

Unaudited financial statements of Erste&Steiermärkische Bank d.d. for period January 1st - June 30th 2015

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Management report for H1 2015

Financial results confirm stable position of ESB Group in H115

*“Although the first half of 2015 was a very challenging period for the entire economy, including the banking sector, we are satisfied with the financial results which confirm our stable position on the market. A high degree of efficiency and disciplined cost management are our goals, but we are also continuously investing in technological development which enables us to be innovative and creative in our approach to clients”, said **Christoph Schoefboeck**, Chairman of the Management Board of Erste&Steiermärkische Bank d.d. (ESB). “We are convinced that we would be able to maintain this stable and positive business trend in the second half of the year, and make a reliable partner to our clients in meeting their financial needs and implementing their business plans”, Schoefboeck concluded.*

IN BRIEF

In the first six months of 2015, ESB Group* maintained optimal financial results, in line with its current year business plan and targets. Erste grupa's total assets as of 30 June 2015 amounted to HRK 70.1 billion and were up by 0.4% since the end of 2014 (HRK 69.8 billion). Net profit in the first six months of 2015 reached HRK 200.3 million, up by 1.8% on HRK 196.7 million in the first six months of 2014. Group ROA in H1 2015 was 0.5%, ROE was 4.4%, and the cost/income ratio was 48.0%.

The non-consolidated financial statement for Erste&Steiermärkische Bank d.d., without subsidiaries, also confirms a stable position in H1 2015. The bank's total assets in the first six months of 2015 amounted to HRK 60.8 billion and were up by 1.0% compared to the end of 2014, when they had amounted to HRK 60.2 billion. The bank's total loans as of 30 June 2015 stood at HRK 38.4 billion and were down by 1.0% compared to the end of 2014, when they had stood at HRK 38.8 billion. Total deposits as of 30 June 2015 amounted to HRK 46.1 billion and were by 1.9% higher compared to the end of 2014, when they amounted to HRK 45.3 billion.

The bank's net profit in H1 2015 was HRK 82.0 million, compared to HRK 114.6 million in the same period of 2014. Under the circumstances of a very challenging market environment, the bank's net profit and operating result in H1 2015 was impacted by the Swiss National Bank's decision of 15 January 2015 to discontinue maintaining a minimum CHF to EUR exchange rate, as well as by amendments to the Consumer Credit Act adopted at the end of January 2015, which fixed the exchange rate for repayment of CHF-denominated loan receivables. In accordance with the International Financial Reporting Standards, Erste bank has fully incorporated all the effects resulting from said decisions' in its H1 2015 financial statement.

*ESB Group's consolidated financial statement includes the following subsidiaries in addition to Erste & Steiermärkische Bank d.d.: Erste Nekretnine d.o.o., Erste & Steiermärkische S-Leasing d.o.o, Erste Bank a.d., Podgorica, Erste Card Club group and Erste Factoring d.o.o.

OUTLOOK

Although a certain level of stabilisation is evident, macroeconomic conditions will remain tough in the mid-term, adding to a challenging regulatory framework. At the same time, the demand for loans remains low, while expansive monetary policies on a global level have resulted in a decline of interest rates and stronger pressure from competition.

In this context, the rest of 2015 will be characterised by a challenging market environment which will impact the bank's operating results. Innovation and creativity in the approach to clients and an emphasis on the digitalisation of business operations, alongside continued investments in technological development, will be at the centre of the bank's operations. In addition to the financial needs of retail clients, we will maintain strong focus on the SME segment supporting quality projects driving the development of the real economy and employment. We continue 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. So the Bank's ambition is to close 2015 with another increase in its market share, while special emphasis maintains on improving the quality of service and communication with clients and on understanding their specific needs under the current market conditions.

