

Audited financial statements of the Erste&Steiermärkische Bank d.d. and subsidiaries (the Group) for period January 1st - December 31st 2015

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Management report for year 2015

Financial result in 2015 heavily influenced by CHF loan conversion expenses

“Although the biggest impact on our financial result in 2015 came from the legal changes concerning CHF loans, we are pleased by the fact that we maintained a stable trend of our operating result and further strengthened our position on the Croatian banking market. Thereby, we remained a reliable partner to our clients, enabling them to realise their financial needs and business plans. Innovation, creativity and an emphasis on the digitalisation of business operations, alongside continued investments in technological development, remained and will be in the focus of our efforts in the future,” said **Christoph Schoefboeck**, Chairman of the Management Board, Erste&Steiermärkische Bank d.d. (ESB).

HIGHLIGHTS

In 2015 ESB Group* recorded a net loss of HRK 769.0 million, compared to the net profit of HRK 412.0 million recorded in 2014. The biggest impact on this result came from CHF loan conversion expenses, amounting to HRK 986.0 million. Although ESB fully complied with the legislative changes, placing special emphasis on communication with clients in this context, the Bank had petitioned for assessment of constitutionality with the Constitutional Court of Croatia with the aim of protecting its interests. Additionally, ESB Group's financial result in 2015 was affected by one-off expenses related to the impairment of goodwill for Erste Card Club d.o.o. (ECC), in the total amount of HRK 334.0 million. Low macroeconomic growth rates, increased regulatory requirements, accelerated digitalisation process and increased competition, especially foreign, are all factors that pose a major challenge for the credit card business in the long run.

Total assets of ESB Group amounted to HRK 68.2 at 2015e, which is 2.2% less compared to HRK 69.8 billion at 2014e. The Group's total loans were worth HRK 46.2 billion at 2015e, down by 1.2 % from HRK 46.7 billion at 2014e. The Group's total deposits were increased by 9.0% from HRK 38.0 billion at 2014e to HRK 41.4 billion at the end of December 2015.

At the same time, according to the unconsolidated financial statement, which includes the results of Erste&Steiermärkische Bank d.d. without affiliates, the 2015e net loss amounted to HRK 1.0 billion, compared to the net profit of HRK 232.0 million in 2014. The biggest impact on this result came primarily from CHF loan conversion expenses, as well as the impairment of the investment in the subsidiary of ECC. The ESB's total assets at the end 2015 stood at HRK 59.0 billion and were down by 2.0% compared to HRK 60.2 billion at 2014e. The ESB's total loans were worth HRK 38.8 billion at 2015e, down by 2.0% from HRK 39.6 billion at 2014e. Total deposits were increased by 6.7% from HRK 37.2 billion at 2014e to HRK 39.7 billion at 2015e.

OUTLOOK

Several important prerequisites must be fulfilled in order to stay on the recovery course of the Croatian economy in 2016. The most important one hinges on a stable political and legal framework, without which there can be no investor confidence, investment growth and no real economy development. The banks in Croatia are able to and want to financially support positive initiatives and good projects of the private sector, which has to become the generator of economic growth and new jobs. The banks' focus must primarily remain on the client and the client's needs, with a minimal level of government interventions, and with fewer new regulatory requirements.

Apart from residents' financial needs, in 2016 ESB will keep an intensive focus on supporting SME segment and all quality project that drive the development of the real economy and boost employment. By maintaining partnership relations, fostering open communication and understanding each-other's needs, ESB will continue to build a successful business in the future, thereby making an adequate contribution towards the development of the Croatian economy as a whole, with the goal of realising all of its potential. ESB wants to play an active role in attaining these goals, which will contribute towards the improvement of the quality of living of all Croatian citizens.

