



**Erste Bank a.d. Novi Sad**

**Disclosure of data and information  
for 30 June 2012**

## **GENERAL INFORMATION**

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## 1. INTRODUCTION

Erste Bank a.d. Novi Sad (hereinafter referred as "the Bank"), member of Erste Bank Group (hereinafter referred as "the Group"), prepares Disclosure Report on data and information (hereinafter referred as "Disclosure Report" or "Report"), part that refers to quantitative disclosure, as at 30 June 2012.

The Report fulfils the disclosure requirements according to article 51a of the Law on banks ("Official Gazette of the Republic of Serbia", no. 107/2005 and 91/2010) and according to National Bank of Serbia Decision on Disclosure of Data and Information by Banks ("Official Gazette of the Republic of Serbia", no. 45/2011).

Pursuant to the Decision on Disclosure of Data and Information by Banks, the Bank is obliged to disclose quantitative data as at 30 June.

The data and/or information published within the scope of the Disclosure Report are subject to an independent audit.

The Report is available at the Bank's website ([http://www.erstebank.rs/rs/O\\_nama/Izvestaji](http://www.erstebank.rs/rs/O_nama/Izvestaji)).

The data and/or information in this Report are presented in Republic of Serbia Dinars ("RSD") currency and all values are rounded to the nearest thousand (RSD '000), except when otherwise indicated.

## 2. REGULATORY CAPITAL

### 2.1. REGULATORY CAPITAL STRUCTURE

The Bank complied with the articles of the National Bank of Serbia Decision on Capital Adequacy by Banks (Official Gazette of the Republic of Serbia No. 46/2011) on calculating the regulatory capital.

Total eligible regulatory capital is the sum total of Core capital and Supplementary capital minus deductions.

As at 30 June 2012, the Bank has the following regulatory capital structure:

	<i>RSD '000</i>
<b>Qualifying capital</b>	
Nominal value of paid-in shares, other than cumulative preference shares	10.040.000
Share premium	124.475
Reserves from profit	1.843.171
Retained earnings from previous years	21.510
Intangibles	-297.314
Regulatory compliance values	-695.590
<b>Core capital</b>	<b>11.036.252</b>
Subordinated liabilities	2.404.430
Part of positive revaluation reserves	27.367
<b>Supplementary capital</b>	<b>2.431.797</b>
Required reserves for estimated losses on balance sheet assets and off-balance sheet items	-2.082.361
Excess qualified investment in non-financial sector entities	-2.889
<b>Deductions from capital</b>	<b>-2.085.250</b>
Of which: reduction of Core capital	-1.042.625
Of which: reduction of Supplementary capital	-1.042.625
<b>Total core capital</b>	<b>9.993.627</b>
<b>Total supplementary capital</b>	<b>1.389.172</b>
<b>Total capital</b>	<b>11.382.799</b>

Table 1: Regulatory capital structure

## 2.2. KEY FEATURES OF REGULATORY CAPITAL ITEMS

### 2.2.1. CORE CAPITAL

#### Share capital

As at 30 June 2012, nominal value of paid-in shares, other than cumulative preference shares, i.e. subscribed and paid-in share capital, of the Bank comprised 1,004,000 ordinary shares with a nominal value of RSD 10,000 each.

The major shareholder of the Bank is Erste Group Bank Ceps Holding GmbH, Vienna holding 74% of the shares as at 30 June 2012.

The shareholder structure of the Bank as at 30 June 2012 is as follows:

Shareholder	Number of shares	In %
Erste Group Bank Ceps Holding GmbH, Vienna	742,960	74.0%
Steiermärkische Bank und Sparkassen AG, Graz	261,040	26.0%
<b>Total</b>	<b>1,004,000</b>	<b>100%</b>

Table 2: Shareholders structure

#### Share premium

Share premium amounting to RSD 124,475 thousand as at 30 June 2012 resulted from a positive difference between the selling price of the shares and their nominal value.

#### Reserves from profit

Reserves from profit amount to RSD 1,054,168 thousand as at 30 June 2012. In accordance with the General Assembly's Decision dated 13 March 2012, reserves were increased by RSD 789,003 thousand from retained earnings.

#### Other

Retained earnings from previous years of RSD 21,510 refer to actuary gain determined in accordance with IAS 19.

Intangible assets as at 30 June 2012 of RSD 297,314 mainly encompass licences.

