

**Audited financial statements of the Erste&Steiermärkische Bank d.d. for period January 1st -
December 31st 2020**

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MANAGEMENT REPORT

Erste Bank Croatia maintained business stability in 2020, with the growth of total loans and deposits

Zagreb, 24 March 2021 – *“Due to the impact of the COVID situation on the entire economy, and a significant growth of risk costs, which includes future projections based on macroeconomic expectations, our financial result in 2020 was understandably reduced. However, it is important to stress that our business operations have remained completely stable. Despite challenging times, we maintained the continuity of regular lending activities and a steadily growing deposit base, while we have put a strong emphasis on the further development of our digital solutions. We’ve implemented a modern pan-European digital platform George and continued to develop our very successful and highly recognizable KEKS Pay app,”* said **Christoph Schoefboeck**, Chairman of the Management Board of Erste Bank Croatia while commenting on the business result in 2020. He added: *“We are grateful for the fact that the renowned credit rating agency, Fitch Ratings, affirmed our credit rating at “BBB+” with a stable outlook. This is an investment grade ranking, two levels above the one currently held by the Republic of Croatia, at the same time representing the highest ranking of any bank on the Croatian market.”*

IN BRIEF

According to the non-consolidated financial report, which includes the result of Erste Bank Croatia (the Bank) without subsidiaries, the Bank’s net profit in 2020 was HRK 389.5 million, down 48.2% from HRK 752.5 million last year. Increased provision costs, which reflect the impact of the current situation connected to the coronavirus epidemic on the entire economy, had the most significant impact on the net profit decrease, and it is important to emphasise that the future projections based on macroeconomic expectations were also included.

Net interest income increased by 0.2%, from HRK 1.61 billion in 2019 to HRK 1.62 billion in 2020. At the same time, the net fee and commission income was down 14.2% and amounted to HRK 433.0 million in 2020, compared to HRK 504.4 million in 2019. Net trading and fair value result amounted to HRK 210.6 million in 2020, down 7.7% compared to HRK 228.1 million in 2019.

At the end of December 2020, the Bank’s total assets were HRK 73.2 billion, up 14.5% compared to the end of 2019, when they amounted to HRK 63.9 billion. Total loans to customers as of 31 December 2020 amounted to HRK 45.2 billion, up 9.9% from HRK 41.1 billion at the end of 2019. Total deposits from customers as of 31 December 2020 amounted to HRK 57.3 billion, up 18.2% compared to the end of 2019, when they amounted to HRK 48.5 billion.

EBC Group’s* net profit before minority interests in 2020 was HRK 471.7 million, down 52.0% compared to HRK 982.3 million in 2019. EBC Group’s net interest income was down 1.1%, from HRK 2,046.0 million in 2019, to HRK 2,025.1 million in 2020. Net fee and commission income amounted to HRK 693.6 million, down 13.6% from HRK 802.8 million in 2019.

EBC Group’s total assets at the end of December 2020 amounted to HRK 82.5 billion, up 11.6% compared to the end of 2019, when they amounted to HRK 73.9 billion. Total loans to customers as of 31 December 2020 amounted to HRK 49.8 billion, up 9.9% compared to the end of 2019, when they amounted to HRK 45.3 billion. EBC Group’s total deposits from customers as of 31 December 2020

were HRK 60.1 billion, up 17.2% compared to the end of 2019, when they amounted to HRK 51.3 billion.

At the end of June last year, the merger of Erste Factoring d.o.o. was formally completed, making the factoring segment an integral part of the operations and an integral part of the Bank's offer. In addition to providing long-term quality technological and infrastructural support for further development of the factoring, the goal of the merger is to enable faster and easier management of the clients' core business through the synergy of existing specialised knowledge on factoring and comprehensive consulting support in other aspects of financial operations, which the bank provides through a widespread network of its branches and financial representatives.

IMPACT OF THE COVID-19 SITUATION

As a systemically important institution, the Bank has taken a proactive and socially responsible approach from the very beginning of the COVID crisis, investing maximum efforts to ensure its clients, citizens and companies are affected as little as possible by the current circumstances. A clear chronological order of the activities the Bank carried out was established, falling into three key phases: temporary suspension of the activation of forced collection measures, enabling the contracting of deferred repayment for up to 6 months (or up to 12 months for clients from industries most affected by the crisis, such as tourism and dependent activities), as well as granting loans aiming to preserve the liquidity of business entities, in cooperation with institutions such as the Croatian Agency for SMEs, Innovations and Investments (HAMAG) and the Croatian Bank for Reconstruction and Development (HBOR) while ensuring adequate guarantee schemes and favourable financing conditions.

