

**Audited financial statements of the Erste&Steiermärkische Bank d.d. and subsidiaries  
(the Group) for period January 1<sup>st</sup> - December 31<sup>st</sup> 2019**

*Content:*

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## MANAGEMENT REPORT

### In 2019 Erste Bank Croatia recorded solid business results

*“We are pleased with our YE2019 results. A total of HRK 5.6 billion of new loans were approved in the retail segment. Housing loans have a higher growth rate, their portfolio having grown by about 10%. At the same time, the growth of the cash loans portfolio has slowed down to about 4%, partially due to the alignment with the recommendations of the Croatian National Bank. The corporate sector saw a healthy growth too. A total of HRK 7.7 billion worth of loans was approved to businesses, with small and medium-sized companies accounting for 60% of this amount”, said **Christoph Schoefboeck**, Chairman of the Management Board of Erste Bank Croatia, commenting on the business results for 2019 and added: “We are pleased about the fact that the accuracy and long-term sustainability of our business model has been confirmed with the BBB+ rating with stable outlook, which we were granted by Fitch, one of the most renowned credit rating companies in the world. The Bank’s credit rating is above the current rating of the Republic of Croatia, and we are especially proud of the fact that it also represents the highest grade that any bank on the Croatian market has.”*

#### 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 752.5 million, down 9.3% from HRK 829.7 million in the 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 2.3%, from HRK 1,651.9 million in 2018 to HRK 1,613.5 million in 2019, primarily as a result of further interest margin reduction. Net fee and commission income was up 8.5%, primarily led by upward trends in the transaction banking segment, and in 2019 it reached HRK 504.4 million in comparison with HRK 464.9 million in 2018. Net trading and fair value result increased by 12.1%, from HRK 203.6 million in 2018 to HRK 228.1 million in 2019, boosted by upward trends of the foreign exchange transactions.

At the end of December 2019 the Bank’s total assets were HRK 63.9 billion, up 4.1% from HRK 61.4 billion at 2018YE. As of 31/12/2019, total loans were HRK 41.1 billion, up 3.3% from HRK 39.8 billion at 2018YE. Total deposits as of 31/12/2019 were HRK 48.5 billion, up 3.1% from HRK 47.0 billion at 2018YE.

EBC Group’s\* net profit before minority interests in 2019 was HRK 982.3 million, down 4.7% compared to HRK 1,030.6 million in 2018. EBC Group’s net interest income was down 1.3%, from HRK 2,073.1 million in 2018 to HRK 2,046.9 million in 2019. Net fee and commission income was up 9.5%, from HRK 733.4 million in 2018 to HRK 802.8 million in 2019.

EBC Group's total assets in late December 2019 were HRK 73.9 billion and were up 6.0% from HRK 69.7 billion at 2018YE. Total loans as of 31/12/2019 were HRK 45.3 billion, up 4.9% from HRK 43.2 billion at 2018YE. EBC Group's total deposits at the end of December 2019 were HRK 51.3 billion and were up 4.3% from HRK 49.2 billion at 2018YE.

## OUTLOOK

*"Even though it is difficult to talk about more concrete indicators at the moment, it is realistic to expect that the current coronavirus situation will have certain implications on the business environment and the expected growth rates of the Croatian economy in 2020. And this is why we welcome the efforts invested by the Government of the Republic of Croatia and Croatian National Bank with the aim of ensuring and maintaining the liquidity within the system, as well as to preserve jobs. We will also make a maximum contribution on our part so that our clients, citizens and companies would be as least possible affected by the current circumstances and, especially when it comes to companies, that they would maintain the continuity of their business operations. Apart from that, it is important to emphasize that we will further support all quality and sustainable projects, especially those from real sector, as well as the needs of the citizens," Schoefboeck underlined.*

