



Erste Group Bank AG

Resolution Plan

Reduced Plan

Public Section

As of December 2021

Resolution Plan (Reduced Plan)

1. Introduction

Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act") requires certain financial institutions that conduct business in the United States ("U.S.") to file resolution plans with U.S. regulators. Section 165(d) has been implemented through regulations of the Board of Governors of the Federal Reserve System ("FRB") and the Federal Deposit Insurance Corporation ("FDIC") that require a foreign-based Covered Company to provide detailed information about its entities and activities in the U.S., including the process by which those entities and activities would be resolved in the event of the company's material distress or failure ("Regulations").

Pursuant to the Regulations, Erste Group Bank AG ("EG"), as a Covered Company, filed a Tailored Resolution Plan with the FRB and FDIC in December of 2015. Subsequent to the review by the FRB and FDIC of EG's Tailored Resolution Plan, the FRB and the FDIC, in their letter dated June 10, 2016, informed EG that they have jointly determined to reduce the informational content that EG will be required to provide in its resolution plan submissions due by December 31, 2016, 2017 and 2018 ("Reduced Plans"), subject to "Conditions for Reduced Plans". EG subsequently filed its 2018 Reduced Plan on December 12, 2018.

On July 2, 2019, the Agencies sent a communication to EG stating that the next plan would be due by July 1, 2020. The communication also noted that revisions to the plan rule were pending and EG should refer to the rule when finalized for information on whether plans would be required.¹ On February 25, 2021, EG was subsequently advised that, pursuant to the revised rule, it would be required to submit a resolution plan as a triennial reduced filer on or before July 1, 2022.

Subject to the Conditions for Reduced Plans, EG's Reduced Plan that must be submitted by July 1, 2022 is required to contain only information concerning the following three issues:

- (1) Material changes, if any, the Covered Company has made to its resolution plan, including changes resulting from the material events specified in § 3(b)(2);
- (2) Any actions taken by the Covered Company since its prior resolution plan to improve the effectiveness of its resolution plan; and
- (3) If applicable, the Covered Company's strategy for ensuring that any insured depository institution subsidiary will be adequately protected from the risks arising from the activities of any nonbank subsidiaries of the Covered Company (other than those that are subsidiaries of an insured depository institution).

¹ A final rule implementing these revisions to the filing requirements took effect on December 31, 2019.

2. **EG's 2021 Reduced Plan Informational Content Requirements**

- (1) Material changes, if any, the Covered Company has made to its resolution plan, including changes resulting from the material events specified in 3(b)(2):

No responsive information due to the fact that no material changes in EG's U.S. activities and operations have occurred since December 2018 that would impact its resolvability or resolution strategy; EG's December 2018 Tailored Resolution Plan therefore remains appropriate. (Note: as mentioned above, EG was not required to file Resolution Plans in 2019, 2020 and 2021).

- (2) Any actions taken by the Covered Company since its prior resolution plan to improve the effectiveness of its resolution plan:

No responsive information due to the belief by EG that EG has already taken adequate steps for the European Resolution Authorities to draw up an effective resolution plan.

Note: as detailed below under the applicable laws in the European Union, the resolution authority has drawn up a resolution plan for credit institutions in its remit. Resolution authorities may require institutions to assist them in the drawing up and updating of the plans. EG has responded to all respective requests addressed to it by resolution authorities.

- (3) If applicable, the Covered Company's strategy for ensuring that any insured depository institution subsidiary will be adequately protected from the risks arising from the activities of any nonbank subsidiaries of the Covered Company (other than those that are subsidiaries of an insured depository institution).

No responsive information due to the fact that EG does not maintain an insured depository institution in the U.S.

Business of EG (Public Section)

Business activities and overall structure of the institution

EG is a banking group focused on retail and corporate customers in Austria and Central and Eastern Europe ("CEE"). EG offers its customers a broad range of services that, depending on the particular market, includes deposit and current account products, mortgage and consumer finance, investment and working capital finance, private banking, investment banking, asset management, project finance, international trade finance, trading, leasing and factoring.

EG is among the leading banking groups in Austria, the Czech Republic, Romania and Slovakia by assets, total loans and total deposits, and has significant operations in Hungary, Croatia and Serbia. It serves approximately 16.1 million customers across Austria and its core CEE markets.

