

**Audited financial statements of Erste&Steiermärkische Bank d.d. for period January 1st –
June 30st 2018**

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Positive operating trends and new loan growth dominant in H1 2018

*"We are pleased with our H1 2018 results. Stable operation, new loan growth in both segments, retail and corporate, along with responsible risk policy management, provide a confirmation that we are following the right business model and give us cause for optimism in the remainder of the year", said **Christoph Schoefboeck**, Chairman of the Management Board of Erste Bank Croatia, commenting on the business results for H1 2018, and added: "We want our success to be sustainable and long-term, to result from the quality selection and financial backing of those projects that are sound and profitable, to be based on partnership relations that we maintain with our clients and other stakeholders in the social community. Our common goals are success, satisfaction, and prosperity – of our clients and of society in Croatia as a whole."*

IN BRIEF

According to the non-consolidated financial report for Erste Bank Croatia (the Bank), without subsidiaries, net profit in H1 2018 was HRK 505.4 million, up 53.0% from HRK 330.4 million in H1 2017. Lower provision costs in comparison with H1 2017, partly a result of the general positive portfolio trends and the lower NPL share, and partly a result of the fact that provision costs increased in H1 2017 due to the situation of the Agrokor conglomerate and its associate companies, were the main driver of the increase in net profit. At the same time, net income from business before value adjustment and loan loss provisions was up 3.1%, from HRK 608.3 million in H1 2017 to HRK 627.5 million in H1 2018. Net interest income was up 4.0%, from HRK 812.7 million in H1 2017 to HRK 845.1 million in H1 2018, and net fee and commission income maintained a stable trend and amounted to HRK 209.6 million in H1 2018, up 0.6% from HRK 208.3 million in H1 2017.

The bank's total assets on 30/06/2018 were HRK 58.3 billion, up 1.8% from HRK 57.2 billion at 2017YE. As of 30/06/2018, total loans were HRK 36.2 billion, up 3.3% from HRK 35.1 billion at 2017YE. Total deposits as of 30/06/2018 were HRK 44.8 billion, up 2.3% from HRK 43.8 billion at 2017YE.

In H1 2018, the bank continued to record stable trends in the segment of new loans. In the retail segment, which includes micro-companies, new loans grew by around 50%, from around HRK 1.9 billion in H1 2017 to around HRK 2.8 billion in H1 2018. Increase in retail segment was around 52%, from HRK 1.7 billion in H1 2017 to HRK 2.6 billion in H1 2018, and increase in micro-companies segment was around 26%, from HRK 186 million in H1 2017 to HRK 235 million in H1 2018. Positive trends were also recorded in the corporate segment, where new loans were up around 9%, from around HRK 3.7 billion in H1 2017 to around HRK 4.0 billion in H1 2018.

EBC Group's net profit* in H1 2018 was HRK 595.7 million compared to HRK 24.5 million in H1 2017. Increase in net profit is largely due to the substantially lower provision costs compared to the previous year, when provision costs had been impacted by the situation in the Agrokor conglomerate and its associated companies. EBC Group's operating net income before value adjustment and loan loss provisions increased from HRK 764.4 million in H1 2017 to HRK 803.6 million in H1 2018. EBC Group's net fee and commission income increased from HRK 1,028.8 million in H1 2017 to HRK 1,054.7 million in H1 2018. Net fee and commission income was up 3.3%, from HRK 330.8 million in H1 2017 to HRK 341.7 million in H1 2018.

EBC Group's total assets on 30/06/2018 were HRK 67.1 billion and were up 1.7% from HRK 65.9 billion at 2017YE. Total loans as of 30/06/2018 were HRK 43.1 billion, up 2.8% from HRK 42.0 billion at 2017YE. EBC Group's total deposits on 30/06/2018 were HRK 46.7 billion and were up 2.4% from HRK 45.6 billion at 2017YE.

OUTLOOK

"The Croatian banking system is stable and the banks continue to have the capacity and the opportunity to adequately support positive initiatives and sound projects in the private sector, which should be the driver of healthy economic growth and new job generation, ensuring long-term stability. This year, economic trends are expected to remain beneficial for growth and, hopefully, for maintaining the fiscal discipline. However, the need remains to reinforce the efforts in conducting structural reforms in order to raise the potential growth rate, increase resilience to possible global shocks, and set a sustainable course for the positive trends. It is also important to find a political and economic response to the demographic challenges and the growing emigration trend", Schoefboeck underlined.

