

Unaudited financial statements of the Erste&Steiermärkische Bank d.d. and subsidiaries (the Group) for period January 1st - June 30th 2015

Content:

1. Management report for the first half of the year 2015
2. Income statement for period 1.1.2015 – 30.06.2015
3. Balance sheet at 30.06.2015
4. Cash flow statement for period 1.1.2015 – 30.06.2015
5. Statement of changes in equity for period 1.1.2015 – 30.06.2015
6. Notes to financial statement
7. Declaration of key personnel responsible for creation of financial statements

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 & STEIERMARKISCHE 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: 3.050

(krajem izvještajnog razdoblja)

Consolidated report: YES

Šifra NKD-a: 6419

Names of subjects of consolidation (according to MSFI):

Headquarters:

MB:

Erste Nekretnine d.o.o.	Zagreb, Ivana Lučića 2	02068249
Erste Bank a.d., Podgorica	Crna Gora, Podgorica, Marka Miljanova 46	08499002
Erste Card d.o.o. Slovenija	Slovenija, Ljubljana, Dunajska cesta 129	08705634
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: 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 & STEIERMARKISCHE
 BANK D.D.
 RIJEKA
 095

026


 (signature of person authorized for representing company)

12

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	7.860.415.701	8.928.242.544
1.1. Cash	002	1.030.858.610	1.170.557.935
1.2. Deposits with Central bank	003	6.829.557.091	7.757.684.609
2. DEPOSITS WITH BANKING INSTITUTIONS	004	2.542.685.592	2.107.168.975
3. TREASURY BILLS WITH MINISTRY OF FINANCE AND BILLS OF EXCHANGE WITH CENTRAL BANK	005	1.383.779.802	1.049.551.020
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	6.700.494.653	6.689.368.631
6. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY	008	876.655.030	872.038.663
7. SECURITIES AND OTHER FINANCIAL INSTRUMENTS NOT ACTIVELY TRADED, MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	009		
8. DERIVATIVE FINANCIAL ASSETS	010	94.149.219	146.528.929
9. LOANS TO FINANCIAL INSTITUTIONS	011	716.351.320	656.667.604
10. LOANS TO OTHER CUSTOMERS	012	46.040.790.993	45.743.297.078
11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	013	68.112.088	73.126.218
12. REPOSESED ASSETS	014	484.680.009	498.938.334
13. TANGIBLE ASSET (MINUS DEPRECIATION)	015	1.334.725.256	1.307.398.110
14. INTEREST, FEES AND OTHER ASSETS	016	1.651.788.644	1.755.479.043
A) TOTAL ASSETS (001+004 to 016)	017	69.761.150.298	70.057.786.597
LIABILITIES			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	11.950.927.628	10.145.218.774
1.1. Short-term borrowings	019	5.232.387.201	4.023.526.040
1.2. Long-term borrowings	020	6.718.540.427	6.121.692.734
2. DEPOSITS (AOP 022 to 024)	021	46.192.949.291	47.797.831.583
2.1. Deposits of giro and current accounts	022	9.035.109.398	10.584.688.022
2.2. Savings deposits	023	1.909.546.982	2.061.727.827
2.3. Term deposits	024	35.248.292.911	35.171.415.734
3. OTHER BORROWINGS (026+027)	025	40.022.018	41.336.936
3.1. Short-term borrowings	026		
3.2. Long-term borrowings	027	40.022.018	41.336.936
4. DERIVATIVE FINANCIAL LIABILITIES AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING	028	93.537.177	119.371.677
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	1.455.679.490	1.667.745.200
7. ISSUED HYBRID INSTRUMENTS	033		
8. INTEREST, FEES AND OTHER LIABILITIES	034	1.786.977.836	1.954.358.642
B) TOTAL LIABILITIES (018+021+025+026+029+032+033+034)	035	61.820.093.440	62.025.862.812
EQUITY			
1. SHARE CAPITAL	036	3.500.360.782	3.500.360.782
2. PROFIT/(LOSS) OF THE CURRENT YEAR	037	376.609.691	172.874.106
3. RETAINED PROFIT/(LOSS)	038	3.709.189.440	4.030.498.189
4. LEGAL RESERVES	039	84.920.875	84.921.058
5. STATUTORY AND OTHER CAPITAL RESERVES	040	1.042.792	-2.657.688
6. UNREALISED PROFIT/(LOSS) FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS AVAIABLE FOR SALE	041	268.953.278	245.929.358
7. RESERVES RESULTING FROM PROTECTIVE TRANSACTIONS	042		
C) TOTAL EQUITY (036 to 042)	043	7.941.056.858	8.031.923.785
D) TOTAL LIABILITIES AND EQUITY (035+043)	044	69.761.150.298	70.057.786.597
SUPPLEMENT TO STATEMENT OF FINANCIAL POSITION (filled out by banks that compose a consolidated financial report)			
1. TOTAL EQUITY	045	7.941.056.858	8.031.923.785
2. Attributed to equity holders of the parent	046	7.779.364.304	7.848.985.518
3. Minority shares (045-046)	047	161.692.554	180.805.486

