

Audited financial statements of the Erste&Steiermärkische Bank d.d. and subsidiaries (the Group) for period January 1st - December 31st 2014

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Management report for year 2014

Erste Bank recorded an uptrend in operating result in 2014, with an increase in net profit

Key financial highlights for the Bank:

- **Total assets** as of 31.12.2014 amounted to HRK 60.2 billion, 0.1% up compared to 31.12.2013, when they had reached HRK 60.1 billion
- **Total loans** on 31.12.2014 reached HRK 39.6 billion, 3.5% less versus HRK 41.0 billion as of 31.12.2013
- **Total deposits** amounted to HRK 37.2 billion at 2014 YE and were up by 0.4% compared to HRK 37.0 billion at 2013 YE
- **Operating result** was improved by 5.4% to HRK 1.4 billion, versus HRK 1.3 billion in 2013
- **Net profit** in 2014 was 232.2 million, up from HRK 68.4 million at 2013 YE
- **Performance indicators: Return on Assets** was 0.4%, **Return on Equity** 3.3%, while **Cost/Income ratio** was 38.3% as of 31.12.2014

Zagreb/Rijeka, 23 March 2015. – In 2014, which was an extremely challenging year for the entire economy, including the banking sector, Erste&Steiermärkische Bank d.d. (Bank) achieved optimal financial results in line with the business plan and the targets for the current year. By implementing an adequate business policy and adjusting its operations to the general market conditions, the bank continued the upward trend of posting solid operating results, accompanied by an increase of the total assets and net profit.

Total assets of the Bank at 2014 YE amounted to HRK 60.2 billion, which was a 0.1% increase on HRK 60.1 billion in 2013. The bank's total loans as of 31 December 2014 amounted to HRK 39.6 billion, and were decreased by 3.5% compared to the end of 2013, when they had amounted to HRK 41.0 billion. Total deposits at 2014 YE rose to HRK 37.2 billion, up by 0.4 % compared to the end of 2013, when they stood at HRK 37.0 billion.

The operating result amounted to HRK 1.4 billion, up by 5.4 % from 2013 when it had amounted to HRK 1.3 billion, thus confirming the bank's stable position. The net profit in 2014 amounted to HRK 232.2 million, compared to HRK 68.4 million in 2013. Net profit continues to be impacted by expected and planned increased risk costs as a consequence of the general economic situation in Croatia, enforcement of pre-bankruptcy settlements, and regulatory requirements. The 2014 ROA was 0.4 %, ROE was 3.3 %, and the cost/income ratio was 38.3 % as of 31 December 2014.

"Although the entire year 2014 was marked by highly demanding market conditions, which was also reflected on the operation of the banking sector, we are satisfied with the fact that we recorded an

uptrend in our operating result, as well as increase in net profit, thus confirming the soundness and long-term sustainability of our business policies,” stressed Erste Bank Chairman Petar Radakovic. “In 2015 we want to keep supporting all healthy, sustainable and profitable projects that encourage the development of real economy and strengthen its competitiveness, as a precondition for economic growth, opening new jobs and creating new value. We are convinced this year we will continue to be a reliable partner to our clients and achieve solid business results,” Radakovic concluded.

According to Erste Group’s consolidated financial statement for 2014, which includes the Bank and the following subsidiaries: Erste DMD d.o.o.¹, Erste Nekretnine d.o.o., Erste & Steiermärkische S-Leasing d.o.o, Erste Delta d.o.o., Erste Bank a.d., Podgorica, Erste Card Club Group² and Erste Factoring d.o.o., the total assets amounted to HRK 69.8 billion, up by 2.8 % compared to the end of 2013, when they had amounted to HRK 67.9 billion. The Group’s operating result amounted to HRK 1.7 billion, up by 8.4 % compared to HRK 1.6 billion the year before. The Group’s net profit in 2014 reached HRK 412.1 million compared to HRK 201.5 million in 2013. The Group’s Return on Assets was 0.5 %, Return on Equity 5.0 %, and Cost/Income Ratio 45.4 %.

Outlook for 2015

The year 2015 will also be marked by a highly demanding market environment that will affect bank’s operating result. In addition, the Swiss Central Bank’s decision as of 15 January 2015 to stop maintaining the minimum CHF/EUR rate, as well as amendments to the Consumer Credit Act concerning the fixed FX rate for repayment of loans tied to CHF, adopted late in January 2015, will have a partial impact on the Bank’s operation and results in 2015. In line with the IFRS rules, the Bank will include the effects in Q1 2015 results.

