

Audited financial statements of the Erste&Steiermärkische Bank d.d. and subsidiaries (the Group) for period January 1st - December 31st 2018

Content:

1. Management report for the year 2018
2. Declaration of key personnel responsible for creation of financial statements
3. Balance sheet at 31.12.2018
4. Income statement for period 1.1.2018 – 31.12.2018
5. Cash flow statement for period 1.1.2018 – 31.12.2018
6. Statement of changes in equity for period 1.1.2018 – 31.12.2018
7. Notes to financial statement

Stable operation and positive trends in the segment of new loans dominant in 2018

“We are pleased with our 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. Furthermore, the Bank remained a market leader in customer satisfaction and had stable capital adequacy parameters. The list of the characteristics of the Bank’s successful operations in 2018 is fulfilled by a balanced loan-deposit ratio”, said **Christoph Schoefboeck**, Chairman of the Management Board of Erste Bank Croatia, commenting on the business results for H1 2018, and added: *“During 2018, we also witnessed the first tangible responses to the growing challenges of digitalization. The processes of acceleration of time-to-market, more frequent changes and adaptations of existing products, and comprehensive digital business transformation will continue in 2019 at a faster pace.”*

IN BRIEF

According to the non-consolidated financial report for Erste Bank Croatia (the Bank), net profit in 2018 was HRK 829.7 million, up 27.7% from HRK 649.5 million in 2017. Lower provision costs in comparison with 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 2017 due to the situation of the Agrokor conglomerate and its associate companies, were the main driver of the increase in net profit. In 2018, net interest income maintained a stable trend and amounted to HRK 1,651.9 million, down 0.3% from HRK 1,657.3 million in 2017, while net fee and commission income was up 4.6%, from HRK 444.7 million in 2017 to HRK 464.9 million in 2018. The Bank’s total assets on 31/12/2018 were HRK 61.4 billion, up 7.4% from HRK 57.2 billion at 2017YE. As of 31/12/2018, total loans to customers were HRK 39.9 billion*, up 9.3% from HRK 36.5 billion at 2017YE. Total deposits from customers as of 31/12/2018 were HRK 47.0 billion, up 11.1% from HRK 42.3 billion at 2017YE.

In 2018, the bank continued to record positive trends in the segment of new loans. In the retail segment, new loans grew by around 21%, from around HRK 4.25 billion in 2017 to around HRK 5.14 billion in 2018. New loans in micro-companies segment were up 24%, from HRK 350.2 million in 2017 to HRK 434.9 million in 2018. Positive trends were also recorded in the corporate segment, where new loans were up around 20%, from around HRK 7.21 billion in 2017 to around HRK 8.65 billion in 2018.

EBC Group’s** net profit in 2018 was HRK 1.0 billion, up 125.5% compared to HRK 457.1 million in 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 net interest income was up 0.04%, from HRK 2,072.2 million in 2017 to HRK 2,073.1 million in 2018. Net fee and commission income was up 2.6%, from HRK 715.0 million in 2017 to HRK 733.4 million in 2018. EBC Group’s total assets on 31/12/2018 were HRK 69.7 billion and were up 5.7% from HRK 65.9 billion at 2017YE. Total loans to customers as of 31/12/2018 were HRK 46.5 billion***, up 7.3% from HRK 43.3 billion at 2017YE. EBC Group’s total deposits from customers on 31/12/2018 were HRK 49.2 billion and were up 10.9% from HRK 44.3 billion at 2017YE.

OUTLOOK

“Positive characteristics include the maintenance of positive trends on the fiscal consolidation side and further announcements about Croatia joining the Eurozone, particularly against a backdrop of stronger involvement in the European integration space, long-term stability of the economy, and reduction of currency risk for citizens and businesses. However, introduction of the euro is not and should not be a goal in itself. In this context, implementing true structural reforms, finding an adequate answer to the emigration problem, reinforcing legal and political stability, and increasing the level of investment security become even more important”, Schoefboeck underlined.

“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, development of innovative products and services, and to be based on partnership relations that we maintain with our clients and other stakeholders in the social community. Apart from the financial segment of our business operations, as well as our important role on both domestic and regional financial markets, we will continue to support and stimulate the development of different segments of society through a wide spectrum of our so-called non-financial activities, which are directed toward the well-being of clients and the greater social community. Our common goals are success, satisfaction, and prosperity – of our clients, of our employees and of society in Croatia as a whole”, concluded Schoefboeck.

