

Erste & Steiermärkische Bank d.d.

(Incorporated as a stock corporation in the Republic of Croatia under registered number 040001037 and personal identification number 23057039320)

This document constitutes a registration document, as supplemented from time to time (the "**Registration Document**") for the purpose of Article 8 of the Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") in relation to Erste & Steiermärkische Bank d.d. (the "**Issuer**" or "**Erste Bank Croatia**") and has been drawn up in accordance with Annex 6 of the Commission Delegated Regulation (EU) 2019/980, as amended.

This Registration Document has been approved by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*, the "**FMA**") in its capacity as competent authority pursuant to Article 20 of the Prospectus Regulation in conjunction with the Austrian Capital Market Act 2019 (*Kapitalmarktgesetz 2019*) and, within its validity of 12 months after its approval, forms part of any base prospectus of the Issuer consisting of separate documents within the meaning of Article 8(6) of the Prospectus Regulation. The FMA only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Registration Document.

Prospective investors should have regard to the risk factors described under the section headed "*1. Risk Factors*" in this Registration Document. This Registration Document does not describe all of the risks regarding the Issuer, but the Issuer believes that all material and specific risks relating to it have been described.

This Registration Document gives information with regard to the Issuer and its subsidiaries and participations taken as a whole (the "**Erste Bank Croatia Group**") which, according to the particular nature of the Issuer, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.



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DOCUMENTS INCORPORATED BY REFERENCE

This Registration Document should be read and construed in conjunction with the following parts of the following documents which are incorporated by reference into this Registration Document and which have been filed with the FMA:

Document/Heading	Page reference in the relevant financial report
<p>Croatian language version of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial year ended 31 December 2019 – Annual Report 2019 (<i>Godišnje izvješće 2019</i>) (the "Audited Consolidated and Separate Financial Statements 2019")¹</p>	
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¹ The officially signed Croatian language versions of the Issuer's Audited Consolidated and Separate Financial Statements 2018 and 2019 are solely legally binding and definitive.

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² The English language translations of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial years ended 31 December 2018 and 31 December 2019 are not legally binding and are incorporated into this Registration Document by reference for convenience purposes only.

English language translation of the Unaudited Interim Consolidated Financial Statements of the Issuer for the half year ended 30 June 2020 – Interim Report Half Year 2020 (the "Unaudited Interim Consolidated Financial Statements as of 30 June 2020")

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For the avoidance of doubt, such parts of the Audited Consolidated and Separate Financial Statements 2018 and 2019 respectively as well as of the Unaudited Interim Consolidated Financial Statements as of 30 June 2020 which are not explicitly listed in the tables above, are not incorporated by reference into this Registration Document as these parts are either not relevant for the investor or covered elsewhere in this Registration Document.

Any information not listed above but included in the documents incorporated by reference is given for information purposes only.

Such parts of the documents which are explicitly listed above shall be deemed to be incorporated in, and form part of this Registration Document, save that any statement contained in such a document shall be deemed to be modified or superseded for the purpose of this Registration Document to the extent that a statement contained in this Registration Document modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Document.

DOCUMENTS AVAILABLE FOR INSPECTION

For the term of this Registration Document electronic versions of the following documents will be available on the Issuer's website under "www .erstebank.hr" (see also the links set out below in brackets):

- (i) the Audited Consolidated and Separate Financial Statements 2019 incorporated by reference into this Registration Document
("https://cdn0.erstegroup.com/content/dam/hr/ebc/www_erstebank_hr/misc/o-nama/financijska-izvjesca/2020/financijska-izvjesca/2032020-15-00h-godisnje-izvjesce-za-godinu-koja-završava-31122019.pdf?forceDownload=1");
- (ii) the English language translation of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial year ended 31 December 2019 incorporated by reference into this Registration Document
("https://cdn0.erstegroup.com/content/dam/hr/ebc/www_erstebank_hr/misc/o-nama/financijska-izvjesca/2020/financijska-izvjesca/2032020-15-00h-annual-report-for-the-year-ended-31122019.pdf?forceDownload=1");
- (iii) the Audited Consolidated and Separate Financial Statements 2018 incorporated by reference into this Registration Document
("https://cdn0.erstegroup.com/content/dam/hr/ebc/www_erstebank_hr/misc/o-nama/financijska-izvjesca/2019/financijska-izvjesca/25.3.2019.%20-%20Godišnje%20izvješće%20za%20godinu%20koja%20završava%2031.12.2018.pdf?forceDownload=1");
- (iv) the English language translation of the Audited Consolidated and Separate Financial Statements of the Issuer for the financial year ended 31 December 2018 incorporated by reference into this Registration Document

("https://cdn0.erstegroup.com/content/dam/hr/ebc/www_erstebank_hr/misc/o-nama/financijska-izvjesca/2019/financijska-izvjesca/25.3.2019.%20-%20Annual%20Report%20for%20the%20year%20ended%2031.12.2018.pdf?forceDownload=1");

- (v) the Unaudited Interim Consolidated Financial Statements as of 30 June 2020 incorporated by reference into this Registration Document

("https://cdn0.erstegroup.com/content/dam/hr/ebc/www_erstebank_hr/misc/o-nama/financijska-izvjesca/2020/financijska-izvjesca/1592020-15-30h-unaudited-financial-statements-group.pdf?forceDownload=1");

- (vi) this Registration Document and any supplement to this Registration Document

("https://www.erstegroup.com/content/dam/hr/ebc/www_erstebank_hr/eng/bonds/registration-document.pdf")

("www.erstebank.hr/en/about-us/bonds"); and

- (vii) the Issuer's articles of association

("https://cdn0.erstegroup.com/content/dam/hr/ebc/www_erstebank_hr/eng/downloads/about-us/Articles_of_Association.pdf").

SUPPLEMENT TO THIS REGISTRATION DOCUMENT

The Issuer is obliged by the provisions of the Prospectus Regulation that if there is a significant new factor, material mistake or material inaccuracy relating to the information included in this Registration Document which may affect the assessment of the securities to be issued and which arises or is noted between the time when this Registration Document is approved and the closing of the offer period or the time when trading on a regulated market begins, whichever occurs later, the Issuer shall prepare a supplement to this Registration Document or publish a replacement Registration Document for use in connection with any subsequent offering of the securities to be issued and shall supply to the FMA and the stock exchange operating any markets such number of copies of such supplement or replacement hereto as relevant applicable legislation require.

SUCCESSOR REGISTRATION DOCUMENT

The Issuer may publish an approved registration document (as supplemented from time to time, the "**Successor Registration Document**") which is designated to replace this Registration Document at any time on or before the expiry of this Registration Document's validity on its website ("www.erstebank.hr/en/about-us/bonds") upon which such Successor Registration Document shall replace this Registration Document and shall, together with the relevant securities note of the Issuer and *in lieu* of this Registration Document, form part of the relevant base prospectus consisting of separate documents.

SOURCES OF INFORMATION

Statistical and other data provided in this Registration Document has been extracted from the website of Fitch Ratings Ltd ("**Fitch**"), from the Croatian Central Bank's website, from the Audited Consolidated and Separate Financial Statements 2019 and from the English language translation of the annual report thereon as well as from the Unaudited Interim Consolidated Financial Statements as of 30 June 2020. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

FORWARD-LOOKING STATEMENTS

This Registration Document contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements can be identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Registration Document containing information on future earning capacity, plans and expectations regarding the Issuer's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Registration Document are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including the Issuer's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. The Issuer's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Registration Document to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Registration Document: "*1. Risk Factors*" and "*2. Erste & Steiermärkische Bank d.d.*". These sections include more detailed descriptions of factors that might have an impact on the Issuer's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Registration Document may not occur.

RESPONSIBILITY STATEMENT

The Issuer, with its registered office at Jadranski trg 3/a, 51000 Rijeka, Republic of Croatia, is responsible for the information given in this Registration Document.

The Issuer hereby declares that, to the best of the knowledge of the Issuer, the information contained in this Registration Document is in accordance with the facts and makes no omission likely to affect its import.

1. RISK FACTORS

Prospective investors should consider carefully the risks set forth below and the other information contained in this Registration Document prior to making any investment decision with respect to any securities to be issued. Prospective investors should note that the risks described below are not the only risks the Issuer faces. The Issuer has described only those risks relating to its business, operations, financial condition or prospects that it considers to be material and specific and of which it is currently aware. There may be additional risks that the Issuer currently considers not to be material and specific or of which it is not currently aware, and any of these risks could have the effects set forth below.

Prospective investors should also read the detailed information set out elsewhere in this Registration Document and should consult with their own professional advisers (including their financial, accounting, legal and tax advisers) and reach their own views prior to making any investment decision.

Each of the Issuer related risks highlighted below could have a material adverse effect on the Issuer's business, operations, financial condition or prospects which, in turn, could have a material adverse effect on the amount of principal and interest (if applicable) which investors will receive in respect of any securities to be issued. In addition, each of the Issuer related risks highlighted below could adversely affect the trading price of the securities to be issued or the rights of investors under the securities to be issued and, as a result, investors could lose some or all of their investment.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under securities to be issued. Most of these factors are contingencies which may or may not occur. Below the Issuer expresses its view on the likelihood of any such contingency occurring as of the date of this Registration Document.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the securities to be issued, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any securities to be issued may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

The risk factors herein are organised into categories depending on their nature (with the most material risk factors mentioned first in each of the categories):

1.1 CREDIT RISKS

Erste Bank Croatia may in the future experience deterioration in credit quality of their clients, particularly as a result of financial crises or economic downturns.

Based on its business model which is primarily concentrated on providing clients with loans, Erste Bank Croatia may in the future continue to be exposed to the risk that its borrowers may not repay their loans according to their contractual terms (defaults) and that the collateral or income stream securing the payment of these loans may be insufficient.

In case of further negative macroeconomic movements this risk may become even a bit more pronounced. This means that macroeconomic events, may lead to an increase in defaults of Erste Bank Croatia's customers, which would adversely impact its results of operations and financial condition. In addition, unanticipated political events could result in further losses for Erste Bank Croatia which means that political and economic instability resulting from, or causing, the occurrence of any of these risks would also adversely affect the market for Erste Bank Croatia's products and services.

Negative economic developments could have a negative effect on the credit quality of Erste Bank Croatia's loan portfolio. This is particularly true in cases of a significant increase in unemployment rates and deteriorated financial conditions for Erste Bank Croatia's corporate customers in Croatia. Potential higher reference interest rates could also result in more debtors to be unable to repay their loans according to their contractual terms and consequently lead to an increase of defaults for Erste Bank Croatia.

Potential exchange rate movements could also have a certain negative impact on Erste Bank Croatia's credit portfolio quality due to potentially higher monthly obligations of Erste Bank Croatia's clients which might have a negative influence on their ability for regular servicing of their monthly obligations. However, the Republic of Croatia entered into the European exchange rate mechanism II ("**ERM II**") procedure in course of the EUR introduction which is expected in the next period (i.e. a period of at least two years). Thus, the potential negative impact of EUR/HRK movements on Erste Bank Croatia's portfolio is lower. The real estate market prices have generally shown an upward trend in the last years. Collateral values are strongly correlated to the real estate

market price development and if the market conditions take a turn for the worse, collateral values may be negatively influenced. Market price reductions would lead to a decline of the collateralization ratio of the existing loan portfolios of Erste Bank Croatia as well as to potential reduced collateral recoveries in case of default of its borrowers.

