

ZAGREB STOCK EXCHANGE

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**CROATIAN FINANCIAL SERVICES
SUPERVISORY AGENCY (HANFA)**

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OTS HINA

Home member state: Croatia
LEI: 549300A2F46GR0UOM390

Official Market, Zagreb Stock Exchange
Bond 3RIB5, ISIN: HRRIBAO262E3
Bond 3RIB6, ISIN: HRRIBAO266A2

Official Market, Vienna Stock Exchange
Bond, ISIN: HRRIBAO262E3
Bond, ISIN: AT0000A2RZL4
Bond, ISIN: HRRIBAO266A2
Bond, ISIN: AT0000A39UM6

Zagreb, April 30, 2024

SUBJECT: Erste Bank maintains continuity of positive business results in Q1 2024

*„We are pleased by the continuation of the trends of positive business results in the first quarter of this year, which represent a strong indicator of stability of our business model and the strategy of long-term, sustainable, successful business on the Croatian market. We recorded a healthy impulse of new lending, especially in the retail segment, while in the corporate sector we also recorded stable trends of demand and a moderate growth in loan portfolio”, pointed out **Christoph Schoefboeck**, Chief Executive Officer at Erste&Steiermärkische Bank d.d. (“the Bank”), when commenting the business activity of the 1Q in 2024. “By issuing the inaugural green bond, we once again confirmed our position as the most active non-government bond issuer in Croatia. We will use the funds raised to encourage green investments and projects, in accordance with our orientation towards the implementation of ESG criteria in our own business and the entire value chain”, Schoefboeck added and concluded: “With a strong capital position, high level of liquidity, highest rating from the rating agencies (A-, Fitch Ratings, 2023) among banks and other companies on the domestic market, I am confident that we will further strengthen our position in the rest of the year and justify the high degree of trust of our clients, while providing an adequate impulse to further growth and development of the Croatian economy as a whole.”*

According to an unconsolidated financial report, which includes the results of the Bank excluding subsidiaries, the net profit in Q1 2024 amounted to EUR 58 million, up 9.4% compared to EUR 53 million in the same period of 2023. The increase in net profit is the result of an improved operating result, which primarily results from an increase in revenue from regular business operations, i.e. the increase of volume of new lending, the increase of payment transactions, the continuation of positive trends in risk costs' segment and, in part, the growth of the market interest rates. Although in a smaller proportion compared to the growth of revenue, the cost component also recorded an increase, primarily due to the increase of employee costs, i.e., investment into employees.

Net interest income rose by 16.3%, from EUR 80 million in Q1 2023 to EUR 93 million in the same period this year, while net fee and commission income grew by 10.0%, from EUR 20 million in Q1 2023 to EUR 22 million in 2024. Net trading and fair value result amounted to EUR 4 million in Q1 2024, with no changes compared to the same period in 2023.

The Bank's total assets at the end of March 2024 amounted to EUR 13.5 billion, up 1.5% compared to the end of 2023 when they amounted to EUR 13.3 billion. Total loans to customers as of 31 March 2024 amounted to EUR 8.0 billion, up 2.6% compared to the EUR 7.8 billion at the end of 2023. Total deposits of the Bank's customers as of 31 March 2024 amounted to EUR 10.5 billion, down 2.8% compared to the end of 2023 when they amounted to EUR 10.8 billion. The decrease in deposits in the first quarter of 2024 is the result of the expected and anticipated partial shifting of retail deposits into alternative forms of investing available on the market, dominantly into treasury bills issued by the Ministry of Finance of the Republic of Croatia, as well as investment funds of Erste Asset Management's.

EBC Group's¹ net profit after minority interests amounted to EUR 65 million in Q1 2024, up 8.3% compared to EUR 60 million in Q1 2023. EBC Group's net interest income amounted to EUR 108 million, up 16.1% compared to EUR 93 million in Q1 2023. Net fee and commission income amounted to EUR 31 million, 10.7% more compared to EUR 28 million in Q1 2023. Net trading and fair value result amounted to EUR 4 million in Q1 2024, with no changes compared to the same period in 2023.

EBC Group's total assets at the end of March 2024 amounted to EUR 15.0 billion, up 1.4% compared to the end of 2023 when they amounted to EUR 14.8 billion. Total loans to customers as of 31 March 2024 amounted to EUR 8.6 billion, 1.2% more compared to the end of 2023 when they amounted to EUR 8.5 billion. Total deposits of EBC Group's customers as of 31 March 2024 amounted to EUR 11.1 billion, down 2.6% compared to the end of 2023 when they amounted to EUR 11.4 billion.