The transparent, clear and timely communication with the general public, clients, business partners and employees through all available channels has marked the Bank's communication strategy in the previous period. What made up the essence of the Bank's communication content, ensuring the continuity and availability of all relevant information, were the messages focusing on quickly adapting to new circumstances, ensuring business continuity and implementing the recommendations given by the authorities, as well as the availability of all services to clients, with special emphasis on vulnerable groups, through the adjusted work of the business network and digital channels, and offers of measures of repayment deferrals to citizens and companies, that is, liquidity loans to business entities. The synergy of business, communication and socially responsible activities in 2020, a year marked by the pandemic, was rounded up with the contribution through donation initiatives, independently and in cooperation with Erste Card Club d.o.o., by which the Bank provided support in a broader context of the social community needs.

In total, slightly more than 9.200 citizens, to whom almost 11.600 loans pertain, realized the possibility of COVID repayment deferral in 2020. When it comes to business entities, about 2.500 such requests were realized. Overall, in 2020, the share of NPLs¹ amounted to 6.7%, compared to 7.1% in the previous year. The decrease in the overall level of NPLs y/y was primarily influenced by developments in the first quarter of 2020, when the level of NPLs was further reduced. Expectedly, by the end of the year it was slightly increased.

In the light of the objective economic situation, the continuation of a slight increase in NPLs can be expected in the coming period, and it is important to emphasise that this will not have a significant impact on the Bank's regular operations, which are completely stable. As a responsible business entity, the Bank will continue to monitor and manage the loan portfolio in accordance with the business policies and applicable standards in the credit risk management segment, while respecting all regulatory rules and applying a balanced approach that respects the objective market situation and the needs of its clients.

¹ Non-performing loans

OUTLOOK

“There are several positive elements that can be singled out when it comes to Croatian economy's long-term position. For example, certain improvements can be seen when it comes to improving the general investment climate in Croatia and stabilisation of public finances, which has also been recognized by international credit rating agencies. Joining the Exchange Rate Mechanism (ERM2) puts Croatia one step closer to the adoption of the euro, that is, to achieving a strategic goal that will contribute to long-term financial stability for citizens and economy as a whole. A positive grade in the process of European Central Bank's comprehensive evaluation and the confirmation of Croatian banking system's stability is encouraging not only when it comes to the continuation of euro adoption process, but also in the context of challenges with which Croatian economy is currently faced. However, efforts on improving legal security must continue, primarily in the area of predictability of the legal framework, as one of the most important preconditions for sustainable progress,” Schoefboeck said.

“The period ahead will be very challenging and will primarily depend on the impact of the epidemiological situation on the overall economy. The banks will play an extremely important role in that regard, because Croatia's robust, strong and adequately capitalized banking sector will serve as the backbone in the process of creating new economic growth and ensuring the prosperity of the entire social community. Through a joint, coordinated approach of all stakeholders, Croatia can overcome the current challenges and minimize all their potential negative impacts. Finally, we should not forget the long-term vision of turning Croatia into the financial centre of the region, based on a stable financial and banking system that can serve as a strong driver of the overall economy in the best possible positioning in the regional context”, Schoefboeck concluded.

**EBC Group's consolidated financial statement includes the following subsidiaries in addition to Erste Bank Croatia: 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 (until June 18 2020), Erste Group IT HR d.o.o., and Izbor Nekretnina d.o.o.*