*"In the current changed circumstances, caused by the global coronavirus pandemic, a comprehensive digital transformation of the banking business, as a process which has been on-going for quite a while, is getting a new broader dimension and is focussing on the development and the need for digital channels to a greater extent. As a bank, we have already earlier, in the light of the PSD2 regulation enforcement, proactively approached the digital solution development within the so-called open banking segment. A very successful example is the KeksPay app, which primarily enables users to send and receive money free of charge. Since the launch, the app reported some 110,000 users, 75% of which are not clients of Erste Bank. In the upcoming development, our strategy will focus on further improvements and innovations in that segment, with a strong focus on providing a comprehensive advisory service to clients and caring about their prosperity," 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 Year ended 31 December 2019

in HRK million	Notes	GROUP		BANK	
		2018	2019	2018	2019
Net interest income	1	2,073	2,046	1,652	1,613
Interest income		2,363	2,232	1,960	1,836
Other similar income		167	169	72	67
Interest expense		(381)	(280)	(305)	(217)
Other similar expenses		(76)	(75)	(75)	(73)
Net fee and commission income	2	734	803	465	504
Fee and commission income		968	1,057	642	690
Fee and commission expenses		(234)	(254)	(177)	(186)
Dividend income	3	1	1	21	69
Net trading and fair value result	4	221	234	204	228
Gains/losses from financial instruments measured at fair value through profit or loss	5	4	4	3	3
Net result from equity method investments		11	9	-	-
Rental income from investment properties & other operating leases	6	117	95	2	-
Personnel expenses	7	(701)	(747)	(504)	(538)
Other administrative expenses	7	(648)	(660)	(478)	(496)
Depreciation and amortisation	7	(228)	(248)	(75)	(114)
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	8	28	1	14	-
Impairment result from financial instruments	9	(246)	(43)	(199)	(72)
Other operating result	10	(81)	(284)	(79)	(278)
<b>Pre-tax result from continuing operations</b>		<b>1,285</b>	<b>1,211</b>	<b>1,026</b>	<b>919</b>
Income tax	11	(254)	(229)	(196)	(166)
<b>Net result for the period</b>		<b>1,031</b>	<b>982</b>	<b>830</b>	<b>753</b>
Net result attributable to non-controlling interests		23	20	-	-
<b>Net result attributable to owners of the parent</b>		<b>1,008</b>	<b>962</b>	<b>-</b>	<b>-</b>
<b>Earnings per share</b>					
Basic and diluted (HRK)	44	<b>59.33</b>	<b>56.66</b>	-	-

## Statement of Financial Position as at 31 December 2019

in HRK million	Notes	GROUP		BANK	
		31 December 2018	31 December 2019	31 December 2018	31 December 2019
<b>Assets</b>					
Cash and cash balances	12	4,954	5,105	4,383	4,339
Financial assets - held for trading		278	225	279	226
Derivatives	13	33	39	34	40
Other trading assets	14	245	186	245	186
Non-trading financial assets at fair value through profit or loss		165	199	23	25
Pledged as collateral	34	93	-	-	-
Equity instruments	15	11	16	9	10
Debt securities	15	154	183	14	15
Financial assets at fair value through other comprehensive income		8,602	10,604	7,977	9,961
Pledged as collateral	34	323	816	-	421
Equity instruments	16	111	162	102	147
Debt securities	16	8,491	10,442	7,875	9,814
Financial assets at amortised cost		49,678	51,295	46,115	46,817
Pledged as collateral	34	-	25	-	25
Debt securities	18	1,273	1,642	1,020	1,464
Loans and advances to banks	18	5,228	4,367	5,309	4,260
Loans and advances to customers	18	43,177	45,286	39,786	41,093
Finance lease receivables	19	2,080	2,453	-	-
Property and equipment	23	1,245	1,311	669	803
Investment properties	23	49	33	17	3
Intangible assets	24	372	376	120	121
Investments in subsidiaries	22	-	-	989	989
Investments in associates	22	60	58	38	38
Current tax assets	25	10	12	-	-
Deferred tax assets	25	219	187	87	75
Trade and other receivables	20	1,425	1,537	309	188
Other assets	26	554	471	428	356
<b>Total assets</b>		<b>69,691</b>	<b>73,866</b>	<b>61,434</b>	<b>63,941</b>
<b>Liabilities and equity</b>					
Financial liabilities - held for trading		27	36	27	36
Derivatives	13	27	36	27	36
Financial liabilities measured at amortised cost		59,687	62,690	52,937	54,529
Deposits from banks	27	8,931	9,814	5,082	5,275
Deposits from customers	27	49,197	51,325	46,983	48,455
Debt securities issued	27	670	672	670	672
Other financial liabilities	27	889	879	202	127
Lease liabilities	32	-	98	-	105
Provisions	28	205	494	166	453
Current tax liabilities	25	106	24	81	8
Deferred tax liabilities	25	2	5	-	-
Other liabilities	29	603	641	413	427
<b>Total liabilities</b>		<b>60,630</b>	<b>63,988</b>	<b>53,624</b>	<b>55,558</b>
Subscribed capital		1,698	1,698	1,698	1,698
Capital reserves and share premium		1,887	1,886	1,887	1,886
Retained earnings		5,083	5,756	4,021	4,485
Other reserves		223	350	204	314
Equity attributable to owners of the parent		8,891	9,690	7,810	8,383
Equity attributable to non-controlling interests		170	188	-	-
<b>Total equity</b>	30	<b>9,061</b>	<b>9,878</b>	<b>7,810</b>	<b>8,383</b>
<b>Total liabilities and equity</b>		<b>69,691</b>	<b>73,866</b>	<b>61,434</b>	<b>63,941</b>

