

Unaudited financial statements of the Erste&Steiermärkische Bank d.d. and subsidiaries (the Group) for period January 1st - June 30th 2012

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Management report for H1 2012

Erste Bank maintained positive business trend in the first half of 2012

The information in this release represent preliminary financial results of Erste&Steiermärkische Bank d.d. for the first six months of 2012.

Key financial indicators for the Bank and for the Group:

- **Total assets of the Bank** as of June 30, 2012 reached HRK 57.7 billion, up 1.2% compared with December 31, 2011, when they had amounted to HRK 57.0 billion
- **Net profit of the Bank** in the first six months of 2012 amounted to HRK 272.0 million, which is 4.2% more than in the same period last year, when it had amounted to HRK 261.0 million
- **Key performance indicators for the Bank:** Return on Assets (**RoA**) was 0.94%, Return on Equity (**RoE**) 8.27%, while the **Cost/Income ratio** was additionally reduced from 40.0% on June 30, 2011, to 37.5% on June 30, 2012
- **Total assets of the Group** as of June 30, 2012 reached HRK 64.6 billion, up 2.5% compared with December 31, 2011, when they had amounted to HRK 63.0 billion
- **Net profit of the Group** in the first six months of 2012 amounted to HRK 319.3 million, which is 1.4% more than in the same period last year, when it had amounted to HRK 314.9 million
- **Key performance indicators of the Group:** Return on Assets (**RoA**) was 0.95%, Return on Equity (**RoE**) 9.00%, while the **Cost/Income ratio** was additionally reduced from 44.0% on June 30, 2011, to 41.7% on June 30, 2012

Zagreb/Rijeka, July 31, 2012 – In the first six months of 2012, Erste&Steiermärkische Bank d.d. maintained the trend of recording positive financial results, despite highly demanding market conditions. The Bank's total assets as of June 30th, 2012, amounted to HRK 57.7 billion, which is 1.2% more compared with year end 2011. With the H1 2012 net profit of HRK 272.0 million, 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 40.0% in H1 2011 to 37.5% in H1 2012. H1 2012 RoA reached 0.94%, while RoE stood at 8.27%.

"We are satisfied with the results achieved in the first six months of 2012, especially bearing in mind the fact that market conditions around us are extremely challenging. We kept our operations and financial indicators highly stable by continually adjusting our operations to objective circumstances, improving internal efficiency, and managing costs adequately", underlined the chairman of the Management Board of Erste Bank **Petar Radakovic** on this occasion. *"We will remain a reliable partner to our clients for the rest of the year. We want to support all healthy entrepreneurial initiatives aimed at real sector growth and real sector employment growth. I am confident that we will meet all our goals set for 2012",* Radakovic concluded.

As of June 30, 2012, the Bank's total lending volume amounted to HRK 38.6 billion, which is 0.8 percent less than year end 2011, when it had amounted to HRK 38.9 billion. The Bank's loan book decline is, above all, a consequence of lower demand for new loans on the market overall, especially in the segment of corporate lending, which is a result of current market conditions and the objective economic situation. Regardless of that, by attending to the needs of its clients, the Bank has continued to record rising market shares in this segment. According to the latest available data provided by the Croatian National Bank in the end of May 2012, the Bank's market share in total lending volume increased by 14.3%, compared to 14.1% recorded at the end of 2011. At the same time, the market share in lending to economy increased from 14.3% to 14.5% (from 14.4% to 14.6% in the corporate lending segment), while the market share in total retail lending witnessed a slight rise from 13.9% at the end of 2011 to 14.0% at the end of May this year.

The Bank's total deposits amounted to HRK 31.6 billion, which is 1.6 percent less than year end 2011, when they had amounted to HRK 32.1 billion. It is important to note that this was primarily driven by a decrease in corporate deposits, whereas retail deposits have been steadily and continuously growing.

According to the Group's consolidated financial report for the first six months of 2012 (including the following subsidiaries in addition to Erste Bank: Erste DMD d.o.o., Erste Nekretnine d.o.o., Erste Delta d.o.o., Erste Bank a.d. Podgorica, Erste Card Club d.d., Erste Factoring d.o.o.), total assets amounted to HRK 64.6 billion or 2.5 percent more than at the end of 2011, when they had amounted to HRK 63.0 billion. The group net profit reached HRK 319.3 million, which is 1.4 percent more than at the end of 2011, when it stood at HRK 314.9 million. Return on assets in the first six months of 2012 was 0.95%, and return on equity was 9.00%. The Cost/Income Ratio of the Group slumped from 44.0% on June 30, 2011, to 41.7% on June 30, 2012.

