

**Audited financial statements of Erste&Steiermärkische Bank d.d. for period January 1st -
December 31st 2013**

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Management report for year 2013

Erste Bank maintained stable business trend in 2013 with additional increase in market shares

The Bank's most important financial indicators:

- **Total assets** on December 31, 2013 amounted to HRK 60.1 billion and were up by 2.7% compared to December 31, 2012, when they amounted to HRK 58.5 billion
- **Total loans** on December 31, 2013 amounted to HRK 39.9 billion and were up by 2.7% compared to December 31, 2012, when they amounted to HRK 38.8 billion
- **Total deposits** at the end of December 2013 amounted to HRK 34.2 billion and were up by 8.1% compared to the end of 2012, when they amounted to HRK 31.6 billion
- **Net profit** in 2013 amounted to HRK 68.4, compared to HRK 482.7 million in 2012
- **Key performance indicators:** Return on Assets (**RoA**) amounted to 0.1%, Return on Equity (**RoE**) amounted to 1.0%, and **Cost/Income Ratio** amounted to 34.3% on December 31, 2013

Zagreb/Rijeka, March 7, 2014 – By implementing an adequate business policy and adjusting its operations to the general market conditions, Erste&Steiermärkische Bank d.d. maintained the stability of its business operations and further increased its market shares in total assets, total loans and total deposits in 2013, which was an extremely challenging year for the entire economy, including the banking sector.

*"In 2013, the bank shared the great burden of the overall economic situation, as the financial indicators show. However, the bank's business operations and total loan and deposit growth indicators show that our business model is correct and sustainable in the long term in spite of the turbulent conditions", Erste Bank Management Board Chairman **Petar Radakovic** said. "We hope to see the necessary reforms that will allow the real sector to become stronger and more competitive in the period ahead of us, thus paving the way to the opening of new jobs and generation of new value. The banking sector has enough capacity to support healthy, sustainable and profitable projects", Radakovic concluded.*

Loans up by 2.7%, deposits by 8.1%

Total assets of the Bank at 2013 YE amounted to HRK 60.12 billion, which was an increase by 2.7% compared to the previous year, when it amounted to HRK 58.52 billion. According to the Croatian National Bank's data, the share of the Bank's assets in the total assets of Croatian banks at 2013 YE amounted to 14.82%, as opposed to 14.39% at the end of 2012. Total loans of the Bank on 31 December 2013 amounted to HRK 39.91 billion, which was an increase by 2.7% from HRK 38.84 billion the year before. The Bank's market share in total loans at 2013 YE stood at 15.27%, as opposed to 14.75% in the previous year. Market share in total corporate loans was up from 15.68% to 16.48%. Market share in total retail loans increased from 13.65% to 13.75%. Total deposits at 2013 YE amounted to HRK 34.17 billion, up by 8.1% from HRK 31.62 billion at 2012

YE. The Bank's market share in this segment was increased from 12.54% to 12.92%, with the share in total retail deposits growing from 12.51% to 12.80%, and in total corporate deposits from 12.85% to 13.54%.

Lower net profit a result of higher cost of provisioning

Lower net profit, which amounted to HRK 68.4 million in 2013, is a result of the increased costs of provisions as a consequence of the actual economic situation and market conditions that have a generally negative impact on the operation of companies, adaptation to new regulatory measures of the Croatian National Bank implemented to the full during the previous period, as well as procedures conducted as part of pre-bankruptcy settlements. Nevertheless, the achieved financial result is in accordance with the set objectives, since such developments had been incorporated into our business plans for year 2013. The 2013 ROA was 0.1%, ROE was 1.0%, and the cost/income ratio was 34.3% on 31 December 2013.

According to the Group's consolidated financial statement for 2013, which, in addition to the Bank, includes the following affiliated entities: Erste DMD d.o.o., Erste Nekretnine d.o.o., Erste Delta d.o.o., Erste Bank a.d., Podgorica, Erste Card Club Group, Erste Factoring d.o.o., the total assets amounted to HRK 67.9 billion, and were 3.0% higher than at 2012 YE, when it amounted to HRK 65.9 billion. The Group's net profit at 2013 YE amounted to HRK 201.5 million, compared to 596,0 at 2012 YE. In 2013, the Group's ROA was 0.3%, ROE was 2.5%, and cost/income ratio was 37.5%.

Quality projects driving the development of the real economy still in focus

Erste Bank will continue to adhere to its basic strategic guidelines in its activities, which include following the financial needs of Croatian citizens, focusing intensively on the SME segment, and supporting quality projects driving the development of the real economy and employment. The bank continues to see new lending perspectives in renewable energy sources and energy efficiency, agriculture and EU fund-related infrastructure projects, tourism and export-oriented production. The Bank's long-term business policies are always focused on achieving growth above the market average, increasing internal efficiency, and managing the cost side effectively. The Bank's ambition is to close 2014 with another increase in its market shares, as it had done in the previous years. Erste Bank will continue to lay a special emphasis on improving the quality of the services it provides to its clients and on improving the communication with the clients and understanding their specific needs in current market conditions.