Related parties transactions

In HRK mio	ESB GROUP			BANK		
	30.6.2015.	31.12.2014.	% change	30.6.2015.	31.12.2014.	% change
ASSET	1.084	1.493	(27,4%)	1.671	1.713	(2,5%)
LIABILITIES	18.124	19.326	(6,2%)	18.722	14.143	32,4%
	30.6.2015.	30.6.2014.	% change	30.6.2015.	30.6.2014.	% change
REVENUES	124	180	(31,1%)	156	211	(26,1%)
EXPENSES	594	314	89,2%	605	260	132,7%

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:

1.1.2015

do

30.6.2015

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 & STEIERMÄRKISCHE BANK DD

Postal code and town of 51000

RIJEKA

Address: JADRANSKI TRG 3A

E-mail address: ersteinbank@ersteinbank.hr

Internet address: www.ersteinbank.hr

Code and name of 373 RIJEKA

Code and name of county 8 PRIMORSKO GORANSKA

Broj zaposlenih: 2.343

(krajem izvještajnog razdoblja)

Consolidated report: NO

Šifra NKD-a: 6419

Names of subjects of consolidation (according to MSFI):

Headquarters:

MB:

Bookkeeping service:

Contact person: RAJIĆ ANDREJA

Phone number: 072 37 1778

Telefaks: 072 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

ERSTE & STEIERMÄRKISCHE
M.P. BANK D.D.

(signature of person authorized for representing company)

020 RIJEKA 095

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STATEMENT OF FINANCIAL POSITION

as of 30.6.2015

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	7.426.588.668	8.583.314.538
1.1. Cash	002	949.199.625	1.069.436.639
1.2. Deposits with Central bank	003	6.477.389.043	7.513.877.899
2. DEPOSITS WITH BANKING INSTITUTIONS	004	1.877.297.409	1.456.913.412
3. TREASURY BILLS WITH MINISTRY OF FINANCE AND BILLS OF EXCHANGE WITH CENTRAL BANK	005	1.222.978.541	526.325.716
4. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD FOR TRADING	006	6.321.991	229.981.448
5. SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE	007	6.131.867.447	6.306.679.848
6. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY	008	869.750.581	870.456.624
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	96.688.527	149.350.795
9. LOANS TO FINANCIAL INSTITUTIONS	011	938.363.739	1.108.114.896
10. LOANS TO OTHER CUSTOMERS	012	38.802.455.381	38.402.954.709
11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	013	1.358.517.452	1.358.491.452
12. REPOSESED ASSETS	014	461.985.132	481.260.026
13. TANGIBLE ASSET (MINUS DEPRECIATION)	015	356.363.608	564.601.700
14. INTEREST, FEES AND OTHER ASSETS	016	630.650.037	732.626.800
A) TOTAL ASSETS (001+004 to 016)	017	60.179.828.513	60.771.071.964
LIABILITIES			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	4.850.034.332	4.218.387.667
1.1. Short-term borrowings	019	1.390.684.075	634.122.474
1.2. Long-term borrowings	020	3.459.350.257	3.584.265.193
2. DEPOSITS (AOP 022 to 024)	021	45.262.622.863	46.133.923.397
2.1. Deposits of giro and current accounts	022	8.418.411.298	9.993.573.335
2.2. Savings deposits	023	1.785.998.287	1.937.926.955
2.3. Term deposits	024	35.058.213.278	34.202.423.107
3. OTHER BORROWINGS (026+027)	025	0	0
3.1. Short-term borrowings	026	0	0
3.2. Long-term borrowings	027	0	0
4. DERIVATIVE FINANCIAL LIABILITIES AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING	028	93.528.067	119.395.965
5. ISSUED DEBT SECURITIES (030+031)	029	300.000.000	300.000.000
5.1. Short-term issued debt instruments	030	0	0
5.2. Long-term issued debt instruments	031	300.000.000	300.000.000
6. ISSUED SUBORDINATED INSTRUMENTS	032	1.455.879.490	1.667.745.200
7. ISSUED HYBRID INSTRUMENTS	033	0	0
8. INTEREST, FEES AND OTHER LIABILITIES	034	1.027.580.761	1.147.728.988
B) TOTAL LIABILITIES (018+021+025+028+029+032+033+034)	035	52.989.445.513	53.587.181.217
EQUITY			
1. SHARE CAPITAL	036	3.500.360.782	3.500.360.782
2. PROFIT/(LOSS) OF THE CURRENT YEAR	037	232.239.871	81.979.733
3. RETAINED PROFIT/(LOSS)	038	3.133.498.514	3.297.248.543
4. LEGAL RESERVES	039	84.920.875	84.921.058
5. STATUTORY AND OTHER CAPITAL RESERVES	040	479.851	479.851
6. UNREALISED PROFIT/(LOSS) FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE	041	238.883.107	218.900.780
7. RESERVES RESULTING FROM PROTECTIVE TRANSACTIONS	042		
C) TOTAL EQUITY (036 to 042)	043	7.190.383.000	7.183.890.747
D) TOTAL LIABILITIES AND EQUITY (035+043)	044	60.179.828.513	60.771.071.964
SUPPLEMENT TO STATEMENT OF FINANCIAL POSITION (filled out by banks that compose a consolidated financial report)			
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 **1.1.2015** to **30.6.2015**

