

**Audited financial statements of Erste&Steiermärkische Bank d.d. for period January 1<sup>st</sup> -  
December 31<sup>st</sup> 2015**

*Content:*

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## Management report for year 2015

### Financial result in 2015 heavily influenced by CHF loan conversion expenses

*“Although the biggest impact on our financial result in 2015 came from the legal changes concerning CHF loans, we are pleased by the fact that we maintained a stable trend of our operating result and further strengthened our position on the Croatian banking market. Thereby, we remained a reliable partner to our clients, enabling them to realise their financial needs and business plans. Innovation, creativity and an emphasis on the digitalisation of business operations, alongside continued investments in technological development, remained and will be in the focus of our efforts in the future,”* said **Christoph Schoefboeck**, Chairman of the Management Board, Erste&Steiermärkische Bank d.d. (ESB).

#### HIGHLIGHTS

In 2015 ESB Group\* recorded a net loss of HRK 769.0 million, compared to the net profit of HRK 412.0 million recorded in 2014. The biggest impact on this result came from CHF loan conversion expenses, amounting to HRK 986.0 million. Although ESB fully complied with the legislative changes, placing special emphasis on communication with clients in this context, the Bank had petitioned for assessment of constitutionality with the Constitutional Court of Croatia with the aim of protecting its interests. Additionally, ESB Group's financial result in 2015 was affected by one-off expenses related to the impairment of goodwill for Erste Card Club d.o.o. (ECC), in the total amount of HRK 334.0 million. Low macroeconomic growth rates, increased regulatory requirements, accelerated digitalisation process and increased competition, especially foreign, are all factors that pose a major challenge for the credit card business in the long run.

Total assets of ESB Group amounted to HRK 68.2 at 2015e, which is 2.2% less compared to HRK 69.8 billion at 2014e. The Group's total loans were worth HRK 46.2 billion at 2015e, down by 1.2 % from HRK 46.7 billion at 2014e. The Group's total deposits were increased by 9.0% from HRK 38.0 billion at 2014e to HRK 41.4 billion at the end of December 2015.

At the same time, according to the unconsolidated financial statement, which includes the results of Erste&Steiermärkische Bank d.d. without affiliates, the 2015e net loss amounted to HRK 1.0 billion, compared to the net profit of HRK 232.0 million in 2014. The biggest impact on this result came primarily from CHF loan conversion expenses, as well as the impairment of the investment in the subsidiary of ECC. The ESB's total assets at the end 2015 stood at HRK 59.0 billion and were down by 2.0% compared to HRK 60.2 billion at 2014e. The ESB's total loans were worth HRK 38.8 billion at 2015e, down by 2.0% from HRK 39.6 billion at 2014e. Total deposits were increased by 6.7% from HRK 37.2 billion at 2014e to HRK 39.7 billion at 2015e.

#### OUTLOOK

Several important prerequisites must be fulfilled in order to stay on the recovery course of the Croatian economy in 2016. The most important one hinges on a stable political and legal framework, without which there can be no investor confidence, investment growth and no real economy development. The banks in Croatia are able to and want to financially support positive initiatives and good projects of the private sector, which has to become the generator of economic growth and new jobs. The banks' focus must primarily remain on the client and the client's needs, with a minimal level of government interventions, and with fewer new regulatory requirements.

Apart from residents' financial needs, in 2016 ESB will keep an intensive focus on supporting SME segment and all quality project that drive the development of the real economy and boost employment. By maintaining partnership relations, fostering open communication and understanding each-other's needs, ESB will continue to build a successful business in the future, thereby making an adequate contribution towards the development of the Croatian economy as a whole, with the goal of realising all of its potential. ESB wants to play an active role in attaining these goals, which will contribute towards the improvement of the quality of living of all Croatian citizens.