Statement of Profit or Loss

in HRK million	GROUP		BANK	
	2019	2020	2019	2020
Net interest income	2,046	2,025	1,613	1,617
Interest income	2,232	2,152	1,836	1,785
Other similar income	169	161	67	59
Interest expense	(280)	(224)	(217)	(166)
Other similar expenses	(75)	(64)	(73)	(61)
Net fee and commission income	803	694	504	433
Fee and commission income	1,057	925	690	597
Fee and commission expenses	(254)	(231)	(186)	(164)
Dividend income	1	1	69	11
Net trading and fair value result	234	211	228	211
Gains/losses from financial instruments measured at fair value through profit or loss	4	(14)	3	(18)
Net result from equity method investments	9	8	-	-
Rental income from investment properties & other operating leases	95	86	-	5
Personnel expenses	(747)	(718)	(538)	(522)
Other administrative expenses	(660)	(648)	(496)	(487)
Depreciation and amortisation	(248)	(251)	(114)	(131)
Gains/losses from derecognition of financial assets measured at amortised cost	-	(1)	-	(1)
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	1	-	-	-
Impairment result from financial instruments	(43)	(785)	(72)	(627)
Other operating result	(284)	(126)	(278)	(107)
Pre-tax result for the period	1,211	482	919	384
Income tax	(229)	(10)	(166)	6
Net result for the period	982	472	753	390
Net result attributable to non-controlling interests	20	12	-	-
Net result attributable to owners of the parent	962	460	-	-
Earnings per share				
Basic and diluted (HRK)	56.66	27.09	-	-

Statement of Financial Position as at 31 December 2020

in HRK million	GROUP		BANK	
	31 December 2019	31 December 2020	31 December 2019	31 December 2020
Assets				
Cash and cash balances	5,105	8,673	4,339	7,947
Financial assets – held for trading	225	162	226	162
Derivatives	39	118	40	118
Other trading assets	186	44	186	44
Non-trading financial assets at fair value through profit or loss	199	188	25	69
Pledged as collateral	-	-	-	-
Equity instruments	16	36	10	36
Debt securities	183	152	15	33
Financial assets at fair value through other comprehensive income	10,604	11,278	9,961	10,704
Pledged as collateral	816	85	421	-
Equity instruments	162	130	147	114
Debt securities	10,442	11,148	9,814	10,590
Financial assets at amortised cost	51,295	56,154	46,817	51,322
Pledged as collateral	25	816	25	816
Debt securities	1,642	2,361	1,464	2,180
Loans and advances to banks	4,367	4,041	4,260	3,968
Loans and advances to customers	45,286	49,752	41,093	45,174
Finance lease receivables	2,453	2,460	-	-
Property and equipment	1,311	1,236	803	810
Investment properties	33	5	3	2
Intangible assets	376	390	121	135
Investments in subsidiaries	-	-	989	891
Investments in associates	58	59	38	38
Current tax assets	12	123	-	112
Deferred tax assets	187	197	75	110
Trade and other receivables	1,537	1,143	188	596
Other assets	471	401	356	318
Total assets	73,866	82,469	63,941	73,216
Liabilities and equity				
Financial liabilities – held for trading	36	106	36	106
Derivatives	36	106	36	106
Financial liabilities measured at amortised cost	62,690	70,636	54,529	63,302
Deposits from banks	9,814	9,048	5,275	5,209
Deposits from customers	51,325	60,128	48,455	57,253
Debt securities issued	672	677	672	677
Other financial liabilities	879	783	127	163
Lease liabilities	98	102	105	102
Provisions	494	582	453	545
Current tax liabilities	24	6	8	-
Deferred tax liabilities	5	4	-	-
Other liabilities	641	649	427	424
Total liabilities	63,988	72,085	55,558	64,479
Subscribed capital	1,698	1,698	1,698	1,698
Capital reserves and share premium	1,886	1,886	1,886	1,886
Retained earnings	5,756	6,231	4,485	4,811
Other reserves	350	371	314	342
Equity attributable to owners of the parent	9,690	10,186	8,383	8,737
Equity attributable to non-controlling interests	188	198	-	-
Total equity	9,878	10,384	8,383	8,737
Total liabilities and equity	73,866	82,469	63,941	73,216

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.

Head of Accounting
and Controlling Division



Ivona Rakovac

ERSTE & STEIERMÄRKISCHE
BANK D.D.
028 RIJEKA 095

Member of the Board



Krešimir Barić

Rijeka, March 24th 2021

ISSUER'S GENERAL DATA

Reporting period:

1.1.2020

to

31.12.2020

Year:

2020

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

Web address: www.erstebank.hr

Number of employees
(end of the reporting

2674

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: ANDREJA BERIŠIĆ

(only name and surname of the contact person)

Telephone: 072371778

E-mail address: arajic@erstebank.hr

Audit firm: PricewaterhouseCoopers d.o.o.

