14	(6)	(2)	–	61

In Croatia, the Supreme Court, in a proceeding initiated by a local consumer protection association against several Croatian credit institutions (“Collective Case”), among them Erste Bank Croatia (“EBC”), declared in 2015 that Swiss Franc (CHF) clauses in loan agreements with consumers are valid, but contractual provisions permitting unilateral change of the variable interest in CHF denominated consumer loans, used by the majority of credit institutions from 2004 till 2008, are unfair and null and void. In 2016, the Croatian Constitutional Court rescinded part of the Supreme Court’s decision relating to the validity of CHF clauses. By the end of 2017 the Croatian Supreme Court rescinded second instance verdict and returned for a retrial with respect to the CHF clause to the court of second instance. That court delivered its decision in July 2018, confirming the first instance decision. The court decided that collective interest of consumers have been breached by the defendant banks that contracted unfair provision in their loan agreements by linking the currency of the obligation to the exchange rate of the CHF.

In the course of the aforementioned pending Collective Case, EBC was forced to offer a statutory conversion in 2015, allowing clients to convert their CHF denominated loans to EUR denominated loans based on respective conversion agreements. A certain number of CHF denominated loans concluded between 2004 and 2008 are subject of individual court proceedings initiated by clients arguing to be entitled to restitution on the account of partial nullity of their initial loan agreement although the conversion was conducted. A final legal standing on the issue of restitution claims for converted loans is currently under consideration on the level of the Supreme Court. Due to the uncertainty on the final legal standing and the continuous non-uniform judicial practice of courts in Croatia in regard to converted loans, respective provisions for individual cases were adjusted accordingly.

Further information on disclosed disputes are not being provided following IAS 37.92, in order to protect the position of the Group in pending court cases.

46. Contingent liabilities

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognized in the Statement of Financial Position, they do involve credit risk and are therefore part of the overall risk of the Group and the Bank (see Note 28 Credit risk review and monitoring and Note 32 Development of Credit loss allowances).

The Group is involved in legal disputes, most of which have arisen in the course of ordinary banking business. These proceedings are not expected to have a significant negative impact on the financial position or profitability of the Group.

Any possible financial impacts of these proceedings are not disclosed, as neither the duration nor the outcome can be reliably estimated and to avoid influencing the outcome of the various proceedings.

Capital instruments, equity and reserves

47. Total equity

SHARE CAPITAL

As at 31 December 2025 and 2024 the share capital of the Bank comprises of 16,984,175 ordinary shares. Nominal value of shares as at 31 December 2025 and 2024 amounted EUR 14. All the ordinary shares are ranked equally and bear one vote.

CAPITAL RESERVES AND SHARE PREMIUM

The Bank's distributable and non-distributable reserves are determined by regulations of the CNB. As at 31 December 2025 and 2024 the legal reserves of the Bank disclose non-distributable reserves of EUR 11 million.

Share premium as at 31 December 2024 and 2025 amounted to EUR 227 million.

ADDITIONAL EQUITY INSTRUMENTS

In addition, the Bank issued additional tier 1 capital (AT1 bonds). AT1 bonds are unsecured and subordinated bonds. AT1 bonds are perpetual and can be cancelled only by the Bank as the issuer at predetermined dates. The bonds include discretionary non-cumulative coupon payments. Due to these features, they are classified as equity under IFRS.

AT1 bond issued

Nominal value	Currency	Issue	Initial fixed rate	Reset rate after the first call date	Coupon payments	First and subsequent call dates
150 million	EUR	February 2025	6.29%	5Y swap + 4.02%	Annually on 26th May	26.5.2030 + coupon dates thereafter

If common equity tier 1 ratio of the Bank or its Group falls below 5.125% (i.e. a trigger event occurs) the principal amount will be written down (fully or partially) on a temporary basis. The Bank may, at its sole discretion, write up the amount (fully or partially) in any subsequent financial year provided that both the Bank and its Group have recorded a positive profit and the trigger event no longer exists.

In 2025, the Bank issued AT1 bond in the amount of EUR 150 million, which fulfils the conditions for allocation into Additional Tier 1 capital.

DIVIDENDS

The dividends for 2025 are subject to approval by shareholders at Annual General Assembly which has not been held as of the date when these consolidated financial statements were authorized for issue.

The dividend for the year 2024 was distributed to shareholders in the following amount:

- from 2024 net profit in the amount of EUR 120 million, which represented the dividend of EUR 7.10 per share
- from retained earnings in the amount of EUR 250 million which represented the dividend of EUR 14.72 per share

The Management Board of Erste Bank will propose the 2025 dividend of EUR 8.23 per share to the 2026 Annual General Meeting.

Scope of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (subsidiaries) together with the Group's share in associates.

Addition to Group 2025

On January 28, 2025 Bank's Management Board adopted a decision on establishment of the Company KEKS Pay d.o.o. Bank's Supervisory Board gave its consent to the said decision of the Management Board on February 8, 2025. The company was registered with the Court Register on March 19, 2025.

The Bank established the company with a share capital in the amount of EUR 3 thousand. The share capital was paid in cash by the Bank. The KEKS Pay application constituted an intangible asset of the Bank which, following the incorporation of the company, was contributed to KEKS Pay d.o.o. as a contribution to the company's capital reserves, thereby increasing the Bank's ownership interest in the company.

In addition, the capital reserves of KEKS Pay d.o.o. were increased by a cash contribution made by the Bank in the amount of EUR 5 million.

Mergers in 2024

In 2024, Erste Bank has merged subsidiary Erste Group IT HR d.o.o. and the Issuing business which was carved out from Erste Card Club d.o.o.

The mentioned transactions are business combinations under common control. A business combination involving entities or businesses under common control is a business combination in which the entities are under the common control of the same entity or entities, before and after the business combination, and this control is not transferable. Since IFRS 3 does not apply to business combinations of entities under common control, the Bank's accounting policy is to calculate such transactions using the predecessor method. There is no transfer of consideration for these mergers as Erste Bank holds 100% of the shares in the subsidiaries.

Under the predecessor method, the assets and liabilities of the acquired entity are recognized at their book value. The difference between the book value of the investment in the subsidiary (recognized at cost before the merger in the separate financial statements of the acquiring entity) and the book value of the net assets of the acquired entity is presented in equity (retained earnings).

Merger of Erste Group IT HR d.o.o.

Merger of Erste Group IT HR d.o.o. with total asset of EUR 4.3 million was realized on 2nd January 2024, in accordance with a Decision of Commercial Court in Rijeka as of January 2, 2024. The Bank is a legal successor of the company.

in EUR million	2 January 2024
Cash and cash balances	1
Property and equipment	1
Intangible assets	1
Other assets	1
Deposits	(1)
Other liabilities	(1)
Elimination of carrying amount of the investments in subsidiary	(1)
Difference recognised in Equity, incl.:	1

Merger of Erste Card Club d.o.o.

Erste Card Club d.o.o. ("ECC") operates through two main business streams:

- merchant acquiring business - is the business of establishing and maintaining relations and arrangements with merchants to permit the use of cards for purchasing goods and services at merchant's and bank's point of sale or ATM, respectively. Merchant acquiring business includes providing payment service of acceptance of payment transactions and cash withdrawal transactions at the ATMs („Acquiring business”) and
- card issuing and other business is the business of issuing cards to card members and servicing the use of such cards, and the provision of other related services to card members. Card issuing and other business includes providing following payment services:
 - execution of payment transactions where the funds are covered by a credit line for a payment service user:
 - execution of payment transactions through a payment card or a similar device and issuing of payment instruments („Issuing business”).

Notes to the financial statements

On October 1, 2024 the Issuing business was carved out from ECC and transferred to Bank (the transaction referred as “demerger”). In accordance with the Bank’s Accounting policy, this transaction was accounted for by applying book value accounting as by its nature it belongs to business combinations under common control not covered by IFRS 3. Statement of financial position of demerger was prepared based on principles confirmed by the external auditor.

Upon registration of the demerger with the Commercial Court Register, the assets, obligations and legal relations of the demerged business are transferred into Bank.

The transaction had an impact on the book value of the Bank’s investment in Erste Card Club d.o.o. As a result of distinguishment of those main business streams, the book value of investment in subsidiary (as of December 31, 2023 EUR 65 million) was allocated as follows: Card issuing and other business EUR 4.4 million and Merchant acquiring business EUR 60.1 million. On December 31, 2024 the book value of the investment represents Merchant acquiring business only.

As a result of the business combination and new business stream merged, the Bank expanded the variety of products which it offers to private and corporate clients on wide selection of Diners, Visa and MasterCard charge and credit cards. Issuing business ensured an increase in the number of clients and enabled existing ones more. The Bank became the only bank in Croatia with Diners Club International issuing franchise. With Diners credit card, the Bank’s offer is enriched with the possibility of instalment payments with the largest number of terms - up to 36 instalments without interest and fees on credit card side as well (along with the already existing “Erste rate” product on debit card side).

