

Registration Document

Erste & Steiermärkische Bank d.d.

(Incorporated as a stock corporation in the Republic of Croatia under registered number 040001037 and personal identification number 23057039320)

This supplement (the "**Supplement**") dated 14 June 2021 constitutes a supplement pursuant to Article 23 (1) of the Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") and is supplemental to, and should be read in conjunction with, the registration document dated 3 December 2020 (the "**Original Registration Document**" or the "**Registration Document**") of Erste & Steiermärkische Bank d.d. (the "**Issuer**" or "**Erste Bank Croatia**"). The Registration Document forms part of any base prospectus of the Issuer consisting of separate documents within the meaning of Article 8(6) of the Prospectus Regulation and as of the date of this Supplement, this Supplement relates to the base prospectuses consisting of separate documents in relation to the following programmes of the Issuer: (i) the preferred senior notes retail programme dated 3 December 2020 and (ii) the multi issuer EMTN programme dated 3 December 2020.

The Original Registration Document has been approved on 3 December 2020 by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*, the "**FMA**").

This Supplement has been filed with and approved by the FMA in its capacity as competent authority, filed with the Vienna Stock Exchange (*Wiener Börse*) and published in electronic form on the Issuer's website under "[www .erstebank.hr/en/about-us/bonds](http://www.erstebank.hr/en/about-us/bonds)".

Terms defined in the Registration Document shall have the same meaning when used in this Supplement.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference in the Registration Document by this Supplement and (b) any other statement in or incorporated by reference in the Registration Document, the statements mentioned in (a) above will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or material inaccuracy relating to the information included in the Registration Document has arisen or been noted, as the case may be, since the publication of the Registration Document.

In accordance with Article 23 (2a) of the Prospectus Regulation, investors who have already agreed to purchase or subscribe for securities issued or to be issued by the Issuer before this Supplement was published have the right, exercisable within three working days after the publication of this Supplement, to withdraw their acceptances until, and including 17 June 2021, provided that the significant new factor, material mistake or material inaccuracy arose or was noted before the closing of the offer period and the delivery of the securities issued or to be issued, whichever occurs first. Investors may contact the relevant financial intermediary if they wish to exercise their right of withdrawal.

The accuracy of the information contained in this Supplement does not fall within the scope of examination by the FMA under the Prospectus Regulation. The FMA only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Supplement.



RESPONSIBILITY STATEMENT

The Issuer, with its registered office at Jadranski trg 3/a, 51000 Rijeka, Republic of Croatia, is responsible for the information given in this Supplement.

The Issuer hereby declares that, to the best of the knowledge of the Issuer, the information contained in this Supplement is in accordance with the facts and makes no omission likely to affect its import.

NOTICE

No person has been authorised to give any information or to make any representation other than those contained in this Supplement in connection with the issue or sale of securities issued or to be issued by the Issuer and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any arranger or dealer. Neither the delivery of the Registration Document and/or this Supplement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Issuer and its subsidiaries and participations taken as a whole (the "**Erste Bank Croatia Group**") since the date hereof or the date upon which the Registration Document has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or Erste Bank Croatia Group since the date hereof or the date upon which the Registration Document has been most recently supplemented or that any other information supplied in connection with the Registration Document is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Supplement and the offering or sale of securities issued or to be issued by the Issuer in certain jurisdictions may be restricted by law. Persons into whose possession this Supplement comes are required by the Issuer, any arranger and any dealer to inform themselves about and to observe any such restriction.

This Supplement does not constitute an offer of, or an invitation by or on behalf of any of the Issuer, any arranger or any dealer to subscribe for, or purchase, any securities issued or to be issued by the Issuer.

In case of any arranger or dealer none of them has independently verified the information contained in this Supplement and none of them makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Supplement. Neither this Supplement nor any financial statements supplied in connection with the Registration Document or any securities issued or to be issued by the Issuer are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, any arranger or any dealer that any recipient of this Supplement or any financial statements should purchase securities issued or to be issued by the Issuer. Each potential purchaser of securities issued or to be issued by the Issuer should determine for itself the relevance of the information contained in this Supplement or any financial statements and its purchase of securities issued or to be issued by the Issuer should be based upon any such investigation as it deems necessary. None of any arranger or any dealer undertakes to review the financial condition or affairs of the Issuer or Erste Bank Croatia Group during the life of the arrangements contemplated by this Supplement nor to advise any investor or potential investor in securities issued or to be issued by the Issuer of any information coming to the attention of any arranger or any dealer.

Significant new factors, material mistakes and/or material inaccuracies (as referred to in Article 23 (1) of the Prospectus Regulation) have arisen which in the Issuer's perception are capable of affecting the assessment of securities issued or to be issued by the Issuer, and are thus herewith included in the Registration Document as follows:

- 1.1. In the section entitled "DOCUMENTS INCORPORATED BY REFERENCE" commencing on page 3 of the Original Registration Document, the table with regard to the Croatian language version of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial year ended 31 December 2018 shall be replaced by the following table:

"Croatian language version of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial year ended 31 December 2020 – Annual Report 2020 (*Godišnje izvješće 2020*) (the "Audited Consolidated and Separate Financial Statements 2020")¹

Independent Auditor's Report (<i>Izvješće neovisnog revizora</i>)	64 - 71
Statement of Comprehensive Income (<i>Izveštaj o sveobuhvatnoj dobiti</i>)	72 - 73
Statement of Financial Position (<i>Izveštaj o financijskom položaju</i>)	74
Statement of Changes in Equity (<i>Izveštaj o promjenama kapitala</i>)	75- 76
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- 1.2. In the section entitled "DOCUMENTS INCORPORATED BY REFERENCE" commencing on page 3 of the Original Registration Document, the footnote numbered "1" shall be replaced by the following footnote numbered "1":

¹ The officially signed Croatian language versions of the Issuer's Audited Consolidated and Separate Financial Statements 2019 and 2020 are solely legally binding and definitive."