INCOME STATEMENT

for period from **1.1.2015** to **30.6.2015**

in HRK

Name of position	AOP	Prior period		Current period	
		Kumulativ	Tromjeseđe	Kumulativ	Tromjeseđe
1	2	3	4	5	6
1. Interest income	048	1.733.316.081	864.028.578	1.661.450.620	827.165.425
2. Interest expense	049	676.703.477	323.077.323	582.434.474	284.592.726
3. Net interest income (048-049)	050	1.056.612.604	540.951.255	1.079.016.146	542.572.699
4. Fee and commission income	051	374.311.263	194.454.248	385.288.634	206.525.391
5. Fee and commission expense	052	86.507.993	46.269.538	89.920.536	48.058.799
6. Net fee and commission income (051-052)	053	287.803.270	148.184.710	295.368.098	158.466.592
7. Profit/loss from investments in subsidiaries, associates and joint ventures	054	5.096.614	1.516.329		
8. Profit/loss from trading	055	16.899.968	12.525.390	-41.155.605	-9.675.207
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	10.826.277	10.597.296	2.316.537	-145.082
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	1.105.668	1.071.998	6.678.102	-630.857
16. Profit/loss from foreign currency differences	063	76.825.353	52.234.050	58.979.388	62.504.260
17. Other income	064	181.331.131	86.959.173	230.366.876	125.360.586
18. Other expenses	065	43.352.137	36.126.184	149.314.779	103.056.553
19. General administrative expenses and depreciation	066	721.713.891	365.986.703	735.873.784	362.660.855
20. Net income from business before value adjustment and loan loss provisions (050+053 to 064-065-066)	067	871.234.857	451.948.315	746.380.979	412.735.603
21. Expense of value adjustment and loan loss provisions	068	837.883.044	320.337.843	496.574.622	280.632.280
22. PROFIT/LOSS BEFORE TAX (067-068)	069	233.551.813	131.610.472	249.806.357	132.103.323
23. INCOME TAX EXPENSE	070	36.807.464	18.972.290	49.553.314	26.028.664
24. PROFIT/LOSS OF THE CURRENT YEAR (069-070)	071	196.744.349	112.638.182	200.253.043	106.074.659
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	196.744.349	112.638.182	200.253.043	106.074.659
2. Assign equity holders of the Bank	074	173.585.977	102.906.488	172.874.106	89.326.630
3. Non controlling interest (073-074)	075	23.158.372	9.731.694	27.378.937	16.748.029