Effects of merger recognized at the merger date:

in EUR million	1 October 2024
Cash balances at central banks	34
Loans and advances to customers	166
Property and equipment	4
Investment property	1
Tax assets	5
Trade and other receivables	65
Other financial liabilities	(86)
Provisions	(3)
Other liabilities	(8)
Elimination of carrying amount of the investments in subsidiary	(4)
Difference recognised in Equity, incl.: Retained earnings	174

48. Investment in subsidiaries

Subsidiaries are entities over which the Group has control.

All entities directly or indirectly controlled by the Group are consolidated in the Group financial statements on the basis of their annual accounts as of 31 December 2025, and for the year then ended.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and the consolidated statement of other comprehensive income from the date of acquisition or up to the date of disposal.

In the Bank’s separate financial statements, investments in subsidiaries are accounted at cost less impairment, if any.

The financial statements of the Bank’s subsidiaries are prepared for the same reporting year as that of the Group and using consistent accounting policies. Non-controlling interests represent the portion of total comprehensive income and net assets of subsidiaries that is not attributable, directly or indirectly, to the owners of the Bank.

Non-controlling interest is presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position.

Notes to the financial statements

MATERIAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

CONTROL

Assessing the existence of control may require considerable accounting judgements, assumptions and estimates, notably in non-standard situations such as:

- power stemming both from voting rights and from contractual arrangements (or mostly from the latter);
- exposure to variable returns from the involvement with the investee stemming from on-balance investments and from off-balance commitments or guarantees (or mostly from the latter); or
- from readily identifiable income streams (e.g. dividends, interest, fees) and from cost savings, economies of scale and/or operational synergies (or mostly from the latter).

The Group has considered the local legislation and the Incorporation Act of the Company and concluded that in accordance with the Incorporation Act the Bank controls the Company. According to the Incorporation Act of the Company the decisions at the shareholders level, requiring unanimous decision-making, are of a protective nature. The decisions over relevant activities are taken by the simple majority of the Supervisory Board members of the Company, where the Bank has the right to appoint the majority of the members, and therefore controls the Company.

Furthermore, the Bank has the ability to use its power over the Company to affect the amount of the investor's returns. The Bank has established frame within which can keep track of The Company's portfolio movement as well as their entire business operations. Close collaboration has been established between sales business lines as well as constant coordination of risk management organisational parts, respectively strategic risk management of the Company has been implemented and strategic management of the entire Company's relevant business aspects.

Following the acquisition of the additional stake in Erste Leasing d.o.o. (the Company) in 2014, the Bank has ownership interest of 50% in the Company. The other 50% interest is held by Steiermarkische Bank und Sparkassen AG, Austria. The Group consolidates the Company based on the assessment of control over its relevant activities as defined by IFRS 10 Consolidated Financial Statements.

INVESTMENT IN SUBSIDIARIES

Subsidiaries	Main business activity	Ownership % held		Group's share of net assets		Investment at cost less impairment	
		2024	2025	2024	2025	2024	2025
in EUR million							
Erste Nekretnine d.o.o.	Real estate business	100%	100%	1	1	–	–
Erste Card Club d.o.o.	Financial intermediation and services	100%	100%	10	11	60	60
Izbor Nekretnina d.o.o.	Real estate management and lease	100%	100%	1	1	–	–
Erste Bank AD, Podgorica	Credit institution	100%	100%	145	158	13	13
Erste&Steiermarkische S-leasing d.o.o.	Leasing company	50%	50%	34	38	12	12
KEKS pay d.o.o.	Non-financial corporations	–	100%	–	9	–	10
Direct control				191	218	85	95
Total subsidiaries:				191	218	85	95

The following subsidiary has non material Non-Controlling Interest (NCI):

- Erste & Steiermarkische S-leasing d.o.o. (50%)

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which the banking subsidiaries operate. The supervisory frameworks require banking subsidiaries to keep certain levels of regulatory capital and liquid assets, limit their exposure to other parts of the Group and comply with other ratios.

49. Investments in associates

The Group's share of the associate's result is recognised in the consolidated statement of profit or loss in line item 'Net result from equity method investments'. The line item contains result from associates recorded by applying the equity method (measured as investor's share of profit or loss in the associates).

However, impairment losses, reversal of impairment losses and realised gains and losses on investments in associates accounted for using the equity method are reported under the line item 'Other operating result'.

INVESTMENT IN ASSOCIATES

Associates	Erste d.o.o.	
Country of Incorporation	Croatia	
Place of business	Croatia	
Main business activity in EUR million	Management company for obligatory and voluntary pension fund	
	2024.	2025.
Ownership % held	45.86%	45.86%
IFRS Classification	Associate	Associate
Reporting currency	EUR	EUR
Dividend income received	1	1
Investee's key financial information for the reporting year (as at reporting-year-end)		
Financial assets	18	20
Other assets	3	4
Financial liabilities	–	1
Other liabilities	3	2
Revenue	12	13
Expense	(9)	(10)
Investment at cost	5	5
Reconciliation of investee's net assets against equity investment's carrying amount	5	6
Net assets attributable to the Group	10	11

Other disclosure matters

50. Related-party transactions

When considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Transactions with related parties are done at arm's length. Therefore, the applicable interest rates and other terms (maturity dates and collateral) represent market conditions.

The parent company (which is also the ultimate controlling parent entity of the entire group) is Erste Group Bank AG, Vienna (EGB). Entity with significant influence on the Group is Steiermärkische Bank und Sparkassen AG.

The 'Key management personnel' includes Management Board and Supervisory Board while 'Other' includes close family members of key management personnel.

As at 31 December 2025 and 31 December 2024, balances outstanding with related parties comprised:

ASSET						GROUP
	Loans, receivables and other demand deposits	Derivatives	Other	Loans, receivables and other demand deposits	Derivatives	Other
in EUR million	2024			2025		
Key management personnel	6	–	–	6	–	–
Parent company	92	15	–	339	13	–
Other EGB companies	1	–	–	1	–	–
Total assets	99	15	–	346	13	–

LIABILITIES						GROUP
	Deposits	Derivatives	Other	Deposits	Derivatives	Other
in EUR million	2024			2025		
Entity with significant influence on the Group	435	–	–	449	–	–
Key management personnel	5	–	–	8	–	–
Parent company	234	4	–	270	1	–
Other EGB companies	26	–	–	24	–	–
Associates	2	–	–	–	–	–
Total liabilities	702	4	–	751	1	–

ASSET						BANK
	Loans, receivables and other demand deposits	Derivatives	Other	Loans, receivables and other demand deposits	Derivatives	Other
in EUR million	2024			2025		
Key management personnel	6	–	–	5	–	–
Parent company	10	15	–	300	13	–
Other EGB companies	1	–	–	–	–	–
Subsidiaries	43	–	1	53	–	–
Total assets	60	15	1	358	13	–

Notes to the financial statements

LIABILITIES	BANK					
	Deposits	Derivatives	Other	Deposits	Derivatives	Other
in EUR million	2024			2025		
Key management personnel	5	–	–	8	–	–
Parent company	170	4	–	176	1	–
Other EGB companies	26	–	–	24	–	–
Subsidiaries	107	–	–	88	–	–
Associates	2	–	–	2	–	–
Total liabilities	310	4	–	298	1	–

STATEMENT OF PROFIT OR LOSS	GROUP		BANK	
in EUR million	2024	2025	2024	2025
Interest income	26	23	26	24
Parent company	26	23	25	22
Subsidiaries	–	–	1	2
Fee income	3	4	23	26
Parent company	1	1	–	1
Other EGB companies	2	2	2	2
Subsidiaries	–	–	21	22
Associates	–	1	–	1
Gains and losses from net trading result	1	–	1	–
Parent company	1	–	1	–
Other operating income	2	2	6	4
Parent company	1	1	1	1
Subsidiaries	–	–	4	2
Other EGB companies	1	1	1	1
Total income	32	29	56	54

STATEMENT OF PROFIT OR LOSS	GROUP		BANK	
in EUR million	2024	2025	2024	2025
Interest expense	45	43	29	25
Entity with significant influence on the Group	21	17	4	–
Parent company	24	26	24	25
Subsidiaries	–	–	1	–
Fee expense	6	6	7	6
Parent company	1	1	1	1
Other EGB companies	5	5	4	4
Subsidiaries	–	–	2	1
Other administrative expenses	18	20	16	18
Parent company	2	2	2	2
Other EGB companies	16	18	14	16
Total expenses	69	69	52	49

Significant related party transactions are related to financial services and IT activities.