The Bank will continue to adhere to its basic strategic guidelines, which include supporting the financial needs of Croatian citizens, focusing intensively on the SME segment, and supporting quality projects that drive the development of the real economy and employment. We continue to see new lending perspectives in renewable energy sources and energy efficiency, agriculture and EU fund-related infrastructure projects, tourism and export-oriented production.

The Bank’s long-term business policies are focused on growth above the market average, increased internal efficiency, and rational cost management. The Bank’s ambition is to close this year with another increase in its market share, and it will continue to lay a special emphasis on improving the quality of service and communication with its clients and on understanding their specific needs in the current market conditions.

¹ On 1 December 2014 Erste DMD was merged with Erste d.o.o. and was deconsolidated from Erste Group

² On 1 November Diners BH was deconsolidated from Erste Card Club Group due to immateriality

Income statement for the year 31 December 2014

in HRK million	GROUP		BANK	
	2013	2014	2013	2014
Net interest income	2,010	2,120	1,545	1,609
Net fee and commission income	550	610	353	381
Dividend income	3	2	48	79
Net trading and fair value result	154	184	149	177
Net result from equity method investments	3	10	-	-
Rental income from investment properties & other operating leases	2	242	2	2
Personnel expenses	(497)	(560)	(364)	(402)
Other administrative expenses	(518)	(583)	(369)	(414)
Depreciation and amortisation	(112)	(296)	(47)	(44)
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	2	12	1	7
Net impairment loss on financial assets not measured at fair value through profit or loss	(1,206)	(1,185)	(1,091)	(1,100)
Other operating result	(128)	(52)	(137)	(29)
Pre-tax result from continuing operations	263	504	90	266
Taxes on income	(62)	(92)	(22)	(34)
Net result for the period	201	412	68	232
Net result attributable to non-controlling interests	17	35	-	-
Net result attributable to owners of the parent	184	377	68	232

Balance sheet as of 31 December 2014

in HRK million	GROUP			BANK
	31 December 2013	31 December 2014	31 December 2013	31 December 2014
Assets				
Cash and cash balances	4,297	4,674	3,949	4,035
Financial assets - held for trading	390	476	211	478
Derivatives	86	94	86	96
Other trading assets	304	382	125	382
Financial assets - available for sale	6,363	7,273	6,146	6,693
Financial assets - held to maturity	768	1,456	499	1,288
Loans and receivables to credit institutions	6,546	6,194	6,143	5,720
Loans and receivables to customers	47,391	46,711	41,040	39,607
Property and equipment	665	1,314	347	338
Investment properties	20	20	20	19
Intangible assets	745	729	37	48
Investment in subsidiaries	-	-	1,243	1,317
Investments in associates and joint ventures	39	58	29	38
Current tax assets	88	98	88	85
Deferred tax assets	191	197	37	19
Other assets	351	561	336	495
Total assets	67,854	69,761	60,125	60,180
Liabilities and equity				
Financial liabilities - held for trading	89	94	89	94
Derivatives	89	94	89	94
Financial liabilities measured at amortised cost	59,705	60,915	52,631	52,323
Deposits from banks	20,988	21,227	14,610	14,165
Deposits from customers	37,214	38,027	37,015	37,151
Debt securities issued	931	933	931	933
Other financial liabilities	572	728	75	74
Provisions	211	264	191	213
Current tax liabilities	17	9	-	-
Deferred tax liabilities	11	2	-	-
Other liabilities	451	536	327	360
Total equity	7,370	7,941	6,887	7,190
Equity attributable to non-controlling interests	51	162	-	-
Equity attributable to owners of the parent	7,319	7,779	6,887	7,190
Total liabilities and equity	67,854	69,761	60,125	60,180

**Erste Group applied the new structure of financial statements in order to generate synergies in addressing the new IFRS-based Financial Reporting regulatory requirements ('FINREP'), and in accordance with that applied the same reporting principles to previous period. FINREP was introduced in 2014 by the European Banking Authority ('EBA') and it represents a mandatory regulatory reporting framework applicable to EU based banking institutions.*

Addendum 3.