- 1.3. In the section entitled "DOCUMENTS INCORPORATED BY REFERENCE" commencing on page 3 of the Original Registration Document, the table with regard to the English language translation of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial year ended 31 December 2018 shall be replaced by the following table:

"English language translation of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial year ended 31 December 2020 – Annual Report 2020²

Independent Auditor's Report	64 - 71
Statement of Comprehensive Income	72 - 73
Statement of Financial Position	74

Statement of Changes in Equity	75 - 76
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Appendix 1 – Forms according to local requirements	266 - 275
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1.4. In the section entitled "DOCUMENTS INCORPORATED BY REFERENCE" commencing on page 3 of the Original Registration Document, the footnote numbered "2" shall be replaced by the following footnote numbered "2":

"² The English language translations of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial years ended 31 December 2019 and 31 December 2020 are not legally binding and are incorporated into this Registration Document by reference for convenience purposes only."

1.5. In the section entitled "DOCUMENTS INCORPORATED BY REFERENCE" commencing on page 3 of the Original Registration Document, the table with regard to the Unaudited Interim Consolidated Financial Statements as of 30 June 2020 shall be deleted.

1.6. In the section entitled "DOCUMENTS INCORPORATED BY REFERENCE" commencing on page 3 of the Original Registration Document, the first paragraph after the table with regard to the Unaudited Interim Consolidated Financial Statements as of 30 June 2020 shall be replaced by the following paragraph:

"For the avoidance of doubt, such parts of the Audited Consolidated and Separate Financial Statements 2019 and 2020 respectively which are not explicitly listed in the tables above, are not incorporated by reference into this Registration Document as these parts are either not relevant for the investor or covered elsewhere in this Registration Document."

1.7. In the section entitled "DOCUMENTS AVAILABLE FOR INSPECTION" commencing on page 5 of the Original Registration Document, the list paragraphs numbered "(iii)" and "(iv)" shall be replaced by the following list paragraphs numbered "(iii)" and "(iv)":

"(iii) the Audited Consolidated and Separate Financial Statements 2020 incorporated by reference into this Registration Document

("https://cdn0.erstegroup.com/content/dam/hr/ebc/www_erstebank_hr/misc/ot-nama/financijska-izvjesca/2021/financijska-izvjesca/2432021-12-40-godisnje-izvjesce-2020-erste-bank-croatia.pdf?forceDownload=1");

(iv) the English language translation of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial year ended 31 December 2020 incorporated by reference into this Registration Document

("https://cdn0.erstegroup.com/content/dam/hr/ebc/www_erstebank_hr/eng/downloads/about-us/financial-reports/2021/financial-statements/2432021-12-40-annual-report-2020-erste-bank-croatia.pdf?forceDownload=1");

1.8. In the section entitled "DOCUMENTS AVAILABLE FOR INSPECTION" commencing on page 5 of the Original Registration Document, the list paragraph numbered "(v)" shall be deleted.

1.9. In the section entitled "SOURCES OF INFORMATION" on page 6 of the Original Registration Document, the first sentence of the paragraph shall be replaced by the following sentence:

"Statistical and other data provided in this Registration Document has been extracted from the website of Fitch Ratings Ltd ("**Fitch**"), from the Croatian Central Bank's website, from the Audited Consolidated and Separate Financial Statements 2019 and 2020 and from the English language translation of the annual reports thereon."

- 1.10. In the section entitled "1. RISK FACTORS", subsection "1.1 CREDIT RISKS" commencing on page 8 of the Original Registration Document, the first paragraph of the risk factor entitled "Erste Bank Croatia may experience severe economic disruptions, as those for instance are induced by the worldwide corona virus (COVID-19) pandemic, which may have significant negative effects on Erste Bank Croatia and its clients." shall be replaced by the following paragraph:**

"Erste Bank Croatia is directly and through its clients and suppliers exposed to multiple risks in relation to the worldwide pandemic caused by the corona virus SARS-CoV-2 ("**COVID-19**") and the measures taken to prevent the spread of COVID-19. The worldwide spread of the COVID-19 pandemic, the interim lockdowns and the resulting recession have led to deterioration of financial conditions of some Erste Bank Croatia's customers, in general, and certain sectors/businesses, e.g. cyclical industries, transportation, hotels, and leisure in particular. As a result, Erste Bank Croatia's loan portfolio quality could deteriorate and credit costs could suffer due to allocations for expected credit losses, unlikely-to-pay assessment and by negative rating migrations, which resulted in IFRS 9 stage migrations. If the economic conditions worsen beyond the level foreseen, this could have a material adverse effect on Erste Bank Croatia's business, financial condition and results of operations through a combination of less interest and fee income, credit losses exceeding the amount of Erste Bank Croatia's loan loss provisions."

