

**Audited financial statements of Erste&Steiermärkische Bank d.d. 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 & STEIERMÄRKISCHE 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: 2.257

(krajem izvještajnog razdoblja)

Consolidated report: NO

Šifra NKD-a: 6419

Names of subjects of consolidation (according to MSFI):

Headquarters:

MB:

Names of subjects of consolidation (according to MSFI):	Headquarters:	MB:

Bookkeeping service:

Contact person: RAJIĆ ANDREJA

Phone number: 072 37 1778

Telefaks: 072 37 1942

E-mail address: arajic@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

M.P.

ERSTE & STEIERMÄRKISCHE

(signature of person authorized for representing company)

STATEMENT OF FINANCIAL POSITION

as of 31.12.2014

in HRK

Name of position 1	AOP 2	Prior period 3	Current period 4
ASSETS			
1. CASH AND DEPOSITS WITH Central bank (002+003)	001	8.272.647.119	7.426.588.668
1.1. Cash	002	821.730.992	949.199.625
1.2. Deposits with Central bank	003	7.450.916.127	6.477.389.043
2. DEPOSITS WITH BANKING INSTITUTIONS	004	1.337.519.947	1.877.297.409
3. TREASURY BILLS WITH MINISTRY OF FINANCE AND BILLS OF EXCHANGE WITH CENTRAL BANK	005	1.067.369.088	1.222.978.541
4. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD FOR TRADING	006	124.868.451	6.321.991
5. SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE	007	5.278.695.273	6.131.867.447
6. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY	008	194.366.106	869.750.581
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	96.688.527
9. LOANS TO FINANCIAL INSTITUTIONS	011	1.543.453.930	938.363.739
10. LOANS TO OTHER CUSTOMERS	012	39.627.645.195	38.802.455.381
11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	013	1.277.185.338	1.358.517.452
12. REPOSESED ASSETS	014	290.211.327	461.985.132
13. TANGIBLE ASSET (MINUS DEPRECIATION)	015	366.997.544	356.363.608
14. INTEREST, FEES AND OTHER ASSETS	016	657.342.190	630.650.037
A) TOTAL ASSETS (001+004 to 016)	017	60.124.986.386	60.179.828.513
LIABILITIES			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	4.131.917.876	4.850.034.332
1.1. Short-term borrowings	019	901.453.468	1.390.684.075
1.2. Long-term borrowings	020	3.230.464.408	3.459.350.257
2. DEPOSITS (AOP 022 to 024)	021	46.837.983.487	45.262.622.863
2.1. Deposits of giro and current accounts	022	8.117.960.825	8.418.411.298
2.2. Savings deposits	023	1.834.101.605	1.785.998.287
2.3. Term deposits	024	36.885.921.057	35.058.213.278
3. OTHER BORROWINGS (026+027)	025		
3.1. Short-term borrowings	026		
3.2. Long-term borrowings	027		
4. DERIVATIVE FINANCIAL LIABILITIES AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING	028	88.679.688	93.528.067
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	840.140.730	1.455.679.490
7. ISSUED HYBRID INSTRUMENTS	033		
8. INTEREST, FEES AND OTHER LIABILITIES	034	1.039.176.845	1.027.580.761
B) TOTAL LIABILITIES (018+021+025+028+029+032+033+034)	035	53.237.898.626	52.989.445.513
EQUITY			
1. SHARE CAPITAL	036	3.500.360.782	3.500.360.782
2. PROFIT/(LOSS) OF THE CURRENT YEAR	037	68.419.493	232.239.871
3. RETAINED PROFIT/(LOSS)	038	3.065.079.021	3.133.498.514
4. LEGAL RESERVES	039	84.920.875	84.920.875
5. STATUTORY AND OTHER CAPITAL RESERVES	040	536.652	479.851
6. UNREALISED PROFIT/(LOSS) FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE	041	167.770.937	238.883.107
7. RESERVES RESULTING FROM PROTECTIVE TRANSACTIONS	042		
C) TOTAL EQUITY (036 to 042)	043	6.887.087.760	7.190.383.000
D) TOTAL LIABILITIES AND EQUITY (035+043)	044	60.124.986.386	60.179.828.513
SUPPLEMENT TO STATEMENT OF FINANCIAL POSITION (filled out by banks that compose a consolidated financial report)			
1. TOTAL EQUITY	045		
2. Attributed to equity holders of the parent	046		
3. Minority shares (045-046)	047	0	0