*\*ESB Group's consolidated financial statements includes Erste&Steiermärkische Bank d.d. and the following affiliates: Erste Nekretnine d.o.o., Erste&Steiermärkische S-Leasing d.o.o. , Erste Bank a.d., Podgorica, Erste Card Club Group, and Erste Factoring d.o.o.*

## Statement of Profit or Loss

in HRK million	GROUP			BANK
	2014	2015	2014	2015
Net interest income	2,120	2,148	1,609	1,632
Net fee and commission income	610	646	381	413
Dividend income	2	1	79	55
Net trading and fair value result	184	121	177	114
Net result from equity method investments	10	10	-	-
Rental income from investment properties & other operating leases	242	210	2	2
Personnel expenses	(560)	(586)	(402)	(422)
Other administrative expenses	(583)	(598)	(414)	(413)
Depreciation and amortisation	(296)	(249)	(44)	(50)
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	12	3	7	1
Net impairment loss on financial assets not measured at fair value through profit or loss	(1,185)	(1,274)	(1,100)	(1,248)
Other operating result	(52)	(1,365)	(29)	(1,325)
Thereof Loan conversion expenses	-	(986)	-	(986)
<b>Pre-tax result from continuing operations</b>	<b>504</b>	<b>(933)</b>	<b>266</b>	<b>(1,241)</b>
Taxes on income	(92)	164	(34)	229
<b>Net result for the period</b>	<b>412</b>	<b>(769)</b>	<b>232</b>	<b>(1,012)</b>
Net result attributable to non-controlling interests	35	47	-	-
<b>Net result attributable to owners of the parent</b>	<b>377</b>	<b>(816)</b>	<b>-</b>	<b>-</b>
<b>Earnings per share</b>				
<b>Basic and diluted (HRK)</b>	<b>22.17</b>	<b>(48.07)</b>	<b>-</b>	<b>-</b>

## Statement of Financial position as at 31 December 2015

in HRK million	GROUP		BANK	
	31 December 2014	31 December 2015	31 December 2014	31 December 2015
<b>Assets</b>				
Cash and cash equivalents	4,674	5,299	4,035	4,847
Financial assets - held for trading	476	233	478	232
Derivatives	94	61	96	64
Other trading assets	382	172	382	168
Financial assets - available for sale	7,273	6,824	6,693	6,445
Financial assets - held to maturity	1,456	1,432	1,288	889
Loans to and receivables from credit institutions	6,194	5,441	5,720	5,197
Loans to and receivables from customers	46,711	46,159	39,607	38,833
Property and equipment	1,314	1,221	338	545
Investment properties	20	20	19	18
Intangible assets	729	409	48	72
Investment in subsidiaries	-	-	1,317	983
Investments in associates	58	61	38	38
Current tax assets	98	100	85	84
Deferred tax assets	197	415	19	241
Other assets	561	617	495	571
<b>Total assets</b>	<b>69,761</b>	<b>68,231</b>	<b>60,180</b>	<b>58,995</b>
<b>Liabilities and equity</b>				
Financial liabilities - held for trading	94	103	94	103
Derivatives	94	103	94	103
Financial liabilities measured at amortised cost	60,915	59,234	52,323	51,220
Deposits from banks	21,227	16,174	14,165	10,581
Deposits from customers	38,027	41,445	37,151	39,654
Debt securities issued	933	931	933	931
Other financial liabilities	728	684	74	54
Provisions	264	1,169	213	1,111
Current tax liabilities	9	5	-	-
Deferred tax liabilities	2	1	-	-
Other liabilities	536	608	360	425
<b>Total liabilities</b>	<b>61,820</b>	<b>61,120</b>	<b>52,990</b>	<b>52,859</b>
<b>Total equity</b>	<b>7,941</b>	<b>7,111</b>	<b>7,190</b>	<b>6,136</b>
Equity attributable to non-controlling interests	162	201	-	-
Equity attributable to owners of the parent	7,779	6,910	-	-
<b>Total liabilities and equity</b>	<b>69,761</b>	<b>68,231</b>	<b>60,180</b>	<b>58,995</b>

### Za dodatne informacije:

Erste&Steiermärkische Bank d.d., 51000 Rijeka, Jadranski trg 3a, [www.erstebank.hr](http://www.erstebank.hr)

### Ured korporativnih komunikacija

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**Addendum 3.**

Period of reporting:

1.1.2015

do

31.12.2015

**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**

Adress: **JADRANSKI TRG 3A**

E-mail address: **erstebank@erstebank.hr**

Internet address: **www.erstebank.hr**

Code and name of **373** **RIJEKA**

Code and name of county **8** **PRIMORSKO GORANSKA** Broj zaposlenih: **2.346**

(krajem izvještajnog razdoblja)

Consolidated report: **NO** NKD code: **6419**

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**

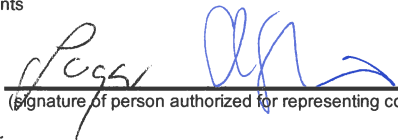
E-mail address: **arajic@erstebank.com**

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 & STEIERMARKISCHE BANK D.D.**  
**RIJEKA**  
026 095

  
(signature of person authorized for representing company)

## STATEMENT OF FINANCIAL POSITION

as of

31.12.2015

in HRK

Name of position 1	AOP 2	Prior period 3	Current period 4
<b>ASSETS</b>			
1. CASH AND DEPOSITS WITH Central bank (002+003)	001	7.426.588.668	8.086.507.999
1.1. Cash	002	949.199.625	1.093.172.839
1.2. Deposits with Central bank	003	6.477.389.043	6.993.335.160
2. DEPOSITS WITH BANKING INSTITUTIONS	004	1.877.297.409	1.288.421.182
3. TREASURY BILLS WITH MINISTRY OF FINANCE AND BILLS OF EXCHANGE WITH CENTRAL BANK	005	1.222.978.541	37.990.562
4. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD FOR TRADING	006	6.321.991	130.125.727
5. SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE	007	6.131.867.447	6.357.628.532
6. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY	008	869.750.581	870.455.671
7. SECURITIES AND OTHER FINANCIAL INSTRUMENTS NOT ACTIVELY TRADED, MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	009	0	0
8. DERIVATIVE FINANCIAL ASSETS	010	96.688.527	63.922.454
9. LOANS TO FINANCIAL INSTITUTIONS	011	938.363.739	1.762.462.655
10. LOANS TO OTHER CUSTOMERS	012	38.802.455.381	37.459.759.761
11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	013	1.358.517.452	1.023.446.572
12. REPOSSESSED ASSETS	014	461.985.132	532.311.601
13. TANGIBLE ASSET (MINUS DEPRECIATION)	015	356.363.608	562.525.868
14. INTEREST, FEES AND OTHER ASSETS	016	630.650.037	819.641.261
<b>A) TOTAL ASSETS (001+004 to 016)</b>	<b>017</b>	<b>60.179.828.513</b>	<b>58.995.199.845</b>
<b>LIABILITIES</b>			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	2.025.612.753	2.014.214.002
1.1. Short-term borrowings	019	695.388.675	466.310.000
1.2. Long-term borrowings	020	1.330.224.078	1.547.904.002
2. DEPOSITS (AOP 022 to 024)	021	45.262.622.863	44.155.660.142
2.1. Deposits of giro and current accounts	022	8.418.411.298	10.558.600.977
2.2. Savings deposits	023	1.785.998.287	2.361.425.061
2.3. Term deposits	024	35.058.213.278	31.235.634.104
3. OTHER BORROWINGS (026+027)	025	2.824.421.579	2.669.983.073
3.1. Short-term borrowings	026	695.295.400	607.404.085
3.2. Long-term borrowings	027	2.129.126.179	2.062.578.988
4. DERIVATIVE FINANCIAL LIABILITIES AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING	028	93.528.067	103.441.447
5. ISSUED DEBT SECURITIES (030+031)	029	300.000.000	300.000.000
5.1. Short-term issued debt instruments	030	0	0
5.2. Long-term issued debt instruments	031	300.000.000	300.000.000
6. ISSUED SUBORDINATED INSTRUMENTS	032	1.455.679.490	1.679.710.340
7. ISSUED HYBRID INSTRUMENTS	033	0	0
8. INTEREST, FEES AND OTHER LIABILITIES	034	1.027.580.761	1.936.458.831
<b>B) TOTAL LIABILITIES (018+021+025+028+029+032+033+034)</b>	<b>035</b>	<b>52.989.445.513</b>	<b>52.859.467.835</b>
<b>EQUITY</b>			
1. SHARE CAPITAL	036	3.500.360.782	3.500.360.782
2. PROFIT/(LOSS) OF THE CURRENT YEAR	037	232.239.871	-1.012.455.331
3. RETAINED PROFIT/(LOSS)	038	3.133.498.514	3.297.248.543
4. LEGAL RESERVES	039	84.920.875	84.921.058
5. STATUTORY AND OTHER CAPITAL RESERVES	040	479.851	479.851
6. UNREALISED PROFIT/(LOSS) FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE	041	238.883.107	265.177.107
7. RESERVES RESULTING FROM PROTECTIVE TRANSACTIONS	042		
<b>C) TOTAL EQUITY (036 to 042)</b>	<b>043</b>	<b>7.190.383.000</b>	<b>6.135.732.010</b>
<b>D) TOTAL LIABILITIES AND EQUITY (035+043)</b>	<b>044</b>	<b>60.179.828.513</b>	<b>58.995.199.845</b>
<b>SUPPLEMENT TO STATEMENT OF FINANCIAL POSITION (filled out by banks that compose a consolidated financial report)</b>			
<b>1. TOTAL EQUITY</b>	<b>045</b>		
2. Attributed to equity holders of the parent	046		
3. Minority shares (045-046)	047	0	0



