

**Not audited financial statements of Erste&Steiermärkische Bank d.d. for period January 1st  
- June 30th 2011***Content:*

1. Management report for first half of year 2011
2. Income statement for period 1.1.2011 – 30.6.2011
3. Balance sheet at 30.6.2011
4. Cash flow statement for period 1.1.2011 – 30.6.2011
5. Statement of changes in equity for period 1.1.2011 – 30.6.2011
6. Notes to financial statement
7. Declaration of key personnel responsible for creation of financial statements

## Management report for H1 2011

### Erste&Steiermärkische Bank d.d retained stable profitability level in H1 2011

*The information in this release represents the unconsolidated, not audited financial results of Erste&Steiermärkische Bank d.d.*

#### The bank's most significant financial indicators:

- **Total assets** as of June 30, 2011 amounted to HRK 53.1bn, 5.2% more compared with December 31, 2010, when they had amounted to HRK 50.5bn
- **Total credits** as of June 30, 2011 amounted to HRK 36.4bn, which is 5.3% more than on December 31, 2010, when they had amounted to HRK 34.6bn
- **Net revenues before value harmonization and provisions for impairment losses** amounted to HRK 632.1m, which is 6.1% more compared with H1 2010, when they had amounted to HRK 595.9m
- **Net profit** in the first six months of 2011 was HRK 261.0m, which is 3.0% less than in the same period last year, when it had amounted to HRK 268.9m
- **Key performance indicators:** Return on Assets (RoA) amounted to 1.0%, Return on Equity (RoE) 8.5%, while the **Cost/Income Ratio** was additionally reduced from 40.4% on June 30, 2010 to 40.0% on June 30, 2011.

Zagreb/Rijeka, August 31, 2011 – Erste&Steiermärkische Bank d.d. (Erste Bank) recorded solid financial results in the first half of 2011, in accordance with the business plans and the goal set for the year. The Bank's total assets as of June 30, 2011 amounted to HRK 53.1bn, up 5.2% versus the 2010 end. By adapting its operation to the objective market circumstances and by further increasing its internal efficiency, Erste Bank increased its operating net before value harmonizations and provisions for impairment losses by 6.1%, from HRK 595.9m in the first six months of 2010 to HRK 632.1m in the same period this year. With the H1 2011 net profit of HRK 261.0m, the bank maintained a stable level of profitability. Given the continuous need for adjustments to the current market conditions, Erste Bank continued with the cost rationalization in the first six months, which resulted with a further decrease in the Cost/Income Ratio, from 40.4% in H1 2010 to 40.0% in H1 2011. H1 2011 RoA reached 1.01%, while RoE stood at 8.49%.

#### Growth of total credits and market shares in H1 2011

In the first half of 2011, Erste Bank continued with its credit activities, so total credits amounted to HRK 36.4bn at the end of June 2011, which is 5.3% more versus 2010 end, when they reached HRK 34.6bn. This way, the Bank continued picked up on last year's trend, when it closed the year with a 7.7% growth in total credits. An increase in total credits in H1 this year is largely the result of an increase in corporate loans, while retail loans were not changed considerably compared with the same period last year. This is also in line with the Bank's earlier projections for the year 2011. It was forecasted that during this year a corporate loans would still grow faster than retail loans, with a

further demand by public companies and a mild recovery of demand by private companies. According to the Central Bank's data from the end of June 2011, Erste Bank increased its market share in total loans granted from 13.3% at the end of 2010 to 13.6% at the end of June 2011. In the corporate crediting segment, in the same period Erste Bank improved its market share from 13.1% to 13.5%. The same trend is present in the retail crediting segment, where Erste Bank's market share was up from 13.5% at the end of last year to 13.7% at the end of H1 this year.

*"Solid financial results we achieved in H1 2011 are a buildup on the long positive trend in our business and again prove the validity and long-term sustainability of our business policies. We are pleased with our total credits growth and an increase in Bank's market shares in all the crediting segments, particularly in the corporate segment. We wish to continuously provide an adequate support to all the projects that drive the growth of the real economy and employment in it, and will continue crediting all the quality projects in economy,"* Erste Bank Management Board Chairman **Petar Radakovic** said on this occasion.

### **Acquisition of Erste vrijednosni papiri and stakes in Erste Card Club and Erste Factoring**

During the first half of 2011, Erste Bank successfully completed the process of acquiring investment company Erste vrijednosni papiri d.o.o. Zagreb (EVPZ). Along with that, the Bank acquired all the shares in Erste Card Club d.d. (ECC) and a majority stake in Erste Factoring d.o.o. (EF). The basic objective in M&A was to maximize the synergy effects, further optimize the cost management, and thus to further strengthen the Bank's market position.