Profit and loss statement as at December 31, 2013

	2013	GROUP 2012	2013	BANK 2012
Interest income	3,601	4,096	3,016	3,502
Interest expense	(1,587)	(1,997)	(1,426)	(1,821)
Share in profit of associates	3	4	-	-
Net interest income	2,017	2,103	1,590	1,681
Fee and commission income	728	680	500	447
Fee and commission expense	(177)	(159)	(147)	(131)
Net fee and commission income	551	521	353	316
Net trading income	154	146	149	137
Operating income	2,722	2,770	2,092	2,134
Personnel expenses	(497)	(543)	(364)	(411)
Other administrative expenses	(450)	(447)	(308)	(316)
Depreciation of tangible fixed assets	(50)	(53)	(30)	(34)
Depreciation of intangible fixed assets	(23)	(19)	(16)	(16)
General administrative expenses	(1,020)	(1,062)	(718)	(777)
Other operating result	(248)	(134)	(206)	(74)
Result from financial assets available for sale	(2)	59	1	59
PROFIT BEFORE PROVISION FOR LOSSES AND INCOME TAX	1,452	1,633	1,169	1,342
Impairment losses	(1,189)	(890)	(1,079)	(744)
PROFIT BEFORE TAX	263	743	90	598
Profit tax	(62)	(147)	(22)	(115)
NET PROFIT FOR THE YEAR	201	596	68	483
Available to:				
Equity holders of the Bank	184	585		
Non-controlling interest	17	11		
EARNINGS PER SHARE				
Basic and diluted (in HRK)	10.83	34.45		

Statement of financial position as at December 31, 2013.

	GROUP		BANK	
	2013	2012	2013	2012
ASSETS				
Cash and balances with central banks	7,949	7,757	7,695	7,459
Amounts due from other banks	3,021	2,865	2,524	2,507
Repurchase agreements	838	683	1,002	899
Derivative financial assets	86	114	86	113
Financial assets held for trading	303	250	125	56
Loans and claims from customers	46,426	45,348	39,912	38,844
Financial assets available for sale	6,364	6,135	6,146	5,956
Held-to-maturity financial assets	768	813	499	685
Investments in subsidiaries and associates	39	68	1,272	1,300
Property and equipment	665	704	348	386
Intangible assets	746	740	37	47
Investment in real property	20	1	20	-
Deferred tax assets	191	172	37	38
Other assets	438	241	422	229
Total assets	67,854	65,891	60,125	58,519
LIABILITIES				
Amounts due to other banks	22,680	22,906	16,652	16,830
Reverse repurchase agreements	974	1,490	647	1,369
Derivative financial liabilities	89	148	89	147
Amounts due to customers	34,824	32,190	34,175	31,618
Issued bonds and other borrowed funds	349	362	302	303
Current tax liabilities	17	15	-	-
Deferred tax liabilities	11	19	-	-
Other liabilities	449	438	324	325
Provisions	211	136	191	116
Subordinated instruments issued	881	878	858	848
Total liabilities	60,485	58,582	53,238	51,556
Equity				
Share capital	1,698	1,698	1,698	1,698
Capital gain	1,802	1,802	1,802	1,802
Retained earnings	3,529	3,491	3,133	3,212
Other reserves	205	195	169	166
Other capital reserves	85	85	85	85
Equity available to equity holders of the Bank	7,319	7,271	6,887	6,963
Non-controlling interest	50	38	-	-
Total equity	7,369	7,309	6,887	6,963
TOTAL LIABILITIES AND EQUITY	67,854	65,891	60,125	58,519

Addendum 3.

Period of reporting:

1.1.2013

to

31.12.2013

Annual financial report for credit institutions - GFI-KI

Identification number (MB): 03337367

Identification number of the 040001037

Personal identification number: 23057039320

(OIB):

Name of the issuer: ERSTE & STEIERMARKISCHE BANK DD

Postal code and town of residence: 51000 RIJEKA

Address: JADRANSKI TRG 3A

E-mail address: ersteinbank@ersteinbank.hr

Internet address: www.ersteinbank.hr

Postal code and name of municipality/town: 373 RIJEKA

Code and name of county: 8 PRIMORSKO GORANSKA

Number of employees: 2.174

(at the end of reporting period)

Consolidated report: NO

NKD code: 6419

Names of subjects of consolidation (according to MSFI):	Headquarters:	MB:

Bookkeeping service:

Contact person: RAJIĆ ANDREJA

(only the last and first name of contact person is entered)

Phone number: 062 37 1778

Telefax: 062 37 1942

E-mail address: arajic@ersteinbank.com

Last and first name: JAGAR SLADANA

(person authorized for representing company)

Reporting documentation:

1. Audited annual financial statements
2. Management report
3. Declaration of key personnel responsible for preparation of financial statements
4. Supervisory body decision on adoption of annual financial statements
5. Decision on profit allocation or loss coverage

M.P. 026

ERSTE & STEIERMARKISCHE
BANK D.D.
RIJEKA

Jagar
Sladana
(signature of person authorized for representing company)

