

Unaudited financial statements of the Erste&Steiermärkische Bank d.d. and subsidiaries (the Group) for period January 1st - June 30th 2014

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Management report for H1 2014

Erste Bank achieved upward trend of its operating result in H1 2014

The information in this press release reports unaudited financial results of Erste&Steiermärkische Bank d.d. for H1 2014.

The Bank and the Group's most important financial indicators:

- **Total assets of the Bank** on June 30, 2014 amounted to HRK 58.3 billion and were down by 3.1% compared to December 31, 2013, when they had amounted to HRK 60.1 billion
- **Total loans of the Bank** on June 30, 2014 amounted to HRK 38.3 billion and were down by 3.7% compared to the end of 2013, when they had amounted to HRK 39.8 billion
- **Total deposits of the Bank** at the end of June 2014 amounted to HRK 36.5 billion and were down by 2.3% compared to the end of 2013, when they had amounted to HRK 37.4 billion
- **Operating result of the Bank** in the first six months of 2014 amounted to HRK 988.6 million and increased by 5.4% compared to the same period last year, when it had amounted to HRK 937.6 million
- **Bank's Net profit** in the first six months of 2014 amounted to HRK 114.6 million and was down by 9.4% compared to HRK 126.5 million in the first six months of 2013
- **Bank's Performance indicators:** Return on Assets (RoA) amounted to 0.4%, Return on Equity (RoE) amounted to 3.3%, and **Cost/Income Ratio** on June 30, 2014 amounted to 36.6%

- **Total assets of the Group** on June 30, 2014 amounted to HRK 67.3 billion and were down by 0.8% compared to December 31, 2013, when they had amounted to HRK 67.9 billion.
- **Total credits of the Group** on June 30, 2014 amounted to HRK 45.1 billion and were down by 2.1% compared to December 31, 2013, when they had amounted to HRK 46.1 billion.
- **Total deposits of the Group** at the end of June 2014 amounted to HRK 36.9 billion and decreased by 1.5% compared to the end of 2013, when they had amounted to HRK 37.5 billion.
- **The Group's net profit** in the first six months of 2014 amounted to HRK 196.7 million and was up by 12.5% compared to the same period last year, when it had amounted to HRK 174.8 million.

- **The Group's key performance indicators:** Return on Assets (RoA) amounted to 0.5%, Return on Equity (RoE) amounted to 4.7%, and **Cost/Income Ratio** as of June 30, 2014 amounted to 44.5%

Zagreb/Rijeka, July 31, 2014 – By implementing an adequate business policy and adjusting its operations to the general market conditions, Erste&Steiermärkische Bank d.d. achieved upward trend of its operating result in the first six months of 2014. The bank continues to share the burden of the overall economic situation, as evidenced by its financial indicators.

The bank's total assets on June 30, 2014 amounted to HRK 58.3 billion and were down by 3.1% compared to the end of 2013, when they amounted to HRK 60.1 billion. The bank's total loans on June 30, 2014 amounted to HRK 38.3 billion and were down by 3.7% compared to the end of the last year, when they amounted to HRK 39.8 billion. Total deposits at the end of June 2014 amounted to HRK 36.5 billion and were down by 2.3% compared to the end of 2013, when they amounted to HRK 37.4 billion.

The bank's stable position is confirmed by its operating result in the first six months of 2014, when it amounted to HRK 988.6 million and increased by 5.4% compared to HRK 937.6 million in the same period last year. The bank's net profit in the first six months of 2014 amounted to HRK 114.6 million and was down by 9.4% compared to the same period last year, when it had amounted to HRK 126.5 million. Net profit continues to be affected by increased provision costs expected and planned for the first half of 2014, which is the result of the current situation in the economy, enforcement of prebankruptcy settlements, and regulatory requirements. Accordingly, the bank's financial result had already been incorporated into the bank's business plans for H1 2014.

"The first half of 2014 continues to be characterised by challenging market conditions reflecting on the banking sector's performance. We are pleased to record a stable mild upward business trend in spite of such conditions, which confirms the correctness of our business model and its long-term sustainability", Erste Bank Management Board Chairman Petar Radakovic said. "Continued efforts to establish conditions that will allow the real economy to strengthen and its competitiveness, opening new jobs and generating new value, remain the priority. The banking sector can and wants to support all healthy, sustainable and profitable projects", Radakovic concluded.