- 1.11. In the section entitled "1. RISK FACTORS", subsection "1.3 LEGAL AND REGULATORY RISKS" commencing on page 13 of the Original Registration Document, in the risk factor entitled "New governmental or regulatory requirements and changes in perceived levels of adequate capitalization and leverage could subject Erste Bank Croatia to increased regulatory requirements or standards and require it to obtain additional capital, liabilities eligible for MREL purposes or liquidity in the future." (i) in the bullet point "Capital buffers" the last three bullet points and the last paragraph shall be replaced by the following paragraphs; and (ii) in the bullet point "EU Banking Reform Package" the second paragraph shall be replaced by the following paragraphs:**

(i): "

- Systemic risk buffer: Erste Bank Croatia Group is currently obligated to maintain a structural systemic risk buffer of 1.5% set by the CNB in the decision on the application of the structural systemic risk buffer (OG 144/2020).
- In total, the combined capital buffer currently amounts to 6.0% of the total risk exposure and shall be covered by CET 1 capital."

(ii):

"The EU Banking Package entered into force on 27 June 2019. Certain amendments of the CRR already apply since 27 June 2019 or 28 December 2020, respectively, and those of the SRMR from 28 December 2020; further amendments of the CRR shall apply from 28 June 2021. In December 2020, the following acts introducing further harmonization with EU regulations in Croatia were adopted:

- the Act on Amendments to the Credit Institutions Act, which transposes the Directive (EU) 2019/878 (Capital Requirements Directive V/CRD V) into Croatian legislation, introduces certain adjustments and national discretions in accordance with Regulation (EU) 2019/876 (Capital Requirements Regulation II/CRR II) and minor adjustments to Directive (EU) 2019/879 (Bank Recovery and Resolution Directive II /BRRD II). The most significant amendments relate to capital conservation measures, to further strengthen the ability of credit institutions to withstand possible shocks, to preserve financial stability by strengthening the capital needs of credit institutions and measures to improve their lending activity; and
- the Act on the Resolution of Credit Institutions and Investment Firms, which transposes the Bank Recovery and Resolution Directive II /BRRD II into Croatian legislation. For the most part, the amendments relate to the provisions establishing MREL and resolution provisions (including bail-in and insolvency ranking)."

- 1.12. In the section entitled "1. RISK FACTORS", subsection "1.3 LEGAL AND REGULATORY RISKS" commencing on page 13 of the Original Registration Document, in the risk factor entitled "New governmental or regulatory requirements and changes in perceived levels of adequate capitalization and leverage could subject Erste Bank Croatia to increased regulatory requirements or standards and require it to obtain additional capital, liabilities eligible for MREL purposes or liquidity in the future." in the bullet point "MREL" the last paragraph shall be replaced by the following paragraph:**

"In June 2021, the CNB notified the Issuer about its MREL requirement set by the SRB and calibrated on the balance sheet data as of 31 December 2019 and pursuant to the BRRD. The Issuer, as the resolution entity of the Croatian resolution group, must comply with binding interim MREL requirements equivalent to 20.96% (excluding the Combined Buffer Requirement ("CBR")) of the Total Risk Exposure Amount ("TREA") and 5.91% of the Leverage Ratio Exposure ("LRE") of the Croatian resolution group starting from 1 January 2022. The MREL requirements on fully loaded basis, effective from 1 January 2024, are equivalent to 24.82% of TREA (excluding CBR) and 5.91% of LRE of the Croatian resolution group, respectively. No subordination requirement has been set at the level of the Croatian resolution group. The TREA of the Croatian resolution group as of 31 December 2019 (as applied by SRB for the MREL calibration) amounted to EUR 6.17 billion and LRE to EUR 9.80 billion. MREL requirements do not apply to the Issuer's consolidated balance sheet, but to the Croatian resolution group comprising mainly of Erste Bank Croatia and its direct Croatian subsidiaries with business in Croatia and EU. As the Croatian resolution group is not a legal entity or reporting unit, there is neither a statutory reporting nor a capital requirement at the consolidation level of the Croatian resolution group. The MREL capacity at the end of 2020 was at the level of 22% relative to risk-weighted assets, which amounted to around EUR 6.7 billion. If the Issuer is unable to increase its MREL ratio sufficiently, its credit ratings may drop and its cost of funding may increase, and/or the competent authorities may impose fines, penalties or other regulatory measures."

- 1.13. In the section entitled "1. RISK FACTORS", subsection "1.3 LEGAL AND REGULATORY RISKS" commencing on page 13 of the Original Registration Document, in the risk factor entitled "Erste Bank Croatia is obliged to contribute to the bank resolution fund and to the deposit insurance fund on an annual basis." the whole text shall be replaced by the following information:**

"The bank resolution fund pools together regular (annual) contributions from credit institutions (including the Issuer), whose level is currently set by the SRB and the Croatian Deposit Insurance Agency ("HAOD"). In accordance with the provisions of the Act on the Resolution of Credit Institutions and Investment Firms, a target level of 1.0% of the amount of covered deposits of all credit institutions authorized in the Republic of Croatia (including the Issuer) has to be reached by 31 December 2024. With the establishment of close cooperation with the ECB and by joining the SRM on 10 July 2020, the Republic of Croatia became a full member of the SRM in accordance with the SRMR, whose implementation has been further regulated by the Credit Institutions Act and the Act on the Resolution of Credit Institutions and Investment Firms. As a result, contributions of credit institutions in the Republic of Croatia (including the Issuer) are now being transferred to the Single Resolution Fund.