"The clear message that introduction of the euro is a strategic goal sends a positive signal. Reduction of foreign exchange risk and access to euro area financial stability mechanisms will further increase financial stability in Croatia. In terms of challenges, legal and political stability remain the fundamental prerequisites of continued recovery. Investment security should be built, and initiatives that could undermine it by changing the rules of the game as we go should be avoided. Banking is the bloodstream of any economy, and only a stable blood count can help improve the quality of its functioning", concluded Schoefboeck.

EBC Group's consolidated financial statement includes the following subsidiaries in addition to Erste & Steiermärkische Bank d.d.: Erste Nekretnine d.o.o., Erste & Steiermärkische S-Leasing d.o.o., Erste Bank a.d., Podgorica, Erste Card Club group, Erste Factoring d.o.o., Erste Group IT HR d.o.o. and Izbor Nekretnina d.o.o.

Related party

In HRK mio	ESB GROUP			BANK		
	30.6.2018.	31.12.2017.	% change	30.6.2018.	31.12.2017.	% change
ASSET	1.356	2.234	(39,3%)	1.768	2.569	(31,2%)
LIABILITIES	9.902	9.687	2,2%	6.527	6.016	8,5%
	30.6.2018.	30.6.2017.	% change	30.6.2018.	30.6.2017.	% change
REVENUES	86	202	(57,4%)	108	228	(52,6%)
EXPENSES	162	138	17,4%	163	127	28,3%

Risk management

Risk management is a set of procedures and methods established for identifying, measuring, assessing, controlling and monitoring of risks, including reporting of risks to which the credit institution is or might be exposed in its operations. The Bank is obliged to regularly measure and assess the risks identified in its business. Methods of measuring and assessing risk must include appropriate quantitative and/or qualitative measurement methods and risk assessment that will enable the observation of changes in Bank's risk profile, including the emergence of new risks.

The most significant risks that affect Bank's business operations are credit, market, operational and liquidity risk.

Credit risk is the risk of potential loss due to a debtor's non-payment of obligations towards the Bank, and it arises from the possibility that the Bank's credit claims and related fees and interest will not be repaid in the foreseen amount and timeframe. The Bank identifies, measures, follows up on, controls, i.e. actively manages the credit risk as one of the most important risks and determines existence of appropriate capital level for covering of such risks. Risks related to credit risk are: default risk, migration risk, counterparty credit risk, settlement risk, equity risk, free delivery risk, currency induced credit risk, residual risk, country and political risk, and dilution risk.

Market risks represent the risk of loss in open position stemming from the change in the movements of the market prices and rates (including interest rates, equity prices, foreign exchange rates and commodity prices), the correlations among them and their levels of volatility. In this sense, market risk include: position risk,, interest rate risk, currency risk, commodity risk, credit spread risk, equity/price risk and volatility risk.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including in particular legal, regulatory, compliance, outsourcing, staff, security, fraud, vendor, execution and processing and financial statement risk.

Liquidity risk is a risk of loss stemming from an existing or expected inability of a credit institution to settle its monetary obligations upon maturity. Liquidity risk arises from maturity mismatch between assets and liabilities. Liquidity risk contains (i) funding liquidity risk which is then divided into insolvency risk and structural liquidity risk and (ii) market liquidity risk.

Except above mentioned risks the Bank manages and all other risk that could affect their business operations such as: risk concentrations, business/strategic risk, systemic risk, management risk etc.

Addendum 3.

Period of reporting:

1.1.2018

do

30.6.2018

Three-month financial report for credit institutions - TFI-KI

Identification number (MB): 03337367

Identification number of the 040001037

Personal identification number (OIB): 23057039320

Name of the issuer: ERSTE & STEIERMARKISCHE BANK DD

Postal code and town of 51000 RIJEKA

Address: JADRANSKI TRG 3A

E-mail address: erstebank@erstebank.hrInternet address: www.erstebank.hr

Code and name of 373 RIJEKA

Code and name of county 8 PRIMORSKO GORANSKA

Broj zaposlenih:

2.616

(krajem izvještajnog razdoblja)

Consolidated report: NO

Šifra NKD-a:

6419

Names of subjects of consolidation (according to MSFI):

Headquarters:

MB:

Bookkeeping service:

Contact person: ANDREJA BERIŠIĆ

Phone number: 072 37 1778

Telefaks: 072 37 1942

E-mail address: aralic@erstebank.hr

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.