### **Excellent results by the ESB owned bank in Montenegro**

According to the consolidated financial report for H1, which includes the Bank and the following associates: Erste DMD d.o.o., Erste Nekretnine d.o.o., MBU d.o.o., Erste Delta d.o.o., Erste Bank a.d., Podgorica, Erste Card Club d.d., Erste Factoring d.o.o., the Group's total assets amounted to HRK 59.0bn, total credits to HRK 40.6bn, while net profit reached HRK 315.0m. The Group's H1 2011 RoA was 1.1%, while RoE stood at 9.69%. Among the members of the Group, Erste Bank a.d. Podgorica (EBM) recorded particularly good H1 results. Despite the overwhelming trend in the Montenegrin market, it saw an increase in total credits and deposits. EBM's total credits amounted to HRK 1.56bn at the end of June 2011, which represents a 13.9% increase versus the end of 2010, when they reached HRK 1.37bn. The total deposits stood at HRK 1.17bn, up 21.9% versus HRK 0.96bn at the end of last year. EBM's total assets amounted to HRK 2.0bn on June 30, 2011, which is 13.6% more compared with the end of 2010, when it stood at HRK 1.76bn. EBM's net profit was increased by 81.1% compared with the same period last year, from HRK 6.92m to HRK 12.53m. EBM's market share in the total assets was increased from 8.2% at 2010 end to 9.4% at the end of June this year. In the same period, the market share in total credits rose from 8.8% to 10.2%, while the share in total deposits was up from 7.3% to 8.5%.

### **Goals for the rest of 2011**

In the remainder of the year, Erste Bank will be even more committed to the SME segment and will support all quality projects that contribute to developing the real economy and increasing employment in it. Erste Bank's long-term operating strategies and policies are always devoted to recording growth higher than the market average, increasing internal efficiency and rational cost management. Erste Bank wants to close this year with an increase in market shares just like in previous years. The Bank will continue to devote special attention to enhancing the quality of its client services, communication with clients and understanding of their specific needs in the current market environment.

## **Risk management**

Risk management is a set of procedures and methods established for identifying, measuring, assessing, controlling and monitoring of risks, including reporting of risks to which the credit institution is or might be exposed in its operations. The Bank is obliged to regularly measure and assess the risks identified in its business. Methods of measuring and assessing risk must include appropriate quantitative and/or qualitative measurement methods and risk assessment that will enable the observation of changes in Bank's risk profile, including the emergence of new risks.

The most significant risks that affect Bank's business operations are credit, market, operational and liquidity risk.

Credit risk is the risk of potential loss due to a debtor's non-payment of obligations towards the Bank, and it arises from the possibility that the Bank's credit claims and related fees and interest will not be repaid in the foreseen amount and timeframe. The Bank identifies, measures, follows up on, controls, i.e. actively manages the credit risk as one of the most important risks and determines existence of appropriate capital level for covering of such risks. Risks related to credit risk are: currency induced credit risk, residual risk, sovereign risk, dilution risk and concentration risk.

Market risks represent the risk of loss in open position stemming from the change in the movements of the market prices, including changes in interest rates, exchange currencies and prices of securities. In this sense, market risk include: (i) interest rate risk, (ii) currency risk and (iii) equity investment risk.

Operational risk is a risk of unexpected direct or indirect loss occurring due to the functioning of the human factor, inadequate procedures and controls, technological oversights, accidents and external factors. It is also a legal risk representing the possibility of outflow of the Bank's capital due to established fees or issued penalties and sanctions derived from a legislative, administrative or other proceeding on the basis of the failure to meet contractual or legal obligations, while contemporaneously excluding strategic and reputational risk.

Liquidity risk is a risk of loss stemming from an existing or expected inability of a credit institution to settle its monetary obligations upon maturity. Liquidity risk arises from maturity mismatch between assets and liabilities.

Except above mentioned risks the Bank manages and all other risk that could affect their business operations such as: systemic risk, regulatory risk, business environment risk etc.

**Addendum 3.**

Period of reporting:

1.1.2011

to

30.6.2011

**Three-month financial report for credit institutions - TFI-KI**

Identification number (MB): 03337367

Identification number of the subject (MBS): 040001037

Personal identification number (OIB): 23057039320

Name of the issuer: ERSTE &amp; STEIERMARKISCHE BANK DD

Postal code and town of residence: 51000

RIJEKA

Address: JADRANSKI TRG 3A

E-mail address: ersteinbank@ersteinbank.hr

Internet address: www.ersteinbank.hr

Code and name of municipality/town: 373 RIJEKA

Code and name of county: 8 PRIMORSKO GORANSKA

Number of employees: 2.186

(at the end of reporting period)

Consolidated report: NO

NKD code: 6419

Names of subjects of consolidation (according to MSFI):

Headquarters:

MB:

Bookkeeping service:

Contact person: RAJIĆ ANDREJA

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

Phone number: 062 37 1778

Telefax: 062 37 1942

E-mail address: arajic@ersteinbank.com

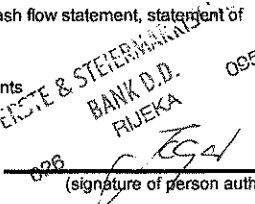
Last and first name: JAGAR SLADANA

(person authorized for representing company)

## Reporting documentation:

1. Financial statements (statement of financial position, income statement, cash flow statement, statement of changes in equity and notes to financial statements)
2. Management report
3. Declaration of key personnel responsible for preparation of financial statements

M.P.


