



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

**Disclosure of data and information  
as of June, 30th 2013**

## **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") as of June, 30th 2013.

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 of 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 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 of Banks (Official Gazette of the Republic of Serbia No. 46/2011, 6/2013) on calculating the regulatory capital.

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

As of June, 30th 2013, 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	2,534,108
Retained earnings from previous years	573,970
Intangibles	-307,388
Regulatory compliance values - Unrealized losses on securities available for sale	-1,493
Regulatory compliance values - Required reserves for estimated losses on balance sheet assets and off-balance sheet items	-1,420,107
<b>Core capital</b>	<b>11,543,565</b>
Subordinated liabilities	2,182,307
Part of positive revaluation reserves	30,253
<b>Supplementary capital</b>	<b>2,212,560</b>
Required reserves for estimated losses on balance sheet assets and off-balance sheet items	-1,420,107
Excess qualified investment in non-financial sector entities	-3,866
<b>Deductions from capital</b>	<b>-1,423,973</b>
<i>Of which: reduction of Core capital</i>	<i>711,987</i>
<i>Of which: reduction of Supplementary capital</i>	<i>711,987</i>
<b>Total core capital</b>	<b>10,831,578</b>
<b>Total supplementary capital</b>	<b>1,500,574</b>
<b>Total capital</b>	<b>12,332,152</b>

Table 1: Regulatory capital structure

## 2.2. KEY FEATURES OF REGULATORY CAPITAL ITEMS

### 2.2.1. CORE CAPITAL

#### Share capital

As of 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 of June, 30th 2013.

The shareholder structure of the Bank as of June, 30th 2013 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>100.0</b>

Table 2: Shareholders structure

#### Share premium

Share premium amounting to RSD 124,475 thousand as of June, 30th 2013 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 2,534,108 thousand as of June, 30th 2013. Reserves from profit amounted to RSD 1,843,171 thousand as of 31 December 2012 and were increased by RSD 690,937 thousand from the 2012 retained earnings, in accordance with the General Assembly's Decision dated March, 29th 2013.

#### Other

Retained earnings from previous years of RSD 573,970 thousand refer to actuary gain determined in accordance with IAS 19.

Intangible assets as of June, 30th 2013 were RSD 307,338 thousand.

Unrealized losses on securities available for sale amount to RSD 1,493 thousand.

Over the year 2013, the Bank treats 50% of required reserves for estimated losses as deductible item from core capital, therefore as of June, 30th 2013 amount of RSD 1,420,107 thousand from required reserves was deducted from core capital. See also chapter 2.2.3.

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

Outstanding balance of subordinated liabilities, fulfilling criteria for inclusion in Supplementary capital, is as follows as of June, 30th 2013:

					<i>RSD '000</i>
Creditor	Loan Currency	Initially Contracted amount in currency	Maturity date	In %	Balance as of June, 30th 2013
EGB Ceps	EUR	10,800,000	20 Dec 2015	25.5	587,168
Erste GCIB	EUR	15,000,000	27 Dec 2021	74.5	1,712,572
<b>Total</b>		<b>25,800,000</b>		<b>100.0</b>	<b>2,299,740</b>

Table 3: Subordinated liabilities composition

The table below summarises amount of subordinated liabilities included in Supplementary capital as of June, 30th 2013:

<b>Creditor</b>	<i>RSD '000</i>
	<b>Supplementary capital</b>
Erste Group Bank Ceps Holding GmbH, Beč	469,735
Erste GCIB Finance, Amsterdam	1,712,572
<b>Total</b>	<b>2,182,307</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 30,253 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 of June, 30th 2013 the following items were items deductible from capital:

**Required reserves for estimated losses**

As of June, 30th 2013 required reserves for estimated losses on balance sheet assets and off-balance sheet items amounted to RSD 2,840,214 thousand. Over 2013, the Bank treats 75% of required reserves for estimated losses as deductible item from capital, therefore as of June, 30th 2013 amount of RSD 1,420,107 thousand from required reserves was deducted from capital.

**Excess qualified investment**

Excess qualified investment in non-financial sector entities amount to RSD 3,866 thousand as of June, 30th 2013 and were used as deductible item from capital.