 (signature of person authorized for representing company)

ERSTE & STEIERMARKISCHE BANK DD
 RIJEKA
 026



STATEMENT OF FINANCIAL POSITION

as of

30.6.2018

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	7,209,582,570	7,192,532,429
1.1. Cash	002	1,366,013,120	1,686,810,620
1.2. Deposits with Central bank	003	5,843,569,450	5,505,721,809
2. DEPOSITS WITH BANKING INSTITUTIONS	004	631,947,509	385,129,424
3. TREASURY BILLS WITH MINISTRY OF FINANCE AND BILLS OF EXCHANGE WITH CENTRAL BANK	005	730,758,448	799,629,210
4. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD FOR TRADING	006	195,251,486	191,696,320
5. SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE	007	6,661,169,841	7,278,415,033
6. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY	008	1,363,996,757	1,243,971,005
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	54,702,442	71,364,037
9. LOANS TO FINANCIAL INSTITUTIONS	011	2,577,204,155	2,017,607,113
10. LOANS TO OTHER CUSTOMERS	012	35,086,873,250	36,240,780,690
11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	013	989,492,155	989,492,155
12. REPOSSESSED ASSETS	014	453,197,351	457,324,769
13. TANGIBLE ASSET (MINUS DEPRECIATION)	015	603,260,347	639,361,587
14. INTEREST, FEES AND OTHER ASSETS	016	648,188,707	750,960,852
A) TOTAL ASSETS (001+004 to 016)	017	57,205,625,018	58,258,264,624
LIABILITIES			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	1,327,060,293	1,339,951,030
1.1. Short-term borrowings	019	157,000,000	189,590,384
1.2. Long-term borrowings	020	1,170,060,293	1,150,360,646
2. DEPOSITS (AOP 022 to 024)	021	43,780,312,115	44,794,489,590
2.1. Deposits of giro and current accounts	022	16,975,677,371	18,838,969,949
2.2. Savings deposits	023	2,425,020,362	2,400,189,084
2.3. Term deposits	024	24,379,614,382	23,555,330,557
3. OTHER BORROWINGS (026+027)	025	2,139,151,422	2,031,198,814
3.1. Short-term borrowings	026	101,003,866	69,112,303
3.2. Long-term borrowings	027	2,038,147,556	1,962,086,511
4. DERIVATIVE FINANCIAL LIABILITIES AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING	028	51,640,007	59,885,619
5. ISSUED DEBT SECURITIES (030+031)	029	375,682,400	368,978,850
5.1. Short-term issued debt instruments	030	0	0
5.2. Long-term issued debt instruments	031	375,682,400	368,978,850
6. ISSUED SUBORDINATED INSTRUMENTS	032	1,277,320,160	1,254,528,090
7. ISSUED HYBRID INSTRUMENTS	033	0	0
8. INTEREST, FEES AND OTHER LIABILITIES	034	1,112,586,127	944,135,781
B) TOTAL LIABILITIES (018+021+025+028+029+032+033+034)	035	50,063,752,524	50,793,167,774
EQUITY			
1. SHARE CAPITAL	036	3,500,360,782	3,500,360,782
2. PROFIT/(LOSS) OF THE CURRENT YEAR	037	649,495,381	505,405,596
3. RETAINED PROFIT/(LOSS)	038	2,692,720,887	3,153,698,570
4. LEGAL RESERVES	039	84,921,058	84,921,058
5. STATUTORY AND OTHER CAPITAL RESERVES	040	908,311	908,311
6. UNREALISED PROFIT/(LOSS) FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE	041	213,466,075	219,802,533
7. RESERVES RESULTING FROM PROTECTIVE TRANSACTIONS	042	0	0
C) TOTAL EQUITY (036 to 042)	043	7,141,872,494	7,465,096,850
D) TOTAL LIABILITIES AND EQUITY (035+043)	044	57,205,625,018	58,258,264,624
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		