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

According to our best knowledge:

1. Shortened set of audited 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.

Deputy Head of Accounting  
and Controlling Division

  
Ivana Radman

ERSTE & STEIERMÄRKISCHE  
BANK D.D.  
026 RIJEKA 092

Member of the Board

  
Krešimir Barić

Rijeka, March 20<sup>th</sup> 2020

**GENERAL DATA FOR ISSUERS**

Reporting period:

1.1.2019

to

31.12.2019

Year:

2019

**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](mailto:erstebank@erstebank.hr)

Web address: [www.erstebank.hr](http://www.erstebank.hr)

Number of employees  
(end of the reporting period): 3634

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: MARIJA DRAGINIĆ  
(only name and surname of the contact person)

Telephone: 01 7237 2018

E-mail address: [mdraginic@erstebank.hr](mailto:mdraginic@erstebank.hr)

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

Certified auditor: Siniša Dušić  
(name and surname)

**BALANCE SHEET**  
balance as at 31.12.2019

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>			
Cash, cash balances at central banks and other demand deposits (from 2 to 4)	001	4,953,457,530	5,104,919,965
Cash in hand	002	1,735,191,174	2,557,692,022
Cash balances at central banks	003	2,975,286,900	1,957,984,385
Other demand deposits	004	242,979,456	589,243,558
Financial assets held for trading (from 6 to 9)	005	277,954,014	225,050,510
Derivatives	006	33,186,278	39,051,133
Equity instruments	007	0	0
Debt securities	008	244,767,736	185,999,377
Loans and advances	009	0	0
Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13)	010	165,343,160	199,210,286
Equity instruments	011	165,343,160	176,322,031
Debt securities	012	0	22,888,255
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	8,602,225,188	10,604,450,252
Equity instruments	018	111,451,916	162,117,542
Debt securities	019	8,490,773,272	10,442,332,710
Loans and advances	020	0	0
Financial assets at amortised cost (22 + 23)	021	53,183,489,429	55,283,947,819
Debt securities	022	1,273,151,956	1,641,927,265
Loans and advances	023	51,910,337,473	53,642,020,554
<b>Derivatives - hedge accounting</b>	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	60,078,028	58,262,384
Tangible assets	027	1,293,562,927	1,344,128,494
Intangible assets	028	371,380,139	375,452,578
Tax assets	029	228,878,238	199,289,441
Other assets	030	554,135,904	471,461,557
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>69,690,504,557</b>	<b>73,866,173,286</b>
<b>Payables</b>			
<b>Financial liabilities held for trading (from 34 to 38)</b>	<b>033</b>	<b>26,981,578</b>	<b>36,136,244</b>
Derivatives	034	26,981,578	36,136,244
Short positions	035	0	0
Deposits	036	0	0
Debt securities issued	037	0	0
Other financial liabilities	038	0	0
<b>Financial liabilities 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>59,687,658,871</b>	<b>62,787,752,568</b>
Deposits	044	58,128,148,216	61,138,608,849
Debt securities issued	045	670,441,906	671,973,050
Other financial liabilities	046	889,068,749	977,170,669
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>204,555,543</b>	<b>494,251,582</b>
<b>Tax liabilities</b>	<b>050</b>	<b>107,640,720</b>	<b>28,670,199</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>602,805,354</b>	<b>640,951,269</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>60,629,642,066</b>	<b>63,987,761,862</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	223,132,910	349,859,083
Retained profit	060	4,074,265,057	4,793,339,902
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	1,007,745,036	962,284,807
(-) Interim dividends	065	0	0
Minority interests [non-controlling interests]	066	170,433,797	188,246,019