in HRK

Name of position	AOP	Prior period		Current period	
		Kumulativ	Tromjesečje	Kumulativ	Tromjesečje
1	2	3	4	5	6
1. Interest income	048	1.392.424.883	691.524.875	1.330.034.201	690.184.099
2. Interest expense	049	588.784.921	279.541.770	513.048.761	252.479.665
3. Net interest income (048-049)	050	803.639.962	411.983.105	816.985.440	737.704.434
4. Fee and commission income	051	247.480.960	125.430.059	250.182.775	134.192.184
5. Fee and commission expense	052	62.492.378	33.946.285	64.370.355	48.250.341
6. Net fee and commission income (051-052)	053	184.988.582	91.483.774	185.812.420	85.941.843
7. Profit/loss from investments in subsidiaries, associates and joint ventures	054				
8. Profit/loss from trading	055	19.675.880	14.655.194	-41.210.621	10.850.123
9. Profit/loss from embedded derivatives	056				
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	5.381.568	5.352.587	89.233	37.914.822
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	62.184.702	62.153.444	44.785.171	44.784.975
16. Profit/loss from foreign currency differences	063	63.503.451	40.206.881	49.591.182	-305.174.309
17. Other income	064	43.333.867	20.034.192	72.792.193	54.855.984
18. Other expenses	065	39.194.049	36.516.904	55.741.354	39.637.671
19. General administrative expenses and depreciation	066	422.164.296	208.218.119	455.187.107	232.316.379
20. Net income from business before value adjustment and loan loss provisions (050+053 to 064-065-066)	067	721.349.667	401.134.154	617.916.557	394.923.822
21. Expense of value adjustment and loan loss provisions	068	601.297.436	296.464.556	522.126.236	324.318.603
22. PROFIT/LOSS BEFORE TAX (067-068)	069	120.052.231	104.669.598	95.790.321	70.605.219
23. INCOME TAX EXPENSE	070	5.496.193	2.581.659	13.810.588	5.352.368
24. PROFIT/LOSS OF THE CURRENT YEAR (069-070)	071	114.556.038	102.087.939	81.979.733	65.252.851
25. Earnings per share	072				
ANNEX TO INCOME STATEMENT (for the Banks that prepare consolidated financial statements)					
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 **1.1.2015** to **30.6.2015** 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	-93.498.610	600.412.096
1.1. Profit/(loss) before income tax	002	120.052.231	95.790.321
1.2. Allowances and loss provisions	003	601.297.436	522.126.236
1.3. Depreciation	004	22.332.660	27.280.718
1.4. Net unrealized profit/(loss) from financial assets and liabilities through profit and loss	005	1.589.969	
1.5. Profit/(loss) from sale of tangible assets	006	32.161.283	
1.6. Other profit/(losses)	007	-870.932.189	-44.785.179
2. Net increase/(decrease) of operating assets (009 do 016)	008	1.130.800.742	-223.748.997
2.1. Deposits with Central bank	009	112.904.630	4.474.855
2.2. Treasury bills of Ministry of Finance and CB bills	010	-70.028.507	846.431.346
2.3. Deposits with banks and loans to financial institutions	011	363.830.636	-177.234.472
2.4. Loans to other customers	012	869.613.233	-87.208.643
2.5. Securities and other financial instruments held for trading	013	-3.599.692	-223.659.458
2.6. Securities and other financial instruments available for sale	014	-325.001.494	-192.094.333
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	183.081.936	-394.458.292
3. Net increase/(decrease) of operating liabilities (018 do 021)	017	-415.935.770	911.335.733
3.1. Demand deposits	018	-389.196.659	1.575.162.037
3.2. Savings and term deposits	019	-482.907.213	-703.861.503
3.3. Financial derivative liabilities and other liabilities actively traded	020	-72.232.042	25.867.898
3.4. Other liabilities	021	528.400.144	14.167.301
4. Net cash flow from operating activities before income tax (001+008+017)	022	621.366.362	1.287.998.832
5. (Income tax paid)	023	-29.821.607	-614.861
6. Net inflow/(outflow) of cash from operating activities (022+023)	024	591.544.755	1.287.383.971
INVESTING ACTIVITIES			
7. Net cash flow from investing activities (026 do 030)	025	-36.503.904	21.028.149
7.1. Receipt from sale/(payment for buying) tangible and intangible assets	026	-52.882.299	-15.216.707
7.2. Receipt from sale/(payment for buying) investments in subsidiaries, associates and joint ventures	027	-90.360.659	
7.3. Receipt from sale/(payment for buying) securities and other financial instruments held to maturity	028	39.446.827	-8.540.506
7.4. Dividend income	029	67.292.227	44.785.362
7.5. Other receipts/(payments) from investing activities	030		
FINANCIAL ACTIVITIES			
8. Net cash flow from financial activities (032 do 037)	031	-1.136.913.158	-419.580.954
8.1. Net increase/(decrease) of borrowings	032	-1.129.623.238	-631.646.664
8.2. Net increase/(decrease) issued debt securities	033		
8.3. Net increase/(decrease) subordinated and hybrid instruments	034	-7.289.920	212.065.710
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	-581.872.307	888.831.166
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	-581.872.307	888.831.166
12. Cash and cash equivalents at the beginning of the year	041	5.218.083.304	4.902.492.610
13. Cash and cash equivalents at the end of the year (040+041)	042	4.636.210.997	5.791.323.776