Certain prior period positions are reclassified for comparability to current period

INCOME STATEMENT

for period from **1.1.2018** to **30.6.2018**

in HRK

Name of position	AOP	Prior period		Current period	
		Cumulative	Quarterly diff.	Cumulative	Quarterly diff.
1	2	3	4	5	6
1. Interest income	048	1,064,508,122	528,126,380	1,008,880,768	507,717,754
2. Interest expense	049	251,791,343	119,855,455	163,739,398	76,319,089
3. Net interest income (048-049)	050	812,716,779	408,270,925	845,141,370	431,398,665
4. Fee and commission income	051	276,689,861	141,935,815	286,942,121	158,458,908
5. Fee and commission expense	052	68,363,165	38,244,875	77,328,340	43,381,950
6. Net fee and commission income (051-052)	053	208,326,696	103,690,940	209,613,781	115,076,958
7. Profit/loss from investments in subsidiaries, associates and joint ventures	054	0	0	0	0
8. Profit/loss from trading	055	17,102,827	7,554,272	13,586,437	6,342,938
9. Profit/loss from embedded derivatives	056	0	0	0	0
10. Profit/loss from asset not actively traded measured at fair value through profit or loss	057	0	0	2,701,724	2,801,430
11. Profit/loss from asset available for sale	058	2,727	0	13,767,636	13,767,636
12. Profit/loss from asset held to maturity	059	0	0	0	0
13. Profit/loss from hedging	060	0	0	0	0
14. Income from investments in subsidiaries, associates and joint ventures	061	0	0	0	0
15. Income from other ownership investments	062	13,646,129	13,480,539	9,533,552	8,936,127
16. Profit/loss from foreign currency differences	063	79,050,576	43,190,372	90,124,310	43,950,457
17. Other income	064	85,290,702	44,825,430	62,235,005	29,966,737
18. Other expenses	065	103,276,054	26,710,338	85,307,138	25,374,452
19. General administrative expenses and depreciation	066	504,544,857	263,028,186	533,926,349	273,352,177
20. Net income from business before value adjustment and loan loss provisions (050+053 to 064-065-066)	067	608,315,525	331,273,954	627,470,328	353,514,319
21. Expense of value adjustment and loan loss provisions	068	195,808,606	89,905,865	5,363,134	-32,758,536
22. PROFIT/LOSS BEFORE TAX (067-068)	069	412,506,919	241,368,089	622,107,194	386,272,855
23. INCOME TAX EXPENSE	070	82,087,365	47,959,615	116,701,598	75,362,043
24. PROFIT/LOSS OF THE CURRENT YEAR (069-070)	071	330,419,554	193,408,474	505,405,596	310,910,812
25. Earnings per share	072	19		30	
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				

Certain prior period positions are reclassified for comparability to current period

