

**Audited financial statements of Erste&Steiermärkische Bank d.d. for period January 1st -
December 31st 2016**

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2016 results confirm the quality and sustainability of ESB group's business model in Croatia

"The financial results achieved in 2016 have confirmed the quality, soundness and sustainability of our business model. The stability of our operation, responsible risk policy management, increase in lending, the and use of the bank's digital channels have further consolidated our position on the Croatian banking market, while laying strong foundations for long-term business success," pointed out **Christoph Schoefboeck**, Chairman of the Management Board of Erste&Steiermärkische Bank d.d. in a comment of the 2016 business results. *"The bank's success can only come about if our clients are successful and satisfied,. Therefore we wish to remain their reliable partner in meeting their financial needs and business plans, while at the same time focusing strongly on further digitization of operations,"* Schoefboeck concluded.

HIGHLIGHTS

In 2016, the ESB group* achieved good financial results. Its net profit amounted to HRK 912.7 million, compared to HRK 769.0 million loss recorded in 2015 as a result of the one-time negative financial effects of the CHF conversion. Lower provisioning costs, a stable and moderate upward trend in the operating result, and the one-time effect of the divestment of the bank's share in VISA Europe Limited, amounting to HRK 74.9 million, were the most important influences on the profit. The group's total assets at 2016YE stood at HRK 65.6 billion and were down 3.9% compared to HRK 68.2 billion from 2015YE. As of 31 December 2016 total loans to customers stood at HRK 43.7 billion, down 5.4% from HRK 46.2 billion on 31 December 2015. The group's total deposits from customers at the end of December 2016 stood at HRK 43.3 billion and were up 4.5% from HRK 41.4 billion on 31 December 2015.

According to the unconsolidated financial statement, which includes the results of Erste&Steiermärkische Bank d.d. (Erste bank) without subsidiaries, net profit stood at HRK 626.5 million in 2016, compared to the HRK 1.0 billion loss recorded in 2015. The bank's total assets at the end of December 2016 stood at HRK 56.1 billion and were down 4.9% compared to HRK 59.0 billion at 2015YE. Total loans to customers amounted to HRK 36.3 billion on 31 December 2016 and were down 6.6% compared to the HRK 38.8 billion recorded at the end of December 2015, which is partially a consequence of the CHF loan conversion, i.e., the reduction of loan principals after the conversion. Total deposits from customers stood at HRK 41.3 billion at the end of December 2016 and were 4.1% up compared to 31 December 2015 when they stood at HRK 39.7 billion.

Generally, Erste bank saw a positive trends in new lending in 2016. For example, in the retail segment, which also includes micro enterprises, the bank saw new loans grow by around 13.7% from around HRK 3 billion in 2015, to around HRK 3.5 billion in 2016. Home and renovation loans grew by 71.3%, from around HRK 271.1 million of new loans in 2015 to HRK 464.2 million in 2016. The growing digitization is also reflected in the increased use of the bank's online channels. For example, the proportion of cash loans that were granted via an online loan application in 2016 was nearly 35.6% by number and 49.6% by volume. The proportion reached around 33% for housing loans. Positive trends were also noted in the corporate segment, which reflects a more favourable environment for business entities and increased demand for investment financing. In this segment, Erste bank saw an increase in new loans of around 26.0%, from HRK 5.6 billion in 2015 to around HRK 7.0 billion in 2016.

Having concluded that an adequate environment has slowly began to form in the market of Croatia and that circumstances have improved for the option of selling problematic liabilities in the banking sector, Erste bank decided to take advantage of the this option and, in line with a business practice that is customary in many EU

member states, to offer a selection of its NPLs to interested parties. It is important to stress here that only renowned and well-established companies were considered as the buyers of these liabilities. The aim of this decision was, on the one hand, to lower the share of NPLs in the bank's total credit portfolio (which, as a result dropped to 10.8% at 2016YE from 15.0% as of 31 December 2015), and on the other hand to focus on new opportunities for a more extensive backing of quality projects in the market.