As of December 31, 2021, EG had EUR 307.4 billion in total assets and EUR 23.5 billion in total equity. For the year ended December 31, 2021, EG recorded a net profit of EUR 1.92 billion.

EG operates as the parent company and is the sole company of EG listed on a stock exchange in the European Economic Area (EEA).

EG consists of Erste Group Bank AG, together with its subsidiaries and participations, including Ceska sporitelna a.s. in the Czech Republic, Banca Comerciala Romana S.A. in Romania, Slovenska sporitelna, a.s. in Slovakia, Erste Bank Hungary Zrt. in Hungary, Erste Bank Croatia in Croatia, Erste Bank a.d. Novi Sad in Serbia and, in Austria, Erste Bank Oesterreich, Salzburger Sparkasse, Tiroler Sparkasse, s-Bausparkasse, other savings banks of the Haftungsverbund, Immorent, and others.

EG had 45,000 employees (full-time equivalent) worldwide as of December 31, 2021.

Business Model

EG pursues a proven and balanced business model focused on providing banking services on a sustainable basis to private individuals, businesses and the public sector in Austria and the Eastern part of the European Union ("E.U."), including countries expected to join the European Union.

EG believes that the sustainability of its business model is further reflected in its ability to fund customer loans entirely by customer deposits, with most of the customer deposits being retail deposits. EG's loan-to-deposit-ratio (loans and advances to customers as a percentage of customer deposits) amounted to 85.6% (loans and advances to customers of EUR 180.3 billion as a percentage of customer deposits of EUR 210.5 billion) as of December 31, 2021.

U.S. Operations

EG has no material entities or critical operations located in the U.S.

EG's U.S. operations consist of its New York Branch ("NYB"), a federally-licensed branch of a foreign bank supervised by the Office of the Comptroller of the Currency ("OCC"), and its wholly owned nonbanking subsidiary, Erste Finance (Delaware) LLC ("EFD"). NYB and EFD are collectively referred to as EG's "U.S. Operations." As of December 31, 2021, EG had consolidated assets of EUR 307.4 billion, of which \$2.4 billion were in NYB and \$1.6 billion were in EFD. The U.S. Operations' assets were less than 1% of EG's consolidated assets.

NYB engages in wholesale banking via a narrow spectrum of commercial banking and funding activities with wholesale customers as well as EG and EG's subsidiaries.

EFD was established for the purpose of issuing commercial paper under section 4(a)(2) of the Securities Act of 1933. EFD provides U.S. Dollar funding to EG through the issuance of short-term commercial paper ("CP") which is guaranteed by EG.

3. Core Business Lines

EG is engaged in the following core business lines:

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

Please see the following link for information on EG:

<https://www.erstegroup.com/en/investors/OnlineAR2021>

U.S. Core Business Lines

EG's Group Corporates and Group Markets segments have extended authorization for the U.S. Operations to engage in revenue-generating activity via two business lines: lending and funding activities. Group Markets oversees the funding business, while Group Corporates oversees the lending business.

Lending

Commercial lending activities are conducted by the NYB and are exclusively investments in broadly syndicated commercial and industrial loans to primarily U.S. borrowers. EFD does not engage in commercial lending.

Funding Activities

Funding activities within the NYB are comprised of liquidity and interest rate risk management with funding sourced from wholesale liquidity providers. The NYB also maintains an account with the Federal Reserve Bank of New York ("FRBNY") which permits it to borrow U.S. dollar funding against pledged collateral. The NYB is also permitted to deposit excess reserves at the FRBNY to earn the prevailing interest rate on excess reserves. Funding is also sourced through the issuance of CP through EFD, which is managed by NYB personnel. The Funding Desk also manages a legacy portfolio of highly-rated floating rate securities consisting of Small Business Administration certificates, collateralized mortgage obligations and asset backed securities collateralized with student loans.

4. Summary of Assets, Liabilities, Capital and Major Funding Sources

For information regarding about EG's assets, liabilities, capital and major funding sources, please refer to EG's Investor Relations Website at:

<https://www.erstegroup.com/en/investors>

5. Derivatives and Hedging Activities

Neither the NYB nor EFD engages in derivative or hedging activities.