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Name of position	for period		Attributable to the equity holders of the Bank						in HRK	
	1	2	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			3.500.360.782		85.400.726	3.133.498.514	232.239.871	238.883.107		7.190.383.000
Changes in accounting policies and corrections of mistakes										
Corrected balance as at 1 January (1+2)			3.500.360.782	0	85.400.726	3.133.498.514	232.239.871	238.883.107	0	7.190.383.000
Sale of financial assets available for sale								89.233		89.233
Change of fair value financial asset available for sale								-25.067.142		-25.067.142
Tax on items directly recognised or transferred from capital and reserves					0			4.995.582		4.995.582
Other profit/(loss) directly recognised in capital and reserves			0	0	0	0	0	0	0	0
Net profit/(loss) directly recognised in capital and reserves (004+005+006+007)			0	0	0	0	0	-19.982.327	0	-19.982.327
Profit/(loss) for the period							81.979.733			81.979.733
Total recognised income and expenses for the period (008+009)			0	0	0	0	81.979.733	-19.982.327	0	61.997.406
Increase/(decrease) of share capital			0	0						0
Buy/sell of treasury shares			0							0
Other changes					183	7.938.946				7.939.129
Transfer to reserves						155.811.083	-155.811.083	0		0
Dividends paid						0	-76.428.788			-76.428.788
Distribution on Income (014+015)			0	0	0	155.811.083	-232.239.871	0	0	-76.428.788
Balance at reporting date (003+010+011+012+013+016)			3.500.360.782	0	85.400.909	3.297.248.543	81.979.733	218.900.780	0	7.183.890.747

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

A 9. LOANS TO FINANCIAL INSTITUTIONS	31.12.2014	30.6.2015
Loans	942.536.691	1.117.937.291
Less: Allowance for loan impairment	(4.172.952)	(9.822.395)
	938.363.739	1.108.114.896

A 10. LOANS TO OTHER CUSTOMERS	31.12.2014	30.6.2015
Companies	16.435.717.018	16.578.876.214
Individuals	17.443.676.123	17.748.375.080
Public sector	9.261.267.432	8.601.912.971
Other institutions	121.272.585	258.892.486
Total loans before allowances for impairment	43.261.933.158	43.188.056.751
Less: Allowance for loan impairment	(4.459.477.777)	(4.785.102.042)
	38.802.455.381	38.402.954.709

