

**Unaudited financial statements of Erste&Steiermärkische Bank d.d. for period January 1<sup>st</sup> –  
June 30<sup>th</sup> 2019**

*Content:*

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## Erste Bank Croatia's operating business remains stable in H1 2019

*„Further interest margin decrease, upward trends in transaction business, continuation of the risk cost reduction and substantial focus on operational efficiency as a response to the growing market challenges of the digital age, are the four basic trends that mark the banking business in the current year,” said **Christoph Schoefboeck**, Chairman of the Management Board of Erste Bank Croatia, commenting on the business results for H1 2019 and added: „Despite the one-time costs, which have a significant impact on the achieved financial result, in H1 2019 Erste Bank achieved a stable operating result, focussing on the strategic goals. These are: sustainable and long-term business success, based on following of sound and profitable projects, strong focus on digital innovations and maintenance of a partnership relation with clients and all stakeholders in the social community. Our goal is the growth of the Croatian economy as well as stimulation and expansion of the prosperity of society in Croatia as a whole, and we want to contribute to this with the quality of our financial as well as non-financial business segment, based on an open communication and mutual understanding.”*

### IN BRIEF

According to the non-consolidated financial report for Erste Bank Croatia (the Bank), without subsidiaries, the Bank's net profit in 2019 was HRK 332.0 million, down 34.3% from HRK 505.0 million in the same period last year. One-time provision costs, which arose from a litigation case which is still ongoing and was filed by a creditor of one of the contracting parties in a deposit contract, had the most significant impact on the net profit decrease.

Net interest income decreased by 4.8%, from HRK 849.0 million in H1 2018 to HRK 809.0 million in H1 2019, primarily as a result of further interest margin reduction. Net fee and commission income was up 9.6%, primarily led by upward trends in the transaction banking segment, and in H1 2019 it reached HRK 230.0 million in comparison with HRK 210.0 million in H1 2018. Net trading and fair value result increased by 14.0%, from HRK 100.0 million in H1 2018 to HRK 114.0 million in H1 2019, boosted by upward trends of the foreign exchange transactions.

At the end of June 2019 the Bank's total assets were HRK 64.2 billion, up 4.6% from HRK 61.4 billion at 2018YE. As of 30/06/2019, total loans were HRK 40.3 billion, up 1.4% from HRK 39.8 billion at 2018YE. Total deposits as of 30/06/2019 were HRK 46.8 billion, down 0.3% from HRK 47.0 billion at 2018YE.

EBC Group's\* net profit in H1 2019 was HRK 428.0 million compared to HRK 596.0 million in H1 2018. EBC Group's net interest income was down 3.3%, from HRK 1.06 billion in H1 2018 to HRK 1.02 billion in H1 2019. Net fee and commission income was up 8.0%, from HRK 342.0 million in H1 2018 to HRK 369.0 million in H1 2019.

EBC Group's total assets in late June 2019 were HRK 73.5 billion and were up 5.5% from HRK 69.7 billion at 2018YE. Total loans as of 30/06/2019 were HRK 44.1 billion, up 2.1% from HRK 43.2 billion at 2018YE. EBC Group's total deposits at the end of June 2019 were HRK 49.6 billion and were up 0.8% from HRK 49.2 billion at 2018YE.

## OUTLOOK

*“We assess the continuation of the fiscal consolidation process as positive, which resulted in an upgrade of the credit rating of the Republic of Croatia to an investment level, as well as continuation of the Croatian path to the Eurozone, which was confirmed by acceptance of Croatia’s letter of intent to enter the European Exchange Rate Mechanism (ERM2). The recent issue of state bonds at a record-low price additionally points to the importance of a responsible fiscal policy and achievement of a stable economic growth and, especially, implementation of structural reforms so that the growth would be sustainable over the long run. Apart from finding an adequate response to the current migration trends, work on strengthening of the legal and investment safety still calls for further efforts,”* Schoefboeck underlined.