Goals for the rest of 2012

To follow resident's financial needs, focus intensively on the SME segment and support quality projects driving development of the real economy and employment will remain the basic strategic guidelines in Erste Bank's operation. The bank still sees new lending prospects in renewable energy sources and energy efficiency, agriculture and EU fund-related infrastructure projects, and export-oriented production, and will keep them in focus in the upcoming period. The Bank's long-term business policies are always aimed at achieving above-average market growth, increasing internal and cost efficiency. The Bank wishes to close this year too with an increase in market shares, just like in previous years. A special attention will still be paid to improving the quality of service and communication with the clients, and understanding their specific needs in existing market conditions.

Related parties transactions

	ESB GROUP			BANK		
	30.6.2012	31.12.2011	% change	30.6.2012	31.12.2011	% change
ASSET	1,036	951	8.9%	1,128	1,308	-13.8%
LIABILITIES	20,720	19,720	5.1%	16,609	16,063	3.4%
	30.6.2012	30.6.2011	% change	30.6.2012	30.6.2011	% change
REVENUES	287	121	137.2%	307	124	147.6%
EXPENSES	599	313	91.4%	550	280	96.4%

In previous period, the parent company EGB Gmbh additionally financed related companies and Bank, and the liabilities towards the mother increased which impact on the items in the income statement.

Research and Development

In the past period, the Bank has additionally developed the existing applications in order to provide clients with the best possible service in the lending business, while reducing employee workload. A considerable progress has been achieved in the code testing technology, data model optimisation, and workflow and document management solutions that are supposed to make the business processes much more flexible. The upgrade process continues.

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:

1.1.2012

to

30.6.2012

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 & STEIERMARKISCHE BANK DD

Postal code and town of residence: 51000 RIJEKA

Address: JADRANSKI TRG 3A

E-mail address: erstebank@erstebank.hr

Internet address: www.erstebank.hr

Postal code and name of municipality/town: 373 RIJEKA

Code and name of county: 8 PRIMORSKO GORANSKA

Number of employees: 2,829

(at the end of reporting period)

Consolidated report: YES

NKD code: 6419

Names of subjects of consolidation (according to MSFI):

Headquarters:

MB:

Erste DMD d.o.o. za upravljanje dobrovoljnim mirovinskim fondovima Zagreb, Ivana Lučića 2a 01893670

Erste Nekretnine d.o.o. Zagreb, Ivana Lučića 2 02068249

Erste Delta d.o.o. za poslovanje nekretninama Zagreb, Ivana Lučića 2 01541919

Erste Bank a.d., Podgorica Crna Gora, Podgorica, Marka Miljanova 46 08499002

Diners BIH d.o.o. Sarajevo Bosna i Hercegovina, Sarajevo, Fra Andela 2 08070062

Erste Card Club d.d. Zagreb, Praška 5 3289737

Erste Factoring d.o.o. Zagreb, Ivana Lučića 2 2058049

Bookkeeping service:

Contact person: RAJIĆ ANDREJA

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

Phone number: 062 37 1778

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E-mail address: arajic@erstebank.com

Last and first name: SCHOEFBOECK CHRISTOPH

(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 & STEIERMÄRKISCHE
BANK D.D.
RIJEKA
026 095