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	2.969.234.117	2.756.794.959
2. Interest expense	049	1.425.926.234	1.148.077.368
3. Net interest income (048-049)	050	1.543.307.883	1.608.717.591
4. Fee and commission income	051	500.267.807	525.703.501
5. Fee and commission expense	052	147.359.167	144.955.072
6. Net fee and commission income (051-052)	053	352.908.640	380.748.429
7. Profit/loss from investments in subsidiaries, associates and joint ventures	054		
8. Profit/loss from trading	055	48.973.812	8.320.389
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	-27.401.234	788.282
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	47.347.714	79.161.662
16. Profit/loss from foreign currency differences	063	102.463.672	168.625.519
17. Other income	064	48.380.121	112.012.934
18. Other expenses	065	18.673.990	92.897.306
19. General administrative expenses and depreciation	066	812.844.046	881.686.696
20. Net income from business before value adjustment and loan loss provisions (050+053 to 064-065-066)	067	1.284.358.177	1.383.790.804
21. Expense of value adjustment and loan loss provisions	068	1.194.367.977	1.117.682.732
22. PROFIT/LOSS BEFORE TAX (067-068)	069	89.990.200	266.108.072
23. INCOME TAX EXPENSE	070	21.570.707	33.868.201
24. PROFIT/LOSS OF THE CURRENT YEAR (069-070)	071	68.419.493	232.239.871
25. Earnings per share	072		
ANNEX TO INCOME STATEMENT (for the Banks that prepare consolidated financial statements)			
1. PROFIT/LOSS OF THE CURRENT YEAR	073		
2. Assign equity holders of the Bank	074		
3. Non controlling interest (073-074)	075	0	0

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	1.285.235.020	1.432.955.653
1.1. Profit/(loss) before income tax	002	89.990.200	266.108.072
1.2. Allowances and loss provisions	003	1.194.367.977	1.117.682.732
1.3. Depreciation	004	46.317.755	43.488.654
1.4. Net unrealized profit/(loss) from financial assets and liabilities through profit and loss	005	29.584.370	
1.5. Profit/(loss) from sale of tangible assets	006	15.043.429	-1.158.830
1.6. Other profit/(losses)	007	-90.068.711	6.835.025
2. Net increase/(decrease) of operating assets (009 do 016)	008	-2.496.130.584	-705.076.255
2.1. Deposits with Central bank	009	-278.186.142	143.068.394
2.2. Treasury bills of Ministry of Finance and CB bills	010	195.863.921	-442.652.240
2.3. Deposits with banks and loans to financial institutions	011	-53.363.729	740.878.714
2.4. Loans to other customers	012	-2.145.637.736	-267.776.402
2.5. Securities and other financial instruments held for trading	013	-107.848.450	118.546.460
2.6. Securities and other financial instruments available for sale	014	-18.298.636	-824.127.515
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	-88.659.812	-173.013.666
3. Net Increase/(decrease) of operating liabilities (018 do 021)	017	10.838.302.967	-1.601.388.665
3.1. Demand deposits	018	1.978.942.308	300.450.473
3.2. Savings and term deposits	019	8.799.923.452	-1.875.811.097
3.3. Financial derivative liabilities and other liabilities actively traded	020	-30.983.865	4.848.379
3.4. Other liabilities	021	90.421.072	-30.876.420
4. Net cash flow from operating activities before income tax (001+008+017)	022	9.627.407.403	-873.509.267
5. (Income tax paid)	023	-98.944.741	-29.728.021
6. Net inflow/(outflow) of cash from operating activities (022+023)	024	9.528.462.662	-903.237.288
INVESTING ACTIVITIES			
7. Net cash flow from Investing activities (026 do 030)	025	6.646.027	-746.008.622
7.1. Receipt from sale/(payment for buying) tangible and intangible assets	026	-42.410.513	-36.477.561
7.2. Receipt from sale/(payment for buying) investments in subsidiaries, associates and joint ventures	027		-87.057.114
7.3. Receipt from sale/(payment for buying) securities and other financial instruments held to maturity	028	-2.592.714	-622.473.947
7.4. Dividend income	029	51.649.254	
7.5. Other receipts/(payments) from investing activities	030		
FINANCIAL ACTIVITIES			
8. Net cash flow from financial activities (032 do 037)	031	-9.233.409.836	1.333.655.218
8.1. Net increase/(decrease) of borrowings	032	-9.097.298.179	718.116.456
8.2. Net increase/(decrease) issued debt securities	033		
8.3. Net increase/(decrease) subordinated and hybrid instruments	034	10.122.090	615.538.760
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	301.698.853	-315.590.694
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	301.698.853	-315.590.694
12. Cash and cash equivalents at the beginning of the year	041	4.916.384.451	5.218.083.304
13. Cash and cash equivalents at the end of the year (040+041)	042	5.218.083.304	4.902.492.610