**INCOME STATEMENT**

for period from

1.1.2015

to

31.12.2015

in HRK

Name of position 1	AOP 2	Prior period 3	Current period 5
1. Interest income	048	2.756.794.959	2.622.090.535
2. Interest expense	049	1.148.077.368	989.679.591
<b>3. Net interest income (048-049)</b>	<b>050</b>	<b>1.608.717.591</b>	<b>1.632.410.944</b>
4. Fee and commission income	051	525.703.501	564.277.339
5. Fee and commission expense	052	144.955.072	151.114.639
<b>6. Net fee and commission income (051-052)</b>	<b>053</b>	<b>380.748.429</b>	<b>413.162.700</b>
7. Profit/loss from investments in subsidiaries, associates and joint ventures	054		
8. Profit/loss from trading	055	8.320.389	-17.053.219
9. Profit/loss from embedded derivatives	056		
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	788.282	-612.140
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	79.161.662	54.675.037
16. Profit/loss from foreign currency differences	063	168.625.519	130.751.089
17. Other income	064	112.012.934	170.160.689
18. Other expenses	065	92.897.306	131.093.475
19. General administrative expenses and depreciation	066	881.686.696	946.452.749
<b>20. Net income from business before value adjustment and loan loss provisions (050+053 to 064-065-066)</b>	<b>067</b>	<b>1.383.790.804</b>	<b>1.305.948.876</b>
21. Expense of value adjustment and loan loss provisions	068	1.117.682.732	2.547.340.611
<b>22. PROFIT/LOSS BEFORE TAX (067-068)</b>	<b>069</b>	<b>266.108.072</b>	<b>-1.241.391.735</b>
<b>23. INCOME TAX EXPENSE</b>	<b>070</b>	<b>33.868.201</b>	<b>-228.936.404</b>
<b>24. PROFIT/LOSS OF THE CURRENT YEAR (069-070)</b>	<b>071</b>	<b>232.239.871</b>	<b>-1.012.455.331</b>
25. Earnings per share	072		
<b>ANNEX TO INCOME STATEMENT (for the Banks that prepare consolidated financial statements)</b>			
<b>1. PROFIT/LOSS OF THE CURRENT YEAR</b>	<b>073</b>		
<b>2. Assign equity holders of the Bank</b>	<b>074</b>		
<b>3. Non controlling interest (073-074)</b>	<b>075</b>	0	0