Materialization of credit risk generates risk costs for the Issuer. The level of risk costs for Erste Bank Croatia is based on internal analysis of the current and historical probabilities for going into default as well as on the methods for loan management and based on assessment of the underlying asset and disposable debt serving capacity of its clients. Based on regulatory requests and accounting standards, Erste Bank Croatia allocates provisions for credit risk in order to cover expected losses in loan portfolio. Loan provisions are being calculated for financial asset valued based on amortised cost (financial asset held to maturity, loans and advances) in line with the International Financial Reporting Standard 9 (IFRS 9).

Erste Bank Croatia may experience severe economic disruptions, as those for instance are induced by the worldwide corona virus (COVID-19) pandemic, which may have significant negative effects on Erste Bank Croatia and its clients.

Erste Bank Croatia is directly and through its clients and suppliers exposed to multiple risks in relation to the worldwide pandemic caused by the corona virus SARS-CoV-2 ("**COVID-19**") and the measures taken to prevent the spread of COVID-19. The worldwide rapid spread of the COVID-19 pandemic, the interim lockdown and the resulting recession have led to deterioration of financial conditions of some Erste Bank Croatia's customers, in general, and certain sectors/businesses, e.g. air transportation, travel, tourism, consumer durables and oil industry, in particular. As a result, Erste Bank Croatia's loan portfolio quality could suffer or deteriorate, and non-performing loans may increase if respective loan moratoria regulations are lifted. If the economic conditions worsen beyond the level foreseen, this could have a material adverse effect on Erste Bank Croatia's business, financial condition and results of operations through a combination of less interest and fee income, credit losses exceeding the amount of Erste Bank Croatia's loan loss provisions.

In response to the COVID-19 pandemic and the expected economic crisis, governments, central banks and bank regulators in countries in which Erste Bank Croatia Group operates have already taken and are likely to take unprecedented state intervention measures, such as imposing payment moratoria, caps on interest rates, and other interfering into contractual relationships of Erste Bank Croatia Group with its clients and suppliers and limiting or reducing the legal remedies to collect amounts due, and many more measures like borders closures and full or partial curfews, etc. to protect their citizens (health), national economies, currencies or fiscal income, thereby incurring high fiscal deficits. Any of these or similar state intervention measures could have a material adverse effect on Erste Bank Croatia Group's business, financial condition and results of operations through a combination of less interest and fee income, higher risk costs or higher other costs.

The COVID-19 pandemic may also have a negative impact on the market value of the assets that are financed by Erste Bank Croatia, serve as collateral for Erste Bank Croatia's repayment claims and/or are included in Erste Bank Croatia's cover pool.

Furthermore, the COVID-19 pandemic might lead to a second wave of asset price adjustments as well as a rise in spreads, which might have a negative impact on the Issuer's refinancing costs.

Erste Bank Croatia is exposed to significant counterparty risk.

In the ordinary course of its business, Erste Bank Croatia is exposed to the risk that third parties who owe Erste Bank Croatia money, securities or other assets will not perform their obligations. This exposes Erste Bank Croatia to the risk of counterparty defaults, which could be higher during periods of economic downturn.

Furthermore, Erste Bank Croatia is exposed to a risk of non-performance by counterparties in the financial services industry. This exposure can primarily arise through trading, lending, clearance and settlement. These counterparties include brokers and dealers, custodians, commercial credit institutions, investment banks, and other institutional clients. Many of these relationships expose Erste Bank Croatia to credit risk in the event of counterparty default.

In addition, in cases where the collateral that Erste Bank Croatia holds cannot be realised or is liquidated at prices below the level necessary to recover the full amount of the loan or to cover the full amount of derivative exposure, Erste Bank Croatia will incur losses if its counterparties default on their obligations.

Concerns about potential defaults by third party financial institutions can lead to significant liquidity problems, losses or defaults by other financial institutions (such as the Issuer), as the commercial and financial soundness of many financial institutions is primarily interrelated due to credit and trading. Even a perceived

lack of creditworthiness may lead to market-wide liquidity problems. This risk is often referred to as "systemic risk", and it affects credit institutions (such as the Issuer) and all other types of intermediaries in the financial services industry. Systemic risk could have a material adverse effect on Erste Bank Croatia's business, financial condition, results of operations, deposit base, liquidity and/or prospects as it leads to a need for Erste Bank Croatia to raise additional capital, while at the same time making it more difficult to do so.

1.2 BUSINESS RISKS

Erste Bank Croatia's business entails several forms of operational risks.

Operational risk to which Erste Bank Croatia is exposed in several ways is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events, such as natural disasters, terrorism, external infrastructure failures or external fraud, and includes legal risk, but excludes strategic and reputational risk. However, in case of Erste Bank Croatia reputational risk is included under the operational risk for assessment purposes due to the strong link with it as many operational risk events have a strong impact in terms of reputation. The main components of operational risk in Erste Bank Croatia are:

- **Execution risk:** In case of Erste Bank Croatia, such risk arises from losses from failed transaction processing or process management, from relations with trade counterparties and vendors. It can materialize in deficiencies and/or errors in the origination of products and transactions, or failed execution or omission of contractual obligations and constitutes a major risk driver for Erste Bank Croatia. The increasing number of outsourcings and the complexity of services can significantly alter its risk profile, for example increase the information and communication technology ("ICT") risk resulting from significant usage of cloud service providers.
- **Conduct risk:** The current or prospective risk of losses to Erste Bank Croatia arises from inappropriate supply of financial services including cases of willful or negligent misconduct or not acting in the best interest of its clients. Erste Bank Croatia has faced litigations tied to violations or alleged violations of consumer protection or consumer rights and also expects current and potential conduct risks to remain under close regulatory scrutiny.
- **Fraud risk:** In case of Erste Bank Croatia, such risk arises from losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or company policy, excluding diversity/discrimination events, involving an internal or external party. Due to the constant change of fraud schemes or internal frauds spanning for longer time or credit risk related external frauds due to increasing business activity, respective monitoring, reporting and screening activities might not be fully effective in certain cases.
- **ICT risk:** In case of Erste Bank Croatia, the risk of loss arises due to breach of confidentiality, failure of integrity of systems and data, inappropriateness or unavailability of systems and data, or inability to change the IT within a reasonable time and costs when the environment or business requirements change (i.e. agility). ICT systems, the increasing usage of cloud services, project management and aging architecture have a potential impact from their failures on Erste Bank Croatia and on the financial sector as a whole due to interlinkages between Erste Bank Croatia and third party institutions, also in the cross-border context. It includes information security risk which could result in the compromise of assets, unauthorized use, loss, damage, disclosure or modification of IT-assets. ICT risk includes the increasing risk of cyber threats on Erste Bank Croatia whereas the relevant corrective measures like improvement of technical security mechanisms, monitoring of cloud service usage, awareness campaign, customer authentication mechanism, disaster recovery plan might not be fully effective.
- **Legal risk (impact):** In case of Erste Bank Croatia, such risk arises due to the possibility that failure to meet contractual obligations, initiated court proceedings against credit institutions and business decisions taken which are found to be unenforceable, might have a negative impact on the Issuer's business operation or financial position. Furthermore, in case of Erste Bank Croatia, it means the risk from a claim or proceeding due to non-compliance with legal and legislative provisions of national or international origin or from contractual arrangements or internal rules and/or ethical conduct deriving from national or international norms and practices or statutory responsibilities. It also includes the exposure to newly enacted laws as well as to changes in interpretations of existing laws. As a secondary risk, it may materialize in any of the above risk types, as Erste Bank Croatia may be the subject of a claim or proceedings alleging non-compliance with contractual or other legal or statutory responsibilities. The increase in complexity and constant change in the regulatory

environment imposing more and more obligations on credit institutions (such as the Issue) to be fulfilled towards its clients, in particular in retail business, is coupled with regulatory scrutiny and legal actions by consumer protection associations and agencies. This is expected to increase the level of uncertainty and sources of legal risks.

- **Compliance risk:** In case of Erste Bank Croatia, there is the possibility to incur legal or regulatory sanctions, including restrictions on business activities, fines or enhanced reporting requirements, in case of failure to comply with applicable laws, rules, regulations, related self-regulatory organization standards and codes of conduct applicable to Erste Bank Croatia's banking activities. Compliance risk materializes itself in fines imposed by the financial market authorities competent for Erste Bank Croatia (i.e. the Croatian National Bank ("CNB") and the Croatian Financial Services Supervisory Agency). The regulatory scrutiny is not expected to decrease, neither in terms of additional duties that Erste Bank Croatia will have to observe nor in terms of the authorities' audit exercises. It is possible that the number of audits and subsequently also the number of audit findings and potential fines will increase for Erste Bank Croatia.

Erste Bank Croatia is subject to risk that liquidity may not be readily available.

Erste Bank Croatia relies on customer deposits to meet a substantial portion of its funding requirements. Erste Bank Croatia's deposits are provided by both retail and corporate clients, a significant proportion of which are demand deposits. Such deposits are subject to fluctuation due to factors outside Erste Bank Croatia's control (such as a massive and accelerated deposit outflow caused by major crisis, the materialisation of reputational risk (i.e. lack of trust and market crisis)). Because a significant portion of Erste Bank Croatia's funding comes from its deposit base, any material decrease in deposits could have a negative impact on Erste Bank Croatia's liquidity unless corresponding actions were taken to improve the liquidity profile of other deposits or to use its liquid assets, mainly sovereign bonds, which may not be possible on economically beneficial terms.

As credit provider, Erste Bank Croatia is exposed to market liquidity risk, which arises from an inability to easily sell an asset because there is inadequate market liquidity or market disruption. Erste Bank Croatia is also exposed to funding liquidity risk, which is an exposure to losses arising out of a change in the cost of refinancing or from insolvency of counterparties, which may result in difficulties in meeting future payment obligations, either in full, on time or on economically beneficial terms.

Global conditions may in different ways have a material adverse effect on Erste Bank Croatia.

Erste Bank Croatia is directly and through its clients connected to the global financial system and dependent on exchange rates, financial asset prices and liquidity flows. Geopolitical uncertainties over North Korea, Russia, Ukraine, Iran, Syria, Saudi Arabia, Hong Kong, Turkey and Venezuela may impact financial markets, trade and so Erste Bank Croatia's clients. Furthermore, financial uncertainties over Turkey and the high total debt levels in China and some European countries like Italy or Spain may impact financial markets, global growth and Erste Bank Croatia's clients.

No trade deal with the United Kingdom is a further risk factor for Erste Bank Croatia as disruptions to financial markets as well as a sizeable macroeconomic shock could be the consequence.

Trade balance advantages from currently low oil prices could vanish with the recovery of the economic activity from the pandemic crisis which will influence the Republic of Croatia as net energy importer.

The still ultra-low interest environment creates further pressure on the financial sectors globally. Monetary policy in the future will depend on inflation and due to these unprecedented policies could vary from the foreseen path in either direction fast and without prior notice. Variances in monetary policy may result also in increased volatility in debt and foreign exchange markets. Erste Bank Croatia might continue to face unpredictable monetary moves. Global monetary policy might have helped to build significant exaggeration in various asset classes such as equity, housing and bonds and these asset prices could also correct swiftly and markedly which would also affect Erste Bank Croatia due to doing business in such asset classes.