**In year 2018, finance lease receivables and trade and other receivables are separately disclosed while in year 2017 they are part of position loans to and receivables from customers*

***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.*

****In year 2018, finance lease receivables and trade and other receivables are separately disclosed while in year 2017 they are part of position loans to and receivables from customers*

Statement of Profit or Loss

in HRK million	GROUP		BANK	
	2017	2018	2017	2018
Net interest income	2,072	2,073	1,657	1,652
Interest income	2,603	2,460	2,091	1,960
Other similar income	85	70	85	72
Interest expense	(540)	(381)	(443)	(305)
Other similar expenses	(76)	(76)	(76)	(75)
Net fee and commission income	715	734	445	465
Fee and commission income	937	968	610	642
Fee and commission expenses	(222)	(234)	(165)	(177)
Dividend income	1	1	25	21
Net trading and fair value result	198	221	201	204
Gains/losses from financial instruments measured at fair value through profit or loss	-	4	-	3
Net result from equity method investments	10	11	-	-
Rental income from investment properties & other operating leases	147	117	2	2
Personnel expenses	(668)	(701)	(487)	(504)
Other administrative expenses	(644)	(648)	(467)	(478)
Depreciation and amortisation	(228)	(228)	(58)	(75)
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	5	-	3	-
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	-	28	-	14
Net impairment loss on financial assets not measured at fair value through profit or loss	(866)	-	(440)	-
Impairment result from financial instruments	-	(246)	-	(199)
Other operating result	(102)	(81)	(70)	(79)
Pre-tax result from continuing operations	640	1,285	811	1,026
Income tax	(183)	(254)	(162)	(196)
Net result for the period	457	1,031	649	830
Net result attributable to non-controlling interests	(77)	23	-	-
Net result attributable to owners of the parent	534	1,008	-	-

Statement of Financial Position as at 31 December 2018

in HRK million	GROUP		BANK	
	31 December 2017	31 December 2018	31 December 2017	31 December 2018
Assets				
Cash and cash balances	4,639	4,954	4,170	4,383
Financial assets - held for trading	247	278	250	279
Derivatives	52	33	55	34
Other trading assets	195	245	195	245
Non-trading financial assets at fair value through profit or loss	-	165	-	23
Pledged as collateral	-	93	-	-
Equity instruments	-	11	-	9
Debt securities	-	154	-	14
Financial assets - available for sale	8,018	-	7,468	-
thereof pledged as collateral	250	-	-	-
Financial assets at fair value through other comprehensive income	-	8,602	-	7,977
Pledged as collateral	-	323	-	-
Equity instruments	-	111	-	102
Debt securities	-	8,491	-	7,875
Financial assets - held to maturity	1,878	-	1,391	-
Loans to and receivables from credit institutions	5,233	-	5,132	-
Loans to and receivables from customers	43,297	-	36,512	-
Financial assets at amortised cost	-	49,678	-	46,115
Pledged as collateral	-	-	-	-
Debt securities	-	1,273	-	1,020
Loans and advances to banks	-	5,228	-	5,309
Loans and advances to customers	-	43,177	-	39,786
Finance lease receivables	-	2,080	-	-
Property and equipment	1,262	1,245	583	669
Investment properties	53	49	20	17
Intangible assets	393	372	111	120
Investments in subsidiaries	-	-	951	989
Investments in associates	60	60	38	38
Current tax assets	17	10	-	-
Deferred tax assets	234	219	88	87
Trade and other receivables	-	1,425	-	309
Other assets	594	554	492	428
Total assets	65,925	69,691	57,206	61,434
Liabilities and equity				
Financial liabilities - held for trading	52	27	52	27
Derivatives	52	27	52	27
Financial liabilities measured at amortised cost	56,632	59,687	49,235	52,937
Deposits from banks	11,025	8,931	6,394	5,082
Deposits from customers	44,374	49,197	42,307	46,983
Debt securities issued	376	670	376	670
Other financial liabilities	857	889	158	202
Provisions	267	205	212	166
Current tax liabilities	139	106	132	81
Deferred tax liabilities	2	2	-	-
Other liabilities	627	603	433	413
Total liabilities	57,719	60,630	50,064	53,624
Subscribed capital	1,698	1,698	1,698	1,698
Capital reserves and share premium	1,887	1,887	1,887	1,887
Retained earnings	4,221	5,083	3,342	4,021
Other reserves	244	223	215	204
Equity attributable to owners of the parent	8,050	8,891	-	7,810
Equity attributable to non-controlling interests	156	170	-	-
Total equity	8,206	9,061	7,142	7,810
Total liabilities and equity	65,925	69,691	57,206	61,434