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	14.760.667	843.402.182
1.1. Profit/(loss) before income tax	002	233.551.813	249.806.357
1.2. Allowances and loss provisions	003	637.683.044	496.574.622
1.3. Depreciation	004	149.025.891	96.995.203
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	-1.039.251.333	28.000
2. Net increase/(decrease) of operating assets (009 do 016)	008	926.586.799	62.802.755
2.1. Deposits with Central bank	009	227.345.937	4.474.855
2.2. Treasury bills of Ministry of Finance and CB bills	010	43.173.800	484.007.304
2.3. Deposits with banks and loans to financial institutions	011	777.060.361	168.601.353
2.4. Loans to other customers	012	343.536.255	-205.381.872
2.5. Securities and other financial instruments held for trading	013	172.074.176	-223.659.458
2.6. Securities and other financial instruments available for sale	014	-682.367.148	-9.354.260
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	45.763.418	-155.885.167
3. Net increase/(decrease) of operating liabilities (018 do 021)	017	279.337.467	1.722.006.629
3.1. Demand deposits	018	-309.407.258	1.529.578.624
3.2. Savings and term deposits	019	-235.290.456	75.303.668
3.3. Financial derivative liabilities and other liabilities actively traded	020	-68.452.054	25.834.500
3.4. Other liabilities	021	892.487.235	91.289.837
4. Net cash flow from operating activities before Income tax (001+008+017)	022	1.220.684.933	2.628.211.566
5. (Income tax paid)	023	-79.136.788	-35.805.302
6. Net inflow/(outflow) of cash from operating activities (022+023)	024	1.141.548.145	2.592.406.264
INVESTING ACTIVITIES			
7. Net cash flow from investing activities (026 do 030)	025	-866.789.211	-92.729.828
7.1. Receipt from sale/(payment for buying) tangible and intangible assets	026	-910.699.468	-89.511.732
7.2. Receipt from sale/(payment for buying) investments in subsidiaries, associates and joint ventures	027	-2.033.650	
7.3. Receipt from sale/(payment for buying) securities and other financial instruments held to maturity	028	39.736.675	-3.218.096
7.4. Dividend income	029	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	-477.462.325	-1.598.461.450
8.1. Net increase/(decrease) of borrowings	032	-450.382.019	-1.804.393.936
8.2. Net increase/(decrease) issued debt securities	033		
8.3. Net increase/(decrease) subordinated and hybrid instruments	034	-15.352.185	212.065.710
8.4. Receipts from transmitted share capital	035		
8.5. (Dividends paid)	036	-11.728.121	-6.133.224
8.6. Other receipts/(payments) from financial activities	037		
9. Net increase/(decrease) of cash and cash equivalents (024+025+031)	038	-202.703.391	901.214.986
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	-202.703.391	901.214.986
12. Cash and cash equivalents at the beginning of the year	041	5.671.315.413	5.683.838.464
13. Cash and cash equivalents at the end of the year (040+041)	042	5.468.612.022	6.585.053.450

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Name of position	for period		Attributable to the equity holders of the Bank							in HRK	
	1.1.2015	30.6.2015	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	
AOP	1	2	3	4	5	6	7	8	9	10	
Balance at 1 January			3.500.360.782	0	85.963.667	3.547.476.886	376.609.691	268.953.278	161.692.554	7.941.056.858	
Changes in accounting policies and corrections of mistakes											
Corrected balance as at 1 January (1+2)			3.500.360.782	0	85.963.667	3.547.476.886	376.609.691	268.953.278	161.692.554	7.941.056.858	
Sale of financial assets available for sale								0		0	
Change of fair value financial asset available for sale								-27.828.748		-27.828.748	
Tax on items directly recognised or transferred from capital and reserves					-7.625			4.804.828		4.797.203	
Other profit/(loss) directly recognised in capital and reserves			0		-3.722.522	0	0	0		-3.722.522	
Net profit/(loss) directly recognised in capital and reserves (004+005+006+007)			0	0	-3.730.147	0	0	-23.023.920	0	-26.754.067	
Profit/(loss) for the period							172.874.106		27.376.937	200.253.043	
Total recognised income and expenses for the period (008+009)							172.874.106	-23.023.920	27.376.937	173.498.976	
Increase/(decrease) of share capital											
Buy/sell of treasury shares										0	
Other changes					29.850	-99.887				-70.037	
Transfer to reserves					0	300.180.903	-300.180.903			0	
Dividends paid							-76.428.786		-6.133.224	-82.562.012	
Distribution on income (014+015)							-376.608.691		-6.133.224	-82.562.012	
Balance at reporting date (003+010+011+012+013+016)			3.500.360.782	0	82.263.370	3.847.557.902	172.874.106	245.929.358	182.938.267	8.031.923.785	