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STATEMENT OF FINANCIAL POSITION

as of 31.12.2013

in HRK

Name of position	AOP	Prior period	Current period
1	2	3	4
ASSETS			
1. CASH AND DEPOSITS WITH Central bank (002+003)	001	7,458,866,012	8,272,647,119
1.1. Cash	002	786,933,470	821,730,992
1.2. Deposits with Central bank	003	6,671,732,542	7,450,916,127
2. DEPOSITS WITH BANKING INSTITUTIONS	004	1,645,067,013	1,261,518,611
3. TREASURY BILLS WITH MINISTRY OF FINANCE AND BILLS OF EXCHANGE WITH CENTRAL BANK	005	1,125,710,201	1,067,369,088
4. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD FOR TRADING	006	18,354,550	124,868,451
5. SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE	007	5,264,330,151	5,283,774,199
6. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY	008	191,772,469	194,366,106
7. SECURITIES AND OTHER FINANCIAL INSTRUMENTS NOT ACTIVELY TRADED, MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	009	0	0
8. DERIVATIVE FINANCIAL ASSETS	010	106,392,156	81,551,221
9. LOANS TO FINANCIAL INSTITUTIONS	011	1,520,147,642	1,400,684,198
10. LOANS TO OTHER CUSTOMERS	012	38,681,054,245	39,798,986,876
11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	013	1,300,256,233	1,272,006,413
12. REPOSSESSED ASSETS	014	177,868,631	290,211,327
13. TANGIBLE ASSET (MINUS DEPRECIATION)	015	385,948,215	366,997,544
14. INTEREST, FEES AND OTHER ASSETS	016	643,242,669	710,005,233
A) TOTAL ASSETS (001+004 to 016)	017	58,518,810,187	60,124,986,386
LIABILITIES			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	15,615,941,865	13,348,436,566
1.1. Short-term borrowings	019	1,135,973,253	1,137,453,468
1.2. Long-term borrowings	020	14,479,968,612	12,210,983,098
2. DEPOSITS (AOP 022 to 024)	021	33,110,552,841	37,381,670,690
2.1. Deposits of giro and current accounts	022	4,832,714,074	6,684,730,981
2.2. Savings deposits	023	2,912,570,060	3,271,537,342
2.3. Term deposits	024	25,365,268,707	27,425,402,367
3. OTHER BORROWINGS (026+027)	025	565,669,190	244,000,000
3.1. Short-term borrowings	026	564,500,000	244,000,000
3.2. Long-term borrowings	027	1,169,190	0
4. DERIVATIVE FINANCIAL LIABILITIES AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING	028	140,329,216	83,671,318
5. ISSUED DEBT SECURITIES (030+031)	029	300,000,000	300,000,000
5.1. Short-term issued debt instruments	030	0	0
5.2. Long-term issued debt instruments	031	300,000,000	300,000,000
6. ISSUED SUBORDINATED INSTRUMENTS	032	830,018,640	840,140,730
7. ISSUED HYBRID INSTRUMENTS	033	0	0
8. INTEREST, FEES AND OTHER LIABILITIES	034	993,491,151	1,039,979,322
B) TOTAL LIABILITIES (018+021+025+028+029+032+033+034)	035	51,556,002,903	53,237,898,626
EQUITY			
1. SHARE CAPITAL	036	3,500,360,782	3,500,360,782
2. PROFIT/(LOSS) OF THE CURRENT YEAR	037	482,709,424	68,419,493
3. RETAINED PROFIT/(LOSS)	038	2,726,603,344	3,065,079,021
4. LEGAL RESERVES	039	84,920,875	84,920,875
5. STATUTORY AND OTHER CAPITAL RESERVES	040	-641,749	536,652
6. UNREALISED PROFIT/(LOSS) FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE	041	166,854,608	167,770,937
7. RESERVES RESULTING FROM PROTECTIVE TRANSACTIONS	042		
C) TOTAL EQUITY (036 to 042)	043	6,962,807,284	6,887,087,760
D) TOTAL LIABILITIES AND EQUITY (035+043)	044	58,518,810,187	60,124,986,386
SUPPLEMENT TO STATEMENT OF FINANCIAL POSITION (filled out by banks that compose a consolidated financial report)			
1. TOTAL EQUITY	045		
2. Attributed to equity holders of the parent	046		
3. Minority shares (045-046)	047	0	0

INCOME STATEMENT						
for period from		01.01.2013	to	31.12.2013	in HRK	
Name of position		AOP	Prior period	Current period		
1	2	3	4			
1. Interest income	048	3,489,715,931	2,969,234,117			
2. Interest expense	049	1,820,438,089	1,425,926,234			
3. Net interest income (048-049)	050	1,649,277,842	1,543,307,883			
4. Fee and commission income	051	447,467,484	500,267,807			
5. Fee and commission expense	052	131,280,847	147,359,167			
6. Net fee and commission income (051-052)	053	316,186,637	352,908,640			
7. Profit/loss from investments in subsidiaries, associates and joint ventures	054	0	0			
8. Profit/loss from trading	055	34,251,220	48,973,812			
9. Profit/loss from embedded derivatives	056	117,463	-104,395			
10. Profit/loss from asset not actively traded measured at fair value through profit or loss	057	0	0			
11. Profit/loss from asset available for sale	058	60,662,740	-27,401,234			
12. Profit/loss from asset held to maturity	059	0	0			
13. Profit/loss from hedging	060	0	0			
14. Income from investments in subsidiaries, associates and joint ventures	061	0	0			
15. Income from other ownership investments	062	35,137,407	47,347,714			
16. Profit/loss from foreign currency differences	063	104,216,242	102,463,672			
17. Other income	064	18,206,328	40,059,554			
18. Other expenses	065	6,286,759	5,876,326			
19. General administrative expenses and depreciation	066	860,698,643	817,321,143			
20. Net income from business before value adjustment and loan loss provisions (050+053 to 064-065-066)	067	1,351,070,477	1,284,358,177			
21. Expense of value adjustment and loan loss provisions	068	752,909,131	1,194,367,977			
22. PROFIT/LOSS BEFORE TAX (067-068)	069	598,161,346	89,990,200			
23. INCOME TAX EXPENSE	070	115,451,922	21,570,707			
24. PROFIT/LOSS OF THE CURRENT YEAR (069-070)	071	482,709,424	68,419,493			
25. Earnings per share	072					
ANNEX TO INCOME STATEMENT (for the Banks that prepare consolidated financial statements)						
1. PROFIT/LOSS OF THE CURRENT YEAR	073					
2. Assign equity holders of the Bank	074					
3. Non controlling interest (073-074)	075	0	0			