*“Acceleration of the so-called time-to-market, more frequent changes and adjustments of existing products, i.e. a sort of a comprehensive digital transformation of the banking business, will continue its process in the remainder of this year, as well as in the coming years. It is important to stress that banks are increasingly converting from traditional providers of financial products and services into institutions of financial knowledge which provide their clients with a comprehensive counselling service and take care of their financial health. The smart finance school or free educational workshops on personal finance management, which have been attended by more than 3,000 Croatian citizens so far, is one of the example how banks can contribute to the segment. This is an important precondition for a successful and sustainable business in the future,”* Schoefboeck concluded.

*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.*

## Statement of profit or loss for the period from 01.01.2019 to 30.06.2019

in HRK million	GROUP			
	2018	2019	2018	BANK 2019
Net interest income	1,058	1,023	849	809
Interest income	1,211	1,127	1,008	928
Other similar income	83	82	38	34
Interest expense	(199)	(148)	(160)	(115)
Other similar expenses	(37)	(38)	(37)	(38)
Net fee and commission income	342	369	210	230
Fee and commission income	453	483	287	309
Fee and commission expenses	(111)	(114)	(77)	(79)
Dividend income	1	1	10	56
Net trading and fair value result	120	118	100	114
Gains/losses from financial instruments measured at fair value through profit or loss	4	6	3	4
Net result from equity method investments	5	4	-	-
Rental income from investment properties & other operating leases	62	51	1	-
Personnel expenses	(341)	(363)	(248)	(261)
Other administrative expenses	(335)	(347)	(249)	(252)
Depreciation and amortisation	(112)	(124)	(36)	(54)
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	27	-	14	(-)
Impairment result from financial instruments	(65)	(23)	(2)	(36)
Other operating result	(20)	(186)	(30)	(207)
<b>Pre-tax result from continuing operations</b>	<b>746</b>	<b>529</b>	<b>622</b>	<b>403</b>
Income tax	(150)	(101)	(117)	(71)
<b>Net result for the period</b>	<b>596</b>	<b>428</b>	<b>505</b>	<b>332</b>
Net result attributable to non-controlling interests	(5)	11	-	-
<b>Net result attributable to owners of the parent</b>	<b>601</b>	<b>417</b>	<b>-</b>	<b>-</b>

## Statement of financial position as of 30 June 2019

in HRK million	GROUP			
	31 December 2018	30 June 2019	31 December 2018	30 June 2019
<b>Assets</b>				
Cash and cash balances	4,954	5,458	4,383	4,819
Financial assets - held for trading	278	50	279	52
Derivatives	33	50	34	52
Other trading assets	245	-	245	-
Non-trading financial assets at fair value through profit or loss	165	200	23	26
Pledged as collateral	93	-	-	-
Equity instruments	11	19	9	11
Debt securities	154	181	14	15
Financial assets at fair value through other comprehensive income	8,602	10,485	7,977	9,777
Pledged as collateral	323	2,530	-	2,095
Equity instruments	111	145	102	132
Debt securities	8,491	10,340	7,875	9,645
Financial assets at amortised cost	49,678	50,742	46,115	46,832
Pledged as collateral	-	-	-	-
Debt securities	1,273	1,333	1,020	1,162
Loans and advances to banks	5,228	5,306	5,309	5,339
Loans and advances to customers	43,177	44,103	39,786	40,331
Finance lease receivables	2,080	2,499	-	-
Property and equipment	1,245	1,313	669	793
Investment properties	49	38	17	7
Intangible assets	372	371	120	116
Investments in subsidiaries	-	-	989	989
Investments in associates	60	64	38	38
Current tax assets	10	4	-	2
Deferred tax assets	219	191	87	62
Trade and other receivables	1,425	1,506	309	218
Other assets	554	583	428	511
<b>Total assets</b>	<b>69,691</b>	<b>73,504</b>	<b>61,434</b>	<b>64,242</b>
<b>Liabilities and equity</b>				
Financial liabilities - held for trading	27	46	27	46
Derivatives	27	46	27	46
Financial liabilities measured at amortised cost	59,687	63,024	52,937	55,354
Deposits from banks	8,931	11,801	5,082	7,640
Deposits from customers	49,197	49,575	46,983	46,831
Debt securities issued	670	669	670	669
Other financial liabilities	889	979	202	214
Finance lease liabilities	-	81	-	89
Provisions	205	415	166	376
Current tax liabilities	106	10	81	-
Deferred tax liabilities	2	4	-	-
Other liabilities	603	598	413	407
<b>Total liabilities</b>	<b>60,630</b>	<b>64,178</b>	<b>53,624</b>	<b>56,272</b>
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	5,083	5,210	4,021	4,065
Other reserves	223	350	204	320
Equity attributable to owners of the parent	8,891	9,145	-	-
Equity attributable to non-controlling interests	170	181	-	-
<b>Total equity</b>	<b>9,061</b>	<b>9,326</b>	<b>7,810</b>	<b>7,970</b>
<b>Total liabilities and equity</b>	<b>69,691</b>	<b>73,504</b>	<b>61,434</b>	<b>64,242</b>