The Euro zone membership perspective of the Republic of Croatia may negatively impact the Issuer's profitability due to loss of EUR/HRK conversion related business and one-off cost related to such conversion.

The Republic of Croatia is seeking to join the Euro zone and adopt the Euro as a currency. On that note, the Republic of Croatia joined the ERM II in July 2020, making the Euro adoption possible as early as from 2023. In that sense, the Issuer is facing a risk that the Republic of Croatia may eventually join the Euro zone, which in turn leads to a negative impact on the Issuer's profitability amid the loss of business revenues linked to its

foreign exchange operations involving EUR/HRK, a potential negative impact on its net interest income and its one-off costs related to the Euro adoption.

Changes in interest rates are caused by many factors beyond Erste Bank Croatia's control, and such changes can have a significant adverse effect on its financial results, including net interest income.

Erste Bank Croatia derives the majority of its operating income from net interest income. Interest rates are sensitive to many factors beyond Erste Bank Croatia's control, such as inflation, monetary policies the innovation of financial services, competition, domestic and international economic and political conditions. Changes in interest rates can affect the spread between the rate of interest that Erste Bank Croatia pays to borrow funds from its depositors and other lenders and the rate of interest that it charges on loans it extends to its customers. While the competitive pressure on the margins is a rather obvious factor, also changes in the absolute level of the interest rate environment can affect the spread between the rate of interest that Erste Bank Croatia pays to borrow funds from its depositors and other lenders and the rate of interest that it charges on loans it extends to its customers. If the interest margin decreases, net interest income will also decrease unless Erste Bank Croatia is able to compensate such decrease by increasing the total amount of funds it lends to its customers. The current low interest rate environment brings additional challenges for Erste Bank Croatia to interest margin stability as the potential to re-price its customers' deposits, also due to their natural floor which might be exhausted while loan yields are fully subject to the downward trend resulting in reduced net interest income. Additionally, in a very low or even negative interest rate environment, Erste Bank Croatia will bear increased costs of maintaining the regulatory and prudential liquidity buffers held in cash and highly liquid assets. An increase in rates charged to its customers can also negatively impact interest income if it reduces the amount of customer borrowings. For competitive reasons, Erste Bank Croatia may also choose to raise rates of interest it pays on deposits without being allowed to make a corresponding increase in the interest rates it charges to its customers, except in those situations when the raise is mandatory as per a legal provision. Finally, a mismatch in the maturity structure of interest-bearing assets and interest-bearing liabilities in any given period could, in the event of changes in interest rate curves, reduce Erste Bank Croatia's net interest margin and have a material adverse effect on its net interest income.

Market fluctuations and volatility may adversely affect the value of Erste Bank Croatia's assets, reduce profitability and make it more difficult to assess the fair value of certain of its assets.

Financial markets could face periods of significant stress conditions when steep falls in perceived or actual values of assets held by Erste Bank Croatia and other credit/financial institutions could be accompanied by a severe reduction in market liquidity.

Market volatility and illiquidity may make revaluation of certain exposures difficult, and the value ultimately realised by Erste Bank Croatia may be different from the current or estimated fair value. In addition, Erste Bank Croatia's estimates of fair value may differ both from similar estimates made by other financial institutions and from the values that would have been used if a market for these assets had been readily available. Any of these factors may affect Erste Bank Croatia's results of operations, liquidity or prospects as they could require Erste Bank Croatia to recognise further revaluation losses or realize impairment charges.

In case of a reduction in profitability Erste Bank Croatia's profit can be lower or even negative.

Erste Bank Croatia's results of operations in the current financial year and in the future will depend in part on the economic climate, regulatory and legislative changes and competition. Depending on the size of the reduction in profitability, such a reduction could have a material adverse effect on Erste Bank Croatia's results of operations in that period, on the reported amount of its assets and on its equity, and on Erste Bank Croatia's ability to make payments on the securities to be issued.

Erste Bank Croatia operates in a competitive market and competes against both local and foreign owned financial institutions. If Erste Bank Croatia is unable to properly respond to the competitive environment in the Republic of Croatia with product and service offerings that are profitable, it may lose market shares in important parts of its business or incur losses on its activities.

Loss of customer confidence in Erste Bank Croatia's business or in banking businesses generally could result in unexpectedly high levels of customer deposit withdrawals.

The availability of Erste Bank Croatia's customer deposits to fund its loan portfolio and other financial assets is subject to potential changes in certain factors outside Erste Bank Croatia's control, such as a loss of confidence of depositors in either the economy in general, the financial services industry or Erste Bank Croatia specifically, credit ratings downgrades, low interest rates and significant deterioration in economic conditions.

These factors could lead to a reduction in Erste Bank Croatia's ability to access customer deposit funding on appropriate terms in the future and to sustained deposit outflows, both of which would adversely impact Erste Bank Croatia's ability to fund its operations. Any loss in customer confidence in Erste Bank Croatia's banking businesses, or in banking businesses generally, could significantly increase the amount of deposit withdrawals in a short period of time. Should Erste Bank Croatia experience an unusually high level of withdrawals, this may have an adverse effect on Erste Bank Croatia's results, financial condition and prospects and could, in extreme circumstances, prevent Erste Bank Croatia from funding its operations. A change in the funding structure towards less stable and more expensive funding sources would also result in higher liquidity buffer requirements and an adverse impact on net interest income for Erste Bank Croatia.

Erste Bank Croatia's risk management strategies, techniques and internal control procedures may leave it exposed to unidentified or unanticipated risks.

Erste Bank Croatia's risk management techniques may not be fully effective in mitigating Erste Bank Croatia's risk exposure in all economic market environments or against all types of risks, including risks that it fails to identify or anticipate. Furthermore, regulatory audits or other regular reviews of the risk management procedures and methods have in the past detected, and may in the future detect, potential for improvement, weaknesses or deficiencies in Erste Bank Croatia's risk management systems. Some of Erste Bank Croatia's quantitative tools and metrics for managing risks are based upon its use of observed historical market behavior. During global crisis situations, as for instance the global financial crisis or the COVID-19 pandemic, the financial markets experienced unprecedented levels of volatility (rapid changes in price development) and the breakdown of historically observed correlations across asset classes, compounded by extremely limited liquidity. In the volatile market environment, Erste Bank Croatia's risk management tools and metrics may in the future under similar conditions of market disruption only partially reflect future important risk exposures.

In addition, Erste Bank Croatia's quantitative modelling does not necessarily take all risks into account and makes numerous assumptions regarding the overall environment and/or the implicit consideration of risks in the quantification approaches, which may or may not materialize. As a result, risk exposures could arise from factors not anticipated or correctly evaluated in Erste Bank Croatia's risk estimation models thus potentially resulting in material adverse effect on its business, financial condition and results of operations, as losses greater than the maximum losses envisaged under its risk management system could occur.

1.3 LEGAL AND REGULATORY RISKS

The Issuer is subject to the risk of changes in the tax framework, in particular regarding banking taxes.

The future development of the Issuer's assets, financial and profit position, *inter alia*, depends on the tax framework. Every future change in legislation, case law and the tax authorities' administrative practice may negatively impact on the Issuer's assets, financial and profit position, for example, as a result of the introduction of banking taxes, financial transaction taxes or other levies.

The Issuer is subject to the risk of change in applicable laws, while the Croatian legal and judicial system still requires investment of substantial efforts to reach the level of more developed EU member states.

The Issuer, being a credit institution operating in Croatia, must comply with a variety of Croatian laws and regulations governing a number of matters, including banking, data protection, labour relations, welfare, health and safety as well as tax. Any failure by the Issuer to comply with applicable laws and regulations (including such aforementioned altered legal interpretations thereof) may result in fines and other sanctions by relevant regulator, legal actions against the Issuer by the client(s), and have negative legal, financial and reputational consequences for the Issuer, respectively.

In the past, Erste Bank Croatia has faced situations of laws and regulations being adopted or amended in urgent proceedings, where primary legislation has taken effect immediately and before the introduction of secondary regulations, and/or where legislative interventions were made in the existing contractual relationships with the clients, sometimes even with retroactive effect.

Such situations have already caused a shift from previous legal interpretations by certain courts and authorities of legal matters relevant for the business of the credit institutions (such as the Issuer), entrepreneurs and creditors in general, with a negative effect on the operations of the Issuer and the position of its creditors.

In spite of the fact that the Republic of Croatia is an EU member state, its legal and judicial system still requires investment of substantial efforts to reach the level of more developed EU member states.

Civil law, competition law, securities law, company law, bankruptcy law and other areas of law have been and continue to be subject to constant changes as new laws are being adopted in order to keep pace with the legislation (and jurisprudence) existing at the EU level. EU legislation and jurisprudence may be implemented and/or applied inconsistently and it may not be possible, in certain circumstances, to obtain legal remedies in a reasonably timely manner. The relatively limited experience of a significant number of courts and the existence of number of issues relating to the independence of the judiciary system may lead to decisions beyond reasonable or legitimate expectations. In the Republic of Croatia, being a civil law jurisdiction, judicial decisions generally have no precedential effect. For the same reason, courts themselves are generally not bound by earlier decisions taken under the same or similar circumstances, which can result in the inconsistent application of legislation to resolve the same or similar disputes. The enforcement of judgments sometimes proves difficult which in the past meant that the enforcement of rights through the Croatian court systems may be laborious. This lack of legal certainty and the inability to obtain effective legal remedies in a timely manner may adversely affect the Issuer's business by creating a higher legal risk for certain products.

Furthermore, insolvency laws and the enforcement legal framework and procedural safeguards in the Republic of Croatia have not yet been fully observed and are less efficient than in more developed EU member states, which may limit the Issuer's ability to obtain payments on defaulted loans and advances.

Insolvency laws and other laws and regulations are not always strictly observed and applied in the Republic of Croatia. Moreover, the procedural steps pertaining to insolvency proceedings result in material delays to recover defaulted loans and the success rate of debtor restructuring and the turnaround is comparatively lower. In addition, it is often difficult to locate all of the assets of an insolvent debtor. The Issuer has at times had substantial difficulties receiving pay-outs on claims related to extensions of a credit, or foreclosing on collateral that secures a credit, that it has made to entities that have subsequently filed for bankruptcy protection or that have contested the enforcement thereof. In the event of further economic downturns, these problems could intensify, including as a result of changes in law or regulations intended to limit the impact of economic downturns on corporate and retail borrowers. These problems, if they were to persist or intensify, may have an adverse effect on the Issuer's business, results of operations and financial condition, by making collections and enforcement of collateral in the Republic of Croatia more difficult and time consuming, and in some cases, impossible.

Changes in consumer protection laws as well as the application or interpretation of such laws might limit the fees and other pricing terms that the Issuer may charge for certain banking transactions and might allow consumers to claim back certain of those fees and interest already paid in the past.

New governmental or regulatory requirements and changes in perceived levels of adequate capitalization and leverage could subject Erste Bank Croatia to increased regulatory requirements or standards and require it to obtain additional capital, liabilities eligible for MREL purposes or liquidity in the future.