6. Financial Market Utilities

EG relies on the services of Financial Market Utilities ("FMU") in the execution of activities within its U.S. and Foreign Operations. (SWIFT is the only FMU that the NYB is a member of; EG is not a member of any U.S. FMU.)

7. Foreign Operations

In addition to its U.S. Operations, EG maintains commercial and retail operations in several E.U. countries. EG also maintains a branch in Hong Kong which engages in wholesale banking activities. For additional information about non-U.S. Operations, please refer to EG's annual reports available at:

<https://www.erstegroup.com/en/investors/reports>

8. Material Supervisory Authorities

EG is supervised by the European Central Bank. The NYB is supervised by the Office of the Comptroller of the Currency ("OCC") and the FRBNY. EFD is not registered as an entity subject to direct supervision by any U.S. federal or state regulator but is subject to supervision and regulations as part of EG's U.S. Operations by the FRB.

9. Executives and Management

The U.S. Operations are run according to the policies and procedures approved by EG's Managing Board.

The Managing Board of EG may be found at the following link:

<https://www.erstegroup.com/en/news-media/erstegroup-at-a-glance>

10. Corporate Governance and Processes related to Resolution Planning

In response to the initiative from the G20 and EU level to foster crisis prevention and establish recovery and resolution plans for systemically important financial institutions, the Austrian Financial Market Authority ("FMA") and Austrian National Bank ("OeNB") issued supervisory guidance requiring recovery plans from systemically important Austrian banks in 2012 which were further detailed during 2013. In January 2013, the European Banking Authority ("EBA") identified EG as one of 39 European cross-border institutions that had to submit recovery plans to their local regulators by year-end 2013.

In addition, the Austrian bank intervention and restructuring law in force in 2014 set out requirements for recovery and resolution planning for Austrian Banks, including EG, defining the requirements to develop recovery and resolution plans for the parent institutions, the banking group and significant subsidiaries until July 2014 (for recovery plans) and year end 2014 (for resolution plans).

In order to comply with these regulatory and legal requirements, in 2013 EG established the "Recovery and Resolution Planning Unit" which is responsible for developing and coordinating the group wide roll out of recovery and resolution plans. EG has filed a first Group Resolution Plan with the FMA in December 2014. FMA acting as Austrian resolution authority has acknowledged the first Group Resolution Plan submitted in December 2014.

As of January 1, 2015 the Austrian Banking Recovery and Resolution Law ("BaSAG") has entered into force transposing the EU Bank Recovery and Resolution Directive ("BRRD") and replacing the earlier Austrian bank intervention and restructuring law. Under BaSAG, the resolution authority shall draw up a resolution plan providing for the resolution actions which the resolution authority may take where the institution meets the conditions for resolution. The resolution authority may require EG to assist it in the drawing up and updating of the plans. A dedicated unit within FMA has been designated as the Austrian resolution authority.

Ultimate decision power in resolution matters for EG resides with the Single Resolution Board (SRB). Under the EU Regulation No 806/2014 establishing the Single Resolution Mechanism (SRM Regulation), centralized power of resolution for banks directly supervised by the ECB has been entrusted to the SRB. EG collaborates with the resolution authorities SRB and FMA for the purpose of drawing up of resolution plans and EG has responded to all respective requests addressed to it.

The Single Resolution Board adopted the group resolution plan and resolvability assessment, by means of joint decisions for Erste Group Bank AG (RC/JD/2020/30, RC/JD/2020/31, RC/JD/2020/32, RC/JD/2020/33) on 30/04/2021. For all the resolution groups, the preferred resolution strategy is based on the bail-in tool. The execution steps for each resolution in the BU are documented in separate bail-in playbooks for each resolution group. The following variant strategies have been identified for AT Resolution Group: Sale of business (share deal) and the bridge bank tool.

EG collaborates with the resolution authorities in the drawing up of resolution plans based on BaSAG and EU Regulation No 806/2014 establishing the Single Resolution Mechanism (SRM Regulation). Based on a joint decision taken in the Resolution College, EG in April 2020 received notification of the preferred Multiple Point of Entry (MPE) resolution strategy on cross-country level, but a Single Point of Entry (SPE) resolution strategy within each country. This results with a MPE in Austria, the Czech Republic, Croatia, Hungary, Romania and Slovakia.