CASH FLOW STATEMENT - indirect method

for period from **1.1.2013** to **31.12.2013** in HRK

Name of the position	AOP	Prior period	Current period
1	2	3	4
OPERATING ACTIVITIES			
1. Cash flow from operating activities before changes of operating asset (002 do 007)	001	-279,399,407	-266,670,794
1.1. Profit/(loss) before income tax	002	598,161,345	89,990,200
1.2. Allowances and loss provisions	003	752,909,131	1,194,367,977
1.3. Depreciation	004	49,896,349	46,317,755
1.4. Net unrealized profit/(loss) from financial assets and liabilities through profit and loss	005	441,217	29,584,369
1.5. Profit/(loss) from sale of tangible assets	006	3,515,743	15,043,429
1.6. Other profit/(losses)	007	-1,684,323,192	-1,641,974,524
2. Net increase/(decrease) of operating assets (009 do 016)	008	-1,302,728,416	-2,499,018,406
2.1. Deposits with Central bank	009	209,227,175	-278,301,790
2.2. Treasury bills of Ministry of Finance and CB bills	010	89,125,931	195,863,921
2.3. Deposits with banks and loans to financial institutions	011	-1,073,388,008	131,508,575
2.4. Loans to other customers	012	-517,083,254	-2,312,300,608
2.5. Securities and other financial instruments held for trading	013	-13,239,913	-107,848,450
2.6. Securities and other financial instruments available for sale	014	-135,635,496	-18,298,637
2.7. Securities and other financial instruments not traded actively, measured at fair value through profit or loss	015	0	0
2.8. Other operating assets	016	138,265,149	-109,641,417
3. Net increase/(decrease) of operating liabilities (018 do 021)	017	2,540,799,073	5,884,973,836
3.1. Demand deposits	018	38,328,910	1,852,016,907
3.2. Savings and term deposits	019	982,923,595	2,419,100,942
3.3. Financial derivative liabilities and other liabilities actively traded	020	-9,616,701	-31,816,963
3.4. Other liabilities	021	1,529,163,269	1,645,672,950
4. Net cash flow from operating activities before income tax (001+008+017)	022	958,671,250	3,119,284,636
5. (Income tax paid)	023	-111,843,087	-98,944,741
6. Net inflow/(outflow) of cash from operating activities (022+023)	024	846,828,163	3,020,339,895
INVESTING ACTIVITIES			
7. Net cash flow from investing activities (026 do 030)	025	171,180,979	6,645,104
7.1. Receipt from sale/(payment for buying) tangible and intangible assets	026	-32,198,951	-42,410,513
7.2. Receipt from sale/(payment for buying) investments in subsidiaries, associates and joint ventures	027	0	0
7.3. Receipt from sale/(payment for buying) securities and other financial instruments held to maturity	028	168,242,523	-2,593,637
7.4. Dividend income	029	35,137,407	51,649,254
7.5. Other receipts/(payments) from investing activities	030		0
FINANCIAL ACTIVITIES			
8. Net cash flow from financial activities (032 do 037)	031	-294,511,898	-2,725,286,146
8.1. Net increase/(decrease) of borrowings	032	-414,453,666	-2,589,174,489
8.2. Net increase/(decrease) issued debt securities	033	301,672,440	0
8.3. Net increase/(decrease) subordinated and hybrid instruments	034		10,122,090
8.4. Receipts from transmitted share capital	035		0
8.5. (Dividends paid)	036	-181,730,672	-146,233,747
8.6. Other receipts/(payments) from financial activities	037		
9. Net increase/(decrease) of cash and cash equivalents (024+025+031)	038	723,497,244	301,698,853
10. Effects of change in foreign exchange rates on cash and cash equivalents	039		
11. Net increase/(decrease) cash and cash equivalents (038+039)	040	723,497,244	301,698,853
12. Cash and cash equivalents at the beginning of the year	041	4,192,887,207	4,916,384,451
13. Cash and cash equivalents at the end of the year (040+041)	042	4,916,384,451	5,218,083,304