OUTLOOK

Positive economic trends gaining momentum, a moderate GDP growth, the unemployment rate decline, continued fiscal consolidation, public debt stabilization, foreign debt decline, and a smaller risk premium signal the long-awaited beginning of Croatia's economic recovery, which is expected to continue in 2017. That is why it is important to lay a strong emphasis on the need to further consolidate public finances and ensure that the recovery of economic activity continues, primarily by implementing structural reforms more actively. Success in these two areas will pave the way for further macroeconomic stabilization, while also generating potential for positive developments with regard to the credit rating, meaning a further risk premium decline.

Political and legal stability present the main challenges for the banking system as the basic prerequisites for maintaining recovery and regaining investors' trust. Erste bank wants to continue to adequately support the citizens' financial needs, as well as all positive initiatives and quality projects in the private sector, which needs to be a generator of healthy economic growth and new jobs, while ensuring long-term stability. The focus should be on entrepreneurs and their initiatives and efforts must be invested to eliminate all obstacles that stand in the way of the realisation of their potentials. Erste bank wants to have an active role in reaching these goals, which will also contribute to the improvement of the overall quality of life of all Croatian citizens.

** Apart from the Erste&Steiermärkische Bank d.d., ESB grupa's consolidated financial statement includes the following subsidiaries: Erste Nekretnine d.o.o., Erste&Steiermärkische S-Leasing d.o.o, Erste Bank a.d., Podgorica, Erste Card Club grupa, Erste Factoring d.o.o., Erste Group IT HR d.o.o. and Izbor Nekretnina d.o.o.*

Statement of Profit or Loss

in HRK million	Notes	GROUP		BANK	
		2015	2016	2015	2016
Net interest income	1	2,148	2,060	1,632	1,582
Net fee and commission income	2	646	683	413	410
Dividend income	3	1	1	55	31
Net trading and fair value result	4	121	222	114	212
Net result from equity method investments		10	9	-	-
Rental income from investment properties & other operating leases	5	210	178	2	2
Personnel expenses	6	(586)	(635)	(422)	(453)
Other administrative expenses	6	(598)	(593)	(413)	(431)
Depreciation and amortisation	6	(249)	(236)	(50)	(42)
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	7	3	65	1	50
Net impairment loss on financial assets not measured at fair value through profit or loss	8	(1,274)	(364)	(1,248)	(363)
Other operating result	9	(1,365)	(157)	(1,325)	(167)
Pre-tax result from continuing operations		(933)	1,213	(1,241)	831
Taxes on income	10	164	(300)	229	(204)
Net result for the period		(769)	913	(1,012)	627
Net result attributable to non-controlling interests		47	38	-	-
Net result attributable to owners of the parent		(816)	875	-	-
Earnings per share					
Basic and diluted (HRK)	42	(48.07)	51.48	-	-