According to Erste Group's consolidated financial statement for the first six months of 2014, which, in addition to the Bank, includes the following subsidiaries: Erste DMD d.o.o., Erste Nekretnine d.o.o., Erste & Steiermärkische S-Leasing d.o.o, Erste Delta d.o.o., Erste Bank a.d., Podgorica, Erste Card Club Group and Erste Factoring d.o.o., its total assets amounted to HRK 67.3 billion and were down by 0.8% compared to the end of 2013, when they amounted to HRK 67.9 billion. The Group's operating result amounted to HRK 1.3 billion and was up by 7.7% compared to the year before, when it amounted to HRK 1.2 billion. The Group's net profit in the first six months of 2014 reached HRK 196.7 million compared to HRK 174.8 million in the same period last year. The Group's Return on Assets amounted to 0.5%, Return on Equity to 4.7%, and Cost/Income Ratio to 44.5%.

Quality projects driving the development of the real economy remain in focus

Erste Bank will continue to adhere to its basic strategic guidelines in its activities, which include following the financial needs of Croatian citizens, focusing intensively on the SME segment, and supporting quality projects driving the development of the real economy and employment. The bank continues to see new lending perspectives in renewable energy sources and energy efficiency, agriculture and EU fund-related infrastructure projects, tourism and export-oriented production. The Bank's long-term business policies are focused on growth above the market average, increased internal efficiency, and rational cost management. Erste Bank's ambition is to close this year with another increase in its market shares, and it will continue to lay a special emphasis on improving the quality of its services and its communication with its clients and on understanding their specific needs in current market conditions.

Related parties transactions

In HRK mio	ESB GROUP			BANK		
	30.6.2014.	31.12.2013.	% change	30.6.2014.	31.12.2013.	% change
ASSET	1,312	1,021	28.5%	1,682	1,236	36.1%
LIABILITIES	19,729	19,578	0.8%	14,417	15,176	-5.0%
	30.6.2014.	30.6.2013.	% change	30.6.2014.	30.6.2013.	% change
REVENUES	180	92	95.7%	211	115	83.5%
EXPENSES	314	348	-9.8%	260	307	-15.3%

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:

1.1.2014

do

30.6.2014

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

Identification number (MB): 03337367

Identification number of the 040001037

Personal identification number (OIB): 23057039320

Name of the issuer: ERSTE & STEIERMARKISCHE BANK DD

Postal code and town of: 51000 RIJEKA

Adress: JADRANSKI TRG 3A

E-mail address: erstebank@erstebank.hr

Internet address: www.erstebank.hr

Code and name of: 373 RIJEKA

Code and name of county: 8 PRIMORSKO GORANSKA

Broj zaposlenih: 2.953

(krajem izvještajnog razdoblja)

Consolidated report: YES

Šifra NKD-a: 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 Anđela 1	08070062
Erste Card Club d.d.	Zagreb, Praška 5	3289737
Erste Factoring d.o.o.	Zagreb, Ivana Lučića 2	2058049
Erste & Steiermärkische S-Leasing, d.o.o.	Zagreb, Zelinska 3	1262343

Bookkeeping service:

Contact person: RAJIĆ ANDREJA

Phone number: 062 37 1778

Telefaks: 062 37 1942

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

ERSTE & STEIERMARKISCHE
BANK D.D.
M.P. RIJEKA

CS5

(signature of person authorized for representing company)