STATEMENT OF FINANCIAL POSITION
as of **30.6.2012**

in HRK

Name of position	AOP	Prior period	Current period
1	2	3	4
ASSETS			
1. CASH AND DEPOSITS WITH Central bank (002+003)	001	7,229,872,244	7,404,481,692
1.1. Cash	002	816,105,099	874,784,384
1.2. Deposits with Central bank	003	6,413,767,145	6,529,697,308
2. DEPOSITS WITH BANKING INSTITUTIONS	004	1,302,447,186	1,141,300,532
3. TREASURY BILLS WITH MINISTRY OF FINANCE AND BILLS OF EXCHANGE WITH CENTRAL BANK	005	1,661,079,746	1,501,767,709
4. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD FOR TRADING	006	299,780,373	162,012,989
5. SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE	007	4,934,057,676	5,402,270,425
6. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY	008	407,805,472	230,615,822
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	91,339,920	105,906,238
9. LOANS TO FINANCIAL INSTITUTIONS	011	382,791,757	1,413,535,508
10. LOANS TO OTHER CUSTOMERS	012	44,068,553,221	44,506,991,013
11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	013	69,267,366	66,297,558
12. REPOSSESSED ASSETS	014	111,443,848	155,596,252
13. TANGIBLE ASSET (MINUS DEPRECIATION)	015	729,437,737	719,886,068
14. INTEREST, FEES AND OTHER ASSETS	016	1,756,700,681	1,779,813,057
A) TOTAL ASSETS (001+004 to 016)	017	63,044,577,227	64,590,474,863
LIABILITIES			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	22,145,716,047	23,681,124,237
1.1. Short-term borrowings	019	5,448,212,712	6,534,549,574
1.2. Long-term borrowings	020	16,697,503,335	17,146,574,663
2. DEPOSITS (AOP 022 to 024)	021	31,701,806,785	31,075,662,274
2.1. Deposits of giro and current accounts	022	5,309,206,783	4,808,670,910
2.2. Savings deposits	023	2,897,443,236	2,783,344,150
2.3. Term deposits	024	23,495,156,766	23,483,647,214
3. OTHER BORROWINGS (026+027)	025	19,205,058	236,745,528
3.1. Short-term borrowings	026	16,642,228	235,000,000
3.2. Long-term borrowings	027	2,562,830	1,745,528
4. DERIVATIVE FINANCIAL LIABILITIES AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING	028	133,838,001	42,454,517
5. ISSUED DEBT SECURITIES (030+031)	029		
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	858,467,880	856,151,400
7. ISSUED HYBRID INSTRUMENTS	033	0	0
8. INTEREST, FEES AND OTHER LIABILITIES	034	1,566,873,887	1,832,477,498
B) TOTAL LIABILITIES (018+021+025+028+029+032+033+034)	035	56,425,907,658	57,724,615,454
EQUITY			
1. SHARE CAPITAL	036	3,500,360,782	3,500,360,782
2. PROFIT/(LOSS) OF THE CURRENT YEAR	037	739,003,388	313,605,221
3. RETAINED PROFIT/(LOSS)	038	2,371,760,882	2,939,360,587
4. LEGAL RESERVES	039	84,920,875	84,920,875
5. STATUTORY AND OTHER CAPITAL RESERVES	040	7,794,791	259,274
6. UNREALISED PROFIT/(LOSS) FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE	041	-85,171,149	27,352,670
7. RESERVES RESULTING FROM PROTECTIVE TRANSACTIONS	042		
C) TOTAL EQUITY (036 to 042)	043	6,618,669,569	6,865,859,409
D) TOTAL LIABILITIES AND EQUITY (035+043)	044	63,044,577,227	64,590,474,863
SUPPLEMENT TO STATEMENT OF FINANCIAL POSITION (filled out by banks that compose a consolidated financial report)			
1. TOTAL EQUITY	045	6,618,669,569	6,865,859,409
2. Attributed to equity holders of the parent	046	6,589,771,385	6,832,642,370
3. Minority shares (045-046)	047	28,898,184	33,217,039

INCOME STATEMENT

for period from **1.1.2012** to **30.6.2012**

in HRK

Name of position 1	AOP 2	Prior period		Current period	
		Cumulative 3	Quarter 4	Cumulative 5	Quarter 6
1. Interest income	048	1,792,132,983	898,973,816	2,126,411,080	1,041,306,116
2. Interest expense	049	754,208,641	373,111,563	1,070,354,330	514,378,735
3. Net interest income (048-049)	050	1,037,924,342	525,862,253	1,056,056,750	526,927,381
4. Fee and commission income	051	342,707,638	182,433,955	332,700,625	176,807,873
5. Fee and commission expense	052	64,404,541	34,765,516	75,742,207	40,141,837
6. Net fee and commission income (051-052)	053	278,303,097	147,668,439	256,958,418	136,666,036
7. Profit/loss from investments in subsidiaries, associates and joint ventures	054	-1,217,212	-2,857,865	-2,969,808	-4,441,659
8. Profit/loss from trading	055	26,705,507	10,177,539	14,093,433	5,866,887
9. Profit/loss from embedded derivatives	056	-1,027,118	1,036,297	-6,726	8,230
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	-10,770,565	-9,341,101	47,145,726	47,131,353
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	8,061,757	8,019,296	7,566,156	6,689,158
16. Profit/loss from foreign currency differences	063	42,947,860	18,871,374	51,544,442	24,410,523
17. Other income	064	13,001,885	2,968,387	11,091,178	6,613,486
18. Other expenses	065	7,096,477	3,780,726	4,483,481	1,234,067
19. General administrative expenses and depreciation	066	619,135,773	314,427,831	596,131,123	305,419,647
20. Net income from business before value adjustment and loan loss provisions (050+053 to 064-065-066)	067	767,697,303	384,196,062	840,864,965	443,217,681
21. Expense of value adjustment and loan loss provisions	068	376,225,159	204,775,362	443,426,081	247,863,205
22. PROFIT/LOSS BEFORE TAX (067-068)	069	391,472,144	179,420,700	397,438,884	195,354,476
23. INCOME TAX EXPENSE	070	76,528,229	34,371,060	78,103,861	38,650,735
24. PROFIT/LOSS OF THE CURRENT YEAR (069-070)	071	314,943,915	145,049,640	319,335,023	156,703,741
25. Earnings per share	072	18	18	18	18
ANNEX TO INCOME STATEMENT (for the Banks that prepare consolidated financial statements)					
1. PROFIT/LOSS OF THE CURRENT YEAR	073	314,943,915	145,049,640	319,335,023	156,703,741
2. Assign equity holders of the Bank	074	310,386,634	140,516,572	313,605,221	152,952,959
3. Non controlling interest (073-074)	075	4,557,281	4,533,068	5,729,802	3,750,782