(name of the audit firm)

Certified auditor: Siniša Dušić

(name and surname)

BALANCE SHEET
balance as at 31.12.2020

in HRK

Submitter: ERSTE & STEIERMARKISCHE BANK DD

Item	ADP code	Last day of the preceding business year	Current period
1	2	3	4
Assets			
Cash, cash balances at central banks and other demand deposits (from 2 to 4)	001	4,338,539,136	7,947,240,402
Cash in hand	002	2,407,398,070	3,094,902,264
Cash balances at central banks	003	1,707,402,030	4,763,074,372
Other demand deposits	004	223,739,036	89,263,766
Financial assets held for trading (from 6 to 9)	005	225,540,379	162,177,693
Derivatives	006	39,541,002	117,917,370
Equity instruments	007	0	0
Debt securities	008	185,999,377	44,260,323
Loans and advances	009	0	0
Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13)	010	25,181,564	69,330,307
Equity instruments	011	25,181,564	44,172,867
Debt securities	012	0	25,157,440
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	9,961,678,399	10,703,903,571
Equity instruments	018	147,188,494	113,609,006
Debt securities	019	9,814,489,905	10,590,294,565
Loans and advances	020	0	0
Financial assets at amortised cost (22 + 23)	021	47,004,847,742	51,918,228,994
Debt securities	022	1,464,376,609	2,180,423,873
Loans and advances	023	45,540,471,133	49,737,805,121
Derivatives - hedge accounting	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	935,679,335
Tangible assets	027	805,969,679	811,552,499
Intangible assets	028	121,246,553	134,814,096
Tax assets	029	75,440,909	221,867,953
Other assets	030	355,786,671	311,076,187
Fixed assets and disposal groups classified as held for sale	031	0	0
Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31)	032	63,941,563,709	73,215,871,037
Liabilities			
Financial liabilities held for trading (from 34 to 38)	033	36,123,691	105,945,776
Derivatives	034	36,123,691	105,945,776
Short positions	035	0	0
Deposits	036	0	0
Debt securities issued	037	0	0
Other financial liabilities	038	0	0
Financial liabilities at fair value through profit or loss (from 40 to 42)	039	0	0
Deposits	040	0	0
Debt securities issued	041	0	0
Other financial liabilities	042	0	0
Financial liabilities measured at amortised cost (from 44 to 46)	043	54,634,020,819	63,404,380,584
Deposits	044	53,730,062,727	62,462,405,737
Debt securities issued	045	671,973,050	676,986,583
Other financial liabilities	046	231,985,042	264,988,264
Derivatives - hedge accounting	047	0	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	048	0	0
Provisions	049	452,755,390	544,817,771
Tax liabilities	050	7,926,803	0
Share capital repayable on demand	051	0	0
Other liabilities	052	427,256,036	423,808,985
Liabilities included in disposal groups classified as held for sale	053	0	0
Total liabilities (33 + 39 + 43 + from 47 to 53)	054	55,558,082,739	64,478,953,116
Equity			
Initial capital	055	1,698,417,500	1,698,417,500
Share premium	056	1,801,343,055	1,801,343,055
Equity instruments issued other than capital	057	0	0
Other equity instruments	058	0	0
Accumulated other comprehensive income	059	313,995,744	341,454,440
Retained profit	060	3,732,269,710	4,421,256,866
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	752,533,903	389,525,002
(-) Interim dividends	065	0	0
Minority interests [non-controlling interests]	066	0	0
Total equity (from 55 to 66)	067	8,383,480,970	8,736,917,921
Total equity and liabilities (54 + 67)	068	63,941,563,709	73,215,871,037