<b>Total equity (from 55 to 66)</b>	<b>067</b>	<b>9,060,862,491</b>	<b>9,878,411,424</b>
<b>Total equity and liabilities (54 + 67)</b>	<b>068</b>	<b>69,690,504,557</b>	<b>73,866,173,286</b>



**STATEMENT OF PROFIT OR LOSS**  
for the period 1.1.2019 to 31.12.2019

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	2,501,755,296	2,387,117,583
(Interest expenses)	002	428,623,617	339,958,328
(Expenses on share capital repayable on demand)	003	0	0
Dividend income	004	999,385	1,440,392
Fees and commissions income	005	967,786,624	1,057,188,833
(Fees and commissions expenses)	006	234,385,009	254,364,808
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	007	27,565,442	777,265
Gains or (-) losses on financial assets and liabilities held for trading, net	008	220,542,531	210,869,139
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	009	3,703,723	3,607,601
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	449,204	22,845,566
Gains or (-) losses on derecognition of non-financial assets, net	013	4,788,763	25,508,584
Other operating income	014	187,960,126	156,746,117
(Other operating expenses)	015	173,907,646	158,869,646
<b>Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15)</b>	<b>016</b>	<b>3,078,634,822</b>	<b>3,112,908,298</b>
(Administrative expenses)	017	1,266,099,224	1,320,941,152
(Depreciation)	018	227,610,760	248,140,108
Modification gains or (-) losses, net	019	-328,732	-1,184,156
(Provisions or (-) reversal of provisions)	020	39,552,091	321,243,393
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	021	212,137,253	-415,150
(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	58,645,949	19,473,877
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	10,494,718	8,656,866
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>1,284,755,531</b>	<b>1,211,344,462</b>
(Tax expense or (-) income related to profit or loss from continuing operations)	028	254,174,177	228,997,699
<b>Profit or (-) loss after tax from continuing operations (27 – 28)</b>	<b>029</b>	<b>1,030,581,354</b>	<b>982,346,763</b>
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
<b>Profit or (-) loss for the year (29 + 30; 34 + 35)</b>	<b>033</b>	<b>1,030,581,354</b>	<b>982,346,763</b>
Attributable to minority interest [non-controlling interests]	034	22,836,318	20,061,956
Attributable to owners of the parent	035	1,007,745,036	962,284,807
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME</b>			
<b>Income or (-) loss for the current year</b>	<b>036</b>	<b>1,030,581,354</b>	<b>982,346,763</b>
<b>Other comprehensive income (38 + 50)</b>	<b>037</b>	<b>-50,763,166</b>	<b>126,182,702</b>
<b>Items that will not be reclassified to profit or loss (from 39 to 45) + 48 + 49)</b>	<b>038</b>	<b>20,330,255</b>	<b>41,417,654</b>
Tangible assets	039	0	0
Intangible assets	040	0	0
Actuarial gains or (-) losses on defined benefit pension plans	041	2,981,139	-461,353
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	21,606,116	50,528,292
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	-4,257,000	-8,649,285
<b>Items that may be reclassified to profit or loss (from 51 to 58)</b>	<b>050</b>	<b>-71,093,421</b>	<b>84,765,048</b>
Hedge of net investments in foreign operations [effective portion]	051	0	0
Foreign currency translation	052	-6,232,185	2,364,908
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	-71,175,366	98,623,320
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	6,314,130	-16,223,180
<b>Total comprehensive income for the current year (36 + 37; 60 + 61)</b>	<b>059</b>	<b>979,818,188</b>	<b>1,108,529,465</b>
<b>Attributable to minority interest [non-controlling interest]</b>	<b>060</b>	<b>22,836,318</b>	<b>20,061,956</b>
<b>Attributable to owners of the parent</b>	<b>061</b>	<b>956,981,870</b>	<b>1,088,467,509</b>