CASH FLOW STATEMENT - indirect method

for period from 1.1.2012 to 30.6.2012 in HRK

Name of the position	AOP	Prior period	Current period
1	2	3	4
OPERATING ACTIVITIES			
1. Cash flow from operating activities before changes of operating asset (002 do 007)	001	-244,399,156	-250,344,278
1.1. Profit/(loss) before income tax	002	391,472,144	397,438,884
1.2. Allowances and loss provisions	003	376,225,159	443,426,082
1.3. Depreciation	004	38,789,025	61,454,279
1.4. Net unrealized profit/(loss) from financial assets and liabilities through profit and loss	005	0	0
1.5. Profit/(loss) from sale of tangible assets	006	7,059,714	52,744
1.6. Other profit/(losses)	007	-1,057,945,198	-1,152,716,267
2. Net increase/(decrease) of operating assets (009 do 016)	008	-7,800,875,452	-918,821,846
2.1. Deposits with Central bank	009	-1,562,905,923	190,521,602
2.2. Treasury bills of Ministry of Finance and CB bills	010	290,585,049	159,312,037
2.3. Deposits with banks and loans to financial institutions	011	-134,224,092	-985,522,433
2.4. Loans to other customers	012	-4,986,324,053	-846,430,664
2.5. Securities and other financial instruments held for trading	013	-323,527,934	137,773,710
2.6. Securities and other financial instruments available for sale	014	-1,271,089,055	-582,430,828
2.7. Securities and other financial instruments not traded actively, measured at fair value through profit or loss	015		
2.8. Other operating assets	016	186,610,556	1,007,954,730
3. Net increase/(decrease) of operating liabilities (018 do 021)	017	-408,128,025	-665,565,915
3.1. Demand deposits	018	134,611,478	-500,602,148
3.2. Savings and term deposits	019	-1,003,743,217	-141,237,256
3.3. Financial derivative liabilities and other liabilities actively traded	020	-82,556,776	-105,949,802
3.4. Other liabilities	021	543,560,490	82,223,291
4. Net cash flow from operating activities before income tax (001+008+017)	022	-8,453,402,633	-1,834,732,039
5. (Income tax paid)	023	-145,286,906	-84,864,363
6. Net inflow/(outflow) of cash from operating activities (022+023)	024	-8,598,689,539	-1,919,596,402
INVESTING ACTIVITIES			
7. Net cash flow from investing activities (026 do 030)	025	-879,480,978	209,162,737
7.1. Receipt from sale/(payment for buying) tangible and intangible assets	026	-92,233,125	-51,955,354
7.2. Receipt from sale/(payment for buying) investments in subsidiaries, associates and joint ventures	027	67,763,036	5,372,937
7.3. Receipt from sale/(payment for buying) securities and other financial instruments held to maturity	028	-870,992,052	175,938,220
7.4. Dividend income	029	15,981,163	79,806,934
7.5. Other receipts/(payments) from investing activities	030		
FINANCIAL ACTIVITIES			
8. Net cash flow from financial activities (032 do 037)	031	6,587,585,448	1,691,447,024
8.1. Net increase/(decrease) of borrowings	032	6,366,411,976	1,713,100,637
8.2. Net increase/(decrease) issued debt securities	033	221,173,472	-21,653,613
8.3. Net increase/(decrease) subordinated and hybrid instruments	034		
8.4. Receipts from transmitted share capital	035		
8.5. (Dividends paid)	036		
8.6. Other receipts/(payments) from financial activities	037		
9. Net increase/(decrease) of cash and cash equivalents (024+025+031)	038	-2,890,585,069	-18,986,641
10. Effects of change in foreign exchange rates on cash and cash equivalents	039		
11. Net increase/(decrease) cash and cash equivalents (038+039)	040	-2,890,585,069	-18,986,641
12. Cash and cash equivalents at the beginning of the year	041	6,721,945,898	4,300,790,112
13. Cash and cash equivalents at the end of the year (040+041)	042	3,831,360,829	4,281,803,471