11. Material Management Information Systems

NYB’s core banking system, Midas, reached end of life with vendor support set to expire in February 2023. Due diligence for a replacement system therefore started in 2019 under an EG project entitled “Branches Way Forward”, with the decision made to transition both the New York and Hong Kong Branches onto EG’s IT architecture. At a very high level, on March 1, 2021, EG’s SAP system effectively replaced Midas as the general ledger application while Loan IQ replaced the Midas Loans Module. NYB continues to use EG’s Kondor+ front office system for funding/risk related input and SWIFT for payments. Prior to going live, EG ensured that the target operating model for NYB satisfied all local regulatory requirements/business needs, including unfettered access to branch-related data and reports by local staff and U.S. regulators.

12. Material Management Information Systems

The U.S. Operations rely upon the following key EG Applications/Systems:

MIS	PURPOSE	MAINTENANCE	OWNERSHIP	VENDOR
*Kondor+	Funding Desk’s Deal Capture and Position Keeping System	Systems hosted and maintained by Head Office	Erste Digital (HO)	Finastra
*LoanIQ	Loan Administration, Settlement and Sub-ledger	Systems hosted and maintained by Head Office	Erste Digital (HO)	Finastra
*Calypso	Back Office Settlement and Sub-Ledger for Funding Desk deals	Systems hosted and maintained by Head Office	Erste Digital (HO)	Infosys
*BMH (Box Messaging Hub for SWIFT)	Payments	Systems hosted and maintained by Head Office	Erste Digital (HO)	INTERCOPE, SWIFT
*TLM Aurora	Reconciliation and Confirmation Matching	Systems hosted and maintained by Head Office	Erste Digital (HO)	SmartStream Technologies Ltd.
*RICOS (ACM/TMS)	Settlement and Credit Limits System	Systems hosted and maintained by Head Office	Erste Digital (HO)	SSNC/SS&C
*SAP	General Ledger, vendor payments workflow.	Systems hosted and maintained by Head Office	Erste Digital (HO)	SAP
*Outlook Email	Email	Systems hosted and maintained by Head Office	Erste Digital (HO)	Microsoft
Bank Of America CashPro Online	USD Clearing and settlement services for securities other than commercial paper	Local from vendor	Leased	Bank of America
Bank Of America IPASS	Settlement services for Commercial Paper	Local from vendor	Leased	Bank of America
Refinitiv FXT	Trading Platform	Local from vendor	Leased	Refinitiv
Refinitiv Eikon	Desktop solution for financial analysis, reuters market data	Local from vendor	Leased	Refinitiv
Refinitiv WorldCheck-One	Used for Know your Customer and Third Party Risk compliance process in areas such as: PEP monitoring, sanction screening, AML/CFT risk, and anti-bribery and corruption	Local from vendor	Leased	Refinitiv
Bloomberg Anywhere	Market Data	Local from vendor	Leased	Bloomberg
ClearPar	Settling LSTA Loan Trades (purchased loans)	Local from vendor	Leased	Markit

* These applications are hosted and supported by Erste Digital (Head Office)

A mapping of the key management information systems and applications to the material entities, critical operations and core business lines of the Covered Company that use or rely on such systems and applications:

Application	NYB	EFD
Application	NYB	EFD
*Kondor+	X	X
*LoanIQ	X	
*Calypso	X	X
*BMH (Box Messaging Hub for SWIFT)	X	X
*TLM Aurora	X	X
*RICOS (ACM/TMS)	X	
*SAP	X	X
*Outlook Email	X	X
Bank Of America CashPro Online	X	X
Bank Of America IPASS	X	X
Refinitiv FXT	X	
Refinitiv Eikon	X	
Refinitiv WorldCheck-One	X	X
Bloomberg Anywhere	X	
ClearPar	X	

* These applications are hosted and supported by Erste Digital (Head Office)

Service Level Agreements are in place between the Covered Company and the Head Office. In the event of insolvency, the Head Office would continue to provide support through a wind-down scenario, including full availability of systems/applications.