Unrealized losses on securities available for sale amount to RSD 1,470 thousand.

**2.2.2. SUPPLEMENTARY CAPITAL****Subordinated liabilities**

Outstanding balance of subordinated liabilities, fulfilling criteria for inclusion in Supplementary capital, is as follows as at 30 June 2012:

<b>Creditor</b>	<b>Currency</b>	<b>Contracted amount</b>	<b>Maturity date</b>	<b>Interest rate</b>	<i>RSD '000</i>
					<b>30 June 2012</b>
EGB Ceps	EUR	10,800,00	20 Dec 2015	32.4%	833,906
Erste GCIB	EUR	15,000,000	27 Dec 2021	67.6%	1,737,305
<b>Total</b>		<b>25,800,000</b>			<b>2,571,211</b>

Table 3: Subordinated liabilities composition

The table below summarises amount of subordinated liabilities included in Supplementary capital as at 30 June 2012:

<b>Creditor</b>	<i>RSD '000</i>
	<b>Supplementary capital</b>
Erste Group Bank Ceps Holding GmbH, Vienna	667,125
Erste GICB Finance, Amsterdam	1,737,305
<b>Total</b>	<b>2,404,430</b>

Table 4: Supplementary capital composition

**Part of revaluation reserves**

Revaluation reserves refer to securities quoted on the stock exchange and which are once a month aligned to the current market price. Based on these alignments, the Bank has realised positive revaluation reserves of RSD 27,367 thousand (after tax deduction).

**2.2.3. DEDUCTIONS FROM CAPITAL**

Items deductible from capital are deducted from Core and Supplementary capital in the manner that 50% is deducted from Core capital and 50% from Supplementary capital.

As at 30 June 2012 the following items were items deductible from capital:

**Required reserves for estimated losses**

As at 30 June 2012 required reserves for estimated losses on balance sheet assets and off-balance sheet items amounted to RSD 2,082,361 thousand. The entire amount of required reserves for estimated losses the Bank treated as deductible item from capital.

**Excess qualified investment**

Excess qualified investment in non-financial sector entities amount to RSD 2,889 thousand as at 30 June 2012 and were used as deductible item from capital.

### 3. CAPITAL ADEQUACY

#### 3.1. REGULATORY CAPITAL REQUIREMENTS

Under Decision on Capital Adequacy by Banks, the full amount of the capital requirements is calculated and its relationship to the regulatory capital is established. The eligible regulatory capital must be available at least in the amount of the sum of minimum capital requirements.

The minimum capital requirements pursuant to the Decision on Capital Adequacy by Banks, i.e. capital adequacy ratio, of 12% were complied at all times during the reporting period. As at 30 June 2012 capital adequacy ratio amounted to 23.79%.

Based on the business activities of the Bank, the following minimum capital requirements result for credit risk, market risks (i.e. price risk on debt securities and foreign exchange risk) and operational risk.

##### 3.1.1. CREDIT RISK

The table below shows an overview of total minimum capital requirements to cover credit risk as at 30 June 2012. The credit risk capital requirement is broken down into exposure classes as follows.

Exposure class	Capital requirement (RSD '000)
Central Governments and Central Banks	-
Local Governments and Local Authorities	21,586
Public Administrative Bodies	-
Banks	355,441
Corporates	2,690,783
Retail	1,565,510
Exposures secured by residential property	313,185
Past due exposures	24,522
Investment Funds	1,742
Other items	124,489
<b>Total</b>	<b>5,097,258</b>

Table 5: Capital requirements for credit risk per exposure class

##### 3.1.2. MARKET RISKS

The table below gives an overview of the total minimum capital requirements to cover market risks broken down by risk type as at 30 June 2012:

Market risks	Capital requirement (RSD '000)
Capital requirement for price risk on debt securities	1,971
Capital requirement for foreign exchange risk	81,988
<b>Total</b>	<b>83,959</b>

Table 6: Capital requirement for market risks

##### 3.1.3. OPERATIONAL RISK

For the calculation of regulatory capital requirements for operational risk the Bank uses Basic Indicator Approach (BIA).

As at 30 June 2012, capital requirement for operational risk totalled RSD 700,082 thousand.