Period of reporting:

1.1.2014

do

31.12.2014

Annual financial report for credit institutions - GFI-KI

Identification number (MB): 03337367

Identification number of the 040001037

Personal identification number (OIB): 23057039320

Name of the issuer: ERSTE & STEIERMARKISCHE BANK DD

Postal code and town of: 51000 RIJEKA

Address: JADRANSKI TRG 3A

E-mail address: ersteinbank@ersteinbank.hr

Internet address: www.ersteinbank.hr

Code and name of: 373 RIJEKA

Code and name of county: 8 PRIMORSKO GORANSKA Broj zaposlenih: 2.733

(krajem izvještajnog razdoblja)

Consolidated report: YES Šifra NKD-a: 6419

Names of subjects of consolidation (according to MSFI):

Headquarters:

MB:

Erste Nekretnine d.o.o.	Zagreb, Ivana Lučića 2	02068249
Erste Delta d.o.o. za poslovanje nekretninama	Zagreb, Ivana Lučića 2	01541919
Erste Bank a.d., Podgorica	Crna Gora, Podgorica, Marka Miljanova 46	08499002
Erste Card Club d.d.	Zagreb, Praška 5	3289737
Erste Factoring d.o.o.	Zagreb, Ivana Lučića 2	2058049
Erste & Steiermärkische S-Leasing, d.o.o.	Zagreb, Zelinska 3	1282343
Erste Card d.o.o. Slovenija	Slovenija, Ljubljana, Dunajska cesta 129	08705634

Bookkeeping service:

Contact person: RAJIĆ ANDREJA

Phone number: 072 37 1778 Telefaks: 072 37 1942

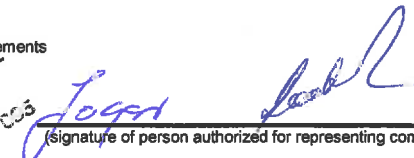
E-mail address: aralic@ersteinbank.com

Last and first name: JAGAR SLADANA
(person authorized for representing company)

Reporting documentation:

1. Financial statements (statement of financial position, income statement, cash flow statement, statement of changes in equity and notes to financial statements)
2. Management report
3. Declaration of key personnel responsible for preparation of financial statements
4. Supervisory Board decision on acquiring annual financial statements
5. Distribution of profit or coverage of loss proposal decision

ERSTE & STEIERMARKISCHE
BANK DD
RIJEKA

003 Jaga

 (signature of person authorized for representing company)



STATEMENT OF FINANCIAL POSITION

as of **31.12.2014**

in HRK

Name of position	AOP	Prior period	Current period
1	2	3	4
ASSETS			
1. CASH AND DEPOSITS WITH Central bank (002+003)	001	8.526.379.172	7.860.415.701
1.1. Cash	002	904.344.655	1.030.858.610
1.2. Deposits with Central bank	003	7.622.034.517	6.829.557.091
2. DEPOSITS WITH BANKING INSTITUTIONS	004	1.829.090.483	2.542.685.592
3. TREASURY BILLS WITH MINISTRY OF FINANCE AND BILLS OF EXCHANGE WITH CENTRAL BANK	005	1.334.451.162	1.383.779.802
4. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD FOR TRADING	006	303.385.851	6.321.991
5. SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE	007	5.484.735.684	6.700.494.653
6. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY	008	203.751.825	876.655.030
7. SECURITIES AND OTHER FINANCIAL INSTRUMENTS NOT ACTIVELY TRADED, MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	009		
8. DERIVATIVE FINANCIAL ASSETS	010	86.784.878	94.149.219
9. LOANS TO FINANCIAL INSTITUTIONS	011	1.543.625.830	716.351.320
10. LOANS TO OTHER CUSTOMERS	012	45.895.120.491	46.040.790.993
11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	013	43.927.430	68.112.088
12. REPOSSESSED ASSETS	014	290.537.947	484.880.009
13. TANGIBLE ASSET (MINUS DEPRECIATION)	015	685.501.443	1.334.725.256
14. INTEREST, FEES AND OTHER ASSETS	016	1.627.089.429	1.651.788.644
A) TOTAL ASSETS (001+004 to 016)	017	67.854.381.625	69.761.150.298
LIABILITIES			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	10.545.026.937	11.950.927.628
1.1. Short-term borrowings	019	5.517.068.972	5.232.387.201
1.2. Long-term borrowings	020	5.027.957.965	6.718.540.427
2. DEPOSITS (AOP 022 to 024)	021	46.927.628.157	46.192.949.291
2.1. Deposits of giro and current accounts	022	8.673.168.625	9.035.109.398
2.2. Savings deposits	023	1.836.009.172	1.909.546.982
2.3. Term deposits	024	36.418.450.360	35.248.292.911
3. OTHER BORROWINGS (026+027)	025	20.569.970	40.022.018
3.1. Short-term borrowings	026		
3.2. Long-term borrowings	027	20.569.970	40.022.018
4. DERIVATIVE FINANCIAL LIABILITIES AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING	028	88.693.855	93.537.177
5. ISSUED DEBT SECURITIES (030+031)	029	300.000.000	300.000.000
5.1. Short-term issued debt instruments	030		
5.2. Long-term issued debt instruments	031	300.000.000	300.000.000
6. ISSUED SUBORDINATED INSTRUMENTS	032	863.282.139	1.455.679.490
7. ISSUED HYBRID INSTRUMENTS	033		
8. INTEREST, FEES AND OTHER LIABILITIES	034	1.739.261.219	1.786.977.836
B) TOTAL LIABILITIES (018+021+025+028+029+032+033+034)	035	60.484.462.277	61.820.093.440
EQUITY			
1. SHARE CAPITAL	036	3.500.360.782	3.500.360.782
2. PROFIT/(LOSS) OF THE CURRENT YEAR	037	183.875.941	376.609.691
3. RETAINED PROFIT/(LOSS)	038	3.395.536.033	3.709.169.440
4. LEGAL RESERVES	039	84.920.875	84.920.875
5. STATUTORY AND OTHER CAPITAL RESERVES	040	5.561.969	1.042.792
6. UNREALISED PROFIT/(LOSS) FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE	041	199.663.748	268.953.278
7. RESERVES RESULTING FROM PROTECTIVE TRANSACTIONS	042		
C) TOTAL EQUITY (036 to 042)	043	7.369.919.348	7.941.056.858
D) TOTAL LIABILITIES AND EQUITY (035+043)	044	67.854.381.625	69.761.150.298
SUPPLEMENT TO STATEMENT OF FINANCIAL POSITION (filled out by banks that compose a consolidated financial report)			
1. TOTAL EQUITY	045	7.369.919.348	7.941.056.858
2. Attributed to equity holders of the parent	046	7.319.377.262	7.779.364.304
3. Minority shares (045-046)	047	50.542.086	161.692.554