The provisions of Directive 2014/49/EU, as amended (Directive on Deposit Guarantee Schemes – "DGSD") have been transposed into Croatian legislation pursuant to the Deposit Guarantee Scheme Act (OG 146/20) and forms part of the measures adopted in the aftermath of the financial crisis in an effort to establish the Banking Union and aims to further strengthen the protection of depositors. In principle, the target level of the deposit insurance fund is set to 2.5% of the total amount of insured deposits, whereby basic fund is set to 1% and additional fund to 1.5% of the total amount of insured deposits. As targeted level of 2,5% is reached, contributions are currently not collected from credit institutions in the Republic of Croatia (including the Issuer) and they will be collected again in case targeted levels fall below minimum thresholds (e.g. due to increased total amount of insured deposits). In addition to ex-ante contributions, if necessary, credit institutions (including the Issuer) will have to pay extraordinary (ex post) contributions to a certain extent, set by the HAOD."

1.14. In the section entitled "2. ERSTE & STEIERMÄRKISCHE BANK D.D." the first four paragraphs as well as the table of the subsection entitled "2.2 BACKGROUND" commencing on page 18 of the Original Registration Document shall be replaced by the following paragraphs:

"Erste Bank Croatia is a parent company of the banking group (Erste Bank Croatia Group) which includes the following subsidiaries and associates:

Name of the subsidiary	Ownership interest	Principal activity	Registered office
Erste Nekretnine d.o.o.	100%	Real estate business	Ivana Lučića 2A, Zagreb
Erste Bank AD Podgorica, Montenegro	100%	Credit institution	Arsenija Boljevića 2A, Podgorica, Montenegro
Erste Card Club d.o.o.	100%	Financial intermediation and services	Ulica Frana Folnegovića 6, Zagreb
Erste Card d.o.o. Slovenia	100%	Financial intermediation and services	Dunajska cesta 129, Ljubljana, Slovenia
Diners Club International Mak d.o.o.e.l., Skopje (until 7 December 2020)**	100%	Financial intermediation and services	Kej 13-ti Noemvri, 2/2 GTC, Skopje
Erste Factoring d.o.o. (until 19 June 2020)*	100%	Accounts receivables repurchase	Ivana Lučića 2A, Zagreb
Erste&Steiermärkische S-Leasing d.o.o.	50%	Financial and operating leasing	Zelinska 3, Zagreb
Izbor Nekretnina d.o.o.	100%	Real estate management and lease	Ivana Lučića 2A, Zagreb
Erste Group IT HR d.o.o.	80%	IT engineering	Jurja Haulika 19/A, Bjelovar
Name of associate			
Erste d.o.o.	45.86%	Management company for obligatory and voluntary pension fund	Ivana Lučića 2A, Zagreb

* On 19 June 2020 merged with Erste Bank Croatia

** On 7 December 2020 sold for HRK 5 million

Erste Bank Croatia and the other financial institutions in Erste Bank Croatia Group provide primarily day-to-day banking services to governmental institutions, corporate and individual clients operating in Croatia, Montenegro and Slovenia. These services include, depending on the particular country, acceptance of deposits, lending, including mortgage credit, investment banking, securities trading and derivatives business (on its own account and for the account of customers), portfolio management, project finance, international trade finance, corporate finance, capital and money market services, foreign exchange, leasing, factoring, private pension fund management, credit card and real estate business.

Erste Bank Croatia serves more than 910 thousand customers in the Republic of Croatia through a network of 118 branches, 745 automated teller machines (ATMs), 12 commercial centres, 7 profit centres and 8 centres for small and medium-sized enterprises ("**SME**") and is ranked as third largest bank in the Republic of Croatia in terms of assets, with a market share of 15.83% as of December 2020 (Source: Croatian Central Bank, www.hnb.hr/documents/20182/3703836/SV1-e-podaci-o-poslovanju-31-12-20.xlsx).

In 2020, Erste Bank Croatia Group had an average of 3,221 employees (weighted according to the level of employment), of which an average of 2,432 (weighted according to the level of employment) were employed by Erste Bank Croatia. As of 31 December 2020, Erste Bank Croatia Group had HRK 82.469 billion in total assets."

1.15. In the section entitled "2. ERSTE & STEIERMÄRKISCHE BANK D.D.", subsection entitled "2.7 BUSINESS OVERVIEW" on page 21 of the Original Registration Document, the information under the sub-heading "Capital requirements" shall be replaced by the following information:

"Erste Bank Croatia received the joint decision on the additional capital requirements that need to be fulfilled on a consolidated basis and on an individual basis since 1 January 2020 as set by the CNB, following the SREP results in 2019 (the "**2019 SREP Decision**").

In line with the European Banking Authority's Guidelines on the pragmatic 2020 SREP of 23 July 2020, CNB has adopted a pragmatic approach towards the SREP for the 2020 cycle, which focuses on the ability of the supervised entities to handle the challenges of the COVID-19 pandemic. Requirements established by the 2019 SREP Decision continue to apply, including, in particular, the capital requirements.

The additional regulatory capital demands comprise a Pillar 2 requirement to be composed of at least 56% of CET 1 capital and 75% of Tier 1 capital.

As a result, the overall capital requirements encompass a Pillar 1 CRR minimum requirement, a Pillar 2 requirement and a combined buffer requirement.

