

ZAGREB STOCK EXCHANGE

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**CROATIAN FINANCIAL SERVICES
SUPERVISORY AGENCY (HANFA)**

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OTS HINA

Bond RIBA-O-177A
ISIN: HRRIBAO177A1

Bond RIBA-O-17BA
ISIN: HRRIBAO17BA8

Official Market, Zagreb Stock Exchange

Zagreb, July 17, 2014

**SUBJECT: Notice on High Commercial Court Verdict
Announcement pursuant to Article 459 of the Capital Market Act**

ERSTE&STEIERMÄRKISCHE BANK d.d. with its headquarters in Rijeka, Jadranski Trg 3/a, (hereinafter: the Bank) announces that on July 16, 2014 received a verdict of the High Commercial Court of the Republic of Croatia, No. PŽ-7129/13-4, in the legal case of plaintiff CONSUMER-Croatian Federation of Associations for Consumer Protection (hereinafter: the Plaintiff), against the Bank and other seven banks as the defendants (hereinafter: the High Commercial Court Verdict).

The High Commercial Court Verdict, in relation to the Bank as the third defendant, has altered the first instance decision of the Commercial Court in Zagreb, No. P-1401/12 dated July 4, 2013 (hereinafter: the Commercial Court Verdict), in a way that the High Commercial Court found no grounds for the request of the Plaintiff to determine that the Bank had violated the collective interests and rights of the consumer borrowers by using the unfair provision in the consumer loan agreements with the CHF linked foreign exchange clause, to the extent such clause has not been subject to individual negotiations in the period from April 1, 2004 till December 31, 2008.

Furthermore, in the part of the High Commercial Court Verdict that refers to the use of the variable interest rate, the appeal of the Bank has been partially dismissed and the Commercial Court Verdict has been partially confirmed in the part that determined that the Bank violated the collective interests and rights of the consumer borrowers by using variable regular interest rate that could be changed by the unilateral decision of the Bank during the validity of the contractual obligation, and that was not subject of individual negotiation, in the period from September 10, 2003 till December 31, 2008 and such provision was determined as null and void.

Regarding the use of the variable interest rate, in which part the Plaintiff's charge was partially adopted, the Bank will upon and based on detailed examination of the verdict's reasoning take all necessary steps to prove that such operation has been fully compliant with all positive regulations of the Republic of Croatia.

ERSTE&STEIERMÄRKISCHE BANK d.d.
Management Board



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