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Name of position	for period		in HRK							
	01.01.2012	30.06.2012	Raspoloživo dioničarima matičnog društva							
AOP	1	2	3	4	5	6	7	8	9	10
			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
Balance at 1 January	001	3,500,360,782	0	92,715,666	2,342,862,697	739,003,389	-85,171,149	28,898,184	6,618,669,569	
Changes in accounting policies and corrections of mistakes	002									
Corrected balance as at 1 January (1+2)	003	3,500,360,782	0	92,715,666	2,342,862,697	739,003,389	-85,171,149	28,898,184	6,618,669,569	
Sale of financial assets available for sale	004						47,145,726		47,145,726	
Change of fair value financial asset available for sale	005						91,648,096		91,648,096	
Tax on items directly recognised or transferred from capital and reserves	006						-26,270,003		-26,270,003	
Other profit/(loss) directly recognised in capital and reserves	007			-904,422					-904,422	
Net profit/(loss) directly recognised in capital and reserves (004+005+006+007)	008	0	0	-904,422	0	0	112,523,819	0	111,619,397	
Profit/(loss) for the period	009					313,605,221			313,605,221	
Total recognised income and expenses for the period (008+009)	010	0	0	-904,422	0	313,605,221	112,523,819	0	425,224,618	
Increase/(decrease) of share capital	011								0	
Buy/sell of treasury shares	012									
Other changes	013			-631,095	8,135			0	4,318,855	
Transfer to reserves	014			-6,000,000	563,272,716	-557,272,716			0	
Dividends paid	015			-6,000,000	563,272,716	-181,730,673			-181,730,673	
Distribution on income (014+015)	016	0	0	-6,000,000	563,272,716	-739,003,389	0	0	-181,730,673	
Balance at reporting date (003+010+011+012+013+016)	017	3,500,360,782	0	85,180,149	2,906,143,548	313,605,221	27,352,670	33,217,039	6,865,859,409	

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		
	31.12.2011	30.6.2012
Cash on hand	816,105,099	874,784,384
Cash on clearing account	1,722,638,378	2,029,084,963
Obligatory reserves with the central banks	4,691,128,767	4,500,612,345
	7,229,872,244	7,404,481,692

DEPOSITS WITH BANKING INSTITUTIONS		
	31.12.2011	30.6.2012
Current accounts with other banks	99,311,763	139,416,011
Term deposits with banks	1,205,142,693	1,003,630,022
Less: Allowance for possible placement losses	(2,007,270)	(1,745,501)
	1,302,447,186	1,141,300,532

SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD FOR TRADING		
	31.12.2011	30.6.2012
Shares	5,523,913	7,512,052
Shares in open investment funds	294,224,519	153,443,334
Bonds	31,941	1,057,603
	299,780,373	162,012,989

TREASURY BILLS WITH MINISTRY OF FINANCE AND BILLS OF EXCHANGE WITH CENTRAL BANK		
	31.12.2011	30.6.2012
<i>Treasury bills</i>		
Securities and other financial instruments held for trading	116,785,685	70,285,664
Securities and other financial instruments available for sale	1,356,033,561	1,168,628,545
Securities and other financial instruments held to maturity	188,260,500	262,853,500
	1,661,079,746	1,501,767,709

SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE		
	31.12.2011	30.6.2012
Equity shares and participations:	91,004,139	52,927,077
Investments in companies	69,516,575	31,990,321
Investments in financial institutions	21,487,564	20,936,756
Listed debt securities	4,814,264,714	5,322,618,932
Investment in open funds	28,788,823	26,694,829
Rights issue	-	29,587
	4,934,057,676	5,402,270,425

Analysis of listed debt securities:		
Debt securities available for sale allocated by the issuer comprise:		
	31.12.2011	30.6.2012
Republic of Croatia	1,779,823,283	2,657,292,056
Companies in Republic of Croatia	174,971,889	180,646,946
Foreign financial institutions	-	373,627,475
Foreign states	2,859,469,542	2,111,052,455
	4,814,264,714	5,322,618,932

SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY		
	31.12.2011	30.6.2012
Fixed income debt securities:	407,877,489	230,654,002
Listed debt securities – Bonds issued by the Republic of Croatia	355,247,961	186,071,951
Unlisted debt securities – Bonds issued by the Republic of Croatia	4,839,048	4,825,991
Bonds of Republic of Montenegro	47,790,480	39,756,060
Total assets held to maturity before allowance	407,877,489	230,654,002
Less: allowance for assets held to maturity	(72,017)	(38,180)
	407,805,472	230,615,822