## **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.

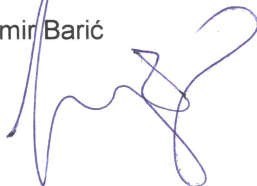
## DECLARATION OF KEY PERSONNEL RESPONSIBLE FOR PREPARATION OF FINANCIAL STATEMENTS

According to our best knowledge:

1. Shortened set of half year 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 31<sup>st</sup> 2019

President of Management Board

  
Christoph Schoefboeck

**Annex 1**

**ISSUER'S GENERAL DATA**

Reporting period:  to   
 Year:   
 Semi-annual period:

**Half year financial statements**

Registration number (MB):  Issuer's home Member State code:   
 Entity's registration number (MBS):   
 Personal identification number (OIB):  LEI:   
 Institution code:

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

Postcode and town:

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):

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

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

Names of subsidiaries (according to IFRS): Registered office: MB:


Bookkeeping firm:  (Yes/No)   
 Name of the bookkeeping firm:

Contact person: **Hadžović Lana**  
 (only name and surname of the contact person)

Telephone:

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

Audit firm:   
 (name of the audit firm)

Certified auditor:   
 (name and surname)



**BALANCE SHEET**  
balance as at 30.06.2019

in HRK

Submitter: ERSTE & STEIERMARKISCHE BANK DD

Item 1	ADP code 2	Last day of the preceding business year 3	Current period 4
<b>Assets</b>			
<b>Cash, cash balances at central banks and other demand deposits (from 2 to 4)</b>	<b>001</b>	<b>4,382,610,419</b>	<b>4,818,845,312</b>
Cash in hand	002	1,564,653,382	2,242,755,002
Cash balances at central banks	003	2,643,391,482	2,038,332,837
Other demand deposits	004	174,565,555	537,757,473
<b>Financial assets held for trading (from 6 to 9)</b>	<b>005</b>	<b>278,886,384</b>	<b>51,914,157</b>
Derivatives	006	34,118,648	51,914,157
Equity instruments	007	0	0
Debt securities	008	244,767,736	0
Loans and advances	009	0	0
<b>Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13)</b>	<b>010</b>	<b>22,584,691</b>	<b>26,063,837</b>
Equity instruments	011	22,584,691	26,063,837
Debt securities	012	0	0
Loans and advances	013	0	0
<b>Financial assets designated at fair value through profit or loss (15 + 16)</b>	<b>014</b>	<b>0</b>	<b>0</b>
Debt securities	015	0	0
Loans and advances	016	0	0
<b>Financial assets at fair value through other comprehensive income (from 18 to 20)</b>	<b>017</b>	<b>7,977,417,398</b>	<b>9,777,071,886</b>
Equity instruments	018	101,987,706	132,292,964
Debt securities	019	7,875,429,692	9,644,778,922
Loans and advances	020	0	0