### CASH FLOW STATEMENT - indirect method

for period from 1.1.2015 to 31.12.2015 in HRK

Name of the position	AOP	Prior period	Current period
1	2	3	4
<b>OPERATING ACTIVITIES</b>			
<b>1. Cash flow from operating activities before changes of operating asset (002 do 007)</b>	<b>001</b>	1.432.955.653	1.240.470.477
1.1. Profit/(loss) before income tax	<b>002</b>	266.108.072	-1.241.391.735
1.2. Allowances and loss provisions	<b>003</b>	1.117.682.732	2.444.211.153
1.3. Depreciation	<b>004</b>	43.488.654	49.605.250
1.4. Net unrealized profit/(loss) from financial assets and liabilities through profit and loss	<b>005</b>	0	0
1.5. Profit/(loss) from sale of tangible assets	<b>006</b>	-1.158.830	-12.023.590
1.6. Other profit/(losses)	<b>007</b>	6.835.025	69.399
<b>2. Net increase/(decrease) of operating assets (009 do 016)</b>	<b>008</b>	-705.076.255	628.970.435
2.1. Deposits with Central bank	<b>009</b>	143.068.394	612.322.395
2.2. Treasury bills of Ministry of Finance and CB bills	<b>010</b>	-442.652.240	1.035.103.170
2.3. Deposits with banks and loans to financial institutions	<b>011</b>	740.878.714	-825.267.887
2.4. Loans to other customers	<b>012</b>	-267.776.402	151.541.851
2.5. Securities and other financial instruments held for trading	<b>013</b>	118.546.460	-123.803.736
2.6. Securities and other financial instruments available for sale	<b>014</b>	-824.127.515	-177.272.190
2.7. Securities and other financial instruments not traded actively, measured at fair value through profit or loss	<b>015</b>	0	0
2.8. Other operating assets	<b>016</b>	-173.013.666	-43.653.168
<b>3. Net increase/(decrease) of operating liabilities (018 do 021)</b>	<b>017</b>	-1.601.388.665	-1.099.949.160
3.1. Demand deposits	<b>018</b>	300.450.473	2.140.189.679
3.2. Savings and term deposits	<b>019</b>	-1.875.811.097	-3.247.152.400
3.3. Financial derivative liabilities and other liabilities actively traded	<b>020</b>	4.848.379	9.913.380
3.4. Other liabilities	<b>021</b>	-30.876.420	-2.899.819
<b>4. Net cash flow from operating activities before income tax (001+008+017)</b>	<b>022</b>	-873.509.267	769.491.752
5. (Income tax paid)	<b>023</b>	-29.728.021	0
<b>6. Net inflow/(outflow) of cash from operating activities (022+023)</b>	<b>024</b>	-903.237.288	769.491.752
<b>INVESTING ACTIVITIES</b>			
<b>7. Net cash flow from investing activities (026 do 030)</b>	<b>025</b>	-746.008.622	-219.220.317
7.1. Receipt from sale/(payment for buying) tangible and intangible assets	<b>026</b>	-36.477.561	-49.275.433
7.2. Receipt from sale/(payment for buying) investments in subsidiaries, associates and joint ventures	<b>027</b>	-87.057.114	26.000
7.3. Receipt from sale/(payment for buying) securities and other financial instruments held to maturity	<b>028</b>	-622.473.947	-15.812.613
7.4. Dividend income	<b>029</b>	0	53.444.345
7.5. Other receipts/(payments) from investing activities	<b>030</b>	0	-207.602.616
<b>FINANCIAL ACTIVITIES</b>			
<b>8. Net cash flow from financial activities (032 do 037)</b>	<b>031</b>	1.333.655.216	-18.235.195
8.1. Net increase/(decrease) of borrowings	<b>032</b>	718.116.456	-165.837.257
8.2. Net increase/(decrease) issued debt securities	<b>033</b>	0	0
8.3. Net increase/(decrease) subordinated and hybrid instruments	<b>034</b>	615.538.760	224.030.850
8.4. Receipts from transmitted share capital	<b>035</b>	0	0
8.5. (Dividends paid)	<b>036</b>	0	-76.428.788
8.6. Other receipts/(payments) from financial activities	<b>037</b>	0	0
<b>9. Net increase/(decrease) of cash and cash equivalents (024+025+031)</b>	<b>038</b>	-315.590.694	532.036.240
10. Effects of change in foreign exchange rates on cash and cash equivalents	<b>039</b>	0	0
<b>11. Net increase/(decrease) cash and cash equivalents (038+039)</b>	<b>040</b>	-315.590.694	532.036.240
<b>12. Cash and cash equivalents at the beginning of the year</b>	<b>041</b>	5.218.083.304	4.902.492.610
<b>13. Cash and cash equivalents at the end of the year (040+041)</b>	<b>042</b>	4.902.492.610	5.434.528.850