On 1 October 2020, the Republic of Croatia has become a member of the Banking Union and has become participant in the Single Supervisory Mechanism ("**SRM**") which means that Croatian banks, including Erste Bank Croatia, are under SRB's direct remit. MREL is going to be determined on a case-by-case basis by the resolution college on a yearly basis as a joint decision of the SRB and the CNB, communicated via the CNB.

On 10 June 2021, the CNB notified the Issuer about its MREL requirement set by the SRB and calibrated on the balance sheet data as of 31 December 2019 and pursuant to the BRRD.

The Issuer, as the resolution entity of the Croatian resolution group, must comply with binding interim MREL requirements equivalent to 20.96% (excluding the CBR) of the TREA and 5.91% of the LRE of the Croatian resolution group starting from 1 January 2022. The MREL requirements on fully loaded basis, effective from 1 January 2024, are equivalent to 24.82% of TREA (excluding CBR) and 5.91% of LRE of the Croatian resolution group, respectively. No subordination requirement has been set at the level of the Croatian resolution group. The TREA of the Croatian resolution group as of 31 December 2019 (as applied by SRB for the MREL calibration) amounted to EUR 6.17 billion and LRE to EUR 9.80 billion.

The MREL requirements do not apply to the Issuer's consolidated balance sheet, but to the Croatian resolution group comprising mainly of the Erste Bank Croatia and its direct Croatian subsidiaries with business in Croatia and EU. As the Croatian resolution group is not a legal entity or reporting unit, there is neither a statutory reporting nor a capital requirement at the consolidation level of the Croatian resolution group.

The table below summarises the current MREL requirements:

Requirements for Croatian resolution group based on December 2019 data	from 1 January 2022	
	in % of TREA (excl. CBR)	in % of LRE
Total MREL	20.96%	5.91%"

1.16. In the section entitled "2. ERSTE & STEIERMÄRKISCHE BANK D.D." at the end of the subsection entitled "2.7 BUSINESS OVERVIEW" commencing on page 21 of the Original Registration Document the following text shall be added:

"Sustainable development and environment

Erste Bank Croatia, as well as Erste Group, supports all 17 Sustainable Development Goals adopted by the United Nations in 2015 ("**SDG**"). Taking into account its business form and its impact on society, Erste Bank Croatia aims to contribute by its operation and by achieving six goals:

1. Good health and well-being (SDG 3)
2. Quality education (SDG 4)
3. Gender equality (SDG 5)
4. Decent work and economic growth (SDG 8)

5. Reducing inequalities (SDG 10)

6. Climate action (SDG 13)

Erste Bank Croatia aims to strive for the best possible business processes and environmentally sustainable operations.

In 2017, Erste Bank Croatia adopted an environmental policy that aims to contribute to the community in which it operates. Some of the goals Erste Bank Croatia is committed to are:

- Protection of natural resources through their responsible use, systematic increase of energy efficiency and compliance with all applicable legal regulations
- Use of recycled paper and continuous reduction of waste paper
- Introduction of a waste sorting system and promotion of responsible waste management among employees
- Reduction of harmful emissions through the selection and use of electricity from renewable energy sources

In 2020, a new environmental policy was adopted which sets out a framework for the continuation of work on the objectives that were set out in the previous policy adopted in 2017.

To achieve its goals, Erste Bank Croatia has implemented an environmental management system that complies with the requirements of ISO 14001:2015. The environmental management system according to the ISO 14001 standard was extended (recertified) at the end of 2020 and integrated with the energy management system according to the ISO 50001 standard, which would enable more advanced monitoring of electricity consumption and its rational use in the coming years, which should ultimately result in savings.

In 2020 measurable reductions in CO₂ emissions (-14%) and paper usage per full-time equivalent ("FTE") (-22%) were achieved compared to 2019. It should be noted that the COVID-19 pandemic and lockdown which in part of March and April 2020 caused a significant increase in work from home had an impact on the reduction of consumption.

The strategic environmental objectives for the period 2020 to the end of 2021 were also set last year. Compared to the reference year 2018, they are:

- Reduction in electricity consumption by 12% (2018: 4,363 kWh/FTE)
- Reduction in heat consumption by 7% (2018: 1,657 kWh/FTE)
- Reduction in photocopier paper consumption 13% (2018: 16.84 reams A4/ FTE)"

1.17. In the section entitled "2. ERSTE & STEIERMÄRKISCHE BANK D.D." before the subsection entitled "2.8 CREDIT RATING" on page 22 of the Original Registration Document the following information shall be inserted:

"COVID-19 Pandemic

The COVID-19 pandemic has been causing high uncertainty in the global economy and on the global markets. Social distancing rules and lockdown restrictions imposed by governments led to economic slow-down and a significant drop of revenues across industries. Unprecedented state aid packages (e.g. state guarantees, bridge financing, the state temporarily paying workers' salaries to avoid redundancies, hardship funds for one-person and micro businesses) and moratoria programs were introduced in Erste Bank Croatia's core markets (public moratoria in Montenegro and private moratoria completely in line with guidelines of the European Banking Authority (EBA) in Croatia) to support citizens and companies. While such measures mitigate the negative economic effects, they complicate a timely reflection of a potential deterioration of the loan portfolios. The moratoria in general relate to customers which were performing and to their exposures existing before the outbreak of the COVID-19 pandemic. None of the existing moratoria extends beyond the 2021 end. In general, interest continues to accrue on the outstanding balance during the moratorium period. No new public moratoria and extensions of the existing ones occurred in the first quarter of 2021.