<b>Financial assets at amortised cost (22 + 23)</b>	<b>021</b>	<b>46,424,642,317</b>	<b>47,050,333,745</b>
Debt securities	022	1,020,456,157	1,162,163,078
Loans and advances	023	45,404,186,160	45,888,170,667
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	1,027,332,677	1,078,246,381
Tangible assets	027	686,720,638	800,866,889
Intangible assets	028	120,232,421	116,012,027
Tax assets	029	86,776,236	63,840,761
Other assets	030	427,899,431	459,033,052
Fixed assets and disposal groups classified as held for sale	031	0	0
<b>Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31)</b>	<b>032</b>	<b>61,435,102,612</b>	<b>64,242,228,047</b>
<b>Liabilities</b>			
<b>Financial liabilities held for trading (from 34 to 38)</b>	<b>033</b>	<b>26,981,577</b>	<b>46,069,770</b>
Derivatives	034	26,981,577	46,069,770
Short positions	035	0	0
Deposits	036	0	0
Debt securities issued	037	0	0
Other financial liabilities	038	0	0
<b>Financial liabilities designated at fair value through profit or loss (from 40 to 42)</b>	<b>039</b>	<b>0</b>	<b>0</b>
Deposits	040	0	0
Debt securities issued	041	0	0
Other financial liabilities	042	0	0
<b>Financial liabilities measured at amortised cost (from 44 to 46)</b>	<b>043</b>	<b>52,937,024,963</b>	<b>55,443,570,514</b>
Deposits	044	52,064,382,573	54,470,939,017
Debt securities issued	045	670,441,906	669,368,264
Other financial liabilities	046	202,200,484	303,263,233
Derivatives - hedge accounting	047	0	0
<b>Fair value changes of the hedged items in portfolio hedge of interest rate risk</b>	<b>048</b>	<b>0</b>	<b>0</b>
<b>Provisions</b>	<b>049</b>	<b>165,954,314</b>	<b>376,282,883</b>
<b>Tax liabilities</b>	<b>050</b>	<b>81,296,205</b>	<b>0</b>
<b>Share capital repayable on demand</b>	<b>051</b>	<b>0</b>	<b>0</b>
<b>Other liabilities</b>	<b>052</b>	<b>413,185,484</b>	<b>406,690,175</b>
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>053</b>	<b>0</b>	<b>0</b>
<b>Total liabilities (33 + 39 + 43 + from 47 to 53)</b>	<b>054</b>	<b>53,624,442,543</b>	<b>56,272,613,342</b>
<b>Equity</b>			
Initial capital	055	1,698,417,500	1,698,417,500
Share premium	056	1,801,947,133	1,801,343,055
Equity instruments issued other than capital	057	0	0
Other equity instruments	058	0	0
Accumulated other comprehensive income	059	204,434,471	320,419,536
Retained profit	060	3,191,219,376	3,732,269,710
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	829,720,531	332,243,846
(-) Interim dividends	065	0	0
Minority interests [non-controlling interests]	066	0	0
<b>Total equity (from 55 to 66)</b>	<b>067</b>	<b>7,810,660,069</b>	<b>7,969,614,705</b>
<b>Total equity and liabilities (54 + 67)</b>	<b>068</b>	<b>61,435,102,612</b>	<b>64,242,228,047</b>