Statement of Financial Position as at 31 December 2016

In HRK million	GROUP				BANK
	Notes	31 December 2015	31 December 2016	31 December 2015	31 December 2016
Assets					
Cash and cash balances	11	5,299	4,388	4,847	3,737
Financial assets - held for trading		233	73	232	76
Derivatives	12	61	73	64	76
Other trading assets	13	172	-	168	-
Financial assets - available for sale	14	6,824	7,832	6,445	7,254
Financial assets - held to maturity	15	1,432	1,653	889	1,137
Loans to and receivables from credit institutions	17	5,441	5,329	5,197	5,320
Loans to and receivables from customers	18	46,159	43,656	38,833	36,254
Property and equipment	20	1,221	1,309	545	548
Investment properties	20	20	59	18	36
Intangible assets	21	409	390	72	110
Investments in subsidiaries	19	-	-	983	972
Investments in associates	19	61	59	38	38
Current tax assets	22	100	30	84	10
Deferred tax assets	22	415	219	241	90
Other assets	23	617	607	571	537
Total assets		68,231	65,604	58,995	56,119
Liabilities and equity					
Financial liabilities - held for trading		103	77	103	76
Derivatives	12	103	77	103	76
Financial liabilities measured at amortised cost		59,234	56,687	51,220	48,720
Deposits from banks	24	16,174	11,652	10,581	6,341
Deposits from customers	24	41,445	43,323	39,654	41,298
Debt securities issued	24	931	924	931	924
Other financial liabilities	24	684	788	54	157
Provisions	25	1,169	260	1,111	216
Current tax liabilities	22	5	12	-	-
Deferred tax liabilities	22	1	2	-	-
Other liabilities	26	608	578	425	378
Total liabilities		61,120	57,616	52,859	49,390
Total equity	27	7,111	7,988	6,136	6,729
Equity attributable to non-controlling interests		201	235	-	-
Equity attributable to owners of the parent		6,910	7,753	-	-
Total liabilities and equity		68,231	65,604	58,995	56,119

For further information:

Erste&Steiermärkische Bank d.d., 51000 Rijeka, Jadranski trg 3a, www.erstebank.hr

Corporate Communications

Zagreb, Ivana Lucica 2, e-mail: pr@erstebank.com

Dario Gabric, tel.: +385 (0)72 37 13 71; mob: +385 99 2371 371

Danijela Trbovic, tel.: +385 (0)72 37 15 31; mob: +385 99 2371 531

Natasa Vuletic, tel.: +385 (0)72 37 15 21

Sara Zadavec, tel.: + 385 (0)72 37 24 93

Sud upisa u registar: Trgovački sud u Rijeci MBS: 040001037 · Matični broj: 3337367 · OIB: 23057039320 · IBAN: HR9524020061031262160 · SWIFT/BIC: ESBCHR22 · Temeljni kapital 1.698.417.500,00 kn, uplaćen u cijelosti i podijeljen na 16.984.175 dionica, svaka nominalne vrijednosti 100,00 kn.

Uprava: Christoph Schoefboeck, Borislav Centner, Martin Hornig, Slađana Jagar, Zdenko Matak

ERSTE&STEIERMÄRKISCHE BANK D.D. Jadranski trg 3a, 51000 Rijeka Tel: 072 37 5000 Fax: 072 37 6000

Ivana Lučića 2, 10000 Zagreb Tel: 072 37 1000 Fax: 072 37 2000

www.erstebank.hr

erstebank@erstebank.hr

Addendum 3.

Period of reporting:

1.1.2016

do

31.12.2016

Annual financial report for credit institutions - GFI-KIIdentification 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: **2,432**

(krajem izvještajnog razdoblja)

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

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

Bookkeeping service: _____

Contact person: **BURIĆ PETAR**Phone number: **072 37 2330** Telefaks: **072 37 1942**E-mail address: **pburic@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

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


 (signature of person authorized for representing company)