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Name of position	for period		Attributable to the equity holders of the Bank							Total capital and reserves
	01.01.2013	31.12.2013	Share capital	Treasury shares	Legal, statutory and other reserves	Retained earnings/(loss)	Profit/(loss) for the period	Unrealised profit/(loss) from the basis of value adjustment of financial assets available for sale	Non controlling interest	
1	2		3	4	5	6	7	8	9	10
Balance at 1 January	001		3,500,360,782		84,279,126	2,728,603,344	482,709,424	166,854,608		6,962,807,284
Changes in accounting policies and corrections of mistakes	002									
Corrected balance as at 1 January (1+2)	003		3,500,360,782	0	84,279,126	2,728,603,344	482,709,424	166,854,608	0	6,962,807,284
Sale of financial assets available for sale	004							848,766		848,766
Change of fair value financial asset available for sale	005							296,645		296,645
Tax on items directly recognised or transferred from capital and reserves	006				0			-229,082		-229,082
Other profit/(loss) directly recognised in capital and reserves	007		0		1,178,401	0	0	0		1,178,401
Net profit/(loss) directly recognised in capital and reserves (004+005+006+007)	008		0	0	1,178,401	0	0	916,329	0	2,094,730
Profit/(loss) for the period	009						68,419,493			68,419,493
Total recognised income and expenses for the period (008+009)	010		0	0	1,178,401	0	68,419,493	916,329	0	70,514,223
Increase/(decrease) of share capital	011		0	0						0
Buy/sell of treasury shares	012		0							0
Other changes	013									0
Transfer to reserves	014					336,475,677	-336,475,677	0		0
Dividends paid	015					0	-146,233,747			-146,233,747
Distribution on income (014+015)	016		0	0	0	336,475,677	-482,709,424	0	0	-146,233,747
Balance at reporting date (003+010+011+012+013+016)	017		3,500,360,782	0	85,457,527	3,065,079,021	68,419,493	167,770,937	0	6,887,087,760

Banks which prepare consolidated financial statements represent changes in non controlling interest separately in appropriate capital items.

Notes to financial statements

A 1. CASH AND DEPOSITS WITH Central bank		
	31.12.2012	31.12.2013
Cash on hand	786,933,470	821,730,992
Cash on clearing account	2,275,273,382	2,762,211,090
Obligatory reserves with the central banks	4,396,459,160	4,688,705,037
	7,458,666,012	8,272,647,119

A 2. DEPOSITS WITH BANKING INSTITUTIONS		
	31.12.2012	31.12.2013
Current accounts with other banks	1,134,184,258	275,121,391
Term deposits with banks	512,958,850	986,397,220
Less: Allowance for possible placement losses	(2,076,095)	-
	1,645,067,013	1,261,518,611

A 3. TREASURY BILLS WITH MINISTRY OF FINANCE AND BILLS OF EXCHANGE WITH CENTRAL BANK		
	31.12.2012	31.12.2013
Treasury bills		
Securities and other financial instruments held for trading	37,308,078	-
Securities and other financial instruments available for sale	599,888,656	767,385,308
Securities and other financial instruments held to maturity	488,513,467	299,983,780
	1,125,710,201	1,067,369,088

A 4. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD FOR TRADING		
	31.12.2012	31.12.2013
Shares	17,119,696	20,629,707
Bonds	1,234,854	104,238,744
	18,354,550	124,868,451

A 5. SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE		
	31.12.2012	31.12.2013
Equity shares and participations:	52,892,069	59,210,852
Investments in companies	33,504,254	39,798,911
Investments in financial institutions	19,387,815	19,411,941
Listed debt securities	5,069,885,867	5,080,583,164
Unlisted debt securities	113,184,360	114,564,645
Investment in open funds	28,341,842	29,415,538
Rights issue	26,013	-
	5,264,330,151	5,283,774,199

Analysis of debt securities:

Debt securities available for sale allocated by the issuer comprise:		
	31.12.2012	31.12.2013
Republic of Croatia	2,672,943,756	2,470,872,686
Companies in Republic of Croatia	137,172,463	121,710,172
Foreign financial institutions	471,201,696	474,336,086
Foreign states	1,901,752,312	2,128,228,865
	5,183,070,227	5,195,147,809

A 6. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY		
	31.12.2012	31.12.2013
Fixed income debt securities:		
Listed debt securities – Bonds issued by the Republic of Croatia	187,059,735	189,557,046
Unlisted debt securities – Bonds issued by the Republic of Croatia	4,848,818	4,907,949
<i>Total assets held to maturity before allowance</i>	<i>191,908,553</i>	<i>194,464,995</i>
Less: allowance for assets held to maturity	(136,084)	(98,889)
	191,772,469	194,366,106