Notes to the financial statements

OFF BALANCE ITEMS in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Guarantees issued	26	22	61	55
Parent company	11	7	11	6
Other EGB companies	15	15	15	15
Subsidiaries	–	–	35	34
Undrawn credit and loan commitments	1	1	43	63
Key management personnel	1	1	1	1
Subsidiaries	–	–	42	62
Total commitments and contingent liabilities	27	23	104	118

The Bank and the Group perform transactions related to short-term and long-term financing. Short-term financing means short-term loans, short-term and demand deposits, repurchase agreements, derivatives. The main feature of these deals is that they are contracted on regulated markets. The deals concluded through such platforms are contracted according to the conditions quoted there at the time of contracting the deals. This means that interests are determined according to current market conditions, regardless of whether the transaction is closed with a related or unrelated company.

As of 31 December 2025, the Group and the Bank had cash deposit in the amount of EUR 13 million as collateral within Amounts due to banks from the parent company (2024: EUR 12 million) using ESTER interest rate (Euro short-term rate).

The amounts reported on position Other EGB companies are related to Other demand deposits.

Terms and conditions related to the long-term financing are disclosed in the Note 16.

Borrowings from parent company as of 31 December 2025, were EUR 106 million for the Group (2024: EUR 222 million) and EUR 12 million for the Bank (2024: EUR 158 million) which is included in column 'Deposits'.

The remuneration of key management personnel was as follows:

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Management Board				
Wages and salaries	4	4	2	2
Bonuses	3	2	2	1
Total remuneration	7	6	4	3

51. Share-based payments

PHANTOM SHARES PROGRAM

On a yearly basis, however subject to a separate annual approval process each year, the Group grants a bonus to selected employees (variable remuneration component) for services rendered during the year (performance year). The payment is only made if the regulatory requirements in respect of financial result and capital requirements (RAS indicators) are met, both for Erste Group Bank AG and the Group. If the individual bonus exceeds a certain limit, the final payment amount of at least 50% of the individual bonus determined at the end of the performance year depends on the development of the average, volume-weighted daily price of Erste Group Bank AG shares in subsequent years ("Phantom Share Program").

The corresponding portion of the individual bonus is converted into share equivalents (phantom shares) using the average, volume-weighted, daily share price of Erste Group Bank AG during the performance year. The share equivalents are divided into several tranches, which differ based on the development of the Erste Group Bank AG share price during the vesting period. At the end of the respective vesting period, the amount that will be paid out in the following year is determined from the corresponding number of share equivalents and the average price. The vesting period corresponds to the performance year. Part of the bonus converted into share equivalents (phantom shares) is paid out in a year following the vesting period, while the remaining part is paid out in equal tranches over the next five years (retention period).

The Phantom Share Program meets the criteria for share-based payment with cash settlement in accordance with IFRS 2.

Since the Group receives the entire work service in the respective performance year, the estimated amount of the variable remuneration for stock equivalents is recognized as a liability at fair value. The final determination of the calculated and allocated share equivalents takes place in the following year. The liability for share equivalents, that have not yet been paid out, is continuously measured at fair value, up to the cap limit, until it is paid out. Changes in fair value up to the final allocation in subsequent years are recognized in profit or loss. To determine the fair value, the number of share equivalents not yet paid out on the balance sheet date, is multiplied by the estimated average price of Erste Group Bank AG share for the respective year of payment. The estimated average share prices for the respective payment year are determined using an Option pricing model (Black-Scholes model). The main parameters are the share price of the Erste Group Bank AG share on the balance sheet date and the expected dividend payments up to the date of payment. As of 31 December 2025, the valuation of the liability is based on the average weighted daily share price of Erste Group Bank AG of the year 2025 in the amount of EUR 79.7 (2024: EUR 45.75) per share.

It is expected that 17,061 share equivalents with a fair value of EUR 1 million will be granted to eligible employees for the Group and 11,522 share equivalents with a fair value of EUR 1 million will be granted to eligible employees for the Bank (2024: 47,752 share equivalents with a fair value of EUR 3 million for the Group and 38,974 share equivalents with a fair value of 2 million for the Bank).

The total expense recorded for the Phantom Share Program in the reporting period amounts to EUR 3 million for the Group and for the Bank (2024: EUR 3 million for the Group and for the Bank), the book value of the liability as of the balance sheet date is EUR 8 million for the Group and EUR 7 million for the Bank (2024: EUR 8 million for the Group and EUR 7 million for the Bank).

WE SHARE PROGRAM

The WeShareParticipation program and WeShare-Investment Plus program are cash-settled share-based payment transactions based on the fact that the payment is settled by the Group using Erste Group Bank AG equity instruments, not own shares. Both programs are offered to employees of the Group provided that the specific requirements are met.

Under the WeShare-Investment Plus part program all employees, who had been employed by an entity of the Group, from May until June 2025 could voluntarily invest in Erste Group shares and receive free shares depending on the amount of their personal investment. The WeShare-Investment Plus program was settled in June 2025. The number of free shares, which were granted under this program for the period, is 11,824 for the Group and 10,165 for the Bank (2024: 18,219 for the Group and 15,363 for the Bank). Personnel expenses in the amount of EUR 800 thousand for the Group and EUR 700 thousand for the Bank were recorded (2024: EUR 814 thousand for the Group and EUR 687 thousand for the Bank).

Notes to the financial statements

Under the WeShare-Participation program all employees, who have been employed by an entity of the Group for at least six months in year 2025 and are still employed until the transfer of the shares to the employees in 2026 are entitled to receive shares in an equivalent amount of EUR 350. The expected number of free shares granted under this program for the period, is 17,019 for the Group and for 14,729 for the Bank (2024: 26,212 for the Group and 20,618 for the Bank). Based on the number of entitled employees, personnel expenses in the amount of EUR 800 thousand for the Group and for the Bank (2024: EUR 1 million for the Group and for the Bank) were recorded. In the statement of financial position, liability is presented in the line item, Other liabilities'.

52. Audit fees and tax consultancy fees

The following table contains fundamental audit fees by the auditors in the financial years 2025 and 2024:

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Audit fees	1	1	1	1
Total	1	1	1	1

In the period from January 1, 2025 to December 31, 2025 the auditors provided two permissible non-audit services to the Bank. They are consultant services for annual update of the documentation related to Multi Issuer Program and Retail program. Total fee for provided non-audit services is not material.

There were no non-audit services in the period from January 1, 2024 to December 31, 2024.

53. Assets held for sale and liabilities associated with assets held for sale

Non-current assets are classified as held for sale if they can be sold in their present condition and the sale is highly probable within 12 months from the date of classification as held for sale. If assets are to be sold as part of a group that may also contain liabilities (e.g. a subsidiary), they are referred to as a disposal group held for sale.

Assets classified as held for sale and assets belonging to the disposal group held for sale are reported under the balance sheet line item 'Assets held for sale'. Liabilities belonging to the disposal group held for sale are presented on the balance sheet under the line item 'Liabilities associated with assets held for sale'.

Non-current assets and disposal groups that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. The carrying amount of assets and liabilities that are not within the scope of the measurement requirements of IFRS 5 are measured in accordance with the applicable IFRSs before the fair value of less costs to sell of the disposal group is measured. Accordingly, financial assets and financial liabilities included in the disposal group are measured at amortised cost in accordance with IFRS 9.

Property, plant and intangible assets are not depreciated or amortised once classified as held for sale. Assets held for sale related to property are measured at fair value on non-recurring basis when their carrying amount is impaired down to fair value less costs to sell. The fair values are determined by experts with recognised and relevant professional qualification.

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Assets held for sale	10	17	60	60
Liabilities associated with assets held for sale	86	78	-	-

As of the end of 2025, line item 'Assets held for sale' includes disposal group (Erste Card Club d.o.o.) in the amount of EUR 17 million (2024:10 million EUR).

Notes to the financial statements

Disposal group held for sale (Erste Card Club d.o.o.)

Due to strategic guidelines of the Bank the activities regarding the sale of its fully owned subsidiary – Erste Card Club d.o.o. were initiated.

Having met the qualifying criteria of IFRS 5, Erste Card Club d.o.o. is presented in Group consolidated financial statements for the financial year ending 31 December 2024 and 31 December 2025 as a disposal group held for sale and reported under the balance sheet line items 'Assets held for sale' and 'Liabilities associated with assets held for sale'. In accordance with the presentation requirements of IFRS 5, the assets and liabilities of Erste Card Club d.o.o. are neither reclassified nor represented in the statements of financial position of prior years.

As Erste Card Club d.o.o. does not fulfil any of the criteria stipulated in IFRS 5.32, it is not classified as 'discontinued operation'. The entity was sold on January 2nd, 2026 to Global Payments d.o.o.

The disposal group is disclosed in segment reporting as ALM&LLC.