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 its 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. and its subsidiaries

Head of Accounting
and Controlling Division

Krešimir Barić

Rijeka, March 25th 2019

Management Board Member

Slađana Jagar

ERSTE & STEIERMÄRKISCHE
BANK D.D.
RIJEKA 095

GENERAL DATA FOR ISSUERS

Reporting period:

1.1.2018

to

31.12.2018

Year:

2018

Annual financial statements

Registration number (MB): 03337367

Issuer's home Member State code:

HR

Entity's registration number (MBS): 040001037

Personal identification number (OIB): 23057039320

LEI: 549300A2F46GR0UOM390

Institution code: 2341

Name of the issuer: ERSTE & STEIERMARKISCHE BANK DD

Postcode and town: 51000

RIJEKA

Street and house number: JADRANSKI TRG 3A

E-mail address: erstebank@erstebank.hr

Web address: www.erstebank.hr

Number of employees (end of the reporting period): 3437

Consolidated report: KD (KN-not consolidated/KD-consolidated)

Audited: RD (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Erste & Steiermärkische S-Leasing, d.o.o. Zagreb, Zelinska 3 1262343

Erste Factoring d.o.o. Zagreb, Ivana Lučića 2A 2058049

Erste Nekretnine d.o.o. Zagreb, Ivana Lučića 2A 2068249

Erste Group IT HR d.o.o. Bjelovar, Jurja Haulika 19/A 2157128

Erste Card Club d.d. Zagreb, Ulica Frana Folnegovića 6 3289737

Erste Bank a.d., Podgorica Crna Gora, Podgorica, Ulica Arsenija Boljevića 2A 84499002

Izbor Nekretnina d.o.o. Zagreb, Ivana Lučića 2A 4175590

Erste Card d.o.o. Slovenija Slovenija, Ljubljana, Dunajska cesta 129 8705634

Diners Club International Mak d.o.o.e.l. in Skopje Makedonija, Skopje, Kej 13-ti Noemvri, 2/2 GTC

Bookkeeping firm: No (Yes/No)

(name of the bookkeeping firm)

Contact person: BERIŠIĆ ANDREJA (only name and surname of the contact person)

Telephone: 072 37 1778

E-mail address: arajic@erstebank.com

Audit firm: PricewaterhouseCoopers d.o.o. (name of the audit firm)

Certified auditor: Siniša Dušić (name and surname)