INCOME STATEMENT

for period from **1.1.2014** to **31.12.2014**

in HRK

Name of position	AOP	Prior period	Current period
1	2	3	5
1. Interest income	048	3.595.077.516	3.438.941.638
2. Interest expense	049	1.586.924.410	1.318.560.170
3. Net interest income (048-049)	050	2.008.153.106	2.120.381.468
4. Fee and commission income	051	726.814.287	800.317.693
5. Fee and commission expense	052	177.145.681	191.370.935
6. Net fee and commission income (051-052)	053	549.668.606	608.946.758
7. Profit/loss from investments in subsidiaries, associates and joint ventures	054	-687.706	
8. Profit/loss from trading	055	51.508.113	4.735.243
9. Profit/loss from embedded derivatives	056	-104.395	
10. Profit/loss from asset not actively traded measured at fair value through profit or loss	057		
11. Profit/loss from asset available for sale	058	-30.274.461	6.062.012
12. Profit/loss from asset held to maturity	059		
13. Profit/loss from hedging	060		
14. Income from investments in subsidiaries, associates and joint ventures	061		
15. Income from other ownership investments	062	5.980.829	11.231.575
16. Profit/loss from foreign currency differences	063	105.475.331	179.571.250
17. Other income	064	59.244.574	541.154.395
18. Other expenses	065	24.023.849	277.219.519
19. General administrative expenses and depreciation	066	1.156.406.546	1.464.047.973
20. Net Income from business before value adjustment and loan loss provisions (050+053 to 064-065-066)	067	1.568.533.602	1.730.815.209
21. Expense of value adjustment and loan loss provisions	068	1.305.244.653	1.226.206.502
22. PROFIT/LOSS BEFORE TAX (067-068)	069	263.288.949	504.608.707
23. INCOME TAX EXPENSE	070	61.829.618	92.497.112
24. PROFIT/LOSS OF THE CURRENT YEAR (069-070)	071	201.459.331	412.111.595
25. Earnings per share	072	11	22
ANNEX TO INCOME STATEMENT (for the Banks that prepare consolidated financial statements)			
1. PROFIT/LOSS OF THE CURRENT YEAR	073	201.459.331	412.111.595
2. Assign equity holders of the Bank	074	183.875.941	376.609.691
3. Non controlling interest (073-074)	075	17.583.390	35.501.904