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Name of position	for period		Attributable to the equity holders of the Bank							in HRK	
	1	2	3	4	5	6	7	8	9	10	
			Share capital	Treasury shares	Legal, statutory and other reserves	Retained earnings/(loss)	Profit/(loss) for the period	Unrealised profit/(loss) from the basis of value adjustment of financial assets available for sale	Non controlling interest	Total capital and reserves	
Balance at 1 January			3.500.360.782		85.457.527	3.065.079.021	68.419.493	167.770.937		6.887.087.760	
Changes in accounting policies and corrections of mistakes											
Corrected balance as at 1 January (1+2)			3.500.360.782	0	85.457.527	3.065.079.021	68.419.493	167.770.937	0	6.887.087.760	
Sale of financial assets available for sale								6.552.091		6.552.091	
Change of fair value financial asset available for sale								82.338.121		82.338.121	
Tax on items directly recognised or transferred from capital and reserves								-17.778.042		-17.778.042	
Other profit/(loss) directly recognised in capital and reserves					-56.801					-56.801	
Net profit/(loss) directly recognised in capital and reserves (004+005+006+007)			0	0	-56.801	0	0	71.112.170	0	71.055.369	
Profit/(loss) for the period						0	232.239.871			232.239.871	
Total recognised income and expenses for the period (008+009)			0	0	-56.801	0	232.239.871	71.112.170	0	303.295.240	
Increase/(decrease) of share capital											
Buy/sell of treasury shares											
Other changes											
Transfer to reserves						68.419.493	-68.419.493				
Dividends paid											
Distribution on income (014+015)			0	0	0	68.419.493	-68.419.493	0	0	0	
Balance at reporting date (003+010+011+012+013+016)			3.500.360.782	0	85.400.726	3.133.498.514	232.239.871	238.863.107	0	7.190.383.000	

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	1.547.869.918	942.536.691
Less: Allowance for loan impairment	(4.415.988)	(4.172.952)
	1.543.453.930	938.363.739

A 10. LOANS TO OTHER CUSTOMERS	31.12.2013	31.12.2014
Companies	17.165.226.746	16.435.717.018
Individuals	17.483.505.564	17.443.676.123
Public sector	8.512.029.991	9.261.267.432
Other institutions	1.14.444.268	121.272.585
Total loans before allowances for impairment	43.275.206.569	43.261.933.158
Less: Allowance for loan impairment	(3.647.561.374)	(4.459.477.777)
	39.627.645.195	38.802.455.381

A 11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES							
	Ownership Interest		Activity	Group's Share of net assets		Investment at cost	
	2013	2014		31.12.2013	31.12.2014	31.12.2013	31.12.2014
Associates							
S Immorent leasing zeta d.o.o. za poslovanje nekretninarna	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%	10,00%	Financial and operative leasing	5.178.925	-	-	-
FINAG DD	-	-	26,30% Manufacture of bricks, tiles and construction products, in baked clay	-	1.332.080	-	1.332.080
RIBA D.D.	-	-	24,74% 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.	-	-	100,00% For services	-	1.500.000	-	1.500.000
Diners Club BH d.o.o.	100,00%	100,00%	Ostalo financijsko posredovanje	-	5.721.443	-	-
DC Travel d.o.o.	-	-	100,00% 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	-
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	543.094.761	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%	10,00%	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	1.277.185.398	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	1.289.596.098	1.681.612.753
From other banking institutions	244.000.000	344.000.000
From HBOR	2.598.321.838	2.824.421.579
	4.131.917.876	4.850.034.332