**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	
<b>Balance at 1 January</b>			3.500.360.782		85.400.726	3.133.498.514	232.239.871	238.883.107		7.190.383.000	
Changes in accounting policies and corrections of mistakes										0	
<b>Corrected balance as at 1 January (1+2)</b>			3.500.360.782	0	85.400.726	3.133.498.514	232.239.871	238.883.107	0	7.190.383.000	
Sale of financial assets available for sale								-733.547		-733.547	
Change of fair value financial asset available for sale								34.184.318		34.184.318	
Tax on items directly recognised or transferred from capital and reserves					0			-7.156.771		-7.156.771	
Other profit/(loss) directly recognised in capital and reserves			0			0	0	0		0	
<b>Net profit/(loss) directly recognised in capital and reserves (004+005+006+007)</b>			0	0	0	0	0	26.294.000	0	26.294.000	
Profit/(loss) for the period							-1.012.455.331			-1.012.455.331	
<b>Total recognised income and expenses for the period (008+009)</b>			0	0	0	0	-1.012.455.331	26.294.000	0	-986.161.331	
Increase/(decrease) of share capital			0	0	183					183	
Buy/sell of treasury shares			0							0	
Other changes						7.938.945				7.938.945	
Transfer to reserves						232.239.871	-232.239.871	0		0	
Dividends paid						-76.428.787	0			-76.428.787	
<b>Distribution on income (014+015)</b>			0	0	0	155.811.084	-232.239.871	0	0	-76.428.787	
<b>Balance at reporting date (003+010+011+012+013+016)</b>			3.500.360.782	0	85.400.909	3.297.248.543	-1.012.455.331	265.177.107	0	6.135.732.010	

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

## Notes to financial statements

<b>A 9. LOANS TO FINANCIAL INSTITUTIONS</b>	<b>31.12.2014</b>	<b>31.12.2015</b>
Loans	942.536.691	1.770.947.557
Less: Allowance for loan impairment	(4.172.952)	(8.484.902)
	<b>938.363.739</b>	<b>1.762.462.655</b>

<b>A 10. LOANS TO OTHER CUSTOMERS</b>	<b>31.12.2014</b>	<b>31.12.2015</b>
Companies	16.435.717.018	14.941.673.095
Individuals	17.443.676.123	17.339.714.277
Public sector	9.261.267.432	9.132.631.291
Other institutions	121.272.585	144.956.488
Total loans before allowances for impairment	43.261.933.158	41.558.975.151
Less: Allowance for loan impairment	(4.459.477.777)	(4.099.215.390)
	<b>38.802.455.381</b>	<b>37.459.759.761</b>