  
 (signature of person authorized for representing company)

 ERSTE & STEIERMARKISCHE  
 BANK D.D.  
 RIJEKA 095

**STATEMENT OF FINANCIAL POSITION**  
as of **30.6.2011**

in HRK

Name of position 1	AOP 2	Prior period 3	Current period 4
<b>ASSETS</b>			
1. CASH AND DEPOSITS WITH Central bank (002+003)	001	6,423,198,858	7,535,789,042
1.1. Cash	002	690,837,925	805,737,227
1.2. Deposits with Central bank	003	5,732,360,933	6,730,051,815
2. DEPOSITS WITH BANKING INSTITUTIONS	004	3,012,255,635	1,305,507,538
3. TREASURY BILLS WITH MINISTRY OF FINANCE AND BILLS OF EXCHANGE WITH CENTRAL BANK	005	1,446,106,906	906,056,234
4. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD FOR TRADING	006	0	19,587,568
5. SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE	007	2,804,357,991	3,493,842,436
6. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY	008	399,758,571	376,220,108
7. SECURITIES AND OTHER FINANCIAL INSTRUMENTS NOT ACTIVELY TRADED, MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	009	0	0
8. DERIVATIVE FINANCIAL ASSETS	010	36,391,353	60,376,446
9. LOANS TO FINANCIAL INSTITUTIONS	011	532,151,136	583,850,531
10. LOANS TO OTHER CUSTOMERS	012	34,586,199,751	36,421,473,269
11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	013	167,357,984	1,274,928,744
12. REPOSESED ASSETS	014	51,307,669	52,684,888
13. TANGIBLE ASSET (MINUS DEPRECIATION)	015	413,929,091	417,096,184
14. INTEREST, FEES AND OTHER ASSETS	016	636,091,901	667,498,988
<b>A) TOTAL ASSETS (001+004 to 016)</b>	<b>017</b>	<b>50,509,106,846</b>	<b>53,114,911,976</b>
<b>LIABILITIES</b>			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	12,514,612,883	14,392,979,471
1.1. Short-term borrowings	019	1,186,361,143	1,284,178,159
1.2. Long-term borrowings	020	11,328,251,740	13,108,801,312
2. DEPOSITS (AOP 022 to 024)	021	30,877,052,606	31,126,727,442
2.1. Deposits of giro and current accounts	022	4,239,914,205	4,330,377,040
2.2. Savings deposits	023	2,798,287,967	2,629,406,723
2.3. Term deposits	024	23,838,850,434	24,166,943,679
3. OTHER BORROWINGS (026+027)	025	8,393,897	6,986,400
3.1. Short-term borrowings	026	4,254,255	3,928,043
3.2. Long-term borrowings	027	4,139,642	3,058,357
4. DERIVATIVE FINANCIAL LIABILITIES AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING	028	236,073,787	177,096,323
5. ISSUED DEBT SECURITIES (030+031)	029	0	0
5.1. Short-term issued debt instruments	030	0	0
5.2. Long-term issued debt instruments	031	0	0
6. ISSUED SUBORDINATED INSTRUMENTS	032	0	221,218,380
7. ISSUED HYBRID INSTRUMENTS	033	0	0
8. INTEREST, FEES AND OTHER LIABILITIES	034	856,198,332	1,052,973,165
<b>B) TOTAL LIABILITIES (018+021+025+028+029+032+033+034)</b>	<b>035</b>	<b>44,492,331,505</b>	<b>46,977,981,181</b>
<b>EQUITY</b>			
1. SHARE CAPITAL	036	3,500,360,782	3,500,360,782
2. PROFIT/(LOSS) OF THE CURRENT YEAR	037	609,620,532	261,023,078
3. RETAINED PROFIT/(LOSS)	038	1,681,329,011	2,253,765,997
4. LEGAL RESERVES	039	84,920,875	84,920,875
5. STATUTORY AND OTHER CAPITAL RESERVES	040	130,511,343	4,816,651
6. UNREALISED PROFIT/(LOSS) FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS AVAIBLE FOR SALE	041	10,032,798	32,043,412
7. RESERVES RESULTING FROM PROTECTIVE TRANSACTIONS	042	0	0
<b>C) TOTAL EQUITY (036 to 042)</b>	<b>043</b>	<b>6,016,775,341</b>	<b>6,136,930,795</b>
<b>D) TOTAL LIABILITIES AND EQUITY (035+043)</b>	<b>044</b>	<b>50,509,106,846</b>	<b>53,114,911,976</b>
<b>SUPPLEMENT TO STATEMENT OF FINANCIAL POSITION (filled out by banks that compose a consolidated financial report)</b>			
1. TOTAL EQUITY	045		
2. Attributed to equity holders of the parent	046		
3. Minority shares (045-046)	047	0	0