Regulatory environment is constantly changing and there are numerous ongoing initiatives for developing new, implementing and amending existing regulatory requirements applicable to European credit institutions, including Erste Bank Croatia, at national and international levels. Such initiatives which aim to continuously enhance the banking regulatory framework, *inter alia*, include the following:

- **SREP Requirements**

Erste Bank Croatia Group is subject to SREP requirements stipulated in the following regulations applicable in Croatia, the Croatian Credit Institutions Act (Official Gazette ("OG") 159/2013, 19/2015, 102/2015, 15/2018 and 70/2019) (the "**Credit Institutions Act**") implementing Articles 97, 98, 104 (1) and 113 of the Directive 2013/36/EU, as amended ("**CRD IV**"), the Croatian decision on the method of exercising supervision of credit institutions and imposing supervisory measures (OG 23/2014 and 55/2014) and Article 16 of the Council Regulation (EU) No 1024/2013 as amended (*Single Supervisory Mechanism Regulation*) determined by the annual Supervisory Review and Evaluation Process ("**SREP**") based on the competent authorities' (i.e. the CNB and the European Central bank ("**ECB**")) joint decision. According to the business model, governance and risk management, capital adequacy and the liquidity situation of Erste Bank Croatia, each year the competent authority sets an additional own funds requirement (Pillar II requirement) for Erste Bank Croatia Group. This requirement needs to be met by the sort of capital (Common Equity Tier 1 ("**CET 1**") capital, Additional Tier 1 (AT 1) capital or Tier 2 capital) set by the competent authorities. Depending on the assessment, SREP requirements may vary annually. Together with the conclusions of the SREP, the competent authorities provide Erste Bank Croatia with the conclusions related to the risks, deficiencies and concerns relating to the internal

assessment of its capital needs, respectively, whether the methodologies used by Erste Bank Croatia are appropriate to the nature, extent and complexity of its activities and if the results obtained in the Internal Capital Adequacy Assessment Process (ICAAP) reflect the unexpected losses associated with the significant risks to which Erste Bank Croatia is exposed.

An increasing Pillar 2 requirement for Erste Bank Croatia Group could trigger additional pressure on the capitalization of Erste Bank Croatia Group.

- *Capital buffers*

In line with CRD IV and as per the Credit Institutions Act, the CNB requires institutions (such as Erste Bank Croatia) to maintain specific capital buffers in addition to own funds requirements (Pillar I requirements) imposed by the Regulation (EU) No 575/2013, as amended (*Capital Requirements Regulation – "CRR"*) and potentially any Pillar II additional own funds requirements.

The following requirements on capital buffers are applied as of the date of this Registration Document:

- Capital conservation buffer: the capital conservation buffer of CET 1 capital amounts to 2.5% of the total risk exposure amount in accordance with Article 117 (1) of the Credit Institutions Act;
- Countercyclical capital buffer: until further notice from the CNB, the countercyclical buffer rate for exposures situated in the Republic of Croatia is 0.0%. The countercyclical buffer at Erste Bank Croatia Group level will vary from period to period depending on the composition of underlying risk relevant exposures;
- Global systemically important institutions (G-SII) / Other systemically important institutions ("**O-SII**") buffer: Erste Bank Croatia Group is classified as an O-SII in the Republic of Croatia and the buffer for Erste Bank Croatia Group currently amounts to 2.0%. The O-SII buffer is revised annually and may also be affected by the buffer set for Erste Group (as defined in section "2.2 BACKGROUND" below) in line with Article 137 (6) of the Credit Institutions Act.
- Systemic risk buffer: Erste Bank Croatia Group is currently obligated to maintain a structural systemic risk buffer of 3.0%.
- For O-SII institutions, the maximum between the systemic risk buffer and the O-SII buffer is to be applied. Based on this, Erste Bank Croatia is subject to a 3.0% capital charge, as the systemic risk buffer is 3.0% and the O-SII buffer is 2.0%.
- In total, the combined capital buffer currently amounts to 5.5% of the total risk exposure and shall be covered by CET 1 capital.

As of 1 January 2021, for institutions which are subject to a systemic risk buffer, both the systemic risk buffer and the O-SII buffer will be cumulatively included in the combined buffer requirement. Erste Bank Croatia has not received a formal decision regarding the impact on its combined buffer requirement as of the date of this Registration Document.

- *Bank Recovery and Resolution Legislation*

The provisions of the Directive 2014/59/EU, as amended (*Bank Recovery and Resolution Directive - "BRRD"*) have been transposed into Croatian legislation via the Croatian Act on the Resolution of Credit Institutions and Investment Firms (OG 19/2015, 16/2019 and 47/2020) (the "**Act on the Resolution of Credit Institutions and Investment Firms**") and the Credit Institutions Act. The new legislation may have a negative impact on debt instruments by allowing the resolution authorities to order write-down of such instruments or convert them into instruments of ownership under resolution circumstances. Erste Bank Croatia may be subject to resolution tools and other powers as set out under the abovementioned laws.

- *EU Banking Reform Package*

On 7 June 2019 a legislative package regarding a set of revised rules aimed at reducing risks in the EU banking sector ("**EU Banking Package**") was published in the Official Journal of the EU. The EU Banking Package comprises the CRD IV and the CRR as well as the BRRD and the Regulation (EU) No 806/2014, as amended ("**SRMR**"). The EU Banking Package implements reforms agreed at international level following the 2007-2008 financial crises to strengthen the banking sector and address outstanding challenges to financial stability. The EU Banking Package has been transposed into

Croatian legislation, or in more details regulated by the Credit Institution Act and the Act on the Resolution of Credit Institutions and Investment Firms.

The EU Banking Package entered into force on 27 June 2019. Certain amendments of the CRR already apply since 27 June 2019; further amendments of the CRR will apply from 28 December 2020 respectively 28 June 2021, those of the SRMR from 28 December 2020. The EU member states shall implement the amendments of the BRRD and the CRD IV into national law until 28 December 2020.

The EU Banking Package, *inter alia*, implements "Resolution Group" levels which are relevant for determining the level of application of the rules on loss absorbing and recapitalization capacity that financial institutions should comply with and defines the desired resolution strategy. The new legislative framework allows for a multiple-point-of-entry ("MPE") or a single-point-of-entry ("SPE") resolution strategy. The minimum requirement for own funds and eligible liabilities ("MREL") should reflect the resolution strategy which is appropriate to a group in accordance with the resolution plan. Under the SPE strategy, only one group entity, usually the parent company, i.e. Erste Group, is resolved whereas other group entities, usually operating subsidiaries such as Erste Bank Croatia Group, are not put in resolution, but upstream their losses and recapitalization needs to the entity to be resolved. Under the MPE strategy, more than one group entity may be resolved.

Erste Group received the joint decision signed by the Single Resolution Board ("SRB") as group resolution authority, the Croatian resolution authority, the Czech resolution authority, the Hungarian resolution authority and the Romanian resolution authority acting with the resolution college upon the MPE approach forming separate resolution groups with Erste Group's core CEE subsidiaries, but with SPE approaches on country level (on resolution group level). The MPE strategy is subject to the implementation of the measures to mitigate the risk of contagion, to ensure that enough loss absorbing capacity is available at the level of each resolution group and to ensure operational continuity and separability in case of a resolution event.

Under the MPE resolution strategy the resolution entity is Erste Bank Croatia which means that the losses are recognised at Erste Bank Croatia Group level and the bail-in takes place at Erste Bank Croatia level. In this case Erste Bank Croatia can issue external (extra group) MREL eligible liabilities. The resolution plans (including resolution strategy and MREL decisions) are drawn up, assessed and approved in the resolution college on a regular basis and pose a potential regulatory risk to Erste Bank Croatia Group.

- **MREL**

In order to ensure the effectiveness of the bail-in and other resolution tools, as regulated in the Act on the Resolution of Credit Institutions and Investment Firms, all institutions (including the Issuer) have to meet, at all times, an individual MREL requirement, internal or external, depending on the applying resolution strategy (MPE or SPE). MREL shall be calculated as amount of own funds and eligible liabilities expressed as a percentage of:

- a) the total risk exposure amount calculated in accordance with Article 92(3) CRR; and
- b) the leverage exposure calculated in accordance with Articles 429 and 429a CRR.

MREL is set on a case-by-case basis. The determination of MREL is going to be determined by the resolution college on a yearly basis as a joint decision of the SRB and the CNB. As of the date of this Registration Document, no binding MREL target has been set for Erste Bank Croatia. If Erste Bank Croatia is unable to increase its MREL ratio sufficiently, its credit ratings may drop and its cost of funding may increase, and/or the competent authorities may impose fines, penalties or other regulatory measures.

Erste Bank Croatia is obliged to contribute to the bank resolution fund and to the deposit insurance fund on an annual basis.

The bank resolution fund pools together regular (annual) contributions from credit institutions (including the Issuer), whose level is currently set by the Croatian State Agency for Deposit Insurance and Bank Resolution ("DAB") in accordance with the provisions of the Act on the Resolution of Credit Institutions and Investment Firms so that the target level of 1.0% of the amount of covered deposits of all credit institutions authorized in the Republic of Croatia (including the Issuer) might be reached by 31 December 2024.

With the establishment of close cooperation with the ECB and by joining the Single Supervisory Mechanism ("SRM") on 10 July 2020, the Republic of Croatia became a full member of the SRM in accordance with the SRMR, whose implementation has been further regulated by the Credit Institutions Act and the Act on the Resolution of Credit Institutions and Investment Firms. Due to that fact it is expected that in the upcoming period credit institutions in the Republic of Croatia (including the Issuer) are going to make contributions to the Single Resolution Fund.

The provisions of Directive 2014/49/EU, as amended (*Directive on Deposit Guarantee Schemes – "DGSD"*) have been transposed into Croatian legislation pursuant to the Croatian Deposit Insurance Act (OG 82/15) and forms part of the measures adopted in the aftermath of the financial crisis in an effort to establish the Banking Union and aims to further strengthen the protection of depositors. In principle, the target level of the deposit insurance fund is set to 2.5% of the total amount of insured deposits and is to be collected from credit institutions in the Republic of Croatia (including the Issuer) until 3 July 2024. In addition to *ex-ante* contributions, if necessary, credit institutions (including the Issuer) will have to pay extraordinary (*ex post*) contributions to a certain extent, set by the DAB.

1.4 FURTHER RISK RELATING TO THE ISSUER

Credit rating agencies may suspend, downgrade or withdraw a credit rating of Erste Bank Croatia and/or Erste Group Bank AG as parent company and/or the Republic of Croatia, and such action could negatively affect the refinancing conditions for Erste Bank Croatia, in particular access to debt capital markets.

Erste Bank Croatia's credit rating is strongly interconnected to the sovereign long-term credit rating of the Republic of Croatia, alongside the overall stability of the banking system in the Republic of Croatia. Any downgrade of the credit rating of Erste Bank Croatia and/or of Erste Group Bank AG ("**Erste Group Bank**") as parent company or of the Republic of Croatia, could have a material adverse effect on Erste Bank Croatia's liquidity and profitability, undermine its confidence and credit rating, increase its borrowing costs, limit its access to funding and capital markets or limit the range of counterparties willing to do business with Erste Bank Croatia.