A 11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES						
	Ownership Interest 2014	Ownership Interest 2015	Activity	Group's Share of net assets		Investment at cost
				31.12.2014	31.12.2015	31.12.2014
<b>Associates</b>						
S Immorent leasing zeta d.o.o. za poslovanje nekretninama	49,00%	49,00%	Real estate business	-	-	12.800
Erste d.o.o	45,86%	45,86%	Management company for obligatory pension fund	57.779.656	59.796.280	38.098.985
S IT Solutions HR d.o.o.	20,00%	20,00%	IT engineering	630.409	857.689	4.000
FINAG DD	26,30%	26,30%	Manufacture of bricks, roof tiles and other clay products	1.332.080	-	1.332.080
RIBA D.D.	24,74%	24,74%	Cultivation of fish	543.300	543.300	543.300
IMMOKOR BUZIN d.o.o.	49,00%	49,00%	Real estate business	-	-	-
<b>Total associates:</b>				60.285.445	61.197.270	39.991.165
<b>Subsidiaries not consolidated</b>						
Izbor Nekretnina d.o.o.	100,00%	100,00%	For services	1.500.000	1.500.000	1.500.000
Diners Club BH d.o.o.	100,00%	100,00%	Ostalo finacijsko posredovanje	5.721.443	-	-
DC Travel d.o.o.	100,00%	100,00%	Travel Agency	605.200	637.200	-
<b>Total subsidiaries not consolidated:</b>				7.826.643	2.137.200	1.500.000
				68.112.088	63.334.470	41.491.165
<b>Subsidiaries</b>						
Erste nekretnine d.o.o.	100,00%	100,00%	Real estate business	3.866.050	4.223.836	800.180
Erste Factoring d.o.o.	75,00%	75,00%	Accounts Receivables repurchase	190.000.044	242.236.853	37.658.000
Erste Card Club d.d.	100,00%	100,00%	Financial intermediation and services	632.222.431	711.998.375	1.089.285.069
Erste Card d.o.o. Slovenia	100,00%	100,00%	Financial intermediation and services	6.709.624	14.330.533	-
Diners Club BH d.o.o.	100,00%	100,00%	Other financial intermediation	-	-	-
Erste Delta d.o.o.	100,00%	-	- Real estate business	7.965.128	-	26.000
Erste & Steiermärkische S-Leasing, d.o.o.	50,00%	50,00%	Financial and operative leasing	98.345.694	119.862.830	88.860.659
Erste bank a.d., Podgorica	100,00%	100,00%	Credit institution	352.266.624	396.637.694	100.396.379
<b>Total subsidiaries:</b>				1.291.375.595	1.489.290.121	1.317.026.287
<b>Total:</b>				1.359.487.683	1.552.624.591	1.358.517.452
						1.023.446.572

## A 12. REPOSESSED ASSETS

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

<b>B 1. AMOUNTS DUE TO FINANCIAL INSTITUTIONS</b>	<b>31.12.2014</b>	<b>31.12.2015</b>
From banks	1.681.612.753	1.635.164.002
From other banking institutions	344.000.000	379.050.000
	<b>2.025.612.753</b>	<b>2.014.214.002</b>

<b>B 2. DEPOSITS</b>		
<b>B 2.1. Deposits of giro and current accounts</b>	<b>31.12.2014</b>	<b>31.12.2015</b>
Deposits from public sector		
<i>Republic of Croatia</i>	93.694.543	48.514.567
<i>Republic funds</i>	48.960.462	130.679.045
<i>Local government</i>	142.151.109	202.565.247
Deposits from financial institutions		
<i>Banks</i>	196.297.474	196.438.864
<i>Other banking institutions</i>	181.462.753	226.466.735
<i>Non-banking financial institutions</i>	172.257.034	139.080.919
<i>Banks in bankruptcy</i>	418.704	417.161
<i>Banks in liquidation</i>	3.074	3.581
Deposits from state commercial customers	103.567.375	144.401.871
Deposits from other commercial customers	3.258.951.105	4.149.066.850
Deposits from non-profit institutions	181.893.266	181.974.026
Deposits from individuals	3.904.982.291	4.762.641.844
Deposits from non residents		
<i>Foreign financial institutions</i>	64.572.251	273.570.268
<i>Foreign states</i>	366.139	384.068
<i>Foreign commercial customers</i>	13.206.759	8.966.526
<i>Foreign individuals</i>	55.015.866	92.834.533
<i>Foreign non-profit institutions</i>	611.093	594.872
	<b>8.418.411.298</b>	<b>10.558.600.977</b>

<b>B 2.2. Savings deposits</b>	<b>31.12.2014</b>	<b>31.12.2015</b>
Deposits from public sector		
<i>Republic of Croatia</i>	444.268	338.348.089
<i>Local government</i>	25.212	7.159
Deposits from financial institutions		
<i>Banks</i>	10.743	1.711.132
<i>Other banking institutions</i>	159.115.536	159.959.041
<i>Non-banking financial institutions</i>	30.318.307	6.277.574
Deposits from state commercial customers	-	10.000.000
Deposits from other commercial customers	424.137.879	594.553.087
Deposits from non-profit institutions	144.462	1.234.068
Deposits from individuals	831.142.377	835.886.690
Deposits from non residents		
<i>Foreign financial institutions</i>	29.196	106.580
<i>Other non residents</i>	340.630.307	413.341.641
	<b>1.785.998.287</b>	<b>2.361.425.061</b>