STATEMENT OF FINANCIAL POSITION

as of 31.12.2016

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	8,086,507,999	6,417,655,291
1.1. Cash	002	1,093,172,839	1,100,978,580
1.2. Deposits with Central bank	003	6,993,335,160	5,316,676,711
2. DEPOSITS WITH BANKING INSTITUTIONS	004	1,288,421,182	592,223,959
3. TREASURY BILLS WITH MINISTRY OF FINANCE AND BILLS OF EXCHANGE WITH CENTRAL BANK	005	37,990,562	0
4. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD FOR TRADING	006	130,125,727	0
5. SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE	007	6,357,628,532	7,166,661,281
6. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY	008	870,455,671	1,114,739,943
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	63,922,454	76,054,199
9. LOANS TO FINANCIAL INSTITUTIONS	011	1,762,462,655	3,048,359,937
10. LOANS TO OTHER CUSTOMERS	012	37,459,759,761	34,931,819,307
11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	013	1,023,446,572	1,010,219,287
12. REPOSESED ASSETS	014	532,311,801	497,170,374
13. TANGIBLE ASSET (MINUS DEPRECIATION)	015	562,525,868	584,155,935
14. INTEREST, FEES AND OTHER ASSETS	016	819,641,261	679,667,833
A) TOTAL ASSETS (001+004 to 016)	017	58,995,199,845	56,118,727,346
LIABILITIES			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	2,014,214,002	2,223,679,809
1.1. Short-term borrowings	019	466,310,000	783,700,000
1.2. Long-term borrowings	020	1,547,904,002	1,439,979,809
2. DEPOSITS (AOP 022 to 024)	021	44,155,660,142	41,991,721,083
2.1. Deposits of giro and current accounts	022	10,558,600,977	12,783,231,049
2.2. Savings deposits	023	2,361,425,061	2,657,733,111
2.3. Term deposits	024	31,235,634,104	26,550,756,923
3. OTHER BORROWINGS (026+027)	025	2,669,983,073	2,138,730,372
3.1. Short-term borrowings	026	607,404,085	88,878,210
3.2. Long-term borrowings	027	2,062,578,988	2,049,852,162
4. DERIVATIVE FINANCIAL LIABILITIES AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING	028	103,441,447	76,441,107
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	1,679,710,340	1,662,713,140
7. ISSUED HYBRID INSTRUMENTS	033	0	0
8. INTEREST, FEES AND OTHER LIABILITIES	034	1,936,458,831	996,886,163
B) TOTAL LIABILITIES (018+021+025+028+029+032+033+034)	035	52,859,467,835	49,390,171,674
EQUITY			
1. SHARE CAPITAL	036	3,500,360,782	3,500,360,782
2. PROFIT/(LOSS) OF THE CURRENT YEAR	037	-1,012,455,331	626,514,008
3. RETAINED PROFIT/(LOSS)	038	3,297,248,543	2,284,793,212
4. LEGAL RESERVES	039	84,921,058	84,921,058
5. STATUTORY AND OTHER CAPITAL RESERVES	040	479,851	874,691
6. UNREALISED PROFIT/(LOSS) FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE	041	265,177,107	231,091,921
7. RESERVES RESULTING FROM PROTECTIVE TRANSACTIONS	042		
C) TOTAL EQUITY (036 to 042)	043	6,135,732,010	6,728,555,672
D) TOTAL LIABILITIES AND EQUITY (035+043)	044	58,995,199,845	56,118,727,346
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 **1.1.2016** to **31.12.2016**