**ESB Group's consolidated financial statements includes Erste&Steiermärkische Bank d.d. and the following affiliates: Erste Nekretnine d.o.o., Erste&Steiermärkische S-Leasing d.o.o. , Erste Bank a.d., Podgorica, Erste Card Club Group, and Erste Factoring d.o.o.*

Statement of Profit or Loss

in HRK million	GROUP			BANK
	2014	2015	2014	2015
Net interest income	2,120	2,148	1,609	1,632
Net fee and commission income	610	646	381	413
Dividend income	2	1	79	55
Net trading and fair value result	184	121	177	114
Net result from equity method investments	10	10	-	-
Rental income from investment properties & other operating leases	242	210	2	2
Personnel expenses	(560)	(586)	(402)	(422)
Other administrative expenses	(583)	(598)	(414)	(413)
Depreciation and amortisation	(296)	(249)	(44)	(50)
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	12	3	7	1
Net impairment loss on financial assets not measured at fair value through profit or loss	(1,185)	(1,274)	(1,100)	(1,248)
Other operating result	(52)	(1,365)	(29)	(1,325)
Thereof Loan conversion expenses	-	(986)	-	(986)
Pre-tax result from continuing operations	504	(933)	266	(1,241)
Taxes on income	(92)	164	(34)	229
Net result for the period	412	(769)	232	(1,012)
Net result attributable to non-controlling interests	35	47	-	-
Net result attributable to owners of the parent	377	(816)	-	-
Earnings per share				
Basic and diluted (HRK)	22.17	(48.07)	-	-

Statement of Financial position as at 31 December 2015

in HRK million	GROUP		BANK	
	31 December 2014	31 December 2015	31 December 2014	31 December 2015
Assets				
Cash and cash equivalents	4,674	5,299	4,035	4,847
Financial assets - held for trading	476	233	478	232
Derivatives	94	61	96	64
Other trading assets	382	172	382	168
Financial assets - available for sale	7,273	6,824	6,693	6,445
Financial assets - held to maturity	1,456	1,432	1,288	889
Loans to and receivables from credit institutions	6,194	5,441	5,720	5,197
Loans to and receivables from customers	46,711	46,159	39,607	38,833
Property and equipment	1,314	1,221	338	545
Investment properties	20	20	19	18
Intangible assets	729	409	48	72
Investment in subsidiaries	-	-	1,317	983
Investments in associates	58	61	38	38
Current tax assets	98	100	85	84
Deferred tax assets	197	415	19	241
Other assets	561	617	495	571
Total assets	69,761	68,231	60,180	58,995
Liabilities and equity				
Financial liabilities - held for trading	94	103	94	103
Derivatives	94	103	94	103
Financial liabilities measured at amortised cost	60,915	59,234	52,323	51,220
Deposits from banks	21,227	16,174	14,165	10,581
Deposits from customers	38,027	41,445	37,151	39,654
Debt securities issued	933	931	933	931
Other financial liabilities	728	684	74	54
Provisions	264	1,169	213	1,111
Current tax liabilities	9	5	-	-
Deferred tax liabilities	2	1	-	-
Other liabilities	536	608	360	425
Total liabilities	61,820	61,120	52,990	52,859
Total equity	7,941	7,111	7,190	6,136
Equity attributable to non-controlling interests	162	201	-	-
Equity attributable to owners of the parent	7,779	6,910	-	-
Total liabilities and equity	69,761	68,231	60,180	58,995

Za dodatne informacije:

Erste&Steiermärkische Bank d.d., 51000 Rijeka, Jadranski trg 3a, www.erstebank.hr

Ured korporativnih komunikacija

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Addendum 3.