**INCOME STATEMENT**

for period from **1.1.2011** to **30.6.2011**

in HRK

Name of position	AOP	Prior period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
1. Interest income	048	1,433,493,457	720,226,280	1,524,917,147	762,378,241
2. Interest expense	049	666,478,109	315,073,103	680,319,771	335,257,629
3. Net interest income (048-049)	050	767,015,348	405,153,177	844,597,376	427,120,612
4. Fee and commission income	051	211,650,015	104,729,853	195,091,935	104,447,238
5. Fee and commission expense	052	54,766,783	28,341,752	54,159,031	30,230,942
6. Net fee and commission income (051-052)	053	156,883,232	76,388,101	140,932,904	74,216,296
7. Profit/loss from investments in subsidiaries, associates and joint ventures	054	0	0	0	0
8. Profit/loss from trading	055	9,259,243	3,803,753	18,030,421	5,107,959
9. Profit/loss from embedded derivatives	056	-598,836	-148,724	-45,503	-14,336
10. Profit/loss from asset not actively traded measured at fair value through profit or loss	057	0	0	0	0
11. Profit/loss from asset available for sale	058	22,793	-241	-12,892,552	-12,913,088
12. Profit/loss from asset held to maturity	059	0	0	0	0
13. Profit/loss from hedging	060	0	0	0	0
14. Income from investments in subsidiaries, associates and joint ventures	061	0	0	0	0
15. Income from other ownership investments	062	4,874,560	4,846,459	15,981,163	15,938,702
16. Profit/loss from foreign currency differences	063	46,284,262	25,380,875	35,811,988	15,993,751
17. Other income	064	6,949,617	2,375,649	11,488,992	-6,676,495
18. Other expenses	065	4,018,835	1,993,931	3,791,449	1,998,989
19. General administrative expenses and depreciation	066	390,780,047	195,127,437	418,023,740	213,017,732
20. Net income from business before value adjustment and loan loss provisions (050+053 to 064-065-066)	067	595,891,337	320,677,681	632,089,600	303,756,680
21. Expense of value adjustment and loan loss provisions	068	259,533,083	131,853,686	307,631,139	162,981,243
22. PROFIT/LOSS BEFORE TAX (067-068)	069	336,358,254	189,023,995	324,458,461	140,775,437
23. INCOME TAX EXPENSE	070	67,404,071	37,105,372	63,435,363	28,205,083
24. PROFIT/LOSS OF THE CURRENT YEAR (069-070)	071	268,954,183	151,918,623	261,023,078	112,570,354
25. Earnings per share	072				
<b>ANNEX TO INCOME STATEMENT (for the Banks that prepare consolidated financial statements)</b>					
1. PROFIT/LOSS OF THE CURRENT YEAR	073				
2. Assign equity holders of the Bank	074				
3. Non controlling interest (073-074)	075	0	0	0	0

## CASH FLOW STATEMENT - indirect method

for period from **1.1.2011** to **30.6.2011** in HRK

Name of the position	AOP	Prior period	Current period
1	2	3	4
<b>OPERATING ACTIVITIES</b>			
<b>1. Cash flow from operating activities before changes of operating asset (002 do 007)</b>	<b>001</b>	-153,226,467	-208,176,725
1.1. Profit/(loss) before income tax	<b>002</b>	336,358,254	324,458,461
1.2. Allowances and loss provisions	<b>003</b>	245,068,017	307,631,139
1.3. Depreciation	<b>004</b>	27,965,561	24,606,561
1.4. Net unrealized profit/(loss) from financial assets and liabilities through profit and loss	<b>005</b>		
1.5. Profit/(loss) from sale of tangible assets	<b>006</b>	132,502	7,059,714
1.6. Other profit/(losses)	<b>007</b>	-762,750,801	-871,932,600
<b>2. Net increase/(decrease) of operating assets (009 do 016)</b>	<b>008</b>	-1,359,508,982	-3,644,821,461
2.1. Deposits with Central bank	<b>009</b>	315,085,453	-1,562,986,489
2.2. Treasury bills of Ministry of Finance and CB bills	<b>010</b>	591,954,167	540,050,672
2.3. Deposits with banks and loans to financial institutions	<b>011</b>	-20,192,845	53,678,109
2.4. Loans to other customers	<b>012</b>	-1,896,126,004	-2,120,438,284
2.5. Securities and other financial instruments held for trading	<b>013</b>		-19,587,568
2.6. Securities and other financial instruments available for sale	<b>014</b>	-1,232,628,738	-1,372,339,205
2.7. Securities and other financial instruments not traded actively, measured at fair value through profit or loss	<b>015</b>		
2.8. Other operating assets	<b>016</b>	882,398,985	836,801,304
<b>3. Net increase/(decrease) of operating liabilities (018 do 021)</b>	<b>017</b>	-1,094,086,006	237,417,089
3.1. Demand deposits	<b>018</b>	-351,768	90,236,779
3.2. Savings and term deposits	<b>019</b>	-1,238,329,037	138,886,783
3.3. Financial derivative liabilities and other liabilities actively traded	<b>020</b>	158,360,388	-82,962,557
3.4. Other liabilities	<b>021</b>	-13,765,589	91,256,084
<b>4. Net cash flow from operating activities before income tax (001+008+017)</b>	<b>022</b>	-2,606,821,455	-3,615,581,097
5. (Income tax paid)	<b>023</b>	-108,191,668	-115,875,195
<b>6. Net inflow/(outflow) of cash from operating activities (022+023)</b>	<b>024</b>	-2,715,013,123	-3,731,456,292
<b>INVESTING ACTIVITIES</b>			
<b>7. Net cash flow from investing activities (026 do 030)</b>	<b>025</b>	-551,576	-1,103,210,515
7.1. Receipt from sale/(payment for buying) tangible and intangible assets	<b>026</b>	-30,310,832	-34,833,368
7.2. Receipt from sale/(payment for buying) investments in subsidiaries, associates and joint ventures	<b>027</b>	-80,000	-1,107,570,760
7.3. Receipt from sale/(payment for buying) securities and other financial instruments held to maturity	<b>028</b>	24,964,696	23,212,450
7.4. Dividend income	<b>029</b>	4,874,560	15,981,163
7.5. Other receipts/(payments) from investing activities	<b>030</b>		
<b>FINANCIAL ACTIVITIES</b>			
<b>8. Net cash flow from financial activities (032 do 037)</b>	<b>031</b>	468,662,170	2,079,916,198
8.1. Net increase/(decrease) of borrowings	<b>032</b>	468,662,170	1,858,697,818
8.2. Net increase/(decrease) issued debt securities	<b>033</b>		221,218,380
8.3. Net increase/(decrease) subordinated and hybrid instruments	<b>034</b>		
8.4. Receipts from transmitted share capital	<b>035</b>		
8.5. (Dividends paid)	<b>036</b>		
8.6. Other receipts/(payments) from financial activities	<b>037</b>		
<b>9. Net increase/(decrease) of cash and cash equivalents (024+025+031)</b>	<b>038</b>	-2,246,902,529	-2,754,750,609
10. Effects of change in foreign exchange rates on cash and cash equivalents	<b>039</b>		
<b>11. Net increase/(decrease) cash and cash equivalents (038+039)</b>	<b>040</b>	-2,246,902,529	-2,754,750,609
<b>12. Cash and cash equivalents at the beginning of the year</b>	<b>041</b>	7,924,095,338	6,636,326,336
<b>13. Cash and cash equivalents at the end of the year (040+041)</b>	<b>042</b>	5,677,192,809	3,881,575,727



## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Name of position	for period		Attributable to the equity holders of the Bank							in Kunas	
	01.01.2011		to		30.06.2011		to		30.06.2011		
	1	2	3	4	5	6	7	8	9	10	
AOP	Share capital	Treasury shares	Legal, statutory and other reserves	Retained earnings/(loss)	Profit/(loss) for the period	Unrealised profit/(loss) from the basis of value adjustment of financial assets available for sale	Non controlling interest	Total capital and reserves			
001	3,500,360,782	0	215,432,218	1,681,329,011	609,620,532	10,032,798		6,016,775,341			
Changes in accounting policies and corrections of mistakes											
002											
Corrected balance as at 1 January (1+2)	3,500,360,782	0	215,432,218	1,681,329,011	609,620,532	10,032,798	0	6,016,775,341			
003											
Sale of financial assets available for sale						75,403		75,403			
004											
Change of fair value financial asset available for sale						27,437,865		27,437,865			
005											
Tax on items directly recognised or transferred from capital and reserves						-5,502,654		-5,502,654			
006											
Other profit/(loss) directly recognised in capital and reserves											
007											
Net profit/(loss) directly recognised in capital and reserves (004+005+006+007)	0	0	0	0	0	22,010,614	0	22,010,614			
008											
Profit/(loss) for the period					261,023,078			261,023,078			
009											
Total recognised income and expenses for the period (008+009)	0	0	0	0	261,023,078	22,010,614	0	283,033,692			
010											
Increase/(decrease) of share capital											
011											
Buy/sell of treasury shares											
012											
Other changes											
013											
Transfer to reserves						-125,694,692		-125,694,692			
014											
Dividends paid											
015											
Distribution on income (014+015)	0	0	-125,694,692	-162,878,238	-609,620,532		0	-162,878,238			
016											
Balance at reporting date (003+010+011+012+013+016)	3,500,360,782	0	89,737,526	2,253,765,997	261,023,078	32,043,412	0	6,136,930,795			
017											

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

## Notes to financial statements

CASH AND DEPOSITS WITH Central bank		
	31.12.2010	30.6.2011
Cash on hand	690,837,925	805,737,227
Cash on clearing account	2,065,427,449	1,500,131,842
Obligatory reserves with the central banks	3,666,933,484	5,229,919,973
	<b>6,423,198,858</b>	<b>7,535,789,042</b>

DEPOSITS WITH BANKING INSTITUTIONS		
	31.12.2010	30.6.2011
Current accounts with other banks	37,001,523	29,355,016
Term deposits with banks	2,988,661,235	1,295,997,172
Less: Allowance for possible placement losses	(13,407,123)	(19,844,650)
	<b>3,012,255,635</b>	<b>1,305,507,538</b>

TREASURY BILLS WITH MINISTRY OF FINANCE AND BILLS OF EXCHANGE WITH CENTRAL BANK		
	31.12.2010	30.6.2011
<i>Treasury bills</i>		
Securities and other financial instruments held for trading	51,389,540	43,994,412
Securities and other financial instruments available for sale	1,394,717,366	862,061,822
	<b>1,446,106,906</b>	<b>906,056,234</b>

SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE		
	31.12.2010	30.6.2011
Equity shares and participations:	42,889,233	75,474,540
Investments in companies	21,166,233	54,238,422
Investments in financial institutions	21,723,000	21,236,118
Listed debt securities	2,729,399,627	3,383,878,267
Investment in open funds	32,069,131	34,489,629
	<b>2,804,357,991</b>	<b>3,493,842,436</b>

Analysis of listed debt securities:		
Debt securities available for sale allocated by the issuer comprise:		
	31.12.2010	30.6.2011
Republic of Croatia	580,458,275	811,555,401
Companies in Republic of Croatia	154,011,919	134,835,462
Other states	1,994,929,433	2,437,487,405
	<b>2,729,399,627</b>	<b>3,383,878,267</b>

SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY		
	31.12.2010	30.6.2011
Fixed income debt securities:	399,838,583	376,295,368
Listed debt securities – Bonds issued by the Republic of Croatia	351,262,850	349,311,617
Unlisted debt securities – Bonds issued by the Republic of Croatia	48,575,733	26,983,751
Bonds of Republic of Montenegro	-	-
Factoring	376,880	376,308
Total assets held to maturity before allowance	400,215,463	376,671,676
Less: allowance for assets held to maturity	(456,892)	(451,568)
	<b>399,758,571</b>	<b>376,220,108</b>