in HRK

Name of position	AOP	Prior period	Current period
1	2	3	5
1. Interest income	048	2,622,090,535	2,314,247,418
2. Interest expense	049	989,679,591	732,520,864
3. Net interest income (048-049)	050	1,632,410,944	1,581,726,554
4. Fee and commission income	051	564,277,339	560,511,706
5. Fee and commission expense	052	151,114,639	150,349,149
6. Net fee and commission income (051-052)	053	413,162,700	410,162,557
7. Profit/loss from investments in subsidiaries, associates and joint ventures	054	0	0
8. Profit/loss from trading	055	-17,053,219	92,249,108
9. Profit/loss from embedded derivatives	056	0	0
10. Profit/loss from asset not actively traded measured at fair value through profit or loss	057	0	0
11. Profit/loss from asset available for sale	058	-612,140	49,931,439
12. Profit/loss from asset held to maturity	059	0	0
13. Profit/loss from hedging	060	0	0
14. Income from investments in subsidiaries, associates and joint ventures	061	0	0
15. Income from other ownership investments	062	54,675,037	30,689,781
16. Profit/loss from foreign currency differences	063	130,751,089	119,889,842
17. Other income	064	170,160,689	211,336,278
18. Other expenses	065	131,093,475	172,956,444
19. General administrative expenses and depreciation	066	946,452,749	993,907,568
20. Net Income from business before value adjustment and loan loss provisions (050+053 to 064-065-066)	067	1,305,948,876	1,329,121,547
21. Expense of value adjustment and loan loss provisions	068	2,547,340,611	498,944,455
22. PROFIT/LOSS BEFORE TAX (067-068)	069	-1,241,391,735	830,177,092
23. INCOME TAX EXPENSE	070	-228,936,404	203,663,085
24. PROFIT/LOSS OF THE CURRENT YEAR (069-070)	071	-1,012,455,331	626,514,007
25. Earnings per share	072	-60	37
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 1.1.2016 to 31.12.2016 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	1,240,470,477	-148,413,338
1.1. Profit/(loss) before income tax	002	-1,241,391,735	830,177,092
1.2. Allowances and loss provisions	003	2,444,211,153	-964,708,271
1.3. Depreciation	004	49,605,250	41,564,498
1.4. Net unrealized profit/(loss) from financial assets and liabilities through profit and loss	005	0	0
1.5. Profit/(loss) from sale of tangible assets	006	-12,023,590	-55,446,657
1.6. Other profit/(losses)	007	69,399	0
2. Net increase/(decrease) of operating assets (009 do 016)	008	628,970,435	2,455,996,497
2.1. Deposits with Central bank	009	612,322,395	788,382,476
2.2. Treasury bills of Ministry of Finance and CB bills	010	1,035,103,170	37,990,562
2.3. Deposits with banks and loans to financial institutions	011	-825,267,887	-1,256,174,319
2.4. Loans to other customers	012	151,541,851	3,668,576,906
2.5. Securities and other financial instruments held for trading	013	-123,803,736	130,125,727
2.6. Securities and other financial instruments available for sale	014	-177,272,190	-843,911,450
2.7. Securities and other financial instruments not traded actively, measured at fair value through profit or loss	015	0	0
2.8. Other operating assets	016	-43,653,168	-68,993,405
3. Net increase/(decrease) of operating liabilities (018 do 021)	017	-1,099,949,160	-3,170,795,830
3.1. Demand deposits	018	2,140,189,679	2,224,630,072
3.2. Savings and term deposits	019	-3,247,152,400	-4,388,569,131
3.3. Financial derivative liabilities and other liabilities actively traded	020	9,913,380	-27,000,340
3.4. Other liabilities	021	-2,899,819	-979,856,431
4. Net cash flow from operating activities before Income tax (001+008+017)	022	769,491,752	-863,212,671
5. (Income tax paid)	023	0	0
6. Net inflow/(outflow) of cash from operating activities (022+023)	024	769,491,752	-863,212,671
INVESTING ACTIVITIES			
7. Net cash flow from investing activities (026 do 030)	025	-219,220,317	-345,636,646
7.1. Receipt from sale/(payment for buying) tangible and intangible assets	026	-49,275,433	-45,811,824
7.2. Receipt from sale/(payment for buying) investments in subsidiaries, associates and joint ventures	027	26,000	-40,184,015
7.3. Receipt from sale/(payment for buying) securities and other financial instruments held to maturity	028	-15,812,613	-259,640,807
7.4. Dividend income	029	53,444,345	0
7.5. Other receipts/(payments) from investing activities	030	-207,602,616	0
FINANCIAL ACTIVITIES			
8. Net cash flow from financial activities (032 do 037)	031	-18,235,195	-338,784,095
8.1. Net increase/(decrease) of borrowings	032	-165,837,257	-321,786,895
8.2. Net increase/(decrease) issued debt securities	033	0	0
8.3. Net increase/(decrease) subordinated and hybrid instruments	034	224,030,850	-16,997,200
8.4. Receipts from transmitted share capital	035	0	0
8.5. (Dividends paid)	036	-76,428,788	0
8.6. Other receipts/(payments) from financial activities	037	0	0
9. Net increase/(decrease) of cash and cash equivalents (024+025+031)	038	532,036,240	-1,547,633,412
10. Effects of change in foreign exchange rates on cash and cash equivalents	039	0	0
11. Net increase/(decrease) cash and cash equivalents (038+039)	040	532,036,240	-1,547,633,412
12. Cash and cash equivalents at the beginning of the year	041	4,902,492,610	5,434,528,850
13. Cash and cash equivalents at the end of the year (040+041)	042	5,434,528,850	3,886,895,438