Period of reporting:

1.1.2015

do

31.12.2015

Annual financial report for credit institutions - GFI-KI

Identification number (MB): 03337367

Identification number of the 040001037

Personal identification number (OIB): 23057039320

Name of the issuer: ERSTE & STEIERMARKISCHE BANK DD

Postal code and town of: 51000 RIJEKA

Address: JADRANSKI TRG 3A

E-mail address: ersteinbank@ersteinbank.hr

Internet address: www.ersteinbank.hr

Code and name of: 373 RIJEKA

Code and name of county: 8 PRIMORSKO GORANSKA Broj zaposlenih: 3.067

(krajem izvještajnog razdoblja) NKD code: 6419

Consolidated report: YES

Names of subjects of consolidation (according to MSFI):

Headquarters:

MB:

Erste Nekretnine d.o.o.	Zagreb, Ivana Lučića 2	02068249
Erste Bank a.d., Podgorica	Crna Gora, Podgorica, Marka Miljanova 46	08499002
Erste Card Club d.d.	Zagreb, Praška 5	3289737
Erste Factoring d.o.o.	Zagreb, Ivana Lučića 2	2058049
Erste & Steiermärkische S-Leasing, d.o.o.	Zagreb, Zelinska 3	1262343
Erste Card d.o.o. Slovenija	Slovenija, Ljubljana, Dunajska cesta 129	08705634

Bookkeeping service:

Contact person: RAJIĆ ANDREJA

Phone number: 072 37 1778 Telefaks: 072 37 1942

E-mail address: arajic@ersteinbank.com

Last and first name: JAGAR SLADANA
(person authorized for representing company)

Reporting documentation:

1. Financial statements (statement of financial position, income statement, cash flow statement, statement of changes in equity and notes to financial statements)
2. Management report
3. Declaration of key personnel responsible for preparation of financial statements
4. Supervisory Board decision on acquiring annual financial statements
5. Distribution of profit or coverage of loss proposal decision

M.P.


 (signature of person authorized for representing company)

020 ERSTE & STEIERMARKISCHE BANK D.D. RIJEKA 095

STATEMENT OF FINANCIAL POSITION

as of 31.12.2015

in HRK

Name of position 1	AOP 2	Prior period 3	Current period 4
ASSETS			
1. CASH AND DEPOSITS WITH Central bank (002+003)	001	7.860.415.701	8.455.953.887
1.1. Cash	002	1.030.858.610	1.187.095.439
1.2. Deposits with Central bank	003	6.829.557.091	7.268.858.448
2. DEPOSITS WITH BANKING INSTITUTIONS	004	2.542.685.592	1.605.050.645
3. TREASURY BILLS WITH MINISTRY OF FINANCE AND BILLS OF EXCHANGE WITH CENTRAL BANK	005	1.383.779.802	569.271.530
4. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD FOR TRADING	006	6.321.991	134.125.727
5. SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE	007	6.700.494.653	6.729.910.858
6. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY	008	876.655.030	871.736.944
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	94.149.219	60.775.344
9. LOANS TO FINANCIAL INSTITUTIONS	011	716.351.320	1.262.467.045
10. LOANS TO OTHER CUSTOMERS	012	46.040.790.993	45.214.427.221
11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	013	68.112.088	63.334.470
12. REPOSSESSED ASSETS	014	484.880.009	541.457.484
13. TANGIBLE ASSET (MINUS DEPRECIATION)	015	1.334.725.256	1.241.663.858
14. INTEREST, FEES AND OTHER ASSETS	016	1.651.788.644	1.481.150.773
A) TOTAL ASSETS (001+004 to 016)	017	69.761.150.298	68.231.325.786
LIABILITIES			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	9.126.506.049	7.623.316.103
1.1. Short-term borrowings	019	4.537.091.801	4.011.327.040
1.2. Long-term borrowings	020	4.589.414.248	3.611.989.063
2. DEPOSITS (AOP 022 to 024)	021	46.192.949.291	45.937.923.558
2.1. Deposits of giro and current accounts	022	9.035.109.398	11.270.732.737
2.2. Savings deposits	023	1.909.546.982	2.509.970.211
2.3. Term deposits	024	35.248.292.911	32.157.220.610
3. OTHER BORROWINGS (026+027)	025	2.864.443.597	2.784.966.180
3.1. Short-term borrowings	026	695.295.400	607.404.085
3.2. Long-term borrowings	027	2.169.148.197	2.177.562.095
4. DERIVATIVE FINANCIAL LIABILITIES AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING	028	93.537.177	103.465.105
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	1.455.679.490	1.679.710.340
7. ISSUED HYBRID INSTRUMENTS	033	0	0
8. INTEREST, FEES AND OTHER LIABILITIES	034	1.786.977.836	2.691.343.518
B) TOTAL LIABILITIES (018+021+025+028+029+032+033+034)	035	61.820.093.440	61.120.724.804
EQUITY			
1. SHARE CAPITAL	036	3.500.360.782	3.500.360.782
2. PROFIT/(LOSS) OF THE CURRENT YEAR	037	376.609.691	-816.399.161
3. RETAINED PROFIT/(LOSS)	038	3.709.169.440	4.047.977.120
4. LEGAL RESERVES	039	84.920.875	84.921.058
5. STATUTORY AND OTHER CAPITAL RESERVES	040	1.042.792	665.742
6. UNREALISED PROFIT/(LOSS) FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE	041	268.953.278	293.075.441
7. RESERVES RESULTING FROM PROTECTIVE TRANSACTIONS	042		
C) TOTAL EQUITY (036 to 042)	043	7.941.056.858	7.110.600.982
D) TOTAL LIABILITIES AND EQUITY (035+043)	044	69.761.150.298	68.231.325.786
SUPPLEMENT TO STATEMENT OF FINANCIAL POSITION (filled out by banks that compose a consolidated financial report)			
1. TOTAL EQUITY	045	7.941.056.858	7.110.600.982
2. Attributed to equity holders of the parent	046	7.779.364.304	6.909.975.308
3. Minority shares (045-046)	047	161.692.554	200.625.674