CASH FLOW STATEMENT - indirect method

for period from 1.1.2014 to 31.12.2014 in HRK

Name of the position	AOP	Prior period	Current period
1	2	3	4
OPERATING ACTIVITIES			
1. Cash flow from operating activities before changes of operating asset (002 do 007)	001	1.665.825.544	2.170.383.343
1.1. Profit/(loss) before income tax	002	263.288.949	504.608.707
1.2. Allowances and loss provisions	003	1.305.244.653	1.226.206.502
1.3. Depreciation	004	73.563.329	296.179.985
1.4. Net unrealized profit/(loss) from financial assets and liabilities through profit and loss	005	34.236.217	
1.5. Profit/(loss) from sale of tangible assets	006	17.039.313	63.001.786
1.6. Other profit/(losses)	007	-27.546.917	80.386.363
2. Net increase/(decrease) of operating assets (009 do 016)	008	-2.950.991.468	-2.452.234.751
2.1. Deposits with Central bank	009	-289.619.110	257.732.614
2.2. Treasury bills of Ministry of Finance and CB bills	010	-27.624.781	-336.373.477
2.3. Deposits with banks and loans to financial institutions	011	-44.417.842	821.274.173
2.4. Loans to other customers	012	-2.305.461.184	-1.323.882.897
2.5. Securities and other financial instruments held for trading	013	-92.404.544	297.063.860
2.6. Securities and other financial instruments available for sale	014	-51.046.519	-1.186.539.386
2.7. Securities and other financial instruments not traded actively, measured at fair value through profit or loss	015		
2.8. Other operating assets	016	-140.417.488	-981.509.638
3. Net increase/(decrease) of operating liabilities (018 do 021)	017	10.940.958.322	-730.707.096
3.1. Demand deposits	018	2.169.632.885	361.940.773
3.2. Savings and term deposits	019	8.632.236.847	-1.096.619.639
3.3. Financial derivative liabilities and other liabilities actively traded	020	-32.017.516	4.843.322
3.4. Other liabilities	021	171.106.106	-871.552
4. Net cash flow from operating activities before income tax (001+008+017)	022	9.655.792.398	-1.012.558.504
5. (Income tax paid)	023	-163.858.711	-108.898.233
6. Net inflow/(outflow) of cash from operating activities (022+023)	024	9.491.933.687	-1.121.456.737
INVESTING ACTIVITIES			
7. Net cash flow from investing activities (026 do 030)	025	-65.299.966	-883.770.302
7.1. Receipt from sale/(payment for buying) tangible and intangible assets	026	-71.286.478	-233.793.042
7.2. Receipt from sale/(payment for buying) investments in subsidiaries, associates and joint ventures	027		-29.984.583
7.3. Receipt from sale/(payment for buying) securities and other financial instruments held to maturity	028	-421.771	-619.992.677
7.4. Dividend income	029	6.408.283	
7.5. Other receipts/(payments) from investing activities	030		
FINANCIAL ACTIVITIES			
8. Net cash flow from financial activities (032 do 037)	031	-9.112.238.790	2.017.750.090
8.1. Net increase/(decrease) of borrowings	032	-8.968.734.890	1.425.352.739
8.2. Net increase/(decrease) issued debt securities	033		
8.3. Net increase/(decrease) subordinated and hybrid instruments	034	2.729.847	592.397.351
8.4. Receipts from transmitted share capital	035		
8.5. (Dividends paid)	036	-146.233.747	
8.6. Other receipts/(payments) from financial activities	037		
9. Net increase/(decrease) of cash and cash equivalents (024+025+031)	038	314.394.931	12.523.051
10. Effects of change in foreign exchange rates on cash and cash equivalents	039		
11. Net increase/(decrease) cash and cash equivalents (038+039)	040	314.394.931	12.523.051
12. Cash and cash equivalents at the beginning of the year	041	5.356.920.482	5.671.315.413
13. Cash and cash equivalents at the end of the year (040+041)	042	5.671.315.413	5.683.838.464