**3.2. CREDIT RISK - QUANTITATIVE DISCLOSURES**

Bank's gross credit risk exposure after accounting write-offs and excluding adjustment for credit risk mitigation techniques, per exposure class as at 30 June 2012 is shown in the table below:

<b>Exposure class</b>	<b>Exposure (RSD '000)</b>	<b>Exposure (% of total)</b>
Central Governments and Central Banks	12,514,863	10.9%
Local Governments and Local Authorities	393,556	0.3%
Public Administrative Bodies	23,026	0.0%
Banks	17,067,727	14.8%
Corporates	37,947,090	33.0%
Retail	23,532,314	20.5%
Exposures secured by residential property	7,660,346	6.7%
Past due exposures	8,081,417	7.0%
Investment Funds	15,437	0.0%
Other items	7,786,841	6.8%
<b>Total</b>	<b>115,022,617</b>	<b>100%</b>

Table 7: Gross exposure after accounting for write-offs by exposure class

The following tables give comprehensive breakdown of Gross credit risk exposure into groups of materially significant geographical areas.

<b>Geographic area</b>	<b>Exposure (RSD '000)</b>	<b>Exposure (% of total)</b>
Serbia	101,628,107	88.4%
Austria	7,640,159	6.6%
Other	5,754,350	5.0%
<b>Total</b>	<b>115,022,617</b>	<b>100%</b>

Table 8: Gross Exposure by materially significant geographic areas

<b>Geographic area</b>	<b>Exposure class</b>	<b>Exposure (RSD '000)</b>
Serbia	Central Governments and Central Banks	12,514,863
	Local Governments and Local Authorities	393,556
	Public Administrative Bodies	23,026
	Banks	3,780,731
	Corporates	37,854,770
	Retail	23,517,120
	Exposures secured by residential property	7,660,346
	Past due exposures	8,081,417
	Investment Funds	15,437
Austria	Other items	7,786,841
	Banks	7,640,159
Other	Banks	5,646,837
	Corporates	92,320
	Retail	15,193
<b>Total</b>		<b>115,022,617</b>

Table 9: Gross Exposure by materially significant geographic areas and per exposure class

Tables below give a breakdown of Gross credit risk exposure by sector per exposure class as well as a comprehensive preview of Past due Exposure class.

<b>Sector</b>	<b>Exposure (RSD '000)</b>	<b>Exposure (% of total)</b>
Private individuals	27,179,063	23.6%
Processing industry and mining	15,752,844	13.7%
Trade	9,981,581	8.7%
Energy	1,243,563	1.1%
Agriculture, hunting, fishing and forestry	1,380,523	1.2%
Construction	4,535,767	3.9%
Traffic and communications, tourism, catering and services	8,584,253	7.5%
Entrepreneurs	1,194,110	1.0%
Agriculturalist	1,099,080	1.0%
Banks	31,150,027	27.1%
Other financial institutions	300,092	0.3%
Other	12,621,714	11.0%
<b>Total</b>	<b>115,022,617</b>	<b>100%</b>

Table 10: Gross Exposure by sectors

Sector	Exposure class	Exposure (RSD '000)	Exposure (% of total)
Private individuals	Retail	18,740,018	16.3%
	Exposures secured by residential property	7,015,096	6.1%
	Past due exposures	1,423,950	1.2%
Processing industry and mining	Corporates	13,326,572	11.6%
	Retail	978,973	0.9%
	Exposures secured by residential property	195,094	0.2%
Trade	Past due exposures	1,252,205	1.1%
	Corporates	7,950,712	6.9%
	Retail	1,030,011	0.9%
Energy	Exposures secured by residential property	160,059	0.1%
	Past due exposures	840,798	0.7%
	Corporates	1,178,412	1.0%
Agriculture, hunting, fishing and forestry	Retail	4,640	0.0%
	Past due exposures	60,511	0.1%
	Corporates	1,092,078	0.9%
Construction	Retail	159,994	0.1%
	Exposures secured by residential property	5,041	0.0%
	Past due exposures	123,410	0.1%
Traffic and communications, tourism, hospitality and services	Corporates	3,701,721	3.2%
	Retail	157,760	0.1%
	Exposures secured by residential property	118,236	0.1%
Entrepreneurs	Past due exposures	558,049	0.5%
	Corporates	7,766,383	6.8%
	Retail	678,816	0.6%
Agriculturalist	Exposures secured by residential property	110,324	0.1%
	Past due exposures	28,730	0.0%
	Corporate	338,066	0.3%
Banks	Retail	725,294	0.6%
	Exposures secured by residential property	15,317	0.0%
	Past due exposures	115,433	0.1%
Other financial institutions	Corporate	257,017	0.2%
	Retail	547,525	0.5%
	Exposures secured by residential property	16,738	0.0%
Other	Past due exposures	277,799	0.2%
	Central Governments and Central Banks	6,395,582	5.6%
	Banks	16,967,406	14.8%
Other financial institutions	Past due exposures	199	0.0%
	Other exposures	7,786,841	6.8%
	Banks	78,439	0.1%
Other financial institutions	Corporates	112,414	0.1%
	Retail	561	0.0%
	Investment Funds	15,437	0.0%
Other	Past due exposures	93,241	0.1%
	Central Governments and Central Banks	6,119,281	5.3%
	Local Governments and Local Authorities	393,556	0.3%
Other	Public Administrative Bodies	23,026	0.0%
	Banks	21,883	0.0%
	Corporates	2,223,715	1.9%
Other	Retail	508,721	0.4%
	Exposures secured by residential property	24,440	0.0%
	Past due exposures	3,307,093	2.9%
<b>Total</b>		<b>115,022,617</b>	<b>100%</b>