**STATEMENT OF PROFIT OR LOSS**  
for the period 01.01.2019 to 30.06.2019

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	1,028,289,990	952,439,167
(Interest expenses)	002	179,046,227	143,603,218
(Expenses on share capital repayable on demand)	003	0	0
Dividend received	004	9,533,552	55,859,816
Fees and commissions income	005	286,942,121	309,166,973
(Fees and commissions expense)	006	77,328,340	79,333,936
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	007	13,767,636	-511,855
Gains or (-) losses on financial assets and liabilities held for trading, net	008	121,564,179	107,488,222
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	009	2,701,724	3,530,905
Gains or (-) losses on financial assets and liabilities designated 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	-21,955,825	6,310,148
Gains or (-) losses on derecognition of non-financial assets, net	013	2,224,137	13,772,220
Other operating income	014	21,702,685	20,667,217
(Other operating expenses)	015	49,815,182	47,796,086
<b>Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15)</b>	<b>016</b>	<b>1,158,580,450</b>	<b>1,197,989,573</b>
(Administrative expenses)	017	462,129,557	478,397,716
(Depreciation)	018	35,826,458	53,507,264
Modification gains or (-) losses, net	019	0	-515,476
(Provisions or (-) reversal of provisions)	020	47,561,491	228,640,118
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	021	-11,217,030	30,309,673
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	022	0	-346,834
(Impairment or (-) reversal of impairment on non-financial assets)	023	2,172,780	3,750,309
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	0	0
Profit or (-) loss from fixed assets and disposal groups classified as held for sale not qualifying as discontinued operations	026	0	0
<b>Profit or (-) loss before tax from continuing operations (16 – 17 – 18 + 19 – from 20 to 23 + from 24 to 26)</b>	<b>027</b>	<b>622,107,194</b>	<b>403,215,851</b>
(Tax expense or (-) income related to profit or loss from continuing operations)	028	116,701,598	70,972,005
<b>Profit or (-) loss after tax from continuing operations (27 – 28)</b>	<b>029</b>	<b>505,405,596</b>	<b>332,243,846</b>
<b>Profit or (-) loss after tax from discontinued operations (31 – 32)</b>	<b>030</b>	<b>0</b>	<b>0</b>
Profit or (-) loss before tax from discontinued operations	031	0	0
(Tax expense or (-) income related to discontinued operations)	032	0	0
<b>Profit or (-) loss for the year (29 + 30; 34 + 35)</b>	<b>033</b>	<b>505,405,596</b>	<b>332,243,846</b>
Attributable to minority interest [non-controlling interests]	034	0	0
Attributable to owners of the parent	035	505,405,596	332,243,846
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME</b>			
<b>Income or (-) loss for the current year</b>	<b>036</b>	<b>505,405,596</b>	<b>332,243,846</b>
<b>Other comprehensive income (38 + 50)</b>	<b>037</b>	<b>-15,341,682</b>	<b>115,441,765</b>
<b>Items that will not be reclassified to profit or loss (from 39 to 45) + 48 + 49)</b>	<b>038</b>	<b>14,581,970</b>	<b>24,752,518</b>
Tangible assets	039	0	0
Intangible assets	040	0	0
Actuarial gains or (-) losses on defined benefit pension plans	041	0	0
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	17,782,890	30,305,258
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 item]	046	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	047	0	0
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	048	0	0
Income tax relating to items that will not be reclassified	049	-3,200,920	-5,552,740
<b>Items that may be reclassified to profit or loss (from 51 to 58)</b>	<b>050</b>	<b>-29,923,652</b>	<b>90,689,247</b>
Hedge of net investments in foreign operations [effective portion]	051	0	0
Foreign currency translation	052	0	0
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	-35,546,569	110,596,643
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	5,622,917	-19,907,396
<b>Total comprehensive income for the current year (36 + 37; 60 + 61)</b>	<b>059</b>	<b>490,063,914</b>	<b>447,685,611</b>
Attributable to minority interest [non-controlling interest]	060	0	0
Attributable to owners of the parent	061	490,063,914	447,685,611