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Name of position	for period		Attributable to the equity holders of the Bank					in HRK	
	1.1.2014	31.12.2014	Share capital	Treasury shares	Legal, statutory and other reserves	Retained earnings/(loss)	Profit/(loss) for the period	Unrealised profit/(loss) from the base of value adjustment of financial assets available for sale	Non controlling interest
1	2	3	4	5	6	7	8	9	10
Balance at 1 January	001	3.500.360.762	0	90.482.844	3.344.993.947	183.875.941	199.663.748	50.542.086	7.368.919.348
Changes in accounting policies and corrections of mistakes	002								
Corrected balance as at 1 January (1+2)	003	3.500.360.762	0	90.482.844	3.344.993.947	183.875.941	199.663.748	50.542.086	7.368.919.348
Sale of financial assets available for sale	004						11.825.821		11.825.821
Change of fair value financial asset available for sale	005						73.974.160		73.974.160
Tax on items directly recognised or transferred from capital and reserves	006			-334.995			-16.510.451		-16.845.446
Other profit/(loss) directly recognised in capital and reserves	007			-4.184.182					-4.184.182
Net profit/(loss) directly recognised in capital and reserves (004+005+006+007)	008	0	0	-4.519.177	0	0	69.289.530	0	64.770.353
Profit/(loss) for the period	009				0	376.609.691		35.501.904	412.111.595
Total recognised income and expenses for the period (008+009)	010	0	0	-4.519.177	0	376.609.691	69.289.530	35.501.904	476.881.948
Increase/(decrease) of share capital	011								
Buy/sell of treasury shares	012								0
Other changes	013				18.606.975				117.440.148
Transfer to reserves	014				183.875.964				0
Dividends paid	015							-23.184.586	-23.184.586
Distribution on income (014+015)	016	0	0	0	183.875.964	-183.875.964	0	-23.184.586	-23.184.586
Balance at reporting date (003+010+011+012+013+016)	017	3.500.360.762	0	85.963.667	3.547.476.886	376.609.691	268.953.278	161.692.554	7.941.066.858

Banks which prepare consolidated financial statements represent changes in non controlling interest separately in appropriate capital items.

Notes to financial statements

A 9. LOANS TO FINANCIAL INSTITUTIONS	31.12.2013	31.12.2014
Loans	1.547.858.980	720.570.895
Less: Allowance for loan impairment	(4.233.150)	(4.219.575)
	1.543.625.830	716.351.320

A 10. LOANS TO OTHER CUSTOMERS	31.12.2013	31.12.2014
Companies	20.162.570.698	20.766.778.593
Individuals	20.855.387.779	21.021.956.952
Public sector	9.285.122.741	9.629.441.828
Other institutions	116.196.883	121.272.585
Total loans before allowances for impairment	50.419.278.101	51.539.449.958
Less: Allowance for loan impairment	(4.524.157.610)	(5.498.658.965)
	45.895.120.491	46.040.790.993

A 11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES

	Ownership Interest 2013	Ownership Interest 2014	Activity	Group's Share of net assets		Investment at cost	
				31.12.2013	31.12.2014	31.12.2013	31.12.2014
Associates							
S Immorent leasing zeta d.o.o. za poslovanje nekretnima	49,00%	49,00%	Real estate business	-	-	12.800	12.800
Erste d.o.o	37,94%	37,94%	Management company for obligatory pension fund	35.697.581	57.779.656	23.098.985	38.098.985
S IT Solutions HR d.o.o.	20,00%	20,00%	IT engineering	458.316	630.409	4.000	4.000
Erste & Steiermärkische S-Leasing, d.o.o.	10,00%	50,00%	Financial and operative leasing	5.178.925	-	-	-
FINAG DD	-	-	Manufacture of bricks, tiles and construction products, in baked clay	-	1.332.080	-	1.332.080
RIBA D.D.	-	-	Cultivation of fish	-	543.300	-	543.300
IMMOKOR BUZIN d.o.o.	49,00%	49,00%	Real estate business	2.592.608	-	5.725.000	-
Total associates:				43.927.430	60.285.445	28.840.785	39.991.165
Subsidiaries not consolidated							
Erste Euro savjetovanje d.o.o.	-	-	For services	-	1.500.000	-	1.500.000
Diners Club BH d.o.o.	100,00%	100,00%	Other financial intermediation	-	5.721.443	-	-
DC Travel d.o.o.	-	-	Travel Agency	-	605.200	-	-
Total subsidiaries not consolidated:				-	7.826.643	-	1.500.000
				43.927.430	68.112.088	28.840.785	41.491.165
Subsidiaries							
Erste nekretnine d.o.o.	100,00%	100,00%	Real estate business	3.180.042	3.866.050	800.180	800.180
Erste DMD d.o.o.	100,00%	100,00%	Management company for voluntary pension fund	17.118.405	-	15.000.000	0
Erste Factoring d.o.o.	74,996%	74,996%	Accounts Receivables repurchase	151.593.915	190.000.044	37.658.000	37.658.000
Erste Card Club d.d.	100,00%	100,00%	Financial intermediation and services	543.091.761	632.222.431	1.089.285.069	1.089.285.069
Erste Card d.o.o. Slovenia	100,00%	100,00%	Financial intermediation and services	9.939.468	6.709.624	-	-
Diners Club BH d.o.o.	100,00%	100,00%	Other financial intermediation	760.448	-	-	-
Erste Delta d.o.o.	100,00%	100,00%	Real estate business	1.483.081	7.965.128	26.000	26.000
Erste & Steiermärkische S-Leasing, d.o.o.	10,00%	50,00%	Financial and operative leasing	-	98.345.694	5.178.925	88.860.659
Erste bank a.d., Podgorica	100,00%	100,00%	Credit institution	296.776.975	352.266.624	100.396.379	100.396.379
Total subsidiaries:				1.023.944.095	1.291.375.595	1.248.344.553	1.317.026.287
Total:				1.067.871.525	1.359.487.683	1.277.185.338	1.358.517.452