STATEMENT OF FINANCIAL POSITION

as of 30.6.2014

in HRK

Name of position 1	AOP 2	Prior period 3	Current period 4
ASSETS			
1. CASH AND DEPOSITS WITH Central bank (002+003)	001	8.526.379.172	7.479.267.088
1.1. Cash	002	904.344.655	1.143.452.746
1.2. Deposits with Central bank	003	7.622.034.517	6.335.814.342
2. DEPOSITS WITH BANKING INSTITUTIONS	004	1.753.089.146	2.217.547.260
3. TREASURY BILLS WITH MINISTRY OF FINANCE AND BILLS OF EXCHANGE WITH CENTRAL BANK	005	1.334.451.162	1.187.896.529
4. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD FOR TRADING	006	303.385.851	129.721.706
5. SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE	007	5.489.914.609	6.253.688.638
6. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY	008	203.751.825	164.015.150
7. SECURITIES AND OTHER FINANCIAL INSTRUMENTS NOT ACTIVELY TRADED, MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	009		
8. DERIVATIVE FINANCIAL ASSETS	010	81.551.221	162.764.578
9. LOANS TO FINANCIAL INSTITUTIONS	011	1.400.856.098	879.681.212
10. LOANS TO OTHER CUSTOMERS	012	46.066.462.172	45.085.242.873
11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	013	38.748.505	45.878.769
12. REPOSESED ASSETS	014	290.537.947	382.409.908
13. TANGIBLE ASSET (MINUS DEPRECIATION)	015	685.501.443	1.415.013.737
14. INTEREST, FEES AND OTHER ASSETS	016	1.879.752.474	1.915.122.358
A) TOTAL ASSETS (001+004 to 016)	017	67.854.381.625	67.318.349.804
LIABILITIES			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	19.781.545.627	19.548.116.546
1.1. Short-term borrowings	019	5.753.068.972	3.896.524.487
1.2. Long-term borrowings	020	14.008.476.655	15.651.592.059
2. DEPOSITS (AOP 022 to 024)	021	37.471.315.361	36.926.617.648
2.1. Deposits of giro and current accounts	022	7.239.938.782	6.883.782.424
2.2. Savings deposits	023	3.273.444.909	3.217.310.364
2.3. Term deposits	024	26.957.931.670	26.825.514.860
3. OTHER BORROWINGS (026+027)	025	264.569.970	27.617.032
3.1. Short-term borrowings	026	244.000.000	0
3.2. Long-term borrowings	027	20.569.970	27.617.032
4. DERIVATIVE FINANCIAL LIABILITIES AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING	028	83.685.486	96.446.787
5. ISSUED DEBT SECURITIES (030+031)	029	300.000.000	300.000.000
5.1. Short-term issued debt instruments	030		
5.2. Long-term issued debt instruments	031	300.000.000	300.000.000
6. ISSUED SUBORDINATED INSTRUMENTS	032	863.282.139	847.929.954
7. ISSUED HYBRID INSTRUMENTS	033	0	0
8. INTEREST, FEES AND OTHER LIABILITIES	034	1.740.063.694	1.839.489.061
B) TOTAL LIABILITIES (018+021+025+026+029+032+033+034)	035	60.484.462.277	59.586.217.028
EQUITY			
1. SHARE CAPITAL	036	3.500.360.782	3.500.360.782
2. PROFIT/(LOSS) OF THE CURRENT YEAR	037	183.875.941	198.744.349
3. RETAINED PROFIT/(LOSS)	038	3.395.536.033	3.673.609.705
4. LEGAL RESERVES	039	84.920.875	88.014.994
5. STATUTORY AND OTHER CAPITAL RESERVES	040	5.561.969	2.867.097
6. UNREALISED PROFIT/(LOSS) FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE	041	199.663.748	270.535.849
7. RESERVES RESULTING FROM PROTECTIVE TRANSACTIONS	042		
C) TOTAL EQUITY (036 to 042)	043	7.369.919.348	7.732.132.776
D) TOTAL LIABILITIES AND EQUITY (035+043)	044	67.854.381.625	67.318.349.804
SUPPLEMENT TO STATEMENT OF FINANCIAL POSITION (filled out by banks that compose a consolidated financial report)			
1. TOTAL EQUITY	045	7.369.919.348	7.732.132.776
2. Attributed to equity holders of the parent	046	7.319.377.262	7.571.327.290
3. Minority shares (045-046)	047	50.542.086	160.805.486