### 3. CAPITAL ADEQUACY

#### 3.1. REGULATORY CAPITAL REQUIREMENTS

Under Decision on Capital Adequacy of 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 of Banks, i.e. capital adequacy ratio, of 12% were complied with at all times during the reporting period. As of June, 30th 2013 capital adequacy ratio amounted to 22.30%.

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 of June, 30th 2013. The credit risk capital requirement is broken down into exposure classes as follows:

<b>Exposure class</b>	<i>RSD '000</i> <b>Capital requirement</b>
Central Governments and Central Banks	-
Local Governments and Local Authorities	20,547
Public Administrative Bodies	2,552
Institutions	102,016
Corporates	3,374,119
Retail	1,650,943
Exposures secured by residential property	445,433
Past due exposures	108,056
Shares in Investment Funds	1,809
Other items	102,742
<b>Total</b>	<b>5,808,218</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 of June, 30th 2013:

<b>Market risks</b>	<i>RSD '000</i> <b>Capital requirement</b>
Capital requirement for price risk on debt securities	1,768
Capital requirement for foreign exchange risk	26,163
<b>Total</b>	<b>27,931</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 of June, 30th 2013, capital requirement for operational risk totalled RSD 800,205 thousand.



**3.2. ADDITIONAL QUANTITATIVE DISCLOSURES****3.2.1. CREDIT RISK**

Bank's gross credit risk exposure after accounting write-offs and excluding adjustment for credit risk mitigation techniques, per exposure class as of June, 30th 2013 is shown in the table below:

	<i>RSD '000</i>		
<b>Exposure class</b>	<b>Exposure</b>	<b>In %</b>	<b>Average Exposure</b>
Central Governments and Central Banks	19,166,560	15.1	21,728,593
Local Governments and Local Authorities	399,615	0.3	351,311
Public Administrative Bodies	21,714	0.0	22,225
Institutions	19,119,315	15.1	16,782,305
Corporates	39,252,535	31.0	40,864,694
Retail	23,754,303	18.7	23,376,463
Exposures secured by residential property	7,730,454	6.1	8,046,706
Past due exposures	10,008,863	7.9	9,573,510
Shares in Investment Funds	15,868	0.0	15,868
Other items	7,277,036	5.7	7,535,344
<b>Total</b>	<b>126,746,263</b>	<b>100.0</b>	<b>128,297,021</b>

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

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

	<i>RSD '000</i>	
<b>Geographic area</b>	<b>Exposure class</b>	<b>Exposure</b>
Serbia	Central Governments and Central Banks	19,166,560
	Local Governments and Local Authorities	399,615
	Public Administrative Bodies	21,714
	Institutions	5,437,422
	Corporates	39,200,753
	Retail	23,626,208
	Exposures secured by residential property	7,718,644
	Past due exposures	10,008,643
	Shares in Investment Funds	15,868
	Other items	7,277,036
	<b>Total</b>	<b>112,872,462</b>
Austria	Institutions	8,982,951
	Corporates	304
	Retail	1
	<b>Total</b>	<b>8,983,255</b>
Other Countries	Institutions	4,698,943
	Corporates	51,478
	Retail	128,095
	Exposures secured by residential property	11,810
	Past due exposures	219,982
	<b>Total</b>	<b>4,890,546</b>
<b>Total</b>		<b>126,746,263</b>

Table 8: Gross Exposure by materially significant geographic areas and per exposure class

Table below gives a breakdown of Gross credit risk exposure by sector<sup>1</sup> and exposure class with focus on exposures for which loan loss provision was made, as well as a comprehensive preview of Past due Exposure class.