BALANCE SHEET
balance as at 31.12.2018

in HRK

Submitter: ERSTE & STEIERMARKISCHE BANK DD

Item 1	ADP code 2	Last day of the preceding business year 3	Current period 4
Assets			
Cash, cash balances at central banks and other demand deposits (from 2 to 4)	001	4,638,613,425	4,953,457,530
Cash in hand	002	1,491,290,138	1,735,191,174
Cash balances at central banks	003	2,734,637,410	2,975,286,900
Other demand deposits	004	412,685,877	242,979,456
Financial assets held for trading (from 6 to 9)	005	247,154,260	277,954,014
Derivatives	006	51,902,774	33,186,278
Equity instruments	007	0	0
Debt securities	008	195,251,486	244,767,736
Loans and advances	009	0	0
Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13)	010	0	165,343,160
Equity instruments	011	0	165,343,160
Debt securities	012	0	0
Loans and advances	013	0	0
Financial assets at fair value through profit or loss (15 + 16)	014	0	0
Debt securities	015	0	0
Loans and advances	016	0	0
Financial assets at fair value through other comprehensive income (from 18 to 20)	017	8,018,342,773	8,602,225,188
Equity instruments	018	262,568,857	111,451,916
Debt securities	019	7,755,773,916	8,490,773,272
Loans and advances	020	0	0
Financial assets at amortised cost (22 + 23)	021	50,407,990,188	53,183,489,429
Debt securities	022	1,877,996,782	1,273,151,956
Loans and advances	023	48,529,993,406	51,910,337,473
Derivatives - hedge accounting	024	0	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	025	0	0
Investments in subsidiaries, joint ventures and associates	026	59,872,996	60,078,028
Tangible assets	027	1,315,142,367	1,293,562,927
Intangible assets	028	393,285,878	371,380,139
Tax assets	029	250,945,508	228,878,238
Other assets	030	593,563,697	554,135,904
Fixed assets and disposal groups classified as held for sale	031	0	0
Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31)	032	65,924,911,092	69,690,504,557
Payables			
Financial liabilities held for trading (from 34 to 38)	033	51,640,006	26,981,578
Derivatives	034	51,640,006	26,981,578
Short positions	035	0	0
Deposits	036	0	0
Debt securities issued	037	0	0
Other financial liabilities	038	0	0
Financial liabilities at fair value through profit or loss (from 40 to 42)	039	0	0
Deposits	040	0	0
Debt securities issued	041	0	0
Other financial liabilities	042	0	0
Financial liabilities measured at amortised cost (from 44 to 46)	043	56,632,257,145	59,687,658,871
Deposits	044	55,398,619,011	58,128,148,216
Debt securities issued	045	376,265,511	670,441,906
Other financial liabilities	046	857,372,623	889,068,749
Derivatives - hedge accounting	047	0	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	048	0	0
Provisions	049	267,040,632	204,555,543
Tax liabilities	050	140,990,188	107,640,720
Share capital repayable on demand	051	0	0
Other liabilities	052	626,591,067	602,805,354
Liabilities included in disposal groups classified as held for sale	053	0	0
Total liabilities (33 + 39 + 43 + from 47 to 53)	054	57,718,519,038	60,629,642,066
Equity			
Initial capital	055	1,698,417,500	1,698,417,500
Share premium	056	1,801,947,133	1,801,947,133
Equity instruments issued other than capital	057	0	0
Other equity instruments	058	0	0
Accumulated other comprehensive income	059	244,032,356	223,132,910
Retained profit	060	3,686,939,661	4,074,265,057
Revaluation reserves	061	0	0
Other reserves	062	84,921,058	84,921,058
(-) Treasury shares	063	0	0
Profit or loss attributable to owners of the parent	064	533,722,896	1,007,745,036
(-) Interim dividends	065	0	0
Minority interests [non-controlling interests]	066	156,411,450	170,433,797
Total equity (from 55 to 66)	067	8,206,392,054	9,060,862,491
Total equity and liabilities (54 + 67)	068	65,924,911,092	69,690,504,557

STATEMENT OF PROFIT OR LOSS
for the period 1.1.2018 to 31.12.2018

in HRK

Submitter: ERSTE & STEIERMARKISCHE BANK DD

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Interest income	001	2,675,990,346	2,501,755,296
(Interest expenses)	002	603,766,826	428,623,617
(Expenses on share capital repayable on demand)	003	0	0
Dividend income	004	973,741	999,385
Fees and commissions income	005	937,298,371	967,786,624
(Fees and commissions expenses)	006	222,287,389	234,385,009
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	007	5,264,020	27,565,442
Gains or (-) losses on financial assets and liabilities held for trading, net	008	187,333,209	220,542,531
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	009	0	3,703,723
Gains or (-) losses on financial assets and liabilities at fair value through profit or loss, net	010	0	0
Gains or (-) losses from hedge accounting, net	011	0	0
Exchange rate differences [gain or (-) loss], net	012	10,295,421	449,204
Gains or (-) losses on derecognition of non-financial assets, net	013	14,646,589	4,788,763
Other operating income	014	212,388,890	187,960,126
(Other operating expenses)	015	171,140,151	173,907,646
Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15)	016	3,046,996,221	3,078,634,822
(Administrative expenses)	017	1,230,792,457	1,266,099,224
(Depreciation)	018	227,522,152	227,610,760
Modification gains or (-) losses, net	019	0	-328,732
(Provisions or (-) reversal of provisions)	020	10,564,342	39,552,091
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	021	866,285,117	212,137,253
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	022	68,168,875	0
(Impairment or (-) reversal of impairment on non-financial assets)	023	13,918,059	58,645,949
Negative goodwill recognised in profit or loss	024	0	0
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	025	10,030,242	10,494,718
Profit or (-) loss from fixed assets and disposal groups classified as held for sale not qualifying as discontinued operations	026	0	0
Profit or (-) loss before tax from continuing operations (16 – 17 – 18 + 19 – from 20 to 23 + from 24 to 26)	027	639,775,461	1,284,755,531
(Tax expense or (-) income related to profit or loss from continuing operations)	028	182,669,621	254,174,177
Profit or (-) loss after tax from continuing operations (27 – 28)	029	457,105,840	1,030,581,354
Profit or (-) loss after tax from discontinued operations (31 – 32)	030	0	0
Profit or (-) loss before tax from discontinued operations	031	0	0
(Tax expense or (-) income related to discontinued operations)	032	0	0
Profit or (-) loss for the year (29 + 30; 34 + 35)	033	457,105,840	1,030,581,354
Attributable to minority interest [non-controlling interests]	034	-76,617,056	22,836,318
Attributable to owners of the parent	035	533,722,896	1,007,745,036
STATEMENT OF OTHER COMPREHENSIVE INCOME			
Income or (-) loss for the current year	036	457,105,840	1,030,581,354
Other comprehensive income (38 + 50)	037	-18,597,614	-50,763,166
Items that will not be reclassified to profit or loss (from 39 to 45) + 48 + 49)	038	16,683,142	20,330,255
Tangible assets	039	0	0
Intangible assets	040	0	0
Actuarial gains or (-) losses on defined benefit pension plans	041	50,719	2,981,139
Fixed assets and disposal groups classified as held for sale	042	0	0
Share of other recognised income and expense of entities accounted for using the equity method	043	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income	044	16,654,152	21,606,116
Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	045	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged]	046	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging]	047	0	0
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit	048	0	0
Income tax relating to items that will not be reclassified	049	-21,729	-4,257,000
Items that may be reclassified to profit or loss (from 51 to 58)	050	-35,280,756	-71,093,421
Hedge of net investments in foreign operations [effective portion]	051	0	0
Foreign currency translation	052	-2,366,164	-6,232,185
Cash flow hedges [effective portion]	053	0	0
Hedging instruments [not designated elements]	054	0	0
Debt instruments at fair value through other comprehensive income	055	-36,668,076	-71,175,366
Fixed assets and disposal groups classified as held for sale	056	0	0
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	057	0	0
Income tax relating to items that may be reclassified to profit or (-) loss	058	3,753,484	6,314,130
Total comprehensive income for the current year (36 + 37; 60 + 61)	059	438,508,226	979,818,188
Attributable to minority interest [non-controlling interest]	060	-76,617,056	22,836,318
Attributable to owners of the parent	061	515,125,282	956,981,870