The carrying amounts of major classes of assets and liabilities of Erste Card Club d.o.o. as of 31 December 2024 and 31 December 2025 are as follows:

in EUR million	31. December 2024	31. December 2025
Assets		
Cash and cash balances	84	69
Financial assets at amortised cost	–	9
Property and equipment	3	3
Intangible assets	1	–
Tax assets	1	1
Trade and other receivables	12	12
Total assets	101	94
Liabilities		
Financial liabilities measured at amortised cost	89	81
Finance lease liabilities	1	1
Other liabilities	1	1
Total liabilities	91	83

54. Analysis of remaining maturities

Expected cash flows are broken down by contractual maturities in accordance with the amortization schedule and arranged in maturity ranges less than 1 year and more than 1 year. The following table shows the contractual maturities as of 31 December 2025 and 31 December 2024.

in EUR million	GROUP			
	31. December 2024		31. December 2025	
	< 1 year	> 1 year	< 1 year	> 1 year
Cash and cash balances	3,380	–	3,062	–
Financial assets HFT	4	15	6	13
Derivatives	4	15	1	13
Other financial assets held for trading	–	–	5	–
Non-trading financial assets at FVPL	–	9	–	10
Equity instruments	–	4	–	5
Debt securities	–	5	–	5
Financial assets at FVOCI	237	768	302	933
Equity instruments	–	1	–	1
Debt securities	237	767	302	932
Financial assets at AC	2,563	8,522	2,654	9,561
Debt securities	290	1,812	165	2,033
Loans and advances to banks	56	23	322	22
Loans and advances to customers	2,217	6,687	2,167	7,506
Finance lease receivables	171	397	181	417
Trade and other receivables	179	–	202	2
Property and equipment	–	170	–	183
Investment properties	–	2	–	2
Intangible assets	–	17	–	25
Investments in associates	–	10	–	11
Current tax assets	7	–	–	–
Deferred tax assets	–	17	–	15
Assets held for sale	10	–	17	–
Other assets	17	12	23	8
Total Assets	6,568	9,939	6,447	11,180
Financial liabilities HFT	4	14	1	11
Derivatives	4	14	1	11
Financial liabilities at AC	12,149	2,181	13,453	1,978
Deposits from banks	285	511	302	556
Deposits from customers	11,837	716	12,988	605
Debt securities issued	–	954	138	817
Other financial liabilities	27	–	25	–
Lease liabilities	1	13	3	13
Provisions	77	10	76	12
Current tax liabilities	4	–	18	–
Deferred tax liabilities	–	–	–	1
Liabilities associated with assets held for sale	86	–	78	–
Other liabilities	110	31	108	8
Total Liabilities	12,431	2,249	13,737	2,023

54. Analysis of remaining maturities (Continued)

	BANK			
	31. December 2024		31. December 2025	
in EUR million	< 1 year	> 1 year	< 1 year	> 1 year
Cash and cash balances	3,211	–	2,905	–
Financial assets HFT	4	15	6	13
Derivatives	4	15	1	13
Other financial assets held for trading	–	–	5	–
Non-trading financial assets at FVPL	–	9	–	10
Equity instruments	–	4	–	5
Debt securities	–	5	–	5
Financial assets at FVOCI	208	721	263	870
Equity instruments	–	1	–	1
Debt securities	208	720	263	869
Financial assets at AC	2,376	8,114	2,403	9,085
Debt securities	290	1,765	120	1,963
Loans and advances to banks	30	22	304	22
Loans and advances to customers	2,056	6,327	1,979	7,100
Finance lease receivables	–	–	–	–
Trade and other receivables	179	–	203	–
Property and equipment	–	129	–	141
Investment properties	–	1	–	1
Intangible assets	–	13	–	15
Investments in subsidiaries	–	25	–	35
Investments in associates	–	5	–	5
Current tax assets	7	–	–	–
Deferred tax assets	–	16	–	13
Assets held for sale	60	–	60	–
Other assets	8	12	10	8
Total Assets	6,053	9,060	5,850	10,196
Financial liabilities HFT	4	14	1	11
Derivatives	4	14	1	11
Financial liabilities at AC	11,426	1,774	12,595	1,531
Deposits from banks	88	183	105	174
Deposits from customers	11,306	637	12,321	540
Debt securities issued	–	954	138	817
Other financial liabilities	32	–	31	–
Lease liabilities	3	12	2	13
Provisions	76	9	75	11
Current tax liabilities	–	–	15	–
Deferred tax liabilities	–	–	–	–
Other liabilities	84	31	88	8
Total Liabilities	11,593	1,840	12,776	1,574

55. Events after the balance sheet date

Sale of Erste Card Club d.o.o.

Erste Card Club d.o.o. was sold on January 2, 2026 for a total consideration of EUR 101.4 million . The entity had already been classified as held for sale as of 31 December 2025.

Impact of the Israeli-American attack on Iran

The Israeli-American attack on Iran, which began on 28 February 2026, represents a significant geopolitical escalation and, given the early stage of developments and the high level of uncertainty, the Bank and the Group are currently unable to reliably assess its potential impact on their financial position, financial performance, and cash flows in future periods.

56. Country by country reporting

Country	Operating income	Pre-tax result from continuing operations	Taxes on income	Employees
2025				GROUP
Croatia	569	287	(51)	2,804
Montenegro	45	20	(3)	373
Total	614	307	(54)	3,177

Country	Operating income	Pre-tax result from continuing operations	Taxes on income	Employees
2024				GROUP
Croatia	550	291	(58)	2,875
Montenegro	43	20	(3)	373
Total	593	311	(61)	3,248

Own funds and and capital requirements

57. Own funds and capital requirements

Regulatory Requirements

Since 1 January 2014, the Group has been calculating the regulatory own funds and the regulatory capital requirements according to the Capital Requirements Regulation (CRR, Regulation (EU) No. 575/2013) and the Capital Requirement Directive (CRD IV, Directive (EU) 2013/36/EU)⁵. Both the CRD IV and CRD V were enacted in national law in Croatian Credit Institutions Act (ZOKI), as well as within various technical standards issued by the European Banking Authority (EBA).

All requirements as defined in the CRR, ZOKI and the aforementioned technical standards are fully applied by the Group for regulatory purposes and for the disclosure of regulatory information.

Furthermore, the Group also fulfils capital requirements determined in the Supervisory Review and Evaluation Process (SREP).

Accounting Principles

The financial and regulatory figures published by the Group are based on International Financial Reporting Standards as adopted by the European Union („IFRS”). Eligible capital components derived from the Statement of financial position and Statement of profit or loss which were prepared in accordance with IFRS. Adjustments to the accounting figures are considered due to the different definitions in the scope of consolidation and for items where the regulatory treatment is not equal to the accounting requirements.

The uniform closing date of the consolidated financial statements and consolidated regulatory figures of the Group is the 31 December of each respective year.

Regulatory scope of consolidation

The regulatory scope of consolidation is used as a synonym for the scope of consolidation that follows the regulatory requirements for consolidation as defined by the CRR and Croatian Credit Institutions Act (ZOKI) which introduces the requirements of the CRD IV into national law.

The definition of entities to be consolidated for regulatory purposes are mainly defined in Articles 4 (1) (3) and (16) to (27) CRR in line with the Articles 18 and 19 CRR. Based on the relevant sections in Article 4 CRR, entities to be consolidated are determined based on the business activity of the relevant entities.

Moreover, Art. 18 (7) CRR applies: Where an institution has a subsidiary which is an undertaking other than an institution, a financial institution or an ancillary service undertaking or holds a participation in such an undertaking, it shall apply to that subsidiary or participation the equity method. That method shall not, however, constitute inclusion of the undertakings concerned in supervision on a consolidated basis.

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.

⁵ Both CRD IV and CRR have been amended since the entry into force in 2014 inter alia with directive (EU) 2019/878 (CRD V), Directive (EU) 2024/1619 (CRD VI; implemented into Croatian law in March, 2026), as well as regulations (EU) 2019/876 (CRR 2), (EU) 2020/873 (CRR Quick Fix) and regulation (EU) 2024/1623 (CRR3) which came into force on January 1 2025 and includes phased implementation deadlines, e.g., concerning the output floor.”

Own funds

The Bank and Group maintain an actively managed capital base to cover risks in the business. The total capital adequacy ratio for the Bank is 24.6% and the Group is 22.7%, which is an increase of 0.10 percentage points on an individual basis and on a consolidated basis compared to 2024.

Own funds according to CRR consists of Common equity Tier 1 (CET1), Additional Tier 1 capital (AT1) and Tier 2 capital (T2). According to article 92 CRR credit institutions are required to fulfil following requirements; CET 1 capital ratio in amount of 4.5%, Tier 1 capital ratio in amount of 6% and total capital ratio in amount of 8%.