Table 11: Gross Exposure by sector and per exposure class

<b>Past due Exposure class</b>	<b>Exposure (RSD '000)</b>	<b>Impairment</b>
Banks	5,128	0.1%
Corporates	5,031,849	62.3%
Retail	3,044,440	37.7%
<b>Total</b>	<b>8,081,417</b>	<b>100%</b>

Table 12: Pas due gross exposure class exposure and impairment amount per initial exposure class

Break down of Gross credit risk exposure into maturity buckets is shown below.

<b>Maturity bucket</b>	<b>Exposure (RSD '000)</b>	<b>Exposure (% of total)</b>
< 1 years	69,110,502	60.1%
1 – 3 years	13,020,325	11.3%
> 3 years	32,891,789	28.6%
<b>Total</b>	<b>115,022,617</b>	<b>100%</b>

Table 13: Gross Exposure according to remaining maturity

<b>Exposure class</b>	<b>Exposure (RSD '000)</b>			<b>Total</b>
	<b>&lt;1 years</b>	<b>1 – 3 years</b>	<b>&gt;3 years</b>	
Central Governments and Central Banks	12,091,547	423,316	0	12,514,863
Local Governments and Local Authorities	24,493	20,025	349,037	393,556
Public Administrative Bodies	23,026	0	0	23,026
Banks	17,060,839	5,852	1,036	17,067,727
Corporates	19,258,412	6,426,760	12,261,918	37,947,090
Retail	6,651,153	4,852,716	12,028,445	23,532,314
Exposures secured by residential property	44,797	434,419	7,181,130	7,660,346
Past due exposures	6,154,358	856,836	1,070,224	8,081,417
Investment Funds	15,037	400	0	15,437
Other items	7,786,841	0	0	7,786,841
<b>Total</b>	<b>69,110,502</b>	<b>13,020,325</b>	<b>32,891,789</b>	<b>115,022,617</b>

Table 14: Gross Exposure according to remaining maturity and principal exposure class

The table below shows changes in the amount of balance sheet impairment and probable losses on off balance sheet assets (i.e. loan loss provisioning):

	<b>Exposure (RSD '000)</b>
Provisions as at 01 January 2012	5,934,946
Provisions allocation during the year	4,695,685
Provisions release during the year	-4,213,897
Provisions write off during the year	-
Other	568,806
<b>Provisions as at 30 June 2012</b>	<b>6,985,540</b>

Table 15: Loan loss provision movement

As at 30 June 2012, reserve for estimated losses and required reserve for estimated losses, calculated in accordance with National Bank of Serbia Decision on Classification of Bank Balance Sheet Assets and Off-balance Sheet Items, per counterparty type, amounted to<sup>1</sup>:

<b>Counterparty type</b>	<b>Category of classification</b>					<b>Total</b>
	<b>A</b>	<b>B</b>	<b>V</b>	<b>G</b>	<b>D</b>	
Banking	12,754	1,003,595	81,606	1,558	85,130	1,184,643
Public enterprises	4,665,932	199,915	513,572	0	0	5,379,419
Other companies	19,796,875	8,332,592	3,001,044	2,944,465	3,157,680	37,232,656
Entrepreneurs	737,019	166,879	24,918	101,658	124,088	1,154,562
Public sector	393,551	8,074	0	0	0	401,625
Retail	20,777,543	147,133	91,827	555,399	1,341,675	22,913,577
Foreign persons	5,445,471	1,200,876	0	2	35,550	6,681,899
Agricultural producers	427,086	19,162	16,655	39,299	155,892	658,094
Other clients	133,552	36,873	12,796	24,656	2,122,581	2,330,458
<b>Total</b>	<b>52,389,783</b>	<b>11,115,099</b>	<b>3,742,418</b>	<b>3,667,037</b>	<b>7,022,596</b>	<b>77,936,933</b>
<b>Reserve for estimated losses</b>	<b>0</b>	<b>203,442</b>	<b>438,329</b>	<b>1,018,200</b>	<b>7,017,525</b>	<b>8,677,496</b>
<b>Provisions</b>	<b>749,812</b>	<b>254,466</b>	<b>183,526</b>	<b>456,553</b>	<b>5,266,214</b>	<b>6,910,571</b>
<b>Required reserve for estimated losses</b>	<b>0</b>	<b>36,194</b>	<b>296,697</b>	<b>690,358</b>	<b>1,753,232</b>	<b>2,776,481</b>

Table 16: Exposure by NBS classification category

<sup>1</sup> Exposure presented in the table differs from Exposure for RWA purposes as different principles are applied for the calculation of classification basis calculated in accordance with NBS Decision on classification of balance sheet assets and off-balance sheet items and RWA basis calculated in accordance with NBS Decision on capital adequacy by banks.

**3.2.1. CREDIT RISK MITIGATION****Quantitative Disclosures**

The table below presents exposure before and after the use of credit protection, i.e. adjustment for effects of Credit Risk Mitigation techniques (CRM), for every level of credit quality, including exposures representing deductibles from capital.

Exposure class	Risk weight band	Exposure	Exposure after CRM	RSD '000
				Exposure (% of total)
Central Governments and Central Banks	0%	12,514,863	17,163,031**	10.9%
Local Governments and Local Authorities	50%	393,556	389,113	0.3%
Public Administrative Bodies	0%	23,026	22,404	0.0%
Banks	20%	14,308,648	14,238,870	12.4%
	50%	33,826	14,871	0.0%
	100%	2,684,716	2,656,029	2.3%
	150%	40,537	40,537	0.0%
Corporates	100%	37,947,090	30,381,139	33.0%
Retail	75%	21,314,022	19,993,317	18.5%
	100%	2,218,291	2,015,114	1.9%
Exposures secured by residential property	35%	7,660,346	7,511,651	6.7%
Past due exposures	100%	7,996,704	1,883,075	7.0%
	150%	84,713	78,974	0.1%
Investment Funds	100%	15,437	14,678	0.0%
Other items	0%	6,471,696	6,471,696	5.6%
	20%	31,694	31,694	0.0%
	100%	1,283,451	1,201,972	1.1%
<b>Total</b>		<b>115,022,617</b>	<b>104,108,166</b>	<b>100%</b>

Table 17: Gross exposure before and after CRM per exposure class

Gross exposure per exposure class is secured by the following amount of collateral type recognised as credit risk mitigation as at 30 June 2012:

Exposure class	Exposure	Guarantees	RSD '000
			Cash deposit
Central Governments and Central Banks	12,514,863		
Local Governments and Local Authorities	393,556		
Public Administrative Bodies	23,026		
Banks	17,067,727		
Corporates	37,947,090	4,648,168**	922,105
Retail	23,532,314		238,669
Exposures secured by residential property	7,660,346		
Past due exposures	8,081,417		2,447
Investment Funds	15,437		
Other items	7,786,841		
<b>Total</b>	<b>115,022,617</b>	<b>4,648,168</b>	<b>1,163,221</b>

Table 18: Gross exposure and CRM by type of CRM

\* Exposure after CRM amount is calculated by applying CRM on Net exposure that is Gross exposure after impairment.

\*\* Total amount of CRM acceptable guarantees refers to a State provided guarantee, resulting into substitution of exposure between Asset classes Corporates and Central Governments and Central Banks.

Novi Sad, 25<sup>th</sup> September 2012

Approved by the management of Erste Bank a.d., Novi Sad.