A8, B4) DERIVATNA FINANCIJSKA IMOVINA I OBVEZE	31.12.2012		31.12.2013			
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate instruments:						
Interest rate swaps - assets	1,149,112,588	19,581,204		1,562,825,130	14,624,907	
Interest rate swaps - liabilities	1,149,112,588		18,565,679	1,562,825,130		12,903,118
Subtotal - interest rate instruments	2,298,225,176	19,581,204	18,565,679	3,125,650,260	14,624,907	12,903,118
Foreign currency instruments:						
Currency swaps						
Purchase	1,676,676,541	23,908,311		3,421,145,121	39,246,890	
Sell	1,675,181,905		18,818,471	3,420,985,358		40,717,151
Forwards						
Purchase	11,975,071,746	62,307,530		13,386,569,253	27,190,369	
Sell	12,007,008,557	173,903	102,686,109	13,380,043,494		29,972,487
Call options						
Put options						
Subtotal - Foreign currency instruments	27,333,938,749	86,389,744	121,504,580	33,608,743,226	66,437,259	70,689,638
Other instruments:						
Call options for stock indeks	6,036,499					
Put options for stock indeks	6,036,493		173,850			
Call options for equity instruments						
Put options for equity instruments						
Forward bonds - purchase	10,070,040	52,500				
Forward bonds - sell	10,070,040			49,830,182	489,055	
Embedded derivatives - assets	61,986,507	368,708		18,226,296		78,562
Embedded derivatives - liabilities	28,412,556		34,107			
Short position in bonds issued by Republic of Croatia						
Total - other instruments	122,612,135	421,208	258,957	68,056,478	489,055	78,562
	29,754,776,060	106,392,156	140,329,216	36,802,449,964	81,551,221	83,671,318

A 9. LOANS TO FINANCIAL INSTITUTIONS	31.12.2012	31.12.2013
Loans	1,522,091,555	1,404,917,347
Less: Allowance for loan impairment	(1,943,913)	(4,233,149)
	1,520,147,642	1,400,684,198

	31.12.2012	31.12.2013
A 10. LOANS TO OTHER CUSTOMERS		
Companies	17,197,986,105	17,333,831,872
Individuals	17,520,776,407	17,482,866,962
Public sector	6,643,303,048	8,511,981,654
Other institutions	103,551,407	112,930,666
Total loans before allowances for impairment	41,465,616,967	43,441,611,154
Less: Allowance for loan impairment	(2,784,562,722)	(3,642,624,278)
	38,681,054,245	39,798,986,876

	Ownership Interest		Ownership Interest 2013	Activity	Group's Share of net assets		Investment at cost	
	2012	2013			31.12.2012	31.12.2013	31.12.2012	31.12.2013
A 11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES								
Associates								
S Immorent leasing zeta d.o.o. za poslovanje nekretninama	49.00%	49.00%	49.00%	Real estate business	34,462,586	35,697,581	12,800	12,800
Erste d.o.o	37.94%	37.94%	37.94%	Management company for obli	336,357	458,316	23,098,985	23,098,985
S IT Solutions HR d.o.o.	20.00%	20.00%	20.00%	IT engineering	33,672,997	2,592,608	4,000	4,000
IMMOKOR BUZIN d.o.o.	49.00%	49.00%	49.00%	Real estate business	68,471,940	38,748,505	33,975,000	5,725,000
Total associates:								
					68,471,940	38,748,505	57,090,785	28,840,785
Subsidiaries								
Erste nekretnine d.o.o.	100.00%	100.00%	100.00%	Real estate business	3,008,952	3,180,042	800,000	800,180
Erste DMD d.o.o.	100.00%	100.00%	100.00%	Management company for volu	17,100,551	17,118,405	15,000,000	15,000,000
Erste Factoring d.o.o.	74.996%	74.996%	74.996%	Accounts Receivables repurcha	115,265,870	151,593,915	37,658,000	37,658,000
Erste Card Club d.d.	100.00%	100.00%	100.00%	Financial intermediation and se	470,773,080	543,091,761	1,089,285,069	1,089,285,069
Erste Card d.o.o. Slovenia	-	-	-	Financial intermediation and se	1,395,775	9,939,468	-	-
Diners Club BH d.o.o.	100.00%	100.00%	100.00%	Other financial intermediation	-	760,448	-	-
Erste Delta d.o.o.	100.00%	100.00%	100.00%	Real estate business	-2,883,758	1,483,081	26,000	26,000
Erste bank a.d., Podgorica	100.00%	100.00%	100.00%	Credit institution	253,889,245	296,776,975	100,396,379	100,396,379
Total subsidiaries:								
					858,549,715	1,023,944,095	1,243,165,448	1,243,165,628
Total:					927,021,655	1,062,692,600	1,300,256,233	1,272,006,413

A 12. REPOSSESSED ASSETS

Reposessed assets are tangible assets reposessed due to uncollected receivables, majority of which are real estates.

A 13. TANGIBLE ASSET (MINUS DEPRECIATION)		
	31.12.2012	31.12.2013
Land and buildings	322,041,262	295,213,734
Computers	6,977,572	6,156,033
Furniture and other equipment	52,707,159	41,387,016
Motor vehicles	351,794	716,288
Ongoing investment in buildings and equipment	3,842,124	3,927,129
Investment property	28,304	19,597,344
	385,948,215	366,997,544

A 14. INTEREST, FEES AND OTHER ASSETS		
	31.12.2012	31.12.2013
Undue interests and fees	278,638,853	271,656,125
Due interests and fees	376,312,511	419,836,172
Tax assets	38,456,894	37,384,465
Receivables for overpaid taxes	9,270,778	87,768,899
Intangible assets	46,853,927	36,975,834
Inventory of office supply and other materials	1,971	71,861
Numismatic collection	780,365	756,653
Prepaid expenses	3,290,116	6,948,507
Other assets	141,831,689	165,286,793
Total other assets before allowance for impairment	895,437,104	1,026,685,309
Less: Allowance for impairment of other asset	(252,194,435)	(316,680,076)
	643,242,669	710,005,233