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	31.12.2014	30.6.2015
Loans	720.570.895	666.543.967
Less: Allowance for loan impairment	(4.219.575)	(9.876.363)
	716.351.320	656.667.604

A 10. LOANS TO OTHER CUSTOMERS	31.12.2015	30.6.2015
Companies	20.766.778.593	21.179.908.996
Individuals	21.021.956.952	21.281.777.163
Public sector	9.629.441.828	8.865.381.599
Other institutions	121.272.585	258.892.487
Total loans before allowances for impairment	51.539.449.958	51.585.960.245
Less: Allowance for loan impairment	(5.498.658.965)	(5.842.663.167)
	46.040.790.993	45.743.297.078

A 11. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES						
	Ownership Interest 2014	Ownership Interest 2015	Activity	Group's Share of net assets		Investment at cost
				31.12.2014	30.6.2015	31.12.2014
Associates						
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	-	-	Manufacture of bricks, tiles and construction products, in baked			
RIBA D.D.	-	-	26,30% clay	1.332.080	1.332.080	1.332.080
IMMOKOR BUZIN d.o.o.	49,00%	49,00%	24,74% Cultivation of fish	543.300	543.300	543.300
			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%	100,00% Other financial intermediation	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	1.317.026.287
Total:				1.359.487.683	1.390.152.505	1.358.517.452

A 12. REPOSESSED ASSETS

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

B 1. AMOUNTS DUE TO FINANCIAL INSTITUTIONS	30.12.2014.	30.6.2015
From banks	8.782.506.050	7.520.415.989
From other banking institutions	344.000.000	180.100.000
From HBOR	2.824.421.578	2.444.702.785
	11.950.927.628	10.145.218.774

B 2. DEPOSITS		
B 2.1. Deposits of gyro and current accounts	30.12.2014.	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	205.169.464
<i>Other banking institutions</i>	181.462.753	287.127.381
<i>HBOR</i>	-	-
<i>Non-banking financial institutions</i>	88.051.504	89.978.630
<i>Banks in bankruptcy</i>	418.704	416.047
<i>Banks in liquidation</i>	3.074	2.210
Deposits from state commercial customers	103.581.832	204.496.227
Deposits from other commercial customers	3.178.522.643	3.836.202.561
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>	21.855.663	29.322.525
<i>Foreign states</i>	71.449.729	60.756.651
<i>Foreign commercial customers</i>	274.115.381	207.679.550
<i>Foreign individuals</i>	528.493.411	590.259.363
<i>Foreign non-profit institutions</i>	19.175.559	13.918.979
	9.035.109.398	10.564.688.022

B 2.2. Savings deposits	30.12.2014.	30.6.2015
Deposits from public sector		
<i>Republic of Croatia</i>	444.268	439.583
<i>Republic funds</i>	-	-
<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		24.030.971
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>	464.179.002	519.480.380
	1.909.546.982	2.061.727.827