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2020 to 31.12.2020

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	1,889,611,612	1,858,934,956
(Interest expenses)	002	275,801,542	220,822,358
(Expenses on share capital repayable on demand)	003	0	0
Dividend income	004	69,051,997	10,709,237
Fees and commissions income	005	690,272,396	597,290,898
(Fees and commissions expenses)	006	185,894,140	164,290,115
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	007	-102,814	-480,152
Gains or (-) losses on financial assets and liabilities held for trading, net	008	211,132,069	191,417,580
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	009	2,552,619	-17,525,724
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	17,012,589	19,211,997
Gains or (-) losses on derecognition of non-financial assets, net	013	22,893,996	-2,578,988
Other operating income	014	33,257,013	31,353,964
(Other operating expenses)	015	28,077,719	29,967,363
Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15)	016	2,445,908,076	2,273,253,932
(Administrative expenses)	017	962,275,166	930,887,788
(Cash contributions to resolution boards and deposit guarantee schemes)	018	92,974,609	121,724,687
(Depreciation)	019	113,725,458	130,754,539
Modification gains or (-) losses, net	020	-1,184,156	-30,126,063
(Provisions or (-) reversal of provisions)	021	315,967,271	147,286,391
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	022	30,058,163	511,443,715
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	023	-346,834	0
(Impairment or (-) reversal of impairment on non-financial assets)	024	10,792,907	17,075,987
Negative goodwill recognised in profit or loss	025	0	0
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	026	0	0
Profit or (-) loss from fixed assets and disposal groups classified as held for sale not qualifying as discontinued operations	027	0	0
Profit or (-) loss before tax from continuing operations (16 – 17 – 18 + 19 +20 from 21 to 24 + from 25 to 27)	028	919,277,180	383,954,762
(Tax expense or (-) income related to profit or loss from continuing operations)	029	166,743,277	-5,570,240
Profit or (-) loss after tax from continuing operations (28 – 29)	030	752,533,903	389,525,002
Profit or (-) loss after tax from discontinued operations (31 – 32)	031	0	0
Profit or (-) loss before tax from discontinued operations	032	0	0
(Tax expense or (-) income related to discontinued operations)	033	0	0
Profit or (-) loss for the year (30 + 31; 35 + 36)	034	752,533,903	389,525,002
Attributable to minority interest [non-controlling interests]	035	0	0
Attributable to owners of the parent	036	752,533,903	389,525,002
STATEMENT OF OTHER COMPREHENSIVE INCOME			
Income or (-) loss for the current year	037	752,533,903	389,525,002
Other comprehensive income (39 + 51)	038	109,017,972	41,479,767
Items that will not be reclassified to profit or loss (from 40 to 46) + 49 + 50)	039	36,836,881	514,699
Tangible assets	040	0	0
Intangible assets	041	0	0
Actuarial gains or (-) losses on defined benefit pension plans	042	-22,000	-82,596
Fixed assets and disposal groups classified as held for sale	043	0	0
Share of other recognised income and expense of entities accounted for using the equity method	044	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income	045	45,064,287	712,313
Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	046	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]	047	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	048	0	0
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	049	0	0
Income tax relating to items that will not be reclassified	050	-8,205,406	-115,018
Items that may be reclassified to profit or loss (from 52 to 59)	051	72,181,091	40,965,068
Hedge of net investments in foreign operations [effective portion]	052	0	0
Foreign currency translation	053	0	0
Cash flow hedges [effective portion]	054	0	0
Hedging instruments [not designated elements]	055	0	0
Debt instruments at fair value through other comprehensive income	056	88,025,721	49,957,400
Fixed assets and disposal groups classified as held for sale	057	0	0
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	058	0	0
Income tax relating to items that may be reclassified to profit or (-) loss	059	-15,844,630	-8,992,332
Total comprehensive income for the current year (37 + 38; 61 + 62)	060	861,551,875	431,004,769
Attributable to minority interest [non-controlling interest]	061	0	0
Attributable to owners of the parent	062	861,551,875	431,004,769

STATEMENT OF CASH FLOW
 for the period 01.01.2020 to 31.12.2020

in HRK

Submitter: ERSTE & STEIERMARKISCHE BANK D.D.