INCOME STATEMENT

for period from **1.1.2015** to **31.12.2015**

in HRK

Name of position	AOP	Prior period	Current period
1	2	3	5
1. Interest income	048	3.438.941.638	3.266.729.029
2. Interest expense	049	1.318.560.170	1.118.881.192
3. Net interest income (048-049)	050	2.120.381.468	2.147.847.837
4. Fee and commission income	051	800.317.693	844.719.750
5. Fee and commission expense	052	191.370.935	198.928.961
6. Net fee and commission income (051-052)	053	608.946.758	645.790.789
7. Profit/loss from investments in subsidiaries, associates and joint ventures	054	0	0
8. Profit/loss from trading	055	4.735.460	-19.340.371
9. Profit/loss from embedded derivatives	056	0	0
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	6.062.012	1.733.734
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	11.231.575	11.347.844
16. Profit/loss from foreign currency differences	063	179.571.033	140.102.822
17. Other income	064	541.154.395	553.603.960
18. Other expenses	065	277.219.519	303.076.831
19. General administrative expenses and depreciation	066	1.464.047.973	1.497.313.227
20. Net income from business before value adjustment and loan loss provisions (050+053 to 064-065-066)	067	1.730.815.209	1.680.696.557
21. Expense of value adjustment and loan loss provisions	068	1.226.206.502	2.613.233.762
22. PROFIT/LOSS BEFORE TAX (067-068)	069	504.608.707	-932.537.205
23. INCOME TAX EXPENSE	070	92.497.112	-163.532.101
24. PROFIT/LOSS OF THE CURRENT YEAR (069-070)	071	412.111.595	-769.005.104
25. Earnings per share	072	22	
ANNEX TO INCOME STATEMENT (for the Banks that prepare consolidated financial statements)			
1. PROFIT/LOSS OF THE CURRENT YEAR	073	412.111.595	-769.005.104
2. Assign equity holders of the Bank	074	376.609.691	-816.399.161
3. Non controlling interest (073-074)	075	35.501.904	47.394.057