DERIVATIVE FINANCIAL ASSETS AND LIABILITIES	31.12.2010			30.6.2011		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
<b>Interest rate instruments:</b>						
Interest rate swaps - assets	1,112,812,381	7,666,818		1,233,001,960	7,200,530	
Interest rate swaps - liabilities	1,112,812,381		5,475,554	1,233,001,960		3,781,430
Subtotal - interest rate instruments	2,225,624,762	7,666,818	5,475,554	2,466,003,920	7,200,530	3,781,430
<b>Foreign currency instruments:</b>						
<b>Currency swaps</b>						
Purchase	564,289,469	811,083		218,526,109	3,227,137	
Sell	565,722,268		2,321,271	218,336,567		1,760,686
<b>Forwards</b>						
Purchase	8,922,028,645	27,581,904		11,652,739,367	49,701,312	
Sell	9,118,767,454		228,196,951	11,774,096,878		171,551,954
<b>Call options</b>						
Put options				0		
Subtotal - Foreign currency instruments	19,170,807,836	28,392,987	230,518,222	23,863,698,922	52,928,449	173,312,640
<b>Other instruments:</b>						
Call options for stock indek	2,954,069	71,941		2,949,578	0	
Put options for stock indek	2,947,462		71,899	2,478,762		0
Call options for equity instruments	8,308,319					
Put options for equity instruments						
Forward bonds - purchase						
Forward bonds - sell						
Embedded derivatives - assets	113,028,001	259,607		100,843,444	247,467	
Embedded derivatives - liabilities	65,320,523		8,112	55,595,398		2,253
Short position in bonds issued by Republic of Croatia						
Total - other instruments	192,558,374	331,548	80,011	161,867,183	247,467	2,253
	<b>21,588,990,972</b>	<b>36,391,353</b>	<b>236,073,787</b>	<b>26,491,570,025</b>	<b>60,376,446</b>	<b>177,096,323</b>

LOANS TO FINANCIAL INSTITUTIONS	31.12.2010	30.6.2011
	Loans	535,232,508
Less: Allowance for loan impairment	(3,081,372)	(2,631,844)
	<b>532,151,136</b>	<b>583,850,531</b>

LOANS TO OTHER CUSTOMERS	31.12.2010	30.6.2011
	Companies	15,891,146,980
Individuals	17,015,364,431	17,312,017,474
Public sector	3,337,600,173	4,248,705,539
Other institutions	132,163,229	159,485,296
Total loans before allowances for impairment	36,376,274,813	38,437,004,875
Less: Allowance for loan impairment	(1,790,075,062)	(2,015,531,606)
	<b>34,586,199,751</b>	<b>36,421,473,269</b>

INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES						
	Ownership interest	Activity	Group's Share of net assets		Investment at cost	
			31.12.2010	30.6.2011	31.12.2010	30.6.2011
<b>Associates</b>						
S Immort leasing zeta d.o.o. za poslovanje nekretninama	49.00%	Real estate busine:	429,680	513,933	12,800	12,800
Erste Factoring d.o.o.	44.00%	Other credit intern	48,883,560	0	2,354,000	0
Erste d.o.o.	27.88%	Management comj	24,631,606	22,833,595	12,157,602	12,157,602
S IT Solutions HR d.o.o.	20.00%	IT engineering	206,314	702,861	4,000	4,000
Erste vrijednosni papiri d.o.o.	49.00%		14,079,600	0	17,876,000	0
<b>Total associates:</b>			<b>88,230,761</b>	<b>24,050,389</b>	<b>32,404,402</b>	<b>12,174,402</b>
<b>Subsidiaries</b>						
Erste nekretnine d.o.o.	100.00%	Real estate busine:	800,000	800,000	800,000	800,000
Erste DMD d.o.o.	100.00%	Management comj	15,000,000	15,000,000	15,000,000	15,000,000
MBU d.o.o.	99.003%	IT engineering and	33,242,343	33,242,343	18,731,203	19,588,894
Erste Factoring d.o.o.	74.996%	Other credit intern	0	83,394,522	0	37,658,000
Erste Card Club d.d.	100.00%	Other credit intern	0	339,774,767	0	1,089,285,069
Erste Delta d.o.o.	100.00%	Real estate busine:	26,000	26,000	26,000	26,000
Erste bank a.d., Podgorica	100.00%	Credit institution	182,521,125	182,521,125	100,396,379	100,396,379
<b>Total subsidiaries:</b>			<b>231,589,468</b>	<b>654,758,757</b>	<b>134,953,582</b>	<b>1,262,754,342</b>
<b>Total:</b>			<b>319,820,229</b>	<b>678,809,146</b>	<b>167,357,984</b>	<b>1,274,928,744</b>

TANGIBLE ASSET (MINUS DEPRECIATION)		
	31.12.2010	30.6.2011
Land and buildings	274,597,424	267,038,743
Computers	8,168,597	6,979,883
Furniture and other equipment	64,192,192	62,151,345
Motor vehicles	166,755	297,833
Ongoing investment in buildings and equipment	48,324,905	62,488,165
Investment property	18,479,218	18,140,215
	<b>413,929,091</b>	<b>417,096,184</b>