A 12. REPOSESED ASSETS

Reposessed assets are tangible assets reposessed due to uncollected receivables, majority of which are real estates.

B 1. AMOUNTS DUE TO FINANCIAL INSTITUTIONS	31.12.2013	31.12.2014
From banks	7.676.164.290	8.782.506.050
From other banking institutions	270.540.809	344.000.000
From HBOR	2.598.321.838	2.824.421.578
	10.545.026.937	11.950.927.628

B 2. DEPOSITS		
B 2.1. Deposits of gyro and current accounts	31.12.2013	31.12.2014
Deposits from public sector		
<i>Republic of Croatia</i>	22.752.354	93.694.543
<i>Republic funds</i>	42.584.998	48.960.462
<i>Local government</i>	93.884.685	142.151.109
Deposits from financial institutions		
<i>Banks</i>	139.719.956	196.297.474
<i>Other banking institutions</i>	282.945.989	181.462.753
<i>Non-banking financial institutions</i>	102.754.005	88.051.504
<i>Banks in bankruptcy</i>	722.671	418.704
<i>Banks in liquidation</i>	10.472	3.074
Deposits from state commercial customers	18.785.611	103.581.832
Deposits from other commercial customers	3.650.080.752	3.178.522.643
Deposits from non-profit institutions	166.378.588	181.893.266
Deposits from individuals	3.358.445.998	3.904.982.291
Deposits from non residents		
<i>Foreign financial institutions</i>	20.935.071	21.855.663
<i>Foreign states</i>	36.846.948	71.449.729
<i>Foreign commercial customers</i>	265.519.630	274.115.381
<i>Foreign individuals</i>	449.083.157	528.493.411
<i>Foreign non-profit institutions</i>	21.717.740	19.175.559
	8.673.168.625	9.035.109.398

B 2.2. Savings deposits	31.12.2013	31.12.2014
Deposits from public sector		
<i>Republic of Croatia</i>	442.886	444.268
<i>Local government</i>	25.324	25.212
Deposits from financial institutions		
<i>Banks</i>	43.360.269	10.743
<i>Other banking institutions</i>	42.689.067	159.115.536
<i>Non-banking financial institutions</i>	5.418.847	30.318.307
Deposits from state commercial customers		
Deposits from other commercial customers	696.525.828	424.137.879
Deposits from non-profit institutions	3.136.158	144.462
Deposits from individuals	820.977.215	831.142.377
Deposits from non residents		
<i>Foreign financial institutions</i>	37.981	29.196
<i>Other non residents</i>	223.395.597	464.179.002
	1.836.009.172	1.909.546.982

B 2.3. Term deposits	31.12.2013	31.12.2014
Deposits from public sector		
<i>Republic of Croatia</i>	39.000.500	21.738.560
<i>Local government</i>	15.111.200	13.940.400
Deposits from financial institutions		
<i>Banks</i>	9.538.083.074	43.209.082
<i>Other banking institutions</i>	741.509.920	489.871.895
<i>CBRD</i>	2.500.000	-
<i>Non-banking financial institution</i>	464.318.460	613.636.386
<i>Banks in bankruptcy</i>	25.000.000	-
Deposits from state commercial customers	44.234.241	90.696.712
Deposits from other commercial customers	1.432.576.955	1.787.132.163
Deposits from non-profit institutions	72.486.920	76.053.036
Deposits from individuals	18.825.393.285	18.880.912.284
Deposits from non residents		
<i>Foreign financial institutions</i>	3.240.111.771	11.313.417.782
<i>Foreign states</i>	27.999.962	33.835.986
<i>Foreign commercial customers</i>	121.909.301	129.086.301
<i>Foreign individuals</i>	1.824.703.355	1.754.762.324
<i>Foreign non-profit institutions</i>	3.511.416	-
Term deposits	36.418.450.360	35.248.292.911

B 5. ISSUED DEBT SECURITIES

On 23rd November 2012, the Bank issued its own bonds in amount of HRK 300 million with a 5.875% coupon paid semi-annual and with maturity of 5 years.

