

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

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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>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. 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.

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): 2729

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

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

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Bookkeeping firm: No (Yes/No)

(name of the bookkeeping firm)

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

Telephone: 01 72 37 2018

E-mail address: [mdraginic@erstebank.com](mailto:mdraginic@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 31.12.2019

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	4,382,610,419	4,338,539,136
Cash in hand	002	1,564,653,382	2,407,398,070
Cash balances at central banks	003	2,643,391,482	1,707,402,030
Other demand deposits	004	174,565,555	223,739,036
Financial assets held for trading (from 6 to 9)	005	278,886,384	225,540,379
Derivatives	006	34,118,648	39,541,002
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	22,584,691	25,181,564
Equity instruments	011	22,584,691	25,181,564
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	7,977,417,398	9,961,678,399
Equity instruments	018	101,987,706	147,188,494
Debt securities	019	7,875,429,692	9,814,489,905
Loans and advances	020	0	0
Financial assets at amortised cost (22 + 23)	021	46,424,642,317	47,004,847,742
Debt securities	022	1,020,456,157	1,464,376,609
Loans and advances	023	45,404,186,160	45,540,471,133
<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	1,027,332,677	1,027,332,677
Tangible assets	027	686,720,638	805,969,679
Intangible assets	028	120,232,421	121,246,553
Tax assets	029	86,776,236	75,440,909
Other assets	030	427,899,431	355,786,671
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>	032	<b>61,435,102,612</b>	<b>63,941,563,709</b>
<b>Payables</b>			
<b>Financial liabilities held for trading (from 34 to 38)</b>	033	<b>26,981,577</b>	<b>36,123,691</b>
Derivatives	034	26,981,577	36,123,691
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>	039	<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>	043	<b>52,937,024,963</b>	<b>54,634,020,819</b>
Deposits	044	52,064,382,573	53,730,062,727
Debt securities issued	045	670,441,906	671,973,050
Other financial liabilities	046	202,200,484	231,985,042
Derivatives - hedge accounting	047	0	0
<b>Fair value changes of the hedged items in portfolio hedge of interest rate risk</b>	048	<b>0</b>	<b>0</b>
<b>Provisions</b>	049	<b>165,954,314</b>	<b>452,755,390</b>
<b>Tax liabilities</b>	050	<b>81,296,205</b>	<b>7,926,803</b>
<b>Share capital repayable on demand</b>	051	<b>0</b>	<b>0</b>
<b>Other liabilities</b>	052	<b>413,185,484</b>	<b>427,256,036</b>
<b>Liabilities included in disposal groups classified as held for sale</b>	053	<b>0</b>	<b>0</b>
<b>Total liabilities (33 + 39 + 43 + from 47 to 53)</b>	054	<b>53,624,442,543</b>	<b>55,558,082,739</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	313,995,744
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	752,533,903
( - ) Interim dividends	065	0	0
Minority interests [non-controlling interests]	066	0	0
<b>Total equity (from 55 to 66)</b>	067	<b>7,810,660,069</b>	<b>8,383,480,970</b>
<b>Total equity and liabilities (54 + 67)</b>	068	<b>61,435,102,612</b>	<b>63,941,563,709</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	2,003,668,147	1,889,611,612
(Interest expenses)	002	351,796,208	275,801,542
(Expenses on share capital repayable on demand)	003	0	0
Dividend income	004	21,344,981	69,051,997
Fees and commissions income	005	642,120,342	690,272,396
(Fees and commissions expenses)	006	177,131,698	185,894,140
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	007	13,704,904	-102,814
Gains or (-) losses on financial assets and liabilities held for trading, net	008	222,438,718	211,132,069
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	009	2,696,602	2,552,619
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	-18,819,257	17,012,589
Gains or (-) losses on derecognition of non-financial assets, net	013	4,162,662	22,893,996
Other operating income	014	40,015,618	33,257,013
(Other operating expenses)	015	126,371,113	121,052,328
<b>Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15)</b>	<b>016</b>	<b>2,276,033,698</b>	<b>2,352,933,467</b>
(Administrative expenses)	017	912,018,002	962,275,166
(Depreciation)	018	75,549,535	113,725,458
Modification gains or (-) losses, net	019	-328,732	-1,184,156
(Provisions or (-) reversal of provisions)	020	46,769,486	315,967,271
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	021	163,464,215	30,058,163
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	022	43,520,978	-346,834
(Impairment or (-) reversal of impairment on non-financial assets)	023	8,959,682	10,792,907
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	025	0	0
Profit or (-) loss from fixed assets and disposal groups classified as held for sale not qualifying as discontinued	026	0	0
Profit or (-) loss before tax from continuing operations (16 – 17 – 18 + 19 – from 20 to 23 + from 24 to 26)	027	1,025,423,068	919,277,180
(Tax expense or (-) income related to profit or loss from continuing operations)	028	195,702,537	166,743,277
Profit or (-) loss after tax from continuing operations (27 – 28)	029	829,720,531	752,533,903
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	829,720,531	752,533,903
Attributable to minority interest [non-controlling interests]	034	0	0
Attributable to owners of the parent	035	829,720,531	752,533,903
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME</b>			
Income or (-) loss for the current year	036	829,720,531	752,533,903
Other comprehensive income (38 + 50)	037	-31,743,847	109,017,972
<b>Items that will not be reclassified to profit or loss (from 39 to 45) + 48 + 49)</b>	<b>038</b>	<b>16,602,941</b>	<b>36,836,881</b>
Tangible assets	039	0	0
Intangible assets	040	0	0
Actuarial gains or (-) losses on defined benefit pension plans	041	631,937	-22,000
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	19,644,010	45,064,287
Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive	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	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	-3,673,006	-8,205,406
<b>Items that may be reclassified to profit or loss (from 51 to 58)</b>	<b>050</b>	<b>-48,346,788</b>	<b>72,181,091</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	-52,518,845	88,025,721
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	4,172,057	-15,844,630
<b>Total comprehensive income for the current year (36 + 37; 60 + 61)</b>	<b>059</b>	<b>797,976,684</b>	<b>861,551,875</b>
Attributable to minority interest [non-controlling interest]	060	0	0
Attributable to owners of the parent	061	797,976,684	861,551,875