CASH FLOW STATEMENT - indirect method

for period from 1.1.2015 to 31.12.2015 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	2.170.383.343	1.791.060.856
1.1. Profit/(loss) before income tax	002	504.608.707	-932.537.205
1.2. Allowances and loss provisions	003	1.226.206.502	2.489.062.174
1.3. Depreciation	004	296.179.985	249.201.786
1.4. Net unrealized profit/(loss) from financial assets and liabilities through profit and loss	005	0	0
1.5. Profit/(loss) from sale of tangible assets	006	63.001.786	-12.023.590
1.6. Other profit/(losses)	007	80.386.363	-2.642.309
2. Net increase/(decrease) of operating assets (009 do 016)	008	-2.452.234.751	510.798.410
2.1. Deposits with Central bank	009	257.732.614	612.322.395
2.2. Treasury bills of Ministry of Finance and CB bills	010	-336.373.477	664.623.463
2.3. Deposits with banks and loans to financial institutions	011	821.274.173	-309.489.170
2.4. Loans to other customers	012	-1.323.882.897	-392.931.659
2.5. Securities and other financial instruments held for trading	013	297.063.860	-127.803.736
2.6. Securities and other financial instruments available for sale	014	-1.186.539.386	17.315.223
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	-981.509.638	46.761.894
3. Net increase/(decrease) of operating liabilities (018 do 021)	017	-730.707.096	-260.270.863
3.1. Demand deposits	018	361.940.773	2.235.623.339
3.2. Savings and term deposits	019	-1.096.619.639	-2.490.649.072
3.3. Financial derivative liabilities and other liabilities actively traded	020	4.843.322	9.927.927
3.4. Other liabilities	021	-871.552	-15.173.057
4. Net cash flow from operating activities before income tax (001+008+017)	022	-1.012.558.504	2.041.588.403
5. (Income tax paid)	023	-108.898.233	-68.582.032
6. Net inflow/(outflow) of cash from operating activities (022+023)	024	-1.121.456.737	1.973.006.371
INVESTING ACTIVITIES			
7. Net cash flow from investing activities (026 do 030)	025	-883.770.302	-172.131.905
7.1. Receipt from sale/(payment for buying) tangible and intangible assets	026	-233.793.042	-154.385.144
7.2. Receipt from sale/(payment for buying) investments in subsidiaries, associates and joint ventures	027	-29.984.583	-36.930
7.3. Receipt from sale/(payment for buying) securities and other financial instruments held to maturity	028	-619.992.677	-10.249.887
7.4. Dividend income	029	0	-7.459.944
7.5. Other receipts/(payments) from investing activities	030	0	0
FINANCIAL ACTIVITIES			
8. Net cash flow from financial activities (032 do 037)	031	2.017.750.090	-1.443.526.237
8.1. Net increase/(decrease) of borrowings	032	1.425.352.739	-1.582.667.363
8.2. Net increase/(decrease) issued debt securities	033	0	0
8.3. Net increase/(decrease) subordinated and hybrid instruments	034	592.397.351	224.030.850
8.4. Receipts from transmitted share capital	035	0	0
8.5. (Dividends paid)	036	0	-84.889.724
8.6. Other receipts/(payments) from financial activities	037	0	0
9. Net increase/(decrease) of cash and cash equivalents (024+025+031)	038	12.523.051	357.348.229
10. Effects of change in foreign exchange rates on cash and cash equivalents	039	0	0
11. Net increase/(decrease) cash and cash equivalents (038+039)	040	12.523.051	357.348.229
12. Cash and cash equivalents at the beginning of the year	041	5.671.315.413	5.683.838.464
13. Cash and cash equivalents at the end of the year (040+041)	042	5.683.838.464	6.041.186.693