The COVID-19 pandemic is still contributing to increased level of uncertainty. The consequences for the economy as well as the measures taken by governments and regulators

are likely to affect Erste Bank Croatia's financial performance and position. The potential effects include significant impacts on expected credit losses, on operating income as well as impacts of potential goodwill and other non-financial assets impairment assessments. Erste Bank Croatia will continue to follow the developments closely and will recognise any effects as the situation further unfolds. Since significant deterioration of portfolio has not occurred in terms of increased Non-Performing Loans ("**NPL**"), the main contributor to the impairment allocation in the line item "Impairment result from financial instruments" is directly attributable to the macro environment and management actions to identify mostly affected portfolios due to the COVID-19 pandemic."

1.18. In the section entitled "2. ERSTE & STEIERMÄRKISCHE BANK D.D." the last paragraph of the subsection entitled "2.8 CREDIT RATINGS" commencing on page 22 of the Original Registration Document shall be replaced by the following paragraph:

"Until 31 December 2020, Fitch was registered in the list of credit rating agencies under the Regulation (EC) No 1060/2009, as amended ("**CRA Regulation**"). The Issuer's credit ratings and any credit ratings of securities to be issued by the Issuer will be confirmed or assigned by related companies of Fitch, which are registered under the CRA Regulation. The European Securities and Markets Authority publishes on its website ("www.esma.europa.eu") a list of credit rating agencies registered and certified in accordance with the CRA Regulation. That list shall be updated within five working days following the adoption of a decision under Articles 16, 17 or 20 of the CRA Regulation. The European Commission publishes that updated list in the Official Journal of the EU within 30 days following the updates."

1.19. In the section entitled "2. ERSTE & STEIERMÄRKISCHE BANK D.D." the information in the subsection entitled "2.9 RECENT EVENTS" on page 23 of the Original Registration Document shall be replaced by the following information:

"In course of the planned EUR introduction in the Republic of Croatia, thorough examination (comprehensive assessment) from the ECB was performed where Erste Bank Croatia's portfolio quality, processes and stability in case of negative movements (stress test) were checked.

On 7 October 2020 the Issuer announced that its competent bodies (i.e. its management board and supervisory board) have adopted decisions on initiating activities for the potential merger of Erste Card Club d.o.o. to the Issuer and further activities related to potential merger are currently ongoing.

For the year ended 31 December 2020 Erste Bank Croatia has realized a net profit in amount of HRK 389,525,002.02 and according to the proposal of the decision on profit distribution, the net profit shall be distributed for the retained earnings, according to the CNB Decision on a temporary restriction of distributions (the "**Decision**"). The Decision is adopted in response to the negative impacts of the COVID-19 pandemic on economic activity in the Republic of Croatia and heightened uncertainty regarding the impact of the current emergency health and economic conditions on the business of credit institutions in the Republic of Croatia. The provisions of the Decision apply on an individual basis to all credit institutions with head offices in the Republic of Croatia, authorised by the CNB. In case the Decision will be amended, and provided that distribution is allowed on the grounds of the amended Decision, the Issuer intends to reconsider the use and utilization of profits, in a way that distribution of dividends to shareholders is enabled."

1.20. In the section entitled "2. ERSTE & STEIERMÄRKISCHE BANK D.D." the information in the subsection entitled "2.11 SIGNIFICANT CHANGES AND MATERIAL ADVERSE CHANGES" on page 23 of the Original Registration Document shall be replaced by the following information:

"To the best knowledge of the Issuer, there has been no material adverse change in the prospects of the Issuer since 31 December 2020 and no significant change in the financial performance and in the financial position of Erste Bank Croatia Group since 31 December 2020."

1.21. In the section entitled "2. ERSTE & STEIERMÄRKISCHE BANK D.D." the information in the subsection entitled "2.12 SELECTED FINANCIAL INFORMATION" commencing on page 24 of the Original Registration Document shall be replaced by the following information:

"Key profitability and efficiency indicators

Erste Bank Croatia Group	31 December 2018	31 December 2019	31 December 2020
Return on Equity (ROE) ratio, %	11.8%	10.4%	4.6%
Net Interest Margin (NIM) ratio, %	3.4%	3.2%	2.9%
Cost/Income (C/I) ratio, %	49.9%	51.8%	53.7%
Loan/deposit ratio net, %	94.9%	96.0%	88.7%
Solvency ratio, %	20.7%	19.6%	18.7%

Source: Information of the Issuer

Key risk indicators

Erste Bank Croatia Group	31 December 2014	31 December 2015	31 December 2016	31 December 2017	31 December 2018	31 December 2019	31 December 2020
Non-Performing Loan (NPL) ratio, %	18%	15%	11%	12%	9%	7%	7%
Non-Performing Loan (NPL) coverage ratio, %	60%	67%	72%	71%	74%	80%	90%
Risk cost ratio, %	2.3%	2.5%	0.8%	1.8%	0.5%	0.1%	1.4%