**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	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	829,720,531	919,277,180
Adjustments:		0	0
Impairment and provisions	010	252,714,591	356,789,289
Depreciation	011	75,549,535	113,725,458
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	-2,063,692	-10,774,753
Other non-cash items	014	184,142,769	-69,051,997
<b>Changes in assets and liabilities from operating activities</b>			
Deposits with the Croatian National Bank	015	-218,074,194	-223,917,857
Deposits with financial institutions and loans to financial institutions	016	-600,237,242	1,063,082,020
Loans and advances to other clients	017	-5,583,650,844	-2,945,467,005
Securities and other financial instruments at fair value through other comprehensive income	018	1,101,033,628	-3,925,800,886
Securities and other financial instruments held for trading	019	195,063,646	58,768,359
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	-2,508,283	-2,596,873
Securities and other financial instruments at amortised cost	022	42,578,119	-473,558,808
Other assets from operating activities	023	-171,332,557	58,506,309
Deposits from financial institutions	024	-1,491,744,426	-322,610,441
Transaction accounts of other clients	025	6,607,581,819	2,632,696,853
Savings deposits of other clients	026	235,582,657	632,335,467
Time deposits of other clients	027	-1,479,281,558	-1,554,287,272
Derivative financial liabilities and other traded liabilities	028	-24,658,429	979,465
Other liabilities from operating activities	029	-20,010,211	495,888,599
Interest received from operating activities [indirect method]	030	2,087,645,036	1,899,520,364
Dividends received from operating activities [indirect method]	031	20,383,770	69,051,997
Interest paid from operating activities [indirect method]	032	-359,838,423	-272,239,121
(Income tax paid)	033	0	-252,827,387
<b>Net cash flow from operating activities (from 1 to 33)</b>	<b>034</b>	<b>1,678,596,242</b>	<b>-1,752,511,040</b>
<b>Investing activities</b>			
Cash receipts from the sale / payments for the purchase of tangible and intangible assets	035	-119,574,040	-138,564,449
Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures	036	-81,361,500	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>-200,935,540</b>	<b>-138,564,449</b>
<b>Financing activities</b>			
Net increase/(decrease) in loans received from financing activities	041	-156,041,084	0
Net increase/(decrease) of debt securities issued	042	300,926,953	0
Net increase/(decrease) of Tier 2 capital instruments	043	0	0
Increase of share capital	044	0	0
(Dividends paid)	045	-160,160,770	-288,730,975
Other receipts/(payments) from financing activities	046	0	-27,261,416
<b>Net cash flow from financing activities (from 41 to 46)</b>	<b>047</b>	<b>-15,274,901</b>	<b>-315,992,391</b>
<b>Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)</b>	<b>048</b>	<b>1,462,385,801</b>	<b>-2,207,067,880</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>049</b>	<b>4,873,354,188</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>6,335,739,989</b>	<b>4,128,672,109</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	204,434,471	3,191,219,376	0	84,921,058	0	829,720,531	0	0	0	<b>7,810,660,069</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	204,434,471	3,191,219,376	0	84,921,058	0	829,720,531	0	0	0	<b>7,810,660,069</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	0	0	0	0	0	0	0	0	0
<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	0	<b>-288,730,975</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</b>	<b>016</b>	0	0	0	0	0	829,720,531	0	0	0	-829,720,531	0	0	0	0
<b>Share based payments</b>	<b>017</b>	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	543,300	60,778	0	0	0	0	0	0	0	0
<b>Total comprehensive income for the current year</b>	<b>019</b>	0	0	0	0	109,017,973	0	0	0	0	752,533,903	0	0	0	<b>861,551,876</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>313,995,744</b>	<b>3,732,269,710</b>	<b>0</b>	<b>84,921,058</b>	<b>0</b>	<b>752,533,903</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,383,480,970</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:

						BANK
Annual report (AR)	in HRK million	Statement of financial position (CNB)	in HRK million	Diff.	Explanation	
Cash and cash balances	4,339	Cash on hand, Cash balances at Central bank and Other demand deposits	2,407 1,708 224	-		
Financial assets held for trading	226	Financial assets held for trading	226	-		
Non-trading financial assets at fair value through profit or loss- Equity instruments	10	Non-trading financial assets at fair value through profit or loss- Equity instruments	25	(15)	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	15	Non-trading financial assets at fair value through profit or loss- Debt securities		15	CNB- Equity instruments	
Financial assets at fair value through other comprehensive income	9,961	Financial assets at fair value through other comprehensive income	9,961	-		
Financial assets at amortised cost- Loans and advances	45,353	Financial assets at amortised cost- Loans and advances	45,541	-		
Trade and other receivables	188					
Financial assets at amortised cost- Debt securities	1,464	Financial assets at amortised cost- Debt securities	1,464	-		
Investments in subsidiaries	989					
Investments in joint ventures and associates	38	Investments in associates, subsidiaries and joint ventures	1,027	-		
Property and equipment	803					
Investment property	3	Tangible assets	806	-		
Intangible assets	121	Intangible assets	121	-		
Tax Assets- Deferred tax assets	75	Tax Assets- Deferred tax assets	75	-		
Other assets	356	Other assets	356	-		
<b>TOTAL ASSETS</b>	<b>63,941</b>	<b>TOTAL ASSETS</b>	<b>63,941</b>	-		

						BANK
Annual report (AR)	in HRK million	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	53,730	Financial liabilities measured at amortised cost- Deposits	53,730	-		
Debt securities in issue	672	Debt securities in issue	672	-		
Other financial liabilities	127	Other financial liabilities	232	-		
Finance lease liabilities	105					
Provisions	453	Provisions	453	-		
Tax liabilities	8	Tax liabilities	8	-		
Other Liabilities	427	Other Liabilities	427	-		
Total equity	8,383	Total equity	8,383	-		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>63,941</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>63,941</b>			

						BANK
ANNUAL REPORT (AR)	in HRK million	Income statement (CNB)	in HRK million	Diff.	EXPLANATION	
Interest income	1,836	Interest income	1,889		14	CNB- Gains or losses on financial assets and financial liabilities held for trading, net
Other similar income	67					
Interest expense	(217)	Interest expense	(276)		(14)	CNB- Gains or losses on financial assets and financial liabilities held for trading, net
Other similar expense	(73)					
Fee and commission income	690	Fees and commissions income	690	-		
Fee and commission expense	(186)	Fees and commissions expenses	(186)	-		
Net trading result	228	Gains or losses on financial assets and financial liabilities held for trading, net	211	-		
		Exchange differences [gain or loss], net	17	-		
Personnel expenses	(538)	Administrative expenses	(961)		(73)	CNB- Other operating expense
Other administrative expenses	(496)	Modification gains or (-) losses, net				
Depreciation and amortisation	(114)	Depreciation	(114)			
Other operating result	(278)	Gains or losses from derecognition of non-financial assets, net	23			
Rental income from investment properties & other operating leases	-	Other operating income	33			
Net impairment loss on financial instruments	(72)	Other operating expense	(121)			
		Provisions or cancellation of provisions	(316)			73 AR - Other administrative expenses
		Impairment or impairment losses on financial assets not measured at FVPI	(30)			
		Modification gains or (-) losses, net	(1)			
		Impairment of non-financial assets	(11)			
Dividend income	69	Dividend income	69	-		
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	-	Gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	-	-		
Gains/losses from financial instruments measured at fair value through profit or loss	3	Gains/losses from financial instruments measured at fair value through profit or loss	3	-		
<b>Pre-tax profit from continuing operations</b>	<b>919</b>	<b>P R E - T A X P R O F I T</b>	<b>919</b>	-		
Taxes on income	(166)	Taxes on income	(166)	-		
<b>NET PROFIT OF THE YEAR</b>	<b>753</b>	<b>NET PROFIT FOR THE PERIOD</b>	<b>753</b>	-		