B 6. ISSUED SUBORDINATED INSTRUMENTS

In June 2011 the Bank received subordinated debt from Erste Group Bank AG in the amount of HRK 229 million (original amount EUR 30 million). Maturity of the debt is until 2017, with interest rate 3 month EURIBOR plus 3.37% p.a. Due to challenging business conditions and environment, the Bank ensured additional line of subordinated debt with goal to adequately support business model and market requirements. Regarding that, in July 2014 the Bank received the amount of HRK 613 million (original amount EUR 80 million) with interest rate 3 month EURIBOR + 3.4% p.a. which maturity in 2021.

In July 2011 the Bank issued its own subordinated bonds. Original amount of the issue is EUR 80 million. Maturity of the bonds is 6 years with interest to maturity 6.5% p.a. Coupon will be settled annually.

Erste Bank a.d., Podgorica received subordinated debt in 2008 from Oikocredit, Ecumenical Development Cooperative Society U.A., the Netherlands in the original amount EUR 4 million (2013: HRK 23 million, 2012: HRK 31 million). Maturity of the debt is from 2013 till 2016, with interest rate 6 month EURIBOR plus 2.9% p.a. Subordinated debt cannot be repaid in the case of bankruptcy or liquidation of the borrower until all obligations of the Group towards other depositors and creditors have been met. Subordinated debt is included into the Tier 2 of the Group. Bank repaid outstanding amount of debt of EUR 2 million in December 2014, based on approval of Central Bank of Montenegro. Amount used for Tier 2 capital does not have significant influence on capital adequacy of the Bank.

1. INTEREST INCOME	31.12.2013	31.12.2014
Interest on loans and advances to customers	2.917.079.885	2.853.987.474
Interest on amounts due from other banks	20.106.328	18.679.233
Interest income on financial investments	269.904.200	265.386.572
Interest on balances due from the central bank	627.760	0
Interest on derivative financial instruments	181.437.819	92.536.856
Interest income on impaired financial assets - loans and advances	197.184.993	194.896.928
Interest on reverse repurchase agreements	4.535.583	8.327.680
Other interest income	4.200.948	5.126.895
	3.595.077.516	3.438.941.638

2. INTEREST EXPENSES	31.12.2013	31.12.2014
Interest on customer deposits	789.111.746	675.333.097
Interest on other borrowed funds	658.265.931	443.139.405
Interest on amounts due to other banks	50.048.416	94.346.531
Interest on subordinated debt	48.659.722	58.932.932
Interest on issued bonds	17.708.964	17.718.607
Interest on derivative financial instruments	16.966.090	21.575.183
Interest on repurchase agreements	3.277.564	2.624.659
Other interest expense	2.885.977	4.889.756
	1.586.924.410	1.318.560.170

4. FEE AND COMMISSION INCOME	31.12.2013	31.12.2014
Payments and money transfers	245.762.182	258.675.535
Bank cards services	352.487.599	396.382.293
Custodial fees	55.310.902	65.631.764
Guarantees and letter of credit	40.078.098	43.424.988
Other fee and commission income	33.175.506	36.203.113
	726.814.287	800.317.693

5. FEE AND COMMISSION EXPENSES	31.12.2013	31.12.2014
Payments and money transfers	41.251.882	38.891.544
Bank cards services	120.236.139	131.156.738
Custodial fees	3.388.785	3.923.090
Guarantees and letter of credit	1.439.645	2.132.020
Other fee and commission expense	10.829.230	15.267.543
	177.145.681	191.370.935

DECLARATION OF KEY PERSONNEL RESPONSIBLE FOR PREPARATION OF FINANCIAL STATEMENTS

According to our best knowledge:

1. Shortened set of annual financial statements for Erste&Steiermärkische Bank d.d. and subsidiaries prepared in accordance with appropriate standards of financial reporting of banks in Republic of Croatia gives complete and true state of assets and liabilities and financial result and affairs of Erste&Steiermärkische bank d.d.
2. Management report contains true and fair view of affairs and results of Erste & Steiermärkische Bank d.d.

Head of Accounting and Controlling Division

Krešimir Barić

Rijeka, March 23rd 2015

Management Board member

Slađana Jagar