Source: Information of the Issuer

Alternative Performance Measure	Calculation
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Return On Equity (ROE) ratio	<p>ROE ratio is expressed as:</p> <p>Profit or loss for the year attributable to the owners of the parent / simple average of two year ends of shareholder's equity attributable to the owners of the parent (Total Equity - Minority interests [non-controlling interests])</p> <p>ROE ratio is a profitability ratio which assesses how well equity is used to generate profit.</p> <p>Example for ROE ratio calculation as of 31 December 2020:</p> $\text{ROE ratio} = \frac{460 \text{ (Profit or loss for YE 2020 attributable to the owners of the parent in HRK M)}}{\text{Average}(9,690; 10,186) \text{ (simple average of volume of shareholder's equity for YE 2019 and YE 2020 in HRK M)}} = 4.6\%$
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Net Interest Margin (NIM) ratio	<p>NIM ratio is expressed as:</p> <p>Net interest bearing income (Net interest income + Dividend income + Net result from equity method investments / simple average of two year ends of interest bearing assets (Financial assets held for trading + Non-trading financial assets mandatorily at fair value through profit or loss + Financial assets at fair value through other comprehensive income + Financial assets at amortized cost + Investments in subsidiaries, joint ventures and associates)</p> <p>NIM ratio is a profitability ratio which assesses how profitable investment (asset) is when compared to expenses used to fund it.</p> <p>Example for NIM ratio calculation as of 31 December 2020:</p> <p><i>Net interest bearing income = Net interest income (HRK 2.025 M) + Dividends received (HRK 1 M) + Share of the profit or (-)loss of investments in subsidiaries accounted for using the equity method (HRK 8 M) = 2.033</i></p> <p><i>Net interest bearing assets</i></p> <p><i>= Financial assets held for trading (simple average of YE 2019 and YE 2020 (HRK 225 M; HRK 162 M))</i></p> <p><i>+ Non trading financial assets mandatorily at FVTPL (simple average of YE 2019 and YE 2020 (HRK 199 M; HRK 188 M))</i></p> <p><i>+ Financial assets at FVTOCI (simple average of YE 2019 and YE 2020 (HRK 10,604 M; HRK 11,278 M))</i></p> <p><i>+ Financial assets at AC (simple average of YE 2019 and YE 2020 (HRK 55,284 M; HRK 59,756 M))</i></p> <p><i>+ Investments in subsidiaries, joint ventures and associates (simple average of YE 2019 and YE 2020 (HRK 58 M; HRK 59 M))</i></p> $\text{NIM ratio} = \frac{2,033 \text{ (Net interest bearing income for YE 2020 in HRK M)}}{\text{Average}(66,370; 71,443) \text{ (simple average of volume of interest bearing assets for YE 2019 and YE 2020 in HRK M)}} = 2.9\%$
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Cost Income (C/I) ratio	<p>C/I ratio is expressed as:</p> <p>Operating expense (Personnel expenses, Other administrative expenses, Depreciation and amortization) / Operating income (Net interest income, Net fee and commission income, Dividend income, Net trading and fair value result, Gains/losses from financial instruments measured at fair value through profit or loss, Net result from equity method investments, Rental income from investment properties & other operating leases)</p> <p>C/I ratio is an efficiency ratio which assesses how many units of cost must be invested to generate one unit of revenue.</p> <p>Example for C/I ratio calculation as of 31 December 2020:</p> $\text{C/I ratio} = \frac{1,617 \text{ (Operating expense for YE 2020 in HRK M)}}{3,010 \text{ (Operating income for YE 2020 in HRK M)}} = 53.7\%$
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Solvency ratio, %	<p>Solvency ratio is expressed as:</p> <p>Own funds / Total risk exposure amount</p> <p>Solvency ratio represents bank's ability to absorb losses in going concern situation.</p> <p>Example for Solvency ratio calculation as of 31 December 2020:</p> $\text{Solvency ratio} = \frac{10,141 \text{ (Own funds for YE 2020 in HRK M)}}{54,361 \text{ (Total risk exposure amount for YE 2020 in HRK M)}} = 18.7\%$
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Loan/Deposit net, ratio	<p>Loan/Deposit net ratio is expressed as:</p> <p>Net loans and advances to customers (Loans and advances to customers at amortized cost, Trade and other receivables, Finance lease receivables to customers) / Deposits from customers</p> <p>The loan-to-deposit ratio is used to assess a bank's liquidity by comparing a bank's customer loans, net to its customer deposits for the same period.</p> <p>Example for Loan/Deposit net, ratio calculation as of 31 December 2020:</p> $\text{Loan/Deposit ratio} = \frac{53,355 \text{ (Customer loans, net for YE 2020 in HRK M)}}{60,128 \text{ (Customer deposits for YE 2020 in HRK M)}} = 88,7\%$
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Risk cost ratio	<p>Risk cost ratio is expressed as:</p> <p>Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss / simple average of two year ends of volume of gross Loans to customers (LTC) (incl. Trade and other receivables and Finance Lease Receivables)</p> <p>Risk cost ratio assesses loss over a period related to credit risk as a percentage of an average gross loan volume.</p> <p>Example for risk cost ratio calculation as of 31 December 2020:</p> $\text{Risk cost ratio} = \frac{785 \text{ (Impairment result from financial instruments YE 2020 in HRK M)}}{\text{Average}(52,076; 56,716) \text{ (gross LTC for YE 2019 and YE 2020 in HRK M)}} = 1.4\%$
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Non-Performing Loan (NPL) ratio	<p>NPL ratio is expressed as:</p> <p>Volume of Non-Performing Loans to customers (incl. Trade and other receivables and Finance Lease Receivables) / Volume of gross loans to customers (incl. Trade and other receivables and Finance Lease Receivables)</p> <p>NPL ratio is a risk ratio which assesses the quality of a portfolio by showing the percentage of loans which are unlikely to be paid over the gross loan volume.</p> <p>Example for NPL ratio calculation as of 31 December 2020:</p> $\begin{aligned} \text{NPL ratio} &= \frac{3,821 \text{ (Volume of Non – Performing Loans to customers as communicated on page 201 of annual report for 2020 in HRK M)}}{56,716 \text{ (Volume of gross loans to customers as communicated on page 201 of annual report for 2020 in HRK M)}} \\ &= 6.7\% \end{aligned}$
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Non-Performing Loan (NPL) coverage ratio	<p>NPL coverage ratio is expressed as:</p> <p>Volume of provisions for loans to customers (incl. Trade and other receivables and Finance Lease Receivables) / Volume of Non-Performing Loans to customers (incl. Trade and other receivables and Finance Lease Receivables)</p> <p>NPL coverage ratio is a risk ratio which assesses how well is the NPL volume covered with balance sheet provisions.</p> <p>Example for NPL coverage ratio calculation as of 31 December 2020:</p> $\begin{aligned} \text{NPL coverage ratio} &= \frac{3,423 \text{ (Volume of Loan loss allowances as communicated on page 201 of annual report for 2020 in HRK M)}}{3,821 \text{ (Volume of Non – Performing Loans to customers as communicated on page 201 of annual report for 2020 in HRK M)}} \\ &= 89.7\% \end{aligned}$
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Source: Information and calculation of the Issuer on the basis of the financial statements 2020 of Erste Bank Croatia prepared pursuant to the Decision of the CNB on structure and content of bank's annual financial statements (Official Gazette 42/18), respectively."