INTEREST, FEES AND OTHER ASSETS		
	31.12.2010	30.6.2011
Undue interests and fees	257,863,659	297,857,204
Due interests and fees	283,101,740	274,250,465
Tax assets	94,851,935	75,830,604
Receivables for overpaid taxes	-	7,162,177
Intangible assets	44,176,062	44,288,907
Inventory of office supply and other materials	-	113,069
Numismatic collection	579,185	563,385
Prepaid expenses	9,811,439	5,510,235
Other assets	66,842,264	113,785,019
Total other assets before allowance for impairment	757,226,284	819,361,065
Less: Allowance for impairment of other asset	(121,134,383)	(151,862,077)
	<b>636,091,901</b>	<b>667,498,988</b>

AMOUNTS DUE TO FINANCIAL INSTITUTIONS		
	31.12.2010	30.6.2011
From banks	10,277,514,770	12,132,861,520
From other banking institutions	105,016,360	79,754,919
From HBOR	2,132,081,753	2,180,363,032
	<b>12,514,612,883</b>	<b>14,392,979,471</b>

DEPOSITS DEPOSITS OF GIRO AND CURRENT ACCOUNTS		
	31.12.2010	30.6.2011
Deposits from public sector		
<i>Republic of Croatia</i>	3,309,378	4,899,010
<i>Republic funds</i>	1,462,145	21,364,302
<i>Local government</i>	79,609,020	42,360,795
Deposits from financial institutions		
<i>Banks</i>	31,822,961	53,072,895
<i>Other banking institutions</i>	89,171,309	324,565,132
<i>HBOR</i>	10,057	9,372
<i>Non-banking financial institutions</i>	95,135,106	90,399,766
<i>Banks in bankruptcy</i>	184,700	2,333,025
<i>Banks in liquidation</i>	959,452	994,868
Deposits from state commercial customers	36,093,919	50,228,825
Deposits from other commercial customers	2,122,756,467	1,985,367,840
Deposits from non-profit institutions	119,360,793	105,266,935
Deposits from individuals	1,525,047,124	1,564,688,819
Deposits from non residents		
<i>Foreign financial institutions</i>	88,358,213	43,791,914
<i>Foreign states</i>	771,259	483,231
<i>Foreign commercial customers</i>	12,244,240	5,880,054
<i>Foreign individuals</i>	30,886,136	33,220,451
<i>Foreign non-profit institutions</i>	2,731,926	1,449,806
	<b>4,239,914,205</b>	<b>4,330,377,040</b>

SAVINGS DEPOSITS		
	31.12.2010	30.6.2011
Deposits from financial institutions		
<i>Banks</i>	50,062,731	49,727,007
<i>Other banking institutions</i>	21,520,584	6,632,237
<i>Non-banking financial institutions</i>	3,134,415	500,117
Deposits from state commercial customers	5,169,621	22,121,838
Deposits from other commercial customers	438,896,617	336,914,128
Deposits from non-profit institutions	1,587,946	305,995
Deposits from individuals	2,110,833,717	2,037,993,761
Deposits from non residents		
<i>Foreign financial institutions</i>	-	13,437
<i>Other non residents</i>	167,082,336	175,198,203
	<b>2,798,287,967</b>	<b>2,629,406,723</b>

TERM DEPOSITS		
	31.12.2010	30.6.2011
Deposits from public sector		
<i>Republic of Croatia</i>	98,891,078	33,853,120
<i>Republic funds</i>	-	-
<i>Local government</i>	23,057,555	43,060,548
Deposits from financial institutions		
<i>Banks</i>	200,948,993	354,936,098
<i>Other banking institutions</i>	1,326,254,588	1,600,703,430
<i>HBOR</i>	95,000,000	95,000,000
<i>Non-banking financial institution</i>	1,944,565,421	1,471,358,896
<i>Banks in bankruptcy</i>	15,414,446	36,000,000
Deposits from state commercial customers	103,551,779	36,449,026
Deposits from other commercial customers	3,005,108,534	2,681,603,442
Deposits from non-profit institutions	101,336,580	93,103,836
Deposits from individuals	15,623,930,141	16,115,745,676
Deposits from non residents		
<i>Foreign financial institutions</i>	369,258,650	663,655,140
<i>Foreign states</i>	-	-
<i>Foreign commercial customers</i>	60,353,772	57,103,651
<i>Foreign individuals</i>	871,061,306	884,253,057
<i>Foreign non-profit institutions</i>	117,591	117,759
	<b>23,838,850,434</b>	<b>24,166,943,679</b>

INTEREST, FEES AND OTHER LIABILITIES		
	31.12.2010	30.6.2011
Undue interest and fees	372,049,522	409,906,912
Due interest and fees	4,115,269	5,181,058
Prepayments received from borrowers	178,287,193	175,503,557
Tax liabilities	65,958,488	-
Salaries and bonuses payable	80,387,982	65,305,771
Off balance provisions	51,869,545	51,573,414
Amounts due to suppliers	25,751,958	16,046,791
Payables to State Agency for deposit insurance	12,213,426	12,516,423
Uninvoiced liabilities	10,984,499	22,021,036
Liabilities for dividend payout	1,006,548	163,446,360
Other	53,573,902	131,471,843
	<b>856,198,332</b>	<b>1,052,973,165</b>