2. ERSTE & STEIERMÄRKISCHE BANK D.D.

2.1 INTRODUCTION

The Issuer is registered as a joint-stock corporation (*dioničko društvo*) in the Croatian companies register (*Sudski registar Ministarstva pravosuđa Republike Hrvatske*) at the Rijeka commercial court (*Trgovački sud u Rijeci*) and has the registration number MBS 040001037 and the personal identification number 23057039320. The Issuer is established for an indefinite period of time and operates under Croatian law. Its commercial name is "Erste & Steiermärkische Bank d.d.". The registered office of the Issuer is Jadranski trg 3/a, 51000 Rijeka, Republic of Croatia. Its telephone number is +385 (0) 800 7890 and its website is "www.erstebank.hr". The information on the Issuer's website does not form part of this Registration Document unless that information is incorporated by reference into this Registration Document (please see "*Documents Incorporated By Reference*" above). The Issuer's legal entity identifier (LEI) code is 549300A2F46GR0UOM390.

Erste Bank Croatia has been doing business under this name since 1 August 2003, after the merger of Riječka banka d.d., Rijeka and the former Erste & Steiermärkische Bank d.d., Zagreb. Both banks played an important role on the Croatian financial market. Riječka banka d.d. was established in 1954 and, with 50 years of banking experience, was a leading bank in Rijeka, Primorje and Istra region, while Erste & Steiermärkische Bank d.d., Zagreb was established in 2000 by merging three successful Croatian regional banks: Bjelovarska, Trgovačka and Čakovečka. Since 2000, Erste Bank Croatia is part of the international Erste Group which was established in 1819 as an association savings bank which was also the first saving bank in Austria. Today, it is the one of the largest financial service providers in the eastern part of the EU.

2.2 BACKGROUND

Erste Bank Croatia Group consists of Erste Bank Croatia and its subsidiaries and participations as follows (as of 31 December 2019):

Name of the subsidiary	Ownership interest	Principal activity	Registered office
Erste Nekretnine d.o.o.	100%	Real estate business	Ivana Lučića 2A, Zagreb
Erste Bank AD Podgorica, Montenegro	100%	Credit institution	Arsenija Boljevića 2A, Podgorica, Montenegro
Erste Card Club d.o.o.	100%	Financial intermediation and services	Ulica Frana Folnegovića 6, Zagreb
Erste Card d.o.o. Slovenia	100%	Financial intermediation and services	Dunajska cesta 129, Ljubljana, Slovenia
Diners Club International Mak d.o.o.e.l., Skopje	100%	Financial intermediation and services	Kej 13-ti Noemvri, 2/2 GTC, Skopje
Erste Factoring d.o.o.**	100%	Accounts receivables repurchase	Ivana Lučića 2A, Zagreb
Erste&Steiermärkische S-Leasing d.o.o.	50%	Financial and operating leasing	Zelinska 3, Zagreb
Izbor Nekretnina d.o.o.	100%	Real estate management and lease	Ivana Lučića 2A, Zagreb
Erste Group IT HR d.o.o.	80%	IT engineering	Jurja Haulika 19/A, Bjelovar
Name of the participation			
Erste d.o.o.	45.86%	Management company for obligatory and voluntary pension fund	Ivana Lučića 2A, Zagreb

** On 19 June 2020 merged with Erste Bank Croatia

Erste Bank Croatia and the other financial institutions in Erste Bank Croatia Group provide primarily day-to-day banking services to governmental institutions, corporate and individual clients operating in Croatia, Montenegro, North Macedonia and Slovenia. These services include, depending on the particular country, acceptance of deposits, lending, including mortgage credit, investment banking, securities trading and derivatives business (on its own account and for the account of customers), portfolio management, project finance, international trade finance, corporate finance, capital and money market services, foreign exchange, leasing, factoring, private pension fund management, credit card and real estate business.

Erste Bank Croatia serves more than 910 thousand customers in the Republic of Croatia through a network of 124 branches, 737 automated teller machines (ATMs), 12 commercial centres, 8 profit centres and 8 centres for small and medium-sized enterprises ("**SME**") and is ranked as third largest bank in the Republic of Croatia

in terms of assets, with a market share of 15.89% as of June 2020 (Source: Croatian Central Bank, www.hnb.hr/documents/20182/7157cb45-d018-9380-c014-1a58f45dce23).

In 2019, Erste Bank Croatia Group had an average of 3,274.14 employees (weighted according to the level of employment), of which an average of 2,433.00 (weighted according to the level of employment) were employed by Erste Bank Croatia. As of 31 December 2019, Erste Bank Croatia Group had HRK 73,866 billion in total assets.

Erste Bank Croatia is part of the wider Erste Group that consists of Erste Group Bank, together with its subsidiaries and participations, including Erste Bank der oesterreichischen Sparkassen AG in Austria, Česká spořitelna in the Czech Republic, Banca Comercială Română in Romania, Slovenská sporiteľňa in Slovakia, Erste Bank Hungary in Hungary, Erste Bank Croatia in the Republic of Croatia, Erste Bank Serbia in Serbia and, furthermore, in Austria, Salzburger Sparkasse Bank AG, Tiroler Sparkasse Bankaktiengesellschaft Innsbruck, Bausparkasse der österreichischen Sparkassen Aktiengesellschaft, other savings banks of the Haftungsverbund (i.e. the cross guarantee system that was formed on the basis of a set of agreements (*Grundsatzvereinbarung*) with the majority of the Austrian savings banks), Erste Group Immorent GmbH, and others (the "**Erste Group**").

The parent company of Erste Bank Croatia is Erste Group Bank and, thus, Erste Bank Croatia is dependent on Erste Group Bank, since the funding from the parent company represents a significant portion of Erste Bank Croatia's EUR funding.

Erste Bank Croatia is not dependent on any entity within Erste Bank Croatia Group.

2.3 SHARE CAPITAL OF ERSTE BANK CROATIA

As of the date of this Registration Document, the total nominal share capital of Erste Bank Croatia amounted to HRK 1,698,417,500 (fully paid), divided into 16,984,175 ordinary shares issued in dematerialized form, in the nominal value of HRK 100.00, maintained with the Central Depository and Clearing company (*Središnje klirinško depozitarno društvo*) with the designation "RIBA-R-A".

Erste Bank Croatia's shares are not listed on a stock exchange.

2.4 ARTICLES OF ASSOCIATION

The Issuer's objects are laid down in section 2 of its articles of association and read in particular as follows:

THE SCOPE OF BUSINESS

(1) The scope of the Erste Bank Croatia's business is performing the following activities:

- acceptance of deposits or other repayable funds from the public and the granting of credits for own account from these funds;
- acceptance of deposits or other repayable funds;
- lending, including consumer credit, mortgage credit and, where permitted by a special law, financing of commercial transactions, including export financing based on the purchase at a discount without recourse of non-current, nonmatured receivables collateralized with a financial instrument (forfeiting);
- repurchase of receivables with or without recourse (factoring);
- financial leasing;
- issuance of guarantees or other commitments;
- trading for own account or for the accounts of clients in:
 - o money market instruments;
 - o transferable securities;
 - o foreign exchange, including currency exchange transactions;
 - o financial futures and options;
 - o exchange and interest-rate instruments;
- money transmission services in the country and abroad in accordance with special laws;
- credit reference services, such as collection, analysis and provision of information on the creditworthiness of legal and natural persons that conduct their business independently;

- issuing and administering other means of payment, if the provision of such services is not considered the provision of money transmission services in the country and abroad in accordance with special laws;
- safe custody services;
- money broking;
- participation in issues of financial instruments as well as the provision of services relating to issues of financial instruments in accordance with the law governing the capital market;
- safekeeping of financial instruments and services related to the safekeeping of financial instruments in accordance with the law governing the capital market;
- investment and ancillary services and activities prescribed in the special law governing the capital market, as follows:
 - o reception and transmission of orders in relation to one or more financial instruments;
 - o execution of orders on behalf of clients;
 - o dealing on own account;
 - o investment advice;
 - o underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
 - o underwriting of financial instruments and/or placing of financial instruments without a firm commitment basis;
 - o safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management;
 - o granting credits or loans to an investor to allow him/her/it to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;
 - o advice on capital structure, industrial strategy and related matters, and advice and services relating to mergers and the purchase of undertakings;
 - o foreign exchange services where these are connected to the provision of investment services;
 - o investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments;
 - o services relating to underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
 - o investment services and activities as well as ancillary services related to the underlying of the derivatives referred to in Article 3, paragraph 1, point 2, subpoint d, indents 2, 3, 4 and 7 of the Croatian Capital Market Act, where these investment services and activities are connected to the provision of investment or ancillary services;
- activities related to the sale of insurance policies in accordance with the law governing insurance;
- customer assets management and respective advising.

2.5 BORROWING AND FUNDING STRUCTURE

There have been no material changes in the Issuer's borrowing and funding structure since the Issuer's last financial year.

2.6 EXPECTED FINANCING OF THE ISSUER'S ACTIVITIES

Erste Bank Croatia's funding and liquidity profile reflects and will reflect a business model that primarily focuses and will focus on retail and corporate customer business in Croatia. Accordingly, Erste Bank Croatia's main funding sources, in order of significance, are and will be customer deposits, debt securities in issue, funding from supranational institutions and interbank deposits.

2.7 BUSINESS OVERVIEW

Strategy

Erste Bank Croatia strives to maintain its focus to clients, both in the retail and corporate as well as public segment. Erste Bank Croatia aims to support its customers in realizing their ambitions by offering financial advice and solutions, lending services and providing security for deposits through client relationship. Erste Bank Croatia business activities aim to contribute to economic growth and financial stability. Erste Bank Croatia has been posting good business results for years, continuously investing in digital development that facilitate innovation and creativity in customer service.

Erste Bank Croatia aims to pursue a balanced business model focused on providing suitable banking services to each of its customers. In this respect, Erste Bank Croatia is working on digitalisation of its services, making more efficient back office in order to enable improved and effective customer relationship. Investing in digital is the priority for the next period, that will enable both sustainable growth and more efficient operations.

Erste Bank Croatia strives to maintain fair and long-term client relationship and to deliver customer experience as well as to provide products and services that support customers in achieving their financial ambitions.

In retail banking, Erste Bank Croatia aims to focus on both unsecured and secured lending, and long-term financial planning. By implementing a new direct digital channel (George), combined with the contact center it aims to be able to attract more digital oriented customers, mainly from a younger generation. Combination of digital banking with further phased reduction of branch network is accompanied by a change in the role of the branch towards advisory.

In corporate banking, Erste Bank Croatia aims to target all corporate segments, with keeping the strongest position on SME and expanding further in large corporates.

Erste Bank Croatia path to digital transformation has started years ago and has formed an innovator image on the market, which was further confirmed by the launch of a well-accepted KEKS (instant payment peer-to-peer mobile application). As a market innovator, Erste Bank Croatia aims to become a leader in digital trends, driven by IT transformation that is supported by customer journeys.

The digital platform George was implemented in Austria in 2015. Since 2018, George has also been running in the Czech Republic, Slovakia and Romania. It will be rolled out in all the other core markets of Erste Group, including the Republic of Croatia in the short-term. George is a platform that will further position Erste Bank Croatia as a digital innovator.

Transforming the business, increasing the number of automated and digitised processes, constantly increasing the range of digitally available products and services, it will enable customers to experience modern and innovative banking solutions. The omni-channel approach integrates the various sales and communication channels, customers are enabled to choose at their convenience and preference how to do banking with Erste Bank Croatia.

Such positioning shall aim to bring a sustainable value generation that will enable Erste Bank Croatia to further grow and provide good customer experience. Erste Bank Croatia aims to work on achieving operational efficiency through process optimisation and digitization, together with gaining a market leadership position in economically strong regions and segments.