<i>RSD '000</i>				
Exposure class	Sector	Exposure	Exposures with loan loss provisions	Loan loss provisions
Central Governments and Central Banks	Domestic fin. institutions	10,449,613	0	0
	Public sector	8,716,947	0	0
	<b>Total</b>	<b>19,166,560</b>	<b>0</b>	<b>0</b>
Local Governments and Local Authorities	Public sector	399,615	399,613	5,548
	<b>Total</b>	<b>399,615</b>	<b>399,613</b>	<b>5,548</b>
Public Administrative Bodies	Public sector	21,714	13,962	296
	<b>Total</b>	<b>21,714</b>	<b>13,962</b>	<b>296</b>
Institutions	Domestic fin. institutions	5,437,422	589,110	14,867
	Foreign entities	13,681,894	3,306,407	22,502
	<b>Total</b>	<b>19,119,315</b>	<b>3,895,517</b>	<b>37,369</b>
Corporates	Domestic fin. institutions	929,564	325,514	21,096
	Public companies	4,783,296	185,186	2,391
	Other domestic companies	33,068,300	32,073,529	763,525
	Entrepreneurs	239,448	239,442	5,870
	Foreign entities	51,782	28,159	200
	Agricultural producers	33,045	18,134	545
	Other counterparties	147,099	132,029	130,696
	<b>Total</b>	<b>39,252,535</b>	<b>33,001,993</b>	<b>924,323</b>
Retail	Public companies	28,130	28,127	587
	Other domestic companies	2,888,981	2,757,582	80,523
	Entrepreneurs	689,418	659,997	25,048
	Private individuals	19,786,782	16,639,062	527,303
	Foreign entities	32,288	16,267	16,243
	Agricultural producers	328,688	253,846	8,155
	Other counterparties	17	17	17
	<b>Total</b>	<b>23,754,303</b>	<b>20,354,897</b>	<b>657,878</b>
Exposures secured by residential property	Domestic fin. institutions	826	826	24
	Other domestic companies	1,308,091	963,532	41,994
	Entrepreneurs	100,766	78,718	2,937
	Private individuals	6,260,472	4,352,665	67,369
	Agricultural producers	60,298	46,114	1,615
	<b>Total</b>	<b>7,730,454</b>	<b>5,441,856</b>	<b>113,939</b>
Past due exposures	Domestic fin. institutions	200,065	162,734	74,554
	Other domestic companies	4,205,208	3,465,238	2,202,471
	Entrepreneurs	197,707	149,749	91,711
	Private individuals	1,807,660	1,235,398	1,016,299
	Agricultural producers	251,156	187,946	116,007
	Other counterparties	3,347,067	2,649,691	2,175,328
	<b>Total</b>	<b>10,008,863</b>	<b>7,850,755</b>	<b>5,676,369</b>
Shares in Investment Funds	Domestic fin. institutions	15,868	15,868	793
	<b>Total</b>	<b>15,868</b>	<b>15,868</b>	<b>793</b>
Other items	Domestic fin. institutions	7,176,117	780,129	81,531
	Other counterparties	100,918	95,040	4,096
	<b>Total</b>	<b>7,277,036</b>	<b>875,170</b>	<b>85,627</b>
<b>Total</b>		<b>126,746,263</b>	<b>71,849,629</b>	<b>7,502,142</b>

Table 9: Gross Exposure by sector and exposure class with focus on exposures for which loan loss provision was made

<sup>1</sup> As defined in NBS instruction for collection and delivery of balances and account structure of loans, assets and liabilities of banks.

Break down of Gross credit risk exposure into maturity buckets according to final loan maturity is shown below.

Exposure class	Exposure			Total
	<1 years	1 – 3 years	>3 years	
	Central Governments and Central Banks	13,588,370	5,578,190	
Local Governments and Local Authorities	26,686	28,521	344,408	399,615
Public Administrative Bodies	21,714	-	-	21,714
Institutions	18,563,690	625	555,000	19,119,315
Corporates	17,953,216	8,672,748	12,626,572	39,252,535
Retail	6,319,616	4,926,408	12,508,279	23,754,303
Exposures secured by residential property	317,004	354,248	7,059,201	7,730,454
Past due exposures	7,398,685	1,387,661	1,222,518	10,008,863
Shares in Investment Funds	15,868	-	-	15,868
Other items	7,219,802	20,451	36,783	7,277,036
<b>Total</b>	<b>71,424,652</b>	<b>20,968,852</b>	<b>34,352,760</b>	<b>126,746,263</b>

Table 10: 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):

	RSD '000
<b>Loan loss provision</b>	
Provisions as of 01 January 2013	6,929,334
Provisions allocation over the year	3,661,232
Provisions release over the year	-3,084,681
Provisions write off over the year	-13,501
Other	9,758
<b>Provisions as of June, 30th 2013</b>	<b>7,502,142</b>

Table 11: Loan loss provision movement

As of June, 30th 2013, 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>2</sup>:

Counterparty type	Category of classification					Total
	A	D	V	G	D	
Domestic fin. ins.	753,324	194,466	576,719	96,461	84,213	1,705,183
Public companies	4,590,587	136,651	66,489	0	0	4,793,727
Other companies	24,216,286	9,020,277	1,074,519	2,913,938	3,132,517	40,357,537
Entrepreneurs	815,527	129,726	41,068	44,725	140,864	1,171,910
Public sector	244,745	162,576	0	0	0	407,321
Private individuals	21,556,733	511,521	166,037	506,956	1,512,970	24,254,217
Foreign entities	2,250,216	1,396,918	0	0	33,726	3,680,860
Agricultural producers	306,862	7,952	23,443	23,683	155,824	517,764
Other counterparties	38,081	36,918	15,975	338,994	2,452,696	2,882,664
<b>Total</b>	<b>54,772,361</b>	<b>11,597,005</b>	<b>1,964,250</b>	<b>3,924,757</b>	<b>7,512,810</b>	<b>79,771,183</b>
<b>Reserve for estimated losses</b>	<b>0</b>	<b>217,859</b>	<b>274,775</b>	<b>1,158,588</b>	<b>7,508,329</b>	<b>9,159,551</b>
<b>Provisions</b>	<b>810,627</b>	<b>246,220</b>	<b>100,965</b>	<b>914,581</b>	<b>5,429,453</b>	<b>7,501,846</b>
<b>Required reserve for estimated losses</b>	<b>0</b>	<b>48,014</b>	<b>191,030</b>	<b>521,437</b>	<b>2,079,733</b>	<b>2,840,214</b>

Table 12: Exposure by NBS classification category

<sup>2</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.

**3.2.2. CREDIT RISK MITIGATION****Quantitative Disclosures**

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

Exposure class	Risk weight band	RSD '000	
		Net Exposure	Exposure after CRM
Central Governments and Central Banks	0%	19,166,560	23,733,420
Local Governments and Local Authorities	50%	393,618	393,618
Public Administrative Bodies	100%	21,264	21,264
Institutions	20%	18,183,652	18,183,652
	50%	555,022	555,022
	100%	247,891	247,891
Corporates	100%	37,451,879	32,293,123
Exposures secured by residential property	75%	22,336,723	22,114,751
	100%	308,339	308,259
Retail	35%	5,832,293	5,832,293
	100%	1,676,618	1,676,618
Past due exposures	100%	2,969,798	2,968,461
	150%	58,112	58,112
Shares in Investment Funds	100%	15,074	15,074
Other items	0%	5,871,958	5,871,958
	20%	13,257	13,257
	100%	1,301,857	1,296,034
<b>Total</b>		<b>116,403,915</b>	<b>115,582,808</b>

Table 13: Net exposure before and after Credit Risk Mitigation per exposure class

Gross exposure per exposure class is secured by the following amount of collateral type recognised as credit risk mitigation as of June, 30th 2013:

Exposure class	RSD '000		
	Net Exposure	Guarantees*	Cash deposit
Central Governments and Central Banks	19,166,560	-	-
Local Governments and Local Authorities	393,618	-	-
Public Administrative Bodies	21,264	-	-
Institutions	18,986,565	-	-
Shares in Investment Funds	15,074	-	-
Corporates	37,451,879	4,566,860	591,896
Retail	22,645,062	-	222,052
Exposures secured by residential property	7,508,911	-	-
Past due exposures	3,027,909	-	1,337
Other items	7,187,072	-	5,823
<b>Total</b>	<b>116,403,915</b>	<b>4,566,860</b>	<b>821,107</b>

Table 14: Net exposure and CRM by type of CRM instrument

\*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.

**3.3. COUNTER PARTY RISK**

As of June, 30th 2013 the Bank's exposure to counterparty credit risk resulted from financial derivatives (contracts on foreign currencies) and repo transactions:

<b>Exposure to counter party risk per transaction type</b>	<i>RSD '000</i> <b>Exposure amount</b>
financial derivatives	11,239
repo transactions	3,003,588
<b>Total</b>	<b>3,014,827</b>

Table 15: Exposure to counter party risk

Specifically for repo transactions booked by the Bank as of June, 30th 2013, the other party is the National Bank of Serbia, whereas the collateral is not used as a means of eligible credit protection, as the issuer of the collateral is the same as the other party.

Novi Sad, September, 24th 2013

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