**STATEMENT OF CASH FLOW**  
for the period 1.1.2019 to 31.12.2019

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	1	0	0
Fees and commissions received	2	0	0
(Interest paid and similar expenditures)	3	0	0
(Fees and commissions paid)	4	0	0
(Operating expenses paid)	5	0	0
Net gains/losses from financial instruments at fair value through statement of profit or loss	6	0	0
Other receipts	7	0	0
(Other expenditures)	8	0	0
<b>Operating activities - indirect method</b>			
Profit/(loss) before tax	9	1,030,581,355	1,211,344,462
Adjustments:		0	0
Impairment and provisions	10	292,681,310	340,167,249
Depreciation	11	227,610,763	248,140,108
Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss	12	0	0
(Profit)/loss from the sale of tangible assets	13	1,693,359	-10,964,128
Other non-cash items	14	243,679,459	220,139,437
<b>Changes in assets and liabilities from operating activities</b>			
Deposits with the Croatian National Bank	15	-218,074,194	-223,917,857
Deposits with financial institutions and loans to financial institutions	16	-422,031,044	874,636,120
Loans and advances to other clients	17	-5,754,279,218	-4,640,037,644
Securities and other financial instruments at fair value through other comprehensive income	18	1,087,972,927	-3,952,287,169
Securities and other financial instruments held for trading	19	195,063,646	58,768,359
Securities and other financial instruments at fair value through statement of profit or loss, not traded	20	0	-33,867,128
Securities and other financial instruments at fair value through statement of profit or loss	21	-4,243,763	0
Securities and other financial instruments at amortised cost	22	31,535,826	-403,733,741
Other assets from operating activities	23	-176,542,558	-240,680,542
Deposits from financial institutions	24	-1,339,924,456	-252,268,987
Transaction accounts of other clients	25	6,548,909,281	3,279,785,543
Savings deposits of other clients	26	225,650,847	551,047,716
Time deposits of other clients	27	-1,190,714,997	-1,632,269,858
Derivative financial liabilities and other traded liabilities	28	-24,504,827	9,154,667
Other liabilities from operating activities	29	-63,343,516	1,501,954,077
Interest received from operating activities [indirect method]	30	2,450,572,109	2,266,530,188
Dividends received from operating activities [indirect method]	31	9,973,710	10,494,718
Interest paid from operating activities [indirect method]	32	-443,647,508	-337,745,146
(Income tax paid)	33	0	-303,239,493
<b>Net cash flow from operating activities (from 1 to 33)</b>	<b>34</b>	<b>2,708,618,511</b>	<b>-1,458,849,049</b>
<b>Investing activities</b>			
Cash receipts from the sale / payments for the purchase of tangible and intangible assets	35	-215,905,850	-231,959,864
Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures	36	0	0
Cash receipts from the sale / payments for the purchase of securities and other financial instruments held to maturity	37	0	0
Dividends received from investing activities	38	0	0
Other receipts/payments from investing activities	39	0	0
<b>Net cash flow from investing activities (from 35 to 39)</b>	<b>40</b>	<b>-215,905,850</b>	<b>-231,959,864</b>
<b>Financing activities</b>			
Net increase/(decrease) in loans received from financing activities	41	-1,068,552,690	0
Net increase/(decrease) of debt securities issued	42	300,926,953	0
Net increase/(decrease) of Tier 2 capital instruments	43	0	0
Increase of share capital	44	0	0
(Dividends paid)	45	-160,160,770	-290,980,710
Other receipts/(payments) from financing activities	46	0	-29,645,146
<b>Net cash flow from financing activities (from 41 to 46)</b>	<b>47</b>	<b>-927,786,507</b>	<b>-320,625,856</b>
<b>Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)</b>	<b>48</b>	<b>1,564,926,154</b>	<b>-2,011,434,769</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>49</b>	<b>5,343,653,435</b>	<b>6,908,579,590</b>
Effect of exchange rate fluctuations on cash and cash equivalents	50	0	0
<b>Cash and cash equivalents at the end of period (48 + 49 + 50)</b>	<b>51</b>	<b>6,908,579,589</b>	<b>4,897,144,821</b>