Capital buffer requirements are set out in section VII of the Credit institutions Act (ZOKI). Capital conservation buffer, countercyclical buffer, Globally Systemic Important Institutions buffer, Other Systemic Important Institutions and Systemic risk buffer are further specified in Credit Institutions Act section VII. All capital buffers have to be met entirely with CET1 capital. The sum of all CRD buffers applicable to a Bank is defined as the 'Combined Buffer Requirement' (CBR).

Article 117 of ZOKI requires that the Group and the Bank cover capital conservation buffer in amount of 2.5%. Besides capital conservation buffer, the Group and the Bank have to establish systemic risk buffer in amount 1.5% in accordance with articles 129, 130, 131 and Other Systemic Important Institution (O-SII) buffer in the amount of 2% in accordance with articles 137, 138 and 139 of ZOKI.

According to Article 119 of ZOKI, the Croatian National Bank has determined the level of the countercyclical capital buffer rate to preserve the resilience of the banking system against potential systemic risks or sudden shocks. On December 31, 2025, the rate was set at 1.5%.

In addition to minimum capital ratios and capital buffer requirements, institutions also have to fulfil capital requirements determined in the Supervisory Review and Evaluation Process (SREP). As set forth in the 2023 SREP Decision the Bank continues to apply a Pillar 2 Requirement (P2R) of 1.75%.

The Pillar 2 Guidance (P2G) for the Bank, determined at the sub-consolidated and individual levels, remains unchanged at 1%.

Overview of capital requirements and capital buffers

	Dec 24	Dec 25
Pillar 1		
Minimum CET 1 requirement	4.50%	4.50%
Minimum Tier 1 requirement	6.00%	6.00%
Minimum Own Funds requirement	8.00%	8.00%
Combined buffer requirement (CBR)	7.40%	7.42%
Capital conservation buffer	2.50%	2.50%
Countercyclical capital buffer	1.40%	1.42%
Systemic risk buffer	1.50%	1.50%
O-SII capital buffer	2.00%	2.00%
Minimum CET 1 requirement (incl.CBR)	11.90%	11.92%
Minimum Tier 1 requirement (incl.CBR)	13.40%	13.42%
Minimum Own Funds requirement (incl.CBR)	15.40%	15.42%
Pillar 2	1.75%	1.75%
Minimum CET1 requirement	0.98%	0.98%
Minimum T1 requirement	1.31%	1.31%
Minimum Own Funds requirement	1.75%	1.75%
Total CET 1 requirement for Pillar 1 and Pillar 2	12.88%	12.90%
Total Tier 1 requirement for Pillar 1 and Pillar 2	14.71%	14.73%
Total Capital requirement for Pillar 1 and Pillar 2	17.15%	17.17%

Capital structure according to the EU regulation 575/2013 (CRR)

in EUR million	GROUP		BANK	
	2024	2025	2024	2025
Common equity tier 1 capital (CET1)				
Capital instruments eligible as CET1	464	464	464	464
Retained earnings	1,211	1,062	1,100	930
Accumulated other comprehensive income	(19)	(9)	(19)	(9)
Other reserves	12	12	12	12
Common equity tier 1 capital (CET1) before regulatory adjustments	1,668	1,529	1,557	1,397
Own CET1 instruments	-	-	-	-
Prudential filter: fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	(1)	(1)	(1)	(1)
Value adjustments due to the requirements for prudent valuation	(3)	(2)	(3)	(2)
Goodwill	-	-	-	-
Other intangible assets	(10)	(15)	(7)	(11)
DTA that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	-	-	-
IRB shortfall of credit risk adjustments to expected losses	-	-	-	-
Insufficient coverage for non-performing exposures	(6)	(4)	(5)	(3)
CET1 capital elements or deductions – other	-	(3)	-	(3)
Additional deductions of CET1 Capital due to Article 3 CRR	(9)	(3)	(9)	(3)
Common equity tier 1 capital (CET1)	1,639	1,501	1,532	1,374
Additional tier 1 capital (AT1)				
Capital instruments eligible as AT1	-	150	-	150
Additional tier 1 capital (AT1)	-	150	-	150
Tier 1 capital (T1) = CET1 + AT1	1,639	1,651	1,532	1,524
Tier 2 capital (T2)				
Capital instruments and subordinated loans eligible as T2	150	150	150	150
IRB excess of provisions over expected losses eligible	33	31	34	32
Tier 2 capital (T2)	183	181	184	182
Total own funds	1,822	1,832	1,716	1,706
Capital requirement	644	645	561	555
CET1 capital ratio	20.4%	18.6%	21.8%	19.8%
Tier 1 capital ratio	20.4%	20.5%	21.8%	22.0%
Total capital ratio	22.6%	22.7%	24.5%	24.6%

The Bank and the Group fulfilled all of the capital requirements in 2024 and 2025. In accordance with Art. 26 (2) of the CRR the item retained earnings includes the eligible profits of EUR 101.3 million (the Bank EUR 80.7 million) approved by the European Central Bank by decision of 5 February 2026.

The position "CET1 elements or deduction – Others" contains exposures to CIU (Collective Investment Undertakings) with a risk weight of 1,250%.

At Group level, Tier 1 Capital increased by EUR 12 million in 2025, while at the Bank level Tier 1 Capital decreased by EUR 8 million compared to 2024. The Bank's Tier 1 Capital decrease reflects a EUR 158 million reduction in CET1, partly offset by the recognition of a new Additional Tier 1 (AT1) instrument issued in February 2025 in the aggregate principal amount of EUR 150 million. No AT1 instruments were outstanding in the prior year. The main features of the AT1 instruments are disclosed in Note 47, under "Capital instruments, equity and reserves".

Positions, which are not relevant for the Group are not disclosed.

Risk structure according to EU regulation 575/2013 (CRR)

GROUP in EUR million	2024		2025	
	Total risk	Capital requirement	Total risk	Capital requirement
Total risk exposure amount	8,048	644	8,068	645
Risk-weighted assets (credit risk)	7,105	569	7,182	575
Standardised approach	1,657	133	1,882	151
IRB approach	5,448	436	5,300	424
Trading book, foreign FX risk and commodity risk	4	–	3	–
Operational risk	936	75	879	70
Exposure for CVA	3	–	4	–

BANK in EUR million	2024		2025	
	Total risk	Capital requirement	Total risk	Capital requirement
Total risk exposure amount	7,017	561	6,936	555
Risk-weighted assets (credit risk)	6,224	498	6,119	490
Standardised approach	599	48	707	57
IRB approach	5,625	450	5,412	433
Trading book, foreign FX risk and commodity risk	4	–	3	–
Operational risk	786	63	810	65
Exposure for CVA	3	–	4	–

At the end of 2025 total risk-weighted assets for credit risk at Bank level amounted EUR 6.1 billion, which is decrease by EUR 104.3 million compared to the previous year. The reduction in risk-weighted assets is primarily attributed to the transition to the new CRR III regulation. Main changes include modifications in the Risk Weight formula, lower regulatory LGD values, revised CCF and application of the standardized approach for equity exposures. The overall reduction was partially offset by growth in asset volumes, the introduction of regulatory add-ons related to the Special Lending model, as well as the implementation of a new methodology for the application of the SME Supporting Factor.

At the local Group level, credit RWA increased by EUR 76.6 million, mainly driven by the growth in asset size of the subsidiaries Erste Bank AD Podgorica and Erste & Steiermärkische S-Leasing, further supported by above-mentioned implementation of the new methodology for the application of the SME Supporting Factor.

The Group uses simplified standardized approach (SSA) for the purposes of the calculating the capital requirements for market risk. The risk primarily arises from derivative transactions (FX Swap, FX Forward and Interest Rate Swap) with clients and capital requirements for currency risk based on the calculation of the total net foreign exchange position. Standardized approach for counterparty credit risk (SA-CCR) according to CRR III Art. 274 -280 is used to manage credit risk from derivatives.

With CRR3 implementation, the approach to calculating operational risk has been fundamentally revised. In order to simplify the operational risk framework, all existing approaches (including AMA, TSA and BIA) have been replaced by a single Standardized Measurement Approach (SMA approach). In addition, the switch to SMA approach resulted in an increase of the Bank operational risk RWA of EUR 24 million, and in a decrease of the Group operational risk RWA of EUR 57 million.

Forms according to local requirements

Pursuant to the Decision of the CNB on structure and content of Bank's annual financial statements (Official Gazette 42/2018, 122/2020, 119/2021, 108/2022 and 80/2025) below we present the required forms for the Group and the Bank for the year ended 31 December 2025 in the form required by the decision. Information about the basis of presentation as well as a summary of accounting policies are given in the notes to the financial statements. Information important for better understanding of certain positions of the statement of financial position, statement of profit or loss, changes in equity as well as cash flow statement are also included in the notes.

Financial statements for the current reporting year have been prepared in accordance with the new templates prescribed by HANFA, pursuant to the valid ordinance on the structure and content of annual financial statements. To ensure comparability, the prior-year data has been reclassified and aligned with the new reporting structure.