The banking business for Erste Bank Croatia also aims to reflect its corporate responsibility towards all stakeholders, customers, employees, society and the environment. The organisation aims to build future-proof competences, while creating a stable and rewarding work environment for all. Therefore, Erste Bank Croatia aims to pursue banking business in a socially responsible manner and aims to earn a premium on the cost of capital.

Capital Requirements

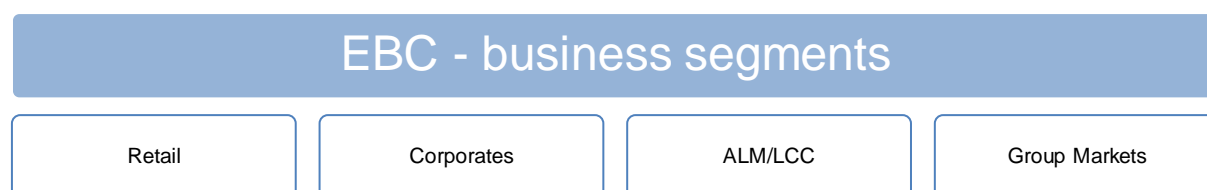
Erste Bank Croatia received the joint decision on the additional capital requirements that need to be fulfilled on a consolidated basis and on an individual basis since 1 January 2020 as set by the CNB, following the SREP results in 2019.

The additional regulatory capital demands comprise a Pillar 2 requirement to be composed of at least 56% of CET 1 capital and 75% of Tier 1 capital.

As a result, the overall capital requirements encompass a Pillar 1 CRR minimum requirement, a Pillar 2 requirement and a combined buffer requirement.

Erste Bank Croatia's Segment Reporting

The segment reporting comprises four business segments reflecting Erste Bank Croatia Group's management structure and its internal management reporting in 2019.



The **Retail segment** comprises the business with private individuals, micros and free professionals within the responsibility of account managers in the retail network. This business is operated by the local banks in cooperation with their subsidiaries such as leasing and asset management companies with a focus on simple products ranging from mortgage and consumer loans, investment products, current accounts, savings products to credit cards and cross selling products such as leasing, insurance and building society products.

The **Corporates segment** comprises business done with corporate customers of different turnover size (small and medium-sized enterprises, Local Large Corporate and Group Large Corporate customers) as well as commercial real estate and public sector business. Small and medium-sized enterprises (SE) are clients which are under the responsibility of the local corporate commercial center network, mainly consisting of companies with-in defined annual turnover thresholds. Local Large Corporates (LLC) are clients with specific annual turnover thresholds (lying above SME thresholds) which are not defined as Group Large Corporate customers according to the Group Large Corporate client list. Group Large Corporates ("**GLC**") are large corporate customers/client groups with substantial operations in core markets/extended core markets of Erste Group. GLC clients are included on the GLC client list. Commercial Real Estate (CRE) covers for example investors in real estate for the purpose of generating income from the rental of individual properties or portfolios of properties, developers of individual properties or portfolios of properties for the purpose of generating capital gains through sale. The Public Sector consists of three sets of customers: public sector, public corporations and non-profit sector. In addition, the majority of municipalities are also segmented as Public Sector clients.

Asset Liability Management (ALM) and Local Corporate Center (LCC) segment includes all asset/liability management functions as well as the local corporate centers which comprise all non-core banking business activities such as internal service providers and reconciliation items to local entity results. The corporate center of Erste Bank Croatia is included in the Group Corporate Center segment.

Group Markets segment comprises trading and markets services as well as customer business with financial institutions. It includes all activities related to the trading books of Erste Group, including the execution of trade, market making and short-term liquidity management. In addition, it comprises business connected with servicing financial institutions as clients including custody, depository services, commercial business (loans, cash management, trade & export finance).

2.8 CREDIT RATINGS

Fitch has assigned the following credit ratings to the Issuer:

Long-Term	Outlook	Short-Term
BBB+	Stable	F2

According to the rating definitions as published by Fitch ("www.fitchratings.com"), the above credit ratings have the following meanings:

'**BBB**' – Good credit quality. 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

Note: The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories.

'**F2**' – Good short-term credit quality. Good intrinsic capacity for timely payment of financial commitments.

'**Outlook**' — Rating outlooks indicate the direction a rating is likely to move over a one- to two-year period. They reflect financial or other trends that have not yet reached the level that would trigger a rating action, but which may do so if such trends continue. The majority of Outlooks are generally Stable, which is consistent

with the historical migration experience of ratings over a one- to two-year period. Positive or Negative rating Outlooks do not imply that a rating change is inevitable and, similarly, ratings with Stable Outlooks can be raised or lowered without a prior revision to the Outlook, if circumstances warrant such an action. Occasionally, where the fundamental trend has strong, conflicting elements of both positive and negative, the Rating Outlook may be described as Evolving.

More detailed information on the credit ratings can be retrieved on the following website ("www.fitchratings.com/entity/erste-steiermarkische-bank-dd-80362076"). General information regarding the meaning of the credit rating and the qualifications which have to be observed in connection therewith can be found on the website of Fitch ("www.fitchratings.com").

Fitch, with its seat in 30 North Colonnade, London E14 5GN, United Kingdom is registered at Companies House in England.

Fitch is registered under the Regulation (EC) No 1060/2009, as amended ("**CRA Regulation**") as registered credit rating agency. The European Securities and Markets Authority publishes on its website ("www.esma.europa.eu") a list of credit rating agencies registered in accordance with the CRA Regulation. That list shall be updated within five working days following the adoption of a decision under Articles 16, 17 or 20 of the CRA Regulation. The European Commission publishes that updated list in the Official Journal of the EU within 30 days following the updates.

2.9 RECENT EVENTS

Erste Bank Croatia achieved a solid result in 2019 with relatively low risk costs. In course of the planned EUR introduction in the Republic of Croatia, thorough examination (comprehensive assessment) from the ECB was also performed where all, Erste Bank Croatia's portfolio quality, processes and stability in case of negative movements (stress test) were checked.

However, the first half of 2020 was primarily marked by the global pandemic caused by the outbreak of COVID-19 which had negative impact on the macroeconomic indicators. Overall, the COVID-19 pandemic increased the level of uncertainty. The consequences for the economy as well as the measures taken by governments and regulators are likely to affect Erste Bank Croatia's financial performance and position, including potentially significant impacts for expected credit losses, as well as impacts on operating income. This caused Erste Bank Croatia's expectation for certain deterioration of its credit portfolio which had an impact on higher risk costs set aside and will consequently have an impact on its 2020 result and potentially higher risk costs mainly during 2021 as well. In any case, the majority of the negative effects that could be reasonably estimated is attributable to changes in the macro environment and management actions to identify mostly affected portfolios due to the COVID-19 pandemic. Erste Bank Croatia will continue to follow the developments closely and will recognise any effects as the situation further unfolds in the upcoming period as well.

On 7 October 2020 the Issuer announced that its competent bodies (i.e. its management board and supervisory board) have adopted decisions on initiating activities for the potential merger of Erste Card Club d.o.o. to the Issuer.

2.10 TREND INFORMATION

Trends affecting the Issuer and the industries in which it operates are the difficult overall macroeconomic environment with decreasing growth rates and the continuing tense situation on the financial and capital markets which have had and may continue to have a negative impact on the Issuer's business activity and results of operations, as well as on the Issuer's refinancing costs.

2.11 SIGNIFICANT CHANGES AND MATERIAL ADVERSE CHANGES

Due to the events disclosed under "2.9 *Recent Events*" above, there has been a material adverse change in the prospects of the Issuer since 31 December 2019 and a significant change in the financial performance and in the financial position of Erste Bank Croatia Group since 30 June 2020.

Other than that, there has been no material adverse change in the prospects of the Issuer since 31 December 2019 and no significant change in the financial performance and in the financial position of Erste Bank Croatia Group since 30 June 2020.

2.12 SELECTED FINANCIAL INFORMATION

Key profitability and efficiency indicators

Erste Bank Croatia Group	31 December 2018	31 December 2019	30 June 2020
Return on Equity (ROE) ratio, %	11.8%	10.4%	4.0%
Net Interest Margin (NIM) ratio, %	3.5%	3.2%	3.0%
Cost/Income (C/I) ratio, %	49%	50%	56%

Source: Information of the Issuer

Key risk indicators

Erste Bank Croatia Group	31 December 2014	31 December 2015	31 December 2016	31 December 2017	31 December 2018	31 December 2019	30 June 2020
Non-Performing Loan (NPL) ratio, %	18%	15%	11%	12%	9%	7%	7%
Non-Performing Loan (NPL) coverage ratio, %	60%	67%	72%	71%	74%	80%	84%
Risk cost ratio, %	-	2.5%	0.7%	1.8%	0.4%	0.0%	0.6%

Source: Information of the Issuer

Alternative Performance Measure	Calculation
Return On Equity (ROE) ratio	<p>ROE ratio is expressed as:</p> <p>Profit or loss for the year attributable to the owners of the parent / simple average of two year ends of shareholder's equity attributable to the owners of the parent (Total Equity - Minority interests [non-controlling interests])</p> <p>ROE ratio is a profitability ratio which assesses how well equity is used to generate profit.</p> <p>Example for ROE ratio calculation as of 31 December 2019:</p> <p>ROE ratio</p> $= \frac{962 \text{ (Profit or loss for YE 2019 attributable to the owners of the parent in HRK M)}}{\text{Average}(8.809; 9.690) \text{ (simple average of volume of shareholder's equity for YE 2018 and YE 2019 in HRK M)}}$ <p>= 10,4%</p>
Net Interest Margin (NIM) ratio	<p>NIM ratio is expressed as:</p> <p>Net interest bearing income (Net interest income + Dividends received + Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method) / simple average of two year ends of interest bearing assets (Financial assets held for trading + Non-trading financial assets mandatorily at fair value through profit or loss + Financial assets at fair value through other comprehensive income + Financial assets at amortized cost + Investments in subsidiaries, joint ventures and associates)</p> <p>NIM ratio is a profitability ratio which assesses how profitable investment (asset) is when compared to expenses used to fund it.</p> <p>Example for NIM ratio calculation as of 31 December 2019:</p> <p><i>Net interest bearing income = Net interest income (HRK 2.047 M) + Dividends received (HRK 1 M) + Share of the profit or (-)loss of investments in subsidiaries accounted for using the equity method (HRK 9 M) 2.057</i></p> <p><i>Net interest bearing assets</i></p> <p><i>= Financial assets held for trading (simple average of YE 2018 and YE 2019 (HRK 278 M; HRK 225 M))</i></p> <p><i>+ Non trading financial assets mandatorily at FVTPL (simple average of YE 2018 and YE 2019 (HRK 165 M; HRK 165 M))</i></p> <p><i>+ Financial assets at FVTOCI (simple average of YE 2018 and YE 2019 (HRK 8.602 M; HRK 10.604 M))</i></p> <p><i>+ Financial assets at AC (simple average of YE 2018 and YE 2019 (HRK 53.183 M; HRK 55.284 M))</i></p> <p><i>+ Investments in subsidiaries, joint ventures and associates (simple average of YE 2018 and YE 2019 (HRK 60 M))</i></p> <p><i>NIM ratio</i></p> $= \frac{2.057 \text{ (Net interest bearing income for YE 2019 in HRK M)}}{\text{Average}(62.288; 66.370) \text{ (simple average of volume of interest bearing assets for YE 2018 and YE 2019 in HRK M)}}$ <p>= 3,2%</p>
Cost Income (C/I) ratio	<p>C/I ratio is expressed as:</p> <p>Administrative expenses and depreciation (operating expenses) / Total operating income, net</p> <p>C/I ratio is an efficiency ratio which assesses how many units of cost must be invested to generate one unit of revenue.</p> <p>Example for C/I ratio calculation as of 31 December 2019:</p> $C/I \text{ ratio} = \frac{1.569 \text{ (Administrative expenses and depreciation for YE 2019 in HRK M)}}{3.113 \text{ (Total operating income, net for YE 2019 in HRK M)}} = 50\%$

Risk cost ratio Risk cost ratio is expressed as:

Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss / simple average of two year ends of volume of gross Loans to customers (LTC) (incl. Trade and other receivables and Finance Lease Receivables)

Risk cost ratio assesses loss over a period related to credit risk as a percentage of an average gross loan volume.