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Name of position	for period		Attributable to the equity holders of the Bank							in HRK	
	1.1.2015		31.12.2015								
	AOP	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	Total capital and reserves		
1	2	3	4	5	6	7	8	9	10		
Balance at 1 January	001	3.500.360.782	0	85.963.667	3.547.476.886	376.609.691	268.953.278	161.692.554	7.941.056.858		
Changes in accounting policies and corrections of mistakes	002								0		
Corrected balance as at 1 January (1+2)	003	3.500.360.782	0	85.963.667	3.547.476.886	376.609.691	268.953.278	161.692.554	7.941.056.858		
Sale of financial assets available for sale	004						2.426.525		2.426.525		
Change of fair value financial asset available for sale	005						29.266.778		29.266.778		
Tax on items directly recognised or transferred from capital and reserves	006			-139.929			-7.571.140		-7.711.069		
Other profit/(loss) directly recognised in capital and reserves	007	0	0	-236.938	0	0	0	0	-236.938		
Net profit/(loss) directly recognised in capital and reserves (004+005+006+007)	008	0	0	-376.867	0	0	24.122.163	0	23.745.296		
Profit/(loss) for the period	009										
Total recognised income and expenses for the period (008+009)	010	0	0	-376.867	0	-816.399.161		47.394.057	-769.005.104		
Increase/(decrease) of share capital	011	0	0	0	0	-816.399.161		47.394.057	-745.259.808		
Buy/sell of treasury shares	012		0						0		
Other changes	013				-306.343				-306.343		
Transfer to reserves	014			0	376.609.691	-376.609.691			0		
Dividends paid	015				-76.428.788			-8.460.937	-84.889.725		
Distribution on income (014+015)	016	0	0	0	300.180.903	-376.609.691		-8.460.937	-84.889.725		
Balance at reporting date (003+010+011+012+013+016)	017	3.500.360.782	0	85.586.800	3.847.351.446	-816.399.161	293.075.441	200.625.674	7.110.600.982		

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

Notes to financial statements

A 9. LOANS TO FINANCIAL INSTITUTIONS	31.12.2014	31.12.2015
Loans	720.570.895	1.270.521.431
Less: Allowance for loan impairment	(4.219.575)	(8.054.386)
	716.351.320	1.262.467.045

A 10. LOANS TO OTHER CUSTOMERS	31.12.2014	31.12.2015
Companies	20.766.778.593	19.736.534.431
Individuals	21.021.956.952	20.928.396.802
Public sector	9.629.441.828	9.450.290.881
Other institutions	121.272.585	144.961.972
Total loans before allowances for impairment	51.539.449.958	50.260.184.086
Less: Allowance for loan impairment	(5.498.658.965)	(5.045.756.865)
	46.040.790.993	45.214.427.221

A 11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES						
	Ownership Interest 2014	Ownership Interest 2015	Activity	Group's Share of net assets		Investment at cost
				31.12.2014	31.12.2015	31.12.2014
Associates						
S Immovent leasing zeta d.o.o. za poslovanje nekretninama	49,00%	49,00%	Real estate business	-	-	12.800
Erste d.o.o	45,86%	45,86%	Management company for obligatory pension fund	57.779.656	59.796.280	38.098.985
S IT Solutions HR d.o.o.	20,00%	20,00%	IT engineering	630.409	857.689	4.000
FINAG DD	26,30%	26,30%	Manufacture of bricks, roof tiles and other clay products	1.332.080	-	1.332.080
RIBA D.D.	24,74%	24,74%	Cultivation of fish	543.300	543.300	543.300
IMMOKOR BUZIN d.o.o.	49,00%	49,00%	Real estate business	-	-	-
Total associates:				60.285.445	61.197.270	39.991.165
Subsidiaries not consolidated						
Izbor Nekretnina d.o.o.	100,00%	100,00%	For services	1.500.000	1.500.000	1.500.000
Diners Club BH d.o.o.	100,00%	100,00%	Ostalo finacijsko posredovanje	5.721.443	-	-
DC Travel d.o.o.	100,00%	100,00%	Travel Agency	605.200	637.200	-
Total subsidiaries not consolidated:				7.826.643	2.137.200	1.500.000
				68.112.088	63.334.470	41.491.165
Subsidiaries						
Erste nekretnine d.o.o.	100,00%	100,00%	Real estate business	3.866.050	4.223.836	800.180
Erste Factoring d.o.o.	75,00%	75,00%	Accounts Receivables repurchase	190.000.044	242.236.853	37.658.000
Erste Card Club d.d.	100,000%	100,000%	Financial intermediation and services	632.222.431	711.998.375	1.089.285.069
Erste Card d.o.o. Slovenia	100,00%	100,00%	Financial intermediation and services	6.709.624	14.330.533	-
Diners Club BH d.o.o.	100,00%	100,00%	Other financial intermediation	-	-	-
Erste Delta d.o.o.	100,00%	-	- Real estate business	7.965.128	-	26.000
Erste & Steiermärkische S-Leasing, d.o.o.	50,00%	50,00%	Financial and operative leasing	98.345.694	119.862.830	88.860.659
Erste bank a.d., Podgorica	100,00%	100,00%	Credit institution	352.266.624	396.637.694	100.396.379
Total subsidiaries:				1.291.375.595	1.489.290.121	1.317.026.287
Total:				1.359.487.683	1.552.624.591	1.358.517.452
						1.023.446.572