Income statement		GROUP	
in EUR million		2024	2025
1	Interest receivable and similar income	619	613
2	of which: income from fixed-income securities	552	591
3	Interest payable and similar charges	185	171
4	Income from securities (005 + 006 + 007):	–	–
5	(a) Income from shares and other variable-yield securities	–	–
6	(b) Income from participating interests	–	–
7	(c) Income from shares in affiliated undertakings	–	–
8	Commissions receivable	187	205
9	Commissions payable	53	61
10	Net profit or net loss on financial operations	17	17
11	Other operating income	30	34
12	of which: gains and losses on derecognition of financial assets measured at amortised cost	–	–
13	General administrative expenses (014 + 015):	281	294
14	(a) Employee expenses	138	147
15	(b) Other administrative expenses	143	147
16	Impairment or reversal of impairment of tangible and non-tangible assets	–	–
17	Other operating expenses	18	8
18	Provisions or reversal of provisions (019 + 020):	26	20
19	(a) Provisions for commitments and guarantees given	14	14
20	(b) Other provisions	12	6
21	Impairment or reversal of impairment of loans and advances	(21)	8
22	Impairment or reversal of impairment of securities and participating interests and shares in affiliated undertakings	–	–
23	Profit or loss before tax from continuing operations (001 – 003 + 004 + 008 – 009 + 010 + 011 – 013 – 016 – 017 – 018 – 021 – 022)	311	307
24	Tax expense or income related to profit or loss from continuing operations	61	54
25	Profit or loss after tax from continuing operations (023 – 024)	250	253
26	Profit or (-) loss before tax from discontinued operations	–	–
27	Tax expense or (-) income related to discontinued operations	–	–
28	Profit or loss after tax from discontinued operations (026 – 027)	–	–
29	Profit or loss for the current year (025 + 028; 030 + 031)	250	253
30	Attributable to minority interest [non-controlling interests]	3	4
31	Attributable to owners of the parent	247	249

Appendix 1 – Forms according to local requirements

Other comprehensive income		GROUP	
in EUR million		2024	2025
1	Income or (–) loss for the current year	250	253
2	Other comprehensive income (003 + 015)	23	10
3	Items that will not be reclassified to profit or loss (from 004 to 010 + 013 + 014)	–	–
4	Tangible assets	–	–
5	Intangible assets	–	–
6	Actuarial gains or (–) losses on defined benefit pension plans	–	–
7	Fixed assets and disposal groups classified as held for sale	–	–
8	Share of other recognised income and expense of entities accounted for using the equity method	–	–
9	Fair value changes of equity instruments measured at fair value through other comprehensive income	–	–
10	Gains or (–) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	–	–
11	Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]	–	–
12	Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	–	–
13	Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	–	–
14	Income tax relating to items that will not be reclassified	–	–
15	Items that may be reclassified to profit or loss (from 016 to 023)	23	10
16	Hedge of net investments in foreign operations [effective portion]	–	–
17	Foreign currency translation	–	–
18	Reserve for cash flow hedge [effective portion]	–	–
19	Hedging instruments [not designated elements]	–	–
20	Debt instruments at fair value through other comprehensive income	28	12
21	Fixed assets and disposal groups classified as held for sale	–	–
22	Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	–	–
23	Income tax relating to items that may be reclassified to profit or (–) loss	(5)	(2)
24	Total comprehensive income for the current year (001 + 002; 025 + 026)	273	263
25	Attributable to minority interest [non-controlling interest]	3	4
26	Attributable to owners of the parent	270	259

Appendix 1 – Forms according to local requirements

Income statement		BANK	
in EUR million		2024	2025
1	Interest receivable and similar income	539	546
2	of which: income from fixed-income securities	471	518
3	Interest payable and similar charges	164	149
4	Income from securities (005 + 006 + 007):	4	7
5	(a) Income from shares and other variable-yield securities	–	–
6	(b) Income from participating interests	1	1
7	(c) Income from shares in affiliated undertakings	3	6
8	Commissions receivable	141	162
9	Commissions payable	43	49
10	Net profit or net loss on financial operations	15	16
11	Other operating income	22	21
12	of which: gains and losses on derecognition of financial assets measured at amortised cost	–	–
13	General administrative expenses (014 + 015):	218	240
14	(a) Employee expenses	112	122
15	(b) Other administrative expenses	106	118
16	Impairment or reversal of impairment of tangible and non-tangible assets	–	–
17	Other operating expenses	10	6
18	Provisions or reversal of provisions (019 + 020):	24	18
19	(a) Provisions for commitments and guarantees given	13	12
20	(b) Other provisions	11	6
21	Impairment or reversal of impairment of loans and advances	(19)	11
22	Impairment or reversal of impairment of securities and participating interests and shares in affiliated undertakings	–	–
23	Profit or loss before tax from continuing operations (001 – 003 + 004 + 008 – 009 + 010 + 011 – 013 – 016 – 017 – 018 – 021 – 022)	281	279
24	Tax expense or income related to profit or loss from continuing operations	55	49
25	Profit or loss after tax from continuing operations (023 – 024)	226	230
26	Profit or (-) loss before tax from discontinued operations	–	–
27	Tax expense or (-) income related to discontinued operations	–	–
28	Profit or loss after tax from discontinued operations (026 – 027)	–	–
29	Profit or loss for the current year (025 + 028; 030 + 031)	226	230
30	Attributable to minority interest [non-controlling interests]	–	–
31	Attributable to owners of the parent	–	–

Appendix 1 – Forms according to local requirements

Other comprehensive income		BANK	
in EUR million		2024	2025
1	Income or (–) loss for the current year	226	230
2	Other comprehensive income (003 + 015)	21	9
3	Items that will not be reclassified to profit or loss (from 004 to 010 + 013 + 014)	–	–
4	Tangible assets	–	–
5	Intangible assets	–	–
6	Actuarial gains or (–) losses on defined benefit pension plans	–	–
7	Fixed assets and disposal groups classified as held for sale	–	–
8	Share of other recognised income and expense of entities accounted for using the equity method	–	–
9	Fair value changes of equity instruments measured at fair value through other comprehensive income	–	–
10	Gains or (–) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	–	–
11	Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]	–	–
12	Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	–	–
13	Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	–	–
14	Income tax relating to items that will not be reclassified	–	–
15	Items that may be reclassified to profit or loss (from 016 to 023)	21	9
16	Hedge of net investments in foreign operations [effective portion]	–	–
17	Foreign currency translation	–	–
18	Reserve for cash flow hedge [effective portion]	–	–
19	Hedging instruments [not designated elements]	–	–
20	Debt instruments at fair value through other comprehensive income	26	11
21	Fixed assets and disposal groups classified as held for sale	–	–
22	Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	–	–
23	Income tax relating to items that may be reclassified to profit or (–) loss	(5)	(2)
24	Total comprehensive income for the current year (001 + 002; 025 + 026)	247	239
25	Attributable to minority interest [non-controlling interest]	–	–
26	Attributable to owners of the parent	247	239

Appendix 1 – Forms according to local requirements

Statement of financial position		GROUP	
In EUR million		2024	2025
ASSETS			
1	Cash in hand and balances at central banks	3,285	3,002
2	Treasury bills and other short-term securities eligible for refinancing with central banks (003 + 004):	9	103
3	(a) Treasury bills and similar securities	9	103
4	(b) Other short-term securities	–	–
5	Loans and advances to credit institutions (006 + 007):	178	409
6	(a) repayable on demand	95	59
7	(b) Other loans and advances	83	350
8	Loans and advances to customers	9,647	10,470
9	Debt securities, including fixed-income securities (010 + 011):	3,098	3,335
10	(a) issued by public bodies	2,995	3,247
11	(b) Other debt securities	103	88
12	Shares and other variable-yield securities	8	10
13	Participating interests	10	11
14	Investments in associates	–	–
15	Intangible assets	17	25
16	Tangible assets (017+ 018):	172	185
17	(a) Property, plant and equipment	170	183
18	(b) Investment in real estate	2	2
19	Tax assets (020+ 021):	24	15
20	(a) Current tax assets	7	–
21	(b) Deferred tax assets	17	15
22	Other assets	44	39
23	Prepayments and accrued income	5	6
24	Fixed assets held for sale and discontinued operations	10	17
25	TOTAL ASSETS (from 001 to 024)	16,507	17,627
LIABILITIES AND EQUITY		–	–
26	Amounts owed to credit institutions (027 + 028):	796	709
27	(a) Repayable on demand	33	75
28	(b) with agreed maturity dates or periods of notice	763	634
29	Amounts owed to customers (030 + 033):	12,553	13,593
30	(a) savings deposits (031 + 032):	9,931	10,718
31	(aa) Repayable on demand	7,207	8,267
32	(ab) with agreed maturity dates or periods of notice	2,724	2,451
33	(b) Other amounts owed to customers (034 + 035):	2,622	2,875
34	(ba) Repayable on demand	1,696	1,940
35	(bb) with agreed maturity dates or periods of notice	926	935
36	Debt securities issued	954	955
37	Other liabilities	193	161
38	Accruals and deferred income	7	7
39	Provisions (040+ 041):	87	88
40	(a) Provisions for pensions and similar obligations	1	1
41	(b) Other provisions	86	87
42	Tax liabilities (043 + 044):	4	19
43	(a) Current tax liabilities	4	18
44	(b) Deferred tax liabilities	–	1
45	Liabilities included in disposal groups classified as held for sale	86	78
46	Subordinate liabilities	–	150