CASH FLOW STATEMENT - indirect method

for period from 1.1.2018 to 30.6.2018 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	443,852,124	369,530,141
1.1. Profit/(loss) before income tax	002	412,506,920	622,107,194
1.2. Allowances and loss provisions	003	29,421,513	-284,962,459
1.3. Depreciation	004	27,528,232	35,826,458
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	-25,604,541	-3,441,052
1.6. Other profit/(losses)	007	0	0
2. Net increase/(decrease) of operating assets (009 do 016)	008	-34,812,200	-1,182,209,251
2.1. Deposits with Central bank	009	22,348,602	52,953,252
2.2. Treasury bills of Ministry of Finance and CB bills	010	-728,935,496	-218,472,362
2.3. Deposits with banks and loans to financial institutions	011	753,846,822	385,146,370
2.4. Loans to other customers	012	-451,820,287	-955,967,535
2.5. Securities and other financial instruments held for trading	013	-184,967,997	3,551,083
2.6. Securities and other financial instruments available for sale	014	637,670,794	-355,796,547
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	-82,954,638	-93,623,512
3. Net increase/(decrease) of operating liabilities (018 do 021)	017	1,054,800,323	976,894,555
3.1. Demand deposits	018	2,195,990,567	1,863,292,578
3.2. Savings and term deposits	019	-1,124,604,540	-849,116,209
3.3. Financial derivative liabilities and other liabilities actively traded	020	15,447,685	8,245,613
3.4. Other liabilities	021	-32,033,389	-45,527,427
4. Net cash flow from operating activities before income tax (001+008+017)	022	1,463,840,247	164,215,445
5. (Income tax paid)	023		-167,893,465
6. Net inflow/(outflow) of cash from operating activities (022+023)	024	1,463,840,247	-3,678,020
INVESTING ACTIVITIES			
7. Net cash flow from investing activities (026 do 030)	025	11,701,977	-228,765,222
7.1. Receipt from sale/(payment for buying) tangible and intangible assets	026	-7,379,647	-74,899,551
7.2. Receipt from sale/(payment for buying) investments in subsidiaries, associates and joint ventures	027	0	0
7.3. Receipt from sale/(payment for buying) securities and other financial instruments held to maturity	028	36,792,184	-153,865,671
7.4. Dividend income	029	0	0
7.5. Other receipts/(payments) from investing activities	030	-17,710,560	0
FINANCIAL ACTIVITIES			
8. Net cash flow from financial activities (032 do 037)	031	-279,935,836	-284,718,261
8.1. Net increase/(decrease) of borrowings	032	-246,684,596	-95,061,871
8.2. Net increase/(decrease) issued debt securities	033	0	-6,703,550
8.3. Net increase/(decrease) subordinated and hybrid instruments	034	-33,251,240	-22,792,070
8.4. Receipts from transmitted share capital	035	0	0
8.5. (Dividends paid)	036	0	-160,160,770
8.6. Other receipts/(payments) from financial activities	037	0	0
9. Net increase/(decrease) of cash and cash equivalents (024+025+031)	038	1,195,606,388	-517,161,503
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	1,195,606,388	-517,161,503
12. Cash and cash equivalents at the beginning of the year	041	3,886,895,438	4,874,466,492
13. Cash and cash equivalents at the end of the year (040+041)	042	5,082,501,826	4,357,304,989

Certain prior period positions are reclassified for comparability to current period

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Name of position	for period		Attributable to the equity holders of the Bank						in HRK	
	1.1.2018	30.6.2018	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	001	3,500,360,782		85,829,369	2,692,720,887	649,495,381	213,466,075		7,141,872,494
Changes in accounting policies and corrections of mistakes	002	002				-28,356,928		21,678,140		-6,678,788
Corrected balance as at 1 January (1+2)	003	003	3,500,360,782	0	85,829,369	2,664,363,959	649,495,381	235,144,215	0	7,135,193,706
Sale of financial assets available for sale	004	004						-13,767,636		-13,767,636
Change of fair value financial asset available for sale	005	005						-3,996,043		-3,996,043
Tax on items directly recognised or transferred from capital and reserves	006	006						2,421,997		2,421,997
Other profit/(loss) directly recognised in capital and reserves	007	007	0	0	0	0	0	0	0	0
Net profit/(loss) directly recognised in capital and reserves (004+005+006+007)	008	008	0	0	0	0	0	-15,341,682	0	-15,341,682
Profit/(loss) for the period	009	009					505,405,596			505,405,596
Total recognised income and expenses for the period (008+009)	010	010	0	0	0	0	505,405,596	-15,341,682	0	490,063,914
Increase/(decrease) of share capital	011	011	0	0						0
Buy/sell of treasury shares	012	012	0	0						0
Other changes	013	013								0
Transfer to reserves	014	014								0
Dividends paid	015	015								-160,160,770
Distribution on income (014+015)	016	016	0	0	0	489,334,611	-649,495,381	0	0	-160,160,770
Balance at reporting date (003+010+011+012+013+016)	017	017	3,500,360,782	0	85,829,369	3,153,698,570	505,405,596	219,802,533	0	7,465,096,850

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

*Effects of mandatory IFRS 9 Financial Instruments Implementation are presented in Changes in accounting policies and corrections of mistakes position

Notes to financial statements

a) Balance Notes

-ASSETS

A 9. LOANS TO FINANCIAL INSTITUTIONS	31.12.2017	30.6.2018
Gross Loans	2,581,795,674	2,037,653,710
Less: Allowance for loan impairment	(4,591,519)	(20,046,597)
	2,577,204,155	2,017,607,113