A 11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES						
	Ownership Interest 2013	Ownership Interest 2014	Activity	Group's Share of net assets		Investment at cost
				31.12.2014	30.6.2015	
Associates				31.12.2014	30.6.2015	31.12.2014
S Immorent leasing zeta d.o.o. za poslovanje nekretninama	49,00%	49,00%	Real estate business	-	-	12.800
Erste d.o.o.	37,94%	37,94%	Management company for obligatory pension fund	57.779.656	62.270.374	38.098.985
S IT Solutions HR d.o.o.	20,00%	20,00%	IT engineering	630.409	1.153.821	4.000
FINAG DD	-	-	26,30% Manufacture of bricks, roof tiles and other clay products	1.332.080	1.332.080	1.332.080
RIBA D.D.	-	-	24,74% Cultivation of fish	543.300	543.300	543.300
IMIMOKOR BUZIN d.o.o.	49,00%	49,00%	Real estate business	-	-	-
Total associates:				60.285.445	65.299.575	39.991.165
Subsidiaries not consolidated						
Erste Euro savjetovanje d.o.o.	-	100,00%	For services	1.500.000	1.500.000	1.500.000
Diners Club BH d.o.o.	100,00%	100,00%	Ostalo finacijsko posredovanje	5.721.443	5.721.443	-
DC Travel d.o.o.	-	-	100,00% Travel Agency	605.200	605.200	-
Total subsidiaries not consolidated:				7.826.643	7.826.643	1.500.000
				68.112.088	73.126.218	41.491.165
Subsidiaries						
Erste nekretnine d.o.o.	100,00%	100,00%	Real estate business	3.866.050	800.180	800.180
Erste DMD d.o.o.	100,00%	100,00%	Management company for voluntary pension fund	-	-	-
Erste Factoring d.o.o.	74,996%	74,996%	Accounts Receivables repurchase	190.000.044	37.658.000	37.658.000
Erste Card Club d.d.	100,00%	100,00%	Financial intermediation and services	632.222.431	1.089.285.069	1.089.285.069
Erste Card d.o.o. Slovenia	100,00%	100,00%	Financial intermediation and services	6.709.624	-	-
Diners Club BH d.o.o.	100,00%	100,00%	Other financial intermediation	-	-	-
Erste Delta d.o.o.	100,00%	100,00%	Real estate business	7.965.128	26.000	26.000
Erste & Steiermärkische S-Leasing, d.o.o.	10,00%	50,00%	Financial and operative leasing	98.345.694	88.860.659	88.860.659
Erste bank a.d., Podgorica	100,00%	100,00%	Credit institution	352.266.624	100.396.379	100.396.379
Total subsidiaries:				1.291.375.595	1.317.026.287	1.317.000.287
Total:				1.359.487.683	1.390.152.505	1.358.491.452

A 12. REPOSESSED ASSETS

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

B 1. AMOUNTS DUE TO FINANCIAL INSTITUTIONS	31.12.2014	30.6.2015
From banks	1.681.612.753	1.593.584.882
From other banking institutions	344.000.000	180.100.000
From HBOR	2.824.421.579	2.444.702.785
	4.850.034.332	4.218.387.667

B 2. DEPOSITS		
B 2.1. Deposits of giro and current accounts	31.12.2014	30.6.2015
Deposits from public sector		
<i>Republic of Croatia</i>	93.694.543	170.341.271
<i>Republic funds</i>	48.960.462	185.436.852
<i>Local government</i>	142.151.109	137.637.043
Deposits from financial institutions		
<i>Banks</i>	196.297.474	205.170.139
<i>Other banking institutions</i>	181.462.753	287.127.381
<i>Non-banking financial institutions</i>	172.257.034	151.728.405
<i>Banks in bankruptcy</i>	418.704	416.047
<i>Banks in liquidation</i>	3.074	2.210
Deposits from state commercial customers	103.567.375	204.481.922
Deposits from other commercial customers	3.258.951.105	3.975.643.476
Deposits from non-profit institutions	181.893.266	161.237.769
Deposits from individuals	3.904.982.291	4.384.705.499
Deposits from non residents		
<i>Foreign financial institutions</i>	64.572.251	56.299.653
<i>Foreign states</i>	366.139	381.931
<i>Foreign commercial customers</i>	13.206.759	6.270.946
<i>Foreign individuals</i>	55.015.866	66.259.011
<i>Foreign non-profit institutions</i>	611.093	433.780
	8.418.411.298	9.993.573.335