STATEMENT OF CASH FLOW
for the period 1.1.2018 to 31.12.2018

in HRK

Submitter: ERSTE & STEIERMARKISCHE BANK DD

Item	ADP code	Same period of the previous year	At the reporting date of the current period
1	2	3	4
Operating activities - direct method			
Interest received and similar receipts	001	0	0
Fees and commissions received	002	0	0
(Interest paid and similar expenditures)	003	0	0
(Fees and commissions paid)	004	0	0
(Operating expenses paid)	005	0	0
Net gains/losses from financial instruments at fair value through statement of profit or loss	006	0	0
Other receipts	007	0	0
(Other expenditures)	008	0	0
Operating activities - indirect method			
Profit/(loss) before tax	009	639,775,461	1,030,581,355
Adjustments:		0	0
Impairment and provisions	010	903,554,873	292,681,310
Depreciation	011	227,522,152	227,610,763
Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss	012	0	0
(Profit)/loss from the sale of tangible assets	013	-12,023,590	1,693,359
Other non-cash items	014	2,754,779	243,679,459
Changes in assets and liabilities from operating activities			
Deposits with the Croatian National Bank	015	-191,783,485	-218,074,194
Deposits with financial institutions and loans to financial institutions	016	346,702,017	-422,031,044
Loans and advances to other clients	017	-2,242,911,131	-5,754,279,218
Securities and other financial instruments at fair value through other comprehensive income	018	-220,915,829	1,087,972,927
Securities and other financial instruments held for trading	019	-195,831,362	195,063,646
Securities and other financial instruments at fair value through statement of profit or loss, not traded	020	0	0
Securities and other financial instruments at fair value through statement of profit or loss	021	0	-4,243,763
Securities and other financial instruments at amortised cost	022	-344,013,145	31,535,826
Other assets from operating activities	023	-112,493,330	-176,542,558
Deposits from financial institutions	024	44,652,064	-1,339,924,456
Transaction accounts of other clients	025	4,386,001,256	6,548,909,281
Savings deposits of other clients	026	-206,068,146	225,650,847
Time deposits of other clients	027	-2,055,181,325	-1,190,714,997
Derivative financial liabilities and other traded liabilities	028	-25,725,749	-24,504,827
Other liabilities from operating activities	029	178,739,130	-63,343,516
Interest received from operating activities [indirect method]	030	2,592,617,982	2,450,572,109
Dividends received from operating activities [indirect method]	031	0	9,973,710
Interest paid from operating activities [indirect method]	032	-622,003,731	-443,647,508
(Income tax paid)	033	-61,029,433	0
Net cash flow from operating activities (from 1 to 33)	034	3,032,339,458	2,708,618,511
Investing activities			
Cash receipts from the sale / payments for the purchase of tangible and intangible assets	035	-182,864,715	-215,905,850
Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures	036	-54,507,680	0
Cash receipts from the sale / payments for the purchase of securities and other financial instruments held to maturity	037	0	0
Dividends received from investing activities	038	-1,780,401	0
Other receipts/payments from investing activities	039	0	0
Net cash flow from investing activities (from 35 to 39)	040	-239,152,796	-215,905,850
Financing activities			
Net increase/(decrease) in loans received from financing activities	041	-1,824,250,744	-1,068,552,690
Net increase/(decrease) of debt securities issued	042	56,091,908	300,926,953
Net increase/(decrease) of Tier 2 capital instruments	043	0	0
Increase of share capital	044	0	0
(Dividends paid)	045	-218,586,333	-160,160,770
Other receipts/(payments) from financing activities	046	0	0
Net cash flow from financing activities (from 41 to 46)	047	-1,986,745,169	-927,786,507
Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)	048	806,441,493	1,564,926,154
Cash and cash equivalents at the beginning of period	049	4,538,785,372	5,343,653,435
Effect of exchange rate fluctuations on cash and cash equivalents	050	0	0
Cash and cash equivalents at the end of period (48 + 49 + 50)	051	5,345,226,865	6,908,579,589