DERIVATIVE FINANCIAL ASSETS AND LIABILITIES	31.12.2011			30.6.2012		
	Nominalni iznos	Imovina	Obveze	Nominalni iznos	Imovina	Obveze
Interest rate instruments:						
Interest rate swaps - assets	1,388,527,272	20,059,345		1,151,476,853	19,260,050	
Interest rate swaps - liabilities	1,388,527,272		16,104,769	1,151,476,853		16,474,788
Subtotal - interest rate instruments	2,777,054,544	20,059,345	16,104,769	2,302,953,706	19,260,050	16,474,788
Foreign currency instruments:						
Currency swaps						
Purchase	1,546,077,574	5,754,705		2,426,714,105	4,277,905	
Sell	1,542,119,143		999,729	2,429,326,889		3,662,493
Forwards						
Purchase	12,664,307,125	64,974,182		13,849,708,853	81,952,364	
Sell	12,710,566,825		116,599,481	13,785,112,130		22,276,094
Call options	-	-	-	-	-	-
Put options	-	-	-	-	-	-
Subtotal - Foreign currency instruments	28,463,070,667	70,728,887	117,599,210	32,490,861,977	86,230,269	25,938,587
Other instruments:						
Call options for stock indeks	8,471,723	42,359		8,471,723	42,667	
Put options for stock indeks	8,471,723			8,471,723		
Call options for equity instruments	-	-	-	-	-	-
Put options for equity instruments	-	-	-	-	-	-
Forward bonds - purchase	29,857,989	62,516		7,423,959		
Forward bonds - sell	29,857,989		47,516	7,423,959		
Embedded derivatives - assets	87,552,624	446,813		72,247,924	373,252	
Embedded derivatives - liabilities	46,706,551		86,506	37,515,736		41,142
Short position in bonds issued by Republic of Croatia						
Total - other instruments	210,918,599	551,688	134,022	141,555,024	415,919	41,142
Total	31,451,043,810	91,339,920	133,838,001	34,935,370,707	105,906,238	42,454,517

LOANS TO FINANCIAL INSTITUTIONS	31.12.2011	30.6.2012
	Loans	385,520,166
Less: Allowance for loan impairment	(2,728,409)	(4,832,599)
Total	382,791,757	1,413,535,508

LOANS TO OTHER CUSTOMERS	31.12.2011	30.6.2012
	Companies	20,198,786,261
Individuals	20,565,471,178	20,725,754,081
Public sector	6,034,330,478	6,509,753,712
Other institutions	172,194,567	165,025,230
Total loans before allowances for impairment	46,970,782,484	47,720,918,784
Less: Allowance for loan impairment	(2,902,229,263)	(3,213,927,771)
Total	44,068,553,221	44,506,991,013

INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES						
	Ownership Interest	Activity	Group's Share of net assets		Investment at cost	
			31.12.2011	30.6.2012	31.12.2011	30.6.2012
Associates						
S Immorent leasing zeta d.o.o. za poslovanje nekretninama	49.00%	Real estate business	529,342	585,828	12,800	12,800
Erste d.o.o	37.94%	Management company fr	34,811,547	31,411,831	23,098,985	23,098,985
S IT Solutions HR d.o.o.	20.00%	IT engineering	209,873	252,929	4,000	4,000
IMMOKOR BUZIN d.o.o.	49.00%	Real estate business	33,716,604	34,046,970	33,975,000	33,975,000
Total associates:			69,267,366	66,297,558	57,090,785	57,090,785
Subsidiaries						
Erste nekretnine d.o.o.	100.00%	Real estate business	2,317,130	2,742,160	800,000	800,000
Erste DMD d.o.o.	100.00%	Management company fr	14,629,508	15,592,464	15,000,000	15,000,000
Erste Factoring d.o.o.	74.996%	IT engineering and interb	86,651,838	132,846,901	37,658,000	37,658,000
Erste Card Club d.d.	100.000%	Other credit intermediati	388,485,016	423,857,870	1,089,285,069	1,089,285,069
Diners Club BH d.o.o.	100.000%	Other credit intermediati	-2,555,716	-3,581,614	-	-
Erste Delta d.o.o.	100.000%	Real estate business	-8,353,651	-5,275,243	26,000	26,000
Erste bank a.d., Podgorica	100.000%	Credit institution	208,282,501	229,256,323	100,396,379	100,396,379
Total subsidiaries:			689,456,626	795,438,861	1,243,165,448	1,243,165,448
Total:			758,723,992	861,736,419	1,300,256,233	1,300,256,233

TANGIBLE ASSET (MINUS DEPRECIATION)		
	31.12.2011	30.6.2012
Land and buildings	600,060,031	599,087,028
Computers	13,574,558	25,234,775
Furniture and other equipment	91,348,325	74,487,069
Motor vehicles	1,145,943	1,307,818
Ongoing investment in buildings and equipment	22,503,771	18,976,713
Investment property	805,109	792,665
	729,437,737	719,886,068

INTEREST, FEES AND OTHER ASSETS		
	31.12.2011	30.6.2012
Undue interests and fees	345,945,261	383,247,674
Due interests and fees	398,059,585	440,226,613
Tax assets	205,741,580	176,727,424
Receivables for overpaid taxes	22,182,002	30,949,151
Intangible assets	57,153,788	56,120,292
Inventory of office supply and other materials	130,857	84,823
Numismatic collection	551,900	540,700
Prepaid expenses	6,775,186	11,693,013
Dividend receivable	-	26,225,194
Other assets	170,431,417	190,563,399
Total other assets before allowance for impairment	1,206,971,576	1,316,378,283
Less: Allowance for impairment of other asset	549,729,105	463,434,774
	1,756,700,681	1,779,813,057