A 10. LOANS TO OTHER CUSTOMERS	31.12.2017	30.6.2018
Companies	14,459,482,130	15,418,799,018
Individuals	16,391,040,530	17,083,823,425
Public sector	7,104,973,806	6,063,145,758
Other institutions	101,046,556	378,689,292
Total gross loans before allowances for impairment	38,056,543,022	38,944,457,493
Less: Allowance for loan impairment	(2,969,669,772)	(2,703,676,803)
	35,086,873,250	36,240,780,690

11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES						
	Ownership Interest	Ownership Interest	Activity	Group's Share of net assets		Investment at cost
	2017	2018		31.12.2017	30.6.2018	
Associates						
S Immorent leasing zeta d.o.o. za poslovanje nekretninama	49.00%	49.00%	Real estate business	-	-	-
Erste d.o.o	45.86%	45.86%	Management company for obligatory pension fund	59,872,996	64,660,310	38,098,985
Total associates:				59,872,996	64,660,310	38,098,985
Subsidiaries not consolidated						
Diners Club BH d.o.o.	100.00%	100.00%	Other financial intermediation	2,288,108	2,288,108	-
Total subsidiaries not consolidated:				2,288,108	2,288,108	-
Subsidiaries						
Erste nekretnine d.o.o.	100.00%	100.00%	Real estate business	5,414,221	6,367,764	800,180
Erste Factoring d.o.o.	74.996%	74.996%	Accounts Receivables repurchase	22,886,471	-57,486,016	16,930,868
Erste Card Club d.d.	100.00%	100.00%	Financial intermediation and services	906,801,123	990,485,981	702,717,069
Erste & Steiermärkische S-Leasing, d.o.o.	50.00%	50.00%	Financial and operative leasing	298,725,061	328,032,296	88,860,659
Erste bank a.d., Podgorica	100.00%	100.00%	Credit institution	511,836,099	531,497,779	100,396,379
Erste group IT HR d.o.o.	80.00%	80.00%	IT engineering	6,631,930	7,748,085	2,002,000
Izbor Nekretnina d.o.o.	100.00%	100.00%	For services	40,356,126	40,146,274	39,686,015
Direct control:				1,792,651,031	1,846,792,163	951,393,170
Erste Card d.o.o. Slovenia	100.00%	100.00%	Financial intermediation and services	18,464,961	18,011,866	23,562,680
DC Makedonija d.o.o.	100.00%	100.00%	Financial intermediation and services	-3,857,028	9,856,758	7,278,218
Indirect control:				14,607,933	27,868,624	30,840,898
Total:				1,854,812,135	1,913,740,581	989,492,155

A 12. REPOSSESSED ASSETS

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

a) Balance Notes
-LIABILITIES

B 1. AMOUNTS DUE TO FINANCIAL INSTITUTIONS	31.12.2017	30.6.2018
From banks	1,170,060,293	1,150,360,646
From other banking institutions	157,000,000	189,590,384
	1,327,060,293	1,339,951,030

B 2. DEPOSITS		
B 2.1. Deposits of giro and current accounts	31.12.2017	30.6.2018
Deposits from public sector		
<i>Republic of Croatia</i>	136,051,563	309,190,597
<i>Republic funds</i>	31,388,861	149,761,271
<i>Local government</i>	231,972,892	293,512,731
Deposits from financial institutions		
<i>Banks</i>	196,625,217	74,608,156
<i>Other banking institutions</i>	376,416,935	210,564,935
<i>Non-banking financial institutions</i>	132,066,775	228,832,476
<i>Banks in liquidation</i>	6,013,984	75,082,096
Deposits from state commercial customers	168,326,558	578,165,370
Deposits from other commercial customers	6,587,723,057	6,909,228,405
Deposits from non-profit institutions	284,585,691	256,645,021
Deposits from individuals	8,123,517,907	9,329,061,976
Deposits from non residents		
<i>Foreign financial institutions</i>	529,136,239	242,342,980
<i>Foreign states</i>	400,118	478,373
<i>Foreign commercial customers</i>	40,759,591	26,987,370
<i>Foreign individuals</i>	129,652,938	153,734,654
<i>Foreign non-profit institutions</i>	1,039,045	773,538
	16,975,677,371	18,838,969,949