STATEMENT OF CHANGES IN EQUITY
for the period from 1.1.2018 to 31.12.2018

in HRK

Item	ADP code	Attributable to owners of the parent											Non-controlling interest		Total
		Equity	Share premium	Equity instruments issued other than capital	Other equity instruments	Accumulated other comprehensive income	Retained profit	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or (-) loss attributable to owners of the parent	(-) Interim dividends	Accumulated other comprehensive income	Other items	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Opening balance [before restatement]	001	1,698,417,500	1,801,947,133	0	0	244,032,356	3,686,939,661	0	84,921,058	0	533,722,896	0	0	156,411,450	8,206,392,054
Effects of error corrections	002	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Effects of changes in accounting policies	003	0	0	0	0	29,734,076	-29,091,005	0	0	0	0	0	0	-380,641	262,430
Opening balance [current period] (1 + 2 + 3)	004	1,698,417,500	1,801,947,133	0	0	273,766,432	3,657,848,656	0	84,921,058	0	533,722,896	0	0	156,030,809	8,206,654,484
Ordinary shares issue	005	0	0	0	0	0	20,000,000	0	0	0	0	0	0	0	20,000,000
Preference shares issue	006	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Issue of other equity instruments	007	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Exercise or expiration of other equity instruments issued	008	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conversion of debt to equity	009	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital reduction	010	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	011	0	0	0	0	0	-160,160,770	0	0	0	0	0	0	-1,586,058	-161,746,828
Purchase/sale of treasury shares	012	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale or cancellation of treasury shares	013	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassification of financial instruments from equity to liability	014	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassification of financial instruments from liability to equity	015	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers among components of equity instruments	016	0	0	0	0	129,644	533,593,252	0	0	0	-533,722,896	0	0	0	0
Share based payments	017	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other increase or (-) decrease of equity instruments	018	0	0	0	0	0	22,983,919	0	0	0	0	0	0	-6,847,272	16,136,647
Total comprehensive income for the current year	019	0	0	0	0	-50,763,166	0	0	0	0	1,007,745,036	0	0	22,836,318	979,818,188
Equity instruments increase or (-) decrease resulting from business combinations	020	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing balance [current period] (from 4 to 20)	021	1,698,417,500	1,801,947,133	0	0	223,132,910	4,074,265,057	0	84,921,058	0	1,007,745,036	0	0	170,433,797	9,060,862,491



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (GFI)

Name of issuer: **ERSTE & STEIERMARKISCHE BANK DD**

OIB: **23057039320**

Reporting period: **1.1.2018 - 31.12.2018**

The Annual financial statements are prepared in accordance with the Decision on the structure and content of the annual financial statements of credit institutions, International Financial Reporting Standards, as well as with the instructions from Annex V of the Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council.

In order to present prior period in compliance with IFRS requirements, prior period in the Balance Sheet is prepared based on the measurement method.

Additional and supplementary information in the notes to the financial statements are presented as an integral part of the Annual Report.