Example for risk cost ratio calculation as of 31 December 2019:

Risk cost ratio

$$= \frac{0 \text{ (Impairment or reversal of impairment on financial assets not measured at FVTPL for YE 2019 in Average (49.954; 52.076) (gross LTC for YE 2018 and YE 2019 as communicated on page 215 of annual report for 2019 in HRK M)}}{52.076} = 0\%$$

Non-Performing Loan (NPL) ratio NPL ratio is expressed as:

Volume of Non-Performing Loans to customers (incl. Trade and other receivables and Finance Lease Receivables) / Volume of gross loans to customers (incl. Trade and other receivables and Finance Lease Receivables)

NPL ratio is a risk ratio which assesses the quality of a portfolio by showing the percentage of loans which are unlikely to be paid over the gross loan volume.

Example for NPL ratio calculation as of 31 December 2019:

NPL ratio

$$= \frac{3.638 \text{ (Volume of Non – Performing Loans to customers as communicated on page 215 of annual report for 2019 in HRK M)}}{52.076 \text{ (Volume of gross loans to customers as communicated on page 215 of annual report for 2019 in HRK M)}} = 7\%$$

Non-Performing Loan (NPL) coverage ratio NPL coverage ratio is expressed as:

Volume of provisions for loans to customers (incl. Trade and other receivables and Finance Lease Receivables) / Volume of Non-Performing Loans to customers (incl. Trade and other receivables and Finance Lease Receivables)

NPL coverage ratio is a risk ratio which assesses how well is the NPL volume covered with balance sheet provisions.

Example for NPL coverage ratio calculation as of 31 December 2019:

NPL coverage ratio

$$= \frac{2.897 \text{ (Volume of Loan loss allowances as communicated on page 215 of annual report for 2019 in HRK M)}}{3.638 \text{ (Volume of Non – Performing Loans to customers as communicated on page 215 of annual report for 2019 in HRK M)}} = 80\%$$

Source: Information and calculation of the Issuer on the basis of the financial statements 2019 of Erste Bank Croatia prepared pursuant to the Decision of the CNB on structure and content of bank's annual financial statements (Official Gazette 42/18) or the Unaudited Consolidated Financial Statements prepared in accordance with appropriate standards of financial reporting of banks in Republic of Croatia as of 30 June 2020, respectively.

3. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

3.1 MANAGEMENT BOARD

Members of the Management Board

Management board members of Erste Bank Croatia are appointed by Erste Bank Croatia's supervisory board with the maximum of five years term of office and they can be reappointed. Erste Bank Croatia's management board currently has six members, one of whom is the chairman. Its management board conducts its activities and adopts its decisions and resolutions at the meetings. Meetings are held, as a rule, once a week.

The current members of Erste Bank Croatia's management board listed below have extensive experience in the banking market and perform the following additional functions in management or supervisory boards in other companies as of the date of this Registration Document.

NAME AND POSITION	COMPANY	FUNCTION
Christoph Schoefboeck CEO	Erste Card Club d.o.o., Zagreb	Deputy Chairman of the Supervisory Board
	Erste Bank AD Podgorica, Montenegro	Chairman of the Board of Directors
Hannes Frotzbacher CRO	Erste Bank a.d. Novi Sad, Serbia	Member of the Board of Directors
	Erste & Steiermärkische S-Leasing d.o.o.	Chairman of the Supervisory Board
Borislav Centner Corporate Board Member	Zagrebačka burza d.d., Zagreb	Chairman of the Supervisory Board
	Erste & Steiermärkische S-Leasing d.o.o., Zagreb	Member of the Supervisory Board
	IR Real Estate Leasing d.o.o. in liquidation, Zagreb	Deputy Chairman of the Supervisory Board
	Erste Nekretnine d.o.o., Zagreb	Deputy Chairman of the Supervisory Board
	Erste Bank AG Podgorica, Montenegro	Member of the Board of Directors
Krešimir Barić CFO	Erste Nekretnine d.o.o., Zagreb	Chairman of the Supervisory Board
	Erste Bank AD Podgorica, Montenegro	Member of the Board of Directors
Martin Hornig COO	-	-
Zdenko Matak Retail Board Member	Erste Card Club d.o.o., Zagreb	Chairman of the Supervisory Board
	Erste d.o.o., Zagreb	Member of the Supervisory Board

Source: Internal information of the Issuer

The members of Erste Bank Croatia's management board can be reached at its business address Ivana Lučića 2, Zagreb, Republic of Croatia.

3.2 SUPERVISORY BOARD

Members of the Supervisory Board

The supervision of Erste Bank Croatia's management board's activities is performed by Erste Bank Croatia's supervisory board. Its supervisory board currently consists of 7 members who are elected by Erste Bank Croatia's general meeting with the maximum of four years term of office, and they can be reappointed.

Erste Bank Croatia's supervisory board has a wide range of responsibilities. These include appointment and revocation of the chairman of Erste Bank Croatia's management board and the other members of Erste Bank Croatia's management board, supervision over the business activities of Erste Bank Croatia, including browsing accounts and documentation of Erste Bank Croatia, requesting reports, examination of results of business activities.

Erste Bank Croatia's supervisory board grants approval to the financial statements, by which they are established by Erste Bank Croatia's management board and supervisory board. The financial statements are prepared in accordance with the International Financial Reporting Standards, as adopted by the EU (the "IFRS-EU" or "IFRS") and are reviewed by Erste Bank Croatia's independent auditor, its management board and the audit committee of Erste Bank Croatia's supervisory board.

Erste Bank Croatia's supervisory board conducts its activities and adopts its decisions at the meetings. Meetings are held four times per year in principle. Erste Bank Croatia's supervisory board may pass a decision without holding the meeting (passing of decisions through correspondence). Members of Erste Bank Croatia's supervisory board, who would be in conflict of interest, shall abstain from the voting on the decision if making such a decision would represent a conflict of interest. Members of Erste Bank Croatia's supervisory board may not accept or take up any office, duty or position that would conflict with their responsibilities or duties towards the Issuer.

The following table sets out additional functions in management or supervisory boards in other companies as of the date of this Registration Document:

NAME AND POSITION	COMPANY	FUNCTION
Willibald Cernko Chairman of the Supervisory Board	SOS-Kinderdorf, Innsbruck, nonprofit organisation	Member of the Supervisory Board
	Haftungsverbund GmbH	Member of the Supervisory Board
	Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	Member of the Supervisory Board
	Oesterreichische Kontrollbank Aktiengesellschaft	Member of the Supervisory Board
	s Wohnbaubank AG	Member of the Supervisory Board
	Steiermärkische Bank und Sparkassen AG	Member of the Supervisory Board
	Tiroler Sparkasse Bankaktiengesellschaft	Member of the Supervisory Board
	Erste Bank der oesterreichischen Sparkassen AG	Member of the Management Board
Walburga Seidl Member	Steiermärkische Bank und Sparkassen AG	Member of the Management Board

	Sparkasse Bank Makedonija a.d. Skopje	Member of the Supervisory Board
	Ohridska banka a.d. Skopje	Member of the Supervisory Board
Nikolai Leo de Arnoldi Independent member	DE ARNOLDI Gmbh	Member of the Management Board
Judit Agnes Havasi Independent member	DONAU Versicherung AG Vienna Insurance Group	Chairman of the Management Board
	Die Zweite Wiener Vereins Sparcasse	Member of the Supervisory Board
	UNION Vienna Insurance Group Bitosito Zrt	Member of the Supervisory Board
	Vienna-Life Lebensversicherung AG, Vienna Insurance Group	Member of the Supervisory Board
Ingo Bleier Member	Erste Group Bank AG	Member of the Management Board
	Erste Bank der oesterreichischen Sparkassen AG	Member of the Supervisory Board
	Oesterreichische Kontrollbank AG	Member of the Supervisory Board
	Erste Bank a.d. Novi Sad	Chairman of the Board of Directors
Georg Bucher Deputy Chairman of the Supervisory Board	Kärntner Sparkasse AG	Member of the Supervisory Board
	S IT Solutions AT Spardat GmbH	Member of the Supervisory Board
	Sparkassen IT Holding AG	Member of the Supervisory Board
	Erste Bank a.d. Novi Sad	Member of the Board of Directors
	Banka Sparkasse d.d. Ljubljana	Member of the Supervisory Board
	Sparkasse Bank Makedonija a.d. Skopje	Member of the Supervisory Board
	Ohridska banka a.d. Skopje	Member of the Supervisory Board
	SKW-Privatstiftung	Member of the Management Board
	SKB Industrieholding GmbH	Member of the Supervisory Board
	Steiermärkische Bank und Sparkassen AG	Member of the Management Board

	Christine Kunz Gesellschaft m.b.H.	Managing director
Roland Klimesch Member	-	-

Source: Internal information of the Issuer

The members of Erste Bank Croatia's supervisory board perform their respective function at the following business addresses:

- Willibald Cernko - Erste Bank der oesterreichischen Sparkassen AG, Am Belvedere 1, 1100 Vienna, Austria
- Ingo Bleier - Erste Group Bank AG, Am Belvedere 1, 1100 Vienna, Austria
- Roland Klimesch - Erste Group Bank AG, Am Belvedere 1, 1100 Vienna, Austria
- Walburga Seidl - Steiermärkische Bank und Sparkassen AG, Sparkassenplatz 4, 8010 Graz, Austria
- Georg Bucher - Steiermärkische Bank und Sparkassen AG, Sparkassenplatz 4, 8010 Graz, Austria
- Nikolai Leo de Arnoldi - Matthäusgasse 9/6, 1010 Vienna, Austria
- Judit Agnes Havasi - Vienna Insurance Group, Schottenring 30, 1010 Vienna, Austria

GENERAL MEETING

Shareholders of Erste Bank Croatia provide their rights at Erste Bank Croatia's general meeting. Erste Bank Croatia's general meeting can be held as a regular or extraordinary meeting. Erste Bank Croatia's general meeting must be held in the first eight months of the business year.

Among other matters, Erste Bank Croatia's general meeting makes the decision on election and revocation of members of Erste Bank Croatia's supervisory board, granting discharge to Erste Bank Croatia's management board and supervisory board members, appointment of Erste Bank Croatia's auditors, amendments of Erste Bank Croatia's articles of association, increase and decrease of Erste Bank Croatia's share capital, cessation of Erste Bank Croatia, change of the corporate name and head offices of Erste Bank Croatia and distribution of profit.