Item	ADP code	Same period of the previous year	At the reporting date of the current period
1	2	3	4
Operating activities - direct method			
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
Operating activities - indirect method			
Profit/(loss) before tax	009	919,277,180	383,954,762
Adjustments:		0	0
Impairment and provisions	010	356,789,289	713,181,679
Depreciation	011	113,725,458	130,754,539
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	-10,774,753	-984,345
Other non-cash items	014	-69,051,997	-6,639,026
Changes in assets and liabilities from operating activities			
Deposits with the Croatian National Bank	015	-223,917,857	-572,216,067
Deposits with financial institutions and loans to financial institutions	016	1,063,082,020	869,471,359
Loans and advances to other clients	017	-2,945,467,005	-6,096,465,758
Securities and other financial instruments at fair value through other comprehensive income	018	-3,925,800,886	-935,722,950
Securities and other financial instruments held for trading	019	58,768,359	141,739,055
Securities and other financial instruments at fair value through statement of profit or loss, not traded	020	0	19,354,909
Securities and other financial instruments mandatorily at fair value through statement of profit or loss	021	-2,596,873	0
Securities and other financial instruments at amortised cost	022	-473,558,808	-743,882,541
Other assets from operating activities	023	58,506,309	-52,890,491
Deposits from financial institutions	024	-322,610,441	-396,969,663
Transaction accounts of other clients	025	2,632,696,853	9,134,647,696
Savings deposits of other clients	026	632,335,467	434,696,797
Time deposits of other clients	027	-1,554,287,272	-769,587,836
Derivative financial liabilities and other liabilities held for trading	028	979,465	68,182,995
Other liabilities from operating activities	029	495,888,599	-212,678,777
Interest received from operating activities [indirect method]	030	1,899,520,364	1,792,753,997
Dividends received from operating activities [indirect method]	031	69,051,997	4,070,212
Interest paid from operating activities [indirect method]	032	-272,239,121	-253,403,831
(Income tax paid)	033	-252,827,387	-122,339,599
Net cash flow from operating activities (from 1 to 33)	034	-1,752,511,040	3,529,027,116
Investing activities			
Cash receipts from the sale / payments for the purchase of tangible and intangible assets	035	-138,564,449	-111,795,220
Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures	036	0	222,350,546
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
Net cash flow from investing activities (from 35 to 39)	040	-138,564,449	110,555,326
Financing activities			
Net increase/(decrease) in loans received from financing activities	041	0	0
Net increase/(decrease) in debt securities issued	042	0	0
Net increase/(decrease) in Tier 2 capital instruments	043	0	0
Increase in share capital	044	0	0
(Dividends paid)	045	-288,730,975	0
Other receipts/(payments) from financing activities	046	-27,261,416	-26,068,434
Net cash flow from financing activities (from 41 to 46)	047	-315,992,391	-26,068,434
Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)	048	-2,207,067,880	3,613,514,008
Cash and cash equivalents at the beginning of period	049	6,335,739,989	4,128,672,109
Effect of exchange rate fluctuations on cash and cash equivalents	050	0	0
Cash and cash equivalents at the end of period (48 + 49 + 50)	051	4,128,672,109	7,742,186,117

STATEMENT OF CHANGES IN EQUITY
 for the period from 1.1.2020 to 31.12.2020

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
Opening balance [before restatement]	001	1,698,417,500	1,801,343,055	0	0	313,995,744	3,732,269,710	0	84,921,058	0	752,533,903	0	0	0	8,383,480,970
Effects of error corrections	002	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Effects of changes in accounting policies	003	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	1,801,343,055	0	0	313,995,744	3,732,269,710	0	84,921,058	0	752,533,903	0	0	0	8,383,480,970
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
Exercise or expiration of other equity instruments issued	008	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
Capital reduction	010	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	011	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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
Transfers among components of equity instruments	016	0	0	0	0	0	752,533,903	0	0	0	-752,533,903	0	0	0	0
Share based payments	017	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other increase or (-) decrease of equity instruments	018	0	0	0	0	-14,021,071	14,021,071	0	0	0	0	0	0	0	0
Total comprehensive income for the current year	019	0	0	0	0	41,479,767	0	0	0	0	389,525,002	0	0	0	431,004,769
Equity instruments increase or (-) decrease resulting from business combinations	020	0	0	0	0	0	-77,567,818	0	0	0	0	0	0	0	-77,567,818
Closing balance [current period] (from 4 to 20)	021	1,698,417,500	1,801,343,055	0	0	341,454,440	4,421,256,866	0	84,921,058	0	389,525,002	0	0	0	8,736,917,921

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (GFI)
Name of issuer: **ERSTE & STEIERMARKISCHE BANK DD**
OIB: **23057039320**
Reporting period: **1.1.2020 to 31.12.2020**

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:

Annual report (AR)	in HRK million	Statement of financial position (CNB)	in HRK million	Diff.	Explanation
Cash and cash balances	7,947	Cash on hand, Cash balances at Central bank and Other demand deposits	7,947	- -	
Financial assets held for trading	162	Financial assets held for trading	162	- -	
Non-trading financial assets at fair value through profit or loss – Equity instruments	36	Non-trading financial assets at fair value through profit or loss- Equity instruments	44	- -	AR – Non-trading financial assets at fair value through profit or loss-
Non-trading financial assets at fair value through profit or loss – Debt securities	33	Non-trading financial assets at fair value through profit or loss- Debt securities	25	- -	(8) Debt securities
Financial assets at fair value through other comprehensive income	10,704	Financial assets at fair value through other comprehensive income	10,704	- -	8 CNB – Equity instruments
Financial assets at amortised cost – Loans and advances	49,142	Financial assets at amortised cost- Loans and advances	49,738	- -	
Trade and other receivables	596			- -	
Financial assets at amortised cost – Debt securities	2,180	Financial assets at amortised cost- Debt securities	2,180	- -	
Investments in subsidiaries, joint ventures and associates	929	Investments in associates, subsidiaries and joint ventures	936	- -	(7) AR - Other assets
Property and equipment	810	Tangible assets		- -	
Investment property	2		812	- -	
Intangible assets	135	Intangible assets	135	- -	
Tax assets	222	Tax assets	222	- -	
Other assets	318	Other assets	311	- -	7 CBN - Investments in associates, subsidiaries and joint ventures
TOTAL ASSETS	73,216	TOTAL ASSETS	73,216	- -	

Annual report (AR)	in HRK million	Statement of financial position (CNB)	in HRK million	Diff.	Explanation
Financial liabilities held for trading- Derivatives	106	Financial liabilities held for trading- Derivatives	106	- -	
Financial liabilities measured at amortised cost- Deposits	62,462	Financial liabilities measured at amortised cost- Deposits	62,462	- -	
Debt securities in issue	677	Debt securities in issue	677	- -	
Other financial liabilities	163				
Finance lease liabilities	102	Other financial liabilities	265	- -	
Provisions	545	Provisions	545	- -	
Tax liabilities	-	- Tax liabilities	-	- -	
Other liabilities	424	Other liabilities	424	- -	
Total equity	8,737	Total equity	8,737	- -	
TOTAL LIABILITIES AND EQUITY	73,216	TOTAL LIABILITIES AND EQUITY	73,216	- -	
Annual report (AR)	in HRK million	Income statement (CNB)	in HRK million	Diff.	Explanation
Interest income	1,785				CNB- Gains or losses on financial assets and financial liabilities held
Other similar income	59	Interest income	1,859	(21)	6 for trading, net CNB - Modification gains or (-) losses, net
Interest expense	(166)				
Other similar expense	(61)	Interest expense	(221)	(6)	CNB- Gains or losses on financial assets and financial liabilities held for trading, net
Fee and commission income	597	Fees and commissions income	597	- -	
Fee and commission expense	(164)	Fees and commissions expenses	(164)	- -	
Net trading result	211	Gains or losses on financial assets and financial liabilities held for trading, net	192	-	
		Exchange differences [gain or loss], net	19		
Personnel expenses	(522)	Administrative expenses	(930)	(1)	CNB- Other operating expense
Other administrative expenses	(487)	Depreciation	(131)	43	AR- Other operating result
Depreciation and amortisation	(131)	Cash contributions to resolution boards and deposit guaran	(121)	-	
Other operating result	(107)	Gains or losses from derecognition of non-financial assets, net	(3)		
Rental income from investment properties & other operating leases	5	Other operating income	31		
Net impairment loss on financial instruments	(627)	Other operating expense	(32)		
Gains/losses from derecognition of financial assets measured at amortised cost	(1)	Provisions or cancellation of provisions	(147)	¹	AR – Other administrative expenses
		Impairment or reversal of impairment on financial assets not measured at FVPL	(511)	²¹	AR - Interest income
		Modification gains or (-) losses, net	(30)	⁽⁴³⁾	CNB - Cash contributions to resolution boards and deposit guarantee schemes
		Impairment of non-financial assets	(17)		
Dividend income	11	Dividend income	11	- -	
Gains/losses from financial instruments measured at fair value through profit or loss	(18)	Gains/losses from financial instruments measured at fair value through profit or loss	(18)	- -	
Pre-tax profit from continuing operations	384	PRE-TAX PROFIT	384	- -	
Income tax	6	Taxes on income	6	- -	
NET PROFIT OF THE YEAR	390	NET PROFIT FOR THE PERIOD	390	- -	