B 1. AMOUNTS DUE TO FINANCIAL INSTITUTIONS		
	31.12.2012	30.6.2013
From banks	12,951,135,879	10,750,114,728
From HBOR	2,664,805,986	2,598,321,838
	15,615,941,865	13,348,436,566

B 2. DEPOSITS		
	31.12.2012	30.6.2013
B 2.1. Deposits of gyro and current accounts		
Deposits from public sector		
<i>Republic of Croatia</i>	49,385,289	22,752,354
<i>Republic funds</i>	79,005,491	42,584,998
<i>Local government</i>	110,042,524	93,884,685
Deposits from financial institutions		
<i>Banks</i>	119,132,128	139,028,793
<i>Other banking institutions</i>	121,711,642	282,945,989
<i>HBOR</i>	9,907	-
<i>Non-banking financial institutions</i>	241,295,877	216,612,460
<i>Banks in bankruptcy</i>	6,285,090	722,671
<i>Banks in liquidation</i>	322,252	10,472
Deposits from state commercial customers	39,224,948	18,785,611
Deposits from other commercial customers	2,131,647,388	3,657,497,269
Deposits from non-profit institutions	131,194,613	166,378,588
Deposits from individuals	1,703,239,170	1,921,501,803
Deposits from non residents		
<i>Foreign financial institutions</i>	48,692,941	65,783,491
<i>Foreign states</i>	723,718	426,765
<i>Foreign commercial customers</i>	10,132,501	6,416,933
<i>Foreign individuals</i>	39,073,126	48,228,382
<i>Foreign non-profit institutions</i>	1,595,469	1,169,717
	4,832,714,074	6,684,730,981

B 2.2. Savings deposits	31.12.2012	30.6.2013
Deposits from public sector		
<i>Republic of Croatia</i>	714,971	442,886
<i>Local government</i>	65,868	25,324
Deposits from financial institutions		
<i>Banks</i>	59,546,274	43,360,269
<i>Other banking institutions</i>	29,662,127	42,689,067
<i>Non-banking financial institutions</i>	5,812,480	5,418,847
Deposits from other commercial customers	462,654,398	696,526,675
Deposits from non-profit institutions	5,110,424	3,136,158
Deposits from individuals	2,163,085,856	2,258,412,952
Deposits from non residents		
<i>Foreign financial institutions</i>	67,496	37,981
<i>Other non residents</i>	185,850,166	221,487,183
	2,912,570,060	3,271,537,342

B 2.3. Term deposits	31.12.2012	30.6.2013
Deposits from public sector		
<i>Republic of Croatia</i>	12,780,635	39,000,500
<i>Republic funds</i>	99,942,040	-
<i>Local government</i>	19,309,076	15,111,200
Deposits from financial institutions		
<i>Banks</i>	398,804,227	77,564,384
<i>Other banking institutions</i>	902,447,502	741,509,920
<i>CBRD</i>	-	2,500,000
<i>Non-banking financial institution</i>	1,174,369,048	1,097,709,631
<i>Banks in bankruptcy</i>	25,500,000	25,000,000
Deposits from state commercial customers	148,356,300	44,234,241
Deposits from other commercial customers	2,498,301,205	2,142,786,995
Deposits from non-profit institutions	93,720,311	72,486,920
Deposits from individuals	17,782,290,536	18,825,393,285
Deposits from non residents		
<i>Foreign financial institutions</i>	1,185,835,294	3,195,366,971
<i>Foreign states</i>	-	-
<i>Foreign commercial customers</i>	38,389,883	10,490,041
<i>Foreign individuals</i>	985,103,549	1,136,248,279
<i>Foreign non-profit institutions</i>	119,101	-
Oročeni depoziti	25,365,268,707	27,425,402,367

B 3. OTHER BORROWINGS	31.12.2012	30.6.2013
Short term borrowings in HRK	564,500,000	244,000,000
Long term borrowings in HRK	1,169,190	-
	565,669,190	244,000,000

B 5. ISSUED DEBT SECURITIES

On 23rd November 2012, the Bank issued its own bonds in amount of HRK 300 million with a 5.875% coupon paid semi-annual and with maturity of 5 years.

B 6. ISSUED SUBORDINATED INSTRUMENTS

In June 2011 the Bank received subordinated debt from Erste Group Bank in the amount of HRK 226 million (original amount EUR 30 million). Maturity of the debt is until 2017, with interest rate 3 month EURIBOR plus 3.37% p.a.

In July 2011 the Bank issued its own subordinated bonds. Original amount of the issue is EUR 80 million. Maturity of the bonds is 6 years with interest to maturity 6.5%. Coupon will be settled annually.