INCOME STATEMENT

for period from **1.1.2014** to **30.6.2014**

in HRK

Name of position	AOP	Prior period		Current period	
		Kumulativ	Tromjesečje	Kumulativ	Tromjesečje
1	2	3	4	5	6
1. Interest income	048	1.803.148.527	891.702.126	1.733.316.081	864.028.578
2. Interest expense	049	791.137.192	383.271.827	676.703.477	323.077.323
3. Net Interest income (048-049)	050	1.012.011.335	508.430.299	1.056.612.604	540.951.255
4. Fee and commission income	051	312.648.776	169.182.424	374.311.263	194.454.248
5. Fee and commission expense	052	76.471.388	41.216.973	86.507.993	46.269.538
6. Net fee and commission income (051-052)	053	236.177.388	127.965.451	287.803.270	148.184.710
7. Profit/loss from investments in subsidiaries, associates and joint ventures	054	638.668	-718.048	5.096.614	1.516.329
8. Profit/loss from trading	055	18.495.215	7.205.148	16.899.968	12.525.390
9. Profit/loss from embedded derivatives	056	-104.508	-142.367		
10. Profit/loss from asset not actively traded measured at fair value through profit or loss	057				
11. Profit/loss from asset available for sale	058	1.361.788	212.725	10.626.277	10.597.296
12. Profit/loss from asset held to maturity	059				
13. Profit/loss from hedging	060				
14. Income from investments in subsidiaries, associates and joint ventures	061				
15. Income from other ownership investments	062	4.300.949	3.892.607	1.105.668	1.071.998
16. Profit/loss from foreign currency differences	063	57.897.016	35.082.112	76.825.353	52.234.050
17. Other income	064	14.620.651	7.832.094	181.331.131	86.958.173
18. Other expenses	065	5.022.131	2.382.731	43.352.137	36.126.184
19. General administrative expenses and depreciation	066	562.463.980	289.930.305	721.713.891	365.965.703
20. Net Income from business before value adjustment and loan loss provisions (050+053 to 064-065-066)	067	777.912.389	397.426.985	871.234.857	451.948.315
21. Expense of value adjustment and loan loss provisions	068	555.558.024	323.299.328	637.683.044	320.337.843
22. PROFIT/LOSS BEFORE TAX (067-068)	069	222.354.365	74.127.657	233.551.813	131.610.472
23. INCOME TAX EXPENSE	070	47.640.191	18.229.504	36.807.464	18.972.290
24. PROFIT/LOSS OF THE CURRENT YEAR (069-070)	071	174.814.174	55.898.153	196.744.349	112.638.182
25. Earnings per share	072	10			10
ANNEX TO INCOME STATEMENT (for the Banks that prepare consolidated financial statements)					
1. PROFIT/LOSS OF THE CURRENT YEAR	073	174.814.174	55.898.153	196.744.349	112.638.182
2. Assign equity holders of the Bank	074	165.722.120	51.695.018	173.585.977	102.906.488
3. Non controlling Interest (073-074)	075	8.092.054	4.203.135	23.158.372	9.731.694