AMOUNTS DUE TO FINANCIAL INSTITUTIONS		
	31.12.2011	30.6.2012
From banks	19,437,184,832	20,840,226,137
From other banking institutions	46,575,648	50,993,579
From HBOR	2,661,955,567	2,789,904,521
	22,145,716,047	23,681,124,237

DEPOSITS		
	31.12.2011	30.6.2012
Deposits of giro and current accounts		
Deposits from public sector		
<i>Republic of Croatia</i>	16,741,076	6,579,378
<i>Republic funds</i>	1,134,665	889,883
<i>Local government</i>	105,603,930	74,394,061
Deposits from financial institutions		
<i>Banks</i>	35,807,947	34,830,046
<i>Other banking institutions</i>	64,237,388	124,796,110
<i>HBOR</i>	9,983	10,050
<i>Non-banking financial institutions</i>	50,978,367	67,270,393
<i>Banks in bankruptcy</i>	2,672,832	44,248
<i>Banks in liquidation</i>	901,284	843,599
Deposits from state commercial customers	52,620,624	27,477,180
Deposits from other commercial customers	2,731,798,105	1,910,354,461
Deposits from non-profit institutions	123,137,789	110,183,634
Deposits from individuals	1,626,370,636	1,646,913,336
Deposits from non residents		
<i>Foreign financial institutions</i>	15,579,611	143,228,410
<i>Foreign states</i>	5,697,996	39,566,346
<i>Foreign commercial customers</i>	74,376,692	232,390,419
<i>Foreign individuals</i>	392,727,053	379,352,473
<i>Foreign non-profit institutions</i>	8,810,805	9,546,883
	5,309,206,783	4,808,670,910

Savings deposits		
	31.12.2011	30.6.2012
Deposits from public sector		-
<i>Republic of Croatia</i>	1,137,140	
Deposits from financial institutions		
<i>Banks</i>	58,854,559	61,540,981
<i>Other banking institutions</i>	19,114,380	7,187,279
<i>Non-banking financial institutions</i>	440,867	861,513
Deposits from state commercial customers	22,591,260	30,791,410
Deposits from other commercial customers	352,009,571	332,787,713
Deposits from non-profit institutions	4,334,909	4,694,251
Deposits from individuals	2,235,815,698	2,151,387,605
Deposits from non residents		
<i>Foreign financial institutions</i>	35,282	569,245
<i>Other non residents</i>	203,109,570	193,524,153
	2,897,443,236	2,783,344,150

Term deposits		
	31.12.2011	30.6.2012
Deposits from public sector		
<i>Republic of Croatia</i>	10,773,129	49,360,185
<i>Republic funds</i>	-	-
<i>Local government</i>	24,675,441	65,137,644
Deposits from financial institutions		
<i>Banks</i>	432,862,461	307,934,900
<i>Other banking institutions</i>	933,235,793	1,174,116,164
<i>HBOR</i>	-	35,000,000
<i>Non-banking financial institution</i>	779,787,895	811,402,392
<i>Banks in bankruptcy</i>	33,000,000	35,500,000
<i>Banks in liquidation</i>	858,769	-
Deposits from state commercial customers	137,776,239	41,091,693
Deposits from other commercial customers	2,282,514,820	1,841,212,645
Deposits from non-profit institutions	118,013,389	164,113,550
Deposits from individuals	17,030,317,888	17,278,394,057
Deposits from non residents		
<i>Foreign financial institutions</i>	99,263,895	41,161,440
<i>Foreign states</i>	36,005,216	32,153,010
<i>Foreign commercial customers</i>	192,518,001	113,611,055
<i>Foreign individuals</i>	1,383,176,909	1,491,006,591
<i>Foreign non-profit institutions</i>	376,921	2,451,888
	23,495,156,766	23,483,647,214

OTHER BORROWINGS		
	31.12.2011	30.6.2012
Short term borrowings in foreign currency	16,642,228	-
Short term borrowings in HRK	-	235,000,000
Long term borrowings in foreign currency	2,562,830	1,745,528
	19,205,058	236,745,528

INTEREST, FEES AND OTHER LIABILITIES		
	31.12.2011	30.6.2012
Undue interest and fees	502,723,975	554,830,688
Due interest and fees	16,989,127	20,295,873
Prepayments received from borrowers	170,851,537	167,085,735
Income tax liabilities	5,348,067	8,667,878
Other taxes	3,128,679	2,035,976
Salaries and bonuses payable	107,216,052	88,820,588
Off balance provisions	56,276,269	53,357,988
Amounts due to suppliers	494,528,557	476,941,623
Payables to State Agency for deposit insurance	13,126,544	13,204,651
Uninvoiced liabilities	16,551,538	32,028,133
Liabilities for dividend payout	555,743	203,096,174
Subordinated instruments	18,236,654	37,592,986
Deffered income	22,136,640	20,767,143
Other	139,204,505	153,752,062
	1,566,873,887	1,832,477,498