B 2. DEPOSITS		
B 2.1. Deposits of giro 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>	139.028.793	196.297.474
<i>Other banking institutions</i>	282.945.989	181.462.753
<i>Non-banking financial institutions</i>	216.612.460	172.257.034
<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	103.567.375
Deposits from other commercial customers	3.659.782.917	3.258.951.105
Deposits from non-profit institutions	166.378.588	181.893.266
Deposits from Individuals	3.358.466.233	3.904.982.291
Deposits from non residents		
<i>Foreign financial institutions</i>	65.783.491	64.572.251
<i>Foreign states</i>	426.765	366.139
<i>Foreign commercial customers</i>	6.416.933	13.206.759
<i>Foreign individuals</i>	48.228.382	55.015.866
<i>Foreign non-profit institutions</i>	1.149.483	611.093
	8.117.960.825	8.418.411.298

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	696.526.675	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>	221.487.183	340.630.307
	1.834.101.605	1.785.998.287

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>	77.564.384	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>	1.097.709.631	1.038.848.026
<i>Banks in bankruptcy</i>	25.000.000	-
Deposits from state commercial customers	44.234.241	90.696.712
Deposits from other commercial customers	2.142.786.995	2.009.332.804
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>	12.655.885.661	11.266.312.954
<i>Foreign commercial customers</i>	10.490.041	3.205.327
<i>Foreign individuals</i>	1.136.248.279	1.124.092.198
Term deposits	36.885.921.057	35.058.213.278

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.

1. INTEREST INCOME	31.12.2013	31.12.2014
Interest on loans and advances to customers	2.319.634.435	2.221.354.377
Interest on amounts due from other banks	11.271.795	5.509.329
Interest income on financial investments	249.573.352	236.797.679
Interest on balances due from the central bank	608.423	-
Interest on derivative financial instruments	180.443.902	90.345.296
Interest income on impaired financial assets - loans and advances to cus	197.184.993	187.959.361
Interest on reverse repurchase agreements	6.351.821	9.702.021
Other interest income	4.165.396	5.126.896
	2.969.234.117	2.756.794.959

2. INTEREST EXPENSES	31.12.2013	31.12.2014
Interest on customer deposits	777.719.251	648.613.560
Interest on other borrowed funds	512.625.882	335.398.781
Interest on amounts due to other banks	50.047.948	65.941.671
Interest on subordinated debt	47.647.889	58.191.341
Interest on issued bonds	17.640.876	17.638.866
Interest on derivative financial instruments	15.858.421	16.422.188
Interest on repurchase agreements	1.499.989	982.553
Other interest expense	2.885.978	4.888.408
	1.425.926.234	1.148.077.368

4. FEE AND COMMISSION INCOME	31.12.2013	31.12.2014
Payments and money transfers	242.572.522	252.540.910
Bank cards services	142.950.031	149.405.529
Custodial fees	50.740.565	60.802.769
Guarantees and letter of credit	36.730.889	38.952.692
Other fee and commission income	27.273.800	24.001.601
	500.267.807	525.703.501

5. FEE AND COMMISSION EXPENSES	31.12.2013	31.12.2014
Payments and money transfers	38.483.526	35.501.576
Bank cards services	101.717.215	101.302.690
Custodial fees	3.110.838	3.730.760
Guarantees and letter of credit	1.163.459	1.187.063
Other fee and commission expense	2.884.129	3.232.983
	147.359.167	144.955.072

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. 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

Management Board member

Sladana Jagar

ERSTE & STEIERMÄRKISCHE
BANK D.D.

Rijeka, March 23rd 2015