CASH FLOW STATEMENT - indirect method

for period from 1.1.2014 to 30.6.2014 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	-178.655.365	14.760.667
1.1. Profit/(loss) before income tax	002	222.354.365	233.551.813
1.2. Allowances and loss provisions	003	555.558.024	637.683.044
1.3. Depreciation	004	53.725.749	149.025.891
1.4. Net unrealized profit/(loss) from financial assets and liabilities through profit and loss	005	-513.609	1.589.969
1.5. Profit/(loss) from sale of tangible assets	006	2.758.748	32.161.283
1.6. Other profit/(losses)	007	-1.012.538.642	-1.039.251.333
2. Net increase/(decrease) of operating assets (009 do 016)	008	315.029.387	926.586.799
2.1. Deposits with Central bank	009	-15.569.107	227.345.937
2.2. Treasury bills of Ministry of Finance and CB bills	010	600.730.089	43.173.800
2.3. Deposits with banks and loans to financial institutions	011	337.807.984	777.060.361
2.4. Loans to other customers	012	-191.739.204	343.536.255
2.5. Securities and other financial instruments held for trading	013	-12.079.953	172.074.176
2.6. Securities and other financial instruments available for sale	014	-208.698.447	-682.367.148
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	-195.421.955	45.763.418
3. Net increase/(decrease) of operating liabilities (018 do 021)	017	911.016.544	279.337.467
3.1. Demand deposits	018	1.556.660.371	-309.407.258
3.2. Savings and term deposits	019	-431.733.071	-235.290.456
3.3. Financial derivative liabilities and other liabilities actively traded	020	-281.902.786	-68.452.054
3.4. Other liabilities	021	67.992.030	892.487.235
4. Net cash flow from operating activities before income tax (001+008+017)	022	1.047.390.586	1.220.684.933
5. (Income tax paid)	023	-81.982.736	-79.136.788
6. Net inflow/(outflow) of cash from operating activities (022+023)	024	965.407.830	1.141.548.145
INVESTING ACTIVITIES			
7. Net cash flow from investing activities (026 do 030)	025	-44.020.737	-866.789.211
7.1. Receipt from sale/(payment for buying) tangible and intangible assets	026	-46.170.430	-910.699.468
7.2. Receipt from sale/(payment for buying) investments in subsidiaries, associates and joint ventures	027	-101.190	-2.033.650
7.3. Receipt from sale/(payment for buying) securities and other financial instruments held to maturity,	028	1.815.872	39.736.675
7.4. Dividend income	029	435.011	6.207.232
7.5. Other receipts/(payments) from investing activities	030		
FINANCIAL ACTIVITIES			
8. Net cash flow from financial activities (032 do 037)	031	-86.161.047	-477.462.325
8.1. Net increase/(decrease) of borrowings	032	-88.159.445	-450.382.019
8.2. Net increase/(decrease) issued debt securities	033	-18.001.602	
8.3. Net increase/(decrease) subordinated and hybrid instruments	034		-15.352.185
8.4. Receipts from transmitted share capital	035		
8.5. (Dividends paid)	036		-11.728.121
8.6. Other receipts/(payments) from financial activities	037		
9. Net increase/(decrease) of cash and cash equivalents (024+026+031)	038	835.226.046	-202.703.391
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	835.226.046	-202.703.391
12. Cash and cash equivalents at the beginning of the year	041	5.356.920.482	5.671.315.413
13. Cash and cash equivalents at the end of the year (040+041)	042	6.192.146.528	5.468.612.022

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Name of position	for period		Attributable to the equity holders of the Bank							in HRK	
	1.1.2014	30.6.2014	Share capital	Treasury shares	Legal, statutory and other reserves	Retained earnings/(loss)	Profit/(loss) for the period	Unrealised profit/(loss) from the basis of value adjustment of financial assets available for sale	Non controlling interest	Total capital and reserves	
	1	2	3	4	5	6	7	8	9	10	
Balance at 1 January		001	3.500.360.782	0	90.482.844	3.344.993.947	183.875.941	199.663.748	50.542.086	7.369.919.348	
Changes in accounting policies and corrections of mistakes		002									
Corrected balance as at 1 January (1+2)		003	3.500.360.782	0	90.482.844	3.344.993.947	183.875.941	199.663.748	50.542.086	7.369.919.348	
Sale of financial assets available for sale		004						10.626.277		10.626.277	
Change of fair value financial asset available for sale		005						70.780.604		70.780.604	
Tax on items directly recognised or transferred from capital and reserves		006			0			-10.534.780		-10.534.780	
Other profit/(loss) directly recognised in capital and reserves		007	0		-7.138		0			-7.138	
Net profit/(loss) directly recognised in capital and reserves (004+005+006+007)		008	0	0	-7.138	0	0	70.872.101	0	70.864.963	
Profit/(loss) for the period		009									
Total recognised income and expenses for the period (008+009)		010	0	0	-7.138	-23.158.372	196.744.349	196.744.349	23.158.372	196.744.349	
Increase/(decrease) of share capital		011	0	0							
Buy/sell of treasury shares		012	0	0							
Other changes		013			406.385	7.092.703					
Transfer to reserves		014			0	183.875.941					
Dividends paid		015			0						
Distribution on income (014+015)		016	0	0	0	183.875.941	-183.875.941				
Balance at reporting date (003+010+011+012+013+016)		017	3.500.360.782	0	90.882.091	3.512.804.219	196.744.349	270.535.849	160.805.486	7.732.132.776	

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

Notes to financial statements

A 9. LOANS TO FINANCIAL INSTITUTIONS		
	31.12.2013	30.6.2014
Loans	1.405.089.247	886.395.155
Less: Allowance for loan impairment	(4.233.149)	(6.713.943)
	1.400.856.098	879.681.212