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Name of position	for period		Attributable to the equity holders of the Bank						in HRK	
	1	2	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
	1	2	3	4	5	6	7	8	9	10
Balance at 1 January		001	3,500,360,782		85,400,909	3,297,248,543	-1,012,455,331	265,177,107		6,135,732,010
Changes in accounting policies and corrections of mistakes		002								
Corrected balance as at 1 January (1+2)		003	3,500,360,782	0	85,400,909	3,297,248,543	-1,012,455,331	265,177,107	0	6,135,732,010
Sale of financial assets available for sale		004						-49,931,439		-49,931,439
Change of fair value financial asset available for sale		005						-303,799		-303,799
Tax on items directly recognised or transferred from capital and reserves		006			-72,160			16,150,052		16,077,892
Other profit/(loss) directly recognised in capital and reserves		007	0	0	467,000	0	0	0		467,000
Net profit/(loss) directly recognised in capital and reserves (004+005+006+007)		008	0	0	394,840	0	0	-34,085,186	0	-33,690,346
Profit/(loss) for the period		009					626,514,008			626,514,008
Total recognised income and expenses for the period (008+009)		010	0	0	394,840	0	626,514,008	-34,085,186	0	592,823,662
Increase/(decrease) of share capital		011	0	0						
Buy/sell of treasury shares		012	0	0						
Other changes		013								
Transfer to reserves		014				-1,012,455,331	1,012,455,331			
Dividends paid		015					0			
Distribution on income (014+015)		016	0	0	0	-1,012,455,331	1,012,455,331		0	0
Balance at reporting date (003+010+011+012+013+016)		017	3,500,360,782	0	85,795,749	2,284,793,212	626,514,008	231,091,921	0	6,728,555,672

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	31.12.2015	31.12.2016
Gross Loans	1,770,947,557	3,056,680,353
Less: Allowance for loan impairment	(8,484,902)	(8,320,416)
	1,762,462,655	3,048,359,937

A 10. LOANS TO OTHER CUSTOMERS	31.12.2015	31.12.2016
Companies	14,941,673,095	12,732,973,577
Individuals	17,339,714,277	15,707,574,431
Public sector	9,132,631,291	9,395,839,967
Other institutions	144,956,488	53,729,660
Total gross loans before allowances for impairment	41,558,975,151	37,890,117,635
Less: Allowance for loan impairment	(4,099,215,390)	(2,958,298,328)
	37,459,759,761	34,931,819,307