**STATEMENT OF CHANGES IN EQUITY**  
for the period from 1.1.2019 to 31.12.2019

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
<b>Opening balance [before restatement]</b>	<b>001</b>	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	<b>9,060,862,491</b>
Effects of error corrections	002	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Effects of changes in accounting policies</b>	<b>003</b>	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	223,132,910	4,074,265,057	0	84,921,058	0	1,007,745,036	0	0	170,433,797	<b>9,060,862,491</b>
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
<b>Exercise or expiration of other equity instruments issued</b>	<b>008</b>	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	63,401	0	0	0	0	0	0	0	63,401
<b>Capital reduction</b>	<b>010</b>	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	-2,249,734	<b>-290,980,709</b>
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
<b>Transfers among components of equity instruments</b>	<b>016</b>	0	0	0	0	0	1,008,000,079	0	0	0	-1,007,745,036	0	0	0	<b>255,043</b>
Share based payments	017	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Other increase or (-) decrease of equity instruments</b>	<b>018</b>	0	-604,078	0	0	543,471	-257,660	0	0	0	0	0	0	0	<b>-318,267</b>
<b>Total comprehensive income for the current year</b>	<b>019</b>	0	0	0	0	126,182,702	0	0	0	0	962,284,807	0	0	20,061,956	<b>1,108,529,465</b>
<b>Equity instruments increase or (-) decrease resulting from business combinations</b>	<b>020</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Closing balance [current period] (from 4 to 20)</b>	<b>021</b>	<b>1,698,417,500</b>	<b>1,801,343,055</b>	<b>0</b>	<b>0</b>	<b>349,859,083</b>	<b>4,793,339,902</b>	<b>0</b>	<b>84,921,058</b>	<b>0</b>	<b>962,284,807</b>	<b>0</b>	<b>0</b>	<b>188,246,019</b>	<b>9,878,411,424</b>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (GFI)  
Name of issuer: **ERSTE & STEIERMARKISCHE BANK DD**  
OIB: **23057039320**  
Reporting period: **1.1.2019 to 31.12.2019**

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.

Differences between financial statements according to IFRS and local requirements are presented below:

						GROUP
Annual report (AR)	in HRK million	Form Statement of financial position (CNB)	in HRK million	Diff.	Explanation	
Cash and cash balances	5,105	Cash on hand, Cash balances at Central bank and Other demand deposits	2,558 1,958 589	-		
Financial assets held for trading	225	Financial assets held for trading	225	-		
Non-trading financial assets at fair value through profit or loss- Equity instruments	16	Non-trading financial assets at fair value through profit or loss- Equity instruments	176	(160)	AR - Non-trading financial assets at fair value through profit or loss- Debt securities	
Non-trading financial assets at fair value through profit or loss- Debt securities	183	Non-trading financial assets at fair value through profit or loss- Debt securities	23	160	CNB- Equity instruments	
Financial assets at fair value through other comprehensive income	10,604	Financial assets at fair value through other comprehensive income	10,604	-	-	
Financial assets at amortised cost- Loans and advances	49,653	Financial assets at amortised cost- Loans and advances	53,643	-	-	
Trade and other receivables	1,537					
Finance lease receivables	2,453					
Financial assets at amortised cost- Debt securities	1,642	Financial assets at amortised cost- Debt securities	1,642	-	-	
Investments in subsidiaries	-	Investments in associates, subsidiaries and joint ventures	58	-	-	
Investments in joint ventures and associates	58					
Property and equipment	1,311	Tangible assets	1,344	-	-	
Investment property	33					
Intangible assets	376	Intangible assets	376	-	-	
Tax Assets- Deferred tax assets	199	Tax Assets- Deferred tax assets	199	-	-	
Other assets	471	Other assets	471	-	-	
<b>TOTAL ASSETS</b>	<b>73,866</b>	<b>TOTAL ASSETS</b>	<b>73,866</b>	-		

GROUP					
Annual report (AR)	in HRK million	Form Statement of financial position (CNB)	in HRK million	Diff.	Explanation
Financial liabilities held for trading- Derivatives		36	Financial liabilities held for trading- Derivatives	36	-
Financial liabilities measured at amortised cost- Deposits	61,139	Financial liabilities measured at amortised cost- Deposits	61,139	-	
Debt securities in issue	672	Debt securities in issue	672	-	
Other financial liabilities	879	Other financial liabilities	977		
Finance lease liabilities	98				
Provisions	494	Provisions	494	-	
Tax liabilities	29	Tax liabilities	29	-	
Other Liabilities	641	Other Liabilities	641	-	
Total equity	9,878	Total equity	9,878	-	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>73,866</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>73,866</b>		

GROUP					
ANNUAL REPORT (AR)	in HRK million	Form Income statement (CNB)	in HRK million	Diff.	EXPLANATION
Interest income	2,232	Interest income	2,386	15	CNB- Gains or losses on financial assets and financial liabilities held for trading, net
Other similar income	169				
Interest expense	(280)	Interest expense	(340)	(15)	CNB- Gains or losses on financial assets and financial liabilities held for trading, net
Other similar expense	(75)				
Fee and commission income	1,057	Fees and commissions income	1,057	-	
Fee and commission expense	(254)	Fees and commissions expenses	(254)	-	
Net trading result	234	Gains or losses on financial assets and financial liabilities held for trading, net	211	-	
		Exchange differences [gain or loss], net	23	-	
Personnel expenses	(747)	Administrative expenses	(1,322)	(85)	CNB- Other operating expense
Other administrative expenses	(660)				
Depreciation and amortisation	(248)	Depreciation	(248)	-	
Other operating result	(284)	Gains or losses from derecognition of non-financial assets, net	26		
Rental income from investment properties & other operating leases	95	Other operating income	157		
Net impairment loss on financial instruments	(43)	Other operating expense	(159)	85	AR - Other administrative expenses
		Provisions or cancellation of provisions	(321)		
		Modification gains or (-) losses, net	(1)		
		Impairment of non-financial assets	(19)		
Net result from equity method investments	9	Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	9	-	
Dividend income	1	Dividend income	1	-	
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	1	Gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	1	-	
Gains/losses from financial instruments measured at fair value through profit or loss	4	Gains/losses from financial instruments measured at fair value through profit or loss	4	-	
<b>Pre-tax profit from continuing operations</b>	<b>1,211</b>	<b>PRE - TAX PROFIT</b>	<b>1,211</b>		
Taxes on income	(229)	Taxes on income	(229)	-	
<b>NET PROFIT OF THE YEAR</b>	<b>982</b>	<b>NET PROFIT FOR THE PERIOD</b>	<b>982</b>		