A 12. REPOSESSED ASSETS

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

B 1. AMOUNTS DUE TO FINANCIAL INSTITUTIONS	31.12.2014	31.12.2015
From banks	8.782.506.049	7.244.266.103
From other banking institutions	344.000.000	379.050.000
	9.126.506.049	7.623.316.103

B 2. DEPOSITS		
B 2.1. Deposits of giro and current accounts	31.12.2014	31.12.2015
Deposits from public sector		
<i>Republic of Croatia</i>	93.694.543	48.514.567
<i>Republic funds</i>	48.960.462	130.679.045
<i>Local government</i>	142.151.109	202.565.247
Deposits from financial institutions		
<i>Banks</i>	196.297.474	196.851.608
<i>Other banking institutions</i>	181.462.753	226.656.658
<i>Non-banking financial institutions</i>	88.051.504	87.571.995
<i>Banks in bankruptcy</i>	418.704	417.161
<i>Banks in liquidation</i>	3.074	3.581
Deposits from state commercial customers	103.581.832	144.416.278
Deposits from other commercial customers	3.178.522.643	4.024.456.271
Deposits from non-profit institutions	181.893.266	181.974.026
Deposits from individuals	3.904.982.291	4.762.641.844
Deposits from non residents		
<i>Foreign financial institutions</i>	21.855.663	252.356.823
<i>Foreign states</i>	71.449.729	33.150.723
<i>Foreign commercial customers</i>	274.115.381	283.450.226
<i>Foreign individuals</i>	528.493.411	679.415.666
<i>Foreign non-profit institutions</i>	19.175.559	15.611.018
	9.035.109.398	11.270.732.737

B 2.2. Savings deposits	31.12.2014	31.12.2015
Deposits from public sector		
<i>Republic of Croatia</i>	444.268	338.348.089
<i>Local government</i>	25.212	7.159
Deposits from financial institutions		
<i>Banks</i>	10.743	1.711.132
<i>Other banking institutions</i>	159.115.536	159.959.041
<i>Non-banking financial institutions</i>	30.318.307	6.277.574
Deposits from state commercial customers	-	10.000.000
Deposits from other commercial customers	424.137.879	594.553.087
Deposits from non-profit institutions	144.462	1.234.068
Deposits from individuals	831.142.377	835.886.690
Deposits from non residents		
<i>Foreign financial institutions</i>	29.196	106.580
<i>Other non residents</i>	464.179.002	561.886.791
	1.909.546.982	2.509.970.211

B 2.3. Term deposits	31.12.2014	31.12.2015
Deposits from public sector		
<i>Republic of Croatia</i>	21.738.560	24.151.893
<i>Local government</i>	13.940.400	8.810.215
Deposits from financial institutions		
<i>Banks</i>	43.209.082	33.728.981
<i>Other banking institutions</i>	489.871.895	613.636.197
<i>HBOR-a</i>	-	35.000.000
<i>Non-banking financial institution</i>	613.636.386	591.134.865
Deposits from state commercial customers	90.696.712	117.639.464
Deposits from other commercial customers	1.787.132.163	2.138.758.067
Deposits from non-profit institutions	76.053.036	76.692.218
Deposits from individuals	18.880.912.284	19.432.196.225
Deposits from non residents		
<i>Foreign financial institutions</i>	11.313.417.782	7.322.839.331
<i>Foreign states</i>	33.835.986	25.577.407
<i>Foreign commercial customers</i>	129.086.301	113.645.405
<i>Foreign individuals</i>	1.754.762.324	1.623.410.342
Term deposits	35.248.292.911	32.157.220.610