In January of this year, Erste Bank issued the inaugural so-called green "preferred senior" bond on the international capital market, in the total amount of EUR 400 million. The bond was issued in a green format under the Erste Group Sustainable Finance Framework and is the first green bond issue of any issuer in the Republic of Croatia. This issue was realised in order to fulfil the MREL requirement (Minimum requirement for own funds and eligible liabilities), as an integral part of the EU regulatory framework, and the funds raised will help further improve the diversification of the Bank's funding sources, while being used to promote green and sustainable investments and projects. It is important to note that this is the eighth issue of Erste Bank bonds in the domestic and international capital markets and with this the Bank has once again confirmed its position as the most active non-government bond issuer in Croatia.

ERSTE&STEIERMÄRKISCHE BANK d.d.

¹ EBC Group's consolidated financial statement includes the following subsidiaries in addition to Erste Bank Croatia: Erste Nekretnine d.o.o., Erste&Steiermärkische S-Leasing d.o.o., Erste Bank a.d., Podgorica, Erste Card Club and Izbor Nekretnina d.o.o.

Statement of Profit and Loss as of 31 March 2024

in EUR million	GROUP		BANK	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
Net interest income	93	108	80	93
Interest income	100	133	88	119
Other similar income	10	17	6	10
Interest expense	(11)	(32)	(8)	(26)
Other similar expenses	(6)	(10)	(6)	(10)
Net fee and commission income	28	31	20	22
Fee and commission income	37	41	27	30
Fee and commission expenses	(9)	(10)	(7)	(8)
Dividend income	-	-	-	-
Net trading and fair value result	4	4	4	4
Gains/losses from financial instruments measured at fair value through profit or loss	-	-	-	-
Net result from equity method investments	-	-	-	-
Rental income from investment properties & other operating leases	2	2	-	-
Personnel expenses	(30)	(32)	(23)	(26)
Other administrative expenses	(27)	(30)	(22)	(24)
Depreciation and amortisation	(8)	(8)	(5)	(5)
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	-	-	-	-
Impairment result from financial instruments	16	12	15	11
Other operating result	(4)	-	(4)	2
Pre-tax result for the period	74	87	65	77
Income tax	(13)	(21)	(12)	(19)
Net result for the period	61	66	53	58
Net result attributable to non-controlling interests	1	1	-	-
Net result attributable to owners of the parent	60	65	53	58

Statement of Financial Position as at 31 March 2024

in EUR million	GROUP		BANK	
	31 December 2023	31 March 2024	31 December 2023	31 March 2024
Assets				
Cash and cash balances	2,355	2,337	2,186	2,201
Financial assets – held for trading	23	22	23	22
Derivatives	23	22	23	22
Other financial assets held for trading	-	-	-	-
Non-trading financial assets at fair value through profit or loss	7	8	7	8
Equity instruments	1	1	1	1
Debt securities	6	7	6	7
Financial assets at fair value through other comprehensive income	1,093	999	1,039	934
Pledged as collateral	82	-	82	66
Equity instruments	-	-	-	-
Debt securities	1,093	999	1,039	934
Financial assets at amortised cost	10,357	10,661	9,620	9,905
Pledged as collateral	4	-	4	20
Debt securities	1,803	1,947	1,757	1,901
Loans and advances to banks	68	103	31	38
Loans and advances to customers	8,486	8,611	7,832	7,966
Finance lease receivables	483	513	-	-
Property and equipment	161	162	113	114
Investment properties	2	3	-	1
Intangible assets	19	19	13	13
Investments in subsidiaries	-	-	91	-
Investments in associates	9	10	5	95
Current tax assets	2	2	-	-
Deferred tax assets	41	40	33	33
Assets held for sale	-	-	-	-
Trade and other receivables	170	163	109	103
Other assets	30	32	18	20
Total assets	14,752	14,971	13,257	13,449
Liabilities and equity				
Financial liabilities – held for trading	21	20	21	20
Derivatives	21	20	21	20
Financial liabilities measured at amortised cost	12,841	12,968	11,678	11,787
Deposits from banks	784	790	308	314
Deposits from customers	11,382	11,089	10,781	10,476
Debt securities issued	537	940	537	940
Other financial liabilities	138	149	52	57
Lease liabilities	14	13	15	15
Provisions	75	75	71	72
Current tax liabilities	18	25	16	24
Deferred tax liabilities	-	-	-	-
Liabilities associated with assets held for sale	-	-	-	-
Other liabilities	108	126	77	91
Total liabilities	13,077	13,227	11,878	12,009
Subscribed capital	238	238	238	238
Capital reserves and share premium	238	238	238	238
Retained earnings	1,210	1,276	943	1,002
Other reserves	(42)	(40)	(40)	(38)
Equity attributable to owners of the parent	1,644	1,712	1,379	1,440
Equity attributable to non-controlling interests	31	32	-	-
Total equity	1,675	1,744	1,379	1,440
Total liabilities and equity	14,752	14,971	13,257	13,449