Appendix 1 – Forms according to local requirements

Statement of financial position		GROUP	
In EUR million		2024	2025
47	Capital (048 + 049):	238	238
48	(a) Paid-in capital	238	238
49	(b) Unpaid capital which has been called up	–	–
50	Share premium	227	227
51	Other equity	–	150
52	(–) Treasury shares	–	–
53	Reserves (054 + 055 + 056 + 057):	11	11
54	(a) Legal reserves	11	11
55	(b) Statutory reserves	–	–
56	(c) Reserves for treasury shares	–	–
57	(d) Other reserves	–	–
58	Revaluation reserves	–	–
59	Accumulated other comprehensive income	(19)	(9)
60	Retained profit	1,089	963
61	Profit or loss for the year	247	249
62	Minority interests	34	38
63	TOTAL LIABILITIES AND EQUITY (from 026 to 062)	16,507	17,627
	Off-balance sheet items	–	–
64	Loan commitments given	3,168	3,435
65	Financial guarantees given	269	248
66	Other commitments given	66	72
67	TOTAL OFF-BALANCE SHEET ITEMS (from 064 to 066)	3,503	3,755

Appendix 1 – Forms according to local requirements

Statement of financial position		BANK	
In EUR million		2024	2025
ASSETS			
1	Cash in hand and balances at central banks	3,201	2,894
2	Treasury bills and other short-term securities eligible for refinancing with central banks (003 + 004):	9	103
3	(a) Treasury bills and similar securities	9	103
4	(b) Other short-term securities	–	–
5	Loans and advances to credit institutions (006 + 007):	66	342
6	(a) repayable on demand	10	11
7	(b) Other loans and advances	56	331
8	Loans and advances to customers	8,558	9,277
9	Debt securities, including fixed-income securities (010 + 011):	2,976	3,118
10	(a) issued by public bodies	2,873	3,030
11	(b) Other debt securities	103	88
12	Shares and other variable-yield securities	8	10
13	Participating interests	5	5
14	Investments in associates	25	35
15	Intangible assets	13	15
16	Tangible assets (017+ 018):	130	142
17	(a) Property, plant and equipment	129	141
18	(b) Investment in real estate	1	1
19	Tax assets (020+ 021):	23	13
20	(a) Current tax assets	7	–
21	(b) Deferred tax assets	16	13
22	Other assets	35	27
23	Prepayments and accrued income	4	5
24	Fixed assets held for sale and discontinued operations	60	60
25	TOTAL ASSETS (from 001 to 024)	15,113	16,046
LIABILITIES AND EQUITY		–	–
26	Amounts owed to credit institutions (027 + 028):	270	129
27	(a) Repayable on demand	42	76
28	(b) with agreed maturity dates or periods of notice	228	53
29	Amounts owed to customers (030 + 033):	11,941	12,861
30	(a) savings deposits (031 + 032):	9,679	10,435
31	(aa) Repayable on demand	7,125	8,020
32	(ab) with agreed maturity dates or periods of notice	2,554	2,415
33	(b) Other amounts owed to customers (034 + 035):	2,262	2,426
34	(ba) Repayable on demand	1,345	1,646
35	(bb) with agreed maturity dates or periods of notice	917	780
36	Debt securities issued	954	955
37	Other liabilities	175	147
38	Accruals and deferred income	7	7
39	Provisions (040+ 041):	85	86
40	(a) Provisions for pensions and similar obligations	1	1
41	(b) Other provisions	84	85
42	Tax liabilities (043 + 044):	–	15
43	(a) Current tax liabilities	–	15
44	(b) Deferred tax liabilities	–	–
45	Liabilities included in disposal groups classified as held for sale	–	–
46	Subordinate liabilities	–	150

Appendix 1 – Forms according to local requirements

Statement of financial position		BANK	
In EUR million		2024	2025
47	Capital (048 + 049):	238	238
48	(a) Paid-in capital	238	238
49	(b) Unpaid capital which has been called up	–	–
50	Share premium	227	227
51	Other equity	–	150
52	(–) Treasury shares	–	–
53	Reserves (054 + 055 + 056 + 057):	11	11
54	(a) Legal reserves	11	11
55	(b) Statutory reserves	–	–
56	(c) Reserves for treasury shares	–	–
57	(d) Other reserves	–	–
58	Revaluation reserves	–	–
59	Accumulated other comprehensive income	(19)	(10)
60	Retained profit	998	850
61	Profit or loss for the year	226	230
62	Minority interests	–	–
63	TOTAL LIABILITIES AND EQUITY (from 026 to 062)	15,113	16,046
	Off-balance sheet items	–	–
64	Loan commitments given	3,035	3,318
65	Financial guarantees given	291	266
66	Other commitments given	66	72
67	TOTAL OFF-BALANCE SHEET ITEMS (from 064 to 066)	3,392	3,656

Appendix 1 – Forms according to local requirements

Statement of changes in equity														
In EUR million													GROUP	
	Attributable to owners of the parent										Non-controlling interests			
	Equity	Share premium	Equity instruments issued other than capital	Other equity instruments	Accumulated other comprehensive income	Retained profit	Revaluation reserves	Other reserves	Treasury shares	Profit or loss attributable to owners of the parent	Interim dividends	Accumulated other comprehensive income	Other items	Total
Opening balance [before restatement]	238	227	-	-	(19)	1,089	-	11	-	247	-	-	34	1,827
Effects of error corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance (current period) (1 + 2 + 3)	238	227	-	-	(19)	1,089	-	11	-	247	-	-	34	1,827
Ordinary shares issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preference shares issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of other equity instruments	-	-	-	150	-	-	-	-	-	-	-	-	-	150
Exercise or expiration of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(373)	-	-	-	-	-	-	-	(373)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liability to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers among components of equity	-	-	-	-	-	247	-	-	-	(247)	-	-	-	-
Equity increase or (-) decrease resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increase or (-) decrease in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the current year	-	-	-	-	10	-	-	-	-	249	-	-	4	263
Closing balance [current period] (from 4 to 20)	238	227	-	150	(9)	963	-	11	-	249	-	-	38	1,867

Appendix 1 – Forms according to local requirements

Statement of changes in equity														
In EUR million													BANK	
	Attributable to owners of the parent										Non-controlling interests			Total
	Equity	Share premium	Equity instruments issued other than capital	Other equity instruments	Accumulated other comprehensive income	Retained profit	Revaluation reserves	Other reserves	Treasury shares	Profit or loss attributable to owners of the parent	Interim dividends	Accumulated other comprehensive income	Other items	
Opening balance [before restatement]	238	227	-	-	(19)	998	-	11	-	225	-	-	-	1,680
Effects of error corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance (current period) (1 + 2 + 3)	238	227	-	-	(19)	998	-	11	-	225	-	-	-	1,680
Ordinary shares issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preference shares issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of other equity instruments	-	-	-	150	-	-	-	-	-	-	-	-	-	150
Exercise or expiration of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(373)	-	-	-	-	-	-	-	(373)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale or cancellation of treasury share	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liability to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers among components of equity	-	-	-	-	-	225	-	-	-	(225)	-	-	-	-
Equity increase or (-) decrease resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increase or (-) decrease in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the current year	-	-	-	-	9	-	-	-	-	230	-	-	-	239
Closing balance [current period] (from 4 to 20)	238	227	-	150	(10)	850	-	11	-	230	-	-	-	1,696