INTEREST INCOME		
	30.6.2011	30.6.2012
Interest on loans and advances to customers	1,552,938,651	1,639,387,601
Interest on amounts due from other banks	16,629,881	7,653,718
Interest income on financial investments	85,002,356	150,078,453
Interest on balances due from the central bank	3,614,292	379,218
Interest on derivative financial instruments	88,615,704	269,271,769
Interest income on impaired financial assets - loans and advances to customers	40,754,299	52,005,332
Interest on reverse repurchase agreements	1,011,612	2,444,121
Other interest income	3,566,188	5,190,868
	1,792,132,983	2,126,411,080

INTEREST EXPENSES		
	30.6.2011	30.6.2012
Interest on customer deposits	409,207,596	416,883,606
Interest on other borrowed funds	239,293,218	501,318,411
Interest on amounts due to other banks	34,955,100	72,502,348
Interest on subordinated debt	965,215	25,468,629
Interest on derivative financial instruments	33,053,697	42,945,201
Interest on repurchase agreements	2,514,082	5,640,078
Other interest expense	34,219,733	5,596,057
	754,208,641	1,070,354,330

FEE AND COMMISSION INCOME		
	30.6.2011	30.6.2012
Payments and money transfers	105,967,932	110,444,442
Bank cards services	156,672,036	151,087,948
Custodial fees	20,385,896	16,825,725
Guarantees and letter of credit	29,577,234	32,623,496
Other fee and commission income	30,104,540	21,719,014
	342,707,638	332,700,625

FEE AND COMMISSION EXPENSES		
	30.6.2011	30.6.2012
Payments and money transfers	21,763,911	21,297,693
Bank cards services	35,003,529	46,204,061
Custodial fees	1,390,261	1,450,097
Guarantees and letter of credit	1,084,400	2,625,873
Other fee and commission expense	5,162,441	4,164,483
	64,404,541	75,742,207

PROFIT/LOSS FROM TRADING		
	30.6.2011	30.6.2012
Net foreign exchange gain/(loss) on derivative financial instruments	3,239,553	(6,374,216)
Net gain on financial assets at fair value through profit or loss	23,465,954	20,467,649
	26,705,507	14,093,433

PROFIT/LOSS FROM EMBEDDED DERIVATES		
	30.6.2011	30.6.2012
Loss from embedded derivatives (except contracts with one-way currency clause)	(1,021,821)	-
Loss from embedded derivatives according to contracts with the one-way currency clause	(5,297)	(6,726)
	(1,027,118)	(6,726)

OTHER INCOME		
	30.6.2011	30.6.2012
Income from sale of property and equipment	7,108,989	102,245
Rental income from investment property	1,467,307	65,116
Rental income	1,071,217	1,207,538
Negative goodwill	7,349	-
Other	3,347,023	9,716,279
	13,001,885	11,091,178

GENERAL AND ADMINISTRATIVE EXPENSES AND DEPRECIATION		
	30.6.2011	30.6.2012
Employee related costs		
- Wages, salaries and compensations	157,087,991	143,371,626
- Payroll taxes and contributions	119,728,765	127,386,717
Pension provisions	3,989,299	1,151,604
Donations and sponsorship	4,268,291	5,135,765
Other administrative expenses	295,272,402	282,687,693
Depreciation	38,789,025	36,397,718
	619,135,773	596,131,123

OTHER EXPENSES		
	30.6.2011	30.6.2012
Other taxes and contributions	3,927,487	3,507,986
Other	3,168,990	975,495
	7,096,477	4,483,481

EXPENSES OF VALUE ADJUSTMENTS AND LOAN LOSS PROVISIONS		
	30.6.2011	30.6.2012
Provisions for impairment losses on loans and advances	337,256,931	385,750,631
Provision for impairment loss on other assets	29,939,070	56,412,217
Provision for impairment loss on financial investments held to maturity	(4,752)	(33,838)
Provision for impairment loss on financial investments available for sale	-	1,681,331
Provision for litigations	8,042,308	(4,125,464)
Provision for impairment of guarantees and credit commitments	991,602	3,741,204
	376,225,159	443,426,081

DECLARATION OF KEY PERSONNEL RESPONSIBLE FOR PREPARATION OF FINANCIAL STATEMENTS

According to our best knowledge:

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

Head of Accounting Division


Karma Perišin

Member of the Management Board


Schoefboeck Christoph

ERSTE & STEIERMÄRKISCHE
BANK D.D.
RIJEKA
026 095

Rijeka, July 31st 2012