1.22. In the section entitled "3. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES" the first paragraph of the subsection entitled "3.4 AUDIT AND AUDITORS' REPORT" on page 30 of the Original Registration Document shall be replaced by the following paragraph:


"PricewaterhouseCoopers d.o.o., with registered seat at Heinzelova ulica 70, 10000 Zagreb, Republic of Croatia, have audited the Croatian language consolidated and separate financial statements of Erste Bank Croatia prepared in accordance with IFRS as endorsed by the EU as of and for the years ended 31 December 2019 and 31 December 2020 and issued unqualified auditor's reports for the Audited Consolidated and Separate Financial Statements 2019 (dated 20 March 2020) and the Audited Consolidated and Separate Financial Statements 2020 (dated 24 March 2021). PricewaterhouseCoopers d.o.o. is member of the Croatian Chamber of Auditors of the Republic of Croatia."

1.23. In the section entitled "4. LEGAL PROCEEDINGS" the fifth paragraph of the subsection entitled "Claim of the Croatian Association of Consumer Protection Associations against the Issuer (and other six banks in the Republic of Croatia)" on page 32 of the Original Registration Document shall be replaced by the following paragraph:

"In February 2021, the Croatian Constitutional Court reached a decision regarding the Issuer's constitutional complaint regarding the null and void FX clause, which was filed against the Croatian Supreme Court's decision, by which the constitutional complaint was denied."

1.24. In the section entitled "4. LEGAL PROCEEDINGS" the last paragraph of the subsection entitled "Other Court Proceedings" on page 32 of the Original Registration Document shall be replaced by the following paragraph:

"In the future, it is not possible to rule out the initiation of a number of court disputes against the Issuer by referring to the final judgments in the aforementioned collective case, whereby due to certain still non-resolved legal issues, it is not possible to predict the course or the outcome of such proceedings."

Signaturwert	UVDPUnWX5j8n5JzGui52hvrxsMJK1+7K2bpb4uDbgSWyoKRhg4tucQaRz3AXoHHUoKTVR4V9yqDQiKcB0mGBwpE7kl8jLzq/7uTdL0ixgE0ojobSw1EQ0+BKWQNiQcoz9s9mzoZInpzatSlPwrgX3aOZV25dKx6WaJdKVWyf1HedBocUQ4FUIkaGWZMBVhuhO+ipF4TFdNEth/oA761FdBCfu+4QCbXPfYUPxgeFCodfubn4MAepwt8M5nv5yZWZXu0+wwWns/dw6QYaWLgpbwZUawilpNerTTToi3M2xu6KubdsbPwhn/zB75RiCLardIjq0UL2oB6SpBXpaJDbpHA==	
	Unterzeichner	Österreichische Finanzmarktaufsichtsbehörde
	Datum/Zeit-UTC	2021-06-14T12:12:20Z
	Aussteller-Zertifikat	CN=a-sign-corporate-light-02,OU=a-sign-corporate-light-02,O=A-Trust Ges. f. Sicherheitssysteme im elektr. Datenverkehr GmbH,C=AT
	Serien-Nr.	532114608
	Methode	urn:pdfsigfilter:bka.gv.at:binaer:v1.1.0
Prüfinformation	Informationen zur Prüfung des elektronischen Siegels bzw. der elektronischen Signatur finden Sie unter: http://www.signaturpruefung.gv.at	
Hinweis	Dieses Dokument wurde amtssigniert. Auch ein Ausdruck dieses Dokuments hat gemäß § 20 E-Government-Gesetz die Beweiskraft einer öffentlichen Urkunde.	