Appendix 1 – Forms according to local requirements

Cash flow statements		GROUP	
In EUR million		2024	2025
Operating activities – direct method			
1	Interest received and similar receipts	–	–
2	Fees and commissions received	–	–
3	(Interest paid and similar expenditures)	–	–
4	(Fees and commissions paid)	–	–
5	(Operating expenses paid)	–	–
6	Net gains/losses from financial instruments at fair value through statement of profit or loss	–	–
7	Other receipts	–	–
8	(Other expenditures)	–	–
Operating activities – indirect method			
9	Profit/(loss) before tax	311	307
	Adjustments:	–	–
10	Impairment and provisions	(6)	27
11	Depreciation	30	30
12	Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss	–	–
13	(Profit)/loss from the sale of tangible assets	(1)	(2)
14	Other non-cash items	(1)	(1)
Changes in assets and liabilities from operating activities			
15	Deposits with the Croatian National Bank	–	–
16	Deposits with financial institutions and loans to financial institutions	(57)	(362)
17	Loans and advances to other clients	(878)	(1,220)
18	Securities and other financial instruments at fair value through other comprehensive income	107	(245)
19	Securities and other financial instruments held for trading	1	(1)
20	Securities and other financial instruments at fair value through statement of profit or loss, not traded	(1)	1
21	Securities and other financial instruments mandatorily at fair value through statement of profit or loss	–	–
22	Securities and other financial instruments at amortised cost	(331)	(155)
23	Other assets from operating activities	4	(22)
24	Deposits from financial institutions	159	88
25	Transaction accounts of other clients	747	1,224
26	Savings deposits of other clients	(142)	93
27	Time deposits of other clients	761	(248)
28	Derivative financial liabilities and other liabilities held for trading	(33)	(5)
29	Other liabilities from operating activities	172	22
30	Interest received from operating activities [indirect method]	537	623
31	Dividends received from operating activities [indirect method]	–	–
32	Interest paid from operating activities [indirect method]	(134)	(174)
33	(Income tax paid)	(64)	(32)
34	Net cash flow from operating activities (from 1 to 33)	1,181	(52)
Investing activities			
35	Cash receipts from the sale / payments for the purchase of tangible and intangible assets	(34)	(44)
36	Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures	–	–
37	Cash receipts from the sale / payments for the purchase of securities and other financial instruments held to maturity	–	–
38	Dividends received from investing activities	–	1
39	Other receipts/payments from investing activities	–	–
40	Net cash flow from investing activities (from 35 to 39)	(34)	(43)
Financing activities			
41	Net increase/(decrease) in loans received from financing activities	–	–
42	Net increase/(decrease) in debt securities issued	–	150
43	Net increase/(decrease) in Tier 2 capital instruments	–	–
44	Increase in share capital	–	–
45	(Dividends paid)	(121)	(373)
46	Other receipts/(payments) from financing activities	(1)	–
47	Net cash flow from financing activities (from 41 to 46)	(122)	(223)
48	Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)	1,025	(318)
49	Cash and cash equivalents at the beginning of period	2,355	3,380
50	Effect of exchange rate fluctuations on cash and cash equivalents	–	–
51	Cash and cash equivalents at the end of period (48 + 49 + 50)	3,380	3,062

Appendix 1 – Forms according to local requirements

Cash flow statements		BANK	
In EUR million		2024	2025
Operating activities – direct method			
1	Interest received and similar receipts	–	–
2	Fees and commissions received	–	–
3	(Interest paid and similar expenditures)	–	–
4	(Fees and commissions paid)	–	–
5	(Operating expenses paid)	–	–
6	Net gains/losses from financial instruments at fair value through statement of profit or loss	–	–
7	Other receipts	–	–
8	(Other expenditures)	–	–
Operating activities – indirect method			
9	Profit/(loss) before tax	281	279
	Adjustments:	–	–
10	Impairment and provisions	(5)	29
11	Depreciation	20	20
12	Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss	–	–
13	(Profit)/loss from the sale of tangible assets	–	–
14	Other non-cash items	1	1
Changes in assets and liabilities from operating activities			
15	Deposits with the Croatian National Bank	–	–
16	Deposits with financial institutions and loans to financial institutions	(64)	(337)
17	Loans and advances to other clients	(718)	(1,083)
18	Securities and other financial instruments at fair value through other comprehensive income	129	(217)
19	Securities and other financial instruments held for trading	1	(1)
20	Securities and other financial instruments at fair value through statement of profit or loss, not traded	(2)	1
21	Securities and other financial instruments mandatorily at fair value through statement of profit or loss	–	–
22	Securities and other financial instruments at amortised cost	(328)	(83)
23	Other assets from operating activities	1	(20)
24	Deposits from financial institutions	(180)	30
25	Transaction accounts of other clients	737	1,115
26	Savings deposits of other clients	(142)	93
27	Time deposits of other clients	598	(291)
28	Derivative financial liabilities and other liabilities held for trading	(3)	(5)
29	Other liabilities from operating activities	523	51
30	Interest received from operating activities [indirect method]	463	548
31	Dividends received from operating activities [indirect method]	–	–
32	Interest paid from operating activities [indirect method]	(113)	(150)
33	(Income tax paid)	(61)	(27)
34	Net cash flow from operating activities (from 1 to 33)	1,138	(47)
Investing activities			
35	Cash receipts from the sale / payments for the purchase of tangible and intangible assets	(27)	(33)
36	Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures	35	(10)
37	Cash receipts from the sale / payments for the purchase of securities and other financial instruments held to maturity	–	–
38	Dividends received from investing activities	4	7
39	Other receipts/payments from investing activities	–	–
40	Net cash flow from investing activities (from 35 to 39)	12	(36)
Financing activities			
41	Net increase/(decrease) in loans received from financing activities	–	–
42	Net increase/(decrease) in debt securities issued	–	150
43	Net increase/(decrease) in Tier 2 capital instruments	–	–
44	Increase in share capital	–	–
45	(Dividends paid)	(121)	(373)
46	Other receipts/(payments) from financing activities	(4)	–
47	Net cash flow from financing activities (from 41 to 46)	(125)	(223)
48	Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)	1,025	(306)
49	Cash and cash equivalents at the beginning of period	2,186	3,211
50	Effect of exchange rate fluctuations on cash and cash equivalents	–	–
51	Cash and cash equivalents at the end of period (48 + 49 + 50)	3,211	2,905

Reconciliation between financial statements according to IFRS and local requirements Year ended 31 December 2025

In EUR million	
Annual report (AR)	Statement of financial position (CNB)
Cash and cash balances	Cash in hand and balances at central banks
	Loans and advances to credit institutions
Financial assets – held for trading	Debt securities, including fixed-income securities
	Other assets
Non-trading financial assets at fair value through profit or loss	Shares and other variable-yield securities
Financial assets at fair value through other comprehensive income	Debt securities, including fixed-income securities
	Shares and other variable-yield securities
Financial assets at amortized cost	Debt securities, including fixed-income securities
	Loans and advances to credit institutions
	Loans and advances to customers
Finance lease receivables	Loans and advances to customers
Property and equipment	Tangible assets
Investment properties	
Intangible assets	Intangible assets
Investments in subsidiaries	Investments in associates
Investments in associates	Participating interests
Deferred tax assets	Tax assets
Assets held for sale	Fixed assets held for sale and discontinued operations
Trade and other receivables	Loans and advances to credit institutions
	Loans and advances to customers
Other assets	Other assets
	Prepayments and accrued income
Total Assets	Total Assets
Financial liabilities – held for trading	Other liabilities
Deposits from customers	Amounts owed to customers
Deposits from banks	Amounts owed to credit institutions
	Subordinate liabilities
Debt securities issued	Debt securities issued
Other financial liabilities	Other liabilities
Lease liabilities	
Provisions	Provisions
Current tax liabilities	Tax liabilities
Deferred tax liabilities	
Liabilities associated with assets held for sale	Liabilities included in disposal groups classified as held for sale
Other liabilities	Accruals and deferred income
	Other liabilities
Other reserves from other comprehensive income	Accumulated other comprehensive income
Subscribed capital	Subscribed capital
Additional equity instruments	Other equity
Capital reserves and share premium	Share premium
	Reserves
Retained earnings	Retained profit
	Profit or loss for the year
Equity attributable to non-controlling interests	Minority interests
Total Liabilities and Equity	Total Liabilities and Equity

Reconciliation between financial statements according to IFRS and local requirements Year ended 31 December 2025

In EUR million

Annual report (AR)	Income statement (CNB)
Net interest income	Interest payable and similar charges
	Interest receivable and similar income
Net fee and commission income	Commissions payable
	Commissions receivable
Dividend income	Income from securities
Net trading and fair value result	Net profit or net loss on financial operations
Gains/losses from financial instruments measured at fair value through	Other operating income
Net result from equity method investments	Other operating income
Rental income from investment properties & other operating leases	Other operating income
Personnel expenses	General administrative expenses
Other administrative expenses	General administrative expenses
Depreciation and amortisation	General administrative expenses
Impairment result from financial instruments	Impairment or reversal of impairment of loans and advances
Other operating income	Other operating income
	Provisions or reversal of provisions
Other operating expenses	Other operating expenses
	Provisions or reversal of provisions
Income tax	Tax expense or income related to profit or loss from continuing
Net result for the period	Profit or loss for the current year
Net result attributable to non-controlling interests	Attributable to minority interest [non-controlling interests]
Net result attributable to owners of the parent	Attributable to owners of the parent