**STATEMENT OF CASH FLOW**  
for the period 01.01.2019 to 30.06.2019

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
<b>Operating activities - direct method</b>			
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
<b>Operating activities - indirect method</b>			
Profit/(loss) before tax	009	622,107,194	404,027,599
Adjustments:		0	0
Impairment and provisions	010	-284,962,459	165,915,078
Depreciation	011	35,826,458	53,507,264
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	-3,441,052	0
Other non-cash items	014	0	-55,859,817
<b>Changes in assets and liabilities from operating activities</b>			
Deposits with the Croatian National Bank	015	52,953,252	-145,010,276
Deposits with financial institutions and loans to financial institutions	016	385,146,370	373,697,559
Loans and advances to other clients	017	-946,433,983	-1,270,614,229
Securities and other financial instruments at fair value through other comprehensive income	018	-574,268,909	-3,682,454,453
Securities and other financial instruments held for trading	019	3,551,083	244,767,736
Non-trading securities and other financial instruments at fair value through statement of profit or loss	020	0	-3,479,147
Securities and other financial instruments mandatorily at fair value through statement of profit or loss	021	0	0
Securities and other financial instruments at amortised cost	022	-153,865,671	-142,596,100
Other assets from operating activities	023	-1,127,201,194	-52,423,877
Deposits from financial institutions	024	-404,115,995	427,628,279
Transaction accounts of other clients	025	2,267,408,573	-909,169,192
Savings deposits of other clients	026	-24,831,277	194,706,422
Time deposits of other clients	027	-824,284,931	756,647,354
Derivative financial liabilities and other liabilities held for trading	028	8,245,613	19,088,193
Other liabilities from operating activities	029	180,735,096	33,024,410
Interest received from operating activities [indirect method]	030	1,033,577,682	935,807,378
Dividends received from operating activities [indirect method]	031	9,533,552	4,946,113
Interest paid from operating activities [indirect method]	032	-226,262,523	-150,531,289
(Income tax paid)	033	-167,893,466	-155,604,620
<b>Net cash flow from operating activities (from 1 to 33)</b>	<b>034</b>	<b>-138,476,587</b>	<b>-2,953,979,615</b>
<b>Investing activities</b>			
Cash receipts from the sale / payments for the purchase of tangible and intangible assets	035	-74,899,551	-97,500,912
Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures	036	0	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	0	0
Other receipts/payments from investing activities	039	0	0
<b>Net cash flow from investing activities (from 35 to 39)</b>	<b>040</b>	<b>-74,899,551</b>	<b>-97,500,912</b>
<b>Financing activities</b>			
Net increase/(decrease) in loans received from financing activities	041	-95,061,871	2,082,885,690
Net increase/(decrease) in debt securities issued	042	-6,703,550	-1,073,641
Net increase/(decrease) in Tier 2 capital instruments	043	-22,792,070	0
Increase in share capital	044	0	0
(Dividends paid)	045	-160,160,770	-288,730,975
Other receipts/(payments) from financing activities	046	0	0
<b>Net cash flow from financing activities (from 41 to 46)</b>	<b>047</b>	<b>-284,718,261</b>	<b>1,793,081,074</b>
<b>Net increase/(decrease) in cash and cash equivalents (34 + 40 + 47)</b>	<b>048</b>	<b>-498,094,399</b>	<b>-1,258,399,453</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>049</b>	<b>4,874,466,492</b>	<b>6,335,739,989</b>
Effect of exchange rate fluctuations on cash and cash equivalents	050	0	0
<b>Cash and cash equivalents at the end of period (48 + 49 + 50)</b>	<b>051</b>	<b>4,376,372,093</b>	<b>5,077,340,536</b>

**STATEMENT OF CHANGES IN EQUITY**  
for the period from 01.01.2019 to 30.6.2019

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	204,434,471	3,191,219,376	0	84,921,058	0	829,720,531	0	0	0	7,810,660,069
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	0	0	0	0	0	0	0	0	0	0
Opening balance [current period] (1 + 2 + 3)	004	1,698,417,500	1,801,947,133	0	0	204,434,471	3,191,219,376	0	84,921,058	0	829,720,531	0	0	0	7,810,660,069
Ordinary shares issue	005	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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	-288,730,975	0	0	0	0	0	0	0	-288,730,975
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	-604,078	0	0	543,300	829,781,309	0	0	0	-829,720,531	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 in equity instruments	018	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive income for the current year	019	0	0	0	0	115,441,765	0	0	0	0	332,243,846	0	0	0	447,685,611
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	1,801,343,055	0	0	320,419,536	3,732,269,710	0	84,921,058	0	332,243,846	0	0	0	7,969,614,705



NOTES TO THE HALF YEAR FINANCIAL STATEMENTS (PFI)

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

OIB: **23057039320**

Reporting period: **1.1.2019 - 30.06.2019**

The half year financial statements are prepared in accordance with the Ordinance on the structure and content of periodic financial reports for issuers during the year prescribed by Croatian Financial Services Supervisory Agency, International Financial Reporting Standards, as well as 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.

Half year financial statements are prepared in accordance with the same accounting policies, as in the latest annual financial statements, with additional adjustments that are made in accordance with the accounting standard IFRS 16 "Leases" that came into force on 01 January 2019.

The application of accounting standard IFRS 16 "Leases" did not have any impact on the Bank's capital.

The latest annual financial statements are available on the Bank's official website.