A 11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES

	Ownership Interest		Activity	Group's Share of net assets		Investment at cost	
	2015	2016		31.12.2015	31.12.2016	31.12.2015	31.12.2016
Associates							
S Immorent leasing zeta d.o.o. za poslovanje nekretnih	49.00%	49.00%	Real estate business	-	-	-	-
Erste d.o.o.	45.86%	45.86%	Management company for obligatory pension fund	59,796,280	59,168,968	38,098,985	38,098,985
Erste group IT HR d.o.o.	20.00%	-	- IT engineering	857,689	-	4,000	-
IMMOKOR BUZIN d.o.o.	49.00%	49.00%	Real estate business	-	-	-	-
Total associates:				60,653,970	59,168,968	38,102,985	38,098,985
Associates not consolidated							
FINAG DD	26.30%	26.30%	Manufacture of bricks, roof tiles and other clay products	-	-	-	-
RIBA D.D.	24.74%	24.74%	Cultivation of fish	543,300	-	543,300	-
Total associates not consolidated:				543,300	-	543,300	-
Total associates:				61,197,270	59,168,968	38,646,285	38,098,985
Subsidiaries not consolidated							
Izbor Nekretnina d.o.o.	100.00%	-	- For services	1,500,000	-	1,500,000	-
Diners Club BH d.o.o.	100.00%	100.00%	Other financial intermediation	-	-	-	-
DC Travel d.o.o.	100.00%	100.00%	Travel Agency	637,200	-	-	-
Total subsidiaries not consolidated:				2,137,200	-	1,500,000	-
				63,334,470	59,168,968	40,146,285	38,098,985
Subsidiaries							
Erste nekretnine d.o.o.	100.00%	100.00%	Real estate business	4,223,836	4,398,100	800,180	800,180
Erste Factoring d.o.o.	74.996%	74.996%	Accounts Receivables repurchase	242,236,853	295,462,274	37,658,000	37,658,000
Erste Card Club d.d.	100.00%	100.00%	Financial intermediation and services	711,998,375	829,440,658	755,585,069	702,717,069
Erste Card d.o.o. Slovenia	100.00%	100.00%	Financial intermediation and services	14,330,533	15,769,074	-	-
Erste & Steiermärkische S-Leasing, d.o.o.	50.00%	50.00%	Financial and operative leasing	119,862,830	135,282,351	88,860,659	88,860,659
Erste bank a.d., Podgorica	100.00%	100.00%	Credit institution	396,637,694	453,591,601	100,396,379	100,396,379
Erste group IT HR d.o.o.	-	80.00%	IT engineering	-	4,072,474	-	2,002,000
Izbor Nekretnina d.o.o.	-	100.00%	For services	-	40,240,188	-	39,686,015
Total subsidiaries:				1,489,290,121	1,778,256,719	983,300,287	972,120,302
Total:				1,552,624,591	1,837,425,687	1,023,446,572	1,010,219,287

A 12. REPOSESSED ASSETS

Repossessed assets are tangible assets repossessed due to uncollected receivables, majority of which are real estates.

B 1. AMOUNTS DUE TO FINANCIAL INSTITUTIONS	31.12.2015	31.12.2016
From banks	1,635,164,002	1,439,979,809
From other banking institutions	379,050,000	783,700,000
	2,014,214,002	2,223,679,809

B 2. DEPOSITS		
B 2.1. Deposits of giro and current accounts	31.12.2015	31.12.2016
Deposits from public sector		
<i>Republic of Croatia</i>	48,514,567	36,927,675
<i>Republic funds</i>	130,679,045	139,941,511
<i>Local government</i>	202,565,247	232,897,567
Deposits from financial institutions		
<i>Banks</i>	196,438,864	71,566,173
<i>Other banking institutions</i>	226,466,735	122,972,545
<i>Non-banking financial institutions</i>	139,080,919	134,476,670
<i>Banks in bankruptcy</i>	417,161	-
<i>Banks in liquidation</i>	3,581	900
Deposits from state commercial customers	144,401,871	207,623,603
Deposits from other commercial customers	4,149,066,850	5,135,954,069
Deposits from non-profit institutions	181,974,026	208,268,086
Deposits from individuals	4,762,641,844	6,213,531,543
Deposits from non residents		
<i>Foreign financial institutions</i>	273,570,268	158,102,612
<i>Foreign states</i>	384,068	279,692
<i>Foreign commercial customers</i>	8,966,526	12,490,909
<i>Foreign individuals</i>	92,834,533	107,263,786
<i>Foreign non-profit institutions</i>	594,872	933,708
	10,558,600,977	12,783,231,049