INTEREST INCOME		
	30.6.2010	30.6.2011
Interest on loans and advances to customers	1,225,685,166	1,296,827,081
Interest on amounts due from other banks	9,294,666	11,676,792
Interest income on financial investments	91,418,395	78,682,432
Interest on balances due from the central bank	12,007,101	3,524,872
Interest on derivative financial instruments	67,652,633	88,615,704
Interest income on impaired financial assets - loans and advances to customers	21,779,362	40,754,299
Interest on reverse repurchase agreements	3,011,692	1,292,008
Other interest income	2,597,774	2,761,984
Interest on financial assets measured at fair value through profit and loss	46,668	781,975
	<b>1,433,493,457</b>	<b>1,524,917,147</b>

INTEREST EXPENSES		
	30.6.2010	30.6.2011
Interest on customer deposits	486,655,753	418,634,571
Interest on other borrowed funds	146,505,943	193,229,737
Interest on amounts due to other banks	19,617,928	28,251,437
Interest on subordinated debt	0	180,514
Interest on derivative financial instruments	11,491,194	33,053,712
Interest on repurchase agreements	1,011,438	1,865,390
Other interest expense	1,152,520	4,389,211
Interest on financial liabilities measured at fair value through profit and loss	43,333	715,199
	<b>666,478,109</b>	<b>680,319,771</b>

FEE AND COMMISSION INCOME		
	30.6.2010	30.6.2011
Payments and money transfers	84,120,971	80,850,396
Bank cards services	64,785,032	62,563,362
Custodial fees	26,237,344	18,629,104
Guarantees and letter of credit	17,365,327	17,217,189
Other fee and commission income	19,141,341	15,831,884
	<b>211,650,015</b>	<b>195,091,935</b>

FEE AND COMMISSION EXPENSES		
	30.6.2010	30.6.2011
Payments and money transfers	21,294,785	20,676,343
Bank cards services	30,781,456	30,913,984
Custodial fees	562,153	1,283,015
Guarantees and letter of credit	652,865	1,082,169
Other fee and commission expense	1,475,524	203,520
	<b>54,766,783</b>	<b>54,159,031</b>

PROFIT/LOSS FROM TRADING		
	30.6.2010	30.6.2011
Net foreign exchange gain loss on derivative financial instruments	-1,579,861	3,239,553
Net gain on financial assets at fair value through profit and loss	10,839,104	14,790,868
	<b>9,259,243</b>	<b>18,030,421</b>

PROFIT/LOSS FROM EMBEDDED DERIVATES		
	30.6.2010	30.6.2011
Profit/ (loss) from embedded derivatives (except contracts with one-way currency clause)	-475,312	-40,206
Profit/ (loss) from embedded derivatives according to contracts with the one-way currency clause	-123,524	-5,297
	<b>-598,836</b>	<b>-45,503</b>

OTHER INCOME		
	30.6.2010	30.6.2011
Income from sale of property and equipment	132,502	7,059,714
Rental income from investment property	1,442,793	1,467,307
Rental income	951,339	769,462
Deposit insurance premiums	1,270,815	0
Other	3,152,168	2,192,509
	<b>6,949,617</b>	<b>11,488,992</b>

GENERAL AND ADMINISTRATIVE EXPENSES AND DEPRECIATION		
	30.6.2010	30.6.2011
Employee related costs		
- Wages, salaries and compensations	100,650,131	109,894,994
- Payroll taxes and contributions	82,591,309	89,872,550
Pension provisions	605,674	723,915
Donations and sponsorship	4,189,561	3,921,055
Other administrative expenses	174,777,811	189,004,665
Depreciation	27,965,561	24,606,561
	<b>390,780,047</b>	<b>418,023,740</b>

OTHER EXPENSES		
	30.6.2010	30.6.2011
Other taxes and contributions	3,073,783	2,807,827
Other	945,052	983,622
	<b>4,018,835</b>	<b>3,791,449</b>

EXPENSES OF VALUE ADJUSTMENTS AND LOAN LOSS PROVISIONS		
	30.6.2010	30.6.2011
Provisions for impairment losses on loans and advances	204,338,580	272,496,082
Provision for impairment loss on other assets	54,562,339	26,540,810
Provision for impairment loss on financial investments held to maturity	-12,768	-4,752
Provision for impairment loss on financial investments available for sale	1,468,272	0
Provision for litigations	-3,956,058	8,406,614
Provision for impairment of guarantees and credit commitments	3,132,718	192,385
	<b>259,533,083</b>	<b>307,631,139</b>

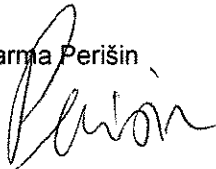
**DECLARATION OF KEY PERSONNEL RESPONSIBLE FOR PREPARATION OF FINANCIAL STATEMENTS**

According to our best knowledge:

1. Shortened set of halfyear financial statements for Erste&Steiermärkische bank d.d. prepared in accordance with appropriate standards of financial reporting of banks in Republic of Croatia gives complete and true state of assets and liabilities and financial result and affairs of Erste&Steiermärkische bank d.d.
2. Management report contains true and fair view of affairs and results of Erste & Steiermärkische Bank d.d.

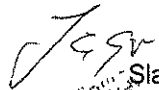
Accounting sector director

Karna Perišin



Rijeka, August 31<sup>st</sup> 2011

Management Board member

  
Slađana Jagar  
ERSTE & STEIERMÄRKISCHE  
BANK D.D.  
RIJEKA 095  
026