<b>B 2.3. Term deposits</b>	<b>31.12.2014</b>	<b>31.12.2015</b>
Deposits from public sector		
<i>Republic of Croatia</i>	21.738.560	24.151.893
<i>Local government</i>	13.940.400	8.810.215
Deposits from financial institutions		
<i>Banks</i>	43.209.082	33.728.981
<i>Other banking institutions</i>	489.871.895	613.636.197
<i>HBOR-a</i>	-	35.000.000
<i>Non-banking financial institution</i>	1.038.848.026	591.134.865
Deposits from state commercial customers	90.696.712	117.639.464
Deposits from other commercial customers	2.009.332.804	1.903.502.853
Deposits from non-profit institutions	76.053.036	76.692.218
Deposits from individuals	18.880.912.284	19.432.196.225
Deposits from non residents		
<i>Foreign financial institutions</i>	11.266.312.954	7.305.602.412
<i>Foreign commercial customers</i>	3.205.327	12.907.377
<i>Foreign individuals</i>	1.124.092.198	1.080.631.404
<b>Term deposits</b>	<b>35.058.213.278</b>	<b>31.235.634.104</b>

#### **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 March 2015, new subordinated loan was contracted in the amount of up to EUR 80 million and tranche in amount of EUR 30 million has been withdrawn. The possibility of the tranches withdrawal is till 30.06.2016. Also, maturity of the existing subordinated loan, which was contracted in 2011, was extended to 31.12.2022.

In September 2015, zero floor clause was incorporated in each of the three withdrawn subordinated lines.

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.

<b>1. INTEREST INCOME</b>	<b>31.12.2014</b>	<b>31.12.2015</b>
Interest on loans and advances to customers	2.221.354.377	2.095.783.017
Interest on amounts due from other banks	5.509.329	2.528.046
Interest income on financial investments	236.797.679	236.565.497
Interest on derivative financial instruments	90.345.296	94.942.272
Interest income on impaired financial assets - loans and advances to cust	187.959.361	166.011.370
Interest on reverse repurchase agreements	9.702.021	21.699.403
Other interest income	5.126.896	4.560.930
	<b>2.756.794.959</b>	<b>2.622.090.535</b>

<b>2. INTEREST EXPENSES</b>	<b>31.12.2014</b>	<b>31.12.2015</b>
Interest on customer deposits	648.613.560	540.981.043
Interest on other borrowed funds	335.398.781	272.352.473
Interest on amounts due to other banks	65.941.671	59.927.568
Interest on subordinated debt	58.191.341	83.684.116
Interest on issued bonds	17.638.866	17.632.609
Interest on derivative financial instruments	16.422.188	3.223.756
Interest on repurchase agreements	982.553	5.093.199
Other interest expense	4.888.408	6.784.827
	<b>1.148.077.368</b>	<b>989.679.591</b>

<b>4. FEE AND COMMISSION INCOME</b>	<b>31.12.2014</b>	<b>31.12.2015</b>
Payments and money transfers	252.540.910	275.398.209
Bank cards services	149.405.529	165.099.760
Custodial fees	60.802.769	60.473.159
Guarantees and letter of credit	38.952.692	40.233.132
Other fee and commission income	24.001.601	23.073.079
	<b>525.703.501</b>	<b>564.277.339</b>

<b>5. FEE AND COMMISSION EXPENSES</b>	<b>31.12.2014</b>	<b>31.12.2015</b>
Payments and money transfers	35.501.576	33.692.572
Bank cards services	101.302.690	108.705.091
Custodial fees	3.730.760	3.343.818
Guarantees and letter of credit	1.187.063	1.520.453
Other fee and commission expense	3.232.983	3.852.705
	<b>144.955.072</b>	<b>151.114.639</b>



## 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 Division

  
Ivona Rakovac



Management Board member

  
Slađana Jagar

Rijeka, March 24th 2016