A 10. LOANS TO OTHER CUSTOMERS		
	31.12.2013	30.6.2014
Companies	20.329.496.744	18.777.684.487
Individuals	20.855.387.779	20.966.004.166
Public sector	9.285.122.741	8.976.725.462
Other institutions	116.196.883	1.821.522.595
Total loans before allowances for impairment	50.586.204.147	50.541.936.710
Less: Allowance for loan impairment	(4.519.741.975)	(5.456.693.837)
	46.066.462.172	45.085.242.873

A 12. REPOSSESSED ASSETS

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

B 1. AMOUNTS DUE TO FINANCIAL INSTITUTIONS		
	31.12.2013	30.6.2014
From banks	17.136.682.980	17.167.183.645
From other banking institutions	26.540.809	65.643.787
From HBOR	2.598.321.838	2.315.289.114
	19.761.545.627	19.548.116.546

B 2. DEPOSITS		
	31.12.2013	30.6.2014
B 2.1. Deposits of gyro and current accounts		
Deposits from public sector		
<i>Republic of Croatia</i>	22.752.354	84.058.488
<i>Republic funds</i>	42.584.998	77.353.922
<i>Local government</i>	93.884.685	86.713.751
Deposits from financial institutions		
<i>Banks</i>	139.719.956	117.499.128
<i>Other banking institutions</i>	282.945.989	200.704.152
<i>Non-banking financial institutions</i>	102.754.005	91.525.207
<i>Banks in bankruptcy</i>	722.671	520.321
<i>Banks in liquidation</i>	10.472	39.459
Deposits from state commercial customers	18.785.611	28.539.672
Deposits from other commercial customers	3.653.795.104	3.086.159.201
Deposits from non-profit institutions	166.378.588	148.628.916
Deposits from individuals	1.921.501.803	2.045.944.076
Deposits from non residents		
<i>Foreign financial institutions</i>	20.935.071	86.228.570
<i>Foreign states</i>	36.846.948	61.704.137
<i>Foreign commercial customers</i>	265.519.630	252.971.873
<i>Foreign individuals</i>	449.083.157	496.791.758
<i>Foreign non-profit institutions</i>	21.717.740	18.409.793
	7.239.938.782	6.883.792.424

B 2.2. Savings deposits	31.12.2013	30.6.2014
Deposits from public sector		
<i>Republic of Croatia</i>	442.886	468.629
<i>Local government</i>	25.324	22.275
Deposits from financial institutions		
<i>Banks</i>	43.360.269	36.374.371
<i>Other banking institutions</i>	42.689.067	137.026.693
<i>Non-banking financial institutions</i>	5.418.847	3.804.889
Deposits from other commercial customers	696.525.828	465.210.163
Deposits from non-profit institutions	3.136.158	174.951
Deposits from individuals	2.258.412.952	2.295.320.983
Deposits from non residents		
<i>Foreign financial institutions</i>	37.981	71.110
<i>Other non residents</i>	223.395.597	278.836.300
	3.273.444.909	3.217.310.364

B 2.3. Term deposits	31.12.2013	30.6.2014
Deposits from public sector		
<i>Republic of Croatia</i>	39.000.500	4.668.078
<i>Local government</i>	15.111.200	45.233.451
Deposits from financial institutions		
<i>Banks</i>	77.564.384	473.095.765
<i>Other banking institutions</i>	741.509.920	493.910.636
<i>CBRD</i>	2.500.000	70.000.000
<i>Non-banking financial institution</i>	464.318.460	323.153.835
<i>Banks in bankruptcy</i>	25.000.000	-
Deposits from state commercial customers	44.234.241	169.669.804
Deposits from other commercial customers	1.432.576.955	1.749.391.090
Deposits from non-profit institutions	72.486.920	91.730.728
Deposits from individuals	18.825.393.285	18.198.647.633
Deposits from non residents		
<i>Foreign financial institutions</i>	3.240.111.771	3.303.419.232
<i>Foreign states</i>	27.999.962	27.761.283
<i>Foreign commercial customers</i>	121.909.301	103.669.993
<i>Foreign individuals</i>	1.824.703.355	1.767.211.375
<i>Foreign non-profit institutions</i>	3.511.416	3.951.957
Term deposits	26.957.931.670	26.825.514.860

B 5. ISSUED DEBT SECURITIES

On 23rd November 2012, the Bank issued its own bonds in amount of HRK 300 million with a 5.875% coupon paid semi-annual and with maturity of 5 years.