B 2.3. Term deposits	30.12.2014.	30.6.2015
Deposits from public sector		
<i>Republic of Croatia</i>	21.738.560	8.953.267
<i>Republic funds</i>	-	-
<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>CBRD</i>	-	-
<i>Non-banking financial institution</i>	613.636.386	696.049.895
<i>Banks in bankruptcy</i>	-	-
<i>Banks in liquidation</i>	-	-
Deposits from state commercial customers	90.696.712	100.695.568
Deposits from other commercial customers	1.787.132.163	1.775.814.073
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>	11.313.417.782	9.155.401.911
<i>Foreign states</i>	33.835.986	30.062.484
<i>Foreign commercial customers</i>	129.086.301	117.762.431
<i>Foreign individuals</i>	1.754.762.324	1.736.131.556
<i>Foreign non-profit institutions</i>	-	-
Term deposits	35.248.292.911	35.171.415.734

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 until 2017, with interest rate 3 month EURIBOR plus 3.37% p.a. Due to challenging business conditions and environment, the Bank ensured additional line of subordinated debt with goal to adequately support business model and market requirements. Regarding that, in July 2014 the Bank received the amount of HRK 613 million (original amount EUR 80 million) with interest rate 3 month EURIBOR + 3.4% p.a. which maturity in 2021.

In March 2015. the Bank received new subordinated loan in amount of EUR 30 million, Interest rate of 3 month EURIBOR + 4.55% p.a. which maturity in 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.

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 (2013: HRK 23 million). Maturity of the debt is from 2013 till 2016, with interest rate 6 month EURIBOR plus 2.9% p.a. Subordinated debt cannot be repaid in the case of bankruptcy or liquidation of the borrower until all obligations of the Group towards other depositors and creditors have been met. Subordinated debt is included into the Tier 2 of the Group. Bank repaid outstanding amount of debt of EUR 2 million in December 2014, based on approval of Central Bank of Montenegro. Amount used for Tier 2 capital does not have significant influence on capital adequacy of the Bank.

1. INTEREST INCOME	30.6.2014	30.6.2015
Interest on loans and advances to customers	1.448.503.475	1.369.814.077
Interest on amounts due from other banks	9.016.477	6.538.929
Interest income on financial investments	131.390.742	133.591.951
Interest on balances due from the central bank	6.449	103.967
Interest on derivative financial instruments	44.209.290	42.725.862
Interest income on impaired financial assets - loans and advances to customers	94.289.564	93.777.895
Interest on reverse repurchase agreements	2.237.673	6.285.873
Other interest income	3.662.411	8.612.066
	1.733.316.081	1.661.450.620

2. INTEREST EXPENSES	30.6.2014	30.6.2015
Interest on customer deposits	339.306.044	298.155.431
Interest on other borrowed funds	251.360.943	186.162.004
Interest on amounts due to other banks	36.089.125	45.375.876
Interest on subordinated debt	24.312.124	36.542.122
Interest on issued bonds	8.821.479	8.825.146
Interest on derivative financial instruments	12.910.137	1.318.501
Interest on repurchase agreements	784.163	1.437.854
Other interest expense	3.119.462	4.617.540
	676.703.477	582.434.474

4. FEE AND COMMISSION INCOME	30.6.2014	30.6.2015
Payments and money transfers	120.058.979	132.613.404
Bank cards services	174.324.529	183.242.119
Custodial fees	38.632.439	22.429.716
Guarantees and letter of credit	20.488.675	22.785.378
Other fee and commission income	20.806.641	24.218.017
	374.311.263	385.288.634

5. FEE AND COMMISSION EXPENSES	30.6.2014	30.6.2015
Payments and money transfers	19.507.428	18.002.762
Bank cards services	57.271.189	61.275.043
Custodial fees	2.117.966	1.645.715
Guarantees and letter of credit	893.902	1.374.935
Other fee and commission expense	6.717.508	7.622.081
	86.507.993	89.920.536

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 Division


Ivona Rakovac

Management Board member


Slađana Jagar

ERSTE & STEIERMÄRKISCHE
BANK D.D.
RIJEKA 095

Rijeka, August 7th 2015