B 2.2. Savings deposits	31.12.2015	31.12.2016
Deposits from public sector		
<i>Republic of Croatia</i>	338,348,089	438,257
<i>Local government</i>	7,159	4,510,449
Deposits from financial institutions		
<i>Banks</i>	1,711,132	6,684
<i>Other banking institutions</i>	159,959,041	459,877,275
<i>Non-banking financial institutions</i>	6,277,574	8,675,563
Deposits from state commercial customers	10,000,000	12,849,762
Deposits from other commercial customers	594,553,087	767,748,177
Deposits from non-profit institutions	1,234,068	2,213,786
Deposits from individuals	835,886,690	977,576,407
Deposits from non residents		
<i>Foreign financial institutions</i>	106,580	10,019
<i>Other non residents</i>	413,341,641	423,826,732
	2,361,425,061	2,657,733,111

B 2.3. Term deposits	31.12.2015	31.12.2016
Deposits from public sector		
<i>Republic of Croatia</i>	24,151,893	314,576,870
<i>Local government</i>	8,810,215	5,710,055
Deposits from financial institutions		
<i>Banks</i>	33,728,981	67,609,137
<i>Other banking institutions</i>	613,636,197	583,528,369
<i>HBOR-a</i>	35,000,000	-
<i>Non-banking financial institution</i>	591,134,865	468,705,732
<i>Banks in bankruptcy</i>	-	32,880
Deposits from state commercial customers	117,639,464	70,691,184
Deposits from other commercial customers	1,903,502,853	1,883,514,445
Deposits from non-profit institutions	76,692,218	92,411,825
Deposits from individuals	19,432,196,225	18,574,090,714
Deposits from non residents		
<i>Foreign financial institutions</i>	7,305,602,412	3,506,876,409
<i>Foreign commercial customers</i>	12,907,377	11,533,309
<i>Foreign individuals</i>	1,080,631,404	971,475,994
Term deposits	31,235,634,104	26,550,756,923

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

Bank withdrew first subordinated loan in June, 2011 (maturity 31 December 2022). New subordinated loan agreement was signed in 2014 pursuant to which Bank withdrew EUR 80 million (maturity 09 July 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 (maturity 19 March 2022). Interest rate on stated subordinated loans amounts 3 month EURIBOR plus margin, while weighted average margin amounts 3.82%. Also, in July 2011, bank issued its own subordinated bond in amount of EUR 80 million. Maturity of the bond is 6 years with interest to maturity 6.5% p.a.

1. INTEREST INCOME	31.12.2015	31.12.2016
Interest on loans and advances to customers	2.095.783.017	1.923.908.988
Interest on amounts due from other banks	2.528.046	2.992.092
Interest income on financial investments	236.565.497	234.863.203
Interest on derivative financial instruments	94.942.272	40.926.409
Interest income on impaired financial assets - loans and advances to customers	166.011.370	92.064.815
Interest on reverse repurchase agreements	21.699.403	16.764.143
Other interest income	4.560.930	2.727.768
	2.622.090.535	2.314.247.418

2. INTEREST EXPENSES	31.12.2015	31.12.2016
Interest on customer deposits	540.981.043	414.941.153
Interest on other borrowed funds	272.352.473	145.901.644
Interest on amounts due to other banks	59.927.568	47.654.211
Interest on subordinated debt	83.684.116	95.368.117
Interest on issued bonds	17.632.609	17.652.989
Interest on derivative financial instruments	3.223.756	279.221
Interest on repurchase agreements	5.093.199	2.275.192
Other interest expense	6.784.827	8.448.337
	989.679.591	732.520.864

4. FEE AND COMMISSION INCOME	31.12.2015	31.12.2016
Payments and money transfers	275.398.209	280.709.426
Bank cards services	165.099.760	159.487.170
Custodial fees	60.473.159	60.763.401
Guarantees and letter of credit	40.233.132	40.444.132
Other fee and commission income	23.073.079	19.107.577
	564.277.339	560.511.706

5. FEE AND COMMISSION EXPENSES	31.12.2015	31.12.2016
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
	144.955.072	151.114.639

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 Division


Ivona Rakovac

ERSTE & STEIERMÄRKISCHE
BANK D.D.
015 RIJKA 098

Management Board member


Slađana Jagar

Rijeka, March 23th 2017