B 2.2. Savings deposits	31.12.2014	30.6.2015
Deposits from public sector		
<i>Republic of Croatia</i>	444.268	439.583
<i>Local government</i>	25.212	3.009.245
Deposits from financial institutions		
<i>Banks</i>	10.743	14.483
<i>Other banking institutions</i>	159.115.536	327.605.954
<i>Non-banking financial institutions</i>	30.318.307	38.319.848
Deposits from state commercial customers		
Deposits from other commercial customers	424.137.879	339.477.670
Deposits from non-profit institutions	144.462	201.910
Deposits from individuals	831.142.377	809.137.338
Deposits from non residents		
<i>Foreign financial institutions</i>	29.196	10.445
<i>Other non residents</i>	340.630.307	395.679.508
	1.785.998.287	1.913.895.984

B 2.3. Term deposits	31.12.2014	30.6.2015
Deposits from public sector		
<i>Republic of Croatia</i>	21.738.560	8.953.267
<i>Local government</i>	13.940.400	64.493.345
Deposits from financial institutions		
<i>Banks</i>	43.209.082	1.761.696.457
<i>Other banking institutions</i>	489.871.895	1.003.785.487
<i>Non-banking financial institution</i>	1.038.848.026	832.501.775
<i>Banks in liquidation</i>		
Deposits from state commercial customers	90.696.712	100.695.568
Deposits from other commercial customers	2.009.332.804	1.436.821.456
Deposits from non-profit institutions	76.053.036	77.134.262
Deposits from individuals	18.880.912.284	18.643.434.998
Deposits from non residents		
<i>Foreign financial institutions</i>	11.266.312.954	9.110.604.860
<i>Foreign commercial customers</i>	3.205.327	12.840.365
<i>Foreign individuals</i>	1.124.092.198	1.149.461.267
Term deposits	35.058.213.278	34.202.423.107

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 AG in the amount of HRK 229 million (original amount EUR 30 million). Maturity of the debt is year 2022, with interest rate 3 month EURIBOR plus 4.19% p.a. In July 2014 the Bank ensured additional line of subordinated debt in the amount of HRK 613 million (original amount EUR 80 million) to ensure existing business model and market demands. Maturity of this line is year 2021 interest rate of 3 month EURIBOR + 3.40% p.a. .

In March 2015 the Bank received new subordinated loan in amount of HRK 229 million (original amount EUR 30 million) due to challenging business environment , interest rate of 3 month EURIBOR + 4.55% p.a. and maturity in year 2022.

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% p.a. Coupon will be settled annually.

1. INTEREST INCOME	30.6.2014	30.6.2015
Interest on loans and advances to customers	1.127.653.267	1.060.848.999
Interest on amounts due from other banks	3.184.357	983.122
Interest income on financial investments	118.173.254	118.457.857
Interest on balances due from the central bank	0	103.564
Interest on derivative financial instruments	42.751.958	42.707.525
Interest income on impaired financial assets - loans and advances to cust	94.289.564	90.626.141
Interest on reverse repurchase agreements	2.818.531	7.694.074
Other interest income	3.553.952	8.612.919
	1.392.424.883	1.330.034.201

2. INTEREST EXPENSES	30.6.2014	30.6.2015
Interest on customer deposits	334.440.813	281.759.010
Interest on other borrowed funds	171.799.861	146.619.217
Interest on amounts due to other banks	36.088.987	32.580.913
Interest on subordinated debt	23.881.050	36.542.122
Interest on issued bonds	8.787.241	8.791.149
Interest on derivative financial instruments	11.368.692	1.315.594
Interest on repurchase agreements	169.084	823.561
Other interest expense	2.249.193	4.617.195
	588.784.921	513.048.761

4. FEE AND COMMISSION INCOME	30.6.2014	30.6.2015
Payments and money transfers	119.809.572	129.442.990
Bank cards services	59.908.904	64.939.305
Custodial fees	36.049.457	22.454.344
Guarantees and letter of credit	18.856.386	20.533.275
Other fee and commission income	12.856.641	12.812.861
	247.480.960	250.182.775

5. FEE AND COMMISSION EXPENSES	30.6.2014	30.6.2015
Payments and money transfers	17.947.171	16.373.827
Bank cards services	40.510.850	44.138.526
Custodial fees	1.940.224	1.434.925
Guarantees and letter of credit	558.879	749.491
Other fee and commission expense	1.535.254	1.673.586
	62.492.378	64.370.355

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. 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 Division



Ivona Rakovac

ERSTE & STEIERMÄRKISCHE
BANK D.D.
RIJEKA

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Management Board member



Slađana Jagar

Rijeka, August 7th 2015