B 6. ISSUED SUBORDINATED INSTRUMENTS

In June 2011 the Bank received subordinated debt from Erste Group Bank in the amount of HRK 227 million (original amount EUR 30 million). Maturity of the debt is until 2017, with interest rate 3 month EURIBOR plus 3.37% p.a.

In July 2011 the Bank issued its own subordinated bonds. Original amount of the issue is EUR 80 million. Maturity of the bonds is 6 years with interest to maturity 6.5%. Coupon will be settled annually.

Erste Bank a.d., Podgorica received subordinated debt in 2008 from Oikocredit, Ecumenical Development Cooperative Society U.A., the Netherlands in the original amount EUR 4 million (2014: HRK 15 million, 2013: HRK 23 million). Maturity of the debt is from 2013 till 2016, with interest rate 6 month EURIBOR plus 2.9% p.a.

1. INTEREST INCOME		
	30.6.2013	30.6.2014
Interest on loans and advances to customers	1.485.071.314	1.448.503.475
Interest on amounts due from other banks	10.619.415	9.016.477
Interest income on financial investments	139.390.516	131.390.742
Interest on balances due from the central bank	627.024	6.449
Interest on derivative financial instruments	78.361.486	44.209.290
Interest income on impaired financial assets - loans and advances to customer	82.647.333	94.289.564
Interest on reverse repurchase agreements	1.669.483	2.237.673
Other interest income	4.761.956	3.662.411
	1.803.148.527	1.733.316.081

2. INTEREST EXPENSES		
	30.6.2013	30.6.2014
Interest on customer deposits	404.614.712	339.306.044
Interest on other borrowed funds	317.296.003	251.360.943
Interest on amounts due to other banks	25.182.941	36.089.125
Interest on subordinated debt	24.091.976	24.312.124
Interest on issued bonds	8.826.285	8.821.479
Interest on derivative financial instruments	8.468.991	12.910.137
Interest on repurchase agreements	1.130.633	784.163
Other interest expense	1.525.651	3.119.462
	791.137.192	676.703.477

4. FEE AND COMMISSION INCOME		
	30.6.2013	30.6.2014
Payments and money transfers	116.412.747	120.058.979
Bank cards services	145.322.624	174.324.529
Custodial fees	18.132.448	38.632.439
Guarantees and letter of credit	20.069.016	20.488.675
Other fee and commission income	12.711.941	20.806.641
	312.648.776	374.311.263

5. FEE AND COMMISSION EXPENSES		
	30.6.2013	30.6.2014
Payments and money transfers	21.098.614	19.507.428
Bank cards services	48.721.498	57.271.189
Custodial fees	1.802.936	2.117.966
Guarantees and letter of credit	1.243.984	893.902
Other fee and commission expense	3.604.356	6.717.508
	76.471.388	86.507.993

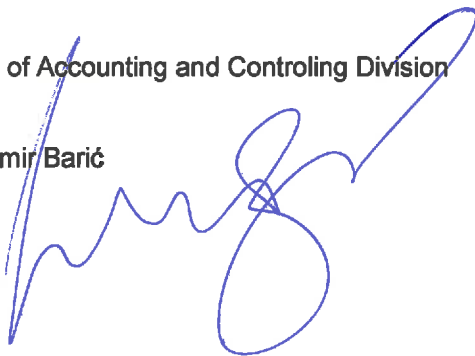
DECLARATION OF KEY PERSONNEL RESPONSIBLE FOR PREPARATION OF FINANCIAL STATEMENTS

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 banks in Republic of Croatia gives complete and true state of assets and liabilities and financial result and affairs of Erste&Steiermärkische bank d.d.
2. Management report contains true and fair view of affairs and results of Erste & Steiermärkische Bank d.d.

Head of Accounting and Controlling Division

Krešimir Barić



ERSTE & STEIERMÄRKISCHE
BANK D.D.
RIJEKA 028 003

Management Board member

Christoph Schoefboeck



Rijeka, July 31st 2014