B 2.2. Savings deposits	31.12.2017	30.6.2018
Deposits from public sector		
<i>Republic of Croatia</i>	435,697	6
<i>Local government</i>	31,396	-
Deposits from financial institutions		
<i>Banks</i>	3,187	2,114
<i>Other banking institutions</i>	339,588,422	290,069,033
<i>Non-banking financial institutions</i>	6,430,363	2,949,567
Deposits from state commercial customers	11,071,874	2,346,668
Deposits from other commercial customers	460,591,186	387,994,296
Deposits from non-profit institutions	3,118,322	2,889,776
Deposits from individuals	1,161,434,581	1,233,801,112
Deposits from non residents		
<i>Other non residents</i>	442,315,334	480,136,512
	2,425,020,362	2,400,189,084

B 2.3. Term deposits	31.12.2017	30.6.2018
Deposits from public sector		
<i>Republic of Croatia</i>	93,463,088	47,240,090
<i>Local government</i>	6,270,503	17,738,131
Deposits from financial institutions		
<i>Banks</i>	114,944,771	79,153,233
<i>Other banking institutions</i>	343,671,102	770,613,912
<i>Non-banking financial institution</i>	926,697,500	824,591,021
<i>Banks in bankruptcy</i>	-	-
Deposits from state commercial customers	289,224,212	156,162,975
Deposits from other commercial customers	1,884,735,130	1,649,860,969
Deposits from non-profit institutions	106,329,995	117,866,122
Deposits from individuals	17,001,431,499	16,013,235,826
Deposits from non residents		
<i>Foreign financial institutions</i>	2,931,010,272	3,285,240,059
<i>Foreign commercial customers</i>	4,597,354	1,000,000
<i>Foreign individuals</i>	677,238,956	592,628,219
Term deposits	24,379,614,382	23,555,330,557

b) Profit and loss Notes

1. INTEREST INCOME	30.6.2017	30.6.2018
Interest on loans and advances to customers	893,100,082	849,688,117
Interest on amounts due from other banks	1,436,128	813,318
Interest income on financial investments	114,875,059	107,889,699
Interest on derivative financial instruments	9,010,127	93,889
Interest income on impaired financial assets - loans and advances to customers	33,886,532	39,488,078
Interest on reverse repurchase agreements	8,135,905	6,801,206
Other interest income	4,064,289	4,106,461
	1,064,508,122	1,008,880,768

2. INTEREST EXPENSES	30.6.2017	30.6.2018
Interest on customer deposits	132,850,565	81,415,204
Interest on other borrowed funds	42,584,476	27,894,475
Interest on amounts due to other banks	22,136,775	17,425,981
Interest on subordinated debt	39,085,452	22,267,064
Interest on issued bonds	8,791,149	3,350,962
Interest on derivative financial instruments	2,403,293	561,138
Interest on repurchase agreements	330,615	2,195,566
Other interest expense	3,609,018	8,629,008
	251,791,343	163,739,398

4. FEE AND COMMISSION INCOME	30.6.2017	30.6.2018
Payments and money transfers	141,277,845	147,509,317
Bank cards services	67,084,280	77,926,927
Custodial fees	39,904,603	34,367,172
Guarantees and letter of credit	22,465,203	20,908,980
Other fee and commission income	5,957,930	6,229,725
	276,689,861	286,942,121

5. FEE AND COMMISSION EXPENSES	30.6.2017	30.6.2018
Payments and money transfers	16,188,326	14,534,160
Bank cards services	47,650,277	57,750,305
Custodial fees	1,780,866	1,869,367
Guarantees and letter of credit	727,354	905,207
Other fee and commission expense	2,016,342	2,269,301
	68,363,165	77,328,340

c) OFF-balance Notes

Izvanbilančne stavke	31.12.2017	30.6.2018
Guarantees	2,434,273,842	2,594,467,861
Letters of credit	135,516,082	174,827,760
Undrawn credit and loan commitments	3,440,290,653	3,468,662,960
Other risk off-balance items	37,716,048	89,526,242
Options	3,329,099	3,768,040
Swap	12,896,048,901	13,665,083,337
Forwards	8,900,152,295	7,443,056,002
	27,847,326,920	27,439,392,202

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

Rijeka, July 31th 2018



Management Board member


Slađana Jagar