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 AG in the amount of HRK 229 million (original amount EUR 30 million). Maturity of the debt is until 2017, with interest rate 3 month EURIBOR plus 3.37% p.a. Due to challenging business conditions and environment, the Bank ensured additional line of subordinated debt with goal to adequately support business model and market requirements. Regarding that, in July 2014 the Bank received the amount of HRK 613 million (original amount EUR 80 million) with interest rate 3 month EURIBOR + 3.4% p.a. which maturity in 2021.

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% p.a. Coupon will be settled annually.

Erste Bank a.d., Podgorica received subordinated debt in 2008 from Oikocredit, Ecumenical Development Cooperative Society U.A., the Netherlands in the original amount EUR 4 million (2013: HRK 23 million, 2012: HRK 31 million). Maturity of the debt is from 2013 till 2016, with interest rate 6 month EURIBOR plus 2.9% p.a. Subordinated debt cannot be repaid in the case of bankruptcy or liquidation of the borrower until all obligations of the Group towards other depositors and creditors have been met. Subordinated debt is included into the Tier 2 of the Group. Bank repaid outstanding amount of debt of EUR 2 million in December 2014, based on approval of Central Bank of Montenegro. Amount used for Tier 2 capital does not have significant influence on capital adequacy of the Bank.

1. INTEREST INCOME	31.12.2014	31.12.2015
Interest on loans and advances to customers	2.853.987.474	2.698.109.503
Interest on amounts due from other banks	18.679.233	13.153.564
Interest income on financial investments	265.386.572	267.320.348
Interest on derivative financial instruments	92.536.856	95.077.455
Interest income on impaired financial assets - loans and advances to	194.896.928	172.248.112
Interest on reverse repurchase agreements	8.327.680	16.259.972
Other interest income	5.126.895	4.560.075
	3.438.941.638	3.266.729.029

2. INTEREST EXPENSES	31.12.2014	31.12.2015
Interest on customer deposits	675.333.097	570.033.813
Interest on other borrowed funds	443.139.405	345.819.075
Interest on amounts due to other banks	94.346.531	84.908.599
Interest on subordinated debt	58.932.932	83.684.116
Interest on issued bonds	17.718.607	17.701.021
Interest on derivative financial instruments	21.575.183	3.739.631
Interest on repurchase agreements	2.624.659	6.018.792
Other interest expense	4.889.756	6.976.145
	1.318.560.170	1.118.881.192

4. FEE AND COMMISSION INCOME	31.12.2014	31.12.2015
Payments and money transfers	258.675.535	279.760.991
Bank cards services	396.382.293	412.671.577
Custodial fees	65.631.764	60.433.170
Guarantees and letter of credit	43.424.988	45.414.954
Other fee and commission income	36.203.113	46.439.058
	800.317.693	844.719.750

5. FEE AND COMMISSION EXPENSES	31.12.2014	31.12.2015
Payments and money transfers	38.891.544	34.523.950
Bank cards services	131.156.738	140.780.883
Custodial fees	3.923.090	3.708.320
Guarantees and letter of credit	2.132.020	2.792.804
Other fee and commission expense	15.267.543	17.123.004
	191.370.935	198.928.961

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. and 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.

Head of Accounting Division


Ivona Rakovac

ERSTE & STEIERMÄRKISCHE
BANK D.D.
ZAGREB 06
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Management Board member


Slađana Jagar

Rijeka, March 24th 2016