B 8. INTEREST, FEES AND OTHER LIABILITIES		
	31.12.2012	30.6.2013
Undue interest and fees	508,520,125	460,667,069
Due interest and fees	4,577,904	6,218,309
Prepayments received from borrowers	155,276,542	147,018,288
Income tax liabilities	742,039	-
Other taxes	103,479,838	3,551,617
Salaries and bonuses payable	63,770,339	93,534,791
Off balance provisions	21,429,918	51,358,693
Amounts due to suppliers	13,678,735	31,749,913
Payables to State Agency for deposit insurance	13,442,977	16,507,570
Uninvoiced liabilities	555,607	9,604,719
Liabilities for dividend payout	17,928,126	275,692
Subordinated instruments	-	18,155,783
Deffered income	3,353,261	4,085,425
Other	86,735,740	197,251,453
	993,491,151	1,039,979,322

1. INTEREST INCOME		
	31.12.2012	31.12.2013
Interest on loans and advances to customers	2,608,810,956	2,319,634,435
Interest on amounts due from other banks	16,660,869	11,271,795
Interest income on financial investments	278,874,482	249,573,352
Interest on balances due from the central bank	587,158	608,423
Interest on derivative financial instruments	437,784,042	180,443,902
Interest income on impaired financial assets - loans and advances to customers	113,946,768	197,184,993
Interest on reverse repurchase agreements	8,210,218	6,351,821
Other interest income	4,841,438	4,165,396
	3,469,715,931	2,969,234,117

2. INTEREST EXPENSES		
	31.12.2012	31.12.2013
Interest on customer deposits	839,576,350	777,719,251
Interest on other borrowed funds	753,825,399	512,625,882
Interest on amounts due to other banks	103,180,711	50,047,948
Interest on subordinated debt	48,617,149	47,647,889
Interest on issued bonds	1,851,719	17,640,876
Interest on derivative financial instruments	59,860,981	15,858,421
Interest on repurchase agreements	7,545,869	1,499,989
Other interest expense	5,979,911	2,885,978
	1,820,438,089	1,425,926,234

4. FEE AND COMMISSION INCOME		
	31.12.2012	31.12.2013
Payments and money transfers	226,207,718	242,572,522
Bank cards services	120,282,188	142,950,031
Custodial fees	37,542,992	50,740,565
Guarantees and letter of credit	36,853,985	36,730,889
Other fee and commission income	26,580,601	27,273,800
	447,467,484	500,267,807

5. FEE AND COMMISSION EXPENSES		
	31.12.2012	31.12.2013
Payments and money transfers	39,838,720	38,483,526
Bank cards services	83,652,677	101,717,215
Custodial fees	2,556,083	3,110,838
Guarantees and letter of credit	4,789,519	1,163,459
Other fee and commission expense	443,848	2,884,129
	131,280,847	147,359,167

8. PROFIT/LOSS FROM TRADING		
	31.12.2012	31.12.2013
Net foreign exchange gain/(loss) on derivative financial instruments	(6,036,857)	10,567,243
Net gain on financial assets at fair value through profit or loss	40,288,077	38,406,569
	34,251,220	48,973,812

9. PROFIT/LOSS FROM EMBEDDED DERIVATES		
	31.12.2012	31.12.2013
Profit/ (loss) from embedded derivatives (except contracts with one-way currency clause)	104,395	(104,395)
Profit/ (loss) from embedded derivatives according to contracts with the one-way currency clause	13,068	-
	117,463	(104,395)

17. OTHER INCOME		
	31.12.2012	31.12.2013
Income from sale of property and equipment	3,515,743	15,043,429
Rental income from investment property	48,780	1,534,946
Rental income	1,960,664	2,672,022
Other	12,681,141	20,809,157
	18,206,328	40,059,554

18. OTHER EXPENSES		
	31.12.2012	31.12.2013
Other taxes and contributions	5,913,408	5,806,330
Other	373,351	69,996
	6,286,759	5,876,326

19. GENERAL AND ADMINISTRATIVE EXPENSES AND DEPRECIATION		
	31.12.2012	31.12.2013
Employee related costs		
- Wages, salaries and compensations	235,324,662	216,955,864
- Payroll taxes and contributions	174,271,336	160,802,393
Pension provisions	1,505,836	-8,311,967
Donations and sponsorship	8,276,171	7,571,083
Other administrative expenses	391,420,570	393,451,285
Depreciation	49,900,068	46,852,485
	860,698,643	817,321,143

21. EXPENSES OF VALUE ADJUSTMENTS AND LOAN LOSS PROVISIONS		
	31.12.2012	31.12.2013
Provisions for impairment losses on loans and advances	649,382,169	1,119,042,045
Provision for impairment loss on other assets	83,450,467	(20,473,203)
Provision for impairment loss on financial investments held to maturity	64,067	(37,195)
Provision for impairment loss on financial investments available for sale	1,971,157	-
Provision for litigations	(110,346)	108,247,977
Provision for impairment of guarantees and credit commitments	18,151,617	(12,411,647)
	752,909,131	1,194,367,977

DECLARATION OF KEY PERSONNEL RESPONSIBLE FOR PREPARATION OF FINANCIAL STATEMENTS

According to our best knowledge:

1. Shortened set of annual financial statements for Erste&Steiermärkische Bank d.d. 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



Management Board member



Slađana Jagar

ERSTE & STEIERMÄRKISCHE
BANK D.D.
RIJEKA
026 095

Rijeka, March 5th 2014