The proposal of decision on profit distribution is made by Erste Bank Croatia's management board and shall be approved by its supervisory board. Thereafter, it shall be submitted to Erste Bank Croatia's general meeting at which the decision is made.

3.3 POTENTIAL CONFLICTS OF INTEREST

Members of the Issuer's management board and supervisory board may serve on management or supervisory boards of other companies, directorship of that kind may generate in certain circumstances conflicts of interest.

Agreements (e.g. loan agreements) of Erste Bank Croatia with the members of its management board and its supervisory board may generate in certain circumstances conflicts of interest.

Should any such conflict of interest arise, Erste Bank Croatia has sufficient rules and procedures pursuant to the relevant local regulation, compliance rules and industry standards in place regulating the management of conflicts of interest and the ongoing application of such guidelines and rules. If any conflicts of interest are identified with respect to the members of the Issuer's management board, supervisory board or the upper management level, where internal procedures or measures would not be sufficient, conflicts of interest would be disclosed.

3.4 AUDIT AND AUDITORS' REPORTS

PricewaterhouseCoopers d.o.o., with registered seat at Heinzelova ulica 70, 10000 Zagreb, Republic of Croatia, have audited the Croatian language consolidated and separate financial statements of Erste Bank Croatia prepared in accordance with IFRS as endorsed by the EU as of and for the years ended 31 December 2018 and 31 December 2019 and issued unqualified auditor's reports for the Audited Consolidated and Separate Financial Statements 2018 (dated 25 March 2019) and the Audited Consolidated and Separate Financial Statements 2019 (dated 20 March 2020). PricewaterhouseCoopers d.o.o. is member of the Croatian Chamber of Auditors of the Republic of Croatia.

The financial year of Erste Bank Croatia is the calendar year.

3.5 SHAREHOLDERS OF THE ISSUER

Erste Bank Croatia's ownership structure as at the date of this Registration Document is as follows:

Shareholder	Number of shares	Percentage of the share capital
Erste Group Bank AG	10,023,326	59.01568%
Steiermärkische Bank und Sparkassen AG	6,960,849	40.98432%
Total	16,984,175	100.0%

Source: Internal information of the Issuer

As stated above, the majority shareholder of Erste Bank Croatia is Erste Group Bank, which holds 59.01568% of its share capital. The other shareholder of Erste Bank Croatia is Steiermärkische Bank und Sparkassen AG which holds 40.98432% of its share capital. Together the above-mentioned shareholders hold 100.0% of the share capital in Erste Bank Croatia.

Shareholder of Steiermärkische Bank und Sparkassen AG is Erste Bank der oesterreichischen Sparkassen AG which holds 25.0% of the share capital and Erste Group Bank is 100.0% owner of Erste Bank der oesterreichischen Sparkassen AG. According to this, Erste Group Bank has a controlling position over Erste Bank Croatia.

To the best of the knowledge of the Issuer, there are measures, like applicable corporate governance regulations, to ensure that such control over the Issuer is not abused.

The Issuer is, to the best of its knowledge, not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Issuer.

4. LEGAL PROCEEDINGS

The Issuer and some of its subsidiaries are involved and have been involved in the twelve months preceding the date of this Registration Document in legal disputes, including governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), most of which have arisen or have been threatened in the course of ordinary banking business. These proceedings are not expected to have a significant negative impact on the financial position or profitability of Erste Bank Croatia Group and/or the Issuer. Erste Bank Croatia Group is also subject to the following ongoing proceedings, some of which, if adversely adjudicated, may have a significant impact on the financial position or profitability of Erste Bank Croatia Group and/or the Issuer:

Claim of the Croatian Association of Consumer Protection Associations against the Issuer (and other six banks in the Republic of Croatia)

The Croatian Association of Consumer Protection Associations as claimant ("**POTROŠAČ**") initiated in 2012 a collective lawsuit against eight banks in the Republic of Croatia, including Erste Bank Croatia.

For the part of the claim regarding the variability of the interest rates in Swiss franc denominated consumer loans concluded between 2004 and 2008, the case has been finally resolved in 2014 after the Croatian High Commercial Court denied the Issuer's appeal against the first instance verdict. Later legal remedies which were submitted (request for a judicial review and constitutional complaint) were denied.

After POTROŠAČ's constitutional complaint regarding the Judgment of the Croatian Supreme Court for the part of the claim regarding the Swiss franc currency clause in consumer loans concluded between 2004 and 2008, the case has been returned for a retrial to the Croatian High Commercial Court, which in 2014 initially ruled in favour of the sued banks and refused the claim. The Croatian High Commercial Court had altered the verdict of the Commercial Court in Zagreb reached in 2013 and refused the claim with respect to the invalidity of the currency clause in consumer loans denominated in Swiss francs. When reviewing the appeals of all defendants, the Croatian High Commercial Court rejected appeals as unfounded and the first instance verdict was confirmed in the part regarding the currency clause, respectively, the Croatian High Commercial Court ruled that the defendant banks have violated collective interests of the consumers by contracting unfair and non-binding provisions with respect to the currency clause in consumer credit contracts in Swiss francs, and ordered to cease with such conduct. In addition, no other obligation was ordered by the verdict, i.e. the Issuer is not obliged to offer compensation to clients, but those clients who consider that they have suffered damages, would have to sue the Issuer in an individual proceeding.

In August 2018, Erste Bank Croatia submitted a request for a judicial review, which was denied by the Croatian Supreme Court in September 2019.

Currently, the case is being reviewed before the Croatian Constitutional Court, after the Issuer has filed a constitutional complaint in October 2019.

According to the present circumstances and case law known to the Issuer, in relation to its financial position, the majority of potential adverse effects of the verdicts reached in the collective case should be considered absorbed within the conversion of the majority of the relevant loan portfolio implemented in accordance with the amendments of the Croatian Consumer Credit Act (OG 75/09, 112/12, 143/13, 147/13, 09/15, 78/15, 102/15, 52/16) and the Croatian Credit Institutions Act (OG 159/2013, 19 / 2015, 102/2015, 15/2018) in 2015.

Other Court Proceedings

The Issuer has been named as a defendant in a certain number of individual ongoing legal proceedings, while the course and possible outcome of such proceedings is difficult to predict. The lawsuits mainly relate to allegations that certain contractual provisions, particularly in respect of consumer loans, violate mandatory consumer protection laws and regulations and principles of general civil law. The allegations relate to enforceability of certain fees as well as of contractual provisions for the adjustment of interest rate and currencies.

In the future, it is not possible to rule out the initiation of a number of court disputes against the Issuer by referring to the final judgments in the aforementioned collective case, whereby due to a constitutional complaint and a series of still non-resolved legal issues, it is not possible to predict the course or the outcome of such proceedings.

5. MATERIAL CONTRACTS

The Issuer and its subsidiaries have not entered into any material contracts, other than contracts entered into in the ordinary course of business, which could result in any member of Erste Bank Croatia Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to holders in respect of the securities to be issued.

GLOSSARY AND LIST OF ABBREVIATIONS

For ease of reference, the glossary below sets out certain abbreviations and meanings of certain terms used in this Registration Document. Readers of this Registration Document should always have regard to the full description of a term contained in this Registration Document.

Act on the Resolution of Credit Institutions and Investment Firms	OG 19/2015, 16/2019 and 47/2020
BRRD	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council, as amended (<i>Bank Recovery and Resolution Directive</i>)
CET 1	Common Equity Tier 1
CNB	Croatian National Bank
COVID-19	corona virus SARS-CoV-2
CRD IV	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended (<i>Capital Requirements Directive IV</i>)
Credit Institutions Act	OG 159/2013, 19/2015, 102/2015, 15/2018 and 70/2019
CRR	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended (<i>Capital Requirements Regulation</i>)
ECB	European Central Bank
ERM II	European exchange rate mechanism II
Erste Bank Croatia	Erste & Steiermärkische Bank d.d.
Erste Bank Croatia Group	Issuer and its subsidiaries and participations taken as a whole
Erste Group Bank	Erste Group Bank AG
EU	European Union
EU Banking Package	a legislative package regarding a set of revised rules (comprising the CRD IV, the CRR, the BRRD and the SRMR) aimed at reducing risks in the EU banking sector published on 7 June 2019 in the Official Journal of the EU
EUR	Euro
Fitch	Fitch Rating Ltd
FMA	Austrian Financial Market Authority (<i>Finanzmarktaufsichtsbehörde</i>)
HRK	Croatian Kuna
ICT	information and communication technology
IFRS-EU or IFRS	International Financial Reporting Standards as adopted by the EU

Issuer	Erste & Steiermärkische Bank d.d.
MREL	minimum requirement for own funds and eligible liabilities
OG	Official Gazette
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended
Registration Document	this registration document, as supplemented from time to time
SME	small and medium sized enterprises
SRB	Single Resolution Board
SRMR	Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, as amended (<i>Single Resolution Mechanism Regulation</i>)

REGISTERED OFFICE OF THE ISSUER

Jadranski trg 3/a
51000 Rijeka
Republic of Croatia

AUDITORS

PricewaterhouseCoopers d.o.o.

Heinzelova ulica 70
10000 Zagreb
Republic of Croatia

LEGAL ADVISER OF THE ISSUER


WOLF THEISS

Rechtsanwälte GmbH & Co KG

Schubertring 6
A-1010 Vienna
Austria

WOLF THEISS Rechtsanwälte GmbH & Co KG Zagreb Branch

Ivana Lučića 2a/19th Floor, "Eurotower"
10000 Zagreb
Republic of Croatia

Signaturwert	V0V6/kquWoyTK4zyQ984rTIw3XtYJv/Nkzf+jhDlTKUJlXV0pyKEJGqUNkyYD6r8vZw6O4WbGr1iiW8hvXdRsZlU+YqQ/fBsXjy5w7jWN0jw92l/Y/JqiakgLBy3gAwZrN+kZ7GWQGktZaAQSnTzZWBSZG4IzJZ3ZrgbiIbr7IfCcHnNeKWQo0jo2B5tsxzc/ElazRHEdRjMPar+9lY28PmQvC4UY+5Vsr04ZuHldOrGWAplH7A/WSomxDoIOcZh20LvFsmLP87v9F5uDNsmZr6ck4BACwQ2PXIzTnQqC+sk6NPho398ZEleg2mHxu7IygwuMdzzowMLY28uBnDyQ==	
	Unterzeichner	Österreichische Finanzmarktaufsichtsbehörde
	Datum/Zeit-UTC	2020-12-03T05:43:57Z
	Aussteller-Zertifikat	CN=a-sign-corporate-light-02,OU=a-sign-corporate-light-02,O=A-Trust Ges. f. Sicherheitssysteme im elektr. Datenverkehr GmbH,C=AT
	Serien-Nr.	532114608
	Methode	urn:pdfsigfilter:bka.gv.at:binaer:v1.1.0
Prüfinformation	Informationen zur Prüfung des elektronischen Siegels bzw. der elektronischen Signatur finden Sie unter: http://www.signaturpruefung.gv.at	
Hinweis	Dieses Dokument wurde amtssigniert. Auch ein Ausdruck dieses Dokuments hat gemäß § 20 E-Government-Gesetz die Beweiskraft einer öffentlichen Urkunde.	